



PeopleCert

All talents, certified.

Presentation to Investors

Q1 2022 Results

May 2022

Legal Disclaimer

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.

Financial Information: Certain of the financial information in this presentation has not been audited, reviewed or compiled, nor have any procedures been performed by our independent auditors with respect thereto. Accordingly, you should not place undue reliance on it, and no opinion or any other form of assurance is provided with respect thereto, and the inclusion of such financial information should not be regarded as a representation or warranty as to the accuracy or completeness of such information’s portrayal of our financial condition or results of operations and should not be relied upon when making an investment decision. This presentation also includes certain financial measures and key performance indicators that are not recognized by IFRS or any other generally accepted accounting principles and that may not be permitted to appear on the face of the financial statements or footnotes thereto (“Non-GAAP Measures”). Non-GAAP Measures should not be considered as alternatives to performance measures derived in accordance with IFRS or any other generally accepted accounting principles, may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools. In addition, certain pro forma financial information presented in this presentation is based on available information and certain assumptions that we believe are reasonable, and such pro forma financial information is presented for information purposes only and is not indeed to represent or be indicative of actual financial conditions or results of operations and does not propose to project our results of operations or financial condition as of any future date or for any future period.

Presenters & Agenda

Presenters



Byron Nicolaides
Founder & CEO



George Giannetsos
CFO

Agenda

- Q1 2022 Highlights
- Financial Performance
- Synergies Update
- Q&A session

About PeopleCert

- Develops and owns frameworks, manages exams and delivers certifications for persons
- Vertically-integrated, IP-house
- Product portfolio of 700 certifications in 3 business lines:
 - ✓ IT & Digital Transformation
 - ✓ Project, Programme & Portfolio Management
 - ✓ Languages
- Financial Profile: c.40% CAGR in Revenue and EBITDA (2012-2021), c.65% EBITDA Margin and c.90% Cash Conversion
- Resilient business that adapted quickly to COVID-19 environment with permanent benefits
- Ownership structure: c.80% Byron Nicolaides (Founder & CEO), c.20% FTV Capital

Q1 2022 Highlights

REVENUE

- **Q1 22 vs Q1 21: +39%** (£26.8m vs £19.2m)
- **LTM Mar22 vs LTM Dec21: +10.5%** (£88.0m vs £79.6m)
- **B&IT LTM Mar22 vs LTM Dec21: +8%** (£59.1m vs £54.7m) | **Languages LTM Mar22 vs. LTM Dec21: +14%** (£10.4m vs £9.1m)

GROSS PROFIT & GROSS MARGIN

- **Gross Profit LTM Mar22 vs LTM Dec21: +34%** (£65m vs. £48.4m) due to higher Revenue and higher Gross Margin
- **Gross Margin: 74% vs. 61%** due to elimination of AXELOS royalties and contribution of higher margin products

ADJUSTED EBITDA & EBITDA MARGIN *(excl. one-off transaction costs)*

- **EBITDA LTM Mar22 vs LTM Dec21: +53%** (£47.2m vs £30.9m) due to higher Revenues and higher Gross Profit
- **EBITDA margin LTM Mar22 vs LTM Dec21: 54% vs. 39%** due to higher Gross Margin
- **Pro-forma EBITDA LTM Mar22 vs LTM Dec21: +16.4%** (£58.2m vs £50.0m).
- **Pro-forma EBITDA margin LTM Mar22 vs LTM Dec21: 65% vs 61%**

NET DEBT & CASH POSITION

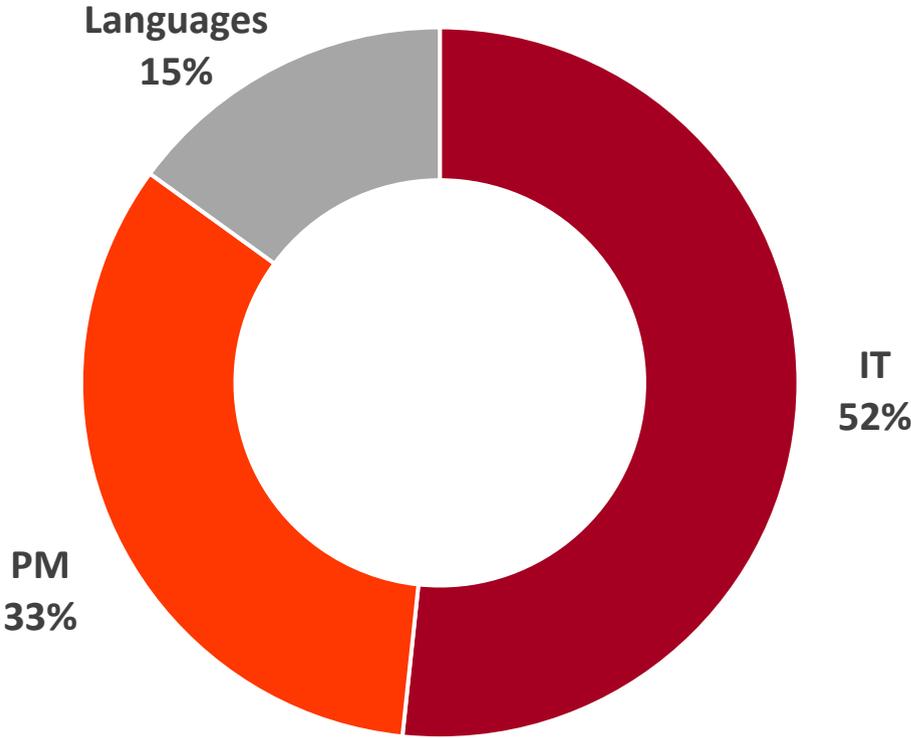
- **Net Debt as of 31 March 2022: £230m** (excluding accrued interest)
- **Pro-forma Net Debt/EBITDA LTM Mar22 vs LTM Dec21: 3.95x vs 4.66x**
- **Cash position as of 31 March 2022: £23.7m**

