



3t

3t Global Bidco Ltd

Q2 2024

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Training
Technology
Transformation

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Letter from the CEO

- FY 2024 guidance maintained
- Group revenue uplift of 5% on H1 2023
- Slowdown in Training in Q2 but performance ahead of market and above PY
- Acquisition of ALL STOP! completed 7 June 2024
- Acquisition of Project Sunshine close to completion, we expect to complete before the end of FY24.

Overall, the financial results for Q2 2024 were in line with our expectations, and we continue to execute on our strategic priorities.

On 7 June, we completed the acquisition of ALL STOP! Inc, a Survival training business based in Houston, Texas. This acquisition provides 3t with access to the US survival training market, and this strategic tie-up will combine ALL STOP!'s exceptional practical training with 3t's market-leading learning technology to create an outstanding enhanced offering for the US market.

We are currently working on the final stages of our Project Sunshine acquisition, and we expect this transaction to complete before the end of FY24.

Our Training business had a strong first quarter, but revenue slowed in Q2. With uncertainty in the UK around the General Election in May and what a new Government might do on taxing oil and gas companies, the slowdown in training spend was not a surprise. We have quickly reduced costs across the Group to mitigate this slowdown in demand. Activity has now improved.

Our Simulation business had a strong first half and activity is generally positive which bodes well for the good FY24 out-turn.

Our Digital business continues to develop our 3tx platform and a Skills Passport to support the North Sea Transition Deal, with both projects expected to go live in H2 this year. Trading in H1 was in line with our expectations.

In May we completed our \$100m Norwegian Bond raise and we simultaneously repaid our existing bank debt.

“The acquisition of ALL STOP! (Project Apollo) in Houston completed on 7 June 2024 and we expect Project Sunshine to complete before the end of FY24”

Kevin Franklin
Group CEO

CFO Report

Operating Performance

The consolidated income statement and consolidated balance sheet are shown on pages 4 and 5 of these financial statements. Revenue was £15.6m and £16.2m respectively for the quarters ending 30 June and 31 March 2024, with adjusted EBITDA of £2.9m and £3.2m for the same periods. For the prior year, revenue was £15.4m and £14.8m respectively for the quarters ending 30 June and 31 March, with adjusted EBITDA of £3.5m and £2.7m for the same periods. A reconciliation between operating profit per these financial statements and adjusted EBITDA is set out on page 4.

Borrowings

On 22 May 2024 the Company completed the refinancing of its pre-existing debt facility through the issue of a new four year \$100m Nordic Bond. The proceeds from the Bond raise have been used to repay the pre-existing debt and \$30m remains in Escrow to fund the Project Sunshine acquisition. The balance has been used to pay the fees associated with the bond process and for general corporate purposes.

Acquisition of ALL STOP! Inc

The acquisition of ALL STOP! Inc completed on 7 June 2024 and the completion accounts are currently being prepared. The accounting for the acquisition will be included from 1 June 2024 in the interim reporting from Q3 2024. Revenue was £0.7m in Q2 and £0.6m in Q1, with adjusted EBITDA of £0.15m in both quarters.

Cashflow and Debt

The consolidated cash flow statement is shown on page 7 of the unaudited financial statements. An analysis of net debt for the quarter ending 30 June 2024 is set out below, with leverage at 4.1x.

In millions of pounds	June 30, 2024
Closing cash	26.19
Norwegian bond	(77.82)
Net debt	(51.63)

EBITDA LTM Q2 2024	12.05
EBITDA ALL STOP! LTM Q2 2024	0.51
Leverage	4.1X

Martin Boden
Group CFO

Consolidated Income Statement

£m	Q2 2024	Q1 2024	H1 2024	FY 2023
Turnover	15.59	16.20	31.79	60.35
Cost of sales	(7.85)	(7.74)	(15.59)	(30.22)
Gross profit	7.73	8.47	16.20	30.12
Administrative expenses	(7.73)	(7.95)	(15.68)	(30.96)
EBITDA (before non-recurring items, unrealised foreign exchange gains and share of profit in joint venture)	2.94	3.23	6.17	12.01
Share of profit in joint venture	(0.08)	(0.15)	(0.23)	(0.45)
Depreciation	(0.60)	(0.45)	(1.05)	(1.91)
Amortisation	(2.07)	(1.89)	(3.96)	(7.35)
Non-recurring items	(0.07)	(0.28)	(0.35)	(2.23)
Unrealised foreign exchange (losses)/gains	(0.12)	0.06	(0.06)	(0.56)
Other operating income	-	-	-	0.35
Operating Loss	0.00	0.51	0.51	(0.49)
Share of profit in joint venture	0.08	0.15	0.23	0.45
Interest payable and similar charges	(3.83)	(2.87)	(6.71)	(11.44)
Interest receivable and similar income	0.15	-	0.15	0.00
Loss before taxation	(3.60)	(2.21)	(5.81)	(11.48)
Taxation (credit)/charge	(0.00)	(0.00)	(0.00)	1.03
Loss for the period	(3.60)	(2.21)	(5.81)	(10.46)
Loss attributable to:				
Shareholders of the parent company	(3.60)	(2.21)	(5.81)	(10.46)

Consolidated Other Comprehensive Income

£m	Q2 2024	Q1 2024	H1 2024	FY 2023
Loss for the period	(3.60)	(2.21)	(5.81)	(10.46)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(3.60)	(2.21)	(5.81)	(10.46)
Total comprehensive loss attributable to:Shareholders of the parent company	(3.60)	(2.21)	(5.81)	(10.46)

