Investor Presentation
Quarterly Report – Q1 2023

26 August 2022

voyagecare

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 2022 (“Q1 2023”). All comparisons of financial and operating statistics are for the 3 month period ended 30 June 2021 (“Q1 2022”), 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

- Executive Summary
- Covid-19 Update
- Financial Highlights (Including Covid-19 Financial update)
- Property Summary
- Recent Developments and Outlook
- Q&A

YE March 2022 audited accounts have now been published on our investor website

Executive Summary

Q1 2023 Highlights

- Market leading quality, with 95% of services achieving a CQC rating of Good, Outstanding or equivalent
- Group grew revenue by 6.5% to £76.5m
- Fee increases offered for Q1 2023 were 3.9%, well ahead of last year
- Agency use elevated at 4.9% of care hours due to challenging employment markets
- Underlying adjusted EBITDA reduced to £9.4m due mainly to timing differences between NLW increases and fee increases
- Pro forma Leverage at 30th June 2022 was 5.2x (including IFRS16 lease liability)
- Liquidity strong with pro forma cash balance of £21.0m at 30th June 2022 and £50m RCF undrawn and available

Note: All comparators are against Q1 2022 unless stated otherwise.
Adjusted EBITDA is stated before non-underlying items

Covid-19 Update

- Ongoing Covid-19 outbreaks continued to have an impact on operational performance during Q1 including;

  - Reduced staff availability due to isolation
  - Increased agency usage to cover the reduced staff availability
  - Continuing prevalence of cancelled shifts

- Group continues to deal well with the pandemic and is keeping the people we support and our employees as safe as possible, working within Government and Regulator guidelines

- PPE is and will continue to be provided to us free of charge by Government until March 2023 unless the guidance is removed sooner

- All Covid-19 relating funding in England ended March 2022 and as a result all Covid-19 costs now taken through the underlying P&L

- Government has announced that routine asymptomatic testing will be paused across all remaining settings in social care from 31st August. This will reduce staff time required for testing as well as amount of staff isolation

Financial Highlights

Q1 2022 vs. Q1 2023

£m	Quarter Q1 2022	Quarter Q1 2023	Quarter Growth
Revenue	**71.9**	**76.5**	**6.5%**
Unit Level Staff Costs	(47.8)	(49.6)	(3.7%)
Agency Costs	(1.2)	(3.8)	nm
Contribution	**22.9**	**23.2**	**1.5%**
Contribution %	*31.8%*	*30.3%*	*(1.5%)*
Direct Overheads (1)	(6.2)	(7.7)	(22.8%)
Unit EBITDA	**16.6**	**15.5**	**(6.5%)**
Unit EBITDA %	*23.1%*	*20.3%*	*(2.8%)*
Central Overheads	(5.9)	(6.2)	(4.6%)
Underlying adjusted EBITDA	**10.7**	**9.4**	**(12.7%)**
Underlying adjusted EBITDA %	*14.9%*	*12.2%*	*(2.7%)*

- Revenue increased by £4.6m, 6.5%
  - Driven by growth in Registered occupancy, fee increases and fee rotation
  - Fee increases offered at 3.9% (Q1 2022 1.7%, FYE 2022 2.7%)
- Unit level Staff costs increased by £1.8m, 3.7%
  - Increases in NLW (6.6%), other pay rises and Employers NI c.£3.9m
  - Offset by reduction in permanent heads due to recruitment and retention challenges
- Agency costs increased by £2.6m and represented 4.9% of direct care hours to cover staffing pressures resulting from challenging employment markets
- Direct Overheads increased by £1.5m, primarily due to the rise in gas prices and general inflation
- Central Overheads increased by £0.3m due to inflation
- Underlying adjusted EBITDA decreased by £1.3m, 12.7% due mainly to timing differences between NLW increases and fee increases

