Investor Presentation
Quarterly Report – Q3 2023

23 February 2023

voyagecare

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Disclaimer

Forward Looking Statements

Various statements contained in this document constitute “forward-looking statements”. Words like “believe,” “anticipate,” “should,” “intend,” “plan, ”will,” “expects,” “estimates,” “projects,” “positioned,” “think,” “strategy,” and similar expressions identify these forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by these forward-looking statements. These forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, regulatory matters affecting our businesses and changes in law. These forward-looking statements speak only as of the date of this presentation, and we assume no obligation to update our forward-looking statements to reflect actual results, changes in assumptions or changes in factors affecting these statements.

Additional Information

Unless otherwise stated, this presentation includes the unaudited consolidated financial information of Voyage BidCo Limited for the 3 and 9 month period ended 31 December 2022 (“Q3 2023” and “YTD 2023” respectively). All comparisons of financial and operating statistics are for the 3 and 9 month period ended 31 December 2021 (“Q3 2022” and “YTD 2022” respectively), unless otherwise stated. Movements and percentages have been calculated using the underlying number to one decimal place of the number presented in this document. FYE 2022 is the 12 month period to 31st March 2022.

Adjustments

Certain numerical information and other amounts and percentages presented in this report have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

The abbreviation ‘nm’ is used in this report in certain instances when a percentage variance produces an erroneous or non-meaningful result.

Agenda

- Performance Summary
- Financial Highlights
- Property Summary
- Recent Developments and Outlook
- Q&A

Performance Summary

Q3 2023 ; 31st December 2022

- Market leading quality, with 92.6% of services achieving a CQC rating of Good, Outstanding or equivalent
- Q3 Revenue growth 8.9% driven mainly by fee increases
- YTD Q3 fee increases (offered, full year basis) were 6.0% (Q3 FY22: 2.2%)
- Additional investment in staff pay and benefits to address sector-wide staffing challenges commenced in November at £1.0m per month adversely impacting EBITDA in the short to medium term
- Agency use on an improving trend at 5.1% of care hours due to staffing challenges (Q2 FY23: 5.8%)
- Q3 underlying adjusted EBITDA of £9.5m down from £12.1m in prior year
- LTM Pro forma Underlying Adjusted EBITDA £42.5m; Pro forma Leverage was 5.9x
- Liquidity strong with pro forma cash balance of £17.8m at 31st December 2022 and £50m RCF undrawn

Note: All comparators are against Q3 2022 unless stated otherwise.
Adjusted EBITDA is stated before non-underlying items

Financial Highlights

Q3 2022 vs. Q3 2023

£m	Quarter Q3 2022	Quarter Q3 2023	Quarter Growth
Revenue	**73.4**	**80.0**	**8.9%**
Unit Level Staff Costs	(45.4)	(52.7)	(16.1%)
Agency Costs	(3.7)	(4.4)	(18.9%)
Contribution	**24.4**	**22.9**	**(6.0%)**
Contribution %	*33.2%*	*28.7%*	*(4.5%)*
Direct Overheads (1)	(6.3)	(7.8)	(22.8%)
Unit EBITDA	**18.1**	**15.2**	**(16.0%)**
Unit EBITDA %	*24.6%*	*19.0%*	*(5.6%)*
Central Overheads	(6.0)	(5.7)	5.3%
Underlying adjusted EBITDA	**12.1**	**9.5**	**(21.3%)**
Underlying adjusted EBITDA %	*16.5%*	*11.9%*	*(4.6%)*

