

Investor Presentation Annual Report 2024

24 July 2024



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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 and its subsidiaries for the 12 month period ended 31 March 2024 (“FYE 2024”). All comparisons of financial and operating statistics are for the 12 month period ended 31 March 2023 (“FYE 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

FYE 2024 Highlights



- Quality ratings maintained at a market leading level of services good and outstanding, 6% higher than the market average
- Group Revenue up 10.6% year on year to £348.7m (FYE 2023: £315.2m)
- Fee increases offered were 9.5% (FYE 2023: 6.6%)
- Agency reduced to 2.4% of direct care hours (FYE 2023: 5.0%), lower than pre Covid-19
- Underlying adjusted EBITDA of £40.0m was £1.1m (2.8%) higher than FYE 2023
- Leverage reduced to 6.6x from 7.1x in Q3 2024 (FYE 2023: 6.6x) and strong liquidity with £44.0m of RCF undrawn

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

Financial Highlights

FYE 2023 vs FYE 2024



| £m | FYE | | |
|-------------------------------------|--------------|--------------|---------------|
| | 2023 | 2024 | Growth |
| Revenue | 315.2 | 348.7 | 10.6% |
| Unit Level Staff Costs | (207.3) | (242.1) | (16.8%) |
| Agency Costs | (16.5) | (6.8) | 58.8% |
| Contribution | 91.5 | 99.9 | 9.2% |
| <i>Contribution %</i> | <i>29.0%</i> | <i>28.6%</i> | <i>(0.4%)</i> |
| Direct Overheads (1) | (30.4) | (32.9) | (8.3%) |
| Unit EBITDA | 61.1 | 67.0 | 9.6% |
| <i>Unit EBITDA %</i> | <i>19.4%</i> | <i>19.2%</i> | <i>(0.2%)</i> |
| Central Overheads | (22.2) | (27.0) | (21.6%) |
| Underlying adjusted EBITDA | 38.9 | 40.0 | 2.8% |
| <i>Underlying adjusted EBITDA %</i> | <i>12.3%</i> | <i>11.5%</i> | <i>(0.9%)</i> |

