



Voyage BidCo Limited

Q2 2023

**Results for the three month period ended 30 September
2022**

Voyage Care BondCo PLC

£250,000,000 5 7/8% Senior Secured Notes due 2027



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There may be various statements contained within this document that 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 report, 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.

Voyage Care BondCo PLC is a public limited company incorporated under the laws of England and Wales and is a direct wholly owned subsidiary of Voyage BidCo Limited (the “Company”) and an indirect wholly owned subsidiary of VC Healthcare Topco Limited. In this Quarterly Report, “Issuer” refers only to Voyage Care BondCo PLC. In this Quarterly Report, “we”, “us”, “our” and the “Group” refer to the Company and its consolidated subsidiaries, unless the context otherwise requires. Our registered office is located at Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP and our website is www.voyagecare.com. The information contained on our website is not part of this Quarterly Report.



Executive Summary

Financial highlights

The table below summarises financial information for the six months ended 30 September 2022:

| £ million | Q2 2022 | Q2 2023 |
|------------------------------|---------|---------|
| Revenue | 73.0 | 78.7 |
| Underlying adjusted EBITDA | 12.9 | 10.7 |
| Operating profit | 7.6 | 6.0 |
| Profit/(Loss) for the period | 2.3 | 0.6 |
| Adjusted free cash flow | 8.8 | 6.3 |

Commentary on results

Performance during Q2 2023 vs. Q2 2022

- CQC quality scores remained very high with 93.6% of services achieving a Good or Outstanding rating.
- Revenue increased by 7.9% to £78.7 million due to Registered Division growth and fee increases.
- Underlying adjusted EBITDA decreased by 17.4% to £10.7 million mainly due to 1st April NLW increases of c.6.6% with fee increases to cover this cost coming in throughout the financial year.
- Registered closing occupancy was 93.5% compared to 93.5% in Q2 2022.
- Community based care average direct weekly care hours decreased by 2,000 hours compared to Q2 2022, with an average of 102,400 hours.

Recent developments and outlook

- Current UK operating environment and economic situation poses challenges to the specialist care sector.
- Very tight UK employment market means that recruitment and retention continues to be a key area of focus. Agency usage has increased and staff availability is adversely impacting growth.
- Energy and other cost inflation is having a significant adverse impact and we are seeking opportunities to mitigate.
- Fee discussions for FYE 2023 continue, however ability of local authority and NHS customers to fund required increases remains uncertain.
- On September 5th we acquired sixteen services from The Disabilities Trust for consideration of £4.25m at a multiple of 6.5x EBITDA.
- Growth opportunities and market consolidation opportunities available.
- RSM UK Audit LLP have been appointed as our auditors from FY23.



Company Overview

Voyage Care is the UK's leading specialist provider delivering community based support and care in residential care homes. We support adults and children with learning disabilities, autism, brain injuries and other complex needs to lead more independent and fulfilled lives. Most of the people we support require life-long care and have high acuity needs, assessed as either 'critical' or 'substantial' by local authorities and the NHS.

Our services

Our commitment to quality is demonstrated by our sector-leading quality ratings: we have more good and outstanding rated services than any other provider in the specialist care sector. The specialist care sector is both highly regulated and fragmented. Voyage Care is one of the few larger providers operating exclusively in this sector with proven expertise in supporting people with complex high acuity needs across a range of specialisms.

Voyage Care's person-centred pathway of support includes both residential care and community based support, and our business divisions complement these regulatory and delivery models.

Types of support

We work with the people we support, their support network and commissioner to identify and source the setting that best suits the individual's needs. The people we support can rely on us for safe, flexible and personalised support wherever it is needed.

Residential care is provided in a CQC, CI or CIW registered care home and may include nursing or respite care. Community based support is provided in a person's own home, which may be in one of our supported living locations, and is managed through one of our regional Domiciliary Care Agencies (DCAs) which are registered with the CQC, CI or CIW. We also provide support for people to access their local community or in day services.

Our specialisms

The people we support are at the centre of everything we do. Everybody's needs are different, so our support is tailored to each individual and underpinned our robust quality governance framework. To ensure we continue to deliver a high standard of specialist care and support that meets people's complex needs, we have successfully developed and deployed specialisms including autism, brain injury rehabilitation, Prader-Willi syndrome, specialist behavioural support, transitional support, mental health and complex nurse-led care at home for both adults and children.



Presentation of financial and other information

Financial data

This Quarterly Report includes the consolidated financial information (unaudited) of Voyage BidCo Limited for the three and six month period ended 30 September 2022 (“Q2 2023” and “YTD 2023”) and 30 September 2021 (“Q2 2022” and “YTD 2022”).

The consolidated financial statements consolidate those of the Company and its subsidiaries. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs), and the Company financial statements have been prepared in accordance with Financial Reporting Standard 101 (FRS101) ‘Reduced Disclosure Framework’ and the Companies Act 2006.

Other financial measures

In this Quarterly Report, we may present certain non-IFRS measures, including underlying adjusted EBITDA, adjusted EBITDA, underlying adjusted EBITDA margin, cash conversion, adjusted free cash flow, development capex, maintenance capex, IT capex (each, a ‘Non-IFRS Metric’), which are not required by, or presented in accordance with IFRS. The terms above are defined within the Glossary of Definitions.

The Non-IFRS Metrics in this Quarterly Report are used by different companies for differing purposes and are often calculated in ways that reflect the particular circumstances of those companies. Caution should be exercised in comparing the Non-IFRS Metrics reported by us to such metrics or other similar metrics as reported by other companies. None of our Non-IFRS Metrics is a measurement of performance under IFRS and those measures should not be considered as an alternative to net income or operating profit determined in accordance with IFRS. The Non-IFRS Metrics do not necessarily indicate whether cash flow will be sufficient or available to meet our cash requirement and may not be indicative of our historical operating results, nor are such measures meant to be predictive of our future results. Our Non-IFRS Metrics have limitations as analytical tools, and should not be considered in isolation.

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.



Management's discussion and analysis of financial condition and results

Key performance indicators

| | Q2 2022 | Q2 2023 | Change | YTD 2022 | YTD 2023 | Change |
|--------------------------------------|------------|------------|---------|-------------|-------------|---------|
| Registered care division | | | | | | |
| Closing registered capacity (number) | 2,037 | 2,061 | 24 | 2,037 | 2,061 | 24 |
| Closing occupancy (number) | 1,904 | 1,928 | 24 | 1,904 | 1,928 | 24 |
| Closing occupancy rate % | 93.5% | 93.5% | 0.1% | 93.5% | 93.5% | 0.1% |
| Average occupancy (number) | 1,891 | 1,911 | 20 | 1,883 | 1,906 | 24 |
| Average occupancy rate % | 92.8% | 92.7% | (0.1%) | 92.4% | 92.5% | 0.1% |
| Average weekly fees (LTM) | £1,844 | £1,976 | £132 | £1,844 | £1,976 | £132 |
| Community based care division | | | | | | |
| Closing supported people (number) | 1,616 | 1,530 | (86) | 1,616 | 1,530 | (86) |
| Closing direct care hours (number) | 105,367 | 103,355 | (2,012) | 105,367 | 103,355 | (2,012) |
| Average direct care hours (number) | 105,182 | 102,411 | (2,771) | 106,076 | 102,273 | (3,802) |
| Average hourly rate (LTM) | £19.61 | £20.06 | £0.45 | £19.61 | £20.06 | £0.45 |

Consolidated statement of profit & loss

| £ million | Q2 2022 | Q2 2023 | % Change | YTD 2022 | YTD 2023 | % Change |
|--|-------------|-------------|----------------|--------------|--------------|----------------|
| Revenue | 73.0 | 78.7 | 7.9% | 144.8 | 155.3 | 7.2% |
| Unit level staff costs | (45.8) | (50.2) | (9.5%) | (93.6) | (99.7) | (6.6%) |
| Unit level agency costs | (2.1) | (4.6) | nm | (3.4) | (8.4) | nm |
| Unit level direct overheads | (6.1) | (7.7) | (27.7%) | (12.3) | (15.4) | (25.2%) |
| Central overheads | (6.0) | (5.6) | 7.6% | (11.9) | (11.7) | 1.6% |
| Underlying adjusted EBITDA | 12.9 | 10.7 | (17.4%) | 23.6 | 20.0 | (15.2%) |
| Non-underlying items | (1.0) | (0.2) | 84.4% | (1.0) | (0.4) | 63.9% |
| Adjusted EBITDA | 11.9 | 10.5 | (11.6%) | 22.6 | 19.6 | (13.1%) |
| Depreciation & impairment | (3.6) | (4.1) | (13.7%) | (7.1) | (8.0) | (11.8%) |
| Profit on disposal of non-current assets | 0.0 | 0.1 | nm | 0.1 | 0.9 | nm |
| Amortisation of intangible assets | (0.6) | (0.5) | 20.6% | (1.3) | (1.1) | 16.3% |
| Operating profit | 7.6 | 6.0 | (21.9%) | 14.3 | 11.4 | (19.9%) |
| Finance income | 0.0 | 0.0 | nm | 0.0 | 0.1 | (96.9%) |
| Finance expense | (4.8) | (4.3) | 9.3% | (9.6) | (8.7) | 9.6% |
| Profit before taxation | 2.9 | 1.7 | (42.0%) | 4.7 | 2.8 | (39.9%) |
| Taxation | (0.6) | 0.5 | nm | (4.4) | (0.4) | 90.8% |
| Profit for the period | 2.3 | 2.2 | (3.5%) | 0.3 | 2.4 | nm |
| Other financial metrics | | | | | | |
| Underlying adjusted unit EBITDA | 18.9 | 16.2 | (14.3%) | 35.5 | 31.8 | (10.7%) |
| Underlying adjusted unit EBITDA margin % | 25.9% | 20.6% | (5.3%) | 24.5% | 20.5% | (4.0%) |
| Underlying adjusted EBITDA margin % | 17.7% | 13.6% | (4.1%) | 16.3% | 12.9% | (3.4%) |



Revenue

Revenue represents total fees receivable from local authorities and NHS customers for services provided to the people we support.