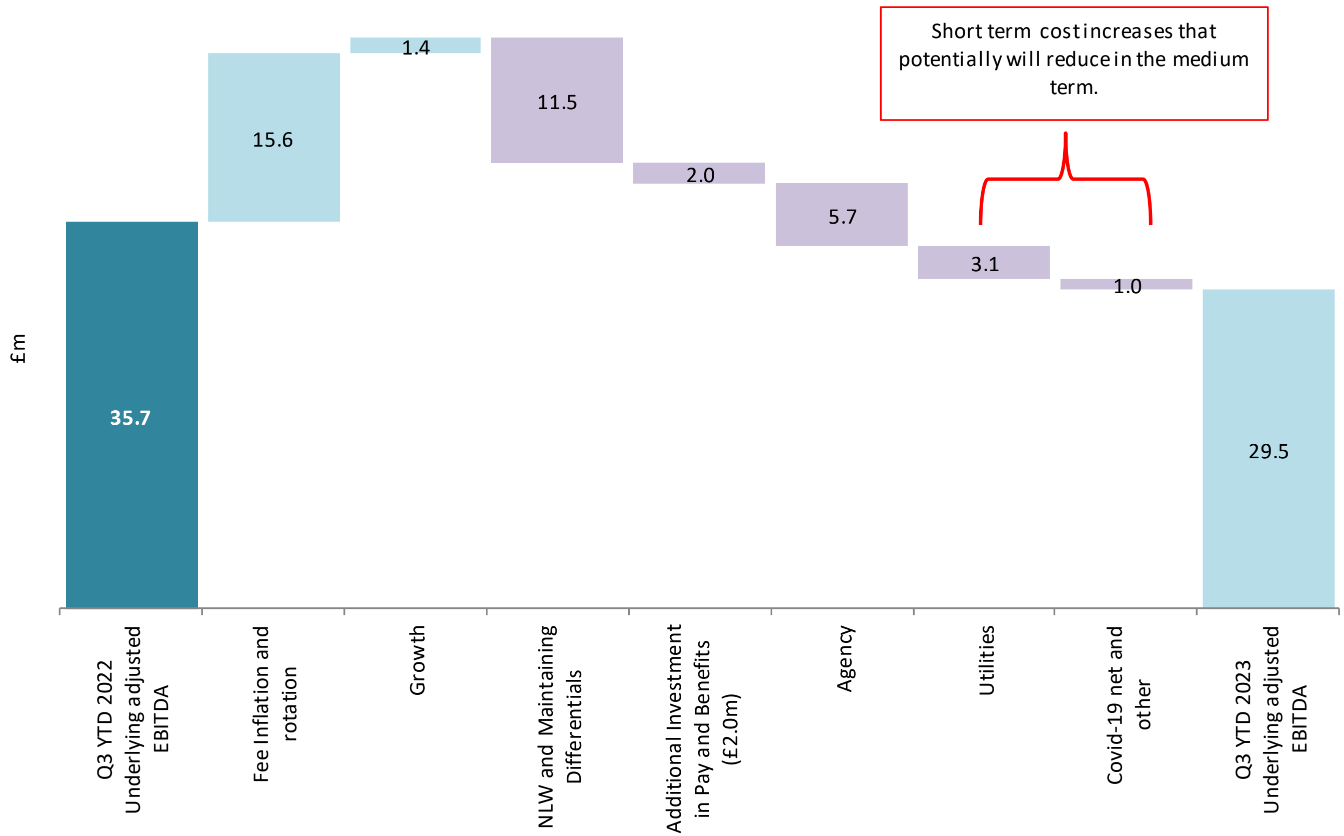
- Revenue increased by £6.6m, 8.9%
  - Key drivers were fee increases, fee rotation and occupancy
  - Fee increases offered at 6.0% - higher than last year but lagging cost increases (FYE 2022 2.7%)
- Unit level Staff costs increased by £7.3m, 16.1%
  - Increases in NLW (6.6%) and Employers NI
  - Pay and benefits investments of £2.0m made in Q3 to support retention and recruitment (£1.0m pcm, continuing)
- Agency costs up on last year however on an improving trend
- Direct Overheads increased by £1.5m, of which higher utility prices was £1.2m
- Central Overheads controlled
- Underlying adjusted EBITDA decreased by £2.6m and margin compressed to 11.9%

Note:
1. Direct Overheads consist of costs incurred in running and maintaining services including direct expenses and consumables, property, vehicle and other lease rentals (outside the scope of IFRS16), business rates, council tax, repairs, utilities, training and professional fees