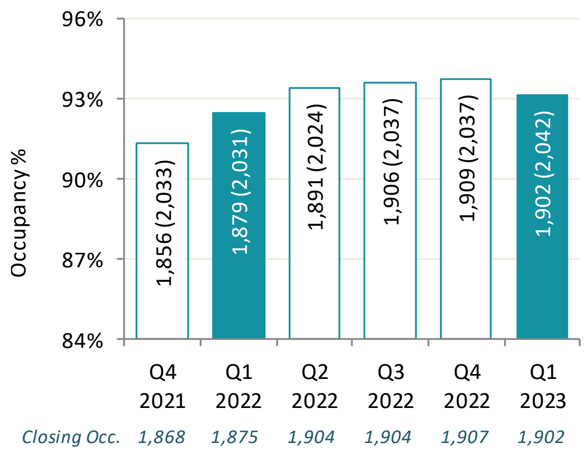
Note:

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

Key Operating Metrics

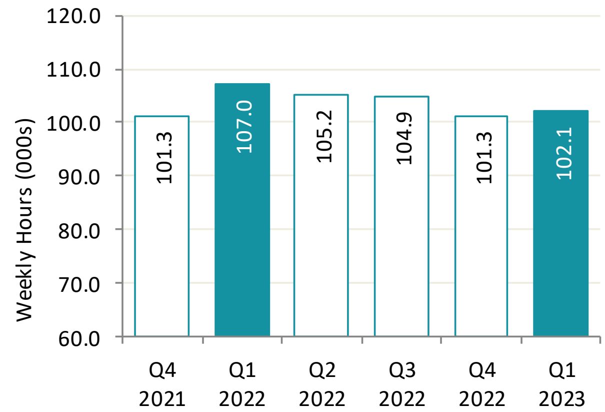
Registered - Average Occupancy (Capacity) % and #



Closing occupancy for the period was 93.1% and 1,902 people we support, which was 27 higher than prior year

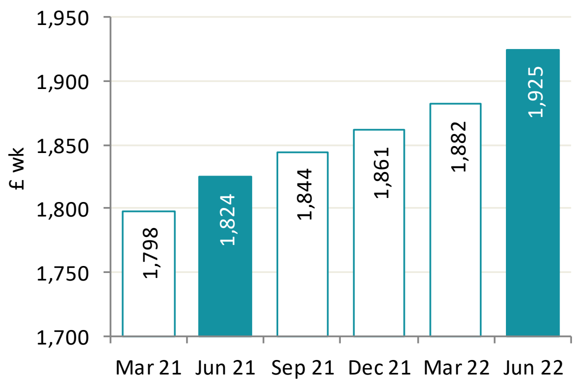
Referral pipeline continues to be strong however conversion impacted by recruitment challenges

Community - Average Direct Care Hours (000s)



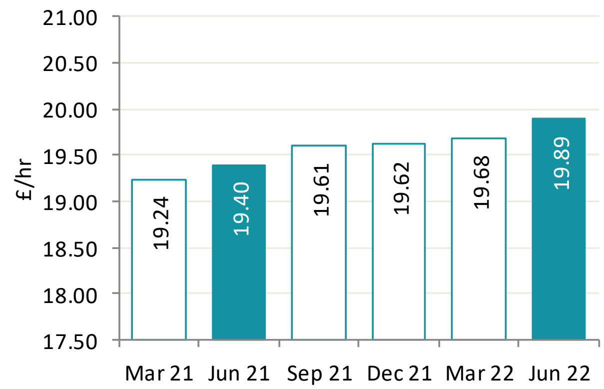
Average direct weekly care hours reduced compared to Q1 2022. Tender wins and framework call-offs have been offset by some anticipated tender losses during the course of the prior year
Increase in hours since Q4 2022

Registered - Average Weekly Fees (LTM)



