



# PeopleCert

All talents, certified.

## Presentation to Investors

Q3 2021 Results

November 2021

# Legal Disclaimer

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IMPORTANT: You must read the following before continuing.

*Forward looking statements. PeopleCert (“the Company”) does not in general publish forecasts regarding its future financial results. The financial forecasts contained in this document are based on a series of assumptions, which are subject to the occurrence of events that can neither be reasonably foreseen by the Company, nor are within the Company’s control. The said forecasts represent management's estimates and should be treated as mere estimates. There is no certainty that the actual financial results of the Company will be in line with the forecasted ones. In particular, the actual results may differ (even materially) from the forecasted ones due to, among other reasons, changes in the economic environment and fluctuations in foreign currencies rates. Consequently, it should be stressed that the Company does not and could not reasonably be expected to, provide any representation or guarantee, with respect to the creditworthiness of the forecasts.*

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# PeopleCert Presenters & Index

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## PeopleCert Presenters



**Byron Nicolaides**  
*Founder, Chairman & CEO*



**George Giannetsos**  
*CFO*

## Index

- Key 9M Highlights
- Financial Performance
- Synergies Update
- Q&A session

# Overview

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- PeopleCert is a leading global player in **Education Technology (Edutech)** focusing on the “**Certification of Persons**” market
- **Vertically integrated** business model: creates and owns frameworks (**IP House**), manages examinations and delivers certifications
- **Leader in the IT and Project Management** certification markets (Best Practice), **fast growing** presence in the **Languages certification** market
- **Flexible, highly profitable, and cash generative business** model that rapidly adapted and benefited from COVID-19 changes in the way that exams are being delivered
- Delivered **598k exams LTM Sep-21**
- Controlled by **Founder, Chairman & CEO Byron Nicolaides**, supported by **FTV Capital** (minority shareholder)

# Key 9M 2021 Highlights

## REVENUE

- Revenue performance remains strong: **9M 21 +30.6% vs. 9M 20** (£57.2m vs £43.8m)
- **LTM Sep 21 Revenue +3% vs LTM Jun 21** (£80m vs £78m)
- **B&IT 9M 21 +16% vs 9M 20** mainly from Axelos' products. **Languages 9M 21 +346% vs. 9M 20**

## GROSS PROFIT

- **Gross Profit for 9M 21 +92% vs 9m 20** (£27.1m vs. £14.1m). **Gross Margin 47% vs.32%**
- Gross Margin increase mainly due to:
  - contribution of higher margin products (Languages)
  - elimination of Axelos' Revenue share post acquisition
- **Gross Profit for LTM Sep 21 at £73.2m vs. £73m for LTM Jun 21**

## ADJUSTED EBITDA / EBITDA MARGIN

- **Adjusted EBITDA (excluding one-off Transaction costs) for 9M 21 +117% vs 9M 20**(£15.4m vs £7.1m) EBITDA margin 27% vs. 16%
- **LTM Sep 21 EBITDA +3% vs LTM Jun 21** (£48.1m vs £46.7m). EBITDA margin at 60% vs 60%
- EBITDA increase from **higher Revenues, lower Cost of Sales and in spite of increase in OPEX**

## NET DEBT / CASH POSITION

- **Net Debt for 9M 21 at £241.3m** (*excluding accrued interest expense*)
- **Cash position at £16.8m**