- Q2 2023 revenue increased by £5.7 million, or 7.9% to £78.7 million from £73.0 million for Q2 2022, primarily due to fee increases (£3.9 million or 5.3%) and like-for-like registered growth which was partially offset by the reduction in community hours.
- YTD 2023 revenue increased by £10.5 million, or 7.2% to £155.3 million from £144.8 million for YTD 2022, primarily due to fee increases (£8.7 million or 6.0%) and like-for-like growth which was partially offset by the reduction in community hours.

Revenue by division

| | Q2 2022 | Q2 2023 | % Change | YTD 2022 | YTD 2023 | % Change |
|-------------------------------|-------------|-------------|-------------|--------------|--------------|-------------|
| Registered care division | 46.0 | 51.6 | 12.2% | 91.1 | 101.5 | 11.4% |
| Community based care division | 27.0 | 27.2 | 0.7% | 53.7 | 53.8 | 0.1% |
| Total revenue | 73.0 | 78.7 | 7.9% | 144.8 | 155.3 | 7.2% |

- Q2 2023 Registered revenue increased by £5.6 million, or 12.2% due to fee increases and growth in occupancy.
- YTD 2023 Registered revenue increased by £10.4 million, or 11.4% due to fee increases and growth in occupancy.
- Community revenue increased by £0.2 million, or 0.7% to £27.2 million from £27.0 million for Q2 2023 due to a reduction in hours of care provided partially offset by fee increases.
- YTD 2023 Community revenue increased by £0.1 million or 0.1% to £53.8 million from £53.7 million due to a reduction in hours of care provided partially offset by fee increases.

Unit level staff costs and agency costs

Staff costs consist of wages, salaries and employee benefits, employers' national insurance, pension costs and other costs such as statutory sick pay.

- Total unit level staff and agency costs for Q2 2023 increased by £6.9 million, or 14.4% to £54.8 million (which represented 69.5% of revenue) from £48.0 million (which represented 65.7% of revenue) for Q2 2022, primarily due to National Living Wage and National Minimum Wage increases. The reliance on agency increased due to the continued impact of staff needing to isolate and ongoing tightening of local employment markets. This resulted in agency usage increasing to 5.8% of care hours in Q2 2023 from 3.2% of care hours in Q2 2022.
 - Staff costs for Q2 2023 increased by £4.4 million, or 9.5% to £50.2 million from £45.8 million for Q2 2022.
 - Agency costs for Q2 2023 increased by £2.5 million to £4.6 million from £2.1 million for Q2 2022 to cover staffing pressures resulting from challenging employment markets.
- Total unit level staff and agency costs for YTD 2023 increased by £11.1 million, or 11.4% to £108.1 million (which represented 69.6% of revenue) from £97.0 million (which represented 67.0% of revenue) for YTD 2022, primarily due to National Living Wage and National Minimum Wage increases. The reliance on agency increased due to the continued impact of staff needing to isolate and ongoing tightening of local employment markets.



- Staff costs for YTD 2023 increased by £6.1 million, or 6.6% to £99.7 million from £93.6 million for YTD 2022. c. £7.9 million of National Living Wage increases were partially offset by a shift towards agency usage to provide care.
- Agency costs for YTD 2023 increased by £5.0 million to £8.4 million from £3.4 million for YTD 2022 to cover staffing pressures resulting from challenging employment markets.

Unit Level Direct Overheads

Unit level direct overheads include direct costs incurred in operating services on a day-to-day basis, including home provisions (e.g. food, etc.), day care activities, registration fees and therapists particularly for those people we support with acquired brain injuries, lease rentals and other external charges which consist of indirect costs incurred in running and maintaining services, Local Authority rates, council tax, repairs, utilities, training and professional fees

- Q2 2023 unit level direct overheads increased by £1.6 million, or 27.7% to £7.7 million from £6.1 million for Q2 2022. This was expected and is primarily due to inflationary cost increases for which we are seeking reimbursement through fee increase requests.
- YTD 2023 unit level direct overheads increased by £3.1 million, or 25.2% to £15.4 million from £12.3 million for YTD 2022. This was expected and is primarily due to inflationary cost increases for which we are seeking reimbursement through fee increase requests.

Central Overheads

Central overheads comprise expenditure in relation to the Group's head office function which supports the running of the business and therefore indirectly support the delivery of care and support.

- Q2 2023 central overheads decreased by £0.4 million, or 7.6% to £5.6 million (7.1% of revenue) from £6.0 million (8.3% of revenue) for Q2 2022, this is primarily due to planned inflationary pay awards being offset by an increase in vacancies due to the tightening employment markets.
- YTD 2023 central overheads decreased by £0.2 million, or 1.6% to £11.7 million (7.6% of revenue) from £11.9 million (8.2% of revenue) for YTD 2022, this is primarily due to planned inflationary pay awards being offset by an increase in vacancies due to the tightening employment markets.

Underlying adjusted EBITDA

Underlying adjusted EBITDA is not a recognised performance measure under IFRS and may not be directly comparable with similar measures used by other companies.

- Q2 2023 underlying adjusted EBITDA decreased by £2.2 million, or 17.4% to £10.7 million from £12.9 million for Q2 2022.
- YTD 2023 underlying adjusted EBITDA decreased by £3.6 million, or 15.2% to £20.0 million from £23.6 million for YTD 2022.



Underlying adjusted EBITDA by division

| | Q2 2022 | Q2 2023 | % Change | YTD 2022 | YTD 2023 | % Change |
|---|-------------|-------------|----------------|-------------|-------------|----------------|
| Registered care division | 9.7 | 8.7 | (9.5%) | 17.8 | 16.3 | (8.4%) |
| Community based care division | 3.2 | 1.9 | (41.0%) | 5.8 | 3.7 | (36.0%) |
| Total underlying adjusted EBITDA | 12.9 | 10.7 | (17.4%) | 23.6 | 20.0 | (15.2%) |

- Registered underlying adjusted EBITDA reduced in the quarter due to the 6.6% increase in the National Living Wage on 1st April 2022, increased agency usage and other inflationary cost increases, partially offset by an increase in occupancy and fee inflation.
- Community underlying adjusted EBITDA reduced in the quarter primarily due to the 6.6% National Living Wage increase on 1st April 2022, increased agency usage, other inflationary costs increases and a reduction in hours, partially offset by fee inflation.

Non-underlying items

Non-underlying items include certain one-off cash and non-cash charges which are non-recurring.

- Q2 2023 non-underlying items were £0.2 million (Q2 2022: £1.0 million). Q2 2023 non-underlying items related to group restructuring and project costs.
- YTD 2023 non-underlying items were £0.4 million (YTD 2022: £1.0 million). YTD 2023 non-underlying items related to group restructuring and project costs.

Adjusted EBITDA

Adjusted EBITDA is not a recognised performance measure under IFRS and may not be directly comparable with similar measures used by other companies.

- Q2 2023 adjusted EBITDA after non-underlying items decreased by £1.4 million, or 11.6% to £10.5 million from £11.9 million for Q2 2022.
- YTD 2023 adjusted EBITDA after non-underlying items decreased by £3.0 million, or 15.2% to £19.6 million from £22.6 million for YTD 2022.

Depreciation and Impairment of property, plant and equipment

Depreciation and impairment of property, plant and equipment comprises the write off of the cost of property, plant and equipment to their residual value over their estimated useful life. Non-current assets once classified as held for sale are not depreciated or amortised, and are stated at the lower of previous carrying value and fair value.

- Q2 2023 depreciation and impairment of property plant and equipment increased by £0.5 million, or 13.7% to £4.1 million from £3.6 million for Q2 2022.
- YTD 2023 depreciation and impairment of property plant and equipment increased by £0.9 million, or 11.8% to £8.0 million from £7.1 million for YTD 2022.

Profit on disposal of non-current assets

Profit on disposal of non-current assets represents the difference between the net disposal proceeds received and the net book value of non-current assets at the time of disposal.

- For Q2 2023 the profit on the disposal of non-current assets was £0.1 million (Q2 2022: £nil).



- For YTD 2023 the profit on the disposal of non-current assets was £0.9 million (YTD 2022: £0.1 million).

Amortisation of intangible assets

Intangible assets with finite useful lives that are acquired separately or in a business combination, or internally developed computer software, are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The carrying amounts of intangible assets are reviewed annually to determine whether the assets have suffered an impairment loss.

- Q2 2023 amortisation of intangible assets decreased by £0.1 million to £0.5 million from £0.6 million for Q2 2022.
- YTD 2023 amortisation of intangible assets decreased by £0.2 million to £1.1 million from £1.3 million for YTD 2022.

Operating profit

Operating profit consists of earnings before interest and taxation.

- Q2 2023 operating profit decreased by £1.6 million or 21.9% to £6.0 million from £7.6 million in Q2 2022.
- YTD 2023 operating profit decreased by £3.1 million or 21.0% to £11.3 million from £14.4 million in YTD 2022.

Finance income

Finance income consists of interest received on current account and deposit account balances.

- Q2 2023 interest receivable and other income stayed the same compared to Q2 2022 at £nil.
- YTD 2023 interest receivable and other income increased to £0.1 million compared to YTD 2022 at £nil.

Finance expenses

Finance expenses primarily consist of interest payable and fees relating to the Senior Secured Notes and Second Lien Notes (the 'Senior Facilities'), as well as other finance costs including the interest on the RCF.

- Q2 2023 interest payable and similar charges on bank loans decreased by £0.5 million to £4.3 million from £4.8 million for Q2 2022.
- YTD 2023 interest payable and similar charges on bank loans decreased by £0.9 million to £8.7 million from £9.6 million for YTD 2022.

Profit/(Loss) before taxation

Profit before taxation represents the result of the statement of profit and loss before provision for taxation.

