



3t

3t Global Bidco Plc

Q4 2024

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Training
Technology
Transformation

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Letter from the CEO

- Financial performance in FY24 was broadly in line with our expectations when we launched the bond.
- We are expecting a year of further progress in 2025 following the acquisitions of ALL STOP! and GTSC that completed on 7 June and 20 September 2024 respectively.
- On a proforma basis, Group revenue grew 4.6% for the 12 months to 31 December 2024 & EBITDA was 4.8% ahead of the prior year. Excluding the acquisitions made in 2024, revenue grew by 5.9% and EBITDA was up 14.4%.
- Training activity in the UK was softer in FY24 but was offset by a reduction in fixed costs and further penetration into adjacent safety critical markets. The oil and gas training market was quieter than we expected in 2024, but we are forecasting an improved performance in 2025 as we execute our strategy to grow into adjacent safety critical markets,
- 3t Drilling Systems performed well and entered FY25 with a strong backlog and the promise of further positive contract wins.
- Cash generation was improved in Q4 as working capital movement was positive. This remains a key area of focus for the business in FY25.

The acquired businesses are becoming established with the 3t network. We are investing in the locations to grow capacity and further align our capabilities to our customers' requirements. In the Middle East we have already secured our first Managed Services contract that will enable us to deepen our relationship with that customer.

GTSC is performing well. The Saudi Arabian market experienced a slowdown in FY24 linked to Saudi Aramco's strategy to reduce capacity. Nevertheless, we are confident that we can grow our business in Kingdom by executing against our strategy. The operations in Abu Dhabi and Egypt are performing positively.

In the USA, ALL STOP! is now bedding into the 3t Group. We are excited by the opportunity to deepen our relationships with customers in Texas and Louisiana, and we are investing to create momentum.

Although it is early in FY25, we are expecting to deliver EBITDA in the region of £23 to £25m excluding any further acquisitions.

"We expect FY25 to be another positive year for 3t as we grow our international presence in chosen strategic locations"

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 unaudited financial statements. Revenue was £21.5m for the quarter ending 31 December and £68.1m for the year to 31 December. Adjusted EBITDA was £5.6m and £15.3m for the same periods. For the prior year, Q4 revenue was £14.6m and £60.3m for the full year, with adjusted EBITDA of £2.9m and £12.0m for the same periods. A reconciliation between operating profit per these financial statements and adjusted EBITDA is set out on page 4.

Working Capital

Working capital at 31 December 2024 remains high. We have normalised trade creditors during the year, but trade debtors remain stubbornly high. Our order to cash project will help us to deliver improved debtor days.

Borrowings

Borrowings comprise the four year \$100m Nordic Bond and \$3m of deferred consideration for the All Stop! acquisition, payable in equal instalments over three years. A stronger USD has increased the GBP amount of the Nordic Bond at 31 December 2024 compared to end September at Q3.

Acquisition of ALL STOP! Inc and GTSC LLC

The acquisition of GTSC completed on 20 September 2024 and the completion accounts have been settled. We are working on the allocation of goodwill for our 2024 audited financial statements. The accounting for the acquisition has been included from 1 October 2024 and the acquisition of All Stop has been included since 1 June 2024. For this Q4 2024 report we show GTSC and All Stop! on a reported basis and the CEO Report refers to our results on a proforma basis.

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 31 December 2024 is set out below, with leverage at 4.17x. The covenant test is <4.75x.

In millions of pounds	December 31, 2024
Closing cash	4.49
All Stop! deferred consideration	(2.46)
Norwegian bond	(79.87)
Net debt	(75.38)

LTM Proforma EBITDA	18.66	
Leverage	4.17X	

Martin Boden
Group CFO

Consolidated Income Statement

£m	Q4 2024	Q3 2024	Q2 2024	FY 2024	FY 2023
Turnover	21.47	14.84	15.59	68.10	60.35
Cost of sales	(9.29)	(7.24)	(7.85)	(32.12)	(30.22)
Gross profit	12.18	7.60	7.73	35.98	30.12
Administrative expenses	(10.39)	(7.60)	(7.73)	(33.68)	(30.96)
EBITDA (before non-recurring items, unrealised foreign exchange gains and share of profit in joint venture)	5.57	3.61	2.94	15.34	12.01
Share of profit in joint venture	(0.07)	(0.07)	(0.08)	(0.37)	(0.45)
Depreciation	0.09	(0.68)	(0.60)	(1.64)	(1.91)
Amortisation	(2.75)	(2.10)	(2.07)	(8.81)	(7.35)
Non-recurring items	(0.56)	(0.80)	(0.07)	(1.72)	(2.23)
Unrealised foreign exchange (losses)/gains	(0.49)	0.04	(0.12)	(0.50)	(0.56)
Other operating income	-	-	-	-	0.35
Operating Loss	1.79	(0.00)	0.00	2.30	(0.49)
Share of profit in joint venture	0.07	0.07	0.08	0.37	0.45
Interest payable and similar charges	(5.56)	(2.49)	(3.83)	(14.76)	(11.44)
Interest receivable and similar income	(0.11)	0.33	0.15	0.37	0.00
Loss before taxation	(3.81)	(2.09)	(3.60)	(11.71)	(11.48)
Taxation (credit)/charge	(0.02)	(0.00)	(0.00)	(0.02)	1.03
Loss for the period	(3.82)	(2.09)	(3.60)	(11.73)	(10.46)
Loss attributable to:					
Shareholders of the parent company	(3.82)	(2.09)	(3.60)	(11.73)	(10.46)

