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FOR IMMEDIATE RELEASE

## PeopleCert announces Consolidated Half-year Financial Results as of June 30, 2021

### London: United Kingdom:

PeopleCert Holdings UK Ltd (“PeopleCert”), the market leading differentiator within the assessment and certification industry, presents the unaudited Consolidated Half-year Financial Report as of June 30, 2021, which confirms the growth in revenues and the improvement in profit margins while also shows substantial increases in all key performance indicators and, on a prospective basis, in the awarded contracts through tenders.

All amounts are presented in GBP.

### Consolidated highlights for the 1st half of 2021 (compared to the 1st half of 2020):

- Revenue: £38.8 million (+39.1%, compared to £27.9 million at June 30, 2020);
- EBITDA: £6.5 million (+66.7%, compared to £3.9 million at June 30, 2020);
- EBIT: £4.9 million (+81.5% compared to £2.7 million at June 30, 2020);
- Net Result: profit of £4.1 million due to the acquisition of IASSC in Q3 2020 that internalized the relevant royalty costs as well as due to the effective adaptation of PeopleCert to the new digital era with the advancement of online invigilation services compared to a profit of £2.1 million at June 30, 2020 despite the adverse impact of coronavirus pandemic during this period that was partially offset by governmental aids and cost cutting efforts;
- Net Financial Indebtedness: -£5.8 million (compared to -£14.5 million at December 31, 2020)<sup>1</sup>.

<sup>1</sup> Net Financial Indebtedness is defined as Current and Non-current Borrowings less Cash and Cash Equivalents.

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

The Group's development to date, financial results and position as presented in the consolidated financial statements is tracking favourably, as supported by the key parameters shown below:

#### Financial Key Performance Indicators

<u>Ratio</u>	<u>June 30, 2021</u>	<u>June 30,2020</u>
<u>Gross margin</u> Gross profit to Revenue	38.4%	30.1%
<u>Net margin</u> Profit before tax to Revenue	10.9%	7.9%

Gross margin (Gross profit to Revenue) increased by 8.3pp to 38.4% mainly due to the combined effect of the IASSC acquisition, which reduced royalty costs, and a change in product mix towards sales of higher margin language products. Further benefit came from the promotion of online invigilation services and hence a reduction in classroom-related costs.

The increase in Net margin by 3pp to 10.9% reflecting the improved gross margin but partially offset by one-off costs arising from PeopleCert's acquisition of Axelos, as well as other tenders. Underlying costs saw a reduction, including travel and people related expenses, due to constraints imposed by the coronavirus pandemic.

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## PeopleCert Consolidated Results as of June 30, 2021

**Total Revenue** for the six-month period ended June 30, 2021 grew 39.1% to £38.8 million compared to £27.9 million for the same semester last year. The growth derives from the B&IT stream primarily driven by Axelos' products that presented an increase of 21%, with a significant further contribution from Languages' products that rose by 738% following the Madrid tender win and SELT's full year contribution.

Part of the aforementioned growth is related to PeopleCert's achievement to overcome the adverse impact of the coronavirus pandemic and retain its leadership position worldwide by taking advantage of the fact that the Global market is rapidly moving towards more digital delivery models. PeopleCert adapted rapidly to the changing circumstances by promoting the provision of online invigilation services, partially offsetting the original loss from postponed classroom-based exams.

**Cost of sales** increased by 22.6% to £23.9 million in H1 2021 compared to £19.5 million during H1 2020, at a lower pace than revenue growth and therefore increasing gross profit margin. The main reason for this variation is the change in product mix driven by the increase in sales of high margin products of the LanguageCert stream and due to the preference for online invigilated exams, as well as due to the termination of IASSC royalties following the acquisition of 8<sup>th</sup> September 2020.

On the other hand, **Operating expenditure** increased by 74.2% to £10.1 million compared to £5.8 million for the same semester last year with this movement arising primarily from one-off costs incurred in PeopleCert's acquisition of Axelos, as well as legal fees and consultancy services to support the tenders of awarded contracts in Madrid (for the provision of English language exams for primary and secondary schools).