- Q2 2023 profit before taxation decreased by £1.2 million to £1.7 million from £2.9 million for Q2 2022.
- YTD 2023 profit before taxation decreased by £2.1 million to £2.7 million from £4.8 million for YTD 2022.

Taxation

Taxation is based on the profit or loss for the year and takes into account deferred taxation movements.

- For Q2 2023 a taxation charge of £1.1 million was recognised, an increase of £0.5 million from Q2 2022 which was a charge of £0.6 million.
- For YTD 2023 a taxation charge of £2.0 million was recognised, a reduction of £2.4 million from YTD 2022 which was a charge of £4.4 million.



Profit for the period

Profit for the period represents the result of the statement of profit and loss after provision for taxation.

- Q2 2023 profit for the period decreased by £1.7 million to £0.6 million from a £2.3 million profit for Q2 2022 the decrease is primarily due to a decrease in operating profit and increase in taxation charges compared to prior year, partially offset by a decrease in non-underlying items.
- YTD 2023 profit for the period increased by £0.3 million to £0.7 million from a £0.4 million profit for YTD 2022 the increase is primarily due to a reduction in taxation charges compared to prior year, partially offset by a reduction in profit before taxation.



Consolidated statement of cash flow

| £ million | Q2 2022 | Q2 2023 | % Change | YTD 2022 | YTD 2023 | % Change |
|--|--------------|--------------|----------------|--------------|--------------|----------------|
| Underlying adjusted EBITDA | 12.9 | 10.7 | (17.1%) | 23.6 | 20.0 | (15.3%) |
| Maintenance capex | (3.5) | (3.6) | 2.9% | (6.5) | (7.3) | 12.3% |
| IT capex | (0.6) | (0.8) | 33.3% | (1.2) | (1.3) | 8.3% |
| Adjusted free cash flow | 8.8 | 6.3 | (28.4%) | 15.9 | 11.4 | (28.3%) |
| <i>Cash conversion %</i> | <i>68.1%</i> | <i>58.8%</i> | <i>(9.3%)</i> | <i>67.4%</i> | <i>56.9%</i> | <i>(10.6%)</i> |
| Non-underlying items ⁽¹⁾ | (1.0) | (0.2) | (80.0%) | (1.0) | (0.4) | (60.0%) |
| Working Capital | (0.4) | 0.6 | nm | 0.7 | (6.3) | nm |
| Interest | (0.1) | (7.8) | nm | (8.4) | (8.0) | 4.8% |
| Taxation | (0.9) | 0.3 | nm | (1.2) | 0.3 | nm |
| FCF before dev. capex, acquisitions and financing | 6.4 | (0.7) | nm | 6.0 | (2.9) | nm |
| Development capex ⁽²⁾ | (0.5) | (1.5) | nm | (0.8) | (2.2) | nm |
| Acquisition ⁽³⁾ | (3.6) | (4.2) | 16.7% | (3.6) | (4.2) | (16.7%) |
| Proceeds from sale | 0.1 | 0.1 | 0.0% | 0.1 | 1.8 | nm |
| FCF before financing | 2.4 | (6.4) | nm | 1.8 | (7.5) | nm |
| Property and vehicle lease payments (IFRS16) | (1.1) | (1.4) | 27.3% | (2.2) | (2.3) | (4.5%) |
| Net cash flow used in financing activities | 0.0 | 5.0 | nm | 0.0 | 4.0 | nm |
| Movement in cash for the period | 1.3 | (2.7) | nm | (0.4) | (5.8) | nm |
| Opening cash and cash equivalents | 39.0 | 21.0 | (46.2%) | 40.7 | 24.1 | 40.8% |
| Closing cash and cash equivalents | 40.3 | 18.3 | (54.6%) | 40.3 | 18.3 | (54.6%) |
| Undrawn RCF as at 30 April 2022 | 45.0 | 45.0 | 0.0% | 45.0 | 45.0 | (0.0%) |
| Total liquidity | 85.3 | 63.3 | (25.8%) | 85.3 | 63.3 | (25.8%) |

(1) Excludes cash flows in relation to acquisition integration costs

(2) Net of disposal proceeds and includes development capital expenditure and capital expenditure with respect to supporting our head office function. Excludes cash flows in relation to acquisition capital expenditure

(3) Includes net overdraft acquired with subsidiaries where applicable

Maintenance Capex

- Q2 2023 maintenance capex increased by £0.1 million to £3.6 million from £3.5 million for Q2 2022.
- YTD 2023 maintenance capex increased by £0.8 million to £7.3 million from £6.5 million for YTD 2022. The increase is primarily due to increased activity in Q1 2023 and inflationary price increases.

IT Capex

- Q2 2023 IT capex increased by £0.2 million to £0.8 million from £0.6 million for Q2 2022.
- YTD 2023 IT capex increased by £0.1 million to £1.3 million from £1.2 million for YTD 2022.

Adjusted free cash flow

- Q2 2023 adjusted free cash flow reduced by £2.5 million, or 28.4% to £6.3 million from £8.8 million for Q2 2022.
- YTD 2023 adjusted free cash flow reduced by £4.5 million, or 28.3% to £11.4 million from £15.9 million for YTD 2022.



Non-underlying items

- Q2 2023 non-underlying items reduced by £0.8 million to £0.2 million from £1.0 million when compared with Q2 2022.
- YTD 2023 non-underlying items reduced by £0.6 million to £0.4 million from £1.0 million when compared with YTD 2022.

Working capital

- Q2 2023 working capital movement was an inflow of £0.6 million which compares to an outflow of £0.4 million for Q2 2022. Q2 2023 working capital increased by £1.0 million which is part of the short term timing differences unwinding.
- YTD 2023 working capital movement was an outflow of £6.3 million which compares to an inflow of £0.7 million for YTD 2022. YTD 2023 working capital reduced by £7.0 million due to a number of short term timing differences which are mainly expected to unwind in FY 2023. This is primarily due to the prolonged fee negotiation process compared to FY22.

Interest

- Q2 2023 interest payable increased by £7.7 million to £7.8 million from £0.1 million when compared to Q2 2022. This is due to a timing difference on interest payments in relation to the new Senior Secured Notes.
- YTD 2023 interest payable decreased by £0.4 million to £8.0 million from £8.4 million when compared to YTD 2022. This is due to a reduction due in interest payments in relation to the new Loan Notes.

Taxation

- For Q2 2023 we had receipts of £0.3 million in relation to corporation tax payments made on account (Q2 2022: £0.9 million payment).
- For YTD 2023 had receipts £0.3 million in relation to corporation tax payments made on account (YTD 2022: £1.2 million payment).

Free Cash Flow before Development Capex, Acquisitions and Financing

- Q2 2023 Free Cash Flow before Development Capex, Acquisitions and Financing reduced by £7.1 million to an outflow of £0.7 million from £6.4 million outflow in Q2 2022, primarily due to a reduction in EBITDA and interest payment timing differences.
- YTD 2023 Free Cash Flow before Development Capex, Acquisitions and Financing reduced by £8.9 million to an outflow of £2.9 million from £6.0 million outflow in YTD 2022, primarily due to a reduction in EBITDA and a working capital outflow which is a short term timing difference and expected to unwind.

Development Capex

Development Capex primarily comprises build costs and other professional expenses in connection with new builds, conversions of existing properties, and the purchase of motor vehicles. Maintenance capital expenditure (which is recorded separately) primarily comprises purchases of new replacement equipment and fixtures. Our future capital (development) expenditure amounts will be discretionary, and we may adjust in any period according to our strategy to continue to selectively expand capacity and evaluate opportunities that enhance our profitability.

- Q2 2023 development capital expenditure increased by £1.0 million to £1.5 million compared to £0.5 million in Q2 2022.
- YTD 2023 development capital expenditure increased by £1.4 million to £2.2 million compared to £0.8 million in YTD 2022.

Acquisition

- For Q2 2023 expenditure on Acquisitions increased by £0.6 million to £4.2 million compared to £3.6 million in Q2 2022.



- For YTD 2023 expenditure on Acquisitions increased by £0.6 million to £4.2 million compared to £3.6 million in YTD 2022.

Proceeds from sale

- For Q2 2023 there was £0.1 million cash inflow from proceeds from sale of surplus property (Q2 2022: £0.1 million)
- For YTD 2023 there was £1.8 million cash inflow from proceeds from sale of surplus property (YTD 2022: £0.1 million)

Property and vehicle lease payments

- During Q2 2023 we made £1.4 million of total lease payments under IFRS16 which is £0.3 million more than Q2 2022.
- During YTD 2023 we made £2.3 million of total lease payments under IFRS16 which is £0.1 million more than YTD 2022.

Net cash flow used in financing activities

- Q2 2023 net cash flow used in financing activities was an inflow of £5.0 million compared to £nil for Q2 2022. This was due to a £5.0 million pound draw down on the RCF.
- YTD 2023 net cash flow used in financing activities was an inflow of £4.0 million compared to £nil for YTD 2022.

Movement in cash for the period

- Q2 2023 movement in cash for the period was a £2.7 million outflow, compared to £1.3 million inflow for Q2 2022.
- YTD 2023 movement in cash for the period was a £5.8 million outflow, compared to £0.4 million outflow for YTD 2022.



