

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

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= 2,30

= 1,07

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.

Peoplecert Wisdom Limited

Strategic Report

By order of the Board of Directors,

A handwritten signature in black ink, consisting of a stylized 'A' followed by a large 'S'.

Anastasios Byron Nicolaides
Director

London, 28 April 2023

Directors' Report

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2022 and the balance sheet of the Group at 31 December 2022.

Result of the year

Current year results reflect a strong performance across the Group as well as the efforts on cost containment and competitiveness. As the global recovery following the COVID-19 pandemic continues, potential risks to the industry continue to be closely monitored but developments in the period under review were satisfactory. 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:

	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>		
Net profit/(loss) to Revenue	20.827.533 / 117.721.199 = 17,69%	(4.797.507) / 37.281.461 = (12,87)%

Total Revenue in 2022 grew 215.5% to £117.7 million compared to £37.3 million in last year leading to the Company's best performing year. The growth derived primarily from the B&IT revenue stream that increased by 204%, with a significant further contribution from Languages' products that rose by 312%.

The improvement in exam volumes and the sequential increase of revenues and margins are positive indications of a faster pace of growth subsequent to the Axelos acquisition.

The observed growth is significantly due to the transformation of PeopleCert into a market-leading IP owner following the integration of Axelos, providing multiple opportunities for enhanced monetization of the Group's IP. An additional growth factor relates to the expansion of the Group's Software Development product suite through the acquisition of QAI certifications during 2022.

Gross margin (Gross profit to Revenue) remains high at 88.31% deriving mainly from the implementation of synergies such as the content and exam delivery optimization.

The increase in net margin to 17.69% is primarily driven by the fact that 2021 was burdened with one-off/exceptional costs mainly regarding the Axelos acquisition of £21.5 million (2022: £1.5 million). Despite the higher net financial costs (2022 £37.8 million vs 2021 £1.8 million) and administration expenses (2022 £24.5 million vs 2021 £8.4 million), the high profitability of £26.2 million is mainly driven by the combined effect of the revenue increase and the savings in Cost of Revenue, evidencing the optimistic prospective and future prosperity of the Group.

Board of Directors

There has been no change in the constitution of Board of Directors during the year under review. The directors of the Group in office at the date of this report are:

- Byatt, Duncan Ian Arthur Campbell
- Nicolaides, Anastasios Byron
- Shenk, Maury David

Dividends

On 12 January 2023, the Company in General Meeting declared the payment of a final dividend of £7.350.000 (19 May 2022: £11.782.562).

Share capital

There has been no change in the ownership during the year under review. The authorised share capital of the Company consists of 4 ordinary shares of £1 each.

Employees

The Group policy is to respect international human rights principles and especially among others the principles of:

- equal treatment and equal opportunities for all employees,
- diversity, and
- the avoidance of child and forced labour.

Directors' Report

Ensuring human rights is a key issue for the Group with a view to ensuring parity, equal treatment of every customer, partner and employee, prevention of any kind of racist behaviour, and proper working conditions and compliance with hygiene and safety rules with the aim of creating and ensuring a safe working environment.

Engagement with suppliers, customers, and others in a business relationship with the Group

The ultimate mission of the Group is to develop and deliver globally, best-in-class exam and certification programs that enhance the lives and careers of the candidates. To achieve this, we have set as priority to engage with all stakeholders to better inform them of our activities and to create equal opportunities and supportive outcomes for them.

Our customers are of focal interest, thereby, we constantly try to deliver operational and business excellence by building relationships based on trust, reliability, and quality.

Our employees are valued assets and shape how we run the business. We have processes in place to ensure that their initiatives and talents are valued, that any inequalities or injustice are avoided while we invest in their continuous professional development through various trainings and educational opportunities.

Our investors encompass both our shareholders and bondholders and any other party interested in the Group's sustainability and success. The Board has the opportunity through scheduled meetings on a timely manner to engage with investors on the business's progress and evolution and receive feedback on the results.

Our suppliers share our values and our objective to establish and maintain solid-lasting partnerships that will contribute to the Group's long-term success. The Group focuses on the quality, service provision, availability, and costs of its suppliers with regular reviews.

Statement of corporate governance arrangements

A talented team of professionals with proven expertise and outstanding performance in their respective fields move the company towards achieving its vision through insightful leadership and commitment to its core values.

The board has adopted a system of rules, practices, and processes that constitute the framework for attaining the Group's objectives and managing corporate behaviour. For the Group, it is crucial to demonstrate good corporate citizenship through sound corporate governance practices with a view to promoting transparency, independence, fairness, accountability, responsibility, discipline, and social responsibility.

Greenhouse gas emissions and energy consumption

The Group carries out its activities in a way that ensures the protection of the environment. It has integrated appropriate procedures in its activities, operating with a sense of responsibility towards the environment. The Group itself has no manufacturing production, and consequently has a lower impact on the environment.

Political contributions

Neither the Company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 39 to the consolidated financial statements.

Independent Auditors

For the fiscal year of 2022 the Group appointed KPMG as independent auditors.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Peoplecert Wisdom Limited

Directors' Report

By order of the Board of Directors,



Anastasios Byron Nicolaides
Director

London, 28 April 2023

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group Financial Statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) have been followed for the Group Financial Statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the directors' section on page 7 confirm that, to the best of their knowledge:

- the Group Financial Statements, which have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), give a true and fair view of the assets, liabilities, financial position and loss of the group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Peoplecert Wisdom Limited

Statement of directors' responsibilities in respect of the annual report and the financial statements

By order of the Board of Directors,


Anastasios Byron Nicolaides
Director

London, 28 April 2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEOPLECERT WISDOM LIMITED

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of PeopleCert Wisdom Limited ('the Company') and its consolidated undertakings ('the Group') for the year ended 31 December 2022, which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year ended 31 December 2022 and related notes, including the summary of significant accounting policies set out in note 4. The financial statements have been prepared for the reasons and on the basis of the accounting policies set out in note 4 to the financial statements. The financial reporting framework that has been applied in the preparation of the Group financial statements is International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cashflows for the period then ended in accordance with the special purpose basis of preparation and accounting policies set out in note 4 to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – special purpose basis of preparation

We draw attention to Note 1 to the financial statements, which describes their basis of preparation. As explained in that note, the financial statements are prepared to assist the Group in complying with the financial reporting requirements to bondholders. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or to cease their operations, and as they have concluded that the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group and the Company's business model and analysed how those risks might affect the Group and the Company's financial resources or ability to continue operations over the going concern period.



In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Group's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Group's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team. This included communication from the group to full scope component audit teams of relevant laws and regulations and fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

The Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. The company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.



Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information presented in the Annual Report together with the consolidated financial statements. The other information comprises the information included in the strategic report and the directors' report. The consolidated financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the consolidated financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our consolidated financial statements audit work, the information therein is materially misstated or inconsistent with the consolidated financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Respective responsibilities and restrictions on use

Responsibilities of directors for the consolidated financial statements

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for: the preparation of the financial statements in accordance with the special purpose basis of preparation and accounting policies as set out in notes 4 to the financial statements; determining that the basis of preparation is acceptable in the circumstances; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities or error, and to issue an opinion in an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities



Our report has been prepared for the Group solely in accordance with the terms of our engagement. It has been released on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Group's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Group determined by the Group's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Group for any purpose or in any context. Any party other than the Group who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG will accept no responsibility or liability in respect of our report to any other party.

