

INVESTMENT COMMITTEE MEMORANDUM

Proposed Acquisition of Vantage Workforce Learning Ltd

Prepared by: Apex Capital Partners | June 2025 | STRICTLY CONFIDENTIAL

TRANSACTION SNAPSHOT

Enterprise Value	Entry Multiple	Equity Cheque
£120.0m	8.6× EBITDA	£49.8m (40%)
Target EBITDA (LTM)	Debt Quantum	Base Case Exit (Y5)
£14.0m	£74.7m (4.9×)	11.0× / £308m
Projected EBITDA Y5	Equity IRR (base)	Cash-on-Cash (base)
£28.1m (37% margin)	~27%	~3.3×

1. Executive Summary & Recommendation

RECOMMENDATION: PROCEED WITH ACQUISITION

The Investment Committee is recommended to approve the proposed leveraged buyout of Vantage Workforce Learning Ltd at an enterprise value of £120.0m (8.6× LTM EBITDA). The transaction offers a compelling risk-adjusted return profile with a base case equity IRR of approximately 27% and cash-on-cash multiple of 3.3× over a five-year hold period, driven by structural SaaS revenue growth, strong margin expansion through operating leverage, and a highly fragmented consolidation opportunity in the UK regulatory compliance training market.

Vantage is a **market-leading UK SaaS platform** delivering regulatory compliance and professional skills training to financial services, healthcare, and construction sector clients. With 80%+ recurring revenue, negative net working capital (a structural SaaS advantage), and a fragmented competitive landscape, the business presents an attractive platform for organic growth acceleration and bolt-on M&A during the hold period.

The committee should note the following qualifications to the base case:

- Exit multiple risk:** The base case IRR is sensitive to exit multiple compression. At an 8.0× exit (bear case), the IRR falls to approximately 11% — below the fund's 15% hurdle rate. The investment is predicated on maintaining or growing the valuation multiple through EBITDA quality improvement.
- Covenant headroom:** The LBO structure carries meaningful leverage (4.9× entry EBITDA). Year 1 covenant headroom under the leverage covenant (5.5× threshold) is limited to approximately 0.6×. Active monitoring of EBITDA trajectory is required from Day 1.
- Portfolio context:** Gulf market interview context: This model demonstrates full-cycle corporate finance capability from accounting controllership (Calderstone) through to investment committee recommendation — the complete spectrum tested for Senior Accountant, FP&A, and commercial finance roles.

2. Company Overview & Business Model

Vantage Workforce Learning Ltd ("Vantage" or the "Company") is a Leeds-headquartered provider of regulatory compliance and professional skills training delivered through two channels: its proprietary cloud-based learning management system (VantageLearn) sold on annual subscription licences, and instructor-led training (ILT) sold under multi-year framework agreements and ad hoc bookings.

Revenue Line	Y0 £m	% of Total	Nature
SaaS platform subscriptions	7.2	51%	Recurring — annual contracts, invoiced upfront
Content library add-ons	2.1	15%	Recurring — bundled or standalone
ILT — framework agreements	2.8	20%	Recurring — call-off against committed volume
ILT — ad hoc bookings	1.4	10%	Non-recurring — recognised on delivery
Implementation & onboarding	0.5	4%	One-off — recognised over onboarding period
TOTAL REVENUE	14.0	100%	80%+ recurring revenue

IFRS 15 note: Subscription licences invoiced annually upfront create a contract liability (deferred revenue) on the balance sheet, unwound ratably over 12 months. This negative working capital dynamic is a structural cash advantage — as SaaS revenue grows, the deferred revenue balance grows proportionally, generating cash before revenue is recognised. At Year 1, deferred revenue is projected at approximately £4.3m (50% of annual SaaS revenue), representing a self-funding growth mechanism uncommon in asset-heavy businesses.

3. Strategic Rationale & Value Creation Plan

3.1 Why This Sector

- **Structural demand driver:** Regulatory tailwinds: FCA, ICO, CQC, and Construction (Design and Management) regulations create mandatory compliance training demand that is largely non-discretionary, providing revenue resilience through economic cycles.
- **Fragmented market:** UK regulatory compliance training is fragmented across hundreds of regional and specialist providers. Vantage's proprietary LMS and content library create a scalable platform for geographic and vertical expansion through bolt-on acquisition.
- **Retention economics:** Net Revenue Retention of 108% (base case) reflects upsell into the existing client base — clients do not churn, they expand. This is the defining characteristic of a high-quality SaaS business.