Despite the increased costs, the higher increase in revenue contributed positively to **EBITDA** for the period, showing an increase of 66.7% to £6.5 million.

**EBIT** amounted to £4.9 million, up by 81.5% compared to £2.7 million achieved in the same period of the previous year.

**Net Financial Indebtedness** is negative during both periods (June 30, 2021: -£5.8 million vs December 12, 2020: -£14.5 million) indicating that the Group possesses more cash and cash equivalents than its financial obligations and is hence more financially stable. Extrapolated to the 12-month period, Cash and Cash equivalents remained relatively stable, whereas Borrowings decreased by the repayment of two additional instalments of the existing loan with EBRD.

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## Ratios on Financial Performance and Financial Position of the Group as of June 30,2021

<b>A. <u>Profitability Ratios</u></b>	<u>June 30, 2021</u>
<u>Return on assets (ROA)</u> Net Income to Total Assets	15%
<u>Return on Equity (ROE)</u> Net Income to Total Equity	29%
<b>B. <u>Solvency Ratios</u></b>	<u>June 30, 2021</u>
<u>Solvency Ratio</u> Net Income + Depreciation & Amortization to Total Liabilities	42%
<u>Total Debt to Equity Ratio</u> Total Liabilities / Total Equity	0.97
<u>Proprietary Ratio</u> Total Equity/ Total Assets	0.51
<b>C. <u>Liquidity Ratios</u></b>	<u>June 30, 2021</u>
<u>Current Ratio</u> Current Assets to Current Liabilities	1.55
<u>Cash Ratio</u> Cash to Current Liabilities	0.71
<u>Working Capital Ratio</u> Current Assets to Current Liabilities	1.55

As supported by the above stated ratios, the Group is financially stable and strong, as well as efficient at generating profits, while both the current and cash ratios generally indicate ample liquidity.

Further to this, the high percentages of ROE and ROA evidence and support the Group's ability to successfully utilize the resources provided by its equity investors and its accumulated profits in generating income.

### PeopleCert Consolidated Financial Position as of June 30, 2021

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Although the sanitary situation remains uncertain, the Group presents a robust Balance Sheet with strong capital and liquidity levels supporting PeopleCert's readiness for 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 June 30, 2021, **Total Assets** were £27.8 million (December 31, 2020: £36.3 million).

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**Non-current assets** at the end of H1 2021 amounted to £11.4 million compared to £11.8 million by year-end 2020. The observed decrease is mainly due to the net effect of **Right-of-use Assets'** and **Intangible Assets'** amortization (net of currency differences) of total amount £0.8 million as offset by net additions in **Property, plant & equipment** of £0.2 million.

The remaining fluctuation in long-term assets is attributed to the Group's new **Investment** in Cerebrum Teknoloji Yazilim Ticaret ve Sanayi A.S. on January 28, 2021 of amount £0.2 million. The investment was made in exchange for 1,292 shares of Cerebrum of nominal value one (1) Turkish lira each, corresponding to 2% of the aggregate share capital of the latter. Cerebrum offers a digitization road map to each of its customers, starting with consultancy that includes developing new digital transformation projects, supporting customers to find the right path to digitization and then providing solutions through a unique technology ecosystem with use of innovative technologies. The Group's participation in this start-up entity emphasizes PeopleCert's aim and commitment to evolution and progress.

**Current assets** decreased to £16.4 million as of June 30, 2021 from £24.5 million as of December 31, 2020. This variation is primarily attributed to the decrease in **Cash at bank and in hand** by £9.4 million (June 30, 2021: £7.5 million vs December 31, 2020: £16.9 million) following the distribution of dividends of total amount £10.6 million representing retained earnings for the period through 31 December 2020 (£9.6 million approved in 2021) and for the period ended December 31, 2020 (£1 million approved in 2020).

At this point, it should be noted that protecting the Group's financial health continues to be primary objective. Excluding the impact of this one-off transaction, the cash position at the end of H1 2021 would be higher than the relevant position at year-end 2020, thereby reflecting strong deposit growth.

On the other hand, **Trade & other receivables** increased by £1.3 million (June 30, 2021: £8.9 million vs December 31, 2020: £7.6 million). Considering that DSO remained relatively stable at 26 days (December 31, 2020: 24 days), the observed variation is mainly driven by the revenue growth.

As of June 30, 2021, the Group has positive net assets remaining on track to building wealth. The changes in **Total Equity** in the half-year from £20.3 million in 2020 to £14.2 million in 2021 are explained by the consolidated profit of £4.1 million counterbalanced by the dividend pay-out of £9.6 million and exchange differences of £0.6 million.

**Total liabilities** decreased by £2.3 million (June 30, 2021: £13.7 million vs December 31, 2020: £15.9 million).

The aforementioned decrease is partially attributed to the repayment of two quarterly instalments of the existing loan with EBRD that decreased **Borrowings** by £0.7 million (June 30, 2021: £1.7 million vs December 31, 2020: £2.4 million).

Further to this, **Deferred income** decreased by £0.8 million from £2.2 million as of December 31, 2020 to £1.5 million as of June 30, 2021. According to the Group's policy, accreditation fees of FY 2021 were invoiced within November of 2020. The observed fluctuation corresponds mainly to the decrease of the respective liability as the income was earned during H1 2021.

**Trade & other payables** decreased to £8.3 million as of June 30, 2021 (December 31, 2020: £9.1 million). This variation is in substance due to seasonality reasons, yet it is also in line with the decrease in DPO (H1 2021: 37 days, YE 2020: 42 days) revealing the positive impact of a new tailor-made cost approval system.

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## Business highlights

In the context of its normal course of business, PeopleCert participates in various tenders. The award of the below tendered contracts evidence and supports the Group's growth and future prosperity:

- TFL tender for Taxi Drivers in London with a minimum commitment of circa 55k exams per annum effective from October 2021.
- Two (2) tenders in Madrid, Spain, for the provision of circa 110k English language exams for primary and secondary schools.
- Two (2) government IT-related tenders in Greece for the provision of upskilling/reskilling training and certification.

During H1 2021, PeopleCert introduced the provision of online invigilation as-a-service to third parties which is expected to impact favourably the Group's revenue and anticipated growth.

On June 21, 2021, the Group announced its agreement to acquire Axelos. 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. By taking this next step, 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 addition of cutting-edge skills, combined with the Group's recognized deep expertise in this sector will create value for all the Group's stakeholders.

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.

## About Axelos

Axelos is a joint venture company co-owned by the UK Government's Cabinet Office and Capita plc. It is responsible for developing, enhancing and promoting a number of best practice methodologies used globally by professionals working primarily in project, programme and portfolio management, IT service management and cyber resilience. The methodologies, including ITIL®, PRINCE2®, PRINCE2 Agile®, MSP®, RESILIA® and AgileSHIFT®, are adopted in more than 150 countries to improve employees' skills, knowledge and competence in order to make both individuals and organizations work more effectively.

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## Consolidated statement of Financial Position of PeopleCert Holdings UK at 30 June 2021