COMMERCIAL HIGHLIGHTS & SYNERGIES

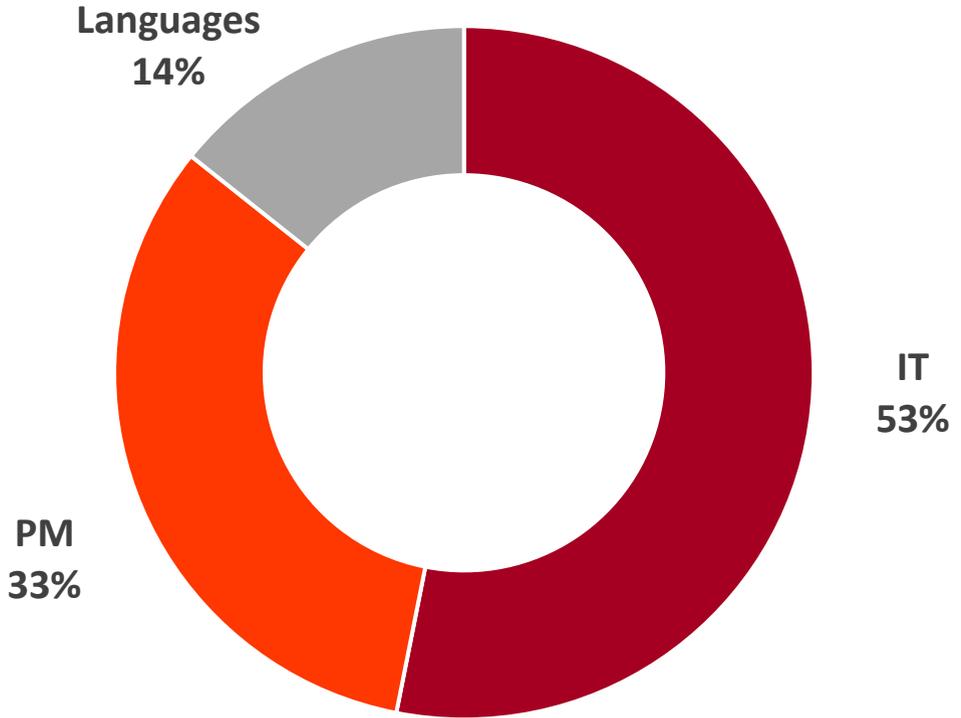
- **Exams Volume Q1 22 vs Q1 21: +49%** (194k vs 130k)
- **Exams Volume LTM Mar22 vs LTM Dec21: +9%** (748k vs 683k)
- **Revenue synergies:** all revenue synergies (excl. digital badges) have been implemented as of 01 February 2022, significantly ahead of schedule
- **Cost synergies:** all cost synergies have been implemented as of 01 February 2022, significantly ahead of schedule