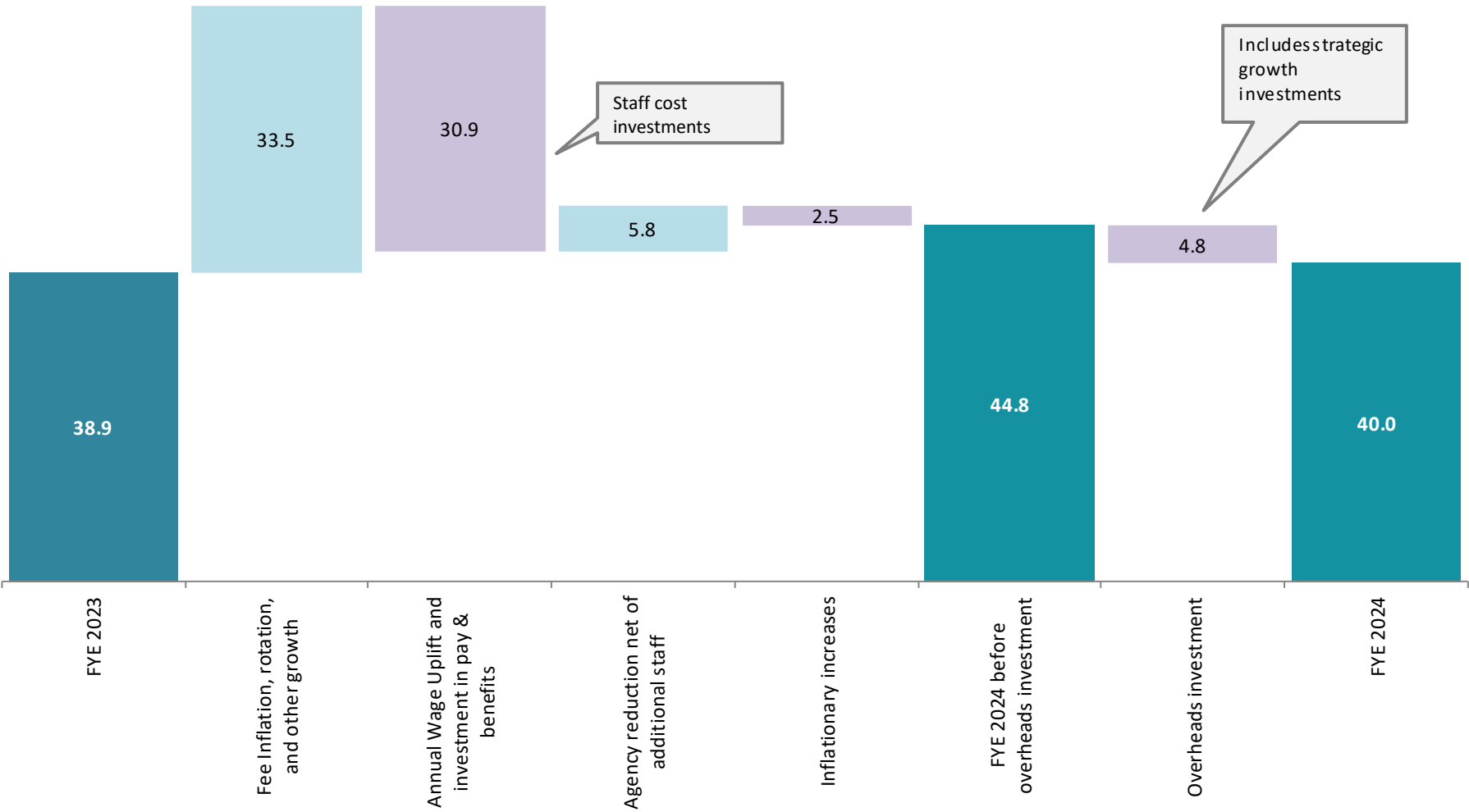
- Revenue increased by £33.5m, 10.6%
 - Key growth drivers were fee increases and fee rotation
 - Fee increases offered at 9.5% (FYE 2023 6.6%)
- Unit level staff & agency costs increased by £25.1m (11.2%), compared to 10.6% for Revenue
- Unit level Staff costs increased by £34.8m, 16.8%
 - April 23 wage increases averaged 9.0% (NLW driven)
 - Additional permanent and bank staff hours as agency staffing has reduced
 - Ongoing impact of investments in pay and benefits to support retention and recruitment in Nov 22
- Agency costs at 2.4% of direct care hours, a reduction of £9.7m – improved recruitment and retention
- Direct Overheads increased by £2.5m, primarily due to utility cost inflation
- Central overheads increased by £4.8m, due to staff costs and Investments in Technology
- Underlying adjusted EBITDA increased by £1.1m at a margin of 11.5%

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

FYE 2023 vs FYE 2024 Underlying adjusted EBITDA

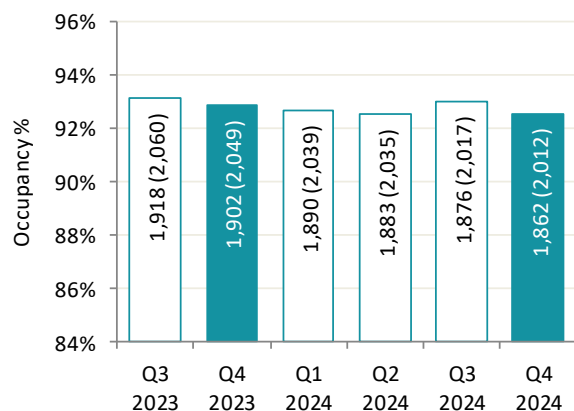


Financial Highlights

Key Operating Metrics



Registered - Average Occupancy (Capacity) % and

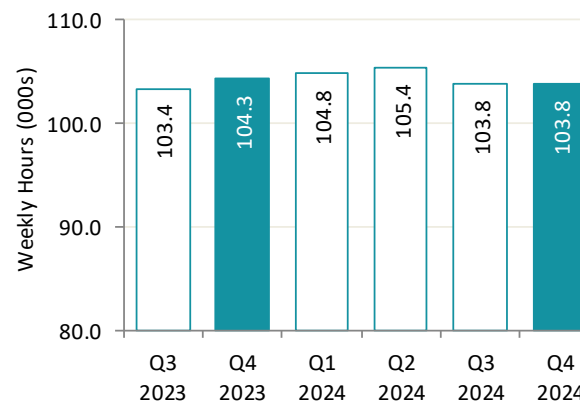


Closing Occ. 1,917 1,900 1,888 1,883 1,871 1,860

Closing occupancy for the year was 92.4%, 1,860 people we support, 40 lower than FYE 2023 primarily due to capacity reduction (ongoing portfolio review and temporary closure to repurpose)

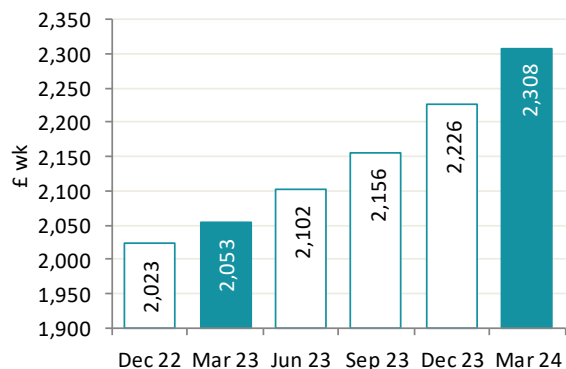
Referral pipeline continues to be strong

Community - Average Direct Care Hours (000s)



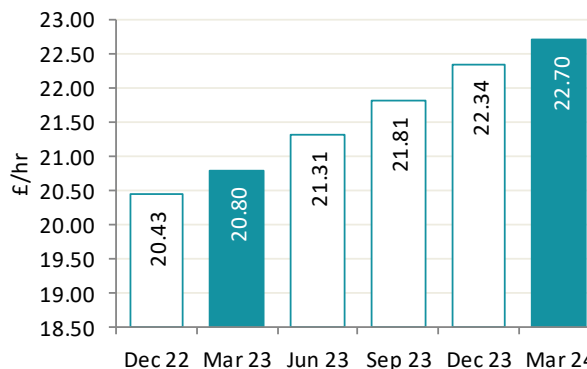
Average weekly direct care hours decreased by 500 compared to Q4 2023 due to service closures as a result of the ongoing portfolio review which is driving enhanced profitability

Registered - Average Weekly Fees (AWF) (LTM)



Combination of inflationary fee increases, resolving underfunded placements, fee rotation and acuity mix have driven 12.4% year on year growth in AWF since March 2023

Community - Direct Care Revenue Per Hour (LTM)



Direct care revenue per hour has increased by 9.1% since Q4 2023 due to fee increases and supporting individuals with more complex needs

Financial Highlights

Cash Flow



£ million

FYE 2023 FYE 2024 Change

| | | | |
|---|--------------|--------------|--------------|
| Underlying adjusted EBITDA | 38.9 | 40.0 | 1.1 |
| Maintenance capex | (12.3) | (11.1) | 1.2 |
| IT capex | (2.2) | (3.1) | (0.9) |
| Adjusted free cash flow | 24.4 | 25.8 | 1.3 |
| <i>Cash conversion %</i> | <i>62.8%</i> | <i>64.5%</i> | <i>1.7%</i> |
| Non-underlying items | (3.9) | (2.5) | 1.4 |
| Working capital | (2.1) | (2.8) | (0.7) |
| Interest | (15.6) | (15.2) | 0.4 |
| Taxation | 0.3 | 0.9 | 0.6 |
| FCF before dev. capex, acquisitions and financing | 3.2 | 6.1 | 2.9 |
| Development capex | (5.8) | (8.9) | (3.0) |
| Acquisition capex | (4.3) | 0.0 | 4.3 |
| Proceeds from sale | 2.1 | 3.0 | 0.9 |
| FCF before financing | (4.9) | 0.2 | 5.2 |
| Property and vehicle lease payments (IFRS16) | (4.7) | (5.7) | (1.0) |
| Net cash flow (used in)/generated from financial activities | 1.0 | 4.0 | 3.0 |
| Movement in cash for the period | (8.6) | (1.5) | 7.1 |
| Opening cash and cash equivalents | 24.1 | 15.5 | (8.6) |
| Closing cash and cash equivalents | 15.5 | 14.0 | (1.5) |
| Undrawn RCF at Closing | 48.0 | 44.0 | (4.0) |
| Total liquidity | 63.5 | 58.0 | (5.5) |