Financial Highlights

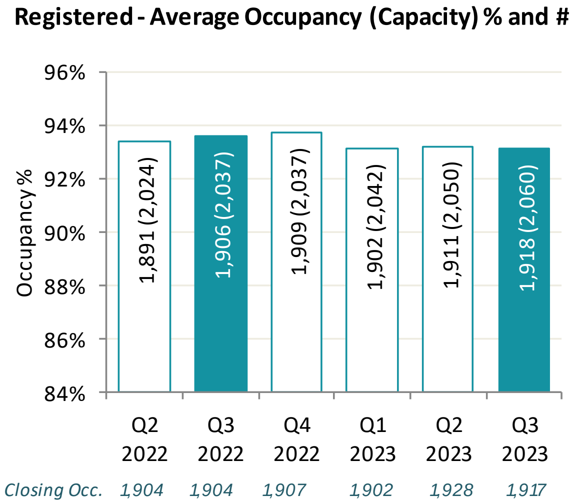
Q3 YTD 2022 vs. Q3 YTD 2023

Q3 YTD underlying adjusted EBITDA bridge



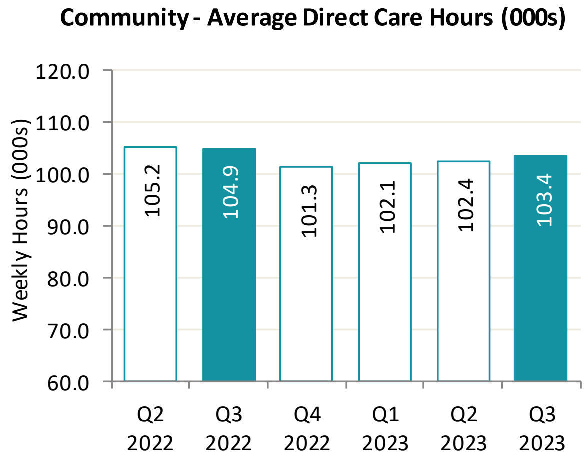
Financial Highlights

Key Operating Metrics

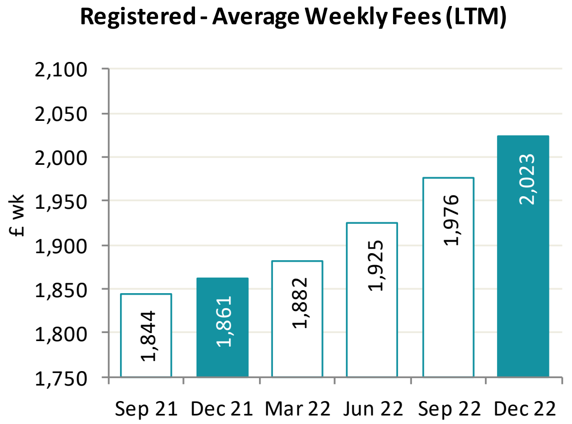


Closing occupancy for the period was 93.1% , 1,917 people we support, 13 higher than prior year due to acquisition although positive impact partially offset by leavers

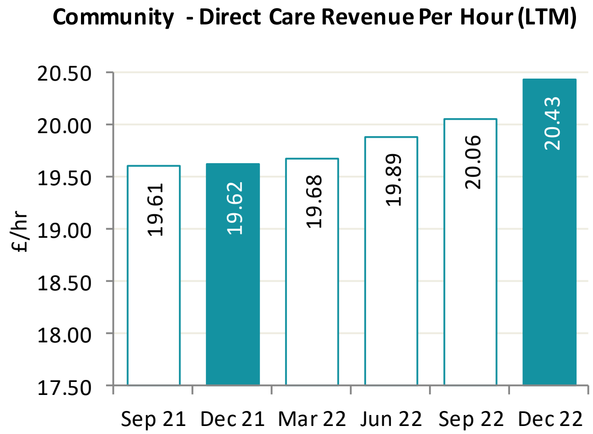
Referral pipeline continues to be strong however conversion impacted by recruitment challenges



Average direct weekly care hours showing growth however reduced compared to Q3 2022.



A combination of fee increases, and new placements won at a higher rate, has driven 8.7% year on year growth in Average Weekly Fees compared to December 2021



Direct care revenue per hour has increased by 4.1% since Q3 2022 due to fee increases

Financial Highlights

Cash Flow

£ million	YTD 2022	YTD 2023	% Change
Underlying adjusted EBITDA	35.7	29.5	(17.4%)
Maintenance capex	(10.2)	(10.5)	2.9%
IT capex	(1.7)	(1.8)	5.9%
Adjusted free cash flow	**23.8**	**17.2**	**(27.7%)**
Cash conversion %	*66.6%*	*58.3%*	*(8.3%)*
Non-underlying items	(2.4)	(1.4)	(41.7%)
Working capital	2.7	(4.0)	nm
Interest	(16.6)	(8.3)	(50.0%)
Taxation	(1.9)	0.3	nm
FCF before dev. capex, acquisitions and financing	**5.5**	**3.8**	**(30.9%)**
Development capex	(1.8)	(3.4)	88.9%
Acquisition capex	(3.6)	(4.2)	16.7%
Proceeds from sale	0.3	1.9	nm
FCF before financing	**0.4**	**(1.9)**	**nm**
Property and vehicle lease payments (IFRS16)	(3.0)	(3.3)	10.0%
Net cash flow used in financing activities	0.0	(1.0)	nm
Movement in cash for the period	**(2.6)**	**(6.3)**	**nm**
Opening cash and cash equivalents	40.7	24.1	(40.8%)
Closing cash and cash equivalents	**38.2**	**17.8**	**(53.4%)**
Undrawn RCF at Closing	45.0	50.0	11.1%
Total liquidity	**83.2**	**67.8**	**(18.5%)**

- Adjusted free cash flow £6.6m lower than YTD 2022 due to lower EBITDA
- Working capital movement of £4.0m related to timing of Fee increases
- FCF before Development Capex, Acquisitions and Financing £1.7m lower
- Investment in development and acquisition continues, £7.6m
- £17.8m cash plus £50m RCF undrawn