Trend 1: Strong Performance of Languages Business continues

Revenue LTM Mar22

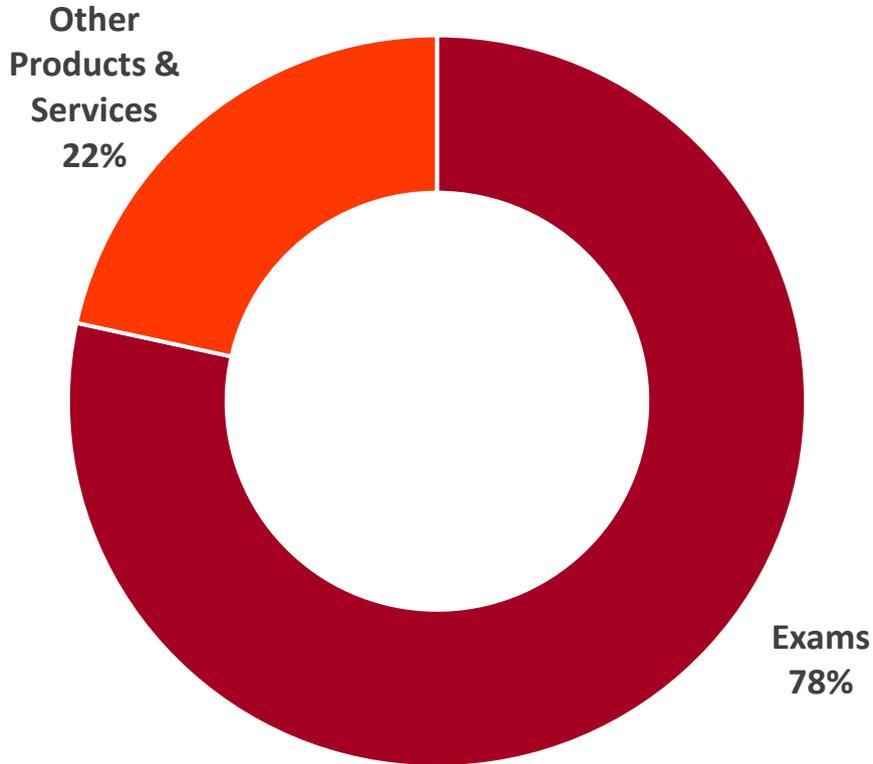


Revenue LTM Dec21

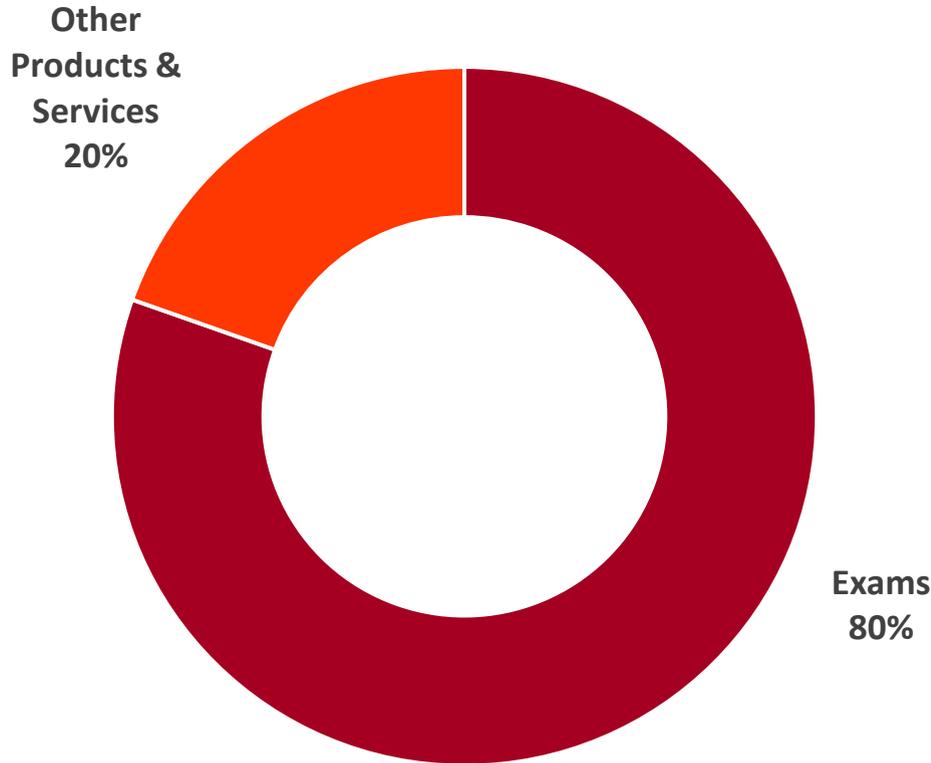


Trend 2: Other Products & Services Revenue Increase

Revenue LTM Mar22

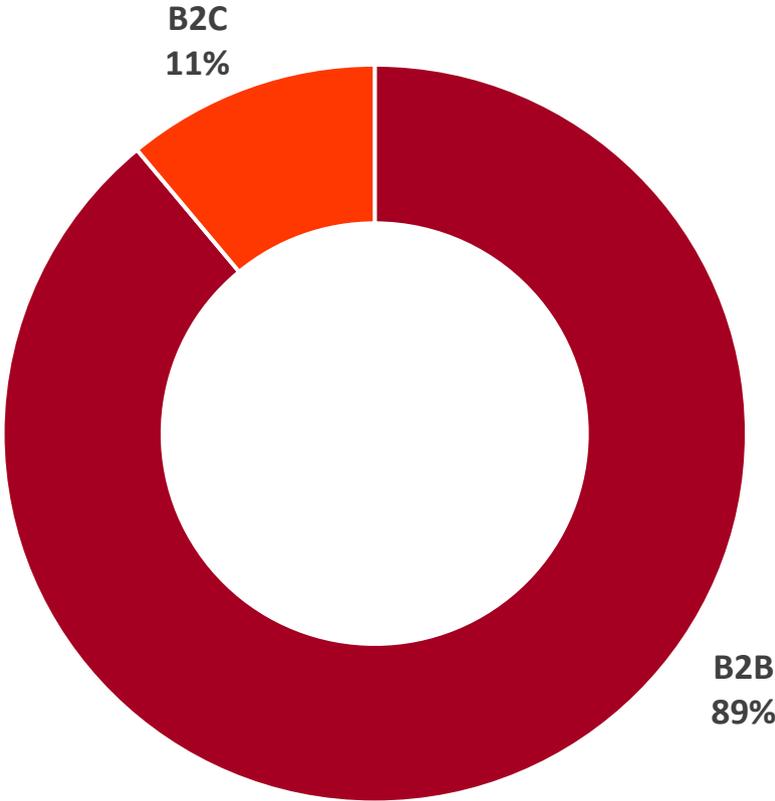


Revenue LTM Dec21

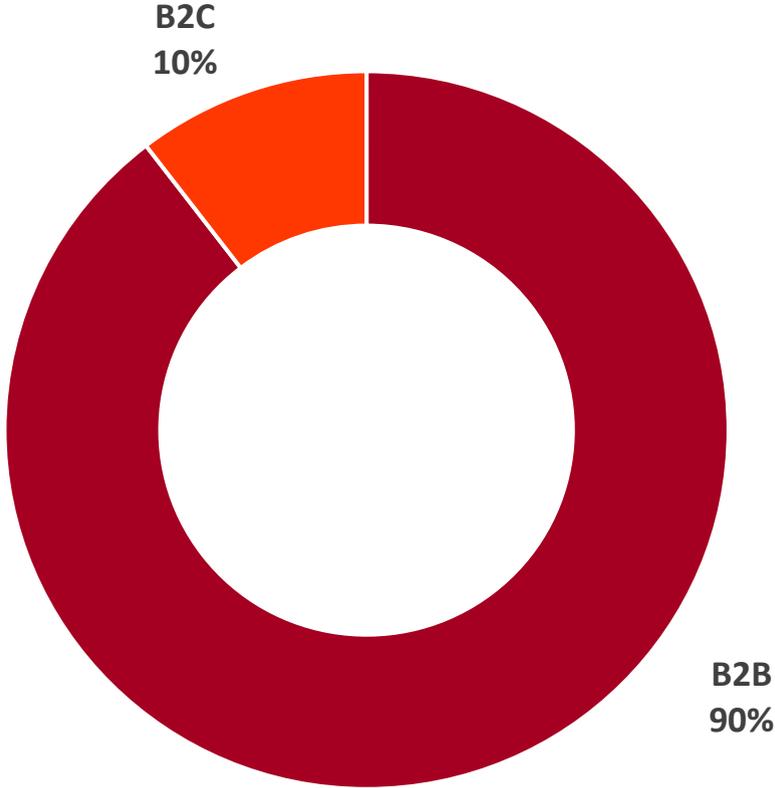