3.2 Value Creation Levers

Lever	EBITDA Impact	Mechanism
Organic SaaS growth	+£7.2m	Net logo additions (15-20 pa) + 3% price increase + NRR 108% → SaaS revenue doubles Y0-Y5
Operating leverage	+£3.8m	Platform costs largely fixed; incremental SaaS revenue flows through at ~75% incremental margin
Content attach rate	+£1.4m	Grow content add-on penetration from 45% to 58% of logos → higher ACV per client

Bolt-on M&A	+£2.0m	Acquire 1-2 regional ILT providers to expand geographic coverage; integrate onto VantageLearn
Working capital release	£4.3m+	Deferred revenue grows with SaaS → structural cash inflow; no incremental capital required

4. Financial Highlights

Key Metric (£000s)	Y0 Entry	Y1	Y3	Y5	CAGR
Revenue	14,000	16,520	22,851	29,842	+17%
EBITDA	4,480	5,121	8,556	11,041	+20%
EBITDA margin	32%	31%	37%	37%	
EBIT	3,300	3,650	6,800	8,900	
Net Income	—	(821)	1,560	4,120	
Free Cash Flow	—	2,100	4,800	7,300	
Net Debt	72,700	70,800	63,200	55,000	
Net Debt / EBITDA	4.9×	4.8×	4.1×	3.5×	

Note on Year 1 net income: The Year 1 loss reflects £2.0m of exceptional transaction due diligence costs expensed through the P&L. Underlying net income excluding exceptionals is positive in Y1. The business is EBITDA and free cash flow positive throughout the projection period.

5. Key Risks & Mitigants

Severity	Risk	Mitigant	Model Impact
HIGH	Exit multiple compression: PE market contraction or sector de-rating reduces realisable multiple below 11.0×	Active EBITDA growth to offset multiple compression; target strategic acquirer (HR tech, compliance platform) as exit route to command premium.	At 8.0× exit: IRR falls to ~11%, below 15% hurdle. Break-even exit multiple is approximately 7.5× at base case EBITDA.
HIGH	Revenue growth misses: SaaS logo additions below plan or NRR deteriorates below 100% (logo churn exceeds upsell).	Sales headcount plan front-loaded; customer success investment to protect NRR; ILT framework agreements provide contracted revenue floor.	Bear case CAGR of 10% reduces Y5 EV by ~£44m vs base. FCF break-even analysis shows the business remains FCF positive at 10% CAGR.
MEDIUM	Leverage / covenant breach: EBITDA shortfall in Y1-Y2 reduces headroom under 5.5× leverage covenant.	Covenant EBITDA definition excludes IFRS 16 and exceptionals. RCF provides £8m liquidity backstop. Y1 covenant headroom of ~0.6× is manageable.	Covenant EBITDA monitoring tab in model shows real-time covenant status. Breach triggers remedy period before lender enforcement.
MEDIUM	Integration risk: management distraction post-acquisition disrupts sales momentum.	Founder retained as CEO with equity participation (10% management pool). Buy-and-build playbook developed	Y1 EBITDA margin assumption of 31% (below entry 32%) already reflects integration cost drag.

		pre-close.	
LOW	Regulatory change: relaxation of FCA, CQC, or CDM regulations reduces mandatory training demand.	Revenue diversified across three regulated sectors. UK regulatory trend is toward more, not less, compliance burden.	Scenario analysis: bear case assumes 10% revenue CAGR, implying some regulatory headwind — still generates positive equity return at >11x exit.

6. Conditions to Proceeding

The following conditions must be satisfied prior to exchange of contracts:

- **Financial due diligence:** Management accounts for the current financial year to confirm LTM EBITDA of £14.0m ± 5%. Any material shortfall will trigger re-pricing or withdrawal.
- **Technology due diligence:** Confirmation that VantageLearn platform IP is wholly owned by the Company with no third-party encumbrances or open-source licence contamination that would affect commercial licensing.
- **Commercial due diligence:** Review of top 20 client contracts (representing >70% of SaaS ARR) to confirm no material adverse change clauses triggered by change of control that could cause automatic termination.
- **Financing:** SFA credit committee approval for the Senior Secured TLB (£62.3m) on agreed term sheet pricing of SONIA + 475bps. Any pricing increase of >50bps to be re-presented to the Investment Committee.
- **Legal due diligence:** Satisfaction of legal due diligence on CQC registration, FCA authorisation (where applicable), and employment matters including TUPE obligations affecting the 58-person team.
- **Management alignment:** Founder/CEO signature on 5-year service agreement and participation in management equity pool (10% sweet equity) with vesting schedule and leaver provisions as agreed.

Prepared by:

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Model reference:

Apex Capital Partners — Integrated LBO Model v1.0
Vantage Workforce Learning Ltd | 1,840+ formula cells

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