- Adjusted free cash flow £1.3m higher than FYE 2023 primarily due to £1.1m increase in EBITDA
- FCF before development capex, acquisition and financing £2.9m higher than last year – mainly driven by increased EBITDA and favourable movements in non-underlying items and taxation
- Increase in development capex with £8.9m invested
- £5.2m positive FCF before financing movement compared to FYE 2023
- £14.0m cash plus £44.0m RCF undrawn at 31st March 2024

Financial Highlights

Net Debt and Leverage



Ratio of net debt to Underlying Adjusted EBITDA

£m

Gross Debt

Cash ⁽¹⁾

Secured net debt

IFRS16 Lease Liability

Net debt including IFRS 16 lease liability

Mar-23 Jun-23 Sep-23 Dec-23 Mar-24

| | | | | |
|--------------|--------------|--------------|--------------|--------------|
| 252.0 | 255.0 | 255.0 | 257.0 | 256.0 |
| (13.1) | (15.2) | (11.5) | (13.6) | (11.7) |
| 238.9 | 239.8 | 243.5 | 243.4 | 244.3 |
| 16.7 | 15.7 | 16.0 | 15.5 | 17.9 |
| 255.7 | 255.4 | 259.5 | 259.0 | 262.3 |
| | | | | |
| 38.9 | 36.7 | 34.9 | 36.5 | 40.0 |
| | | | | |
| 6.6x | 7.0x | 7.4x | 7.1x | 6.6x |

Underlying adjusted EBITDA ⁽²⁾

Ratio of net debt to Underlying Adjusted EBITDA

- Net debt £6.6m higher than FYE 2023 due to increased lease liability and increased development spend
- LTM EBITDA at £40.0m, increased by £1.1m compared to FYE 2023
- Leverage decreased to 6.6x
- On 22nd April Voyage Care acquired KDL investments Limited and its 4 subsidiaries, primarily financed by equity injection, as a result our pro-forma leverage would have been 6.1x

Note:

1- Previously referred to as pro forma cash however pro forma adjustments are not relevant after Dec-22. Restricted cash is excluded from this balance

2- Previously referred to as Pro forma underlying Adjusted EBITDA however pro forma adjustments are not relevant after Sep-22

Property Summary



Open properties as at 31/03/2024

| | Registered | | Community | | Daycare | 31/03/2024 Total | | 31/12/2023 Total | | DCA ⁽⁴⁾ |
|---|--------------|--------------|------------|--------------|------------|---------------------|--------------|---------------------|--------------|--------------------|
| | # | Capacity | # | Capacity | # | # | Capacity | # | Capacity | # |
| Freehold | 234 | 1,792 | 28 | 107 | 1 | 263 | 1,899 | 263 | 1,899 | 6 |
| Leasehold/Rental ⁽¹⁾ | 29 | 211 | 3 | 10 | 7 | 39 | 221 | 39 | 221 | 31 |
| 3rd Party Owned ⁽²⁾ | 2 | 9 | 272 | 1,166 | 0 | 274 | 1,175 | 277 | 1,181 | 4 |
| Totals | 265 | 2,012 | 303 | 1,283 | 8 | 576 | 3,295 | 579 | 3,301 | 41 |
| Freehold NBV (£m) ⁽³⁾ | 309.3 | | 8.4 | | 1.2 | 318.9 | | 318.0 | | |

Comments

- 263 Freehold properties were held, in line with 31st December 2023
- 274 3rd party owned properties were operated, a decrease of 3 from 31st December 2023 due to our ongoing portfolio review
- Net book value of freehold properties totaled £318.9m, 3rd Party property valuation as at June 2021 was £436.0m
- 89.1% of registered capacity is freehold, whereas 8.3% of Community Based Care is freehold, in line with strategy

(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 represents the historic cost of the properties and comprises purchase price and subsequent additions, less depreciation and excludes assets held for sale and leasehold, encumbered and third party properties. The property portfolio has not been externally valued since June 2021

(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
- New CEO and CFO transition well underway, with ongoing support from longstanding COO
- Fee increase process for FYE 2025 has started constructively
- Registered Developments due to open in FY25
- Continued workforce investment and Agency levels remain stable
- We continue to invest 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
- We will update the market on our Q1 performance on 28th August

Q & A



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

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