



INTERIM REPORT 2023

FOR 6 MONTHS ENDED

30 NOVEMBER 2022

IndigoCyan HoldCo 3 Limited

QA is a leading technology talent and training organisation.

QA helps learners to excel and businesses to grow. We are experts in emerging technologies, leadership and management, business methods and people skills. We believe that everything starts with our learners. Transforming their careers and their lives is what motivates and inspires us.

We power the success of tomorrow by training the next generation of technologists, leaders and innovators.

Our model is primarily business to business, with long-term revenue visibility resulting from repeating clients with high customer satisfaction, subscriptions and contracted future programme lengths.

OVERVIEW

A summary of IndigoCyan Holdco 3 Limited's (herein referred to as "QA" or the "Group") performance for the six months ended 30 November 2022 ("H1 2023") is set out in the following pages. The summary results have been prepared under International Financial Reporting Standards (IFRS). The Group's next full year accounts will be for the year ending 31 May 2023.

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BUSINESS REVIEW

QA is a leading technology talent and training organisation. We are technology and digital specialists – providing a comprehensive suite of talent and training services that support businesses and government organisations in tackling the global skills shortage. Our model is primarily business to business, with long term revenue visibility resulting from repeating clients with high customer satisfaction, subscriptions and contracted future programme lengths.

We have leading practices in Agile, Cyber Security, Data, Cloud and DevOps – as well as many other technology domains and vital soft skills. Partnering with the world's largest tech companies, our accreditations include being a Microsoft Gold Delivery Partner and we are currently AWS Training Provider of the Year, EMEA. Our deep-rooted vendor partnerships mean we are responsible for delivering a significant portion of the UK's cloud training.

QA's specialism is in the people side of technology transformation. Our training programmes help organisations to upskill or reskill existing employees while our funded learning programmes and skills bootcamps act as important vehicles for identifying, recruiting and developing in-demand diverse technology talent.

Our training combines the best of digital and in-person methods through virtual classrooms – where participants join live and interactive sessions online, video-based learning, and in our learning centres throughout the UK.

Cloud Academy, our subscription-based digital learning platform, provides clients with a global solution to developing skills across a range of essential cloud technologies. Covering Amazon Web Services, Microsoft Azure, Google Cloud, DevOps, and other cloud ecosystem services, new content and updates are added every month. After assessing client capabilities, the platform's machine learning algorithms create and assign personalised learning pathways to individuals and teams. Real-time analytics and reporting track learner progress, while more than 1,000 labs provide simulated opportunities to apply newly gained skills to ensure teams are ready to meet the real-world challenge of complex cloud environments.

Circus Street's subscription-based digital learning platform allows clients to help their global teams understand how technology is changing the relationship between businesses and their customers. Covering a range of disciplines such as customer experience, data & targeting and digital marketing strategy, Circus Street recognises that these business-critical areas are changing at an exceptional rate and

are vital in the battle to get ahead and stay ahead in an increasingly competitive marketplace. Circus Street partners with the commercial, marketing and training leads within organisations to design learning paths that meet their individual requirements, and uses high quality video content including custom animation, dynamic presenters and creative script writers to deliver exceptional levels of engagement.

In funded learning we work with employers throughout the UK to provide apprenticeship programmes that provide technical and business skills qualifications. We specialise in courses aligned to the core skillsets required by technology businesses and IT departments with programmes designed to help apprentices move up the career ladder by advancing their skills. Our funded learning programmes offer apprenticeship qualifications from Level 3 all the way up to masters-degree Level 7, supporting organisations looking to maximise their use of the Apprenticeship Levy. We work closely with our clients to understand their needs and requirements and identify the best combination of programmes for them. Based on our findings, we recruit apprentices to provide a pipeline of future talent or identify internal client staff who would benefit from upskilling in their roles. Our programmes are 'digital by design' meaning they use a unique combination of digital and virtual learning – introducing each element where it adds the most value for learners.

Our Higher Education business complements our corporate products and services. Working in partnership with Universities in the UK to recruit, market and deliver a range of programmes to international and domestic students from foundation level to undergraduate and postgraduate degrees. Our partner universities include London Metropolitan University, Middlesex University, Northumbria University, Solent University, Ulster University, the University of South Wales and the University of Roehampton. We offer more than 100-degree programmes in a range of subjects from Artificial Intelligence to Cyber to Business Management. We teach these programmes 7 days a week and currently have over 7,000 students studying with us across 8 different teaching locations (including partner sites).