Consolidated Balance Sheet

£m	Q2 2024	FY 2023
Intangible assets	53.31	54.40
Tangible assets	11.13	11.98
Investments	0.45	0.45
Total fixed assets	64.88	66.83
Stocks	2.12	1.68
Debtors	31.15	23.76
Cash at bank	26.19	1.81
Total current assets	59.46	27.25
Total assets	124.34	94.08

£m	Q2 2024	FY 2023
Creditors: amounts falling due after more than one year	97.77	130.27
\$100m Norwegian Bond	77.82	-
Provisions for liabilities	4.58	4.66
Total non-current liabilities	180.17	134.94
Creditors: amounts falling due within one year	11.61	20.47
Total current liabilities	11.61	20.47
Total liabilities	191.78	155.41
Called up share capital	0.53	0.53
Share based payment reserve	(0.30)	-
Profit and loss account	(67.67)	(61.86)
Shareholder's deficit	(67.44)	(61.33)
Total equity and liabilities	124.34	94.08

Consolidated Statement of Changes in Equity

£m	Called up share capital	Profit and loss account	Total equity
Balance at 1 January 2023	0.53	(51.34)	(50.82)
Increase in share capital	-	(0.06)	(0.06)
Total comprehensive loss	-	(10.46)	(10.46)
Balance at 31 December 2023	0.53	(61.86)	(61.33)
Balance at 1 January 2024	0.53	(61.86)	(61.33)
Increase in share capital	-	(0.30)	(0.30)
Total comprehensive loss	-	(5.81)	(5.81)
Balance at 30 June 2024	0.53	(67.97)	(67.44)

Consolidated Cash Flow Statement

£m	H1 2024	FY 2023
Cash generated from operations	(0.18)	11.19
Cash flow from operating activities	(0.18)	11.19
Purchase of tangible & intangible fixed assets	(2.46)	(7.82)
Cash payment in joint ventures	-	(0.10)
Cost of investment in subsidiaries	(4.71)	-
Tax paid	(0.49)	-
Cash flow from investing activities	(7.65)	(7.92)
Free Cashflow	(7.83)	3.27
Loan funding / payments	35.82	-
Senior debt interest	(2.75)	(4.52)
Refinancing fees	(2.05)	-
Loan note interest	1.57	-
Agency & security fees	(0.01)	-
RCF interest	(0.08)	-
Hire purchase/lease	(0.00)	(0.04)
Share Capital	(0.30)	-
Cash flow from financing activities	32.21	(4.55)
Net cash flow for the period	24.38	(1.28)
Cash and cash equivalents at the beginning of the period	1.81	3.09
Net cash flow for the period	24.38	(1.28)
Cash and cash equivalents at the end of the period	26.19	1.81

Cash generated from operations was neutral in H1 2024 as trade creditors were normalised from the high level due as at 31 December 2023. Trade debtors increased in H1 2024 and we are working to collect more receivables in H2 to increase our cash balance available to the business.

Cash at the end of June 2024 at £26.19m was materially higher than at 31 December 2023 as a result of \$30m being held in escrow for the acquisition of project Sunshine. We expect this to be utilised in H2 for the acquisition.

The cash paid to acquire subsidiaries represents the purchase of All Stop! Inc together with associated fees. The purchase of tangible and intangible fixed assets is lower in 2024 than in 2023 in line with previous guidance.

Note 1 – Accounting Policies

The interim consolidated financial statements for the three months ended 30 June 2024 have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS102").

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the group's annual consolidated financial statements for the year ended 31 December 2023.

The accounting policies, judgements and estimates are consistent with those applied in the consolidated financial statements for 2023.

The presentation currency of these interim financial statements is sterling (£) rounded to the nearest million.

Note 2 – Critical Accounting Estimates And Judgements

Preparation of the consolidated financial statements requires management to make significant judgements and estimates. There has been no change in accounting policies since the 2023 year end. Many financial statement items cannot be reliably measured but must be based on estimations as to the value of assets and liabilities and often depends on future events that are somewhat uncertain.

The judgements, estimates and assumptions made are based on historical experience and other factors that management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgements, estimates and assumptions for the individual items are described below.

Accounting estimates and management judgements:

- Amortisation and depreciation
- Revenue recognition
- Warranty costs
- Bad debt provision
- Stock provision
- Business combination
- Dilapidation provisions
- Development costs
- Impairment of group's tangible and intangible assets
- Provisions
- Financial leases

Please refer to note 2 in the Group financial statements for 2023 for further information on critical accounting estimates and judgements.

Note 3 – Revenue

£m	Q2 2024	Q1 2024	H1 2024	FY2023
Training and technology	13.75	14.31	28.06	53.76
Simulation solutions	1.83	1.90	3.73	6.59
Total	15.59	16.20	31.79	60.35

£m	Q2 2024	Q1 2024	H1 2024	FY2023
United Kingdom	13.99	14.56	28.55	53.76
Rest of world	1.60	1.64	3.24	6.59
Total	15.59	16.20	31.79	60.35

Note 4 – Net Interest-bearing Debt

£m	Q2 2024	Q1 2024	FY2023
Norwegian Bond debt	77.82	-	-
RCF	-	3.00	3.00
Bank debt	-	39.98	39.98
Total interest-bearing debt	77.82	42.98	42.98
Cash and cash equivalents	26.19	1.63	1.81
Net interest-bearing debt	51.63	41.35	41.17

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