<i>amounts in GBP</i>	<b>30/6/2021</b>	<b>31/12/2020</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,458,580	1,247,604
Right-of-use assets	1,427,948	1,601,417
Intangible Assets	7,993,096	8,607,737
Investments	105,197	0
Financial assets at fair value through other comprehensive	7,688	8,049
Deferred tax assets	237,576	243,694
Other Assets	144,895	108,284
	<b>11,374,980</b>	<b>11,816,785</b>
<b>Current assets</b>		
Trade and other receivables	8,677,591	7,598,121
Cash at bank and in hand	7,524,236	16,884,064
	<b>16,201,827</b>	<b>24,482,185</b>
<b>Total Assets</b>	<b>27,576,808</b>	<b>36,298,970</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	200	200
Other Reserves	715,795	1,470,822
Retained earnings	13,272,911	18,844,330
<b>Total Equity</b>	<b>13,988,906</b>	<b>20,315,352</b>
<b>Non-current liabilities</b>		
Borrowings	868,419	1,213,240
Provisions for other liabilities and charges	553,256	579,268
Other Non-Current Liabilities	40,396	
Deferred tax liabilities	93,784	103,981
Obligations under finance leases	1,113,373	1,273,084
	<b>2,669,228</b>	<b>3,169,573</b>
<b>Current liabilities</b>		
Trade and other payables	8,183,411	9,050,077
Deferred income	1,450,525	2,161,069
Borrowings	845,969	1,142,863
Lease Liabilities	379,335	383,831
Current tax liabilities	59,433	76,205
	<b>10,918,674</b>	<b>12,814,045</b>
<b>Total Equity and Liabilities</b>	<b>27,576,808</b>	<b>36,298,970</b>

## Consolidated income statement of PeopleCert Holdings UK at 30 June 2021

<i>amounts in GBP</i>	H1 2021	H1 2020
Revenue	38,762,672	27,914,949
Cost of sales	-23,874,407	-19,475,934
<b>Gross profit / (loss)</b>	<b>14,888,265</b>	<b>8,439,014</b>
Other income	147,656	4,381
Administration expenses	-8,202,322	-4,515,489
Selling and distribution expenses	-1,911,195	-1,261,166
Other expenses	0	0
<b>Operating profit / (loss)</b>	<b>4,922,404</b>	<b>2,666,740</b>
Finance income	0	0
Finance costs	-688,735	-495,606
Loss from investing activities	0	0
<b>Profit / (Loss) before tax</b>	<b>4,233,668</b>	<b>2,171,134</b>
Taxation expense	-143,248	-61,280
<b>Net profit / (loss) for the year</b>	<b>4,090,420</b>	<b>2,109,854</b>

## Consolidated statement of cash flows of PeopleCert Holdings UK at 30 June 2021

<i>amounts in GBP</i>	30/6/2021	30/6/2020
<b>Operating activities</b>		
Profit/(Loss) before tax	4,233,669	2,109,854
Adjustments:		
Depreciation of property, plant and equipment	386,094	320,878
Amortisation of intangible assets	1,204,591	1,149,831
Exchange Rate difference arising on the translation and consolidation of foreign companies' financial statements	(769,617)	814,508
Interest expense	70,747	48,424
	<b>5,125,484</b>	<b>4,443,494</b>
Trade and other receivables	(1,079,470)	4,730,973
Trade and other payables	57,003	(3,597,938)
Increase in deferred income	(710,544)	240,971
Tax paid		(8,397)
<b>Net cash (used in)/from operating activities</b>	<b>3,392,473</b>	<b>5,809,104</b>
<b>Investing activities</b>		
Payment for purchase of property, plant and equipment	(409,598)	(63,217)
Payment for purchase of intangible assets	(971,056)	(999,277)
Purchase of other assets	(36,611)	(2,948)
Payment for purchase of investment in subsidiaries	(105,197)	-
<b>Net cash from/(used in) investing activities</b>	<b>(1,522,462)</b>	<b>(1,065,442)</b>
<b>Financing activities</b>		
Payments of leases liabilities	(261,661)	(234,247)
Repayments of borrowings	(543,456)	(567,782)
Interest paid	(30,535)	(48,424)
Dividends paid	(10,551,638)	(391,080)
<b>Net cash from/(used in) financing activities</b>	<b>(11,387,291)</b>	<b>(1,241,532)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(9,517,280)</b>	<b>3,502,130</b>
<b>Cash and cash equivalents:</b>		
At beginning of the year	16,864,989	12,012,568
Effect of exchange rate fluctuations on cash held	150,776	(113,252)
<b>At the end of the year</b>	<b>7,498,485</b>	<b>15,401,446</b>