A handwritten signature in black ink, appearing to read 'Keith Watt'. The signature is stylized and written in a cursive-like font.

Keith Watt
for and on behalf of
KPMG
Chartered Accountants

1 Stokes Place
St. Stephens' Green
Dublin 2

Date: 29 April 2023


Consolidated statement of financial position

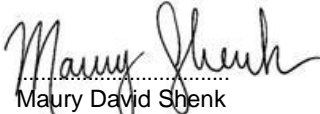
31 December 2022

	Note	31 December 2022 GB£	31 December 2021 Restated* GB£
ASSETS			
Non-current assets			
Property, plant and equipment	8	3,725,190	1,456,360
Right-of-use assets	9	3,308,272	1,698,586
Intangible assets	10	75,241,497	79,516,277
Goodwill	10	317,703,753	318,475,860
Other assets		249,460	186,699
Deferred tax assets	19	<u>528,236</u>	<u>949,966</u>
		<u>400,756,408</u>	<u>402,283,748</u>
Current assets			
Trade and other receivables	12	16,590,886	9,510,990
Inventory	13	200,347	25,220
Cash and cash equivalents	14	<u>51,433,660</u>	<u>18,836,946</u>
		<u>68,224,893</u>	<u>28,373,156</u>
Total assets		<u>468,981,301</u>	<u>430,656,904</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	4	4
Share premium	15	140,058,339	140,058,339
Other reserves	16	9,420,350	(1,583,533)
Retained earnings		<u>16,133,045</u>	<u>7,088,074</u>
Total equity		<u>165,611,738</u>	<u>145,562,884</u>
Non-current liabilities			
Borrowings	17	266,075,388	252,079,657
Lease liabilities	18	2,594,561	1,304,477
Deferred tax liabilities	19	11,692,747	13,365,461
Other non-current liabilities	7,34	540,686	591,164
Provisions for employee benefits	29	<u>95,269</u>	<u>78,518</u>
		<u>280,998,651</u>	<u>267,419,277</u>
Current liabilities			
Trade and other payables	20	8,209,172	7,165,290
Deferred income	21	3,279,162	2,564,328
Borrowings	17	4,391,306	6,029,185
Lease liabilities	18	823,764	467,834
Current tax liabilities	22	<u>5,667,508</u>	<u>1,448,106</u>
		<u>22,370,912</u>	<u>17,674,743</u>
Total liabilities		<u>303,369,563</u>	<u>285,094,020</u>
Total equity and liabilities		<u>468,981,301</u>	<u>430,656,904</u>

*Refer to Note 37

On 28 April 2023 the Board of Directors of Peoplecert Wisdom Ltd authorised these consolidated financial statements for issue.


Anastasios Byron Nicolaidis
Director


Maury David Shenk
Director

Consolidated statement of comprehensive income

31 December 2022

		1 January to 31 December 2022	23 July to 31 December 2021 Restated*
	Note	GB£	GB£
Revenue	23	117.721.199	37.281.461
Cost of sales	24	<u>(13.760.542)</u>	<u>(6.976.338)</u>
Gross profit		103.960.657	30.305.123
Other income	25	299.530	253.931
Selling and distribution expenses	26	(10.520.577)	(4.965.524)
Administration expenses	27	(24.460.100)	(8.370.029)
Other expenses	7	<u>(1.503.812)</u>	<u>(21.202.174)</u>
Operating profit/(loss)		67.775.698	(3.978.673)
Finance income	30	2.058	5.777.857
Finance costs	30	<u>(37.756.433)</u>	<u>(7.486.712)</u>
Net finance costs		(37.754.375)	(1.708.855)
Profit/(loss) before tax		30.021.323	(5.687.528)
Income Tax expense	31	<u>(9.193.790)</u>	<u>890.021</u>
Net profit/(loss) for the year		<u>20.827.533</u>	<u>(4.797.507)</u>
Other comprehensive income/(loss)			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit pension plan		(19.302)	(5.624)
Related Tax		<u>4.632</u>	<u>1.350</u>
		<u>(14.670)</u>	<u>(4.274)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign Operations – foreign currency translation differences.		<u>11.018.553</u>	<u>(2.147.258)</u>
Other comprehensive income/(loss) for the year		<u>11.003.883</u>	<u>(2.151.532)</u>
Total comprehensive income/(loss) for the year		<u>31.831.416</u>	<u>(6.949.039)</u>

*Refer to Note 37

Consolidated statement of changes in equity

31 December 2022

	Note	Share capital GB£	Share premium GB£	Other reserves, restated* (Note 16) GB£	Retained earnings, restated* GB£	Total GB£
Balance at 23 July 2021, as previously reported		<u>3</u>	<u>58.342</u>	<u>535.108</u>	<u>11.792.483</u>	<u>12.385.936</u>
Restatement (Note 37)		-	-	32.891	93.098	125.989
Balance at 23 July 2021, restated		<u>3</u>	<u>58.342</u>	<u>567.999</u>	<u>11.885.581</u>	<u>12.511.925</u>
Comprehensive income						
Loss for the period, restated*		-	-	-	(4.797.507)	(4.797.507)
Translation reserve (other comprehensive income)		-	-	(2.147.258)	-	(2.147.258)
Other comprehensive income		-	-	(4.274)	-	(4.274)
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>(2.151.532)</u>	<u>(4.797.507)</u>	<u>(6.949.039)</u>
Transactions with owners of the Company						
Issue of shares	15	<u>1</u>	<u>139.999.997</u>	-	-	<u>139.999.998</u>
Total transactions with owners		<u>1</u>	<u>139.999.997</u>	<u>-</u>	<u>-</u>	<u>139.999.998</u>
Balance at 31 December 2021, restated*		<u>4</u>	<u>140.058.339</u>	<u>(1.583.533)</u>	<u>7.088.074</u>	<u>145.562.884</u>

*Refer to Note 37

Peoplecert Wisdom Ltd

Consolidated statement of changes in equity

31 December 2022

	Note	Share capital GB£	Share premium GB£	Other reserves (Note 16) GB£	Retained earnings GB£	Total GB£
Balance at 1 January 2022		<u>4</u>	<u>140.058.339</u>	<u>(1.583.533)</u>	<u>7.088.074</u>	<u>145.562.884</u>
Comprehensive income						
Net profit for the year		-	-	-	20.827.533	20.827.533
Translation reserve (other comprehensive income)		-	-	11.018.553	-	11.018.553
Other comprehensive income		-	-	(14.670)	-	(14.670)
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>11.003.883</u>	<u>20.827.533</u>	<u>31.831.416</u>
Transactions with owners of the Group						
Dividends		-	-	-	(11.782.562)	(11.782.562)
Total transactions with owners of the Group		<u>-</u>	<u>-</u>	<u>-</u>	<u>(11.782.562)</u>	<u>(11.782.562)</u>
Balance at 31 December 2022		<u>4</u>	<u>140.058.339</u>	<u>9.420.350</u>	<u>16.133.045</u>	<u>165.611.738</u>

