



FOR IMMEDIATE RELEASE

PeopleCert announces Consolidated Financial Results for the year ended December 31, 2023

London: United Kingdom:

PeopleCert, the market leading differentiator within the assessment and certification industry, presents PeopleCert Wisdom Limited (Parent Guarantor) unaudited Consolidated Financial Results for the year ended December 31, 2023.

PeopleCert Wisdom Limited - Audited Consolidated Annual report and Financial Statements for the year ended December 31, 2023 will be available on our website by April 30, 2024.

All amounts are presented in GBP.

Consolidated highlights for the year ended December 31, 2023 (compared to the year ended December 31, 2022):

- Revenue: £120.2 million (+2.1%, compared to £117.7 million at December 31, 2022);
- EBITDA: £67.0 million (-13.9%, compared to £77.8 million at December 31, 2022);
- Adjusted EBITDA: £67.2 million (-15.3%, compared to £79.3 million at December 31, 2022);¹
- EBIT: £52.2 million (-22.9% compared to £67.8 million at December 31, 2022);
- Adjusted EBIT: £52.4 million (-24.4% compared to £69.3 million at December 31, 2022);¹
- PBT: profit of £42.9 million compared to £30.0 million at December 31, 2022;
- Net Financial Indebtedness: +£182.4 million (compared to £214.6 million at December 31, 2022)².

¹ Adjusted EBITDA & EBIT figures exclude one – off transaction related expenses for the period.

² Net Financial Indebtedness is defined as Current and Non-current Borrowings less Cash and Cash Equivalents excluding accrued interest.

Review of performance of the Group, current position, and future developments

The results reflect a strong performance across the Group as well as the efforts on cost containment and competitiveness. Potential risks to the industry are closely monitored resulting in satisfying development to date. The Group's financial results and position, as presented in the consolidated financial statements, is tracking positively, as supported by the key parameters shown below:

Financial Key Performance Indicators

<u>Ratio</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Gross margin</u>		
Gross profit to Revenue	81.1%	88.3%
<u>Pretax margin</u>		
Profit before tax to Revenue	35.7%	25.5%

Gross margin (Gross profit to Revenue) decreased by 7.2 pp to 81.1% mainly due to the increase in direct expenses, reflecting the Group's investment in supporting its growth plan.

The increase in **Pretax margin** by 10.2 pp to 35.7% is primarily driven by the positive contribution of the lower net financial costs (period ended December 31, 2023: expense of £9.3 million vs period ended December 31, 2022: expense of £37.8 million) that resulted from the fluctuation in foreign exchange rates during the same period.

PeopleCert Consolidated Results as of December 31, 2023

Total Revenue in 2023 grew by 2.1% to £120.2 million compared to £117.7 million in last year mainly due to the introduction of new products and revenue streams, as well as moderate price increases.

The observed growth is attributed to the creation of an IP Powerhouse following the completed merger with Axelos and Devops Institute. Further to this, PeopleCert adapted rapidly to the changing circumstances of the Global market towards more digital delivery models and managed to retain its leadership position worldwide by promoting the digital transformation of its services.

The increase in **Cost of Sales** by 65.2% to £22.7 million in 2023 compared to £13.8 million during 2022 is mostly attributed to increase in marketing expenses in an effort to boost the performance of all product categories.

Operating expenditure increased by 24.3% to £45.3 million compared to £36.5 million last year, fact that reflects the Group's investment in supporting its growth plan.

The increased operating costs and the higher cost of sales affected adversely both **EBITDA** and **adjusted EBITDA** for the period ended December 31, 2023 - an alternative performance measure and key indicator capturing the underlying business margin by excluding material charges - showing a decrease of 13.9% to £67.0 million (period ended December 31, 2022: £77.8 million) for EBITDA and a decrease of 15.3% to £67.2 million (period ended December 31, 2022: £79.3 million) for adjusted EBITDA.

EBIT decreased by 22.9% to £52.2 million compared to £67.8 million last year, mainly due to the increased operating expenditure as explained above.

Net finance costs were £9.3 million, compared to £37.8 million in 2022, with the fluctuation being primarily due to the movement in FX rates.

Net Financial Indebtedness as of December 31, 2023 was at £182.4 million (December 31, 2022: £214.6 million). This metric reflects the Eurobond that was issued in August 2021 in the context of Axelos acquisition. The Group's financial stability is also evidenced by other liquidity ratios analysed below.

