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 2021 (“H1 2022”) 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 2022.

BUSINESS REVIEW 4
H1 2022 HIGHLIGHTS 4
TRADING UPDATE 4
FUTURE PROSPECTS 5
CURRENT FINANCING POSITION 5
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 that help 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 takes place via digital learning methods such as virtual classrooms, where participants join live and interactive sessions online, and video-based learning, and also in our learning centres throughout the UK.

Cloud Academy is our global, subscription-based digital learning platform that allows clients to baseline and upskill their teams 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. Clients are able to create and assign bespoke learning pathways to individuals and teams, and track their progress in real-time, and learners can test the application of their newly gained skills using Cloud Academy’s lab’s capability.

Circus Street, the most recent addition to the QA Group, was acquired in July 2021. Operating globally, its digital learning platform allows clients to help their teams understand how technology is changing the relationship between businesses and their customers. Covering disciplines such as customer experience, data & targeting and digital marketing strategy, it recognises that these areas are changing at an exceptional rate, and are business-critical in the battle to get ahead and stay ahead. 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.

Beyond training, we offer our clients consulting services where we recruit predominantly university graduates who then undergo a multi-month training programme at our 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 complex projects and provide solutions to business problems.

In vocational education we work with employers throughout the UK to provide apprenticeship programmes leading to 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.

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.

Our Higher Education business complements our corporate products and services. QA 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, the University of Roehampton and the University of South Wales. We offer more than 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 post graduate degrees, that focus on developing key employability skills.

H1 2022 HIGHLIGHTS

- Revenue growth of 29.9% to £145.8m (H1 2021: £112.2m)
- Adjusted EBITDA* ahead 28% to £28.9m (H1 2021: £22.7m) with margins held consistent at 21%  
- Underlying operating profit increased by £4.3m (29.2%) to £18.9m (H1 2021: £14.7m)
- The Group has continued to invest in its digital products, content and platform with capital expenditure for the six-month period increasing to £8.1m (H1 2021: £7.0m).
- * 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.

TRADEING UPDATE

The Group has continued its post-pandemic recovery with revenues increasing by 29.9% to £145.8m (H1 2021: £112.2m) and Adjusted EBITDA up 28% to £28.9m. In the year to 30 November 2021, the Group’s Adjusted EBITDA was £80.1m, up 23% on the year to 30 November 2020.

We have seen strong demand in Learning and Apprenticeships continuing the recovery profile since the onset of the pandemic in summer 2020. After successfully transitioning to virtual delivery the Group has continued to invest its digital offer to clients through the launch in the first half of Total Learning™, the Group’s blended learning product. As our services remain digital-first post pandemic, the Group has shed further excess property to focus its footprint on major city locations. There was also a strong revenue performance in Higher Education through international student growth.

In September 2021, the Group was subject to a cyber attack. This temporarily disrupted certain back office systems but did not directly impact service delivery.

In response, security and monitoring procedures have been further strengthened. The incident did not have a material impact on the Group’s financial position, with revenue and profit growth continuing in the second half to date.

FUTURE PROSPECTS

As organisations move past 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 adding focus 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. We provide 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 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 April 2022.

CURRENT FINANCING POSITION

The Group has funding arrangements with its banks, which included drawn term loans and a £65m revolving credit facility (RCF), which had £3m drawn as at 30 November 2021 (H1 2021: £65m). Cash on the balance sheet as at 30 November 2021 was £30.1m (H1 2021: £88.3m).

The Group’s most recent reported cash position as at 31 March 2022 was £13.1m. The remaining £5m on the RCF was repaid in March 2022.

The current drawn external lending position is as follows:

<table>
<thead>
<tr>
<th>Facility</th>
<th>£</th>
<th>Interest</th>
<th>Repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Credit FACILITY</td>
<td>£320m</td>
<td>3 month LIBOR plus 4.75%</td>
<td>June 2024</td>
</tr>
<tr>
<td>Revolving CREDIT FACILITY</td>
<td>nil</td>
<td>3 month LIBOR plus 3.50%</td>
<td>June 2024</td>
</tr>
</tbody>
</table>

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 LIBOR plus 3.50%.

Nathan Runnicles
Chief Financial Officer
IndigoCyan Holdco 3 Limited
21 April 2022
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.