Halcyon Topco Limited

Annual report and consolidated financial statements

For the year ended 31 March 2023

Registered number 07672785

Contents

Company information

Directors	G Reyes D Oppenheim Vitruvian Directors I Limited Vitruvian Directors II Limited D Gibson J S Sheridan P Nicklin FAH Harvey J M Richard
Company Secretary	J Bradshaw
Registered Office	107 Station Street Burton-on-Trent Staffordshire United Kingdom DE14 1SZ
Auditor	KPMG LLP Chartered Accountants and Statutory Auditor EastWest Tollhouse Hill Nottingham United Kingdom NG1 5FS
Company Number	07672785 Registered in England and Wales

Other Information

These Consolidated Financial Statements are presented for the year ended 31 March 2023 for Halcyon Topco Limited and its subsidiaries ("the Group" or "Sciensus"), which are set out in note 13. Comparatives are presented for the year ended 31 March 2022.

Strategic report

The Directors present their Strategic Report for the year ended 31 March 2023. The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal Activities

At Sciensus, we proudly sit at the intersection of patients and their medicines, helping patients to make the most of their therapies. For 30 years we have supported patients with long term conditions (Chronic, Cancer and Rare diseases) to access the life-changing treatment they need across the UK and Europe.

As the market leader, our unique digital platform combined with over 70 million patient interactions, enables us to put the patient at the centre of their therapy, enhancing the patient experience and driving adherence and persistence to prescribed medicine, for improved clinical outcomes. This in turn generates powerful patient engagement, insight and guidance – benefitting healthcare providers, physicians, funders, pharmaceutical and life science companies.

The Group's unique portfolio of services, amongst others, includes patient compliance, patient insight and analytics, pharmacy services, market access and reimbursement, clinical logistics, clinical care, inventory management, BPO services, clinical administration and training, and aseptic compounding.

The principal activity of the Company is that of a holding company.

There have been no significant changes in the activities of the Group or the Company during the period.

Business Model

With patients at the focal point, the Group works with health care providers (including the NHS) and funders, physicians and the life science companies to manage and optimise the medicine outcomes for patients.

The Group employs over 1,700 people and serves the following markets:

- Chronic: Speciality pharmacy services serving the medicine needs of over 230,000 patients at home.
- Cancer: Cancer Medicine and Chemotherapy in the Home (Aseptic Compounding to Systemic Anti-Cancer Treatment, serving over 5,000 patients.
- Rare: Rare Disease Pharmaceutical Services, turn-key solutions for biotech companies accessing the fast-growing European rare disease market, serving over 6,500 patients.
- Virtual Hospital Wards/Early Support Discharge: providing support for patients at home in their immediate recovery, releasing capacity for Acute hospitals.

Strategy and Objectives

We recognise the world is changing faster than ever. New technologies have reshaped the way we live, redrawn the healthcare landscape and redefined the expectations of patients everywhere. At Sciensus, we are ambitious in our purpose to pioneer a new era of digitally-enabled patient benefits.

That's why we have an ambitious vision -

To be the global leader in helping each and every patient make the most of their medicine.

Our mission is –

To give patients control of their health through knowledge, choice, convenience and connectivity.

Strategic report *(continued)*

Strategy and Objectives *(continued)*

The Group has created a set of values which shape who we are and what we stand for:

- **We are Passionate about every patient's health**
- **We are Ambitious to be the best**
- **Together we win**

We believe that the Patient should sit at the centre of our strategy and that building a strong service relationship with the patient positions us well within the health eco-system to provide better health outcomes. Our growth plans rest on this patient centricity, a determination to execute to the highest level of quality, earning us the right to deliver further value add services to our customers. Our commitment to excellence has been evidenced through our continued investments in digital solutions including portals for the NHS, Clinicians, life science companies and European hospital pharmacies. We have further invested in our Patient Apps and an Online Patient Community.

Business Review

The year to 31 March 2023 has been another period of significant progress for the business as we continue to invest in sector-leading digital technology. The Directors would like to thank our colleagues, of all specialisms, for their continued dedication and support.

Financial Review

Our financial results are presented from page 18 onwards.

The Group has achieved another 10% growth on the Service Income, showing a strong resilience of the business which continued to grow its range of services and the number of patients receiving service, through growth in existing contracts and by winning new contracts.

Based on recurring figures, turnover for the year was £2,048.3m, compared to the prior year turnover of £1,830.5m showing an increase in turnover of £217.8m (12%).

Cost of sales grew alongside turnover and gross profit for the year rose from £128.6m to £139.5m, an increase of £10.9m.

Operating profit before goodwill and adjusted items was £16.5m (2022: £16.3m). This is a reduction when compared to the percentage increase in gross profit and is largely attributable to the increase of over 12% in distribution expenses, where increased cost pressures challenged the Group. The increase in administrative expenses was in line with growth in gross profit.

A continued improvement in cash generation during the year enabled the Group to continue on its business transformation journey.

The Group has incurred one off adjustments which increased the loss before tax by £2.7m (2022: increased loss before tax by £2.2m) with further details provided in note 3. These predominantly include the impact of the Business transformation programme.

After interest payments and one off costs, the loss for the financial year after taxation is £18.4m (2022: £26.0m), which has been transferred to consolidated reserves.

The Group's investment in its digital assets and capabilities is progressing well, with significant investment during the year to create further improvements to the patient experience and outcomes. Costs incurred in the year are included as software within Intangible fixed assets.

Strategic report *(continued)*

Principal Risks and Uncertainties

Cyber security - failure to adequately prevent or respond to a data breach or cyber attack could adversely impact our reputation and cause significant disruption to operations. To mitigate against this we have a dedicated Information Security team, supported by a 24 hour Security Operation centre and Incident management. Information security and data protection policies are in place, with mandatory training for all colleagues. Security is also embedded throughout the digital product lifecycle.

Regulatory challenges - the international nature of our business creates regulatory challenges, where failure to comply with anti-bribery and other governmental laws (whether directly or through acts of others, intentionally or through inadvertence) could, among other things, harm our reputation. While our staff are trained on the Foreign Corrupt Practices Act, the United Kingdom Bribery Act and other anti-corruption laws and we have procedures and controls in place to monitor compliance, situations outside of our control may arise that could potentially put us in violation of these regulations and thus negatively impact our business. Within the group we have ethics policies which mandate rules of conduct to all employees, including all senior executives and directors. We maintain a confidential telephone and web-based hotline where employees can seek guidance or report potential violations of laws, Halcyon Topco policies or rules of conduct. Policies are available on our Intranet "The Hub" within the document management system.

Economic Risk - inflation headwinds that have not been seen in the UK for almost 30 years, has put pressure on our cost base in particular wage and distribution costs. Whilst there are signs of some easing in the inflation rates, higher inflation will continue to be a key risk over the next 12 months. Despite these pressures we continue to show good growth rates. Our strategy to mitigate this is to streamline processes and improve productivity across key functional areas of the business utilising our technology platform.

Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Credit risk
- Market risk

The Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk and the management of capital are set out below.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Financial risk management is carried out under policies approved by the Board of Directors. The Group identifies, evaluates and hedges financial risks. The Group also provides written principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and the investment of excess liquidity. The Integrated Governance Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Strategic report *(continued)*

Principal Risks and Uncertainties *(continued)*

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and countries in which customers operate, has less of an influence on credit risk.

Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions and the Group has policies that limit the amount of credit exposure to any one financial institution.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Statement by the directors in performance of their statutory duties in accordance with Section 172 of the Companies Act 2006

The Companies (Miscellaneous) Reporting Regulations 2018 introduced a new statutory reporting requirement for financial reporting years beginning on or after 1 January 2019. As a result, the directors of Halycon Topco Limited are required to give a statement which describes how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when discharging their duty under that section.

The directors acknowledge and understand their duties and responsibilities, including that, under section 172 of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) The likely consequences of any decision in the long term;
(b) The interests of the Group's employees;
(c) The need to foster the Group's business relationships with suppliers, customers and others;
(d) The impact of the Group's operations on the community and the environment;
(e) The desirability of the Group maintaining a reputation for high standards of business conduct; and
(f) The need to act fairly as between members of the Group.

The Group's objective is to build a growing, sustainable, profitable and cash generative business which consistently provides returns on capital employed significantly ahead of its cost of capital, through digitisation, through empowerment of patients and commitment to the values of Passion, Ambition and "Together we win".

The Group has built leading market positions by understanding its target industry sectors and applying extensive expertise to design and implement customised patient care solutions that address industry-specific supply chain requirements. Halycon's knowledge of supply chain functions and sector expertise allow the Group to develop more cost-effective solutions for them, create competitive advantages for its customers, and put Halycon in a strong position to grow its business for the long term.