Ratios on Financial Performance and Financial Position of the Group as of December 31, 2023

A. <u>Liquidity Ratios</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<u>Cash Ratio</u>		
Cash to Current Liabilities	3.70	2.30
 <u>Working Capital Ratio</u>		
Current Assets to Current Liabilities	4.41	3.05

The cash ratio of 3.70 highlights the Group's ability to maintain adequate cash balances to pay off all of the current debts as they come due, while the high working capital ratio shows a great efficiency in the way that the Group is operating.

Attention to working capital and cash flow management remains a key priority for the Group's management.

PeopleCert Consolidated Financial Position as of December 31, 2023

The Group presents a robust Balance Sheet with strong capital and liquidity levels supporting PeopleCert's readiness for the future as the Group enters into a new phase of brand engagement and business growth following a balanced and consistent approach to risk.

Assets

As of December 31, 2023, **Total Assets** were £492.9 million (December 31, 2022: £469.0 million).

Non-current assets amounted to £399.7 million compared to £400.8 million by year-end 2022.

The majority of the balance concerns **Goodwill** of total amount £320.9 million (December 31, 2022: £317.7 million) and **Intangible Assets** of amount £68.0 million (December 31, 2022: £75.2 million). On initial recognition, the value of goodwill in relation to the acquisition of Devops Institute in February 2023 was determined provisionally. Following the completion of the Purchase Price Allocation (PPA), the respective consideration was allocated between goodwill and identified trade names, certifications/content and customer relationships.

Current assets increased to £93.3 million as of December 31, 2023 from £68.2 million as of December 31, 2022.

This variation is mainly attributed to the increase in **Cash at bank and in hand** by £26.9 million to £78.3 million partially set off by the decrease in Trade and other receivables by £1.9 million. The decrease in Trade & other receivables by 12% resulted in an improvement in the DSO (2023: 44 days, 2022: 51 days).

Changes in cash and cash equivalents are analyzed in the accompanying consolidated statement of cash flow. At this point, it should be noted that protecting the Group's financial health continues to be primary objective.

As of December 31, 2023, the Group has positive net assets of £198.2 million (2022: £165.6 million) remaining on track to building wealth.

Total liabilities decreased by £8.7 million (December 31, 2023: £294.7 million vs December 31, 2022: £303.4 million).

The aforementioned decrease is mainly driven by the decrease in **Borrowings** by £5.8 million (December 31, 2023: £264.7 million vs December 31, 2022: £270.5 million) due to the material fluctuation of FX currencies (FX rate of FY 2023: 1.1507 vs FX rate of FY 2022: 1.1275).

Trade & other payables increased to £11.8 million as of December 31, 2023 (December 31, 2022: £8.2 million).



Business highlights

Since its establishment, PeopleCert has always focused on developing and delivering globally, best-in-class Exam and Certification programs, that enhance the lives and careers of its candidates. Through the recent acquisitions, PeopleCert is even better positioned to do so, strengthening its capabilities while remaining committed to its Four (4) Core Values of Quality, Innovation, Passion, and Integrity. The acquisitions underline the Group's strategy to expand its presence and broaden its global offerings, support the vertical integration strategy of the Group and entail significant operational improvements, allowing PeopleCert to reach international best performance standards.

At the same time the below opportunities will accelerate standalone strategies and innovation in the market, while adding value for all the Group's stakeholders:

- Expansion of product portfolio through the acquisition of DevOps Institute;
- Acquisition of an LMS technology platform;
- New Product Stack – monetizing IP;
- New product releases in 2023;
- Bond and company rating upgrades S&P and Moody's in April 23, following upgrade from Fitch in September 2022;

From the above, it is evident that 2023 was the year of significant investments across the company, having finalised the synergies and getting ready for the next era, while 2024 transformation initiatives are on track. The Group remains committed to its expansion strategy with a strong pipeline of potential acquisitions.

For full details on PeopleCert's reported results, see the financial tables accompanying this release.

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About PeopleCert

PeopleCert is a global leader in the assessment and certification of professional skills, partnering with multi-national organizations and government bodies to develop and deliver market leading exams. PeopleCert delivers exams across 220 countries, in 25 languages, through its state-of-the-art assessment technology, enabling professionals to reach their full potential and realize their life ambitions through learning.