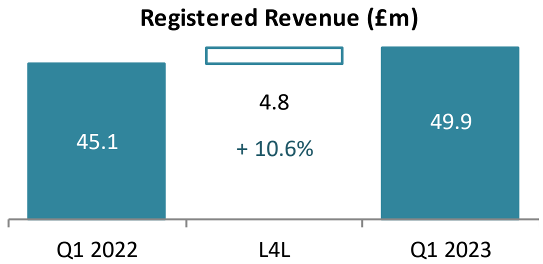
Registered Average Weekly Fees benefited from a combination of fee increases and new placements won at a higher rate, which has driven 5.5% year on year growth compared to June 2021

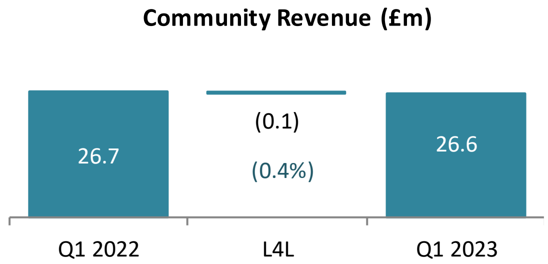
Community - Direct Care Revenue Per Hour (LTM)

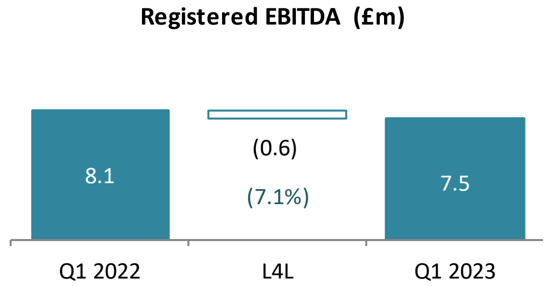


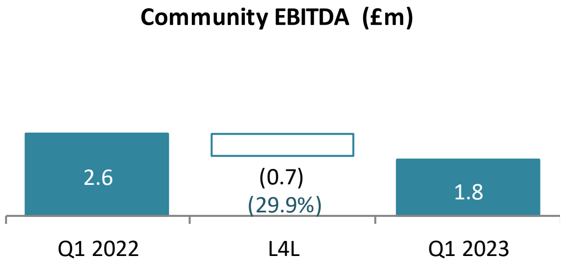
Direct care revenue per hour has increased by 2.5% since Q1 2022 primarily due to fee increases

Financial Highlights
Segments









Registered

- Like for like growth in revenue due to growth in number of people we support and fee increases
- EBITDA reduction of 7.1% to £7.5m due mainly to timing difference between additional costs and fee increases

Community

- Slight reduction in revenue due to fee increases offset by anticipated tender losses
- EBITDA impacted by timing differences between costs and fee inflation and increased agency usage

Financial Highlights

Cash Flow

£ million	Q1 2022	Q1 2023	% Change
Underlying adjusted EBITDA	10.7	9.4	(12.1%)
Maintenance capex	(3.0)	(3.7)	23.3%
IT capex	(0.6)	(0.5)	(16.7%)
Adjusted free cash flow	**7.1**	**5.1**	**(28.2%)**
Cash conversion %	*66.6%*	*54.6%*	*(12.0%)*
Non-underlying items [(1)]	0.0	(0.2)	nm
Working capital	1.1	(6.4)	nm
Interest	(8.3)	(0.1)	(98.8%)
Taxation	(0.3)	(0.5)	66.7%
FCF before dev. capex, acquisitions and financing	**(0.3)**	**(2.1)**	**nm**
Development capex	(0.3)	(0.7)	nm
Acquisition capex	0.0	0.0	nm
Proceeds from sale	0.0	1.7	nm
FCF before financing	**(0.6)**	**(1.1)**	**83.3%**
Property and vehicle lease payments (IFRS16)	(1.1)	(0.9)	(18.2%)
Net cash flow used in financing activities	0.0	(1.0)	nm
Movement in cash for the period	**(1.8)**	**(3.1)**	**72.2%**
Opening cash and cash equivalents	40.7	24.1	(40.8%)
Closing cash and cash equivalents	**39.0**	**21.0**	**(46.2%)**
Undrawn RCF at Closing [(2)]	45.0	50.0	11.1%
Total liquidity	**84.0**	**71.0**	**(15.5%)**