Balance Sheet

| £ million | Q2 2022 | Q2 2023 | Change | % Change |
|---|----------------|----------------|---------------|---------------------|
| Non current assets | 422.5 | 432.6 | 10.0 | 2.4% |
| Current assets | | | | |
| <i>Trade and other receivables</i> | 25.5 | 39.2 | 13.7 | (53.7%) |
| <i>Corporation tax receivable</i> | 0.3 | 1.2 | 0.9 | nm |
| <i>Cash and cash equivalents</i> | 40.3 | 18.3 | (22.0) | 54.6% |
| <i>Assets classified as held for sale</i> | 0.0 | 0.0 | 0.0 | nm |
| Total assets | 488.6 | 491.2 | 2.6 | (0.5%) |
| Non-current liabilities | | | | |
| <i>Loans and borrowings</i> | 261.2 | 256.7 | 4.5 | (1.7%) |
| <i>Tax liabilities</i> | 14.9 | 15.6 | (0.6) | 4.7% |
| <i>Employee benefits</i> | 0.3 | 0.2 | 0.1 | (33.3%) |
| <i>Provisions</i> | 1.1 | 1.0 | 0.1 | (9.1%) |
| Current liabilities | 69.3 | 70.6 | (1.3) | 1.9% |
| Equity | 141.7 | 147.1 | (5.4) | 3.8% |
| Total equity and liabilities | 488.6 | 491.2 | (2.6) | (0.5%) |



Debt and leverage

At 30 September 2022 and 30 September 2021, our cash balances were £15.9 million and £38.5 million, respectively.

Contractual obligations

The following table summarises our material contractual obligations at 30 September 2022, showing the total principal amount payable and excluding any future interest payments. Following the refinancing completed on 3rd February 2022, the Senior Secured Notes and the Second Lien Notes were replaced by the new £250m Senior Secure Notes, which are due 2027 therefore falling due after 2 years.

| £ million | 0-1 year | 1-2 years | 2 years or more | Total |
|-------------------------------------|------------|------------|-----------------|--------------|
| Senior Secured Notes ⁽¹⁾ | - | - | 250.0 | 250.0 |
| Revolving Credit Facility | 5.0 | - | - | 5.0 |
| Total | 5.0 | 0.0 | 250.0 | 255.0 |

(1) Represents the aggregate principal amount of the Senior Secured Notes as at 31 September 2022

Pro-forma net debt and leverage

Note that pro-forma net debt and leverage are calculated as defined in the Offering Memorandum for the new £250m 5 7/8% Senior Secure Notes due February 2027.

| £ million | As at and for the twelve months ended | |
|---|---------------------------------------|--------------|
| | Sep-21 | Sep-22 |
| Underlying Adjusted EBITDA | 47.5 | 45.1 |
| Estimated full year impact of recent acquisitions | 1.2 | 0.2 |
| Pro forma underlying adjusted EBITDA | 48.7 | 45.3 |
| Pro forma senior secured net debt: | | |
| Senior secured notes | 215.0 | 250.0 |
| Second lien notes | 35.0 | 0.0 |
| Revolving credit facility | 0.0 | 0.0 |
| Gross debt | 250.0 | 250.0 |
| Pro forma cash | (20.8) | (15.9) |
| Pro forma secured net debt | 229.2 | 234.1 |
| IFRS 16 lease liability | 17.5 | 16.3 |
| Pro forma net debt including IFRS 16 lease liability | 246.8 | 250.5 |
| Ratio of pro forma secured net debt to pro forma Underlying Adjusted EBITDA | 4.7x | 5.2x |
| Ratio of pro forma net debt to pro forma Underlying Adjusted EBITDA | 5.1x | 5.5x |



Property Analysis (Open services)

At 30 September 2022 the number of freehold properties held was 266, which was an increase of 7 compared to September 2021. The net book value of the freehold properties was £321.3 million.

We have increased our provision of Registered division places by 24 since September 2021 mainly due to the acquisition of 6 Freehold services as part of the Disabilities Trust acquisition.

We have increased our provision of Community division supported living places by 41 since 30 September 2021 whilst increasing the number of properties by 6.

In our Registered care division on 30 September 2022, freehold properties made up 88.9% of capacity whereas in Community based care, freehold properties made up 7.3% of capacity. This in line with our strategy to utilise 3rd party capital to invest in property and capacity to drive Community based care growth.

| 30 September 2022 | Registered | | Community | | Daycare | Total | | DCA ⁽⁴⁾ |
|--|--------------|--------------|------------|--------------|------------|--------------|--------------|--------------------|
| | # | Capacity | # | Capacity | # | # | Capacity | # |
| Freehold | 238 | 1,831 | 27 | 98 | 1 | 266 | 1,929 | 6 |
| Leasehold/Rental ⁽¹⁾ | 31 | 220 | 3 | 10 | 7 | 41 | 230 | 32 |
| 3rd Party Owned ⁽²⁾ | 3 | 9 | 300 | 1,228 | 0 | 303 | 1,237 | 3 |
| Totals | 272 | 2,060 | 330 | 1,336 | 8 | 610 | 3,396 | 41 |
| Freehold NBV (£m) ⁽³⁾ | 312.6 | | 6.8 | | 2.0 | 321.3 | | |

| 30 September 2021 | Registered | | Community | | Daycare | Total | | DCA ⁽⁴⁾ |
|---------------------------------|------------|--------------|------------|--------------|----------|------------|--------------|--------------------|
| | # | Capacity | # | Capacity | # | # | Capacity | # |
| Freehold | 232 | 1,812 | 26 | 97 | 1 | 259 | 1,909 | 6 |
| Leasehold/Rental ⁽¹⁾ | 31 | 224 | 3 | 10 | 7 | 41 | 234 | 33 |
| 3rd Party Owned ⁽²⁾ | 0 | 0 | 295 | 1,188 | 0 | 295 | 1,188 | 4 |
| Totals | 263 | 2,036 | 324 | 1,295 | 8 | 595 | 3,331 | 43 |

| Movement | Registered | | Community | | Daycare | Total | | DCA ⁽⁴⁾ |
|---------------------------------|------------|-----------|-----------|-----------|----------|-----------|-----------|--------------------|
| | # | Capacity | # | Capacity | # | # | Capacity | # |
| Freehold | 6 | 19 | 1 | 1 | 0 | 7 | 20 | 0 |
| Leasehold/Rental ⁽¹⁾ | 0 | (4) | 0 | 0 | 0 | 0 | (4) | (1) |
| 3rd Party Owned ⁽²⁾ | 3 | 9 | 5 | 40 | 0 | 8 | 49 | (1) |
| Totals | 9 | 24 | 6 | 41 | 0 | 15 | 65 | (2) |

- (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 NBV is not separately shown under DCA, as the Freehold 'DCA' offices often operate from Freehold 'Community' Properties. Freehold NBV excludes assets held for sale and leasehold, encumbered and third party properties.
- (4) Total Freehold capacity excludes Freehold DCAs as these offices operate from Freehold 'Community' Properties.



Glossary of Definitions

Non IFRS and other financial measures

- **“Underlying adjusted EBITDA”** means profit / (loss) for the period as adjusted for taxation, finance expense, amortisation of intangible assets, profit / (loss) on disposal of non-current assets, depreciation and impairment of property and the effects of certain items considered to be non-underlying;
- **“Adjusted EBITDA”** means Underlying adjusted EBITDA prior to adjustments for the effects of non-underlying items;
- **“Underlying adjusted EBITDA margin”** means Underlying adjusted EBITDA divided by revenue;
- **“Cash conversion”** means Underlying adjusted EBITDA less Maintenance CAPEX and IT CAPEX, divided by Underlying adjusted EBITDA;
- **“Adjusted free cash flow”** means Underlying adjusted EBITDA less Maintenance CAPEX and IT CAPEX;
- **“Total CAPEX”** means the sum of Development CAPEX, Maintenance CAPEX and IT CAPEX;
- **“Development CAPEX”** means build costs and other professional expenses in connection with new builds and conversions of existing properties, net of disposal proceeds, including development capital expenditure and capital expenditure with respect to supporting our head office function and excluding cash flows in relation to acquisition capital expenditure. Development CAPEX also includes costs in connection with the acquisition of property which we originally lease for our operations and where we later agree to acquire the property from the lessor as well as the purchase of motor vehicles;
- **“Maintenance CAPEX”** means service-related routine capital expenditure and non service-related capital expenditure with respect to supporting our head office function and includes purchases of new replacement equipment and fixtures;
- **“IT CAPEX”** means service-related routine capital expenditure and non service-related capital expenditure with respect to software and hardware used for the operations of our Group.

Operating expenses used to track performance and liquidity

- **“Unit level staff costs”** comprise expenditure in relation to the Group’s employees who deliver direct care and support to the people we support.
- **“Unit level agency costs”** comprise expenditure in relation to third-party staffing agencies who deliver direct care and support to the people we support.
- **“Unit level direct overheads”** comprise supplementary expenditure required to deliver the care and support to the people we support (direct costs to run the Group’s services).
- **“Central overheads”** comprise expenditure in relation to the Group’s head office function who support the running of the business and therefore indirectly support the delivery of care and support.
- **“Depreciation and impairment of property, plant and equipment”** comprises the write off of property, plant and equipment to their residual value over their estimated useful life.
- **“Profit/(loss) on disposal of non-current assets”** comprise the difference between the net disposal proceeds received and the net book value of non-current assets at the time of disposal.



- **“Amortisation of intangible assets”** comprises the write off of intangible assets to their residual value over their estimated useful life.

Pro forma financial measures

- **“Pro Forma Underlying Adjusted EBITDA”** means Underlying Adjusted EBITDA, as adjusted to give effect to the full year impact of the Underlying Adjusted EBITDA contribution of (a) our recent acquisitions, (b) the implementation of a new procurement system and (c) cost optimisations with respect to DCAs, in each case as if they had occurred or been fully implemented on 1 October 2020.
- **“Pro Forma Cash”** means total cash and cash equivalents as at 30 September 2021, as adjusted to give effect to the Transactions and cash used in connection with the Acquisition. See “Use of proceeds” and “Capitalisation”.
- **“Pro Forma Net Debt”** means loans and borrowings (including lease liabilities), as adjusted to give effect to the Transactions, less Pro Forma Cash.