Consolidated cash flow statement

31 December 2022

	Note	2022 GB£	2021 Restated* GB£
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		30.021.323	(5.687.528)
Adjustments for:			
Depreciation	8,9	1.157.649	397.607
Exchange Rate difference arising on the translation and consolidation of foreign companies' financial statements and other financial expenses		22.921.976	(10.285.787)
Provision for defined benefit obligation	29	163.114	27.540
Interest expense	30	14.834.457	6.305.420
Impairment loss on goodwill	10	772.107	-
Amortisation of intangible assets	10	8.903.796	4.934.912
		78.774.422	(4.307.836)
Changes in working capital:			
Increase in inventories	13	(175.127)	(25.220)
Increase in trade and other receivables	12	(7.062.654)	(1.103.847)
Increase in trade and other payables	20	1.042.779	2.451.803
Increase in deferred income	21	714.834	1.118.257
Defined benefits obligations paid	29	(132.613)	(5.176)
Increase in other assets		(62.761)	(44.013)
		73.098.880	(1.916.032)
Cash generated from / (used in) operations		(5.371.853)	(2.545.164)
Tax paid			
		67.727.027	(4.461.196)
Net cash generated from / (used in) operating activities			
Cash flows from investing activities			
Acquisition of intangible assets	10	(4.565.325)	(2.880.122)
Acquisition of property, plant and equipment	8	(2.673.905)	(184.438)
Proceeds from disposal of other assets		-	117.793
Acquisition of investments		-	(372.599.537)
		(7.239.230)	(375.546.304)
Net cash used in investing activities			
Cash flows from financing activities			
Repayments of borrowings		-	(251.689.575)
Increase in share premium		-	139.999.997
Payments of leases liabilities		(816.498)	(387.989)
Proceeds from borrowings		-	505.184.325
Interest paid		(16.337.528)	(291.827)
Dividends paid		(11.782.562)	-
		(28.936.588)	392.814.931
Net cash (used in) / generated from financing activities			
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		18.836.946	6.367.768
Effect of exchange rate fluctuations on cash held		1.045.505	(338.253)
		51.433.660	18.836.946
Cash and cash equivalents at end of the year	14		

*Refer to Note 37

Notes to the consolidated financial statements

31 December 2022

1. Incorporation and principal activities

Country of incorporation

Peoplecert Wisdom Limited (the "Company") was incorporated in the United Kingdom on 1 June 2021 as a private limited liability company. The registered number is 13430992 and its registered office is at 192 Sloane Street, London, SW1X 9QX, United Kingdom.

The Company acquired the control of the Peoplecert International Limited and its group as at 23 July 2021. The comparatives in these financial statements present the Group's financial performance for the period from 23 July 2021 to 31 December 2021.

These Group financial statements have been prepared only for reporting requirements of bondholders (note 17) and not for statutory purposes.

Principal activities

The principal activities of the Group, which are similar to last year 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.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

On 22 July 2021, the Company subscribed for one ordinary share of EUR 1.00 in the capital of the Peoplecert International Ltd at a subscription price of GBP 8,343. On 23 July 2021, Peoplecert Holdings UK Limited (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 obtained the control of Peoplecert International Limited and its subgroup.

In preparing its first consolidated financial statements, the Company used book value (carry-over basis) accounting (common control transactions) on the basis that the investment was simply moved from one part of the PeopleCert group to another. On 28 July 2021, the Company subscribed for one ordinary share of EUR 1.00 in the capital of the Peoplecert International Ltd at a subscription price of GBP 140,000,000. The accounting policies set out below have, unless otherwise stated, have been applied consistently to all periods presented in these group financial statements.

The consolidated financial statements have been prepared on an accrual basis (other than for cash flow information) using the significant accounting policies and measurement bases and also on a going concern assumption.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 6.

2.1 Going concern basis of accounting

For the year to 31 December 2022, the Group generated a net profit of GB£20.827.533 and had positive net assets of £165.611.738 at the year-end, while current assets exceed current liabilities by £45.853.981.

The war in Ukraine and related events take place at a time of significant global economic uncertainty and volatility, and the effects are likely to interact with and exacerbate the effects of current market conditions. The Group's Board of Directors believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current business and economic environment. The Board of Directors will continue to monitor the situation closely.

Notes to the consolidated financial statements

31 December 2022

3. Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021. This adoption did not have a material effect on the accounting policies of the Group.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

Basis of consolidation

The Company has subsidiary undertakings for which IFRS 10 requires consolidated financial statements to be prepared. The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Transactions with non-controlling interests that do not result in loss of control of a subsidiary, are accounted for as transactions with the owners (i.e. as equity transactions). The difference between the fair value of any consideration and the resulting change in the non-controlling interests' share of the net assets of that subsidiary, is recorded in equity.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Notes to the consolidated financial statements

31 December 2022

For business combinations with acquisition dates on or after current period, the Group has determined whether a particular set of activities and assets is a business by assessing whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This election can be applied on a transaction by transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and does not exceed twelve months.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

Common control transactions

A 'business combination involving entities or businesses under common control' is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the

Notes to the consolidated financial statements

31 December 2022

combination, and that control is not transitory.

The acquirer in a common control transaction should use either of the following in its consolidated financial statements:

- book value (carry-over basis) accounting on the basis that the investment has simply been moved from one part of the group to another; or
- IFRS 3 accounting on the basis that the acquirer is a separate entity in its own right and should not be confused with the economic group as a whole

In applying book value accounting, an adjustment may be required in equity to reflect any difference between the consideration paid and the capital of the acquiree. The following are possible approaches to recognising the adjustment.

- Reflect the adjustment in a capital account, called a 'merger' reserve or similar.
- Reflect the adjustment in retained earnings.

Group uses the book value (carry-over basis) accounting and selects to reflect adjustment in retained earnings.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the month where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve. When a foreign operation is disposed of, such that control is lost, the entire accumulated amount in the FCTR, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Notes to the consolidated financial statements

31 December 2022

An internally-generated intangible asset arising from the Group's e-business development is recognised only if the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives. Their amortisation expense is included in cost of sales.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred.

Software development costs are capitalised in accordance with the Research and development of Computer software accounting policy below.

Computer software costs are amortised using the straight-line method over their useful live, which commences when the computer software is available for use. Amortisation commences wheth the computer software is available for use. Their amortisation expense is included in cost of sales.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Certification rights

Certification rights represent the fees paid for the Intellectual property rights and the associated registered trademarks in long term contracts. The asset is amortized on a straight-line method over its useful life which equals the exclusivity right period of five years. The amortisation expense is included in cost of sales.

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Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The useful lives per asset category are as follows:

	Years
Computer software in use	5
Patents and trademarks	5 – 10
Customer base acquisition	5
Intellectual property/Content	15
Certification rights	5

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of the property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. Land is not depreciated. The depreciation expense is included in administration expenses. The useful lives per asset category are as follows:

	Years
Leasehold improvements	12
Motor vehicles	5
Furniture, fixtures and equipment	5-10

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts on the commencement date of the lease and is included in administration expenses.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

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- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

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- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents its right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise the right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets (i.e. IT equipment, office equipment etc.). The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Lease acquired in a business combination

For leases acquired in a business combination, the Group measures the acquired lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The right-of-use asset is measured at acquisition at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Lease liability and associated right-of-use assets acquired in a business combination for which the lease term ends within 12 months of the acquisition date or, leases for which the underlying asset value is low, are not recognized.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

Impairment of non-financial assets excluding inventories and deferred tax assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs

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that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Financial instruments

Financial assets - Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

Investments in subsidiaries are carried at cost less impairment.