Financial Highlights

Net Debt and Leverage

Ratio of pro forma net debt to pro forma Underlying Adjusted EBITDA

£m	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
Gross Debt	250.0	250.0	250.0	255.0	250.0
Pro forma Cash [1]	(18.2)	(20.7)	(18.6)	(15.9)	(15.5)
Pro forma secured net debt	231.8	229.3	231.4	239.1	234.5
IFRS16 Lease Liability	17.4	17.6	16.8	16.3	16.1
Pro forma net debt including IFRS 16 lease liability	**249.2**	**246.9**	**248.1**	**255.4**	**250.6**
Underlying Adjusted EBITDA	48.4	48.7	47.3	45.1	42.5
Pro forma EBITDA adjustments	0.9	0.6	0.4	0.2	0.0
Pro forma underlying adjusted EBITDA [2]	**49.3**	**49.4**	**47.8**	**45.3**	**42.5**
Ratio of pro forma net debt to pro forma Underlying Adjusted EBITDA	**5.1x**	**5.0x**	**5.2x**	**5.6x**	**5.9x**

- Pro-forma net debt improved compared to Q2
- Pro forma LTM EBITDA at £42.5m, decreased by £2.8m compared to September 2022
- Pro forma Leverage increased to 5.9x due to reduced EBITDA

Note:
1- Pro forma Cash reflects the full year impact of pro-forma adjustments as if they had been fully implemented at 31st December 2021 and 31st December 2022 respectively and adjustments for restricted cash (as at 31st December 2022, reported cash balance £17.8m, pro forma cash balance £15.5m)
2- Pro forma Underlying Adjusted EBITDA reflects the full year impact of pro-forma adjustments as if they had been fully implemented at 31st December 2021 and 31st December 2022 respectively

Property Summary

Open properties as at 31/12/2022

	Registered		Community		Daycare	31/12/2022 Total		30/09/2022 Total		DCA[4]
	#	Capacity	#	Capacity	#	#	Capacity	#	Capacity	#
Freehold	238	1,829	27	98	1	266	1,927	266	1,929	6
Leasehold/Rental [1]	31	220	3	10	7	41	230	41	230	32
3rd Party Owned [2]	3	9	293	1,225	0	296	1,234	303	1,237	3
Totals	**272**	**2,058**	**323**	**1,333**	**8**	**603**	**3,391**	**610**	**3,396**	**41**
Freehold NBV (£m) [3]	**313.9**		**6.7**		**2.0**	**322.7**		**321.3**		

Comments

- At 31st December 2022, number of freehold properties held was 266.
- Net book value of freehold properties totaled £322.7m[5]
- 88.9% of registered capacity in freehold properties, whereas 7.3% of Community Based Care capacity in freehold properties, in line with our strategy to utilise 3rd party capital to drive organic growth in Supported Living

(1) Leasehold/Rental includes properties which are on a long term lease and properties on short term rental which have been obtained to support immediate commissioner requirements.
(2) 3rd Party owned Supported Living properties are leased to a Registered Provider such as a Housing Association and then rented to the people we support. Rent and maintenance are usually covered by Housing Benefit claimed by the people we support.
(3) Freehold Net Book Value is not separately shown under 'DCA' as the Freehold 'DCA' offices operate from Freehold 'Community' Properties. Freehold NBV excludes assets held for sale and leasehold, encumbered and third party properties.
(4) Total Freehold capacity excludes DCAs which are already counted in community

Recent Developments and Outlook

- CQC continues to operate with a risk-based approach, focusing inspections on services with potential issues and not inspecting services which have improved. This has resulted in a degradation of quality scores across the Sector, however we remain significantly higher than the sector average.

- Adverse UK macroeconomic, recruitment, and funding environment persists leading to pressure on growth and margin which will persist in the short to medium term

- Investment in staff pay and benefits (£1.0m per month) has positively impacted staffing relative to agency. It will take time to improve staffing levels, reduce agency usage, recover costs through fees but we remain optimistic of restoring growth plans in the medium term.

- Fee increase discussions for FYE 2023 continue, however funding environment remains challenging. Fee increase process for FYE 2024 has commenced

- Increasing level of closures across sector due to staffing and financial pressures. We continue to review our portfolio and are handing back a very small number of services where we can no longer safely and economically deliver a high standard of care

- Recent decreases in wholesale gas and electricity prices could reduce the impact of cost pressures as we renew contracts during the coming months

- Covid-19 pandemic continues to have a minor negative impact. Free PPE extended to March 2024

- Growth and market consolidation opportunities available as we resolve staffing challenges

- Strong financial position and resilient operational performance - we continue to deliver high quality care

Q & A

Further questions can be addressed to: investorrelations@voyagecare.com

Also please visit our investor relations website: investors.voyagecare.com