QA is the UK’s 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 customer satisfaction and learners’ 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 2020 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 ended 31 May 2021.

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BUSINESS REVIEW

QA is the UK’s leading technology talent and training organisation. We are specialists in technology – providing a comprehensive suite of talent and training services helping individuals and companies to be winners in the digital revolution. Our model is primarily business to business, with long-term revenue visibility resulting from customer satisfaction and learners’ contracted future programme lengths.

We have leading practices in Agile, Cyber Security, Cloud and DevOps – as well as many other technology specialisms. In addition, our deep-rooted vendor partnerships mean that we deliver 70% of the UK’s cloud training and are a Microsoft Gold delivery partner.

We specialise in the people side of technology transformation – our training programmes help businesses to upskill or reskill their existing employees and our talent services are used to identify, recruit and skill up diverse technology talent.

Training is currently 100% digital with all delivery via virtual classrooms as our learning centres throughout the UK remain closed due to the Covid lockdown restrictions. As we emerge from these restrictions we expect to see an increasing proportion of training, versus pre-pandemic levels, to remain virtual but will selectively re-open our centres to meet returning client demand for the classroom.

Cloud Academy is QA’s leading enterprise digital skills development platform. Through guided learning paths, hands-on labs and skills assessments, it delivers role-specific training on leading cloud platforms (AWS, Azure, GCP), as well as methodologies essential to take advantage of the scalable, agile nature of cloud and the possibilities of big data and machine learning.

Beyond training, we offer our clients consulting services where we recruit predominantly university graduates who then undergo a multi-month training programme at academy to develop their skills in in-demand technologies. After graduating from the academy, they are deployed to work within the IT teams of public and private sector organisations to support a wide range of complex projects.

In vocational education we work with employers throughout the UK to provide apprenticeship programmes leading to technical and business skills Level 3 to Level 7 qualifications. We specialise in courses aligned to the core skillskits required by technology businesses and IT departments with programmes designed to help apprentices progress in their careers by advancing their skills.

Over the last 10 years, QA has helped over 30,000 apprentices into technical careers and has a proven track record in reaching diverse audiences and attracting candidates of more diverse profiles into tech. We have achieved a 37% female ratio for tech apprenticeship starts, (vs. industry average of 19%). And a 19% ratio of ethnic minority background starts, (vs. industry average of 15%).

Our Higher Education business complements our corporate products and services. Higher Education works in partnership with universities, colleges and education specialists 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 and the University of Roehampton. We offer over 100 degree programmes to more than 5,000 students in a range of subjects from Accounting to Web Development. We also deliver industry-focused IT and business courses, ranging from foundation programmes through to postgraduate degrees, that focus on developing key employability skills.

TRADING UPDATE

The Group’s trading was impacted by the Covid pandemic with first half revenues declining by 22% to £102.2m (H1 2020: £142.9m). Lower demand for our Learning and Apprenticeship services, as our clients themselves responded to the impact of the pandemic on their own operations, was partially offset by continued student growth in Higher Education resulting from new programmes and University Partners, a higher number of deployed Consultants, and strong growth in Cloud Academy. With trading steadily improving across the half, and the benefit of actions taken to manage costs, the Group’s Adjusted EBITDA* was down just 20% at £22.6m (H1 2020: £28.4m).

We have continued to invest in our digital solutions to ensure a great virtual learning experience across our businesses and also to expand Cloud Academy’s platform and content. In addition, significant progress has been made in the development of a new client portal and a blended learning product that leverages Cloud Academy’s capabilities. Client trials of the new product are underway with a full launch planned during 2021. Capital expenditure in the half was £7.0m (H1 2020: £6.8m).

The Group remains focussed on providing high quality professional training, education and consultancy services. Throughout the half we have continually innovated and responded to learner feedback, to evolve our virtual delivery model and ensure the best possible experience for our customers. We measure learner satisfaction by Net Promoter Score (NPS), the globally recognised customer loyalty metric, and in the first half more than 93% of all learners we interacted with across our divisions gave us an NPS of 7 or above (H1 2020: 93%) when considering if they would recommend us to friends or family – continuing to rank us, despite all the delivery challenges posed by the pandemic, amongst the UK’s best brands for customer service.

* 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.

FUTURE PROSPECTS

Over the course of the pandemic, QA has responded quickly and decisively to market conditions. The Group successfully migrated its training and degree courses, together with its apprenticeship and academy programmes to virtual delivery, reset its cost base and has continued to invest to improve its offers to clients. These factors should see the Group emerging stronger from the pandemic with a more attractive client proposition and operating model.

In the near-term, lockdown easing and reopening of the economy should create trading momentum starting with the reopening of schools in early March. Although the economic environment is challenging with many markets absorbing the impact of both Covid and Brexit, the Board are confident in the Group’s longer term prospects stimulated by the breadth of services it provides, at a time when there is an increasing need to address the UK’s technology skills gap (accelerated because of Covid) at all levels of employment from apprentice to graduate through to senior management.

The Directors believe that trading will remain robust and 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 2021.

CURRENT FINANCING POSITION

Net debt at 30 November 2020 was £277m (2019: £306m). The Group has funding arrangements with its banks, which include drawn term loans and a £65m revolving credit facility (RCF) that was drawn in full in March 2020 to maximise the available liquidity, in light of the Covid pandemic. As a precaution, the Group also obtained a waiver to 31 May 2021 on the RCF’s financial leverage covenant (the ratio of third party bank debt to EBITDA) and has agreed to a minimum liquidity covenant of £20m in its place.

During the first half £20m was repaid on the RCF with a further £30m repaid since November. Net debt at 31 January 2021 was £278m with the current drawn external lending position:

<table>
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<tr>
<th>FACILITY</th>
<th>CM</th>
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<th>REPAYMENT</th>
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<tr>
<td>Revolving Credit Facility</td>
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<td>3 month LIBOR plus 3.5%</td>
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Nathan Runnicles
Chief Financial Officer
IndigoCyan Holdco 3 Limited
26 February 2021
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.