Strategic report *(continued)*

Stakeholder Relationships and Engagement
Engaging with our stakeholders and continually working towards strengthening these relationships is fundamental to the long-term success of the Group. We are focused on maintaining effective working relationships with all stakeholders, including shareholders, customers, suppliers, regulatory authorities and our employees. We align these stakeholder relationships with the Group's purpose. This is evidenced by documents and practices such as the ethics guide, supplier code of conduct, and the whistle-blowing policy. We have developed strong relationships with both customers and suppliers by adopting contractual agreements and having approval processes in place.

Colleagues

Our colleagues are key to the achievement of our growth and we build positive relationships with each other, respecting our differences and working hard to make sure everyone's engaged, motivated, developed, rewarded and recognised.

New and existing colleagues are recruited, selected, developed and promoted on merit, irrespective of race, sex, religion, age, disability or any other status protected by law or not related to job performance.

Our policies include:

- remunerate colleagues, whatever role they perform, based on the value of their work and, where practicable, on the success of the business,
- support, encourage and continually develop our teams, offering powerful, flexible training programmes. These include professional, leadership, self-development and apprenticeship programmes, as well as digital development, continuous improvement, clinical and role-based skills training,
- engagement of colleagues with effective two-way communication keeping them informed and involved, measuring our success through engagement surveys,
- recruitment - undertaking inclusive recruitment practices to ensure the right person is selected for the job, through fair and balanced assessment,
- development opportunities - develop the capabilities of all employees fairly to further progress and enable promotion from within, offering a management development programme for leaders at all levels,
- provide a wellbeing offering which connects and engages colleagues, providing support with mental, physical, social and financial wellbeing.

Equality, diversity and inclusion is at the heart of our purpose and values. Our defined behaviours ensure we continue to enhance our culture by valuing difference and fostering respect. Significant advancements have been made with ED&I, with the introduction of the National Equality Standards assessment.

Corporate Social Responsibility

Our Corporate Social Responsibility strategy reflects our commitment to our patients, our customers, our colleagues, the environment, the community, and ethical behaviour.

We have an ongoing commitment to operate in a socially responsible way. We conduct our business fairly and honestly and recognise that the long-term health of our organisation is directly connected to the health of the environment and local communities. We focus on supporting a sustainable society by sourcing where possible environmental solutions that minimise our footprint and follow our internal environmental policy. We also support and interact with the local community to add value to society, through charitable fundraising, volunteering and community partnerships. Halycon is committed to ensuring that any business growth or change has minimal environmental impact and that all activities are conducted by well-trained and appropriately qualified employees.

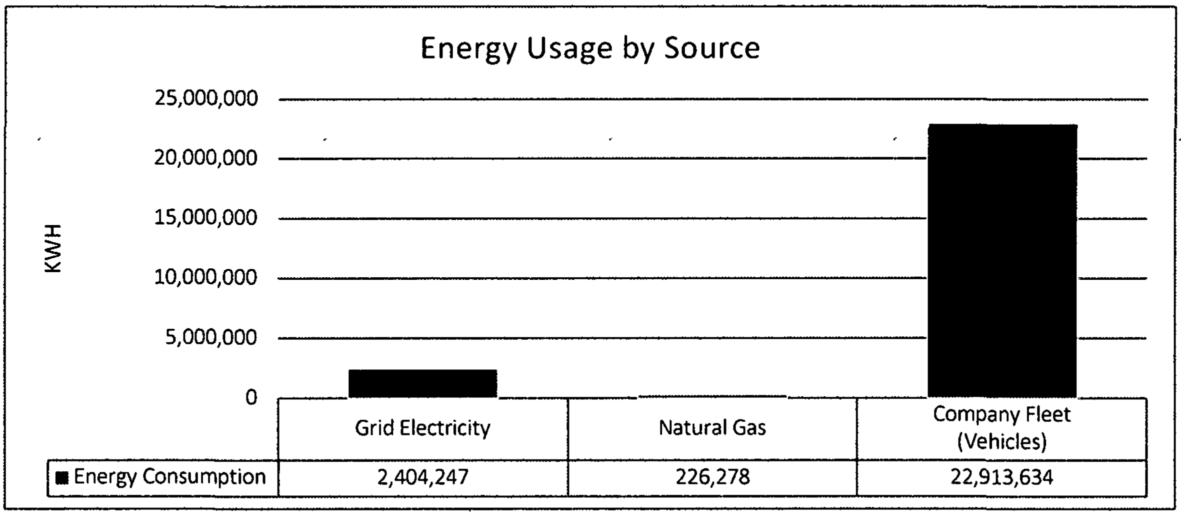
The Group is increasing commitment to place environmental and social purpose at the heart of the business and has made significant progress in developing its ESG programme. A governance structure for the ESG programme has been launched. The Group's ESG programme will set out near term targets for green-house gas emissions across scopes 1, 2 & 3, plan to improve inclusion and diversity across the business, and enable robust and transparent ESG reporting in regular intervals.

Strategic report *(continued)*

Energy Use and Carbon footprint

The data below highlights the energy used by Halcyon Topco for the year to 31 March 2023. Measurements are in Kilowatt hours and tonnes of CO2 equivalent. Emissions have been split by scope and totals recorded.

Type of activity	Energy Consumption	Measurement Unit	GHG Emissions	Measurement Unit
Grid Electricity	2,404,247	kWh	713	t CO_2e
Natural Gas	226,278	kWh	45.77	t CO_2e
Company Fleet (Vehicles)	22,913,634	kWh	6734.1	t CO2e
Total	25,544,159	kWh	7,493	t CO_2e

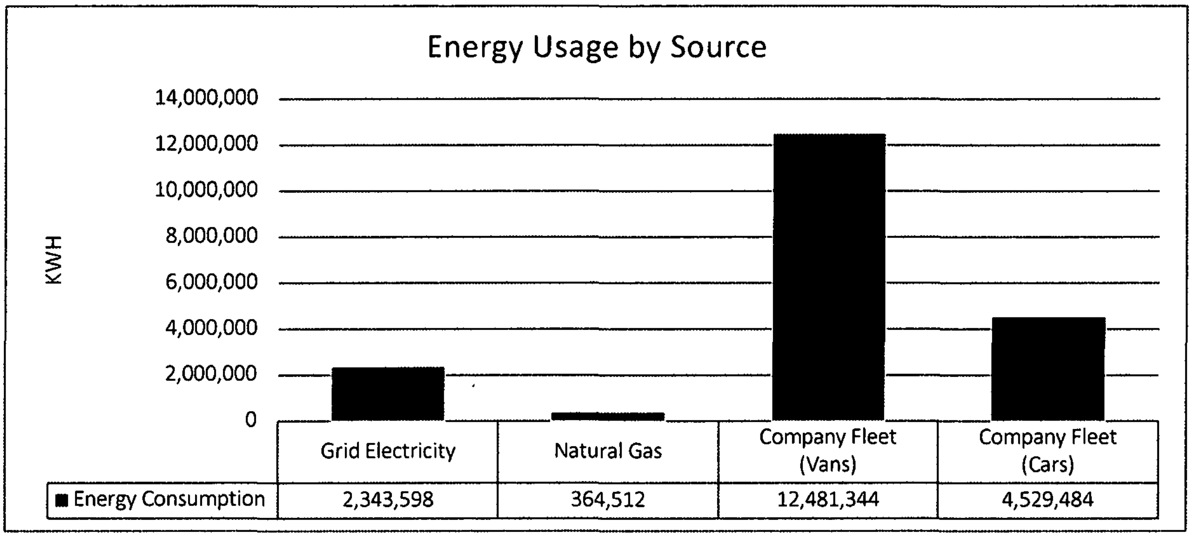


Energy usage in the prior year to 31 March 2022 is below:

Type of activity	Energy Consumption Apr 21- Mar 22	Measurement Unit	GHG Emissions	Measurement Unit
Grid Electricity	2,343,598	kWh	541.65	tCO2e
Natural Gas	364,512	kWh	73.99	tCO2e
Company Fleet (Van)	12,481,344	kWh	1,837	tCO2e
Company Fleet (Cars)	4,529,484	kWh	629	tCO2e
Total	19,718,938	kWh	3,082	tCO2e

