

PeopleCert

All talents, certified.

FOR IMMEDIATE RELEASE

PeopleCert announces Consolidated Financial Results for the year ended December 31, 2022

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, 2022.

PeopleCert Wisdom Limited - Audited Consolidated Annual report and Financial Statements 31 December 2022 will be available on our website on April 30, 2023.

All amounts are presented in GBP.

Consolidated highlights for the year ended December 31, 2022 (compared to the year ended December 31, 2021):

- Revenue: £117.7 million (+47.8%, compared to £79.6 million at December 31, 2021);
- EBITDA: £77.2 million (+647.1%, compared to £10.3 million at December 31, 2021);
- Adjusted EBITDA: £77.9 million (144.8%, compared to £31.8 million at December 31, 2021);¹
- EBIT: £63.5 million (+1925.3% compared to £3.1 million at December 31, 2021);
- Adjusted EBIT: £64.2 million (+160.6% compared to £24.6 million at December 31, 2021);
- PBT: profit of £25.7 million compared to £1.4 million at December 31, 2021, evidencing the Group's new era of sequential improvement and progress mainly due to synergies arising from Axelos integration.
- Net Financial Indebtedness: +£219.1 million (compared to £239.3 million at December 31, 2021)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.

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. As the global recovery continues, 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, 2022</u> | <u>December 31, 2021</u> |
|--|--------------------------|--------------------------|
| <u>Gross margin</u> Gross profit to Revenue | 85.2% | 60.7% |
| <u>Pretax margin</u> Profit before tax to Revenue | 21.8% | 1.7% |

Gross margin (Gross profit to Revenue) increased by 24.5 pp to 85.2% mainly due to the combined effect of the Axelos acquisition, which led to the elimination of Axelos' Revenue share and a change in product mix towards sales of higher

PeopleCert

All talents, certified.

margin language products. Further benefit derived from the implementation of synergies such as the content and exam delivery optimisation with an estimated impact on revenue for 2022 of £15.2 million.

The increase in **Pretax margin** by 20.1 pp to 21.8% is primarily driven by the fact that 2021 was burdened with one-off/exceptional costs regarding the Axelos acquisition of £21.5 million (2022: £0.7 million). Despite the higher net financial costs (2022 £37.8 million vs 2021 £1.8 million) and administration expenses (2022 £25.9 million vs 2021 £15.2 million), the high profitability of £25.7 million is mainly driven by the combined effect of the revenue increase by 47.8% and the savings in Cost of Revenue by 44.2% following the decrease in Axelos royalties after the acquisition of the latter, evidencing the optimistic prospective and future prosperity of the Group.

PeopleCert Consolidated Results as of December 31, 2022

Total Revenue in 2022 grew 47.8% to £117.7 million compared to £79.6 million in last year leading to the best performing year. The growth derives from the B&IT stream that presented an increase of 42%, with a significant further contribution from Languages' products that rose by 61%.

The continuous recovery of volumes and margins and the sequential increase of revenues provide concrete indications of a growth at a faster pace than before, since there is a new stabilised base to build from.

The observed growth is partially attributed to the creation of an IP Powerhouse following the completed merger with Axelos while the remaining variation is related to the expansion of Software Development product suite through the acquisition of QAI certifications during 2022. Further to this, PeopleCert managed 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 digital transformation of its services.

As opposed to revenue increase, **Cost of sales** decreased by 44.2% to £17.4 million in 2022 compared to £31.3 million during 2021, therefore increasing gross profit by 107.3% (2022: £100.3 vs 2021: £48.4) and the gross profit margin from 60.7% to 85.2%. The main reason for this variation is the termination of Axelos royalties following the acquisition as well as the product mix effect.

Operating expenditure decreased by 18.6% to £37.2 million compared to £45.7 million last year. Excluding the one-off impact of acquisition-related costs of £21.5 million (2022: £0.7 million), operating expenses were higher by 50.4% (2022: £36.4 million vs 2021: £24.2 million) primarily reflecting the Group's investment in supporting its growth plan.

The decreased operating costs, the higher revenues and the significantly lower cost of sales contributed positively to both **EBITDA** and **adjusted EBITDA** of 2022 – an alternative performance measure and key indicator capturing the underlying business margin by excluding material charges, showing an increase of 144.8% to £77.9 million.

EBIT increased by 1925.3% to £63.5 million compared to £3.1 million last year and was mainly driven by the positive impact of synergies (2022: £18.4 million on EBITDA), operational performance linked to efforts on cost containment and competitiveness, as well as negotiating savings.

Net finance costs were £37.8 million, compared to £1.8 million in 2021. The 2022 financial result mainly reflects exchange losses of £21.5 million, interest expenses of £14.8 million imposed on the Eurobond issued by the PeopleCert Group and bank expenses of £1.4 million. 2021 net finance costs mainly concerned bank costs since five-month interest expenses on the bond loan of amount £6.2 million were equally offset by the exchange profit.

PeopleCert

All talents, certified.

Net Financial Indebtedness remains positive as of December 31, 2022, at £219.1 million (December 31, 2021: £239.3 million), however, this metric reflects the Eurobond that was issued in August 2021 in the context of Axelos acquisition and therefore cannot be considered indicative of the Group's financial stability, which is better evidenced by other liquidity ratios analysed below.

Ratios on Financial Performance and Financial Position of the Group as of December 31, 2022

| A. <u>Liquidity Ratios</u> | <u>December 31,</u> <u>2022</u> | <u>December 31,</u> <u>2021</u> |
|---|------------------------------------|------------------------------------|
| <u>Cash Ratio</u> Cash to Current Liabilities | 2.48 | 1.03 |
| <u>Working Capital Ratio</u> Current Assets to Current Liabilities | 3.29 | 1.55 |

Due to the recent acquisition, profitability and solvency ratios between the quarters distort the Group's financial stability and liquidity.

Indicatively, we state the above liquidity ratios that support the Group's financial health. The cash ratio of 2.48 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, 2022

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 December 31, 2022, **Total Assets** were £469.9 million (December 31, 2021: £421.7 million).

Non-current assets amounted to £401.5 million compared to £393.3 million by year-end 2021.

The majority of the balance concerns **Goodwill** of total amount £318.5 million and **Intangible Assets** of amount £75.3 million. On initial recognition, the value of goodwill in relation to the acquisitions of Axelos in 2021 and IASSC International Association for Six Sigma Certification in prior year were determined provisionally. Following the completion of the Purchase Price Allocation (PPA) for both acquisitions, the respective considerations were allocated between goodwill and identified trade names, trademarks, intellectual property/content and customer relationships.

Current assets increased to £68.4 million as of December 31, 2022 from £28.4 million as of December 31, 2021.

This variation is mainly attributed to the increase in **Cash at bank and in hand** by £32.6 million to £51.4 million which despite the payment of bond loan's interest in March and September 2022, is the result of the improved credit management. The remaining variation is due to the combined effect of increased **inventories** in 2022 (December 31, 2022: £200.4 thousand vs December 31, 2021: £25 thousand) to cover the demand for Axelos hard copy books and

PeopleCert

All talents, certified.

the increase in **Trade & other receivables** by £7.2 million (December 31, 2022: £16.8 million vs December 31, 2021: £9.6 million). Despite the revenue growth by 47.8%, Trade & other receivables increased at a higher pace by 75.7%, however, the relatively stable DSO (2022: 52 days, 2021: 44 days) indicate a robust credit control.

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, 2022, the Group has positive net assets of £168.5 million (2021: £143.9 million) remaining on track to building wealth.

Total liabilities increased by £23.5 million (December 31, 2022: £301.4 million vs December 31, 2021: £277.9 million).

The aforementioned increase is mainly driven by the increase in **Borrowings** by £12.4 million (December 31, 2022: £270.5 million vs December 31, 2021: £258.1 million) due to the material fluctuation of FX currencies (FX rate of FY 2022: 1.1275 vs FX rate of FY 2021: 1.1901). **Deferred income** increased by £0.1 million from £3.2 million as of December 31, 2021 to £3.3 million as of December 31, 2022.

Trade & other payables increased to £9.5 million as of December 31, 2022 (December 31, 2021: £7.2 million). This variation is mainly due to timing reasons, revealing at the same time the positive impact of the tailor-made cost approval system.

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. By acquiring Axelos, 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 acquisition underlines the Group's strategy to expand its presence and broaden its global offerings, supports the vertical integration strategy of the Group and entails significant operational improvements, allowing PeopleCert to reach international best performance standards.

Robust performance and growth prospects are built on Axelos and its completed integration 12 months ahead of schedule, delivering synergies in excess of the announced amount.

At the same time the development of the below commercial actions creates opportunities to accelerate standalone strategies and innovation in the market, while adding value for all the Group's stakeholders:

- Official training material announcement - to be launched April 1 2023 for Top 3 products
- Enhanced customer experience (books and exams through one point of sale)

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.

ENDS

PeopleCert

All talents, certified.

About PeopleCert

Established in 2000, PeopleCert is the global leader in the certification industry. PeopleCert develops global best practice frameworks and certifications, manages exams and delivers certifications. Its product portfolio of 700 certifications in IT & Digital Transformation, Project Management, Business and Languages includes two of the most globally recognised IP-protected frameworks, developed and evolved by UK Government over a 30-year period: ITIL® and PRINCE2®.

PeopleCert certifications are delivered across 200 countries, 50.000 Corporates (87% of Fortune 500) and 800 government organisations through a global network of 2.500 Accredited Training Organisations and 30.000 venues worldwide, as well as through PeopleCert's award-winning Online Proctoring solution. The PeopleCert team consists of over 1.000 employees from 40 nationalities. PeopleCert has received 50 awards in Entrepreneurship, Business, Technology and Sustainability.

Following the acquisition of Axelos in 2021 for £380 million, PeopleCert became the first "unicorn" of Greek origin.

PeopleCert

All talents, certified.

Consolidated statement of Financial Position of PeopleCert Wisdom Limited as of 31 December 2022

| amounts in £ | 31/12/2022 | 31/12/2021 |
|--|--------------------|--------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 4,159,155 | 1,456,360 |
| Right-of-use assets | 2,869,027 | 1,698,586 |
| Intangible Assets | 75,294,630 | 25,686,664 |
| Goodwill | 318,475,860 | 364,299,986 |
| Investments | 1 | - |
| Deferred tax assets | 431,941 | - |
| Other Assets | 249,460 | 186,699 |
| | 401,480,074 | 393,328,295 |
| Current assets | | |
| Trade and other receivables | 16,745,483 | 9,528,234 |
| Inventory | 200,347 | 25,220 |
| Cash at bank and in hand | 51,438,206 | 18,836,946 |
| | 68,384,036 | 28,390,400 |
| Total assets | 469,864,109 | 421,718,695 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 4 | 4 |
| Share Premium | 140,058,339 | 140,058,339 |
| Other Reserves | 6,138,954 | (1,612,150) |
| Retained earnings | 22,263,846 | 5,416,604 |
| | 168,461,143 | 143,862,797 |
| Non-current liabilities | | |
| Borrowings | 266,075,388 | 252,079,657 |
| Provisions for other liabilities and charges | 57,634 | 78,518 |
| Other Non-Current Liabilities | 6,191 | 591,164 |
| Deferred tax liabilities | 11,506,314 | 5,510,095 |
| Obligations under finance leases | 2,973,943 | 1,304,477 |
| | 280,619,471 | 259,563,911 |
| Current liabilities | | |
| Trade and other payables | 9,482,159 | 7,182,534 |
| Deferred income | 3,279,162 | 3,164,328 |
| Borrowings | 4,391,306 | 6,029,185 |
| Obligations under finance leases | 444,382 | 467,834 |
| Income tax payable | 3,186,485 | 1,448,106 |
| | 20,783,494 | 18,291,987 |
| Total equity and liabilities | 469,864,109 | 421,718,695 |

PeopleCert

All talents, certified.

Consolidated income statement of PeopleCert Wisdom Limited as of 31 December 2022

| <i>amounts in £</i> | 1 January 2022 to 31 December | 1 January 2021 to 31 December |
|-------------------------------------|-------------------------------|-------------------------------|
| Revenue | 117,721,199 | 79,636,766 |
| Cost of sales | (17,442,464) | (31,261,040) |
| Gross profit | 100,278,736 | 48,375,726 |
| Other operating income | 299,530 | 429,688 |
| Administrative expenses | (25,855,280) | (15,186,972) |
| Distribution expenses | (10,520,823) | (8,979,486) |
| Other operating expenses | (731,705) | (21,505,054) |
| Operating profit / (loss) | 63,470,458 | 3,133,902 |
| Finance income | 2,058 | 6,256,105 |
| Finance expense | (37,756,618) | (8,029,061) |
| Profit / (loss) before tax | 25,715,898 | 1,360,945 |
| Taxation | (4,676,981) | (5,248,284) |
| Profit / (loss) for the year | 21,038,917 | (3,887,339) |

PeopleCert

All talents, certified.

Consolidated statement of cash flows of PeopleCert Wisdom Limited as of 31 December 2022

| amounts in £ | 2022 | 2021 |
|--|---------------------|----------------------|
| Operating activities | | |
| Profit before tax | 25,715,898 | 1,360,945 |
| Adjustments: | | |
| Depreciation, amortisation and impairment | 13,737,372 | 6,207,287 |
| Exchange Rate differences | 21,607,295 | (10,127,005) |
| Finance expense | 14,714,753 | 6,336,192 |
| Actuarial losses from changes in financial assumptions | - | 27,538 |
| | 75,775,317 | 3,804,957 |
| (Increase)/decrease in Inventories | (175,127) | (25,220) |
| (Increase)/decrease in Trade and other receivables | (7,217,249) | (1,930,113) |
| (Increase)/decrease in Trade and other payables | 2,299,625 | (2,009,097) |
| (Increase)/decrease in deferred income | 114,834 | 1,003,259 |
| Defined benefits obligations paid | - | (5,176) |
| Tax paid | (3,406,784) | (2,545,614) |
| Net cash from/(used in) operating activities | 67,390,616 | (1,707,004) |
| Investing activities | | |
| Proceeds from sale of property, plant and equipment | - | 117,793 |
| Acquisition of subsidiary, net of cash acquired | - | (372,599,537) |
| Acquisition of property, plant and equipment | (2,544,192) | (556,245) |
| Acquisition of intangible assets | (4,327,800) | (3,490,391) |
| Acquisition of other assets | (62,761) | (78,415) |
| Net cash used in investing activities | (6,934,754) | (376,606,795) |
| Financing activities | | |
| Payments of lease liabilities | (816,498) | (548,789) |
| Increase in Share Premium | - | 139,999,997 |
| Proceeds from new loan | - | 505,199,292 |
| Repayments of borrowings | - | (252,220,860) |
| Interest paid | (16,337,528) | (322,335) |
| Dividends paid | (11,746,081) | (10,541,549) |
| Net cash from/(used in) financing activities | (28,900,107) | 381,565,756 |
| Net increase in cash and cash equivalents | 31,555,755 | 3,251,957 |
| Cash and cash equivalents: | | |
| At beginning of the year | 18,836,946 | 16,816,255 |
| Effect of exchange rate fluctuations on cash held | 1,045,505 | (1,231,266) |
| At the end of the period | 51,438,206 | 18,836,946 |