Consolidated Other Comprehensive Income

£m	Q4 2024	FY 2024	FY 2023
Loss for the period	(3.82)	(11.73)	(10.46)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	(3.82)	(11.73)	(10.46)
Total comprehensive loss attributable	(3.82)	(11.73)	(10.46)

Consolidated Balance Sheet

£m	FY 2024	FY 2023
Intangible assets	71.70	54.40
Tangible assets	12.30	11.98
Investments	0.45	0.45
Total fixed assets	84.45	66.83
Stocks	1.93	1.68
Debtors	33.27	23.76
Cash at bank	4.49	1.81
Total current assets	39.68	27.25
Total assets	124.14	94.08

£m	FY 2024	FY 2023
Creditors: amounts falling due after more than one year	95.74	130.27
\$100m Norwegian Bond	79.87	-
Provisions for liabilities	6.14	4.66
Total non-current liabilities	181.74	134.94
Loans and borrowings	-	4.50
Trade creditors	8.03	8.15
Payments received on account	0.12	0.20
Corporation tax	0.40	0.01
Social security and other taxes	1.46	1.64
Other creditors	1.16	1.17
Accruals	2.94	1.44
Accrued interest on senior debt	0.86	-
Deferred income	2.36	3.35
Total current liabilities	17.35	20.47
Total liabilities	199.09	155.41
Called up share capital	0.53	0.53
Share based payment reserve	0.00	0.00
Profit and loss account	(75.48)	(61.86)
Shareholder's deficit	(74.95)	(61.33)
Total equity and liabilities	124.14	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)
Foreign currency translation reserve		(1.89)	(1.89)
Total comprehensive loss	-	(11.73)	(11.73)
Balance at 31 December 2024	0.53	(75.48)	(74.95)

Consolidated statement of cash flows £m	Twelve Months Ended December 31		
	FY 2024	Q4 2024	FY 2023
Loss for the period	(11.73)	(3.82)	(10.46)
Depreciation	1.64	(0.09)	1.91
Amortisation	8.81	2.75	7.35
Interest receivable and similar income	(0.37)	0.11	(0.00)
Interest payable and similar expense	14.76	5.56	11.44
Other income in respect of R&D	0.00	0.00	(0.35)
Taxation	0.00	0.00	(1.03)
Share of profit of equity accounted investments	(0.37)	(0.07)	(0.45)
Increase in provisions	1.48	1.60	(0.26)
Foreign Exchange/Share based payment charge	0.00	0.27	0.00
Loss on disposal of fixed assets	0.00	0.00	0.03
Change in net working capital	(5.34)	0.64	3.00
Cash flow from operating activities	8.86	6.94	11.19
Purchase of tangible fixed assets	(1.72)	(0.22)	(2.60)
Purchase of intangible fixed assets	(4.58)	(1.81)	(5.22)
Income Tax paid	0.32	0.38	0.00
Cash payment in joint ventures	0.00	0.00	(0.10)
Cost of investment in subsidiaries	(25.62)	0.07	0.00
Interest received	0.37	(0.11)	0.00
Cash acquired with subsidiary undertakings	0.00	-0.35	0.00
Cash flow from investing activities	(31.22)	(2.05)	(7.92)
Free Cashflow	(22.36)	4.89	3.27
Loan funding/payments	(43.00)	0.00	
\$100m Norwegian Bond	78.47	0.00	0.00
Loan Note Interest	(4.45)	(4.45)	0.00
Senior debt interest	(3.06)	0.00	(4.52)
Refinancing fees	(1.26)	0.00	0.00
M&A fees	(1.67)	0.00	0.00
Hire purchase/lease	(0.00)	0.00	0.00
Cash flow from financing activities	25.04	(4.45)	(0.03)
Net cash flow for the period	2.68	0.45	(4.55)
Cash and cash equivalents at the beginning of the period	1.81	4.04	3.09
Net cash flow for the period	2.68	0.45	(1.28)
Cash and cash equivalents at the end of the period	4.49	4.49	1.81

Consolidated Cash Flow Statement

Cash generated from operations was £8.9m for the twelve months to 31 December 2024. This was lower than the £11.2m generated in the year to 31 December 2023 as trade creditors were normalised from the high level due at 31 December 2023 and trade debtors increased.

We are working to collect more receivables to increase our cash balance available to the business. The acquired businesses have got a good cash collection record although we are working to improve this too.

The purchase of tangible and intangible fixed assets is lower in 2024 than in 2023 in line with previous guidance.

Cash at the end of December 2024 was £4.5m, an increase of £2.6m from the £1.8m at 31 December 2023.

The cash paid to acquire subsidiaries represents the purchase of All Stop! Inc in Q2 together with the acquisition of GTSC in Q3.

Note 1 - Accounting Policies

The interim consolidated financial statements for the 12 months ended 31 December 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 & 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	Q4 2024	FY 2024	FY2023
Training and technology	17.34	58.59	53.76
Simulation solutions	4.13	9.51	6.59
Total	21.47	68.10	60.35

£m	Q4 2024	FY 2024	FY2023
United Kingdom	12.10	53.56	53.76
Rest of world	9.37	14.53	6.59
Total	21.47	68.10	60.35

Note 4 – Net Interest-bearing Debt

£m	Q4 2024	Q3 2024	FY2023
Norwegian Bond debt	79.87	74.74	-
RCF	-	-	3.00
Bank debt	-	-	39.98
Total interest-bearing debt	79.87	74.74	42.98
Cash and cash equivalents	4.49	4.04	1.81
Net interest-bearing debt	75.38	70.69	41.17

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