Other operating data

- **“Registered capacity”** – our results of operations are impacted by the number of beds at certain locations as bed capacity determines the maximum number of people that can be cared for in our Registered Care Division. Registered capacity is the average number of available beds for the relevant period unless otherwise stated.
- **“Occupancy”** – occupancy represents the average number of individuals that we provide care to in our Registered Care Division for the relevant period unless otherwise stated.
- **“Occupancy rate”** – occupancy rate represents the percentage of the registered capacity occupied in our Registered Care Division at the end of the relevant period unless otherwise stated.
- **“Supported people”** – our results of operations are impacted by the number of people supported in our Community Based Care Division. The number of people supported in our Community Based Care Division is presented as the average placements for the relevant period unless otherwise stated.
- **“Direct care hours”** – direct care hours presented represent the weekly direct care hours delivered in our Community Based Care Division, including supported living, Children’s Complex Care, day care and outreach placements, at the end of the relevant period unless otherwise stated.
- **“Fee rates”** – fee rates depend on the service that is being provided and the funder that is paying for the care package and is dependent on the nature of the pricing agreement in place.
- **“Average weekly fees”** – fee rates for our Registered Care Division refer to the average weekly fees in a given period.
- **“Average hourly rates”** – fee rates for our Community Based Care Division refer to average hourly rates per direct hour charged to a funder in a given period.



Voyage BidCo Limited

Condensed Consolidated Financial Statements (unaudited)

For the 3 and 6 month period ended 30 September 2022

Registered Number: 05752534

Voyage BidCo Limited
Condensed Consolidated Financial Statements (unaudited) continued
For the 3 and 6 month period ended 30 September 2022



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Voyage BidCo Limited
Condensed Consolidated Statement of Profit and Loss (unaudited)
For the 3 month period ended 30 September 2022



| | Notes | 3 months ended 30 September 2022 | | | 3 months ended 30 September 2021 | | |
|--|-------|-------------------------------------|---|---------------|-------------------------------------|---|---------------|
| | | Underlying £000 | Non- underlying items (2) £000 | Total £000 | Underlying £000 | Non- underlying items (2) £000 | Total £000 |
| Revenue | | 78,736 | - | 78,736 | 72,961 | - | 72,961 |
| Operating expenses | 5 | (72,589) | (158) | (72,747) | (64,318) | (1,014) | (65,332) |
| Adjusted EBITDA (1) | | 10,652 | (158) | 10,494 | 12,896 | (1,014) | 11,882 |
| Depreciation and impairment of property, plant and equipment | | (4,125) | - | (4,125) | (3,625) | - | (3,625) |
| Profit on disposal of assets | | 92 | - | 92 | 5 | - | 5 |
| Amortisation of intangible assets | | (472) | - | (472) | (633) | - | (633) |
| Operating profit | | 6,147 | (158) | 5,989 | 8,643 | (1,014) | 7,629 |
| Finance income | 6 | 40 | - | 40 | 18 | - | 18 |
| Finance expense | 7 | (4,344) | - | (4,344) | (4,791) | - | (4,791) |
| Profit before taxation | | 1,843 | (158) | 1,685 | 3,870 | (1,014) | 2,856 |
| Taxation | 8 | 520 | 30 | 550 | (767) | 191 | (576) |
| Profit for the period from continuing operations | | 2,363 | (128) | 2,235 | 3,103 | (823) | 2,280 |
| Profit attributable to equity holders of the parent | | 2,363 | (128) | 2,235 | 3,103 | (823) | 2,280 |

(1) Adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation, impairments and profit / (loss) on disposal of assets.

(2) Further breakdown of non-underlying items analysed in note 4.



| | Notes | 6 months ended 30 September 2022 | | | 6 months ended 30 September 2021 | | |
|--|-------|-------------------------------------|---|---------------|-------------------------------------|---|---------------|
| | | Underlying £000 | Non- underlying items (2) £000 | Total £000 | Underlying £000 | Non- underlying items (2) £000 | Total £000 |
| Continuing operations | | | | | | | |
| Revenue | | 155,259 | - | 155,259 | 144,816 | - | 144,816 |
| Operating expenses | 5 | (143,517) | (364) | (143,881) | (129,533) | (1,009) | (130,542) |
| Adjusted EBITDA (1) | | 20,005 | (364) | 19,641 | 23,607 | (1,009) | 22,598 |
| Depreciation and impairment of property, plant and equipment | | (8,016) | - | (8,016) | (7,122) | - | (7,122) |
| Profit on disposal of assets | | 864 | - | 864 | 125 | - | 125 |
| Amortisation of intangible assets | | (1,111) | - | (1,111) | (1,327) | - | (1,327) |
| Operating profit | | 11,742 | (364) | 11,378 | 15,283 | (1,009) | 14,274 |
| Finance income | 6 | 70 | - | 70 | 36 | - | 36 |
| Finance expense | 7 | (8,674) | - | (8,674) | (9,596) | - | (9,596) |
| Profit before taxation | | 3,138 | (364) | 2,774 | 5,723 | (1,009) | 4,714 |
| Taxation | 8 | (475) | 69 | (406) | (4,617) | 191 | (4,426) |
| Profit for the period from continuing operations | | 2,663 | (295) | 2,368 | 1,106 | (818) | 288 |
| Profit attributable to equity holders of the parent | | 2,663 | (295) | 2,368 | 1,106 | (818) | 288 |

(1) Adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation, impairments and profit / (loss) on disposal of assets.

(2) Further breakdown of non-underlying items analysed in note 4.

Voyage BidCo Limited
 Condensed Consolidated Statement of Other Comprehensive Income (unaudited)
 For the 3 and 6 month period ended 30 September 2022



| | 3 months ended 30 September 2022 £000 | 3 months ended 30 September 2021 £000 |
|---|--|--|
| Profit for the period | 2,235 | 2,280 |
| <i>Items that will not be reclassified to profit and loss</i> | | |
| Remeasurements of the defined benefit liability | - | - |
| Total comprehensive income attributable to equity holders of the parent for the financial period | 2,235 | 2,280 |
| | | |
| | 6 months ended 30 September 2022 £000 | 6 months ended 30 September 2021 £000 |
| Profit for the period | 2,368 | 288 |
| <i>Items that will not be reclassified to profit and loss</i> | | |
| Remeasurements of the defined benefit liability | - | - |
| Total comprehensive income attributable to equity holders of the parent for the financial period | 2,368 | 288 |

Voyage BidCo Limited
Condensed Consolidated Statement of Financial Position
At 30 September 2022



| | Notes | <i>Unaudited</i> | | <i>Unaudited</i> | | <i>Audited</i> | |
|--------------------------------|-------|-----------------------|-----------------------|-------------------|-----------------------|----------------|------|
| | | 30 September 2022 | 30 September 2021 | 30 September 2021 | 31 March 2022 | 31 March 2022 | |
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| <i>Non-current assets</i> | | | | | | | |
| Goodwill | 9 | 50,150 | 50,581 | | 48,745 | | |
| Intangible assets | 10 | 4,094 | 4,552 | | 5,014 | | |
| Property, plant and equipment | 11 | 378,325 | 367,397 | | 373,300 | | |
| | | <u>432,569</u> | <u>422,530</u> | | <u>427,059</u> | | |
| <i>Current assets</i> | | | | | | | |
| Trade and other receivables | | 39,224 | 25,508 | | 31,160 | | |
| Corporation tax receivable | | 1,150 | 269 | | 2,555 | | |
| Cash and cash equivalents | | 18,281 | 40,300 | | 24,085 | | |
| | | <u>58,655</u> | <u>66,077</u> | | <u>57,800</u> | | |
| | | <u>58,655</u> | <u>66,077</u> | | <u>57,800</u> | | |
| Total assets | | <u>491,224</u> | <u>488,607</u> | | <u>484,859</u> | | |
| <i>Current liabilities</i> | | | | | | | |
| Loans and borrowings | 12 | 8,556 | 3,439 | | 3,841 | | |
| Trade and other payables | | 39,674 | 36,601 | | 37,601 | | |
| Accruals and deferred income | | 21,742 | 28,873 | | 23,412 | | |
| Provisions | 13 | 625 | 422 | | 625 | | |
| | | <u>70,597</u> | <u>69,335</u> | | <u>65,479</u> | | |
| | | <u>70,597</u> | <u>69,335</u> | | <u>65,479</u> | | |
| <i>Non-current liabilities</i> | | | | | | | |
| Loans and borrowings | 12 | 256,713 | 261,190 | | 257,121 | | |
| Tax liabilities | | 15,568 | 14,921 | | 16,232 | | |
| Provisions | 13 | 1,021 | 1,101 | | 1,021 | | |
| Employee benefits | | 228 | 314 | | 277 | | |
| | | <u>273,530</u> | <u>277,526</u> | | <u>274,651</u> | | |
| | | <u>273,530</u> | <u>277,526</u> | | <u>274,651</u> | | |
| Total liabilities | | <u>344,127</u> | <u>346,861</u> | | <u>340,130</u> | | |
| | | <u>344,127</u> | <u>346,861</u> | | <u>340,130</u> | | |
| Net assets | | <u>147,097</u> | <u>141,746</u> | | <u>144,729</u> | | |
| | | <u>147,097</u> | <u>141,746</u> | | <u>144,729</u> | | |

Voyage BidCo Limited
Condensed Consolidated Statement of Financial Position - continued
At 30 September 2022



| Notes | <i>Unaudited</i> | | <i>Unaudited</i> | | <i>Audited</i> | |
|--|-------------------|-------------------|-------------------|-------------------|----------------|----------------|
| | 30 September 2022 | 30 September 2021 | 30 September 2021 | 30 September 2021 | 31 March 2022 | 31 March 2022 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Equity | | | | | | |
| <i>Capital and reserves</i> | | | | | | |
| Issued share capital | - | - | - | - | - | - |
| Share premium | 252,872 | 252,872 | 252,872 | 252,872 | 252,872 | 252,872 |
| Retained earnings | (105,775) | (111,126) | (111,126) | (111,126) | (108,143) | (108,143) |
| Total equity attributable to equity holders of the parent | | 147,097 | | 141,746 | | 144,729 |

