

Peoplecert Wisdom Limited

Annual Report and Consolidated Financial
Statements

31 December 2022

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Peoplecert Wisdom Limited

Board of Directors and other officers

Board of Directors:

Anastasios Byron Nicolaides
Maury David Shenk
Duncan Ian Arthur Campbell Byatt

Independent Auditors:

KPMG Chartered Accountants
1 Stokes Place
St. Stephens' Green
Dublin 2

Registered office:

192 Sloane Street
London
SW1X 9QX
United Kingdom

Registration number:

13430992

Peoplecert Wisdom Limited

Strategic Report

Incorporation

Peoplecert Wisdom Limited (the "Company") was incorporated in the United Kingdom on 1 June 2021 as a private limited liability company. On 22 July 2021, the Company subscribed for one ordinary share of EUR 1,00 in the capital of Peoplecert International Ltd at a subscription price of GBP 8.343. On 23 July 2021, Peoplecert Holdings UK (ultimate parent company of Peoplecert Group) transferred 100% of the shares it held in Peoplecert International Limited (of total nominal value EUR 10.000) to the Company and the latter obtained at that date the control of Peoplecert International Limited and its subgroup. On 28 July 2021, the Company subscribed for one ordinary share of EUR 1,00 in the capital of Peoplecert International Ltd at a subscription price of GBP 140.000.000. PeopleCert Wisdom Limited is also the direct 100% shareholder of PeopleCert Wisdom Issuer Plc, a special purpose finance company, which was incorporated on 12 July 2021 for the purposes of a bond offering (described below) and which has no independent business operations. On 31 December 2021, PeopleCert Wisdom Limited became the 100% owner of Axelos Limited.

The 2021 comparatives concern the Group's financial performance for the period from 23 July 2021 to 31 December 2021.

About PeopleCert

Established in 2000, PeopleCert is a global leader in assessment and certification of professional skills, partnering with multi national organisations and government bodies for the development and delivery of exams.

Principal activities and nature of operations of the Group

The principal activities of the Group, which are similar to last year but have evolved as a result of the Axelos acquisition, are the design, development, management, control and support of certification programs for persons in Business, IT and Languages; the ownership and management of associated intellectual property including publications; and the design, development and assessment of automated examination systems. The subsidiaries of the group are:

- PeopleCert Wisdom Limited, PeopleCert Wisdom Holdings Limited and PeopleCert Wisdom Issuer Plc which were established in 2021 for the purposes of Axelos acquisition; The transformational acquisition of Axelos Limited was completed on 29 July 2021 for GB£380.000.000.
- PeopleCert International Limited which was incorporated in Cyprus in 2005; PeopleCert International Limited has a branch in Dubai which was incorporated during 2014 and a branch in Greece incorporated during 2022;
- PeopleCert UK Ltd which was incorporated in the UK in 2014;
- PeopleCert Qualifications Ltd which was incorporated in the UK in 2015 and is regulated by the Office of Qualifications and Examination Regulation in England (Ofqual) and Qualification Wales;
- International Association For Six Sigma Certification (IASSC) LLC, an Arizona limited liability company, which was acquired by the Company in 2020;
- Axelos Limited, a joint venture company created in 2013 to manage, develop and grow the portfolio of global best practice methodologies in project, programme and portfolio management, and IT and digitally enabled services which was acquired by the Group on 29 July 2021;
- PeopleCert Hellas S.A. which was incorporated in Greece in 2007 and since 2013 operates a portfolio of certification programs;
- PeopleCert Global Services S.A. which was incorporated in Greece in 2013 and mainly provides supporting services to the Group subsidiaries;
- PeopleCert Education S.A. which was incorporated in Greece in 2017 and offers training programs;
- PeopleCert Pei Si Te Assessment Technology Co.Ltd which was incorporated in China in 2020 to deliver and support services in China;
- PeopleCert Personel Belgelendirme A.S. which was incorporated in Turkey in 2002 to support the local business.