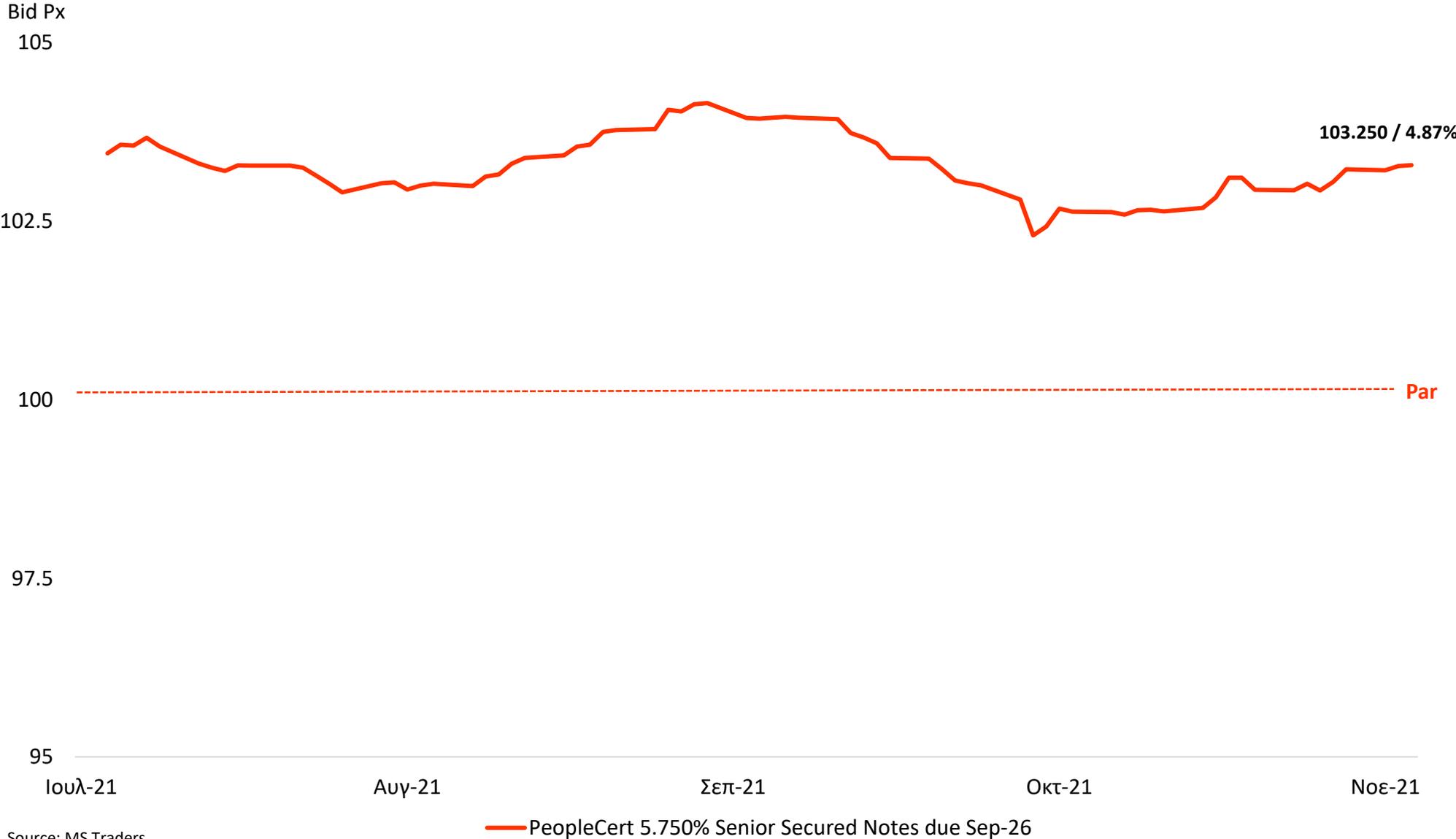
## COMMERCIAL HIGHLIGHTS

- **B&IT performance for 9M 21 has recovered at 2019 levels. Languages continues to have stellar performance**
- **TFL tender for Taxi Drivers in London min 55k exams per year for 6 years.** Starting Oct 21
- **2 tenders in Madrid, Spain c.110k English language exams** for primary and secondary schools (provided)
- **3 government IT tenders in Greece** for upskilling / reskilling training and certification (2022-2023)
- **1 tender in Polynesia, University of French Polynesia** for English language certification

# Senior Secured Notes | Trading Since Issuance

- Since the debut (July 2021) PeopleCert’s Senior Secured Notes have traded well above par despite global market volatility
- As of 10<sup>th</sup> November 2021, the Notes trade at a bid price of **103.250** corresponding Yield to Worst of **4.87%**, according to MS Traders

PeopleCert €300 MM 5.750% Senior Secured Notes due Sep-2026



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## Financial Performance



## Q3 FY21 – Financial Highlights

### Q3 21 vs Q3 20

	Q3 20	Q3 21	Variance
Revenue	£16.5	£18.8	13%
Adj. EBITDA	£10.2	£11.6	14%
Adj. EBITDA margin	62%	62%	
Adj. EBIT	£7.3	£9.6	31%

Average Price ITIL	£140.9	£133.3	-5%
Average Price P2	£149.0	£142.1	-5%

### Q3

# of Exams	Q3 20	Q3 21	Variance
IT	62,753	69,182	10%
PPM	29,243	31,451	8%
Languages	21,427	38,501	80%
<b>Total</b>	<b>113,423</b>	<b>139,134</b>	<b>23%</b>

### Q3

# of Key Axelos Exams	Q3 20	Q3 21	Variance
ITIL	52,221	56,038	7%
P2	22,650	23,381	3%

*KPI's table do not include any Revenue Optimization or Cost Synergies*

### LTM Sep 21 vs LTM Jun 21

	LTM Jun21	LTM Sep21	Variance
Revenue	£78.0	£80.3	3%
Adj. EBITDA	£46.7	£48.1	3%
Adj. EBITDA margin	60%	60%	
Adj. EBIT	£36.1	£37.5	4%

Average Price ITIL	£136.2	£134.5	-1%
Average Price P2	£144.0	£142.7	-1%

### LTM

# of Exams	LTM Jun21	LTM Sep21	Variance
IT	262,603	269,060	2%
PPM	141,599	143,807	2%
Languages	166,470	185,249	11%
<b>Total</b>	<b>570,672</b>	<b>598,116</b>	<b>5%</b>

### LTM

# of Key Axelos Exams	LTM Jun21	LTM Sep21	Variance
ITIL	229,840	233,657	2%
P2	108,127	108,858	1%

# PeopleCert Revenue

Figures in £m

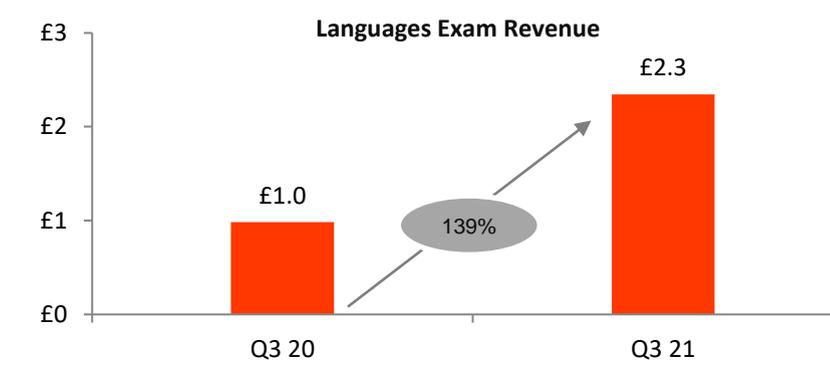
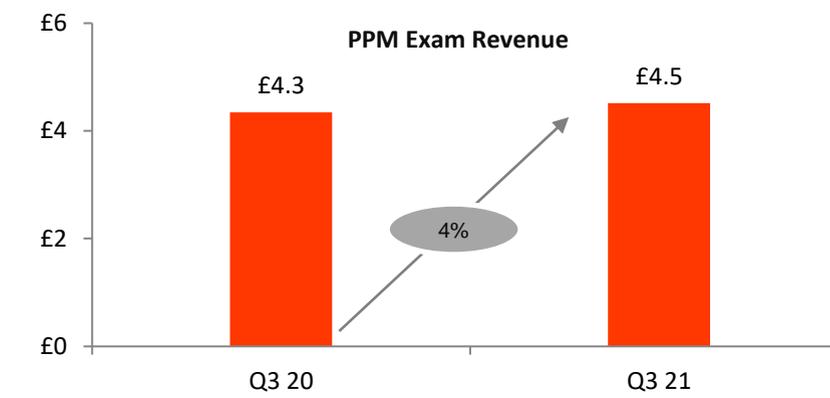
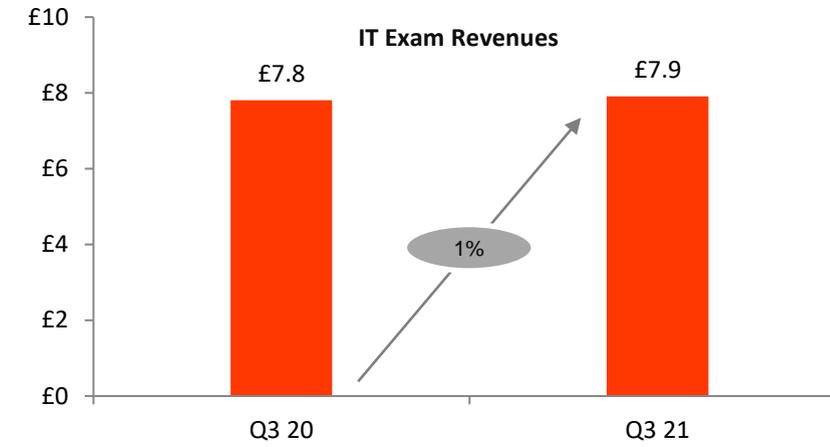
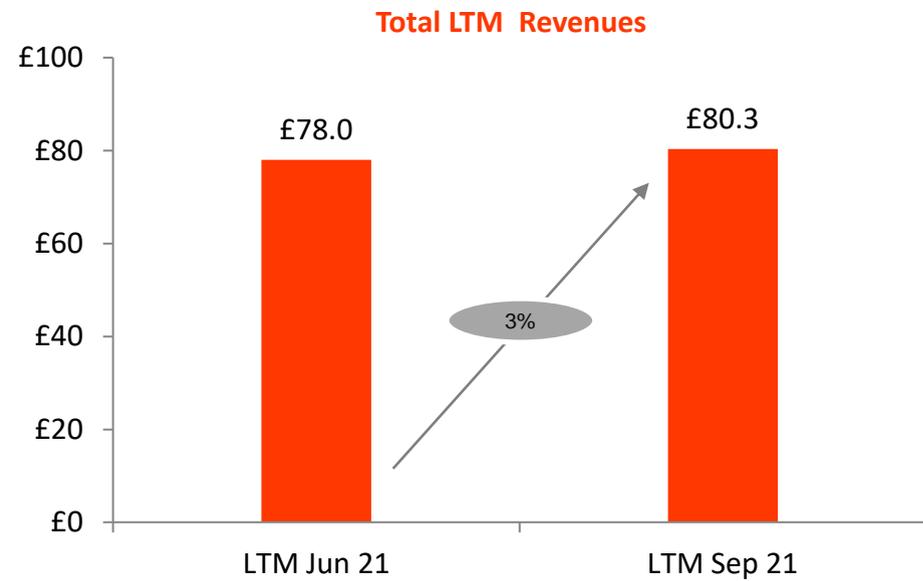
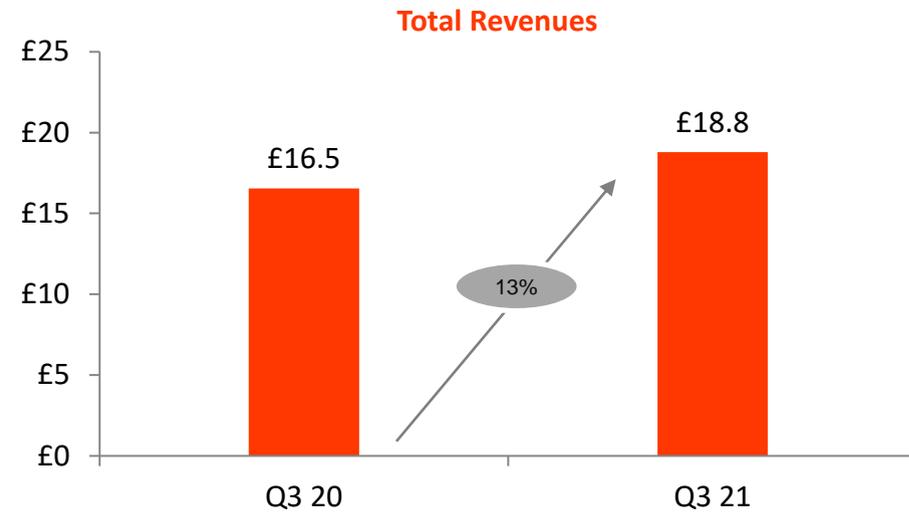
## Combined Revenue <sup>1</sup>



1. Numbers have been calculated as the sum of the two standalone companies' figures , excluding royalties paid from PeopleCert to AXELOS. Optimization initiatives and transaction effects impact have not been taken into account

# Revenue Breakdown

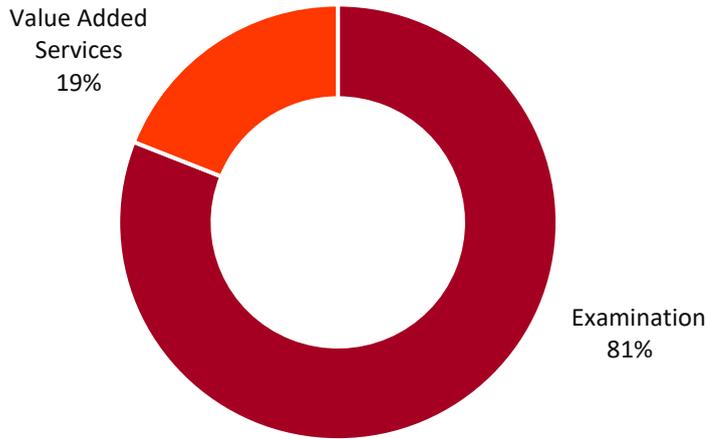
Figures in £m



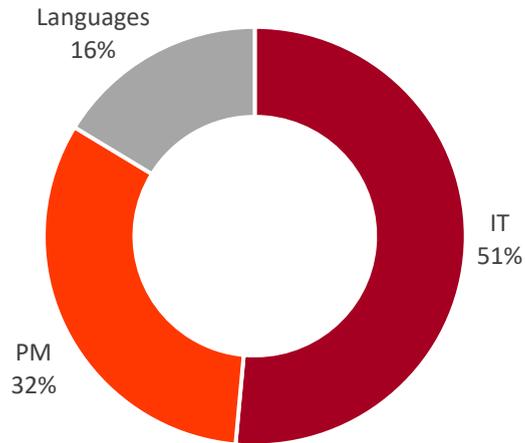
\* Revenue does not include Revenue Optimization and Cost Synergies

# PeopleCert Standalone Revenue Breakdown (9M 21)

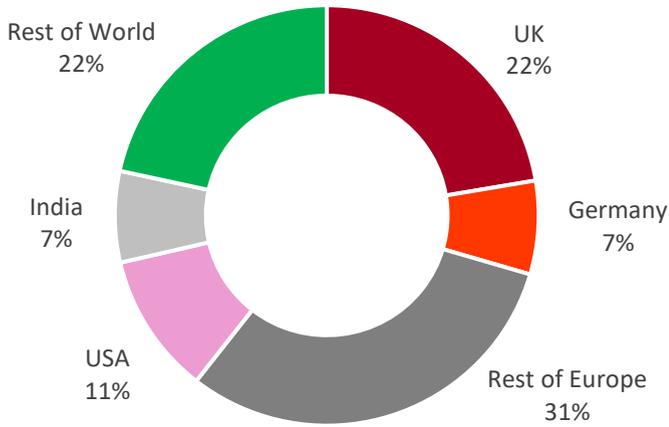
## By Product



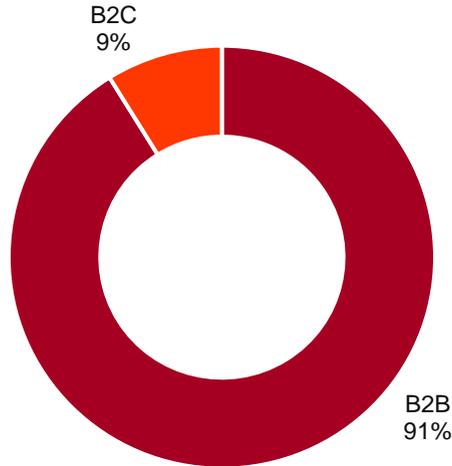
## Examination Revenue by Sector



## By Geography

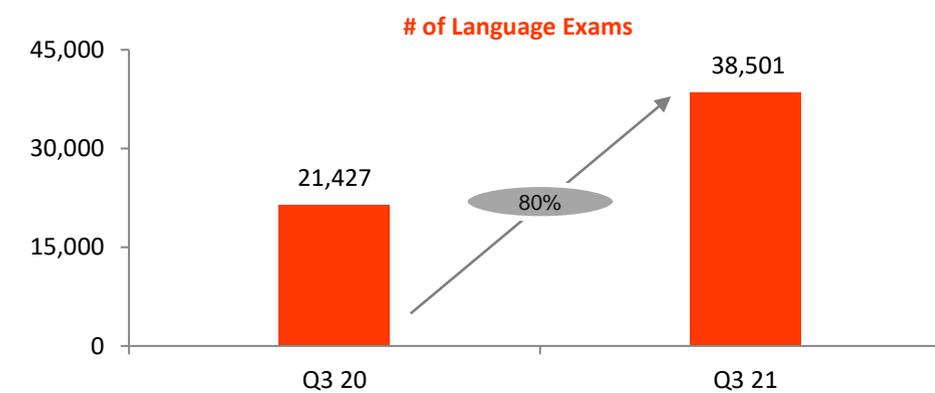
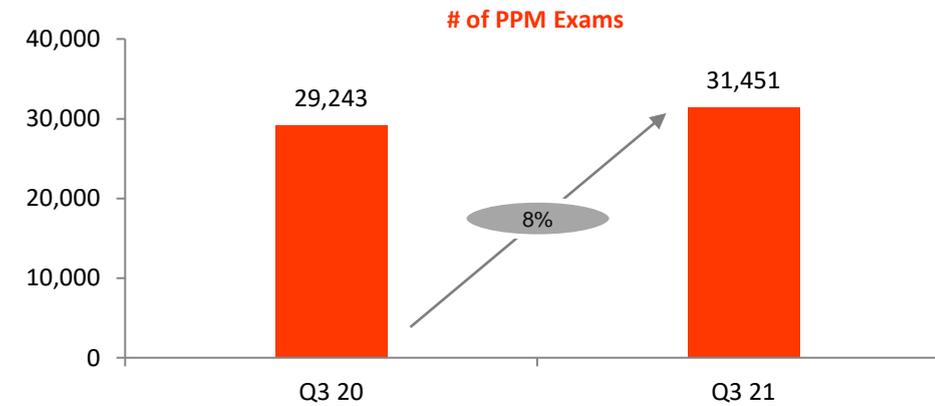
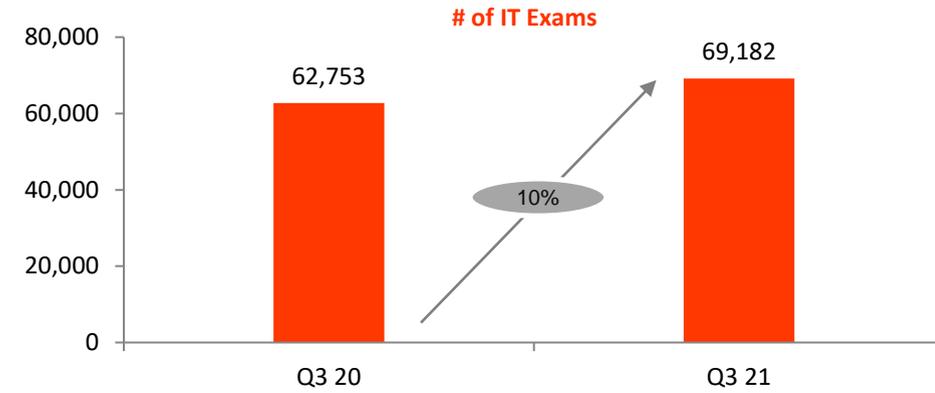
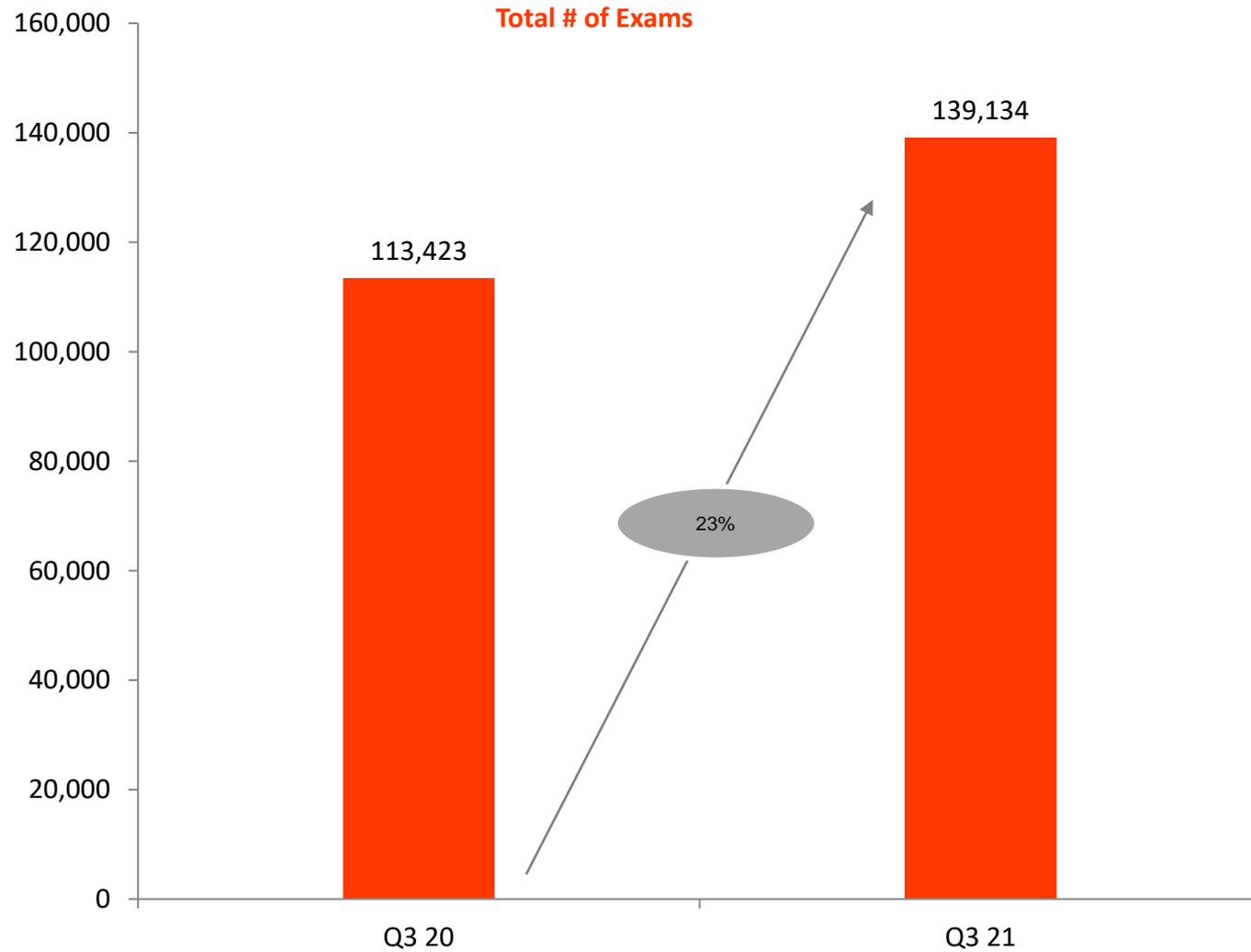


## By Client



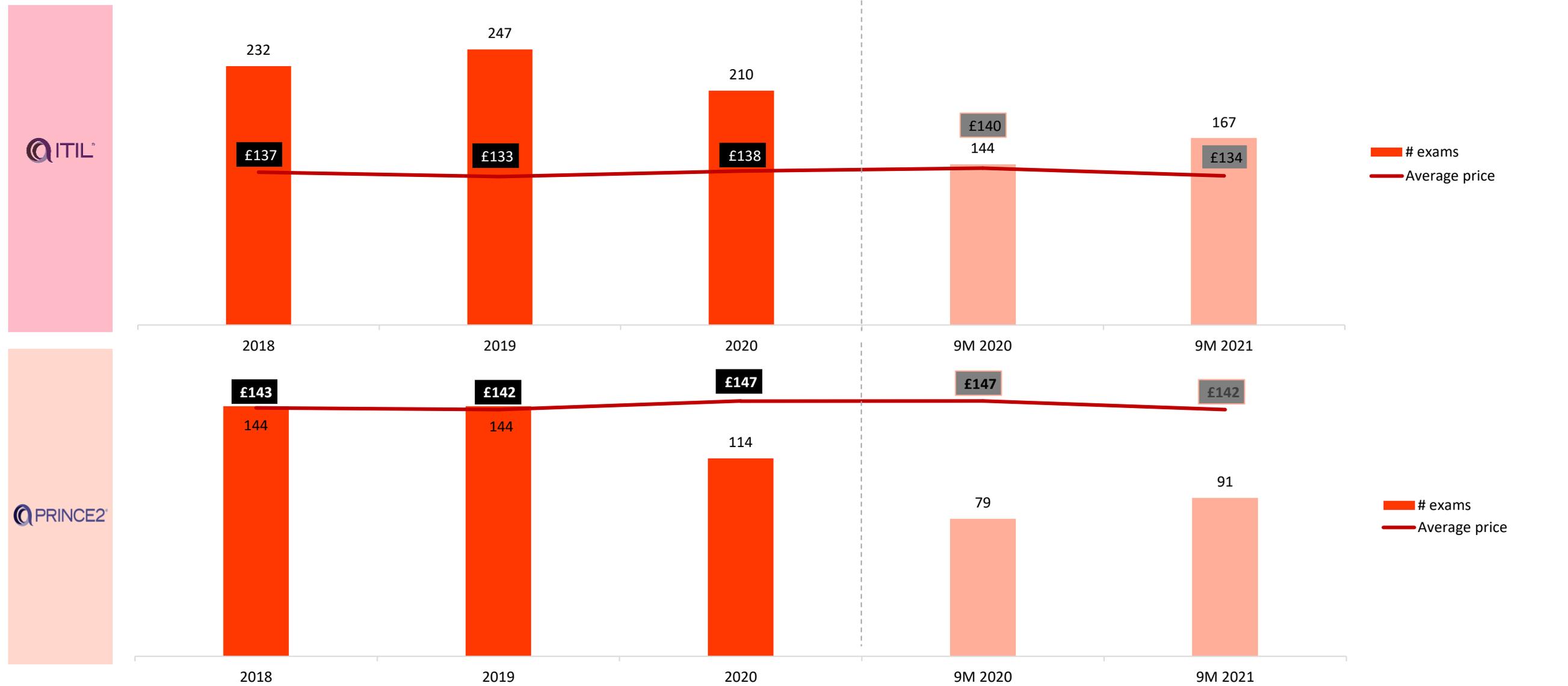
# Exam Volume Breakdown

Exam Volume Breakdown (Q3 21 vs Q3 20)



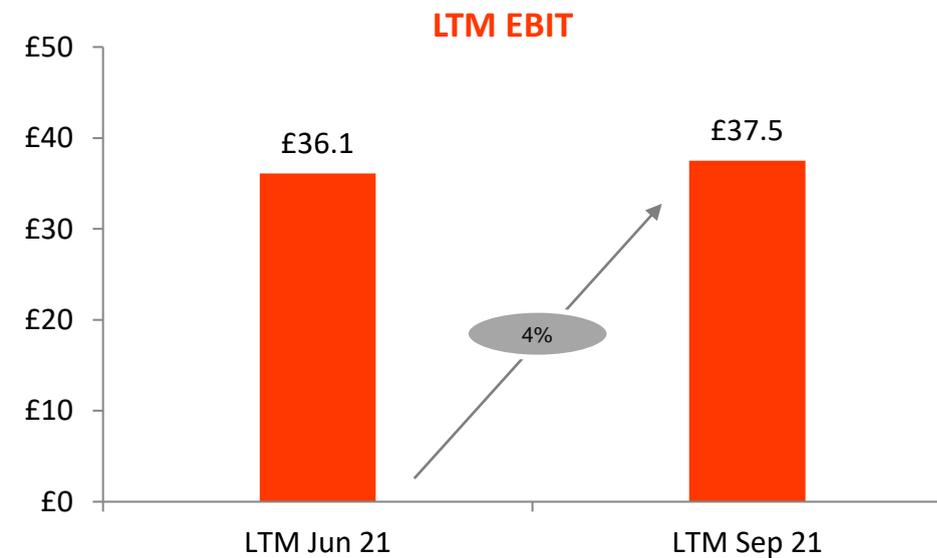
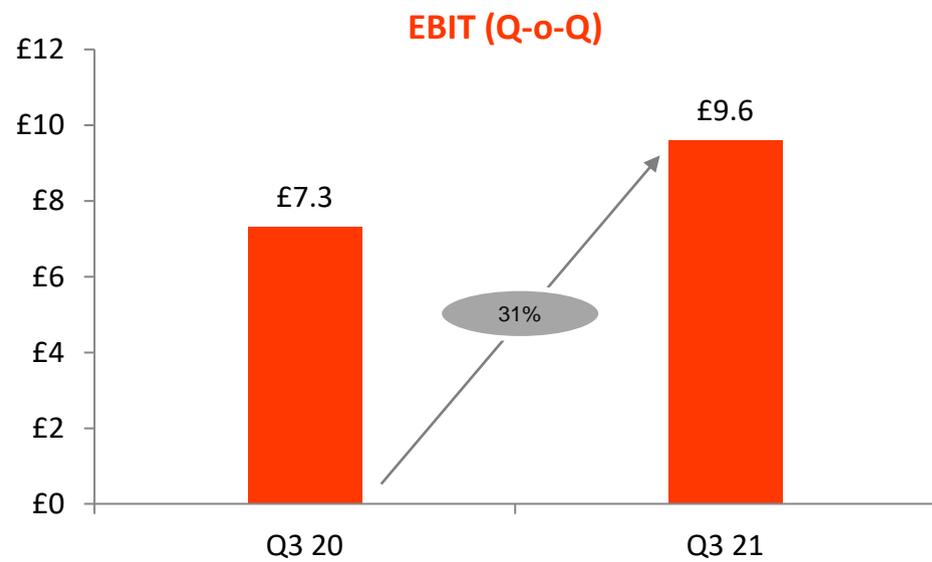
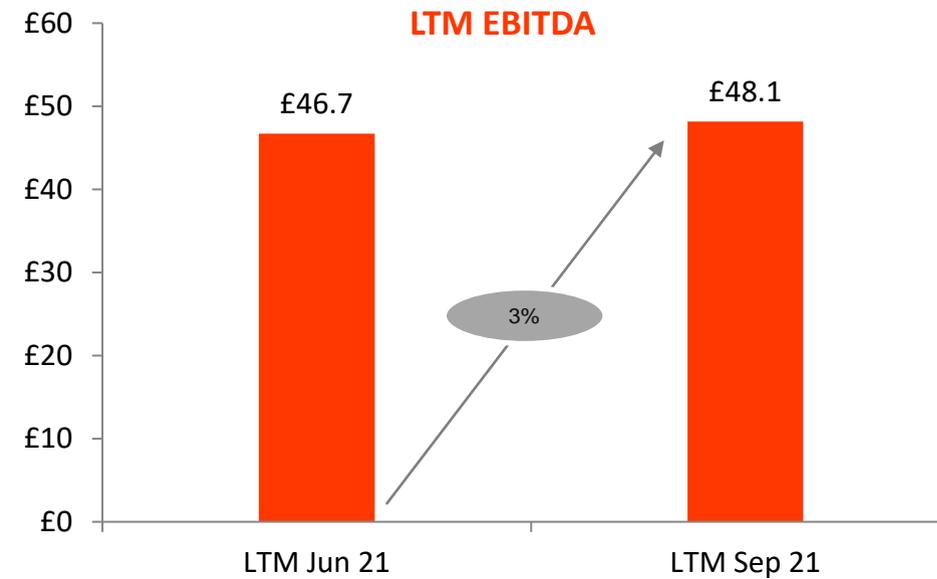
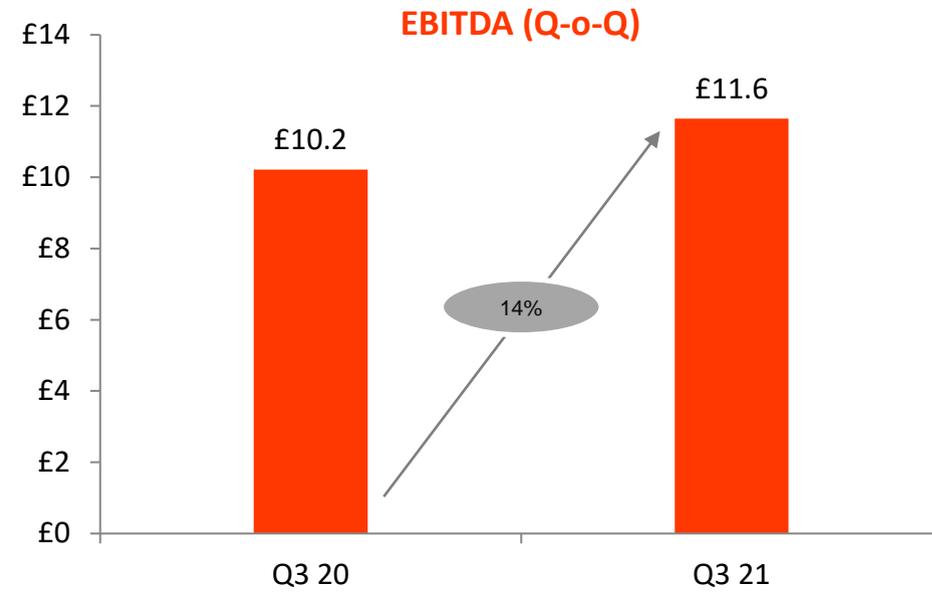
# Prices Evolution, YoY

## Historical Evolution (by number of exams in thousands)



# EBITDA & EBIT

Figures in £m



\* EBITDA & EBIT are combined figures and do not include Revenue Optimization or Cost Synergies. The charts present adjusted EBITDA & EBIT figures which exclude one – off Transaction related expenses for the period.

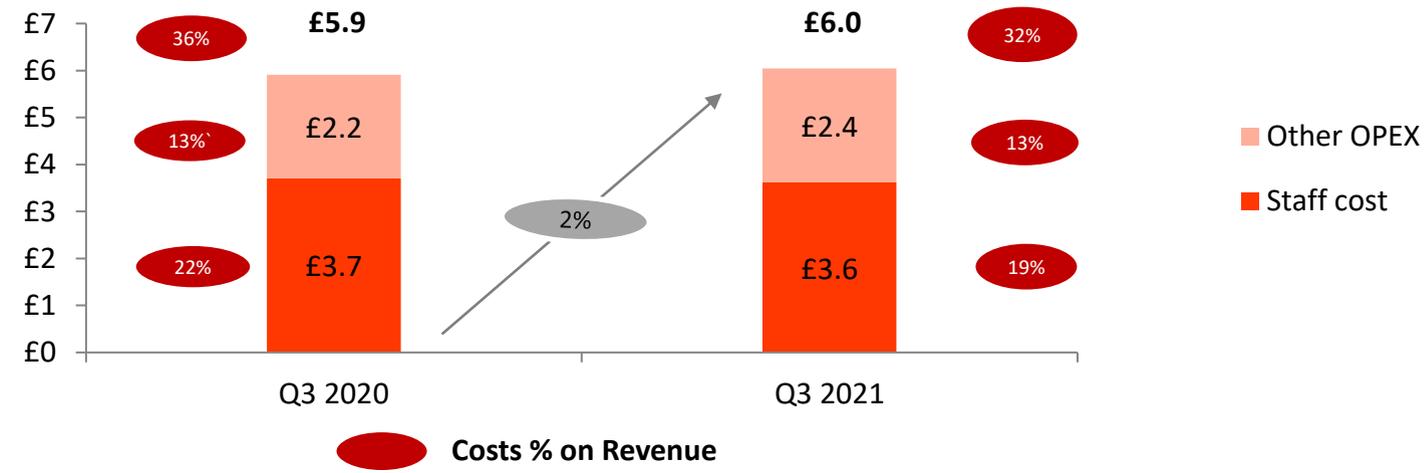
# OPEX, YoY (2018-LTM Q3 2021)

Figures in £m

## Historical Evolution (Combined)



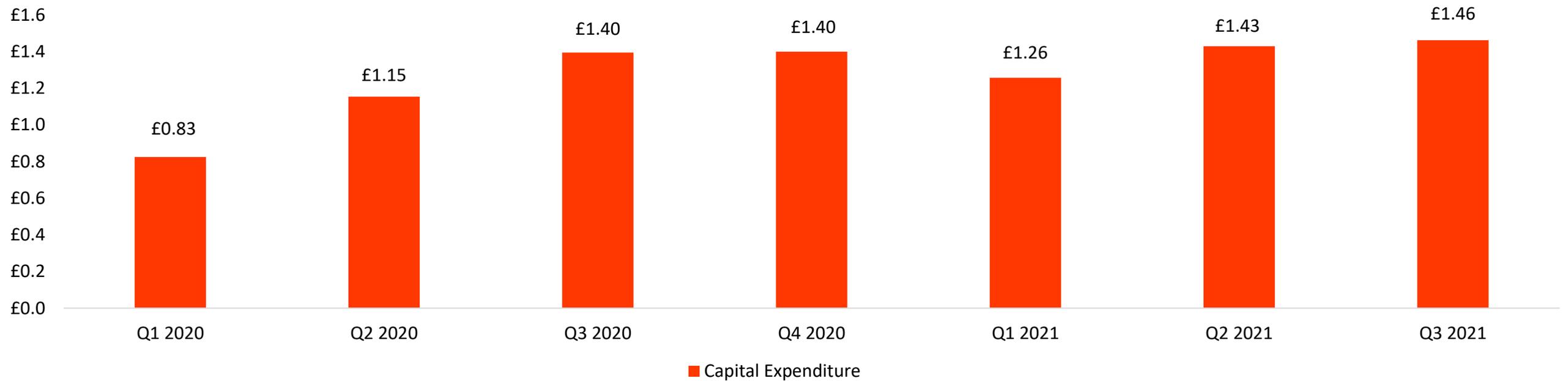
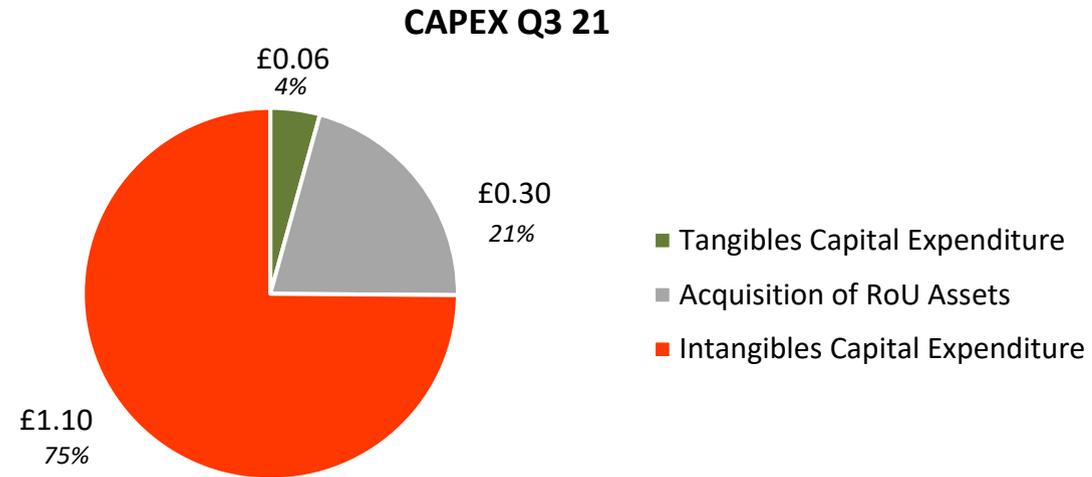
## Operating Costs\*



\* OPEX for the period does not include Depreciation

# Capex

Figures in £m



\* CAPEX presented in the above chart is pro-forma

# Balance Sheet

## Consolidation - PeopleCert Wisdom Limited\*

### Statement of financial position

amounts in GBP	30/9/2021	31/12/2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,444,328	1,247,604
Right-of-use assets	1,629,370	1,601,417
Intangible Assets	393,116,161	8,607,737
Financial assets at fair value through other comprehensive income	7,704	8,049
Deferred tax assets	200,877	243,694
Other Assets	163,016	108,284
	<b>396,561,456</b>	<b>11,816,785</b>
<b>Current assets</b>		
Trade and other receivables	11,074,781	7,598,121
Cash at bank and in hand	16,837,071	16,884,064
	<b>27,911,852</b>	<b>24,482,185</b>
<b>Total assets</b>	<b>424,473,307</b>	<b>36,298,970</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	4	200
Share Premium	140,058,339	-
Other Reserves	2,039,462	1,470,822
Retained earnings	(5,650,707)	18,844,330
<b>Total Equity</b>	<b>136,447,098</b>	<b>20,315,352</b>
<b>Non-current liabilities</b>		
Borrowings	258,160,008	1,213,240
Provisions for other liabilities and charges	554,462	579,268
Other Non-Current Liabilities	40,484	-
Deferred tax liabilities	3,794,672	103,981
Obligations under finance leases	1,263,059	1,273,084
	<b>263,812,684</b>	<b>3,169,573</b>
<b>Current liabilities</b>		
Trade and other payables	19,961,684	9,050,077
Deferred income	1,219,803	2,161,069
Borrowings	2,561,381	1,142,863
Lease Liabilities	439,438	383,831
Current tax liabilities	31,220	76,205
	<b>24,213,525</b>	<b>12,814,045</b>
<b>Total equity and liabilities</b>	<b>424,473,307</b>	<b>36,298,970</b>

\* Following the issuance of PeopleCert's senior secured bond, in Q321, quarterly reports will present financial statements of the Parent Guarantor company – PeopleCert Wisdom Limited on a consolidated basis. 31.12.20 presents PeopleCert Holdings UK figures

# Profit & Loss

## Consolidation - PeopleCert Wisdom Limited\*

### Statement of Comprehensive income

<i>amounts in GBP</i>	9M 2021	9M 2020
Revenue	57,238,738	43,839,814
Cost of sales	(30,136,558)	(29,720,951)
<b>Gross profit / (loss)</b>	<b>27,102,180</b>	<b>14,118,863</b>
Other income	282,571	5,574
Administration expenses	(13,071,165)	(7,611,377)
Selling and distribution expenses	(2,459,076)	(1,597,245)
Other expenses <sup>1</sup>	(19,769,735)	-
<b>Operating profit / (loss)</b>	<b>(7,915,224)</b>	<b>4,915,814</b>
Finance costs	(3,240,404)	(680,062)
<b>Profit / (Loss) before tax</b>	<b>(11,155,629)</b>	<b>4,235,752</b>
Taxation expense	(2,435,560)	(114,164)
<b>Net profit / (loss) for the year</b>	<b>(13,591,189)</b>	<b>4,121,588</b>

1. Other Expenses include **one-off** Transaction Expenses for the period which impact the Operating Profit

\* Following the issuance of PeopleCert's senior secured bond, in Q321, quarterly reports will present financial statements of the Parent Guarantor company – PeopleCert Wisdom Limited on a consolidated basis. 9M 20 presents PeopleCert Holdings UK figures

# Cash Flow

## Consolidation - PeopleCert Wisdom Limited\*

### Statement of cash flows

amounts in GBP	30/9/2021	30/9/2020
<b>Operating activities</b>		
Profit/(Loss) before tax	(11,155,629)	4,235,752
Adjustments:		
Depreciation of property, plant and equipment	605,412	485,599
Amortisation of intangible assets	2,962,945	1,727,712
Exchange Rate difference arising on the translation and consolidation of foreign companies' financial statements	(723,042)	807,889
Interest expense	2,591,551	71,787
	<b>(5,718,762)</b>	<b>7,328,738</b>
Trade and other receivables	(3,476,660)	2,746,378
Trade and other payables	10,911,605	(2,576,596)
Increase in deferred income	(941,266)	(987,843)
Tax paid	(2,859,796)	-
<b>Net cash (used in)/from operating activities</b>	<b>(2,084,879)</b>	<b>6,510,677</b>
<b>Investing activities</b>		
Payment for purchase of property, plant and equipment	(475,153)	(68,849)
Payment for purchase of intangible assets	(1,885,993)	(1,618,711)
Purchase of other assets	(54,732)	(12,951)
Payment for purchase of investment in subsidiaries	(365,095)	(1,540,913)
Cash from Investments	(372,599,537)	-
<b>Net cash from/(used in) investing activities</b>	<b>(375,380,509)</b>	<b>(3,241,425)</b>
<b>Financing activities</b>		
Payments of leases liabilities	(430,683)	(351,370)
Increase in Share Premium	140,050,000	
Proceeds from borrowings	256,058,347	
Repayments of borrowings	(2,227,704)	(851,234)
Interest paid	(42,716)	(71,787)
Dividends paid	(10,795,777)	(400,000)
<b>Net cash from/(used in) financing activities</b>	<b>382,611,468</b>	<b>(1,674,391)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,146,080</b>	<b>1,594,861</b>
<b>Cash and cash equivalents:</b>		
At beginning of the year	16,884,064	12,012,568
Effect of exchange rate fluctuations on cash held	(5,193,073)	(99,440)
<b>At the end of the period</b>	<b>16,837,071</b>	<b>13,507,989</b>

\* Following the issuance of PeopleCert's debut senior secured bond, in Q3 21, quarterly reports will present financial statements of the Parent Guarantor company – PeopleCert Wisdom Limited on a consolidated basis



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## Synergies Update

# Synergies

## Implementation Plan

				Run-rate within 24 months £ MM*	
Optimisation Synergies	Implementation Status	Start date	Completion date	Revenue	EBITDA
UK Market Exam adjustment	In progress	1.2.2022	1.2.2022	0.3	0.3
Exam Delivery Optimisation	In progress	1.2.2022	1.2.2022	1.2	1.0
Mock tests	In progress	1.2.2022	1.2.2022	0.8	0.7
Content Optimisation	In progress	1.2.2022	1.2.2022	9.3	6.7
Digital badges	Not Started	1.3.2022	1.9.2022	0.3	0.3
Cost Synergies	Implementation Status	Start date	Completion date	Cost	EBITDA
Rationalization of duplicate functions	In progress	1.9.2021	30.6.2022	-	3.6
Shared-service cost savings	In progress	1.1.2022	1.1.2022	-	0.6
Other cost savings	In progress	1.9.2021	30.6.2022	-	2.1

\* All synergies are set to produce their full impact in FY2022

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**Thank You**