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at

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FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets at FVTPL (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets - Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a significant increase in credit risk (SICR) has occurred. The Group also assesses whether the new loan or debt instrument meets the solely payment of principal and interest (SPPI) criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

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Financial assets - impairment - credit loss allowance for ECL

The Group assesses on a forward-looking basis the expected credit loss (ECL) for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income within "net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a "SICR" since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 36.1, Credit risk section, for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in note 36.1, Credit risk section.

Additionally the Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 36.1, Credit risk section for a description of how the Group determines low credit risk financial assets.

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Group. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss

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allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 36, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

Debtors and provisions for bad debt

Bad debts are written off to profit or loss and a specific provision is made, where it is considered necessary. No general provision for bad debts is made. Trade debtors are stated after deducting the specific provision for bad and doubtful debts, if any.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial liabilities and equity

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

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The Group subsequently measures all equity investments at fair value. Where the Group's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Group's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied – see below), the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged forecast transactions, the associated cumulative gain or loss is reclassified to the income

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statement in the same period or periods during which the hedged expected future cash flows affects profit or loss.

When the hedging instrument is sold, expires, is terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities - Modifications

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.

Borrowings

Borrowings are recognised initially at fair value. Transaction costs incurred are recognized as an expense in the

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statement of comprehensive income. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as expense in profit or loss as incurred.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Deferred income

Deferred income represents income receipts which relate to future periods.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss.

Share capital

Ordinary and preference shares are classified as equity.

Merger reserve

Merger reserve is the difference between the cost of acquiring an investment in subsidiary and the acquired subsidiary's net assets book value.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Contingent liabilities are not recognized in the Financial Statements but are disclosed unless the possibility of outflow is remote. Contingent assets are not recognized in the Financial Statements but are disclosed when an inflow of

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economic benefits is probable.

Provision for onerous contracts is established when the expected benefits to the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. This provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs. The Group then calculates the current service cost for the remainder of the reporting period, post the amendment or curtailment, using the same actuarial assumptions as those used to remeasure the net defined benefit liability/(asset).

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement, ignoring the effect of the asset ceiling that is reversed separately through OCI.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past

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service provided by the employee and the obligation can be estimated reliably.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Group includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Group's experience with similar contracts and forecasted sales to the customer.

The Group recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Group can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract), it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Group's contracts with customers.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the consolidated statement of comprehensive income in the period in which the circumstances that give rise to the revision become known by Board of Directors.

Identification of performance obligations

The Group assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

- Sale of products

Sales of products are recognised at the point in time when the Group satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

- Rendering of services

Revenue from rendering of services is recognised over time while the Group satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

- Financing component

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The Group does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

- **Contract assets and contract liabilities**

In case the services rendered by the Group as of the reporting date exceed the payments made by the customer as of that date and the Group does not have the unconditional right to charge the client for the services rendered, a contract asset is recognised. The Group assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9. If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognised. The Group recognises any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required before the payment is due.

Contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

- **Costs to obtain or fulfil contracts with customers**

The Group recognises the incremental costs incurred by the Group to obtain contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset if those costs are expected to be recoverable, and record the in "Other assets" in consolidated statement of financial position. Incremental costs of obtaining contracts are those costs that the Group incurs to obtain a contract with customer that would not have been incurred if the contract had not been obtained. The asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue and recognised in "cost of sales" in consolidated statement of comprehensive income. Additionally the asset is assessed for impairment and any impairment loss is recognised in "cost of sales" in consolidated statement of comprehensive income.

The Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognised is one year or less.

Finance income

Financing income mainly comprise net foreign exchange gains. Interest income is recognised on a time-proportion basis using the effective method.

Finance costs

Financing expenses include interest payable, finance charges on lease liabilities recognised in profit or loss using the effective interest method and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy).

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in British pounds (GBP or GB£), which is the Group's presentation currency.

The functional currency of the Company is GBP. The functional currency of the subsidiaries is as follows:

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- EUR - PeopleCert International Limited, PeopleCert Hellas S.A, PeopleCert Educational S.A. and PeopleCert Global Services S.A.
- GBP - PeopleCert UK Ltd and PeopleCert Qualifications Ltd
- US Dollar – IASSC International Association of Six Sigma Certification is in US dollars
- Turkish lira - PeopleCert Personel Belgelendirme A.S..

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Government grants

Government grants are included within trade and other payables in the balance sheet and credited to the profit and loss account on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

The Group has elected to present grants related to income separately under the heading "Other income".

Dividends

Dividend distribution to the Company's shareholders is recognised in the Group's financial statements in the year in which they are approved by the Company's shareholders.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

5. New Standards, Amendments to International Financial Reporting Standards ('IFRS') and Interpretations

New Standards, Interpretations, Revisions and Amendments to existing Standards that have entered into force and have been adopted by the European Union

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Since 1 January 2022, the Group has implemented all the amendments in IFRS as adopted by the European Union ('EU') and that are relevant with its operations. The adoption did not have a material impact on the Financial Statements of the Group.

The following new Standards, Interpretations and amendments to Standards have been issued by the International Accounting Standards Board (IASB), have been adopted by the European Union and their application is mandatory from 01/01/2022 onwards.

IAS 16 (Amendment) "Property, plant and equipment – Proceeds before intended use"

The amendment to IAS 16 "Property, Plant and Equipment" prohibits a company from deducting from the cost of fixed assets amounts received from the sale of items produced while the company is preparing the asset for its intended use. Instead, the company recognizes these sales proceeds and related costs in the Income Statement.

IAS 37 (Amendment) "Onerous contracts – Cost of fulfilling a contract"

The amendment clarifies that 'costs to fulfill a contract' comprise the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. This amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contracts, rather than on assets dedicated to that contract.

IFRS 3 (Amendment) "Reference to the conceptual framework"

The amendment updated the Standard to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, an exception was added for some types of liabilities and contingent liabilities acquired in a business combination. Finally, it is clarified that the acquirer should not recognize contingent assets, as defined in IAS 37, at the acquisition date.

Annual improvements to IFRS Standards 2018-2020

IFRS 1 "First-time adoption of International Financial Reporting Standards"

The amendment allows a subsidiary that adopts IFRS for the first time, after the date of adoption by the parent company, to apply paragraph D16(a) of IFRS1 for the measurement of foreign exchange differences using the amounts determined by the parent company, which are based on the transition date of the parent company to IFRS.

IFRS 9 "Financial Instruments"

The amendment addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees paid to third parties will not be included in the 10% test.

IFRS 16 "Leases"

The amendment removed the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 of the Standard.

IAS 41 "Agriculture"

The amendment removed the requirement for entities to exclude tax-related cash flows for the measurement of fair value according to IAS 41.

New Standards, Interpretations and Amendments to existing Standards that have not yet entered into force or been adopted by the European Union

The following new Standards, Interpretations and Amendments to Standards have been issued by the International

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Accounting Standards Board ('IASB') but are either not yet effective or have not yet been adopted by the European Union. The ones relevant to the operations of the Group are stated below. The Group does not intend to adopt the below new Standards, Interpretations and Amendments to Standards before their effective date.