Product Portfolio

The Group offers a comprehensive product portfolio of more than 700 certifications of owned or third-party exam

Peoplecert Wisdom Limited

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products in the areas of:

Business & IT ("B&IT")

- IT Governance & Service Management (ITIL, ISO 20000, Lean IT, DevOps etc)
- Project, Programme & Portfolio Management (PRINCE2, Agile, MSP etc)
- Business Management & Improvement (Lean Six Sigma, ISO9001 etc)
- Change, Risk and Benefits Management (MoR etc)
- Cyber Security & Resilience (Resilia, ISO 27001 etc)
- Valuations (PeopleCert Certified Professional Valuer)
- Basic IT skills (ECDL)

LanguageCert

- English Language Skills
- Spanish Language Skills

The Group invests on an ongoing basis to update and enhance its product portfolio for global delivery.

Global Presence

The product portfolio is delivered across 200+ countries through the Group's partner network and direct website sales in up to 25 languages. Key markets include USA, India, United Kingdom, Germany, Australia, Poland, Netherlands, Greece, Norway, Ireland, France, Mexico, Italy, Canada and Singapore. The partner network is growing steadily and currently consists of over 2.000 Accredited Training Organisations around the globe, including Global Knowledge, ITpreneurs, New Horizons, Pink Elephant, Quint Wellington Redwood, Simplilearn Solutions, ILX Group, Serview, Inprogress, ITSM Technologies, Superskills and many more. The Group has also established Language related partnerships with Universidad de Salamanca (Spain) and exam services to global organisations and government agencies.

Commitment to Quality

The Group embraces industry best practice which is objectively demonstrated by quality credentials awarded and regularly audited by independent authorities including:

Accreditations by the National Hellenic Accreditation System:

- ISO 17024 Certification of Persons (since 2006)

Certifications by Lloyds Register:

- ISO 9001 Quality Management (since 2003)
- ISO 10002 Customer Satisfaction and Complaints Handling (since 2006)
- ISO 14001 Environmental Management (since 2006)
- ISO 27001 Information & Data Security (since 2008)
- ISO 23988 Use of IT in the delivery of assessments (since 2013)
- ISO 22301 Business Continuity (2015)

Certifications by TUV Austria Business Solutions:

- Cyber Essential Scheme

Certifications by PCI DSS Compliance Service:

- Payment Card Industry Data Security Standard

Recognitions- LanguageCert International ESOL Qualifications

Regulated qualifications

The Group's Languages business (branded as LanguageCert) is regulated by:

- England – Ofqual: The Office of Qualifications and Examinations Regulation (Ofqual)
- Wales - Qualifications Wales
- Greece - ASEP (Supreme Council for Civil Personnel Selection) at levels B1, B2, C1 and C2

Recognised qualifications

LanguageCert International ESOL qualifications have been recognised by:

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- Czech Republic: LanguageCert International ESOL qualifications have been by the Czech Ministry of Education and are listed in the new Standardised Language Examinations list, at levels A1 to C2.
- Greece: ASEP (Supreme Council for Civil Personnel Selection) at levels B1, B2, C1 and C2.
- Hungary: Accreditation Board for Foreign Language Examinations in Hungary at levels B1, B2 & C1.
- Ireland: LanguageCert International ESOL is approved for study visa purposes by the Department of Justice.
- Italy: Ministry of Education, Universities and Research at levels A1 to C2.
- Japan: LanguageCert International ESOL qualifications are recognised by the Ministry of Education, Culture, Sports, Science and Technology (MEXT or Monka-shō).
- Latvia: Ministry of Education and Science, at levels B1, B2, C1 and C2.
- Lithuania: Ministry of Education, Science and Sports, at levels B1, B2, C1 and C2.
- Libya: Ministry of Education, Department of Foreign Education.
- New Zealand: New Zealand Qualifications Authority (NZQA).
- Romania: Romanian Ministry of National Education and Scientific Research.
- Spain: ACLES (Association of Language Centers in Higher Education) at levels A2, B1, B2, C1 and C2 and CRUE Universidades Espanolas, at levels A1, A2, B1, B2, C1 and C2.
- Thailand: Office of the Basic Education Commission Ministry of Education, at level ESOL A2 - C1.
- Vietnam: Office of the Basic Education Commission Ministry of Education, at level ESOL A2 - C1.