Company registered no. 05752534

Voyage BidCo Limited
 Condensed Consolidated Statement of Changes in Equity (unaudited)
 For the 3 month period ended 30 September 2022



| Group | Issued share capital £000 | Share premium £000 | Retained earnings £000 | Total parent equity £000 |
|--|---------------------------------|--------------------------|------------------------------|--------------------------------|
| At 1 July 2022 | - | 252,872 | (108,010) | 144,862 |
| <i>Total comprehensive income for the period</i> | | | | |
| Profit for the period | - | - | 2,235 | 2,235 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | - | 2,235 | 2,235 |
| At 30 September 2022 | - | 252,872 | (105,775) | 147,097 |

For the 3 month period ended 30 September 2021

| Group | Issued share capital £000 | Share premium £000 | Retained earnings £000 | Total parent equity £000 |
|--|---------------------------------|--------------------------|------------------------------|--------------------------------|
| At 1 July 2021 | - | 252,872 | (113,406) | 139,466 |
| <i>Total comprehensive income for the period</i> | | | | |
| Profit for the period | - | - | 2,280 | 2,280 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | - | 2,280 | 2,280 |
| At 30 September 2021 | - | 252,872 | (111,126) | 141,746 |

Voyage BidCo Limited

Condensed Consolidated Statement of Changes in Equity (unaudited) - continued
For the 6 month period ended 30 September 2022



| Group | Issued share capital £000 | Share premium £000 | Retained earnings £000 | Total parent equity £000 |
|--|---------------------------------|--------------------------|------------------------------|--------------------------------|
| At 1 April 2022 | - | 252,872 | (108,143) | 144,729 |
| <i>Total comprehensive income for the period</i> | | | | |
| Profit for the period | - | - | 2,368 | 2,368 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | - | 2,368 | 2,368 |
| At 30 September 2022 | - | 252,872 | (105,775) | 147,097 |

For the 6 month period ended 30 September 2021

| Group | Issued share capital £000 | Share premium £000 | Retained earnings £000 | Total parent equity £000 |
|--|---------------------------------|--------------------------|------------------------------|--------------------------------|
| At 1 April 2021 | - | 252,872 | (111,414) | 141,458 |
| <i>Total comprehensive income for the period</i> | | | | |
| Profit for the period | - | - | 288 | 288 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | - | 288 | 288 |
| At 30 September 2021 | - | 252,872 | (111,126) | 141,746 |

Voyage BidCo Limited

Condensed Consolidated Statement of Cash Flow (unaudited)

For the 3 and 6 month period ended 30 September 2022



| | 3 months ended 30 September 2022 £000 | 3 months ended 30 September 2021 £000 | 6 months ended 30 September 2022 £000 | 6 months ended 30 September 2021 £000 |
|---|---|---|---|---|
| Cash flows from operating activities | | | | |
| Profit for the period | 2,235 | 2,280 | 2,368 | 288 |
| Adjustments for: | | | | |
| Depreciation and impairment of property, plant and equipment | 4,125 | 3,625 | 8,016 | 7,122 |
| Profit on disposal of non-current assets | (92) | (5) | (864) | (125) |
| Amortisation of intangible assets | 472 | 633 | 1,111 | 1,327 |
| Finance income | (40) | (18) | (70) | (36) |
| Finance expense | 4,344 | 4,791 | 8,674 | 9,596 |
| Taxation | (550) | 576 | 406 | 4,426 |
| Movements in working capital: | | | | |
| Increase in trade and other receivables | (283) | (3) | (8,066) | (2,254) |
| Increase / (decrease) in trade and other payables | 1,211 | (545) | 2,073 | 1,376 |
| (Decrease) / increase in accruals and deferred income | (256) | 51 | (212) | 1,519 |
| (Decrease) / increase in provisions, employee benefits and other financial liabilities | (24) | 88 | (49) | 59 |
| <i>Cash generated from operating activities</i> | 11,142 | 11,473 | 13,387 | 23,298 |
| Interest paid | (7,884) | (134) | (8,042) | (8,399) |
| Tax received / (paid) | 336 | (883) | 336 | (1,197) |
| Net cash generated from operating activities | 3,594 | 10,456 | 5,681 | 13,702 |

Voyage BidCo Limited

Condensed Consolidated Statement of Cash Flow (unaudited) - continued
For the 3 and 6 month period ended 30 September 2022



| | 3 months ended 30 September 2022 £000 | 3 months ended 30 September 2021 £000 | 6 months ended 30 September 2022 £000 | 6 months ended 30 September 2021 £000 |
|---|---|---|---|---|
| Cash flows from investing activities | | | | |
| Interest received | 40 | 9 | 70 | 13 |
| Payments to acquire property, plant and equipment | (5,742) | (4,461) | (10,647) | (8,332) |
| Payments to acquire intangible assets | (171) | (131) | (191) | (165) |
| Proceeds from sales of property, plant and equipment | 105 | 82 | 1,791 | 128 |
| Net cash outflow on acquisition of subsidiaries | (4,182) | (3,563) | (4,182) | (3,563) |
| Net cash used in from investing activities | (9,950) | (8,064) | (13,159) | (11,919) |
| Cash flows from financing activities | | | | |
| Proceeds from loans and borrowings | 5,000 | - | 5,000 | - |
| Payment of transaction costs | - | - | (1,015) | - |
| Property and vehicle lease payments | (1,374) | (1,088) | (2,311) | (2,229) |
| Net cash generated / (used in) financing activities | 3,626 | (1,088) | 1,674 | (2,229) |
| Net (decrease) / increase in cash and cash equivalents in the period | (2,730) | 1,304 | (5,804) | (446) |
| Cash and cash equivalents at the beginning of the period | 21,011 | 38,996 | 24,085 | 40,746 |
| Cash and cash equivalents at the end of the period | 18,281 | 40,300 | 18,281 | 40,300 |



1 Reporting entity

Voyage BidCo Limited (the Company) is a company incorporated in England and Wales. The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The principal activity of the Group is the provision of high quality care and support services for people with learning disabilities, brain injuries and other complex needs.

2 Accounting policies

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the financial information required for full annual financial statements. The Group has prepared the condensed consolidated financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs") applicable for the 3 and 6 month period ended 30 September 2022, together with comparative period data for the 3 and 6 month period ended 30 September 2021.

The financial information contained herein is unaudited and does not constitute statutory accounts as defined by Section 435 of the Companies Act 2006.

The condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments which are stated at fair value through the Statement of Profit and Loss. Non-current assets held for sale are stated at the lower of previous carrying value and fair value.

In preparing these condensed consolidated financial statements, management have made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses. Estimates and underlying assumptions are reviewed on an on-going basis and any revisions to these estimates are recognised in the period in which the estimates are revised and in any future period affected.

The accounting policies applied in these condensed consolidated financial statements is consistent with the statutory accounts for the Company and the Group for the year ended 31 March 2022. In addition, the risks and risk management techniques identified in the statutory accounts for the Company and the Group for the year ended 31 March 2022 should be referred to in connection with these condensed consolidated financial statements as they remain applicable.



2 Accounting policies - continued

Adopted IFRS not yet applied

The following pronouncements, issued by the IASB, have not yet been endorsed by the UK, are not yet effective and have not yet been adopted by the Group:

- IFRS 17 Insurance Contracts (effective date 1 January 2023);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date to be confirmed);
- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract (effective date to be confirmed);
- Amendments to References to the Conceptual Framework in IFRS 3 (effective date to be confirmed);
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use (effective date to be confirmed);
- Annual Improvements to IFRS Standards 2018-2020 (effective date to be confirmed);
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates (effective date 1 January 2023);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements (effective date 1 January 2023); and
- Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective date 1 January 2023).

The above standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

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 Group has £250 million of 5.875% Senior Secured Notes due 2027. Additionally, the Group has a £50 million Revolving Credit Facility, due 2026. At the period end, the existing Revolving Credit Facility was £5m drawn down.

The Directors have prepared cash flow forecasts in order to assess going concern for a period of at least 12 months from the date of approval of these financial statements, which take into account detailed 'reasonable worst case' and 'worst case' cash flow forecasts which reflect severe but plausible downsides. This indicates that the Group will have sufficient funds to meet its liabilities as they fall due for that period. In preparing these forecasts, the Directors have completed extensive scenario planning, including consideration of a reduction in fee inflation, the impact of increased levels of cost inflation throughout the going concern period, the potential impact of the principal risks and compliance with the debt covenant associated with the Revolving Credit Facility.



2 Accounting policies - continued

Going concern - continued

Taking the above into consideration and the principal risks of the Group, the Directors believe that there are no material uncertainties to the Group's ability to operate as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business for the period covered by the cash flow forecasts. It is, therefore, appropriate to prepare the financial statements on a going concern basis.

3 Operating segments

Information reported to senior management for the purposes of resource allocation and assessment of performance of each segment focuses on the type of care services provided by the Group. The Group operates solely within the UK therefore no geographical segment reporting has been disclosed. The primary business segments stated below are based on the Group's management and internal reporting structure.

- Registered: supporting individuals in our specially adapted homes; and
- Community Based Care: supporting individuals in their own home promoting independence.

The reported segmental information represents income and expenditure generated from external customers and external suppliers only. There were no inter-segment transactions reported during the current period (2021: £Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profits represents adjusted EBITDA earned by each segment without allocation of non-underlying items as well as finance costs which is in conjunction with the information reported to senior management.