Consolidated statement of Financial Position of PeopleCert Wisdom Limited as of December 31, 2023

<i>amounts in £</i>	31/12/2023	31/12/2022
ASSETS		
Non-current assets		
Property, plant and equipment	6,040,937	3,725,190
Right-of-use assets	3,849,940	3,308,272
Intangible Assets	67,967,133	75,241,497
Goodwill	320,855,473	317,703,753
Deferred tax assets	325,993	528,236
Other Assets	632,799	249,460
	399,672,275	400,756,408
Current assets		
Trade and other receivables	14,623,215	16,590,886
Inventory	260,288	200,347
Income tax receivable	98,043	-
Cash at bank and in hand	78,284,655	51,433,660
	93,266,201	68,224,893
Total assets	492,938,476	468,981,301
EQUITY AND LIABILITIES		
Equity		
Share capital	4	4
Share Premium	140,058,339	140,058,339
Other Reserves	3,469,643	9,420,350
Retained earnings	54,691,474	16,133,045
Total Equity	198,219,460	165,611,738
Non-current liabilities		
Borrowings	260,710,872	266,075,388
Provisions for other liabilities and charges	113,635	95,269
Other Non-Current Liabilities	40,189	540,686
Deferred tax liabilities	9,656,463	11,692,747
Obligations under finance leases	3,055,429	2,594,561
	273,576,587	280,998,651
Current liabilities		
Trade and other payables	11,811,494	8,209,172
Deferred income	2,899,896	3,279,162
Borrowings	3,989,362	4,391,306
Obligations under finance leases	1,421,366	823,764
Income tax payable	1,020,311	5,667,508
	21,142,429	22,370,912
Total equity and liabilities	492,938,476	468,981,301

Consolidated income statement of PeopleCert Wisdom Limited as of December 31, 2023

<i>amounts in £</i>	12M 2023	12M 2022
Revenue	120,212,779	117,721,199
Cost of sales	(22,733,179)	(13,760,542)
Gross profit	97,479,600	103,960,657
Other operating income	87,921	299,530
Administrative expenses	(29,621,146)	(24,460,100)
Distribution expenses	(15,580,924)	(10,520,577)
Other operating expenses	(142,172)	(1,503,812)
Operating profit	52,223,278	67,775,698
Finance income	47,791,311	2,058
Finance expense	(57,093,600)	(37,756,433)
Profit before tax	42,920,990	30,021,323
Taxation	(1,414,515)	(9,193,790)
Profit for the year	41,506,474	20,827,533

Consolidated statement of cash flows of PeopleCert Wisdom Limited as of December 31, 2023

<i>amounts in £</i>	31/12/2023	31/12/2022
Operating activities		
Profit before tax	42,920,990	30,021,323
Adjustments:		
Depreciation, amortisation and impairment	14,814,036	10,833,552
Exchange Rate differences	(11,059,628)	22,921,976
Charge to profit or loss for provision	-	163,114
Finance expense	15,000,756	14,834,457
	61,676,154	78,774,422
Increase in Inventories	(59,941)	(175,127)
(Increase)/decrease in Trade and other receivables	1,967,671	(7,062,654)
Increase in Trade and other payables	3,967,020	1,042,779
Increase/(decrease) in deferred income	(379,266)	714,834
Defined benefits obligations paid	-	(132,613)
Increase in other assets	(299,168)	(62,761)
Tax paid	(3,201,584)	(5,371,853)
Net cash from/(used in) operating activities	63,670,886	67,727,027
Investing activities		
Acquisition of subsidiary, net of cash acquired	(3,672,973)	-
Acquisition of property, plant and equipment	(2,716,516)	(2,673,905)
Acquisition of intangible assets	(5,889,871)	(4,565,325)
Payment for purchase of investments at FVTPL	(84,171)	-
Net cash used in investing activities	(12,363,531)	(7,239,230)
Financing activities		
Payments of lease liabilities	(1,088,156)	(816,498)
Interest paid	(14,982,015)	(16,337,528)
Dividends paid	(7,350,000)	(11,782,562)
Net cash from/(used in) financing activities	(23,420,171)	(28,936,588)
Net increase in cash and cash equivalents	27,887,184	31,551,209
Cash and cash equivalents:		
At beginning of the year	51,433,660	18,836,946
Effect of exchange rate fluctuations on cash held	(1,036,189)	1,045,505
At the end of the period	78,284,655	51,433,660