Further information is available online at www.languagecert.org

UKVI – Secure English Language Tests

In 2019, PeopleCert was awarded a contract expiring in November 2024 with UK Visas and Immigration (UKVI), to deliver official UK Secure English Language Tests (SELTs) in the UK and across the rest of the world. UKVI, part of the Home Office, runs the UK's visa service, managing around 3 million applications a year from overseas nationals. Hundreds of thousands of SELTs are delivered each year by LanguageCert and its competitors to individuals seeking to apply for a visa to study, work, visit or join family in the UK, where evidence of English language ability at a specific level is required.

Each of LanguageCert's Home Office approved SELT exams has been independently assessed by the UK government's designated authority, UK NARIC, to ensure they accurately measure English language ability at the level required by UKVI. The exams are designed to meet Home Office specifications and visa requirements, whilst maintaining a candidate-centric approach. LanguageCert offers SELTs either in all four skills Listening, Reading, Writing and Speaking, or the two skills of Speaking and Listening. SELTs are delivered globally through the PeopleCert test centre network, with frequent exam dates and prompt delivery of exam results.

Assessment Technology

The Group's business is conducted using a proprietary, state-of-the-art exam management and delivery platform, accommodating all common exam delivery and supervision methods:

- Computer Based Testing (CBT)
- Paper Based Testing (PBT)
- Classroom Invigilator – On-site supervision both for CBT and PBT exams
- Online proctoring – Supervision over webcam for CBT exams

The diversity of exam delivery options and the proprietary technology to support these are a significant differentiator for the Group, enabling it to further grow significantly in the coming years. The Group's IT infrastructure is cloud-based, supporting reliable business continuity.

Centralised 24/7/365 Operation

PeopleCert operates a centralised, round-the-clock service, ensuring an efficient, secure and unified customer experience. This is supported through a multilingual and highly trained Customer Service team, available 24/7/365. The team currently serves customers worldwide in 13 languages and can be reached via email, chat and telephone, in both local rate and toll free numbers.

Sustainability Policy

PeopleCert has a strong sustainability policy in place to ensure that its operations have minimal impact on the environment and natural resources. We comply with, and exceed where possible, all applicable legislation, regulations and codes of practice aiming at reducing emissions, resource consumption and waste. To this end we are ISO 14001:2015 certified to ensure that our policy is compliant with all current industry environmental standards. Our business decisions take into consideration sustainability parameters, and we actively educate all employees on good practices to support the company's overall sustainability policy. Among other activities, we regularly monitor and produce reports on the annual power, paper and water consumption as well as on the purchased / recycled paper ratio

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in order to continuously achieve better results. We recycle all exam related paper supply (90% of total consumption), minimising the footprint of the Group's core product and we are always looking to expand the range of items for waste management. Our procurement department ensures that our suppliers and contractors share our environmental objectives.

Future Outlook

The Group intends to maintain the growth pace of the prior years through:

- Organic growth of existing exam products
- Product portfolio expansion (owned and third party)
- Acquisitions

The Group will continue its significant investment in its owned Business & IT and Language qualifications (LanguageCert) portfolios, through product development and subsequent recognition from regulatory authorities from around the world.

Following the successful acquisition of Axelos in 2021, through which the company became the first "unicorn" company of Greek origin, the Group completed on 23 September 2022, the acquisition of Quality Assurance Institute (QAI) certifications in Business Analysis, Software Testing and Software Quality. The globally recognised QAI certifications complements PeopleCert's portfolio in IT & Digital Transformation, Project Management, Business and Languages and expands its Software Development product suite. This acquisition further supports PeopleCert's commitment to enhancing people's lives through globally recognised best practice solutions.