IFRS 17 "Insurance Contracts" and Amendments to IFRS 17 (effective for annual periods beginning on or after 01/01/2023)

In May 2017, the IASB issued a new standard, IFRS 17, which replaces an interim standard, IFRS 4. The purpose of the IASB project was to develop a single principle-based standard for the accounting treatment of all types of insurance contracts, including reinsurance contracts, held by an entity. A single principles-based standard will enhance the comparability of financial reporting between entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply to the financial information related to insurance contracts that it issues and reinsurance contracts that it holds.

The adoption of the above is not expected to have a significant impact on the Financial Statements of the Group.

IAS 1 (Amendments) "Presentation of Financial Statements" and IFRS Practice Statement 2 "Disclosure of accounting policies" (effective for annual periods beginning on or after 01/01/2023)

In February 2021, the IASB issued amendments concerning disclosure of accounting policies. The purpose of the amendments is to improve disclosures of accounting policies to provide more useful information to investors and other users of financial statements. More specifically, these amendments require the disclosure of information regarding accounting policies when they are material and provide guidance on the concept of materiality when it is applied to disclosures of accounting policies.

The adoption of the above is not expected to have a significant impact on the Financial Statements of the Group.

IAS 8 (Amendments) "Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates" (effective for annual periods beginning on or after 01/01/2023)

In February 2021, the IASB issued amendments that clarify how an entity can distinguish between a change in accounting estimate and a change in accounting policy.

The adoption of the above is not expected to have a significant impact on the Financial Statements of the Group.

IAS 12 (Amendments) "Deferred tax related to assets and liabilities arising from a single transaction" (effective for annual periods beginning on or after 01/01/2023)

In May 2021, the IASB issued amendments to IAS 12 to specify how entities should treat deferred tax arising from transactions such as leases and decommissioning obligations - transactions for which entities recognize both an asset and a liability. In certain circumstances, entities are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. The amendments clarify that this exemption does not apply and entities are required to recognize deferred tax on these transactions.

The adoption of the above is not expected to have a significant impact on the Financial Statements of the Group.

IFRS 17 (Amendment) "Initial application of IFRS 17 and IFRS 9 – Comparative information" (effective for annual periods beginning on or after 01/01/2023)

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

The adoption of the above is not expected to have a significant impact on the Financial Statements of the Group.

IAS 1 (Amendments) "Classification of liabilities as current or non-current" (effective for annual periods

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beginning on or after 01/01/2023)

In January 2020, the IASB issued amendments to IAS 1 that affect the presentation requirements for liabilities. Specifically, the amendments clarify one of the criteria for classifying a liability as non-current, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments include, among others, clarification that an entity's right to defer settlement should exist at the reporting date and clarification that the classification of the liability is not affected by management's intentions or expectations regarding the exercise of the right to defer settlement. In addition, in July 2020, the IASB issued an amendment to clarify the classification of debt liabilities with financial covenants, which provides for a one-year deferral of the effective date of the originally issued amendment to IAS 1. These have not yet been adopted by the European Union.

The adoption of the above is not expected to have a significant impact on the Financial Statements of the Group.

IFRS 16 (Amendment) "Lease liabilities in sale and leaseback transactions" (effective for annual periods beginning on or after 01/01/2024)

The amendment clarifies how an entity accounts for variable lease payments when acting as a seller-lessee in sale and leaseback transactions. The entity applies the Standard requirements retrospectively on sale and leaseback transactions occurred on or after the date of first-time application of IFRS 16. The amendment has not yet been adopted by the European Union.

The adoption of the above is not expected to have a significant impact on the Financial Statements of the Group.

6. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS, as adopted by EU, requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Internally generated intangibles

Significant judgement is required in distinguishing research from the development phase. A detailed forecast of sales or cost savings expected to be generated by the intangible asset is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets is based on the same data. The Group's Directors also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

- Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

- Impairment of financial assets

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The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 36, Credit risk section.

- **Impairment of non-financial assets**

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Impairment of intangible assets**

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Useful lives of depreciable assets**

The Company reviews the useful lives of depreciable assets at each reporting date, and revises them if necessary, so that the useful lives related to the period that these assets are expected to generate cash inflows. Actual results, however, may vary due to extended period that these assets, especially in case of intangible assets that can generate cash inflows other than initial their estimated useful lives, technological obsolescence, mis-usage and other factors that are not easily predictable in initial recognition.

- **Impairment assessment of intangibles under development**

Determining whether impairment exists for intangibles under development requires an estimation of the value in use of the cash generating units of the Group to which this intangible has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units for a period of five years and then apply a sustainable growth rate thereafter, and then using a suitable discount rate to calculate present value.

7. Acquisitions of subsidiaries

Acquisitions in the current period

No acquisitions in the current period.

Acquisitions in the prior period

On 29 July 2021, the Group acquired through PeopleCert International Limited all of the ordinary shares in Axelos Limited ("Axelos") for GB£380 million on a cash-free, debt-free basis, satisfied in cash. On 31 December 2021, PeopleCert Wisdom Ltd acquired the entire beneficial interest in Axelos at a consideration equal to GB£303,883,243. Axelos was a joint venture company created in 2013 by the Cabinet Office on behalf of Her Majesty's Government (HMG) in the United Kingdom and Capita plc (CPI.L), to manage, develop and grow the portfolio of global best practice methodologies in project, programme and portfolio management, and IT and digitally enabled services, including PRINCE2® and ITIL®. The methodologies are widely adopted by private, public and voluntary sectors in more than 200 countries to improve professionals' skills, aiming to make both individuals and organisations work more effectively.

PeopleCert has been a trusted partner of Axelos since its formation in 2014 and it has been the exclusive Examination Institute for the delivery of Axelos' programs worldwide since 2018. This acquisition further cemented PeopleCert's wider relationship with the UK Government and was fully aligned with its strategy to accelerate growth

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and further establish its leadership position in the professional skills and languages certification markets. It further enabled PeopleCert to address increased demand for reskilling and upskilling the workforce of the future.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Recognized values on acquisition GB£
Acquiree's net assets at the acquisition date:	
Intangible assets	85.922.549
Contract fulfilment assets	141.864
Trade and other receivables	649.128
Cash and cash equivalents	8.158.336
Interest-bearing loans and borrowings	(76.892.055)
Trade and other payables	(6.513.358)
Deferred tax liabilities	(3.702.030)
Deferred income	(1.048.459)
Income tax payable	(200.500)
 Net identifiable assets and liabilities	 6.515.475
 Consideration paid:	
Initial cash price paid	303.883.243
The Shareholder Financing Payables	76.874.630
 Total consideration	 <u>380.757.873</u>

Consideration paid

According to the share purchase agreement, the consideration for the shares of Axelos was the aggregate of the below:

- 1) an amount in cash equal to the sum of GB£303.883.243 (the "Base Consideration") allocated proportionally between Capita Business Services Ltd ("CBSL") by 51% and the Minister for the Cabinet Office (the "Authority") by 49%;
- 2) the repayment of the Shareholder Financing Payables on behalf of Axelos of total amount GB£53.374.630 relating to the outstanding loan in the aggregate principal amount of GB£53.000.000 plus all interest accrued but unpaid on such loan arising between 16 June 2021 and 29 July 2021 owed by Axelos to CBSL and the Authority and
- 3) the repayment of the Outstanding Additional Consideration to the authority of amount GB£23.500.000 that remained unpaid as at the acquisition date up to (and including) 31 December 2023.