Strategic report *(continued)*

Energy Use and Carbon footprint *(continued)*



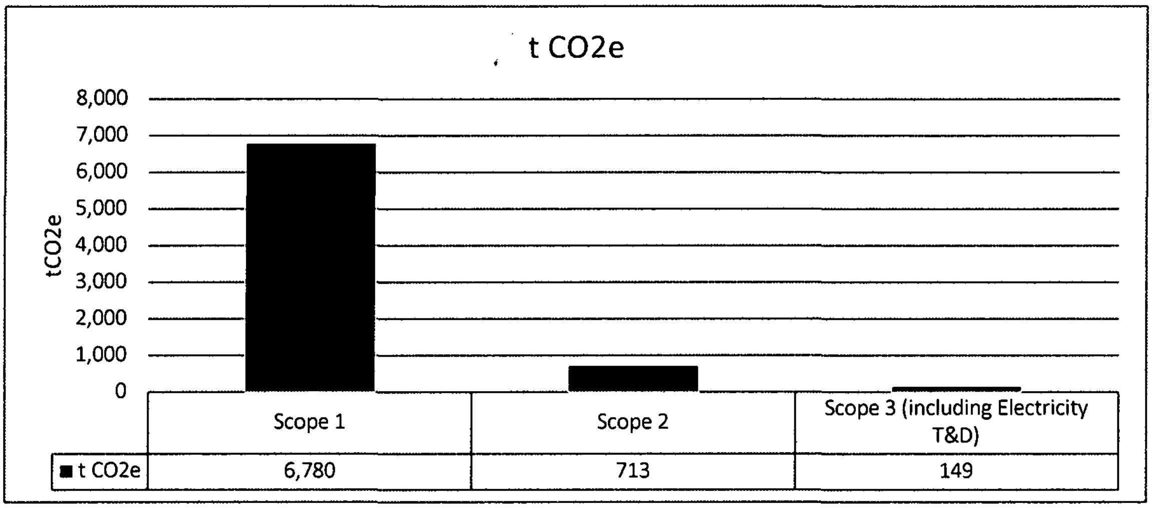
Emissions are categorised into three groups or 'scopes':

- Scope 1: Direct emissions that result from activities within your organisation's control. This might include on-site fuel combustion, manufacturing and process emissions, refrigerant losses and company vehicles.
- Scope 2: Indirect emissions from any electricity, heat or steam you purchase and use. Although you are not directly in control of the emissions, by using the energy you are indirectly responsible for the release of CO_2.
- Scope 3: Any other indirect emissions from sources outside your direct control. Examples of scope 3 emissions include purchased goods and services, use of sold goods, employee commuting and business travel, outsourced transportation, waste disposal and water consumption.

Scope	GHG Emissions (Apr 22 - Mar 23)	Measurement Unit
Scope 1	6,780	t CO_2e
Scope 2	713	t CO_2e
Scope 3 (including Electricity T&D)	149	t CO_2e
Total	7,642	t CO_2e

Strategic report *(continued)*

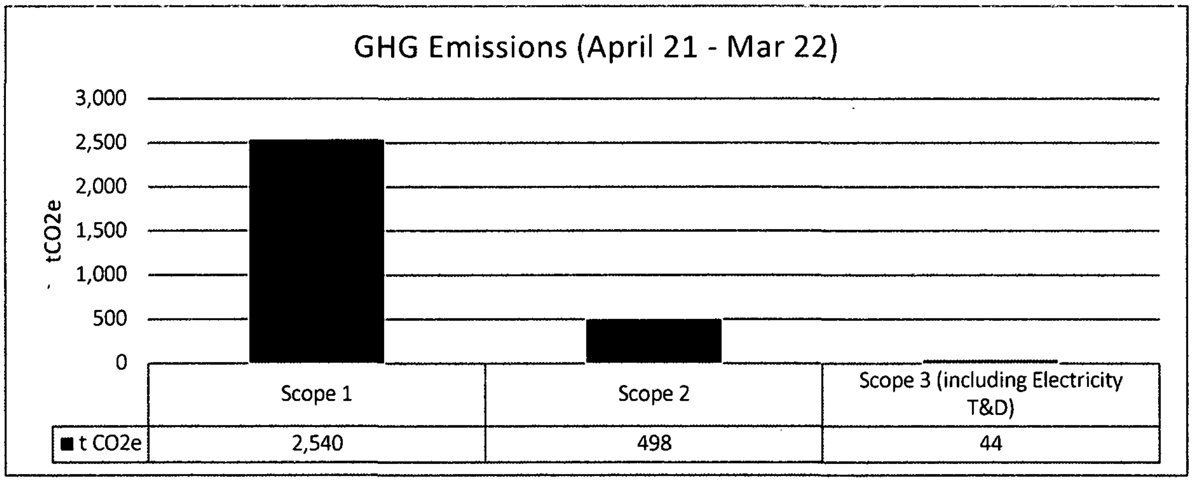
Energy Use and Carbon footprint *(continued)*



The total square footage of the estate size is: 193.9 thousand sqft.
Carbon intensity is, therefore, 41.6 tCO2e per 1000 sqft

Emissions in the prior year to 31 March 2022 are below:

Scope	GHG Emissions Apr 21 – Mar 22	Measurement Unit
Scope 1	2,540	t CO_2e
Scope 2	498	t CO_2e
Scope 3 (including electricity T&D)	44	t CO_2e
Total	3,082	t CO_2e



Strategic report *(continued)*

Energy Use and Carbon footprint *(continued)*

The metric chosen to normalise their emissions was based on the number of employees and the intensity ratio is detailed below

Normalising Metric - Number of Employees	2000	Intensity Ratio FY 2021-22	1.540821	t CO_2e/employee

This Carbon Footprint has been calculated in line with the Greenhouse Gas (GHG) Protocol Emission Scopes to ensure compliance with the SECR requirements. The government issued "Greenhouse gas reporting: conversion factors 2021" conversion figures for CO_2e were used along with the figures to determine the kWh. Data was taken between the dates of April 2022 and March 2023 (2022: data between the dates of April 2021 and March 2022).

Creating a carbon footprint is an essential first step in developing a carbon reduction strategy and is key to understanding the scale of the challenge, focussing efforts on the most impactful activities.

Halycon Topco Limited are reporting upon all of the required fuel sources as per SECR requirements. Data was acquired from vehicle mileage using averages of CO2 emitted per kilometer. Scope 3 emissions are T&D losses from grid electricity only.

Measures taken to improve energy efficiency

Halcyon Topco are dedicated to energy and carbon reduction across the business. During this reporting period, the Group has:

- Invested in a Carbon Management platform that allows us to monitor and track emissions across all scopes
- Committed to Net Zero targets with a Carbon Reduction plan to be drafted during the coming year
- Reduced energy consumption and carbon from the manufacturing and delivery processes
- Ambient dispensary bags now made from 100% recycled materials
- Hybrid working – reducing amount of employee emissions from travelling to and from work
- Live driver feedback on efficient and environmentally friendly driving styles achieving savings of 296 tonnes CO2 since deployment
- Reduced amount of A4 paper printed on by an estimated 1.3 million sheets per annum
- Delivery route optimisation
    - Average kilometer (km) per delivery has reduced from 10km per delivery to 4km per delivery
- Optimisation of clinical logistics

The Strategic Report was approved and authorised for issue by the Board and was signed on its behalf on 29 June 2023.

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D Gibson
Director

Directors' report

The Directors present their Annual Report on the affairs of the Group, together with the Financial Statements and independent auditor's report for the year ended 31 March 2023. Under the terms of the Companies Act 2006, the Directors' Report is required to contain certain statutory and other information. The Directors have incorporated the business review by cross-reference, as permitted by the Companies Act 2006.

Directors

The names of the current Directors are set out on page 1. Those who have served in office during the year have been as follows:

P Nicklin
D Gibson
S Sheridan
D Oppenheim
Vitruvian Directors I Limited
Vitruvian Directors II Limited
G Reyes
JM Richard
FAH Harvey

Results and Dividends

The results of the Group for the year ended 31 March 2023 are set out on page 18 and discussed in the Strategic Report on pages 2 to 10.

The Group has not paid any dividends during the year *(2022: £nil).* The Directors do not recommend the payment of a final dividend.

Political and Charitable Donations

The Group made no political contributions during the year *(2022: £nil).* Donations to UK charities amounted to £9,057 *(2022: £6,477).* The group carries out a number of fundraising events throughout the year, including raising money for our chosen charities and encouraging staff participation in fundraising challenges.

The group made a donation of £88,000 of protective equipment for distribution to hospitals in Ukraine in respect of humanitarian aid.

Financial Risk Management

Information on risk objectives and policies and exposure to market, credit, liquidity and market risk can be found on pages 2 to 10 of the Strategic Report.

Directors' report *(continued)*

Going Concern

The current inflationary headwinds noted in the UK and beyond pose a risk to the majority of businesses. Whilst there are signs of some easing in the inflation rates, higher inflation will continue to be a key risk over the next 12 months and with this the expected increase in interest rates associated with the monetary policies used to impact the macro-economic environment.

The UK economy is also facing expectation of slow and limited GDP growth, however the healthcare sector continues to show good growth. As such the Group does not consider GDP decline or slow growth to be a major risk.

The Directors have taken into account and factored the inflationary pressures facing the economy within the Group's forecast and cashflow modelling. Furthermore, the Group has measures in place to mitigate this by streamlining processes and improve productivity across key functional areas of the business through the use of technology.

The ABL facility was re-negotiated the previous year and is in place until 2025. The facility has a maximum draw down of £130m. Notwithstanding the Group's net current liabilities of £81.9m as at 31 March 2023 the amount drawn down was £10.3m providing significant headroom. The facility will be used for day-to-day operations and to help fund future growth of the Group. The expected increase in interest rates has been factored based on forward expectations and is included in the Group's forward looking cashflow modelling.