On 17 February 2023, the Group acquired DevOps Institute, a global learning community designed to empower IT professionals to make the most of DevOps. DevOps Institute is a community of over 45.000 IT professionals, active in 160 countries and comprising a network of 150 authorised partners worldwide. It empowers the people who power IT and helps them develop both the professional and personal expertise to make the most of DevOps in their business and career. DevOps Institute is an organisation that provides deep practical knowledge, a welcoming professional network, innovative research, respected certification programs and unique insider events. The acquisition fully complements PeopleCert's existing IT & Business certifications portfolio and follows a streak of recent key acquisitions in the certification industry for the company. It further solidifies PeopleCert's position as a global IP-house of best-practice frameworks and certifications, which continues its path of growth, organically and through acquisitions.

Review of current position, future developments and performance of the Group's business

The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

Financial Key Performance indicators

	1 January to 31 December 2022	23 July to 31 December 2021
A. Profitability Ratios		
<u>Gross margin</u>		
Gross profit to Revenue	103.960.657 / 117.721.199 = 88,31%	30.305.123 / 37.281.461 = 81,29%
<u>Net margin</u>		
Profit /(loss) before tax to Revenue	30.021.323 / 117.721.199 = 25,50%	(5.687.528) / 37.281.461 = (15,26)%
B. Solvency Ratios		
<u>Total Debt to Equity Ratio</u>		
Total Liabilities to Total Equity	303.369.563/ 165.611.738 = 1,83	285.094.020 / 145.562.884 = 1,96
<u>Proprietary Ratio</u>		
Total Equity to Total Assets	165.611.738 / 468.981.301 = 0,35	145.562.884 / 430.656.904 = 0,34
C. Liquidity Ratios		
<u>Working Capital Ratio</u>		
Current assets to Current Liabilities	68.224.893 / 22.370.912 = 3,05	28.373.156 / 17.674.743 = 1,61
<u>Cash Ratio</u>		
Cash to Current Liabilities	51.433.660 / 22.370.912	18.836.946 / 17.674.743

The negative net margin in 2021 was due to expenses associated with the Axelos acquisition amounting to GBP 21.2 million. Excluding these costs, the Group was profitable, as also evidenced by the current year results.

Research and development

Operating in a competitive global market system, the Group adapts to the rapidly changing environment by investing in research and development activities that improve performance, increase profitability, and promote its core values of innovation and quality. The Group owns internally generated intangible assets comprising mainly of computer software arising from its e-business development and intellectual property rights (copyright and trademark).

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are disclosed in note 36 of the consolidated financial statements.

Use of financial instruments by the Group

The Group is exposed to interest rate risk and credit risk from the financial instruments it holds.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group is not currently exposed to interest rate risk given the fixed-interest nature of its borrowings. The Group has issued a 5-year senior secured bond with fixed interest rate of 5.75%. The Group's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.

Credit risk is managed on a Group basis. For banks and financial institutions, the Group has established policies whereby most bank balances are held with independently rated parties with a minimum rating of ['B2'].

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, considering its financial position, experience, and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

The Group has a strategic long term partnership with an established global player in Credit Insurance, to properly manage and reduce the credit risk exposure

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Operating Environment of the Group

Any significant events that relate to the operating environment of the Group are described in note 1 to the consolidated financial statements.

Notes to the consolidated financial statements

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option does not apply and should be presented through profit or loss accounts. The overall effect on the prior year total net assets is GB£nil since this is a reclassification item but the consolidated income statement has been restated by GB£470.549 accordingly.

Prior year comparatives have been restated to reflect these new accounting treatments and error correction.

The following tables exhibit the effects of the application of the final decisions for each aspect of the financial statements that is affected. Financial captions that were not affected from the changes brought by the modification of accounting policy are not included in the table.