H1 2023 HIGHLIGHTS

- Revenue growth of 17.9% to £171.9m (H1 2022: £145.8m)
- Adjusted EBITDA* ahead 23.6% to £35.7m (H1 2022: £28.9m) with gross margin improving to 60.4% (H1 2022: 54.6%)
- Underlying operating profit increased by 33.1% to £25.2m (H1 2022 (£18.9m))

- Continued investment in its digital products, content and platform with capital expenditure for the six-month period increasing to £9.7m (H1 2022: £8.1m)
- The Group's strong liquidity position funded a £30m debt buy-back. Cash of £34.5m at 30 November (H1 2022: £30.3m).

* Adjusted EBITDA is defined as the profit/(loss) for the period before the tax on profits/(losses) on ordinary activities, net interest payable and similar charges, amortisation, depreciation and non-recurring costs.

TRADING UPDATE

The Group's first half revenues grew by 17.9% to £171.9m (H1 2022: £145.8m).

We have seen strong revenue performance in Higher Education with student numbers up 20% increasing revenues by 29.7% to £58.1m. In Workforce Learning revenues were £120.8m, up 14.1%, with growth led by digital subscriptions with bookings ahead over 50% and net renewal rates in excess of 100%. In funded learning, learners on programme increased 35% to over 7,000. Over 90% of Workforce Learning revenues are delivered digitally.

The Group's gross margin has increased to 60.4% (H1 2022: 54.6%) benefiting from growth in higher margin digital subscriptions. Operating expenses were ahead 26.3% to £68.1m (H1 2022: £53.9m) with Group headcount of 2,800 (H1 2022: 2,300) on continued growth investments and higher technology spend to support the scale of operations.

Adjusted EBITDA increased 23.6% to £35.7m with margins of 20.8% (H1 2022: 19.8%). In the year to 30 November 2022, the Group's Adjusted EBITDA was £78.3m, up 30.3% on the year to 30 November 2021.

FUTURE PROSPECTS

The digital skills gap is widening at an extraordinary pace. As organisations move post pandemic into a period of renewal and growth, the shortage of skilled tech talent is perhaps the single greatest issue holding them back. QA is laser-focused on addressing the growing global skills shortage.

We believe we are uniquely positioned to help employers build the in-demand skills they need such as cloud, data analysis, digital marketing or software engineering alongside management and people skills, through our comprehensive range of training and talent solutions that blend the best of live and self-paced digital training.

Looking forward, despite the economic pressures we predict sustained growth in the demand for what QA does, boosted by the innovation we are driving across

every part of our business. Our continued investment in digital propositions, course content and degree programmes, together with adding new capabilities through acquisition, strengthen our offers to clients, learners and students to help them win in the digital revolution.

The Board are confident in the Group's prospects and believe that trading will remain robust. The Directors have a reasonable expectation that the Group has adequate resources to continue as a going concern for the foreseeable future, being a period of at least 12 months from February 2023.

CURRENT FINANCING POSITION

The Group has funding arrangements with its banks, which include drawn term loans and a £65m revolving credit facility (RCF), which was undrawn as at 30 November 2022 (H1 2022: £5m).

In the period the Group settled £30m of its Senior Credit Facility reducing outstanding debt to £290m (H1 2022: £320m). Cash on the balance sheet as at 30 November 2022 was £34.5m (H1 2022: £30.3m). The current drawn external lending position is as follows:

Facility	£	Interest	Repayment
Senior Credit Facility	£290m	3-month SONIA plus 4.75%	June 2024
Revolving Credit Facility	nil	3-month SONIA plus 3.25%	December 2023

The Group has capped the interest rate on £200m of the Senior Credit Facility at a rate of 7.00%. The interest cost on the Revolving Credit Facility is SONIA plus 3.25%.



Nathan Runnicles

Chief Financial Officer

IndigoCyan Holdco 3 Limited

27 February 2023



CAUTIONARY STATEMENT

This document contains various forward-looking statements that reflect management's current views with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical facts or present facts or circumstances.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future.

Forward looking statements are not guarantees of future performance and the Group's actual financial condition, results of operations and cash flows, and the development of the industry in which the Group operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this document. In addition, even if the Group's financial condition, results of operations, and cash-flows and the development of the industry in which it operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be provided that they will materialise or prove to be correct. Because these forward-looking statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements. These forward-looking statements speak only as at the date of this document. The Group expressly undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation.

This Interim Report has not been audited or otherwise independently verified.

The information contained in this Interim Report has been prepared on the basis of the knowledge and information available to Directors at the date of its preparation and the Group does not undertake any obligation to update or revise this Interim Report during the financial year ahead.