Trend 3: Strong performance of BC2 revenue channel towards a more balanced approach

Revenue LTM Mar22



Revenue LTM Dec21



Inflation & War Impact on Business

Inflation Impact

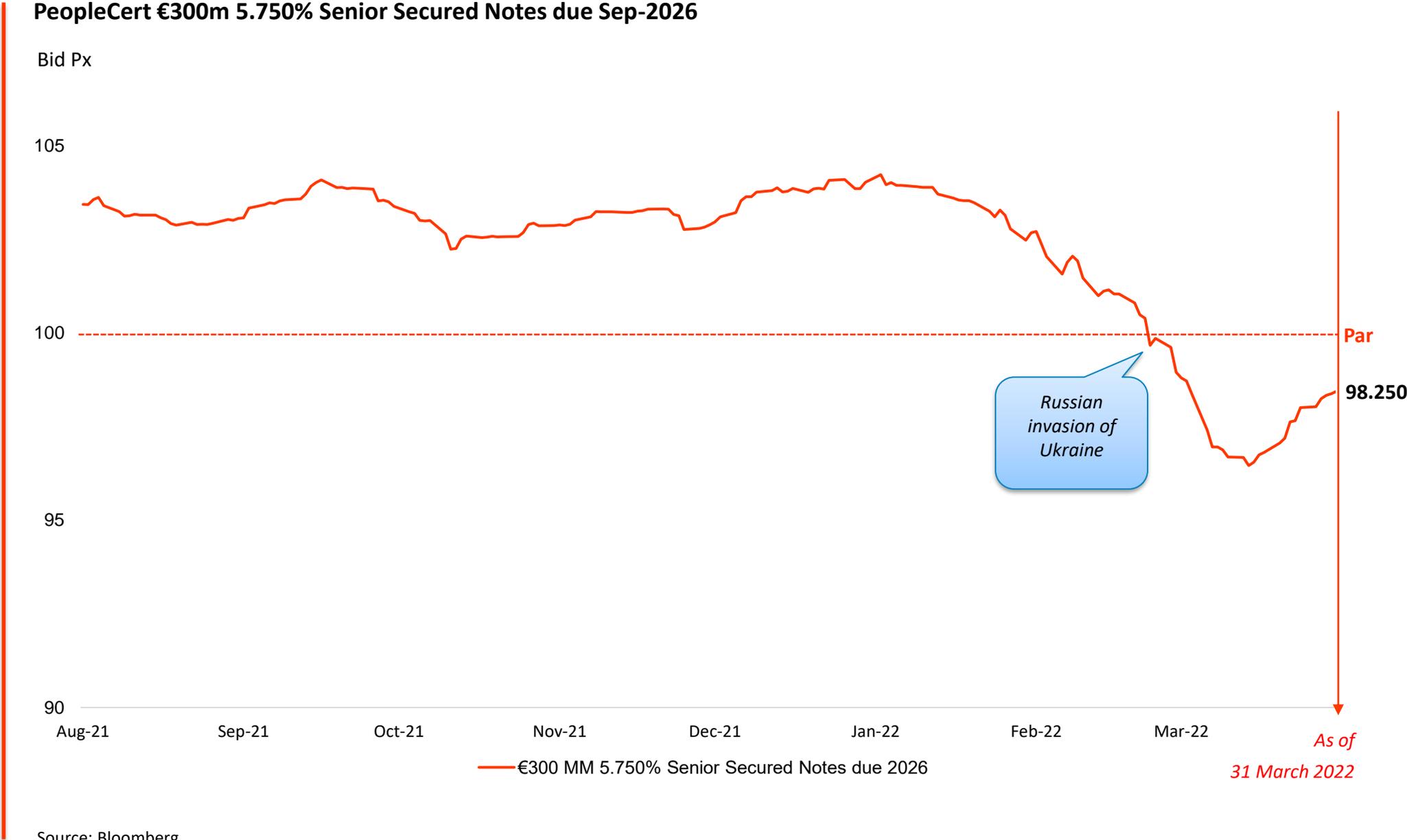
- **Revenue:** No upward adjustment on exam prices in 2022
- **Cost:** No significant impact from inflation yet

Ukraine War Impact

- PeopleCert officially suspended all commercial activities in Russia & Belarus (as of March 2022)
- Russia, Ukraine and Belarus accounted for 0.3% of FY2021 Revenue

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 seen throughout the year
- Following the Russian invasion of Ukraine, the notes have dropped and were trading at a bid price of **98.250**, with a yield to maturity of **6.2%** by the end of March





PeopleCert

All talents, certified.

Financial Performance

Q1 2022 – Financial Highlights

	Q1 21	Q1 22	Variance
Revenue	£19.2	£26.8	39%
Adj. EBITDA	£11.3	£19.5	74%
Adj. EBITDA margin	59%	73%	
Adj. EBIT	£8.5	£16.8	98%

Average Price ITIL	£137.1	£136.6	0%
Average Price P2	£144.5	£142.6	-1%
Average Price Languages	£46.0	£43.0	-7%

# of Exams	Q1 21	Q1 22	Variance
ITIL	52,269	67,177	29%
IT Total (including ITIL)	55,793	71,431	28%
Prince2	30,516	43,926	44%
PPM Total (including Prince2)	35,136	51,317	46%
Languages	39,088	71,620	83%
Total	130,017	194,368	49%

	LTM Dec21	LTM Mar22	Variance
Revenue	£81.4	£89.0	9%
Adj. EBITDA	£50.0	£58.2	16%
Adj. EBITDA margin	61%	65%	
Adj. EBIT	£40.0	£48.3	21%

Average Price ITIL	£133.1	£133.4	0%
Average Price P2	£140.6	£140.8	0%
Average Price Languages	£36.1	£36.5	1%

# of Exams	LTM Dec21	LTM Mar22	Variance
ITIL	241,181	256,089	6%
IT Total (including ITIL)	282,293	298,915	6%
Prince2	128,968	142,378	10%
PPM Total (including Prince2)	147,996	163,633	11%
Languages	252,691	285,223	13%
Total	682,980	747,771	9%

PeopleCert + Axelos Revenue (Excluding Synergies)

Figures in £m

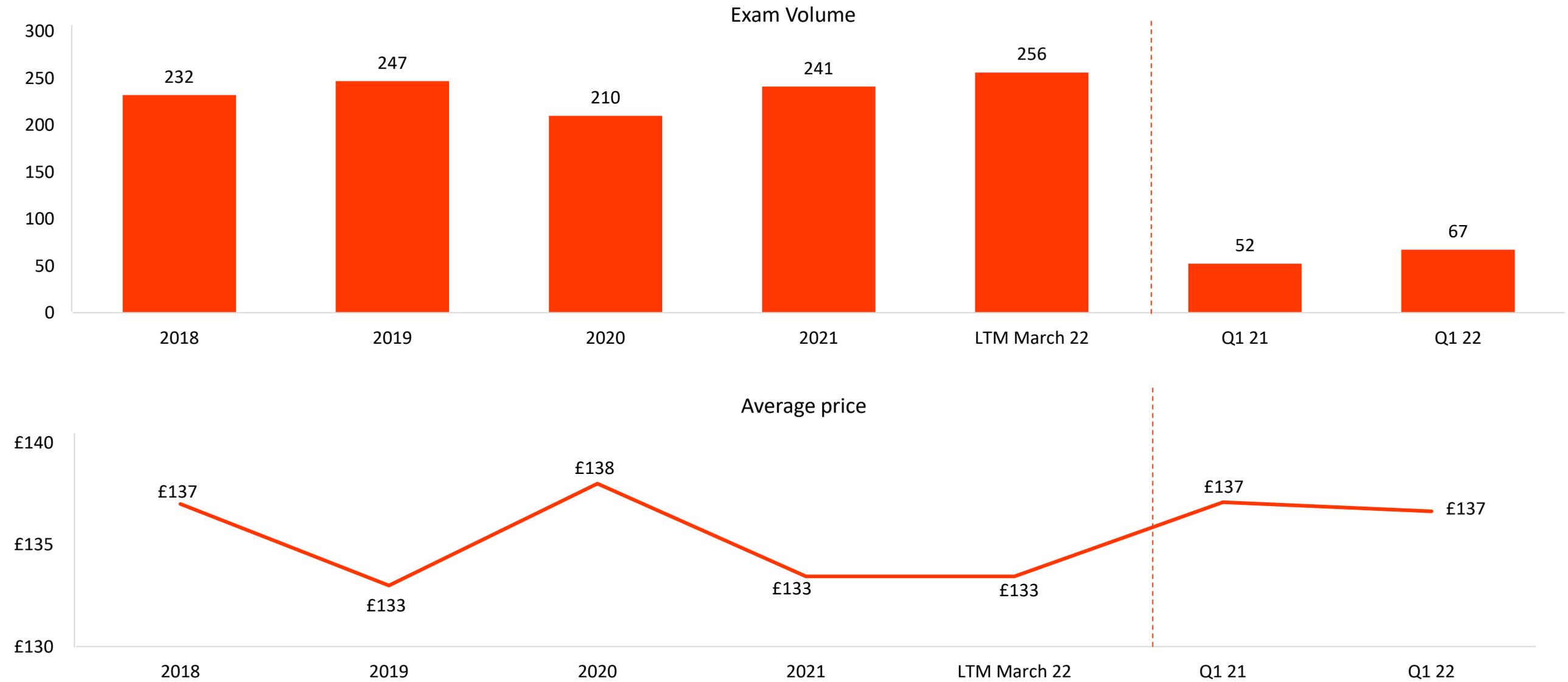
Combined Revenue (Calculated as the sum of PeopleCert and AXELOS, minus royalties without synergies)



Price & Volume Evolution of ITIL YoY (2018 vs LTM Mar22)

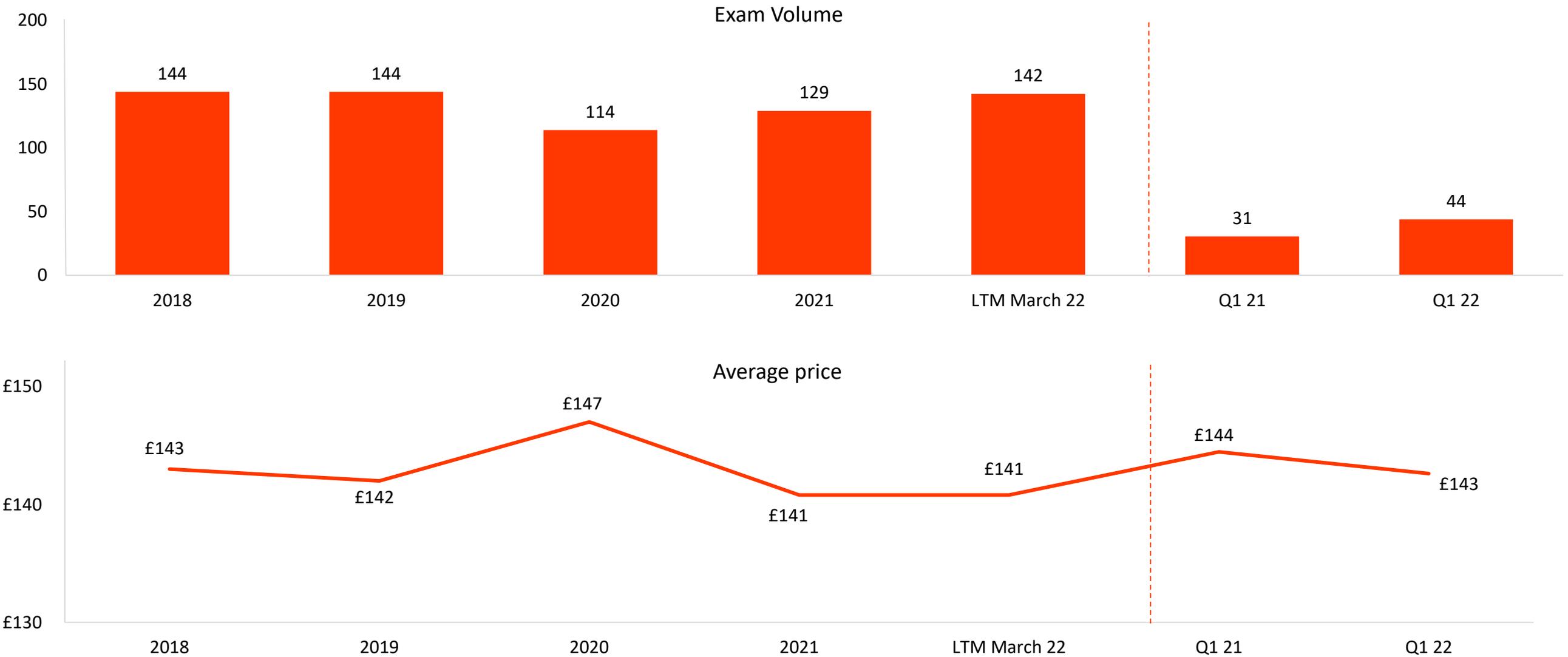


in thousands



Price & Volume Evolution of PRINCE2 YoY (2018 vs LTM Mar 22)