- Adjusted free cash flow £2m lower than Q1 2022 with lower EBITDA and higher maintenance capex
- FCF before Development Capex, Acquisitions and Financing £1.8m lower than last year primarily due:
  - Working capital movement due to a number of short-term timing differences mainly expected to unwind in FY23
  - Interest payment timing differences resulting from February 2022 refinancing
- Investment in development continues, £0.7m
- Proceeds from sale of surplus property realised £1.7m
- Current £50m RCF undrawn

Financial Highlights

Net Debt and Leverage

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

£m	**Jun-21**	**Sep-21**	**Dec-21**	**Mar-22**	**Jun-22**
Gross Debt	250.0	250.0	250.0	250.0	250.0
Pro forma Cash	(36.8)	(20.8)	(18.2)	(20.7)	(18.5)
Pro forma secured net debt	213.2	229.2	231.8	229.3	231.5
IFRS16 Lease Liability	17.6	17.5	17.4	17.6	16.8
Pro forma net debt including IFRS 16 lease liability	**230.8**	**246.8**	**249.1**	**246.9**	**248.3**
Underlying Adjusted EBITDA	45.7	47.5	48.4	48.7	47.3
Pro forma EBITDA adjustments	0.0	1.2	0.9	0.6	0.4
Pro forma underlying adjusted EBITDA	**45.7**	**48.7**	**49.3**	**49.4**	**47.8**
Ratio of pro forma net debt to pro forma Underlying Adjusted EBITDA	**5.1x**	**5.1x**	**5.1x**	**5.0x**	**5.2x**

- Pro forma Underlying Adjusted EBITDA reflects the full year impact of adjustments as if they had been fully implemented at 30th September 2021 and 30th June 2022 respectively
- Pro forma LTM EBITDA at £47.8m, increased by £2.1m compared to June 2021
- Pro forma Leverage was 5.2x in June 2022 increasing from 5.0x since March 2022

Note:
September 21 as per offering memorandum

Property Summary

Open properties as at 30/06/2022

	Registered		Community		Daycare	30/06/2022 Total		31/03/2022 Total		DCA[4]
	#	Capacity	#	Capacity	#	#	Capacity	#	Capacity	#
Freehold	233	1,819	27	98	1	261	1,917	260	1,910	6
Leasehold/Rental [1]	31	224	3	10	7	41	234	41	234	32
3rd Party Owned [2]	0	0	291	1,168	0	291	1,168	289	1,158	3
Totals	**264**	**2,043**	**321**	**1,276**	**8**	**593**	**3,319**	**590**	**3,302**	**41**
Freehold NBV (£m) [3]	**308.8**		**6.7**		**2.0**	**317.5**		**318.1**		

Comments

- At 30th June 2022, number of freehold properties held was 261, an increase of 1 from 31st March 2022
- Net book value of freehold properties totaled £317.5m, 3rd Party property valuation as at June 2021 was £436.0m
- 89.0% of registered capacity in freehold properties, whereas 7.7% 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

- Current UK macroeconomic situation and operating environment poses challenges to most sectors, including specialist care
- Very tight UK employment market means that recruitment and retention continues to be a key area of focus, however, staff availability is impacting growth despite increased agency usage
- Energy and other cost inflation continues to have significant adverse impact and we are seeking opportunities to mitigate
- Fee increase discussions for FYE 2023 have commenced well and early indications positive, however ability of local authority and NHS customers to fund required increase remains uncertain
- We continue to see relaxation of Covid-19 rules which should be positive for our operations, although pandemic continues to have some negative impact
- Our operational performance is resilient and we continue to deliver high quality care
- Growth opportunities and market consolidation opportunities available

Q & A

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

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