The directors have prepared cash flow forecasts and covenant compliance forecasts for a period of at least 12 months from the date of approval for these financials statements ("the going concern period") including considering inflationary impacts of +7% in 2024 and +4% in 2025 and interest rate increases for SONIA in line with forecasted projection in excess of 4%. The Group has also considered and factored reasonably severe but plausible downsides of revenue reduction and further cost increases and determined that the Group and Company will have sufficient funds to meet their liabilities as they fall due for the going concern period as well as meet the Group's covenants requirements.

As a consequence, the Directors have a reasonable expectation that the Group is well placed to manage its business risks and to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these Financial Statements.

Disclosure of Information to the Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The Directors' Report was approved and authorised for issue by the Board and was signed on its behalf on 29 June 2023.

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D Gibson

Director

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Halcyon Topco Limited

Opinion

We have audited the financial statements of Halcyon Topco Limited ("the company") for the year ended 31 March 2023 which comprise the consolidated profit and loss account, consolidated other comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

Independent auditor's report to the members of Halcyon Topco Limited *(continued)*

- Enquiring of directors, the audit committee, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit Committee, and Clinical Excellence Committee minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff and share based payment scheme for directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and ability to manually manipulate results we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries; and
- the risk that accrued revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations in respect of Cash, Revenue and Expenses.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and senior management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and senior management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity, EU and UK distribution, manufacture and importation of medicinal products for human use legislation and

Independent auditor's report to the members of Halcyon Topco Limited *(continued)*

compliance with medical regulator requirements, and certain aspects of company legislation recognising the regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and senior management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 13, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

KPMG

Independent auditor's report to the members of Halcyon Topco Limited *(continued)*

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Gareth Woods.

Gareth Woods (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
EastWest
Tollhouse Hill
Nottingham
NG1 5FS

Dated: 29 June 2023

Consolidated profit and loss account
for the year ended 31 March 2023

	Note	2023 Adjusted £000	2023 Adjustments £000	2023 Total £000	2022 Adjusted £000	2022 Adjustments £000	2022 Total £000
Turnover	2	**2,048,320**	**-**	**2,048,320**	1,830,505	-	1,830,505
Cost of sales		**(1,908,787)**	**-**	**(1,908,787)**	(1,701,926)	-	(1,701,926)
Gross profit		**139,533**	**-**	**139,533**	128,579	-	128,579
Distribution costs		**(34,631)**	**-**	**(34,631)**	(30,872)	-	(30,872)
Administrative charges before amortisation of goodwill		**(88,686)**	**(2,711)**	**(91,397)**	(81,717)	(2,202)	(83,919)
Amortisation of goodwill	11	**(1,510)**	**-**	**(1,510)**	(16,096)	-	(16,096)
Total administrative expenses		**(90,196)**	**(2,711)**	**(92,907)**	(97,813)	(2,202)	(100,015)
Other operating income	4	**250**	**-**	**250**	338	-	338
Operating profit before amortisation of goodwill		**16,466**	**(2,711)**	**13,755**	16,328	(2,202)	14,126
Amortisation of goodwill	11	**(1,510)**	**-**	**(1,510)**	(16,096)	-	(16,096)
Operating profit/(loss)		**14,956**	**(2,711)**	**12,245**	232	(2,202)	(1,970)
Interest receivable and similar income	7	**-**	**-**	**-**	24	-	24
Interest payable and similar expenses	8	**(27,444)**	**-**	**(27,444)**	(20,757)	-	(20,757)
Loss before tax		**(12,488)**	**(2,711)**	**(15,199)**	(20,501)	(2,202)	(22,703)
Tax on loss	10	**(3,728)**	**515**	**(3,213)**	(3,686)	418	(3,268)
Loss after tax		**(16,216)**	**(2,196)**	**(18,412)**	(24,187)	(1,784)	(25,971)

Further information in respect of adjusted items is contained in note 3 to the Financial Statements.

There were no discontinued operations in either the current year or preceding period.

The attached notes form an integral part of the Financial Statements.

Consolidated statement of other comprehensive income
for the year ended 31 March 2023

	2023 £000	2022 £000
Loss for the financial year	**(18,412)**	(25,971)
Other comprehensive income/(charges):		
Foreign exchange differences on translation of foreign operations	**814**	338
Other comprehensive income/(charges) for the year, net of income tax	**814**	338
Total comprehensive charges for the year	**(17,598)**	(25,633)

The attached notes form an integral part of the Financial Statements.

Consolidated balance sheet
as at 31 March 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
Fixed assets					
Intangible fixed assets	*11*		**23,808**		23,895
Tangible fixed assets	*12*		**7,954**		8,807
			31,762		32,702
Current assets					
Stock	*14*	**61,559**		58,673	
Debtors	*15*	**232,051**		224,811	
Cash at bank and in hand		**9,797**		27,752	
Total current assets		**303,407**		311,236	
Creditors: amounts falling due within one year	*16*	**(385,343)**		(358,051)	
Net current liabilities			**(81,936)**		(46,815)
Total assets less current liabilities			**(50,174)**		(14,113)
Creditors: amounts falling due after more than one year	*17*		**(241,773)**		(262,026)
Provisions for liabilities and charges	*19*		**(3,827)**		(2,075)
Net liabilities			**(295,774)**		(278,214)
Capital and reserves					
Called up share capital	*21*		**12**		12
Share premium account	*21*		**1,130**		1,130
Profit and loss account			**(296,916)**		(279,356)
Shareholders' deficit			**(295,774)**		(278,214)

The attached notes form an integral part of the Financial Statements.

These Financial Statements were approved and authorised for issue by the board of directors and were signed on its behalf on 29 June 2023 by:

DocuSigned by:

BC635DF7FBA14A4...
J S Sheridan
Director

Registered number: 07672785

Company balance sheet
as at 31 March 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
Fixed assets					
Investments	13		**168,781**		168,748
			168,781		168,748
Current assets					
Debtors	15	**41,403**		40,340	
Total current assets		**41,403**		40,340	
Creditors: amounts falling due within one year	16	**(503)**		-	
Net current assets			**40,900**		40,340
Total assets less current liabilities			**209,784**		209,088
Creditors: amounts falling due after more than one year	17		**(231,676)**		(206,289)
Net (liabilities)/assets			**(21,995)**		2,799
Capital and reserves					
Called up share capital	21		**12**		12
Share premium account	21		**1,130**		1,130
Profit and loss account			**(23,137)**		1,657
Shareholders' (deficit)/funds			**(21,995)**		2,799

The attached notes form an integral part of the Financial Statements.

The Company made a loss for the year of £24,799,000 (2022: profit of £24,780,000).

These Financial Statements were approved and authorised for issue by the board of directors and were signed on its behalf on 29 June 2023 by:

DocuSigned by:
BC835DF7FBA14A4...
J S Sheridan
Director

Registered number: 07672785

Consolidated statement of changes in equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2021	12	1,086	(254,134)	(253,036)
Loss for the year	-	-	(25,971)	(25,971)
Other comprehensive income	-	-	338	338
Total comprehensive charge for the year	-	-	(25,633)	(25,633)
Share based payment (note 27)	-	-	411	411
Issue of share capital (note 21)	-	44	-	44
Balance at 31 March 2022	12	1,130	(279,356)	(278,214)

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2022	12	1,130	(279,356)	(278,214)
Loss for the year	-	-	(18,412)	(18,412)
Other comprehensive income	-	-	814	814
Total comprehensive charge for the year	-	-	(17,598)	(17,598)
Share based payment (note 27)	-	-	38	38
Balance at 31 March 2023	**12**	**1,130**	**(296,916)**	**(295,774)**

The attached notes form an integral part of the Financial Statements.

Company statement of changes in equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2021	12	1,086	(23,332)	(22,234)
Profit for the year	-	-	24,780	24,780
Total comprehensive income for the year	-	-	24,780	24,780
Share based payment (note 27)	-	-	209	209
Issue of share capital (note 21)	-	44	-	44
Balance at 31 March 2022	12	1,130	1,657	2,799

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2022	12	1,130	1,657	2,799
Loss for the year	-	-	(24,799)	(24,799)
Total comprehensive charge for the year	-	-	(24,799)	(24,799)
Share based payment (note 27)	-	-	5	5
Issue of share capital (note 21)	-		-	
Balance at 31 March 2023	**12**	**1,130**	**(23,137)**	**(21,995)**

The attached notes form an integral part of the Financial Statements.