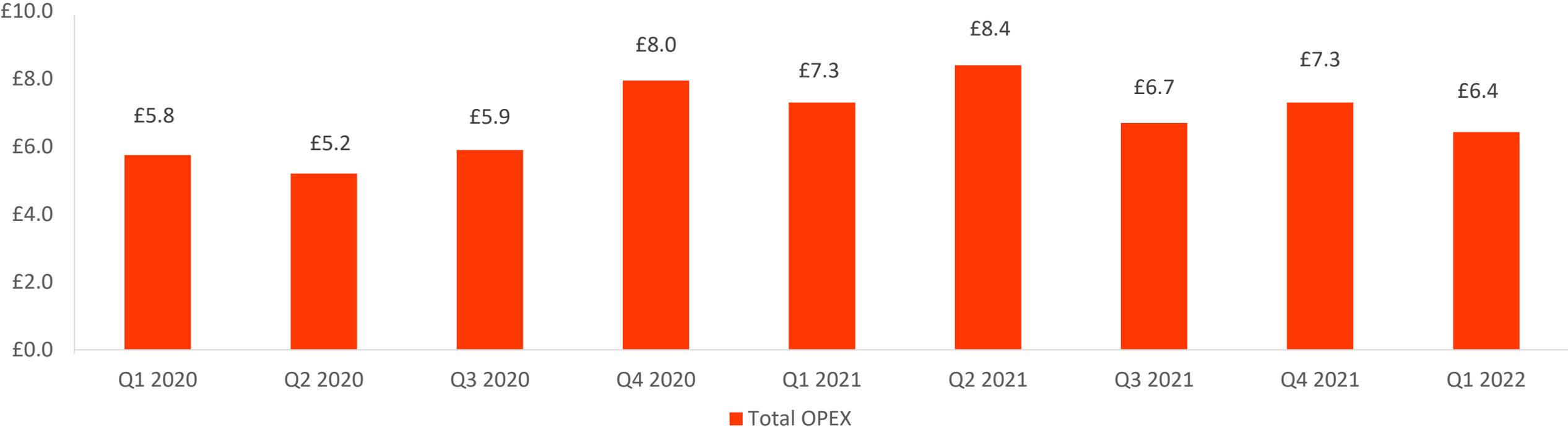
in thousands .



Opex Evolution, Per Quarter 2020-2022

- **Opex Q1 22 vs Q1 21:** -12% (£6.4m vs £7.3m)
- **Opex Q1 22 breakdown:** Staff cost £3.5m (54%), Other £2.9m (46%)

Figures in £m

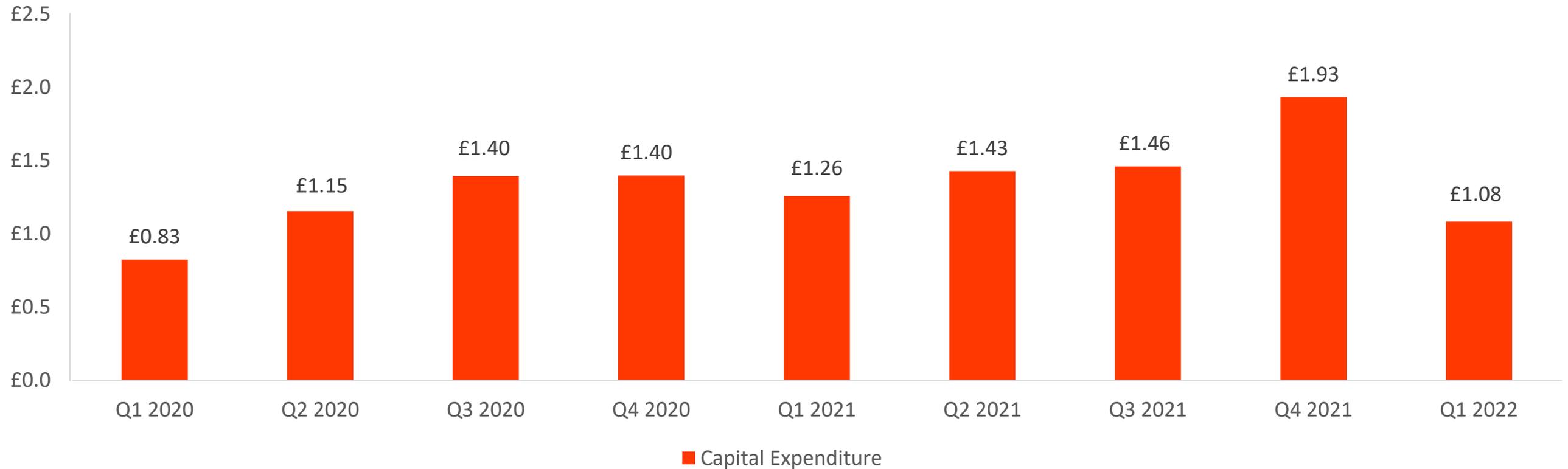


Note: Opex calculated as the sum of PeopleCert and AXELOS

Capex Evolution, Per Quarter 2020-2022

- **Capex Q1 22 vs Q1 21:** -14% (£1.08m vs £1.26m)
- **Capex Q1 22 breakdown:** Tangibles £0.08m (7%), Intangibles £1.01m (93%)

Figures in £m



Note: Capex calculated as the sum of PeopleCert and AXELOS

Balance Sheet: PeopleCert Wisdom Limited, Consolidated

<i>amounts in GBP</i>	31/03/2022	31/12/2021
ASSETS		
Non-current assets		
Property, plant and equipment	1,711,942	1,456,360
Right-of-use assets	1,276,529	1,698,586
Intangible Assets	387,836,351	389,986,650
Investments	1	-
Deferred tax assets	71,163	-
Other Assets	261,039	186,699
	391,157,025	393,328,295
Current assets		
Trade and other receivables	11,027,008	9,528,234
Income tax receivable	301,808	-
Inventory	102,187	25,220
Cash at bank and in hand	23,715,181	18,836,946
	35,146,184	28,390,400
Total Assets	426,303,210	421,718,695
EQUITY AND LIABILITIES		
Equity		
Share capital	4	4
Share Premium	140,058,339	140,058,339
Other Reserves	(2,264,194)	(1,612,150)
Retained earnings	18,968,491	5,416,604
	156,762,640	143,862,797
Non-current liabilities		
Borrowings	253,678,336	252,079,657
Provisions for other liabilities and charges	79,048	78,518
Other Non-Current Liabilities	591,290	591,164
Deferred tax liabilities	5,427,153	5,510,095
Obligations under finance leases	1,638,153	1,304,477
	261,413,981	259,563,911
Current liabilities		
Trade and other payables	5,476,399	7,182,534
Deferred income	2,008,111	3,164,328
Borrowings	642,079	6,029,185
Obligations under finance leases	-	467,834
Income tax payable	-	1,448,106
	8,126,589	18,291,987
Total Equity and Liabilities	426,303,210	421,718,695

Note: Following the issuance of PeopleCert's bond in Q3 21, quarterly reports represent the financial statements of **PeopleCert Wisdom Limited** (Parent Guarantor).

Profit & Loss: PeopleCert Wisdom Limited, Consolidated

<i>amounts in GBP</i>	31/3/2022	31/3/2021
Revenue	26,776,442	18,427,273
Cost of sales	(3,462,070)	(11,530,731)
Gross profit	23,314,373	6,896,542
Other income	105,263	48,665
Administration expenses	(5,740,312)	(2,982,871)
Selling and distribution expenses	(878,862)	(1,544,537)
Other expenses	(52,626)	(1,982)
Operating profit	16,747,835	2,415,818
Finance income	992	-
Finance costs	(1,914,582)	(327,773)
Profit before tax	14,834,246	2,088,045
Taxation expense	1,591	(2,005)
Net profit for the year	14,832,655	2,090,050

Note: Following the issuance of PeopleCert's bond in Q3 21, quarterly reports represent the financial statements of **PeopleCert Wisdom Limited** (Parent Guarantor).

Cash Flow: PeopleCert Wisdom Limited, Consolidated

amounts in GBP	31/3/2022	31/3/2021
Operating activities		
Profit/(Loss) before tax	14,834,246	2,088,045
Adjustments:		
Depreciation of property, plant and equipment	263,287	187,296
Amortisation of intangible assets	2,475,881	626,743
Exchange Rate difference arising on the translation and consolidation of foreign companies' financial statements	(322,527)	(103,110)
Interest expense	1,914,582	(16,568)
	19,165,469	2,782,406
Inventories	(76,967)	-
Trade and other receivables	(1,498,774)	(1,888,246)
Trade and other payables	(1,706,135)	936,552
Increase in deferred income	(1,156,217)	(60,953)
Other assets	(74,340)	(82,440)
Net cash used in operating activities	14,653,036	1,687,318
Investing activities		
Payment for purchase of property, plant and equipment	(75,354)	(217,981)
Payment for purchase of intangible assets	(1,007,683)	(427,174)
Net cash used in investing activities	(1,083,037)	(645,155)
Financing activities		
Payments of leases liabilities	-	(132,835)
Repayments of borrowings	-	(263,070)
Interest paid	(8,851,849)	(16,154)
Dividends paid	-	(2,982,315)
Net cash used in financing activities	(8,851,849)	(3,394,374)
Net increase/(decrease) in cash and cash equivalents	4,718,151	(2,352,210)
Cash and cash equivalents:		
At beginning of the year	18,836,946	15,938,780
Effect of exchange rate fluctuations on cash held	160,084	231,607
At the end of the period	23,715,181	13,818,177

Note: Following the issuance of PeopleCert's bond in Q3 21, quarterly reports represent the financial statements of **PeopleCert Wisdom Limited** (Parent Guarantor).



PeopleCert

All talents, certified.

Synergies Update

Synergies Update

Revenue Synergies ²	Implementation Status	Q1 2022 estimated impact (£m)		Annualized estimated impact £m ¹	
		Revenue	EBITDA	Revenue	EBITDA
UK Market Exam adjustment	Completed 01.02.2022	0.1	0.1	0.8	0.8
Exam Delivery Optimisation	Completed 01.02.2022	0.4	0.3	2.1	1.8
Mock tests	Completed 01.02.2022	0.0	0.0	0.8	0.7
Content Optimisation	Completed 01.02.2022	1.3	1.1	7.9	6.8
Revenue Synergies		1.8	1.5	11.6	10.1
Cost Synergies	Implementation Status	Cost	EBITDA	Cost	EBITDA
Rationalization of duplicate functions	Completed 31.03.2022	-	1.1	-	4.2
Shared-service cost savings	Completed 01.01.2022	-	0.2	-	0.9
Other cost savings	Completed 28.02.2022	-	0.2	-	0.6
Cost Synergies			1.5		5.7
Total Synergies					15.8

1. Annualized estimated impact is only for reference purposes (not an official projection) and is calculated for Revenue Synergies: (Q1 22 impact x 6), as they were initiated on February 2022 and for Cost Synergies: (Q1 22 impact x 4)

2. Digital Badge Revenue Synergy estimated at £0.3m is not yet implemented.

PeopleCert

All talents, certified.

Thank You