3 Operating segments - continued

| For the 3 month period ended 30 September 2022 | <i>Segment results</i> | | |
|--|------------------------|-------------------------|---------------|
| | Registered | Community Based Care | Group |
| | £000 | £000 | £000 |
| Revenue | 51,556 | 27,180 | 78,736 |
| Adjusted EBITDA (before non-underlying items) | 8,743 | 1,909 | 10,652 |
| Non-underlying items | | | (158) |
| Adjusted EBITDA (after non-underlying items) | | | 10,494 |
| Depreciation of property, plant and equipment | | | (4,125) |
| Profit on disposal of assets | | | 92 |
| Amortisation of intangible assets | | | (472) |
| Net finance expense | | | (4,304) |
| Taxation | | | 550 |
| Profit for the period | | | 2,235 |

| For the 3 month period ended 30 September 2021 | <i>Segment results</i> | | |
|--|------------------------|-------------------------|---------------|
| | Registered | Community Based Care | Group |
| | £000 | £000 | £000 |
| Revenue | 45,965 | 26,996 | 72,961 |
| Adjusted EBITDA (before non-underlying items) | 9,661 | 3,235 | 12,896 |
| Non-underlying items | | | (1,014) |
| Adjusted EBITDA (after non-underlying items) | | | 11,882 |
| Depreciation of property, plant and equipment | | | (3,625) |
| Profit on disposal of assets | | | 5 |
| Amortisation of intangible assets | | | (633) |
| Net finance expense | | | (4,773) |
| Taxation | | | (576) |
| Profit for the period | | | 2,280 |



3 Operating segments - continued

| | <i>Segment results</i> | | |
|---|------------------------|-------------------------|---------------|
| | Registered | Community Based Care | Group |
| | £000 | £000 | £000 |
| For the 6 month period ended 30 September 2022 | | | |
| Revenue | 101,489 | 53,770 | 155,259 |
| Adjusted EBITDA (before non-underlying items) | 16,265 | 3,740 | 20,005 |
| Non-underlying items | | | (364) |
| Adjusted EBITDA (after non-underlying items) | | | 19,641 |
| Depreciation of property, plant and equipment | | | (8,016) |
| Profit on disposal of assets | | | 864 |
| Amortisation of intangible assets | | | (1,111) |
| Net finance expense | | | (8,604) |
| Taxation | | | (406) |
| Profit for the period | | | 2,368 |

| | <i>Segment results</i> | | |
|---|------------------------|-------------------------|---------------|
| | Registered | Community Based Care | Group |
| | £000 | £000 | £000 |
| For the 6 month period ended 30 September 2021 | | | |
| Revenue | 91,111 | 53,705 | 144,816 |
| Adjusted EBITDA (before non-underlying items) | 17,759 | 5,848 | 23,607 |
| Non-underlying items | | | (1,009) |
| Adjusted EBITDA (after non-underlying items) | | | 22,598 |
| Depreciation of property, plant and equipment | | | (7,122) |
| Profit on disposal of assets | | | 125 |
| Amortisation of intangible assets | | | (1,327) |
| Net finance expense | | | (9,560) |
| Taxation | | | (4,426) |
| Profit for the period | | | 288 |



4 Non-underlying items

The Group separately identifies and discloses certain items, referred to as non-underlying items, by virtue of size, nature and occurrence. This is consistent with the way that financial performance is measured by senior management and assists in providing a meaningful analysis of operating results by excluding items that may not be part of the ordinary activity of the business.

The following table details the non-underlying items that have been incurred in the period:

| | | 3 months ended 30 September 2022 £000 | 3 months ended 30 September 2021 £000 | 6 months ended 30 September 2022 £000 | 6 months ended 30 September 2021 £000 |
|---------------------------------|-------------|---|---|---|---|
| <i>Non-underlying items:</i> | Note | | | | |
| Day Care income | a | - | - | - | (77) |
| Consultancy fees | b | 9 | 634 | 241 | 644 |
| COVID-19 related expenditure | c | - | 1,308 | 45 | 2,166 |
| COVID-19 related reimbursements | d | (19) | (1,008) | (302) | (1,844) |
| Project costs | e | 46 | 43 | 98 | 83 |
| Acquisition costs | f | 9 | 37 | 9 | 37 |
| Restructuring costs | g | 113 | - | 273 | - |
| Taxation | h | (30) | (191) | (69) | (191) |
| | | 128 | 823 | 295 | 818 |

The key elements of the expenditure for both periods are set out below:

(a) *Day Care income*

For the 3 and 6 month period ended 30 September 2022, the Group was in receipt of funds in relation to backdated VAT on its Day Care business of £Nil (3 and 6 month period ended 30 September 2021: £Nil and £77k, respectively).

(b) *Consultancy fees*

For the 3 and 6 month period ended 30 September 2022, the Group incurred costs in relation to professional advice and consultancy services of £9k and £241k, respectively (3 and 6 month period ended 30 September 2021: £634k and £644k, respectively).

(c) *COVID-19 related expenditure*

The impact of the global pandemic caused by the Covid-19 outbreak continued to increase the Group's costs during the 3 and 6 month period ended 30 September 2022 and as a result additional expenditure of £Nil and £45k, respectively, was incurred (3 and 6 month period to 30 September 2021: £1,308k and £2,166k, respectively).



4 Non-underlying items - continued

(d) *COVID-19 related reimbursements*

During the 3 and 6 month period ended 30 September 2022, the UK Government continued to provide funding to Local Authorities to pass to social care providers to cover certain expenditure in relation to dealing with the impact of the global pandemic caused by the outbreak of Covid-19. As a result, the Group received Government funding of £19k and £302k, respectively, for the reimbursement of costs in relation to the global pandemic (3 and 6 month period ended 30 September 2021: £1,008k and £1,844k, respectively).

(e) *Project costs*

The Group is undertaking a programme to improve the quality, accuracy and support for its customers by investing in its head office and operational function including the implementation of an operational ERP system, as a result fees for the 3 and 6 month period ended 30 September 2022 of £46k and £98k, respectively, were incurred (3 and 6 month period ended 30 September 2021: £43k and £83k, respectively).

(f) *Acquisition costs*

For the 3 and 6 month period ended 30 September 2022, the Group incurred costs in relation to a business combination of £7k (see note 15) and aborted acquisition costs of £2k (3 and 6 month period ended 30 September 2021: £37k).

(g) *Restructuring costs*

For the 3 and 6 month period ended 30 September 2022, the Group incurred remuneration costs of £113k and £273k, respectively, in relation to restructuring its workforce (3 and 6 month period ended 30 September 2021: £Nil).

(h) *Taxation*

For the 3 and 6 month period ended 30 September 2022, a taxation credit of £30k and £69k respectively, arose as a result of certain non-underlying items stated in the non-underlying table (3 and 6 month period ended 30 September 2021: £191k).



| 5 Operating profit before taxation | 3 months ended 30 September 2022 £000 | 3 months ended 30 September 2021 £000 | 6 months ended 30 September 2022 £000 | 6 months ended 30 September 2021 £000 |
|--|---|---|---|---|
| Operating profit before taxation is stated after charging / (crediting): | | | | |
| <i>Continuing operations</i> | | | | |
| Direct expenses and consumables | 1,965 | 1,849 | 3,981 | 3,698 |
| Staff costs: | | | | |
| Wages and salaries | 49,512 | 46,139 | 98,820 | 94,158 |
| Social security costs | 4,118 | 3,477 | 8,037 | 6,776 |
| Other pension costs | 978 | 929 | 1,961 | 1,835 |
| Operating lease rentals: | | | | |
| Other lease rentals | 94 | 98 | 212 | 200 |
| Plant and machinery | 59 | 72 | 141 | 153 |
| Depreciation | 4,125 | 3,625 | 8,016 | 7,122 |
| Profit on disposal of assets | (92) | (5) | (864) | (125) |
| Amortisation of intangible assets | 472 | 633 | 1,111 | 1,327 |
| Other external charges | 11,589 | 8,592 | 22,539 | 15,475 |
| Receipts in respect of VAT on the Group's day care activities | - | (77) | - | (77) |
| | 72,820 | 65,332 | 143,954 | 130,542 |



6 Finance income

| | 3 months ended 30 September 2022 £000 | 3 months ended 30 September 2021 £000 | 6 months ended 30 September 2022 £000 | 6 months ended 30 September 2021 £000 |
|-------------------------------------|---|---|---|---|
| <i>Continuing operations</i> | | | | |
| Bank interest receivable | 40 | 18 | 70 | 36 |

7 Finance expense

| | 3 months ended 30 September 2022 £000 | 3 months ended 30 September 2021 £000 | 6 months ended 30 September 2022 £000 | 6 months ended 30 September 2021 £000 |
|--|---|---|---|---|
| <i>Continuing operations</i> | | | | |
| Bank interest including RCF non-utilisation fees | 171 | 140 | 325 | 279 |
| Loan notes interest | 3,973 | 4,446 | 7,939 | 8,892 |
| Unwinding of lease liabilities | 165 | 165 | 318 | 332 |
| Other finance costs | 35 | 40 | 92 | 93 |
| | <u>4,344</u> | <u>4,791</u> | <u>8,674</u> | <u>9,596</u> |

Loan notes interest comprises loan notes interest of £3,672k and £7,344k for the 3 and 6 month period ended 30 September 2022, respectively (£4,033k and £8,066k for the 3 and 6 month period ended 30 September 2021, respectively) and amortisation of issue costs and original issue discount of £301k and £595k for the 3 and 6 month period ended 30 September 2022, respectively (£413k and £826k for the 3 and 6 month period ended 30 September 2021, respectively).

8 Taxation

The Group's underlying consolidated effective tax rate in respect of continuing operations for the 3 and 6 month period ended 30 September 2022 is (28.2)% and 15.1%, respectively (3 and 6 month period ended 30 September 2021: 19.8% and 80.7%, respectively).

The Group's consolidated total effective tax rate in respect of continuing operations for the 3 and 6 month period ended 30 September 2022 is (32.6)% and 14.6%, respectively (3 and 6 month period ended 30 September 2021: 20.2% and 93.9%, respectively).

The taxation is recognised based on management's best estimate of the weighted-average annual tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.