Consolidated statement of cash flows
for the year ended 31 March 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Loss after tax for the year		**(18,412)**	(25,971)
Adjustments for:			
Depreciation, amortisation and impairment	*11,12*	**10,901**	24,700
Share based payment		**38**	411
Tax charge		**3,213**	3,268
Interest receivable and similar income	*7*	**-**	(24)
Interest payable and similar charges	*8*	**27,444**	20,757
Loss on disposal of intangible fixed assets	*11*	**41**	21
Loss on disposal of tangible fixed assets	*12*	**3**	10
Increase in trade and other debtors		**(7,553)**	(2,147)
(Increase)/decrease in stocks		**(2,886)**	4,657
Increase in trade and other creditors		**26,181**	18,644
Increase in provisions		**1**	20
Tax paid		**(551)**	(1,742)
Net cash inflow from operating activities		**38,420**	42,604
Cash flows from investing activities			
Interest received		**-**	24
Acquisition of tangible fixed assets	*12*	**(1,490)**	(1,603)
Acquisition of other intangible assets	*11*	**(7,103)**	(8,822)
Cash used in investing activities		**(8,593)**	(10,401)
Cash flows from financing activities			
Proceeds from borrowings		**-**	37,530
Repayment of borrowings		**(45,289)**	(61,563)
Repayment of finance leases		**(1,546)**	(1,651)
Interest paid		**(1,793)**	(1,269)
Net cash used in financing activities		**(48,628)**	(26,953)
Net (decrease)/increase in cash and cash equivalents		**(18,801)**	5,250
Effects of exchange rate changes		**846**	191
Cash and cash equivalents at 1 April 2022		**27,752**	22,311
Cash and cash equivalents at 31 March 2023		**9,797**	27,752

The attached notes form an integral part of the Financial Statements.

Notes

(forming part of the financial statements)

1 Accounting policies

(A) Corporate Information

Halcyon Topco Limited is a Company limited by shares and incorporated and domiciled in the United Kingdom. The principal activity of the Company is that of a holding company. The principal activities of the Group are to provide a range of pharmaceutical services focused on complex and usually high value medicines across chronic, rare disease and cancer patient cohorts. Leveraging its digital capabilities, extensive infrastructure and clinical expertise, the Group manages the medication needs of over 240,000 patients in the UK and Europe. Servicing a range of public and private sector payors, the Group aims to ensure that patients achieve the best possible experience and health outcomes from their medicines. The registered office is located at 107 Station Street, Burton-On-Trent, Staffordshire, DE14 1SZ..

The Group and Parent Company Financial Statements for the year ended 31 March 2023 ("these Financial Statements") were approved for issue by the Board on 29 June 2023.

(B) Basis of preparation

These Financial Statements have been prepared on the historical cost basis.

These Financial Statements have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard, applicable in the United Kingdom and Republic of Ireland ("FRS 102"). The principal accounting policies adopted in the preparation of these Financial Statements are set out below.

The Parent Company is included in the Consolidated Financial Statements, and is considered to be a qualifying entity under FRS102 in respect of certain disclosures for the Parent Company Financial Statements have been applied: The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time; No separate Parent Company Cash Flow Statement with related notes is included; and Key Management Personnel compensation has not been included a second time; and certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

These Financial Statements are presented in pounds sterling, which is the Group's and Company's functional and presentation currency. Unless otherwise noted, the amounts shown in these Financial Statements are in thousands of pounds sterling ("£000s").

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own Profit and Loss Account. The Company made a loss for the year of £24,799,000 (2022: profit of £24,780,000).

(C) Going concern

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons:

The current inflationary headwinds noted in the UK and beyond pose a risk to the majority of businesses. Whilst there are signs of some easing in the inflation rates, higher inflation will continue to be a key risk over the next 12 months and with this the expected increase in interest rates associated with the monetary policies used to impact the macro-economic environment.

The UK economy is also facing expectation of slow and limited GDP growth, however the healthcare sector continues to show good growth. As such the Group does not consider GDP decline or slow growth to be a major risk.

The Directors have taken into account and factored the inflationary pressures facing the economy within the Group's forecast and cashflow modelling. Furthermore, the Group has measures in place to mitigate this by streamlining processes and improve productivity across key functional areas of the business through the use of technology.

Notes *(continued)*

1 Accounting policies *(continued)*

(C) Going Concern *(continued)*

The ABL facility was re-negotiated the previous year and is in place until 2025. The facility has a maximum draw down of £130m. Notwithstanding the Group's net current liabilities of £81.9m as at 31 March 2023 the amount drawn down was £10.3m providing significant headroom. The facility will be used for day-to-day operations and to help fund future growth of the Group. The expected increase in interest rates has been factored based on forward expectations and is included in the Group's forward looking cashflow modelling.

The directors have prepared cash flow forecasts and covenant compliance forecasts for a period of at least 12 months from the date of approval for these financials statements ("the going concern period") including considering inflationary impacts of +7% in 2024 and +4% in 2025 and interest rate increases for SONIA in line with forecasted projection in excess of 4%. The Group has also considered and factored reasonably severe but plausible downsides of revenue reduction and further cost increases and determined that the Group and Company will have sufficient funds to meet their liabilities as they fall due for the going concern period as well as meet the Group's covenants requirements.

As a consequence, the Directors have a reasonable expectation that the Group is well placed to manage its business risks and to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these Financial Statements.

(D) Basis of consolidation

The Consolidated Financial Statements include the Financial Statements of the Company and its subsidiary undertakings for the year ended 31 March 2023. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the Consolidated Profit and Loss Account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. Results of the Employee Benefit Trust controlled by Investors in the Company are also consolidated.

In the Parent Company Financial Statements, investments in subsidiaries are carried at cost less impairment.

(E) Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the Consolidated Balance Sheet as negative goodwill.

Notes *(continued)*

1 Accounting policies *(continued)*

(E) Business combinations *(continued)*

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

(F) Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in Other Comprehensive Income.

(G) Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Group or Company are treated as equity only to the extent that they meet the following two conditions:

(i) they include no contractual obligations upon the Group or Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group or Company; and

(ii) where the instrument will or may be settled in the entity's own equity instruments, it is either a non- derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these Financial Statements for called up share capital and share premium account exclude amounts in relation to those shares.

(H) Basic financial instruments

Trade and other debtors/ creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Notes *(continued)*

1 Accounting policies *(continued)*

(I) Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash generating units or group of cash generating units that are expected to benefit from the synergies of the business combination from which it arose.

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Costs include amounts capitalised in respect of the purchase of external products or services and the capitalisation of internal labour costs that are considered to be directly attributable to development of the asset.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Goodwill 10 years
- Software 3-5 years

The amortisation periods and methodology are reviewed when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 of FRS102, Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

(J) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Impairment of tangible fixed assets (including those leased under a finance lease) is reviewed at each reporting date.

Depreciation is charged to the Profit and Loss Account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Leasehold improvements Life of lease
- Fixture, fittings & equipment 5 years
- Medical equipment 5 years
- Motor vehicles (leased) Over the period of the lease

Assets under construction are transferred to fixed assets once the asset is ready and available for use. Depreciation commences upon transfer.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the consumption of the asset's future economic benefits are expected.

(K) Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Notes *(continued)*

1 Accounting policies *(continued)*

(K) Impairment excluding stocks and deferred tax assets *(continued)*

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit and loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit" or "CGU"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to the CGUs that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(L) Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

(M) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an charge in the Profit and Loss Account in the periods during which services are rendered by employees.

(N) Provisions

A provision is recognised in the Balance Sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date, discounted to present value.

Notes *(continued)*

1 Accounting policies *(continued)*

(N) Provisions *(continued)*

Where the Parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company treats the guarantee contract as a commitment in its individual Financial Statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(O) Turnover

Turnover represents the amounts invoiced (excluding value added tax) or accrued for the supply, delivery and administration of medical products. Turnover is recognised on the delivery of medical products and the delivery of nursing care, as the risks and rewards of ownership transfer to the buyer.

(P) Leased assets

Finance lease costs

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Operating lease costs

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease charge.

(Q) Interest receivable and interest payable

Interest receivable and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

(R) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in Equity or Other Comprehensive Income, in which case it is recognised directly in Equity or Other Comprehensive Income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and charges in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or charge are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or charge.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

1 Accounting policies *(continued)*

(S) Share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the statement of profit or loss.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value.

In determining the fair value of share-based payments, management has considered a number of internal and external factors in order to judge the probability that management share incentives may vest. Such judgements involve estimating future performance and other non market-based factors.

At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the statement of profit or loss, with a corresponding adjustment to equity. Fair value is measured by the use of the Black Scholes methodology. The assumptions have been adjusted, based on management's best estimate, for the effects of non-transferability, lack of dividend until vesting and exercise restrictions.

The fair value calculations in the current period have been externally assessed and deemed reasonable in the circumstances.

After vesting, the Group satisfies share option exercises either through the issuance of new ordinary shares, or through the transfer of existing shares held in the Company's EBT to the employee. Any share options not exercised upon vesting remain outstanding until the end of the contracted exercise period.

(T) Adjusted items

The Group considers adjusted items to be those which derive from events or transactions which are significant for separate disclosure by virtue of their size or incidence in order for the user to obtain a full understanding of the Group's financial performance.

(U) Accounting estimates and judgements

Key sources of estimation uncertainty

In applying the Group's accounting policies, the Directors are required to make estimates, judgements and assumptions that affect amounts reported in these Financial Statements. The estimates, judgements and assumptions are based on historical experience, adjusted for current market conditions and other factors that are believed to be reasonable under the circumstances and are reviewed on a regular basis. Actual results may differ from these estimates.

The estimates and judgements which involve a higher degree of complexity or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period are detailed below.

Management consider there are no significant estimates required in the preparation of these financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

Critical accounting judgements in applying the Group's Accounting Policies

Revenue Recognition

As the group do not take pricing risk on its drug sales and purchases, the key judgement made by the Directors is whether the Group acts as principal or agent. In arriving at this judgment management consider the relative inventory, credit and order fulfilment risks attached to each contract. On balance, and in the light of the group being solely responsible for managing and controlling the entire supply chain to ensure product and service order fulfilment from supplier to patient, management consider the Group acts as Principal when executing its contracts. Turnover is therefore recognised on a gross basis in the financial statements.

Preference Share Interest

The key judgement applied by the Directors is that the interest holiday for the first 12 months (see note 18) has been spread over a period up to a repayment date which is judgmental. An effective interest rate of 7.92% has been calculated to spread the interest which is accrued. During the year, the period used to spread the interest holiday was amended following a review by the directors.

2 Turnover

Turnover is derived from the Group's principal activities carried out in the following regions:

	2023	2022
	£000	£000
United Kingdom	**1,645,089**	1,506,787
Rest of Europe	**401,964**	322,298
Rest of World	**1,267**	1,420
	2,048,320	1,830,505

The Directors have chosen not to disclose and state turnover by class of business, as in their opinion, it is considered to be seriously prejudicial to the interests of the Company.

Notes *(continued)*

3 Adjusted items

A summary of adjusted items in respect of the current and prior year is set out below:

	2023 £000	2022 £000
Administrative (income)/ charges:		
Business transformation	**2,163**	2,027
Professional fees in connection with group structure rationalisation and debt restructure	**96**	354
Costs associated with management incentivisation plan	**-**	41
Share based payments charge (note 27)	**38**	411
Hardship payments	**326**	-
Donation to Ukraine	**88**	-
Regulatory compliance review	**-**	(631)
	2,711	2,202
Taxation credit relating to adjusted items	**(515)**	(418)
	2,196	1,784

Further detail of adjusted items incurred during the period is below:

The Group has continued on its business transformation journey. Upgrades to the CRM and ERP modules of Microsoft Dynamics 365 for the UK trading company were brought in with business services being transferred to the new platform during the year, incurring transition costs. Restructuring costs within business support functions and costs related to reduction of hierarchy were incurred as part of the transformation. Non-recurring, non-capital costs of £2,163,000 (2022: £2,027,000) were incurred.

Costs of £96,000 (2022: £354,000) associated with restructuring of shareholder loan notes and banking facilities (as disclosed in notes 18 and 21) have been included within non-recurring costs.

Costs associated with the management incentivisation plan were incurred of £nil (2022: £41,000). Further details are given in note 27.

A share based payments charge was incurred of £38,000 (2022: £411,000) following implementation of the management incentivisation plan. Further details are given in note 27.

Hardship payments were made during the year of £326,000 (2022: £nil) in respect of the cost of living crisis.

A donation of PPE of £88,000 was made to Ukraine during the year in respect of humanitarian aid (2022: £nil).

A provision made in a prior year of £631,000 was released in 2022 following conclusion of a regulatory compliance review by HMRC.

4 Other operating income

	2023 £000	2022 £000
Research & Development expenditure credit	**250**	338

Notes *(continued)*

5 Remuneration of directors

	2023 £000	2022 £000
Directors' emoluments	**1,045**	1,102
Management Incentive scheme	**209**	209
	1,254	1,311

The aggregate emoluments, including management incentive scheme amounts, of the highest paid director were £692,000 *(2022: £729,000)* and Group pension contributions of £nil *(2022: £nil)* were made to a money purchase scheme on their behalf. Emoluments included £124,000 *(2022: £124,000)* in respect of the Management Incentive scheme. Retirement benefits are accruing to zero *(2022: zero)* directors under money purchase schemes.

Further details of costs incurred during the year in respect of the Management Incentive scheme implemented in December 2019 are given in note 27. Fees paid to Vitruvian Partners LLP are disclosed separately in note 25: Related Party Transactions.

The Directors received no remuneration for their services to the Company during the year *(2022: £nil)*. Costs in respect of 5 directors (2022: 5) are borne by another Group company and no recharge is made.

6 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	2023 Number	2022 Number
Distribution and nursing	**1,115**	1,024
Administration	**623**	697
	1,738	1,721

The aggregate payroll costs of these persons were as follows:

	2023 £000	2022 £000
Wages and salaries	**65,559**	60,008
Social security costs	**7,059**	5,988
Other pension costs (note 24)	**2,786**	2,550
	75,404	68,546

7 Interest receivable and similar income

	2023 £000	2022 £000
Interest receivable from other debtors	-	24

Notes *(continued)*

8 Interest payable and similar expenses

	2023 £000	2022 £000
Interest on bank loans	**1,474**	914
Interest on shareholders' loans	**-**	4,115
Dividends accrued on preference shares classed as liabilities (note 21)	**25,387**	15,143
Amortisation of debt issue costs	**277**	255
Interest on finance leases	**173**	140
Interest on unwinding of discounted provision	**91**	84
Other	**42**	106
	27,444	20,757

9 Loss before tax

	2023 £000	2022 £000
Loss before tax is stated after charging:		
Loss on disposal of tangible fixed assets	**3**	10
Loss on disposal of intangible fixed assets	**41**	21
Loss on foreign exchange	**369**	23
Auditor's remuneration		
Audit services		
Audit of Company financial statements	**33**	32
Audit of subsidiaries financial statements	**187**	159
Total audit services	**220**	191
Non-audit services:		
Tax advisory services in connection with German VAT affairs and a Withholding Tax refund claim	**55**	3
Services relating to taxation	**55**	3
Total non-audit services	**55**	3
Total fees paid to auditors	**275**	194

Notes *(continued)*

10 Taxation

	2023 £000	2022 £000
Current tax:		
Current tax on income for the year	**1,509**	3,156
Adjustments in respect of prior years	**44**	(71)
Total current tax charge	**1,553**	3,085
Deferred tax:		
Current year	**1,352**	(111)
Adjustments in respect of prior years	**308**	294
Total deferred tax charge	**1,660**	183
Total tax charge	**3,213**	3,268

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2022: higher)* than the standard rate of corporation tax in the UK of 19% *(2022: 19%)*. The differences are explained below:

	2023 £000	2022 £000
Loss after tax	**(18,412)**	(25,971)
Tax on loss	**3,213**	3,268
Loss before tax	**(15,199)**	(22,703)
Current tax at 19% *(2022: 19%)*	**(2,888)**	(4,314)
Effects of:		
Non-deductible charges for tax purposes	**4,939**	6,611
Interest disallowable on shareholder loan notes	**-**	782
Difference tax rates of overseas subsidiaries	**115**	(34)
Adjustment to deferred tax asset due to tax rate changes	**695**	-
Adjustment in respect of prior years – current tax	**44**	(71)
Adjustment in respect of prior years – deferred tax	**308**	294
	3,213	3,268

Factors that may affect future tax charges

The deferred tax asset at 31 March 2023 has been calculated based on the current rate of UK corporation tax 25%. The deferred tax rate used is the future rate when the company is most likely to utilise the assets deferred tax is calculated on. As it is unknown when this will be, the rate of 25% has been used in line with treatment in prior periods, the rate effective 1 April 2023.

Notes *(continued)*

11 Intangible fixed assets

	Software	Goodwill	Assets Under Construction	Total
	£000	£000	£000	£000
Cost				
At 1 April 2022	35,713	190,969	3,042	229,724
Additions	89	-	7,014	7,103
Disposals	-	-	(41)	(41)
Movement in foreign exchange translation	84	544	3	631
Intergroup transfers	8,315	-	(8,315)	-
Transfer to tangible fixed assets	-	-	(73)	(73)
At 31 March 23	44,201	191,513	1,630	237,344
Accumulated amortisation				
At 1 April 2022	16,638	189,191	-	205,829
Charge for the year	6,150	1,510	-	7,660
Movement in foreign exchange translation	47	-	-	47
At 31 March 2023	22,835	190,701	-	213,536
Net book value				
At 31 March 2023	**21,366**	**812**	**1,630**	**23,808**
At 31 March 2022	19,075	1,778	3,042	23,895

The Directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. The goodwill is being amortised over a life of 10 years. The amortisation charge is recognised in administrative charges in the Profit and Loss Account.

Notes *(continued)*

12 Tangible fixed assets

	Leasehold improvements £000	Fixtures and fittings £000	Medical equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
Cost						
At 1 April 2022	6,838	8,251	4,540	5,570	52	25,251
Additions	-	89	-	110	2,120	2,319
Disposals	-	(136)	(20)	(66)	(1)	(223)
Movement in foreign exchange translation	-	34	-	-	-	34
Reallocations	771	203	485	719	(2,178)	-
Transfer from intangible fixed assets	-	-	-	-	73	73
At 31 March 2023	7,609	8,441	5,005	6,333	66	27,454
Accumulated depreciation						
At 1 April 2022	3,359	6,403	2,933	3,749	-	16,444
Charge for the year	610	740	487	1,404	-	3,241
Disposals	-	(136)	(18)	(54)	-	(208)
Movement in foreign exchange translation	-	23	-	-	-	23
At 31 March 2023	3,969	7,030	3,402	5,099	-	19,500
Net book value						
At 31 March 2023	**3,640**	**1,411**	**1,603**	**1,234**	**66**	**7,954**
At 31 March 2022	3,479	1,848	1,607	1,821	52	8,807

The net carrying amount of assets held under finance leases included in motor vehicles is £1,219,000 *(2022: £1,821,,000)*. Depreciation charged on those leased assets was £1,401,000 *(2022: £1,804,000)*

Notes *(continued)*

13 Investments

Company	**Total £000**
At 1 April 2022	168,748
Additions in the year	33
At 31 March 2023	**168,781**

The companies in which the Company's interest at the year end is more than 20% are as follows:

Subsidiary	**Aggregate of capital and reserves**	**Profit/ (loss) for the year**	**Country of incorporation**	**Principal activity**	**Class of share held**	**% of share held**
	£000	£000				
Direct subsidiaries						
Halcyon Midco Limited	127,033	(863)	England (A)	Holding company	Ordinary	100%
Indirect subsidiaries						
Halcyon Financing Limited	168,225	-	England (A)	Holding company	Ordinary	100%
Halcyon Acquisitions Limited	3,275	(3,177)	England (A)	Holding company	Ordinary	100%
Medicines Intelligence Limited	-	-	England (A)	Dormant company	Ordinary	100%
Healthcare at Home (Europe) Limited	-	-	England (A)	Dormant company	Ordinary	100%
HTHC High Tech Homecare AG	829	161	Switzerland (B)	Nursing services	Ordinary	100%
Lerchengarten Apotheke AG	594	1	Switzerland (D)	Distribution of medical supplies	Ordinary	100%
Novo Supply AG	2,895	641	Switzerland (F)	Wholesale of pharmaceuticals	Ordinary	100%
Sciensus International B.V.(formerly Healthcare at Home (Netherlands) B.V.)	4,469	134	Netherlands (E)	Distribution of pharmaceutical products	Ordinary	100%
Sciensus GmbH (formerly HAH Deutschland GmbH)	148	37	Germany (C)	Provision of customer services	Ordinary	100%
Sciensus Pharma Services Limited (formerly Healthcare at Home Ltd)	101,661	11,098	England (A)	Provision of healthcare services and the distribution of medical supplies	Preference	100%
Medihome Limited	393	-	England (A)	Dormant company	Ordinary	100%
Sciensus Ltd	-	-	England (A)	Dormant company	Ordinary	100%
Sciensus Clinical Limited	-	-	England (A)	Dormant company	Ordinary	100%
Healthcare at Home Limited (formerly Intellimedica Limited)	-	-	England (A)	Dormant company	Ordinary	100%

(A) The registered office is located at 107 Station Street, Burton-On-Trent, Staffordshire, DE14 1SZ.
(B) The registered office is located at Buonaserstrasse 30, CH-6343 Rotkreuz, Switzerland.
(C) The registered office is located at Bergstraße 31, 69469 Weinheim, Germany
(D) The registered office is located at Baslerstrasse 254, 4123 Allschwil, Switzerland.
(E) The registered office is located at Bijsterhuizen 3142, 6604LV Wijchen
(F) The registered office is located at Sumpfstrasse 26, 6312 Steinhausen, Switzerland

Halcyon Topco Limited also wholly controls the Halcyon Topco Limited Employee Benefit Trust, established in Jersey.

Notes *(continued)*

14 Stock

	2023 £000	2022 £000
Medical supplies and consumables	**61,559**	58,673

Medical supplies and consumables recognised as cost of sales in the year amounted to £1,908,787,000 *(2022: £1,701,926,000)*. The write-down of stocks to net realisable value amounted to £2,139,000 *(2022: £1,556,000)*. The reversal of write-downs amounted to £nil *(2022: £nil)*. The write-down and reversal are included in cost of sales

15 Debtors

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Trade debtors	**189,628**	181,019	-	-
Amounts owed by Group undertakings	-	-	**41,300**	40,259
Corporation tax	-	-	-	-
Other debtors	**29,732**	29,161	**103**	81
Prepayments and accrued income	**12,691**	14,631	-	-
	232,051	224,811	**41,403**	40,340

There are no debtors falling due after more than one year *(2022: £nil)*.

16 Creditors: amounts falling due within one year

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Trade creditors	**370,442**	343,866	-	-
Amounts owed to Group undertakings	-	-	**476**	-
Obligations due under finance leases (note 18)	**1,507**	1,712	-	-
Corporation tax	**1,067**	306	-	-
Taxation and social security	**1,518**	1,519	-	-
Other creditors	**877**	862	-	-
Accruals and deferred income	**9,932**	9,786	**27**	-
	385,343	358,051	**503**	-

Notes *(continued)*

17 **Creditors:** amounts falling due after more than one year

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Secured lending facility (note 18)	**9,791**	55,080	-	-
Obligations due under finance leases (note 18)	**306**	657	-	-
Preference shares classified as debt (note 18,21)	**231,676**	206,289	**231,676**	206,289
	241,773	262,026	**231,676**	206,289

18 Interest bearing loans and borrowings

This note provides information about the contractual terms of the Group's and Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Creditors: amounts falling due after one year				
Secured bank loan	**9,791**	55,080	-	-
Preference share classified as debt	**231,676**	206,289	**231,676**	206,289
Obligations due under finance leases	**306**	657	-	-
	241,773	262,026	**231,676**	206,289
Creditors: amounts falling due within one year				
Shareholder loans	-	-	-	-
Obligations due under finance leases	**1,507**	1,712	-	-
	1,507	1,712	-	-

Notes *(continued)*

18 Interest bearing loans and borrowings *(continued)*

Group – terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2023 £000	2022 £000
Secured lending facility	GBP/ EUR	SONIA + 1.75% -2.50%	2025	Due at maturity	**9,791**	55,080
Preference shares classified as debt	GBP	10%	Earlier of redemption or exit event		**231,676**	206,289
Finance leases	GBP	7.5%	2025	Monthly instalments	**1,813**	2,369
					243,280	263,738

Company– terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2023 £000	2022 £000
Preference shares classified as debt	GBP	10%	Earlier of redemption or exit event		**231,676**	206,289
Amounts owed to Group undertakings	GBP	SONIA + 2.5%	At call		**476**	-
					232,152	206,289

Secured lending facility

On 1 February 2012, the Group drew down against a multi-currency asset backed lending facility, which is secured against certain trade debtors of the Group. The facility was due to expire in May 2022, however this was renegotiated and a new facility agreed in January 2022 for a 3 year term. Interest is payable at a rate of 1.75% - 2.50% above SONIA.

Preference shares

The non-equity cumulative preference shares have been presented as liabilities. The classification as a liability was on the basis that the cumulative preference shares had a contracted right to a fixed cumulative dividend at a rate of 15.25% per annum. The fixed dividend is rolled up and compounded annually to be paid on the earlier of redemption or an exit event. On 18 December 2019, following restructuring, the interest rate payable reduced from 15.25% to 10%, payable after the completion of a one-year interest free period which started on 1 November 2019.

Notes *(continued)*

18 Interest bearing loans and borrowings *(continued)*

Finance leases

These leases primarily relate to transportation equipment used in distribution operations and are secured against associated assets. There are no contingent rental, renewal or purchase option clauses. The future minimum finance lease payments are as follows:

	2023 £000	2022 £000
Group		
No later than one year	**1,542**	1,763
Later than one year and not later than five years	**312**	674
Total gross payments	**1,854**	2,437
Less: finance charges	**(41)**	(68)
Carrying amount of liability	**1,813**	2,369

19 Provisions for liabilities and charges

	Lease dilapidations £000	Deferred Tax £000	Total £000
At 1 April 2022	839	1,236	2,075
Utilised	(52)	-	(52)
Charge in the year	53	1,660	1,713
Interest unwinding	91	-	91
At 31 March 2023	**931**	**2,896**	**3,827**

The provision for lease dilapidations represents the Directors' estimate of the cost of restoring leasehold properties to their original state at the end of the leases and is expected to be utilised between 2023 and 2036.

20 Deferred tax

Group	**2023**			2022		
	Assets £000	**Liabilities £000**	**Total £000**	Assets £000	Liabilities £000	Total £000
Accelerated capital allowances	-	**(2,896)**	**(2,896)**	-	(1,308)	(1,308)
Other timing differences	-	-	-	-	72	72
	-	**(2,896)**	**(2,896)**	-	(1,236)	(1,236)

Deferred tax movement	£000
Liability at 1 April 2022	(1,236)
Charge in the year (note 10)	(1,660)
Liability at 31 March 2023	**(2,896)**

The Group has an unrecognised deferred tax asset of £55,000 at 19% *(2022: £55,000 at 19%)* which arose on losses carried forward. The future use of these losses is uncertain and therefore this has not been recognised.

Notes *(continued)*

21 Capital and reserves

Group and Company

	2023	2022
	£	£
8,750,000 (2022: 8,750,000) 'A' ordinary shares of £0.001 each	**8,750**	8,750
1,755,337 (2022: 1,755,337) 'B' ordinary shares of £0.001 each	**1,755**	1,755
80,752 (2022: 80,752) 'C' ordinary shares of £0.001 each	**81**	81
1,100,000 (2022: 1,100,000) deferred shares of £0.001 each	**1,100**	1,100
88,233,464 (2022: 88,233,464) cumulative preference shares of £1 each	**88,233,464**	88,233,464
	88,245,150	88,245,150
Shares classified as Shareholders' Funds	**11,686**	11,686
Shares classified as Liabilities	**88,233,464**	88,233,464
	88,245,150	88,245,150

Notes *(continued)*

21 Capital and reserves *(continued)*

Reconciliation of shares classified as liabilities to creditors due after more than one year:

	2023 £000	2022 £000
Nominal value of preference shares	**88,233**	88,233
Uplift of base amount	**83,260**	83,260
Interest accrued	**51,139**	34,796
Unamortised finance charges	**-**	-
Included as creditors due after more than one year (note 17)	**222,632**	206,289

Preference shares

The non-equity cumulative preference shares have been presented as liabilities. The classification as a liability was on the basis that the cumulative preference shares had a contracted right to a fixed cumulative dividend at a rate of 10% per annum.

On 18 December 2019 as part of a restructuring of its Capital base, £263,417,149 of Shareholder loans were discharged in exchange for 86,185,130 new Preference shares equivalent to 65% of the face value of those Shareholder Loan Notes. The base amount of the total 88,233,464 shares was also uplifted by £83,260,359. Interest is payable on the uplifted value of the preference shares at a rate of 10% per annum after the completion of a one-year interest free period which started on 1 November 2019. All Preference shares are repayable on an exit or sale and can be redeemed any time at the option of the company. The fixed dividend is rolled up and compounded annually to be paid on the earlier of redemption or an exit event.

The Capital contribution of £98,085,845, arising in December 2019, was created following the discounting of the Shareholder loan notes in Halycon Midco Limited and has been taken to the profit and loss reserves.

Share premium account

The balance classified as share premium relates to the aggregate net proceeds less nominal value of shares on issue of the Company's equity share capital.

Employee Benefit Trust

The Halycon Topco Limited Employee Benefit Trust ('EBT') holds 250,763 (2022: 197,409) of the 'B' ordinary shares and 6,057 (2022: 6,057) of the 'C' ordinary shares allotted at 31 March 2023. The nominal value of these shares is £257 (2022: £203).

Deferred shares

The Company purchased the deferred shares at nominal value of £0.001 for each of the 1,100,000 shares. These have been treated as Treasury Shares and charged against retained earnings.

Notes *(continued)*

22 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	2023 £000	2022 £000
Assets measured at amortised cost	**9,797**	27,752
Amounts measured at cost less impairment	**189,628**	181,019
Liabilities measured at amortised costs	**613,722**	607,604

23 Operating leases

Non-cancellable operating leases rentals are payable as follows:

Group	2023 Land and buildings £000	2023 Other £000	2022 Land and buildings £000	2022 Other £000
Operating leases which expire:				
Within one year	**2,095**	**751**	1,850	680
In the second to fifth years inclusive	**5,150**	**999**	4,794	199
Over five year	**1,382**	**-**	2,626	-
	8,627	**1,750**	9,270	879

During the year £3,423,000 *(2022: £2,938,000)* was recognised as a charge in the Profit and Loss Account in respect of operating leases.

24 Employee benefits

The Group operates a number of defined contribution pension schemes. The pension cost charged in the Profit and Loss Account represents contributions payable by the Group to the schemes and amounted to £2,786,000 *(2022: £2,550,000)*. There were no amounts outstanding at the balance sheet date *(2022: £nil)*.

Notes *(continued)*

25 Related party transactions

Transactions with key management personnel

Total compensation of key management personnel (including the Directors) in the year amounted to £2,158,000 *(2022: £2,260,000)*. Included in the Financial Statements are the following costs for services provided by key management, Group shareholders and their affiliates on an arms-length basis as at 31 March 2023:

Directors' services

	2023 **£000**	2022 £000
Vitruvian Partners LLP	**109**	79
Palladian Investment Partners LLP	**52**	29
Ocorian Limited (formerly Estera Trust (Jersey) Limited)	**10**	6
	171	114

During the period the company incurred management charges from the above Group shareholders and their affiliates. At year-end £20,000 (2022: £nil) was outstanding and included within Creditors. The services of D Oppenheim are provided by Palladian Investment Partners LLP

26 Commitments

	2023 **£000**	2022 £000
Contracted but not provided for		
Tangible fixed assets	**6,052**	638
Intangible fixed assets	**5,779**	4,508
	11,831	5,146

Cross-guarantees in respect of the Group's bank borrowings, which amounted to £10,258,000 at 31 March 2023 *(2022: £57,572,000)* have been provided by a number of companies within the Group. The Group's bank borrowings are secured against certain trade debtors of the Group. The bank borrowings are further secured by a fixed and floating charge over the assets of the companies providing the cross-guarantee.

Notes *(continued)*

27 Share-based payments

Share-based payments

The Group implemented a Management Incentive plan ("MIP") in December 2019 to retain and incentivise the directors and senior management. The MIP enables the granting of enterprise management incentive and non-tax advantaged options to acquire both 'B' and 'C' ordinary shares of Halcyon Topco Limited.

MIP awards in the year had an exercise price payable of £0.41 per 'B' ordinary share and £0.28 per 'C' ordinary share

A number of equity settled awards were granted on 18 December 2019, 16 December 2020, 24 January 2020 and 29 January 2021 to senior management which were immediately exercised. The Company settled these exercised awards as follows:

On 18 December 2019 the company issued 1,579,269 new 'B' ordinary shares and 59,411 new 'C' ordinary shares. On 16 December 2020, the Company allotted 21,341 'C' ordinary shares. On 24 January 2020 and 29 January 2021, the Company allotted 16,010 and 53,354 'B' ordinary shares respectively.

The weighted average share price at the date of these exercises was £1.94

Subsequent to the awards above, 90,702 'B' ordinary shares and 1,607 'C' ordinary shares were returned to the EBT upon those members of management leaving the employ of the group.

MIP shares awarded to management in the period ending 31 March 2021 were valued at award using the Black Scholes model. The model simulates a variety of possible results, across 10,000 iterations for each of the options, by substituting a range of values for any factor that has inherent uncertainty over a number of scenarios using a different set of random values from the probability functions. The model takes any market-based performance conditions into account and adjusts the fair value of the options based on the likelihood of meeting the stated vesting conditions.

The inputs into the model were as follows:

Weighted average share price at grant date	£1.94
Exercise price per 'B' ordinary share	£0.41
Exercise price per 'C' ordinary share	£0.28
Volatility	16.44%
Weighted average vesting period	7 years
Risk free rate	0.55%
Expected dividend yield	

Expected volatility was determined by calculating the historic volatility of the market in which the Group operates and taking the median volatility of the comparators, given the existence of a few outliers. The expected expense calculated in the model has been adjusted, based on management's best estimate, for the effects of non market-based conditions.

The Group recognised a total expense of £38,000 (2022: £411,000) in the current period. Following no significant change in the year other than the weighted average vesting period being amended to 7 years from 5 years, following review by the directors, the current year charge was determined using the valuation at 31 March 2021.

28 Ultimate control

The Company is the ultimate Parent Company of the Group, and is incorporated in England and Wales. The majority of the issued share capital of the Company is ultimately held by VIP I Nominees Limited on behalf of investors in the Vitruvian Investment Partnership I. The Vitruvian Investment Partnership I is managed by Vitruvian Partners LLP and is deemed to be the ultimate controlling party. No other Group Financial Statements include the results of the Company.