2021	Reference	As originally reported GB£	Effect of restatement GB£	Group restated amounts GB£
Income statement				
Cost of sales	1	5.967.651	1.008.687	6.976.338
Administrative expenses	2	7.899.480	470.549	8.370.029
Taxes	3	1.692.764	(2.582.785)	(890.021)
Statement of financial position				
<u>Non current assets</u>				
Intangible assets	4	25.686.664	53.829.613	79.516.277
Goodwill	5	364.299.986	(45.824.126)	318.475.860
Deferred tax assets	6	-	949.966	949.966
<u>Equity</u>				
Other reserves	7	(1.612.150)	28.617	(1.583.533)
Retained Earnings	8	5.416.604	1.671.471	7.088.075
<u>Non current liabilities</u>				
Deferred tax liabilities	6	5.510.095	7.855.366	13.365.461
<u>Current liabilities</u>				
Deferred income	4	3.164.328	(600.000)	2.564.328

1. The revalued intangible assets of Axelos have resulted in higher amortization based on their useful lives.
2. Directors' fees should be expensed through profit or loss accounts and not accounted for as dividend distribution through equity. No impact on equity since this is a reclassification between other components of equity and retained earnings, however, the cost burdens 2021 results.
3. Income tax expense was restated to depict the movement in deferred taxes that were retrospectively recognized on the identified intangible assets of Axelos by GB£2.541.263 and IASSC by GB£41.522.
4. The carrying amount of intangible assets on acquisition date is increased by GB£55.460.216 as offset by net amortization of by GB£1.008.687. Intangible assets of IASSC decreased by GB£54.807 to account for accumulated depreciation for the period 8 September to 31 December 2020.

The contract appointment fee was eliminated as this was an intercompany transaction since the acquisition of Axelos Limited, thereby decreasing intangible assets by GB£567.109 and decreasing deferred income by GB£600.000.

5. In 2021, provisional goodwill was recognized for Axelos at GB£297.367.765. Upon finalization of the Purchase Price Allocation, the carrying amount of goodwill as of 31 December 2021 was determined at GB£307.669.000. Deferred tax liabilities were recognized on the intangible assets on acquisition date of

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amount GB£9.357.598 that affected Goodwill which resulted to a total Goodwill of GB£317.026.598.

Similarly, deferred tax liabilities were recognized on the trade name and trademark and customer relationships/contracts of IASSC on acquisition date that increased the recognized goodwill of GB£1.170.769 by GB£278.493 to GB£1.449.262.

Prior year balance also included goodwill of GB£65.761.451 that was recognized in the standalone books of Axelos Limited comprising the difference between the book value and acquisition value recognized on the establishment of the entity in 2013. This amount was included in Axelos' intangible assets and was part of the revalued intangible assets.

6. Upon identification of Axelos and IASSC intangible assets through the PPAs, deferred tax liabilities were recognized of net amount GB£9.357.598 and GB£278.493 accordingly which decreased during 2021 by GB£2.541.263 and GB£41.521 respectively due to their relevant amortization.
7. Recognised actuarial result of GB£4.274 was reclassified to other reserves from retained earnings, while the elimination adjustment of point 4 above decreased translation reserve by GB£32.891.
8. Retained earnings increased by GB£1.671.471 representing mainly the net decrease in deferred tax liabilities by GB£2.582.785, the amortization expense of GB£1.008.687, the reclass of the recognised actuarial result of GB£4.274 to other reserve, the proper allocation of DTL on IASSC goodwill of GB£147.905 net of 2020 amortization of GB£54.807.

Additionally, the statement of cash flows has been restated to reflect the above mentioned changes, where applicable.

38. Events after the reporting period

On 17 February 2023, the Group acquired DevOps Institute Inc., a US-based company with a global learning community that aims to empower IT professionals to make the most of DevOps.

DevOps Institute has a community of over 45,000 IT professionals, active in 160 countries and comprising a network of 150 authorised partners worldwide. It empowers the people who power IT and helps them develop both the professional and personal expertise to make the most of DevOps in their business and career. DevOps Institute is an organisation that provides deep practical knowledge, a welcoming professional network, innovative research, respected certification programs and unique insider events.

The acquisition fully complements PeopleCert's existing IT & Business certifications portfolio and follows a streak of recent key acquisitions in the certification industry for the company. It further solidifies PeopleCert's position as a global IP-house of best-practice frameworks and certifications, which continues its path of growth, organically and through acquisitions.

Other than the above, there have been no circumstances or post balance sheet events, which require adjustment of or disclosure in the consolidated financial statements or in the notes thereto.