9 Goodwill

| | 30 September 2022 £000 | 30 September 2021 £000 | 31 March 2022 £000 |
|--------------------------------------|------------------------------|------------------------------|--------------------------|
| Cost | | | |
| Opening cost | 57,301 | 56,688 | 56,688 |
| Acquisitions (1) | 1,405 | 2,449 | 613 |
| Closing cost | <u>58,706</u> | <u>59,137</u> | <u>57,301</u> |
| Accumulated impairment charge | | | |
| Opening and closing impairment | <u>8,556</u> | <u>8,556</u> | <u>8,556</u> |
| Net book value | | | |
| Closing net book value | <u>50,150</u> | <u>50,581</u> | <u>48,745</u> |
| Opening net book value | <u>48,745</u> | <u>48,132</u> | <u>48,132</u> |

(1) The acquisition accounting for the acquisition completed on 6 September 2022 is yet to be finalised and therefore the figures stated above are provisional and subject to any amendments (see note 15).

10 Intangible assets

| | 30 September 2022 £000 | 30 September 2021 £000 | 31 March 2022 £000 |
|----------------------------|------------------------------|------------------------------|--------------------------|
| Cost | | | |
| Opening cost | 18,830 | 17,023 | 17,023 |
| Acquisitions | - | - | 965 |
| Additions | 192 | 165 | 915 |
| Disposals | (1) | (72) | (73) |
| Closing cost | <u>19,021</u> | <u>17,116</u> | <u>18,830</u> |
| Amortisation | | | |
| Opening amortisation | 13,816 | 11,309 | 11,309 |
| Provided during the period | 1,111 | 1,327 | 2,580 |
| On disposals | - | (72) | (73) |
| Closing amortisation | <u>14,927</u> | <u>12,564</u> | <u>13,816</u> |
| Net book value | | | |
| Closing net book value | <u>4,094</u> | <u>4,552</u> | <u>5,014</u> |
| Opening net book value | <u>5,014</u> | <u>5,714</u> | <u>5,714</u> |



11 Property, plant and equipment

| | 30 September 2022 £000 | 30 September 2021 £000 | 31 March 2022 £000 |
|----------------------------|---------------------------------------|---------------------------------------|-----------------------------------|
| Cost | | | |
| Opening cost | 525,185 | 501,856 | 501,856 |
| Acquisitions (see note 15) | 2,777 | 1,291 | 2,813 |
| Additions | 11,190 | 10,621 | 23,074 |
| Disposals | (1,982) | (834) | (2,558) |
| Closing cost | <u>537,170</u> | <u>512,934</u> | <u>525,185</u> |
| Depreciation | | | |
| Opening depreciation | 151,885 | 139,193 | 139,193 |
| Charge for the period | 8,016 | 7,122 | 14,730 |
| Disposals | (1,056) | (778) | (2,038) |
| Closing depreciation | <u>158,845</u> | <u>145,537</u> | <u>151,885</u> |
| Net book value | | | |
| Closing net book value | <u>378,325</u> | <u>367,397</u> | <u>373,300</u> |
| Opening net book value | <u>373,300</u> | <u>362,663</u> | <u>362,663</u> |

12 Loans and borrowings

| | 30 September 2022 £000 | 30 September 2021 £000 | 31 March 2022 £000 |
|-------------------|---------------------------------------|---------------------------------------|-----------------------------------|
| Bank loans | 5,000 | - | - |
| Loan notes | 243,952 | 247,115 | 243,356 |
| Lease liabilities | 16,317 | 17,514 | 17,606 |
| | <u>265,269</u> | <u>264,629</u> | <u>260,962</u> |

Loan notes include unamortised issue costs and original issue discount of £6,048k (30 September 2021: £2,885k and 31 March 2022: £6,644k) which after deducting from the loan note balance due of £250 million results in a net loan note liability of £243,952k (30 September 2021: £247,115k and 31 March 2022: £243,356k).



12 Loans and borrowings - continued

As at 30 September 2022 there was accrued interest of £1,878k (30 September 2021: £6,721k and 31 March 2022: £2,367k) included within accruals disclosed within current liabilities in the Statement of Financial Position but excluded from this note.

Total debt can be analysed as falling due:

| | 30 September 2022 £000 | 30 September 2021 £000 | 31 March 2022 £000 |
|----------------------------|------------------------------|------------------------------|--------------------------|
| In one year or less | 8,556 | 3,439 | 3,841 |
| Between one and five years | 252,404 | 254,709 | 252,486 |
| After five years | 4,309 | 6,481 | 4,635 |
| | <u>265,269</u> | <u>264,629</u> | <u>260,962</u> |

Loan notes

The Group issued £250 million Senior Secured Loan Notes due 2027. The Notes are listed on the Channel Island Stock Exchange. Accrued interest on the Loan Notes is cash settled bi-annually. In addition, the Group is party to a £50 million Revolving Credit Facility.

The interest rate and repayment terms of these loan notes are as follows:

| Debt instruments | Currency | Loan balance £000 | Interest rate | Repayment terms |
|---------------------------|----------|----------------------|---------------|--------------------|
| Senior Secured Loan Notes | GBP | 250,000 | 5.875% | Feb-27 |
| Revolving Credit Facility | | | | |
| Utilised | GBP | 5,000 | SONIA + 3.25% | Feb-27 |
| Non utilised | GBP | 45,000 | 1.1% | Feb-27 |

13 Provisions

The Group's dilapidation provision is determined by discounting expected cash outflows at a pre-tax rate that reflects current market assessments of the time value of money. The provisions recognised will unwind over the term of each lease.



14 Financial instruments

The fair values of all assets and liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

| | Carrying amount | | | Total | Fair value |
|---|-----------------------------|-----------------------|-----------------------------|---------|------------|
| | Financial Liabilities at FV | Loans and receivables | Other financial liabilities | | Total |
| | £000 | £000 | £000 | £000 | £000 |
| At 30 September 2022 | | | | | |
| <i>Financial assets not measured at fair value</i> | | | | | |
| Trade and other receivables | - | 38,322 | - | 38,322 | 38,322 |
| Cash and cash equivalents | - | 18,281 | - | 18,281 | 18,281 |
| | - | 56,603 | - | 56,603 | 56,603 |
| <i>Financial liabilities not measured at fair value</i> | | | | | |
| Senior Secured Loan Notes | - | - | 243,952 | 243,952 | 216,503 |
| Revolving Credit Facility | - | - | 5,000 | 5,000 | 5,000 |
| Trade and other payables | - | - | 39,674 | 39,674 | 39,674 |
| Lease liabilities | - | - | 16,317 | 16,317 | 16,317 |
| | - | - | 304,943 | 304,943 | 277,494 |
| At 30 September 2021 | | | | | |
| <i>Financial assets measured at fair value</i> | | | | | |
| Trade and other receivables | - | 21,890 | - | 21,890 | 21,890 |
| Cash and cash equivalents | - | 40,300 | - | 40,300 | 40,300 |
| | - | 62,190 | - | 62,190 | 62,190 |
| <i>Financial liabilities not measured at fair value</i> | | | | | |
| Senior Secured Loan Notes | - | - | 212,623 | 212,623 | 214,398 |
| Second Lien Loan Notes | - | - | 34,492 | 34,492 | 33,525 |
| Trade and other payables | - | - | 36,601 | 36,601 | 36,601 |
| Lease liabilities | - | - | 17,514 | 17,514 | 17,514 |
| | - | - | 301,230 | 301,230 | 302,038 |



14 Financial instruments - continued

| | Carrying amount | | | Total | Fair value |
|---|-----------------------------|-----------------------|-----------------------------|---------|------------|
| | Financial Liabilities at FV | Loans and receivables | Other financial liabilities | | Total |
| At 31 March 2022 | £000 | £000 | £000 | £000 | £000 |
| <i>Financial assets measured at fair value</i> | | | | | |
| Trade and other receivables | - | 28,323 | - | 28,323 | 28,323 |
| Cash and cash equivalents | - | 24,085 | - | 24,085 | 24,085 |
| | - | 52,408 | - | 52,408 | 52,408 |
| <i>Financial liabilities not measured at fair value</i> | | | | | |
| Senior Secured Loan Notes | - | - | 243,356 | 243,356 | 244,845 |
| Trade and other payables | - | - | 29,170 | 29,170 | 29,170 |
| Lease liabilities | - | - | 17,606 | 17,606 | 17,606 |
| | - | - | 290,132 | 290,132 | 291,621 |

15 Business combination

On 6 September 2022, the Group acquired the trade and assets of 9 Registered care homes and the trade of 7 Community care settings. The acquisition further increases the Group's presence in the market place across the United Kingdom.

The provisional fair value of the assets acquired and the resulting goodwill is set out below:

| | Book value | Fair value adjustment | Fair value |
|----------------------------------|------------|-----------------------|--------------|
| | £000 | £000 | £000 |
| Property, plant and equipment | 2,777 | - | 2,777 |
| Net assets | | | 2,777 |
| Goodwill | | | 1,405 |
| | | | 4,182 |
| Satisfied by: | | | |
| Cash | | | 4,182 |
| Total cost of acquisition | | | 4,182 |

The acquisition cost comprises of cash consideration of £4,182k. The Group incurred acquisition costs of £7k which have been expensed as a non-underlying item in the Statement of Profit and Loss.

The acquisition accounting for the acquisition is yet to be finalised and therefore the figures stated above are provisional and subject to amendments.



16 Contingent liability

Security granted on the Senior Secured Notes and the Revolving Credit Facility

The Company has guaranteed the amounts due under the Senior Secured Notes and the Revolving Credit Facility held in Voyage Care BondCo PLC. Security has been granted over all freehold and long leasehold property.

17 Controlling party

The Company's immediate parent undertaking is Voyage Care BidCo Limited which is registered in England and Wales. At the period end, the Directors consider the ultimate controlling party to be the Kuwait Investment Authority ("KIA"), which is registered at Ministries Complex, Al Murqab, P.O. Box: 64, Safat, Zip Code: 13001, Kuwait City, Kuwait.

The largest parent in which the results of the Company have been consolidated is that headed by Voyage Care HoldCo Limited. Copies of the Group financial statements are available from The Company Secretary, Voyage Care HoldCo Limited, Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP.