Investor Presentation
Quarterly Report – Q1 2024

24 August 2023

voyagecare

www.voyagecare.com | investors.voyagecare.com

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 and its subsidiaries for the 3 month period ended 30 June 2023 (“Q1 2024”). All comparisons of financial and operating statistics are for the 3 month period ended 30 June 2022 (“Q1 2023”), unless otherwise stated. Movements and percentages have been calculated using the underlying number to one decimal place of the number presented in this document.

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

Q1 2024 Highlights

- Quality ratings maintained at a market leading level, with 90.2% of services achieving a CQC rating of Good, Outstanding or equivalent
- Group Revenue up 10.5% at £84.5m (Q1 2023: £76.5m)
- Fee increases offered for Q1 were 6.7%, already exceeding full year result of FYE 2023 (6.6%)
- Agency levels reduced during Q1 to 2.7% of direct care hours (Q4 2023: 4.4%)
- As expected, Underlying Adjusted EBITDA reduced to £7.2m (Q1 2023: £9.4m) due mainly to timing differences between NLW driven staff cost increase~~s~~ and fee increases
- Pro forma leverage was 7.0x and liquidity strong with £45.0m of RCF undrawn

Note: All comparators are against Q1 2023 unless stated otherwise.
Adjusted EBITDA is stated before non-underlying items

Financial Highlights

Q1 2023 vs Q1 2024

£m	Quarter Q1 2023	Quarter Q1 2024	Quarter Growth
Revenue	**76.5**	**84.5**	**10.5%**
Unit Level Staff Costs	(49.6)	(60.1)	(21.2%)
Agency Costs	(3.8)	(2.3)	39.3%
Contribution	**23.2**	**22.2**	**(4.5%)**
Contribution %	*30.3%*	*26.2%*	*(4.1%)*
Direct Overheads (1)	(7.7)	(8.4)	(9.1%)
Unit EBITDA	**15.5**	**13.8**	**(11.2%)**
Unit EBITDA %	*20.3%*	*16.3%*	*(4.0%)*
Central Overheads	(6.2)	(6.6)	(7.4%)
Underlying adjusted EBITDA	**9.4**	**7.2**	**(23.4%)**
Underlying adjusted EBITDA %	*12.2%*	*8.5%*	*(3.7%)*

- Revenue increased by £8.0m, 10.5%
  - Key growth drivers for were fee increases, fee rotation and Community direct care hours
  - Fee increases offered at 6.7% (Q1 2023 3.9%, FYE 2023 6.6%)
- Unit level Staff costs increased by £10.5m, 21.2%
  - April wage increases average 9% (NLW driven)
  - Pay and benefits investments of £3.0m to support retention and recruitment (£1.0m pcm, continuing)
- Agency costs at 2.7% of direct care hours, having decreased by £1.5m due to higher recruitment and retention
- Direct Overheads increased by £0.7m, primarily due to utility cost inflation
- Central overheads increased by £0.4m
- Underlying adjusted EBITDA decreased by £2.2m and margin reduced to 8.5% in line with our expectations

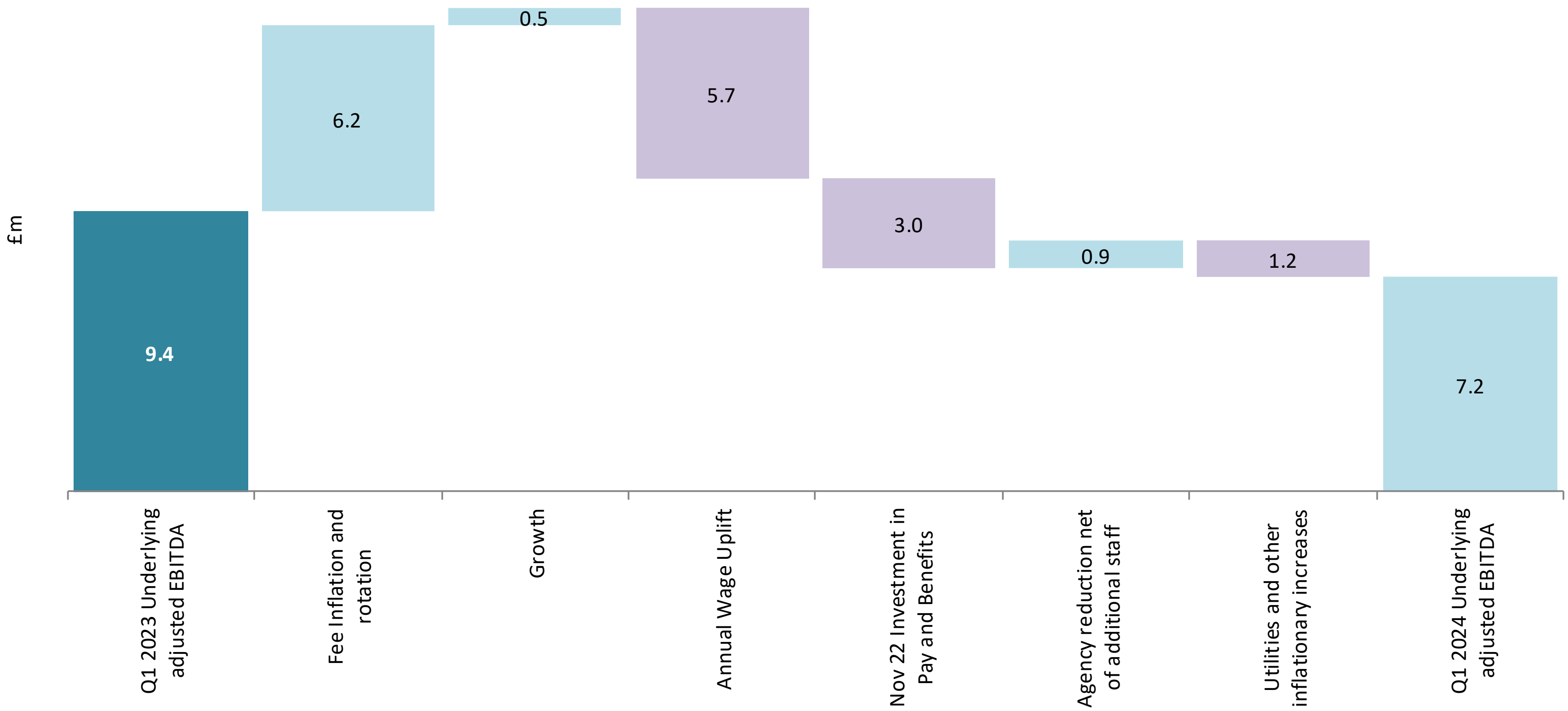
Note:

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

Q1 2023 vs Q1 2024

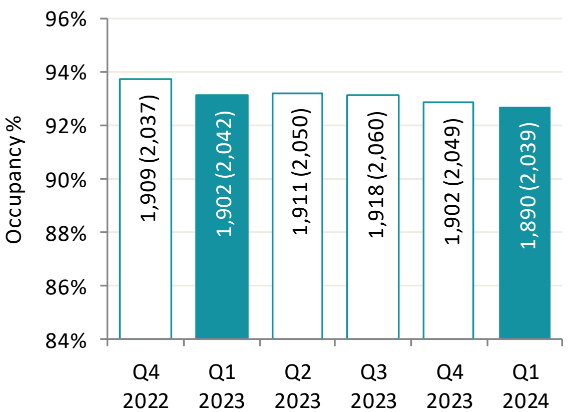
Q1 underlying adjusted EBITDA bridge



Financial Highlights

Key Operating Metrics

Registered - Average Occupancy (Capacity) % and #

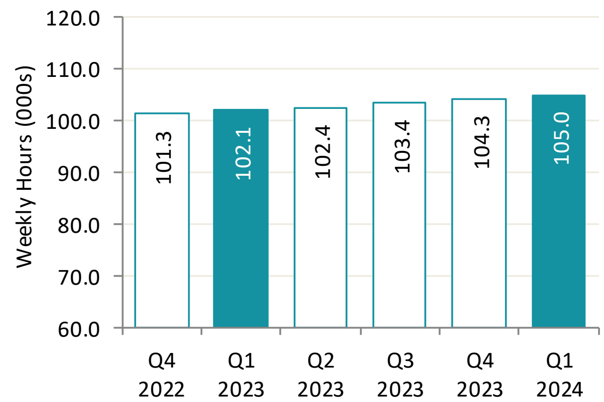


Closing Occ. 1,907 1,902 1,928 1,917 1,900 1,888

Closing occupancy for the period was 92.5% , 1,888 people we support, 12 lower than Q4 2023 primarily due to a capacity reduction as a result of the ongoing portfolio review

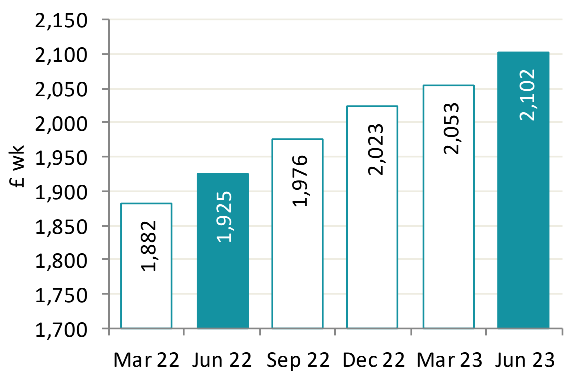
Referral pipeline continues to be strong

Community - Average Direct Care Hours (000s)



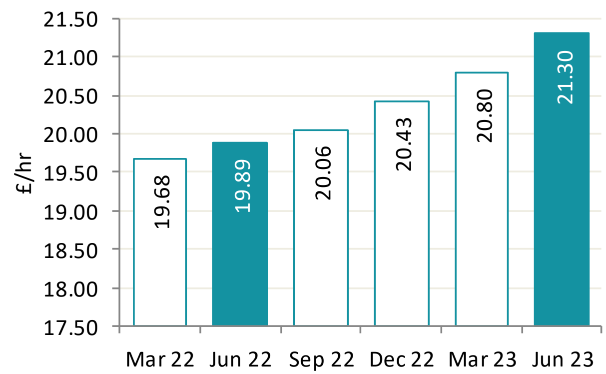
Average weekly direct care hours grew by 2,900 compared to Q1 2023

Registered - Average Weekly Fees (LTM)



A combination of inflationary fee increases, resolving underfunded placements, fee rotation and acuity mix have driven 9.2% year on year growth in Average Weekly Fees since June 2022

Community - Direct Care Revenue Per Hour (LTM)



Direct care revenue per hour has increased by 7.1% since Q1 2023 due to fee increases and providing greater support to individuals with complex needs

Financial Highlights

Cash Flow

£ million	Q1 2023	Q1 2024	£ Change
Underlying adjusted EBITDA	9.4	7.2	(2.2)
Maintenance capex	(3.7)	(2.4)	1.3
IT capex	(0.5)	(0.8)	(0.3)
Adjusted free cash flow	**5.1**	**3.9**	**(1.2)**
Cash conversion %	*54.6%*	*55.1%*	*0.5%*
Non-underlying items	(0.2)	(0.6)	(0.4)
Working capital	(6.4)	(1.5)	4.9
Interest	(0.1)	(0.1)	0.0
Taxation	(0.5)	0.1	0.6
FCF before dev. capex, acquisitions and financing	**(2.1)**	**1.8**	**3.9**
Development capex	(0.7)	(1.5)	(0.8)
Acquisition capex	0.0	0.0	0.0
Proceeds from sale	1.7	0.1	(1.6)
FCF before financing	**(1.1)**	**0.4**	**1.5**
Property and vehicle lease payments (IFRS16)	(0.9)	(1.1)	(0.2)
Net cash flow used in financing activities	(1.0)	3.0	4.0
Movement in cash for the period	**(3.1)**	**2.2**	**5.3**
Opening cash and cash equivalents	24.1	15.5	(8.6)
Closing cash and cash equivalents	**21.0**	**17.7**	**(3.3)**
Undrawn RCF at Closing	50.0	45.0	(5.0)
Total liquidity	**71.0**	**62.7**	**(8.3)**

- Adjusted free cash flow £1.2m lower than Q1 2023 primarily due to £2.2m decrease in EBITDA, partially offset by planned Maintenance capex improvements
- FCF before Development Capex, Acquisitions and Financing £3.9m higher than last year primarily due to favourable working capital movement of £4.9m due to timing of supplier payments and further enhancements to our Accounts Receivable processes
- Increase in development capex with £1.5m invested
- £17.7m cash plus £45.0m RCF undrawn at 30th June 2023

Financial Highlights

Net Debt and Leverage

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

£m	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23
Gross Debt	250.0	255.0	250.0	252.0	255.0
Cash [1]	(18.5)	(15.9)	(15.4)	(13.1)	(15.2)
Secured net debt	231.5	239.1	234.6	238.9	239.8
IFRS16 Lease Liability	16.8	16.3	16.1	16.7	15.7
Net debt including IFRS 16 lease liability	**248.3**	**255.5**	**250.5**	**255.7**	**255.4**
Underlying Adjusted EBITDA	47.3	45.1	42.5	38.9	36.7
Pro forma EBITDA adjustments	0.4	0.2	0.0	0.0	0.0
Pro forma underlying adjusted EBITDA [2]	**47.8**	**45.3**	**42.5**	**38.9**	**36.7**
Ratio of pro forma net debt to pro forma Underlying Adjusted EBITDA	**5.2x**	**5.6x**	**5.9x**	**6.6x**	**7.0x**

- Pro forma net debt £7.1m higher than June 2022 primarily due to reduced EBITDA performance
- Pro forma LTM EBITDA at £36.7m, decreased by £11.1m compared to June 2022
- Pro forma Leverage increased to 7.0x
- Leverage anticipated to increase in short term before reducing towards the end of this financial year, profile broadly consistent with historical performance
- Medium term leverage target unchanged

Note:
1- Previously referred to as pro forma cash however pro forma adjustments are not relevant after Dec-22
2- Pro forma Underlying Adjusted EBITDA reflects the full year impact of pro-forma adjustments as if they had been fully implemented for the reported period

Property Summary

Open properties as at 30/06/2023

	Registered		Community		Daycare	30/06/2023 Total		31/03/2023 Total		DCA[4]
	#	Capacity	#	Capacity	#	#	Capacity	#	Capacity	#
Freehold	236	1,815	27	97	1	264	1,912	265	1,925	6
Leasehold/Rental [1]	30	217	3	10	7	40	227	40	227	32
3rd Party Owned [2]	3	9	285	1,214	0	288	1,223	292	1,232	3
Totals	**269**	**2,041**	**315**	**1,321**	**8**	**592**	**3,362**	**597**	**3,384**	**41**
Freehold NBV (£m) [3]	**311.4**		**7.3**		**2.0**	**320.7**		**318.4**		

Comments

- 264 Freehold properties were held, a decrease of 1 from 31st March 2023 due to our ongoing portfolio review
- 288 3rd party owned properties were operated, a decrease of 4 from 31st March 2023 due to our ongoing portfolio review
- Net book value of freehold properties totaled £320.7m
- 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

- The Specialist Care sector provides an essential service in the UK and Voyage Care continues to be a leader in the sector
- 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
- Our Q3 FYE 2023 Investment in our staffing teams continues to improve our staffing levels and agency levels continue to reduce
- Fee increase process for FYE 2024 started well and gives us confidence that we can cover in year wage and cost inflation
- Continuing closures across sector and market consolidation opportunities available
- Increasing focus on the sustainability of our services, both Registered and Community
- We are investing in our strategic capabilities and IT systems to drive growth and operational effectiveness
- Strong financial position and resilient operational performance - we continue to deliver high quality care in this essential sector

Q & A

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

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