Goodwill

On initial recognition, the value of goodwill in relation to the acquisition of Axelos was determined provisionally following the initial accounting rules of IFRS 3 'Business Combinations' at GB£297.367.766 and was not subject to impairment. The value of goodwill was determined by a Purchase Price Allocation (PPA) report prepared by a third-party well-known firm in London, following the accounting rules of IFRS 3 'Business Combinations'.

In current year and as per IFRS 3 'Business Combinations' the identified intangibles following the completion of the PPA and the related deferred taxes were retrospectively recognised, adjusting the original value assigned to goodwill.

The overriding commercial logic regarding the Axelos acquisition was:

- To acquire the IP for the Axelos products, particularly PRINCE2 and ITIL which continue to generate the majority of Axelos revenues.
- To eliminate risk of non-renewal of the contract between Axelos and PeopleCert, under which PeopleCert was the sole provider of exam services to Axelos.

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The allocation of the purchase price under the PPA is based on three areas of synergies:

- Key synergy of having control of the contract between Axelos and PeopleCert, and eliminating the possibility that it would not be renewed.
- Cost saving synergies. There was a clear opportunity to rationalise costs, particularly given that PeopleCert was already generating >90% of the revenues of Axelos, resulting in significant overlapping functions. The majority of cost synergies have already been realised through Axelos personnel reductions, and the growth Axelos business has accelerated despite these actions.
- Revenue growth synergies. The PeopleCert acquisition of Axelos IP and full control over Axelos customer relationships has provided significant opportunities to grow revenue, and revenue growth is running ahead of forecasts.

No value was ascribed in the PPA to customer relationships, because PeopleCert before the acquisition already controlled the direct relationships with purchasers of Axelos exams.

According to the PPA, the fair value of the identified assets and liabilities was estimated as follows:

	GB£
Trademarks	4.006.000
Intellectual property/Content	68.504.000
Developed technology/Platform	3.111.000
Goodwill	307.669.000
Total operating value	<u>396.487.598</u>

Due to the different resulting goodwill, the following post-transaction adjustments were made:

- 1) The carrying amount of goodwill as of 31 December 2021 is at GB£307.669.000.
- 2) The carrying amount of intangible assets on acquisition date is increased by GB£55.460.215.
- 3) Amortization expense for the period from 1 August to 31 December 2021 is increased by GB£1.008.687 (Note 37).
- 4) Deferred tax liabilities were recognized on the intangible assets on acquisition date of amount GB£9.357.598 that affected Goodwill which resulted to a total Goodwill of GB£317.026.598

Acquisition related costs

During 2021, the Group incurred acquisition related cost of £21.2 million, that classified to "Other Expenses" related to consultancy, legal and audit fees. These costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income and are summarized in the table below.

	Acquisition related costs GB£
Transaction & incentive fees	8.861.576
Bond take-out fee	4.470.368
Representation fees of the bridge and bond financing	1.097.268
Commitment fees	2.622.362
Stamp duty	1.522.263
Axelos staff severance	818.000
Legal advisory fees	385.012
Other financial consultancy services	1.425.325
Total	<u>21.207.174</u>

The Management has considered that the period from 29th July (acquisition date) to 31st July would have an immaterial impact on the consolidated figures, therefore, the subsidiary's financial results are consolidated from 1st August 2021.

On 8 September 2020, the Group's subsidiary PeopleCert International Limited acquired IASSC International Association for Six Sigma Certification LLC (IASSC), an educational institution that provides lean six sigma

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knowledge and certification programs on behalf of a range of organizations worldwide. It offers certifications, accreditations, and trainings related to the lean six sigma methodology and strategies. Lean six sigma relies on fact-based and data-driven knowledge that focuses on defect prevention over defect detection. The Company offers lean six sigma black belt, green belt, and yellow belt certifications. The acquisition of IASSC was made to expand the Group's activities in the United States of America.

On initial recognition, the value of goodwill in relation to the acquisition of IASSC, was determined provisionally following the initial accounting rules of IFRS 3 'Business Combinations' at GB£1,916,628 and was not subject to impairment. In current year and as per IFRS 3 'Business Combinations' the identified intangibles following the completion of the PPA and the related deferred taxes were retrospectively recognised, adjusting the original value assigned to goodwill.

The table below shows the assumptions and the provisional values that were used for calculating the provisional goodwill.

	2020
	GB£
Assets	
Share Capital	2,188
Total Assets	2,188
Total Liabilities	-
Net Assets Acquired	2,188
Cash consideration to acquire the investment	1,918,816
Provisional Goodwill	1,916,628

The total transaction consideration amounted to US\$3,245 thousand (GB£2,496 thousand) analysed as follows:

	US\$
Cash consideration	2,000,000
Deferred consideration	484,000
Contingent consideration	761,000
Total consideration	3,245,000

Based on the purchase agreement, PeopleCert International Limited paid to Red Stake Inc. (former shareholder) a cash consideration of US\$2million on acquisition date, an additional amount of US\$500 thousand of deferred consideration one year following the closing date, while by the reporting date an additional consideration is due for each six-month period (i) from and including January 1 through and including June 30 and (ii) from and including July 1 through and including December 31 of each calendar year, beginning with the 2022 calendar year through and including the 2025 calendar year of an amount equal to (a) 12.5% multiplied by (b) Company Revenue for the applicable Period less Digital Spend for the applicable Period.

IASSC is expected to achieve the required threshold that entitles the Seller to receive earnout consideration, therefore the respective contingent consideration is included in these financial statements.

According to the PPA, the fair value of the identified assets and liabilities was estimated as follows:

	Note	GB£
Trade name and trademark		1,207,692
Customer relationships/contracts		118,462
Goodwill	10	1,170,770
Total operating value		<u>2,775,416</u>

At the acquisition date, the items "trade name and trademark" and "customer relationships/contracts" had remaining useful lives of ten and five years respectively.

Due to the different resulting goodwill, the following post-transaction adjustments were made:

- 1) The carrying amount of goodwill as of 31 December 2021 is decreased by GB£745,858
- 2) The carrying amount of intangible assets as of 31 December 2021 is increased by GB£1,183,237. The adjustment is measured as the fair value adjustment at the acquisition date of £1,326,154 less amortization that would have been recognized if the asset's fair value at the acquisition date had been recognized from that date (GB£142,917).

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- 3) Amortization expense for the period from 1 January to 31 December 2021 is increased by GB£142.917. Amortization of GB£54.807 was recognized retrospectively for the period 8 September to 31 December 2020.
- 4) Deferred tax liabilities were recognized on the trade name and trademark and customer relationships/contracts on acquisition date of amount GB£278.492 that affected Goodwill which resulted to a total Goodwill of GB£ 1.449.262.

8. Property, plant and equipment

	Leasehold Improvements	Motor vehicles	Furniture, fixtures and office equipment	Total
	GB£	GB£	GB£	GB£
Cost				
Balance at 23 July 2021	706.300	1.727.497	179.120	2.612.917
Additions	-	175.087	9.351	184.438
Disposals	-	(117.793)	-	(117.793)
Exchange differences	(12.671)	(3.213)	(47.383)	(63.267)
Balance at 31 December 2021/ 1 January 2022	693.629	67.465	1.855.201	2.616.295
Additions	101.148	1.852.598	720.159	2.673.905
Disposals	-	(16.337)	-	(16.337)
Exchange differences	40.393	3.634	66.037	110.064
Balance at 31 December 2022	835.170	1.907.360	2.641.397	5.383.927
Depreciation				
Balance at 23 July 2021	134.246	178.127	823.414	1.135.787
Charge for the period	31.335	523	130.499	162.357
Exchange differences	(2.811)	(1.699)	(15.906)	(20.416)
Balance at 31 December 2021/ 1 January 2022	162.770	59.158	938.007	1.159.935
Charge for the year	62.378	74.054	292.849	429.281
On disposals	-	(517)	-	(517)
Exchange differences	13.645	4.530	51.863	70.038
Balance at 31 December 2022	238.793	137.225	1.282.719	1.658.737
Net book amount				
Balance at 31 December 2022	596.377	1.770.135	1.358.678	3.725.190
Balance at 31 December 2021	530.859	8.307	917.194	1.456.360

Depreciation expense for the year has been recognised in profit or loss as follows:

	1 January to 31 December 2022	23 July to 31 December 2021
	GB£	GB£
Administration expenses	429.281	162.357

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9. Right-of-use assets

	Land and buildings GB£	Motor vehicles GB£	Total GB£
Cost			
Balance at 23 July 2021	2.260.918	169.280	2.430.198
Additions	265.014	289.086	554.100
Exchange differences	21.516	45.330	66.846
Balance at 31 December 2021/ 1 January 2022	<u>2.547.448</u>	<u>503.696</u>	<u>3.051.144</u>
Additions	2.140.318	141.849	2.282.167
Exchange differences	18.675	27.957	46.632
Balance at 31 December 2022	<u>4.706.441</u>	<u>673.502</u>	<u>5.379.943</u>
Depreciation			
Balance at 23 July 2021	714.878	113.903	828.781
Charge for the period	175.640	59.610	235.250
Exchange differences	278.465	10.062	288.527
Balance at 31 December 2021/ 1 January 2022	<u>1.168.983</u>	<u>183.575</u>	<u>1.352.558</u>
Charge for the year	578.365	150.003	728.368
Exchange differences	(24.668)	15.413	(9.255)
Balance at 31 December 2022	<u>1.722.680</u>	<u>348.991</u>	<u>2.071.671</u>
Net book amount			
Balance at 31 December 2022	<u>2.983.761</u>	<u>324.511</u>	<u>3.308.272</u>
Balance at 31 December 2021	<u>1.378.465</u>	<u>320.121</u>	<u>1.698.586</u>

Amounts recognised in profit and loss:

	1 January to 31 December 2022 GB£	23 July to 31 December 2021 GB£
Depreciation expense on right-of-use assets	(728.368)	(235.250)
Interest expense on lease liabilities	(119.704)	(37.606)
	<u>(848.072)</u>	<u>(272.856)</u>

Right of use assets are depreciated based on their remaining useful economic lives.

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10. Intangible assets, restated*

	Customer Base GB£	Goodwill GB£	Computer software GB£	Patents and trademarks GB£	Intellectual property / Content GB£	Total GB£
Cost						
Balance at 23 July 2021	700.680	1.170.769	12.746.042	1.549.547	2.887.347	19.054.385
Acquisitions through business combinations	-	317.026.598	3.111.000	4.006.000	68.504.000	392.647.598
Consolidation adjustments (net)	-	-	-	-	(567.109)	(567.109)
Additions	-	278.493	2.601.629	-	-	2.880.122
Exchange differences	(10.455)	-	(220.728)	(5.738)	(51.766)	(288.687)
Balance at 31 December 2021/ 1 January 2022	690.225	318.475.860	18.237.943	5.549.809	70.772.472	413.726.309
Additions	-	-	4.414.429	-	150.896	4.565.325
Transfer	-	-	2.388.362	-	-	2.388.362
Exchange difference	31.745	-	743.538	17.424	157.429	950.136
Impairment charge	-	(772.107)	-	-	-	(772.107)
Balance at 31 December 2022	721.970	317.703.753	25.784.272	5.567.233	71.080.797	420.858.025
Amortisation						
Balance at 23 July 2021	589.128	-	9.462.669	254.778	2.021.143	12.327.718
Amortisation for the year	23.692	-	992.663	328.912	3.589.645	4.934.912
Exchange differences	(9.468)	-	(1.813.666)	68.775	225.901	(1.528.459)
Balance at 31 December 2021/ 1 January 2022	603.352	-	8.641.666	652.465	5.836.689	15.734.172
Amortisation for the year	24.983	-	3.611.478	530.709	4.736.626	8.903.796
Transfer	-	-	2.388.362	-	-	2.388.362
Exchange differences	31.745	-	688.472	17.335	148.893	886.445
Balance at 31 December 2022	660.080	-	15.329.978	1.200.509	10.722.208	27.912.775
Net book amount						
Balance at 31 December 2022	61.890	317.703.753	10.454.294	4.366.724	60.358.589	392.945.250
Balance at 31 December 2021	86.873	318.475.860	9.596.277	4.897.344	64.935.784	397.992.137

*Refer to Note 37

Amortization expense for the year has been recognised in profit or loss as follows:

	1 January to 31 December 2022	23 July to 31 December 2021, restated*
	GB£	GB£
Cost of revenue	<u>8.903.796</u>	<u>4.934.912</u>

*Refer to Note 37

The additions in Computer software relate to capitalized development costs for new features, new qualifications, integrations and cost optimization incurred in the Group's certifications software Passport, Group's website and other software.

Goodwill arising on IASSC and Axelos acquisitions is presented in the table above including deferred tax liabilities that were recognized on the acquisition date.

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Impairment testing

Goodwill is considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units or groups of cash generating units as follows:

	2022 GB£	2021 GB£
IASSC	677.155	1.449.262
Axelos goodwill – standalone	65.761.451	65.761.451
Axelos goodwill – consolidation	317.026.598	317.026.598

IASSC Goodwill

On initial recognition, the value of goodwill in relation to the acquisition of IASSC, was determined provisionally following the initial accounting rules of IFRS 3 'Business Combinations' at GB£1.916.628 and was not subject to impairment. In current year and as per IFRS 3 'Business Combinations' the identified intangibles following the completion of the Purchase Price Allocation (PPA) and the related deferred taxes were retrospectively recognized, adjusting the original value assigned to goodwill. For further details, please refer to Notes 7 and 37.

Axelos Goodwill – standalone

An element of the goodwill balance was originally attributed to leveraging the relationship between Axelos and one of its former shareholders (the UK Government). Whilst this amount was not specifically quantified, the change in control constitutes a triggering event.

Axelos Goodwill – consolidation

On initial recognition, the value of goodwill in relation to the acquisition of Axelos Limited was determined provisionally following the initial accounting rules of IFRS 3 'Business Combinations'. Following the completion of the Purchase Price Allocation (PPA) the identified intangible assets and the related deferred taxes were retrospectively recognised, adjusting the original value assigned to goodwill. For further details, please refer to Notes 7 and 37.

IAS36 Impairment of Assets

- An asset must not be carried in the financial statements at more than the highest amount to be recovered through its use or sale
- If the carrying amount exceeds the recoverable amount, the asset is described as impaired
- The recoverable amount of the following assets in the scope of IAS 36 must be assessed each year: intangible assets with indefinite useful lives; intangible assets not yet available for use; and goodwill acquired in a business combination
- The value in use of an asset is the expected future cash flows that the asset in its current condition will produce, discounted to present value using an appropriate discount rate
- Sometimes, the value in use of an individual asset cannot be determined – in that case, recoverable amount is determined for the smallest group of assets that generates independent cash flows (cash-generating unit)
- An impairment loss is recognised immediately in profit or loss

In a cash-generating unit, goodwill is reduced first; then other assets are reduced pro rata.

Forecast Cash Flows and Impairment Test

The recoverable amount of a CGU is determined according to the value in use calculations. Although there are always inherent risks and opportunities to forecasts, the financial projections are supported by solid business plans and are therefore considered reasonable. These calculations are pre-tax cash flow projections that have been approved by the Management and cover a six-year period.

IASSC:

The key assumptions used in current year for the value-in-use calculations for IASSC are as follows: Discount rate (WACC) 10.11%, sales 6-year average growth rate 17.6% and growth rate in perpetuity 2%. Based on the

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assessment performed by Management, during the annual impairment testing, the management estimated the recoverable amount of the CGU (the product line) and an impairment loss of GB£ 772.107 was recognized in the results.

Axelos:

Axelos products are leveraged financially through a number of revenue streams, some of which can be attributed to individual products. However, the cost base generating that revenue can not necessarily be split by product. Further, the bulk of the carrying value of intangibles resides in goodwill, which is not split by product. Therefore, Axelos is treated as a single CGU, and impairment testing is conducted at this level.

The key assumptions used in current year for the value-in-use calculations for Axelos are as follows: Discount rate (WACC) 10.11%, sales 6-year average growth rate 25.5% and growth rate in perpetuity 1.5%. Based on the assessment performed by Management, the recoverable amount of Axelos, among which the goodwill has been allocated, exceeds the book value as of 31 December 2022 and therefore no impairment is required as of 31 December 2022.

Management has identified that the carrying amount could exceed the relevant recoverable amount following a possible change in the assumption of the discount rate (WACC). The WACC required for the estimated recoverable amount to equal the carrying amount of Axelos is 24.96%.

11. Investments in subsidiaries

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	Direct Holding %	Indirect Holding %
PeopleCert International Limited	Cyprus	Design, development, management, control and support of Personnel Certification Programs and design, development and support of Automated Examination Systems	100	
PeopleCert Hellas S.A.	Greece	Design, development, management, control and support of Personnel Certification Programs and design, development and support of Automated Examination Systems		99,99
PeopleCert Global Services S.A.	Greece	Management and Administration services		100
PeopleCert UK Ltd	United Kingdom	Personnel Certification		100
PeopleCert Qualifications Limited	United Kingdom	Personnel Certification		100

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PeopleCert Personel Belgendirme A.S.	Turkey	Personnel Certification	100
PeopleCert Educational S.A.	Greece	Education	99,98
IASSC International Association for Six Sigma Certification	America	Personnel Certification	100
PeopleCert Wisdom Issuer Plc	United Kingdom	Special purpose finance company	100
Axelos Ltd	United Kingdom	Management and development of global best practice methodologies in project, programme and portfolio management, and IT and digitally enabled services	100
Pei Si Te Assessment Technology (Beijing) Co Ltd	China	Management and Administration services	100

On 29 July 2021, the Group acquired 100% of shares of Axelos Limited. Further to this, in June 2021, three new entities were established PeopleCert Wisdom Limited, PeopleCert Wisdom Issuer Plc and PeopleCert Wisdom Holdings Limited for the purposes of Axelos acquisition.

The subsidiaries PeopleCert International Ltd, PeopleCert Educational S.A., PeopleCert Hellas S.A., PeopleCert Global Services S.A., PeopleCert UK Ltd, PeopleCert Qualifications Ltd, Axelos Limited, PeopleCert Personel Belgenendirme A.S, PeopleCert Wisdom Issuer plc, and IASSC (International Association of Six Sigma Certification) were consolidated. Non-controlling interests have not been recognised, since they are insignificant.

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12. Trade and other receivables

	31 December 2022 GB£	31 December 2021 GB£
Trade receivables	12.976.104	6.134.438
Trade receivables from related parties (Note 33.4)	884.546	785.900
Less: credit loss on trade receivables	(754.884)	(417.588)
Trade receivables - net	13.105.766	6.502.750
Shareholders' current accounts - debit balances (Note 33.6)	395.157	350.381
Directors' current accounts - debit balances (Note 33.5)	172.015	-
Deposits and prepayments	1.380.693	970.024
Other receivables	800.854	345.813
Contract fulfilment assets	-	100.140
Refundable VAT	736.401	1.241.882
	<u>16.590.886</u>	<u>9.510.990</u>

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers. The Group's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, the Directors believes that no additional credit risk beyond amounts provided for collections losses is inherent in the Group's trade receivables.

Deposits and prepayments include fees provided to suppliers for products and services which will be delivered after the year end.

The Group does not hold any collateral over the trading balances.

Movement in provision for impairment of receivables:

	31 December 2022 GB£	31 December 2021 GB£
Balance at 1 January/23 July	417.588	448.805
Additions	313.702	38.122
Exchange difference	23.594	21.853
Balance at 31 December	<u>754.884</u>	<u>417.588</u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 36 of the consolidated financial statements.

13. Inventory

	31 December 2022 GB£	31 December 2021 GB£
Finished goods	200.347	25.220
	<u>200.347</u>	<u>25.220</u>

Following Axelos's acquisition, hard copy books are available for purchase through PeopleCert.

14. Cash at bank and in hand

2022	2021
GB£	GB£

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Cash in hand	891.085	3.610
Cash at bank	50.157.284	18.711.915
Cash equivalents	<u>385.291</u>	<u>121.426</u>
	<u>51.433.660</u>	<u>18.836.946</u>

Cash equivalents of GB£385.291 (2021: GB£121.426) represent cash held in merchant accounts.

Maturity analysis:	2022	2021
<u>On demand</u>	GB£	GB£
	<u>51.433.660</u>	18.836.946
	<u>51.433.660</u>	<u>18.836.946</u>

For the purposes of the consolidated cash flow statement, the cash and cash equivalents include the following:

	2022	2021
	GB£	GB£
Cash at bank and in hand	<u>51.433.660</u>	<u>18.836.946</u>
	<u>51.433.660</u>	<u>18.836.946</u>

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 36 of the consolidated financial statements.

15. Share capital and share premium

	2022 Number of shares	2022 GB£	2021 Number of shares	2021 GB£
Authorised				
Ordinary shares	4	4	4	4
Issued and fully paid				
Ordinary shares of GB£1 each	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Balance at 31 December 2022	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

Authorised capital

On 21 June 2021, the authorised share capital of the Company was 1 ordinary share of GB£1.

On 22 July 2021, the Company issued 3 ordinary shares for a total consideration of GB£140.058.343. This subscription increased share capital by GB£3 and created a share premium of GB£140.058.339.

Issued capital

Upon incorporation on 1 June 2021, the Company issued 1 ordinary share of GB£1 at par. As at 31 December 2022, the issued capital of the Group is 4 shares of GB£1 each.

16. Other reserves

	Recognised actuarial (losses)/gains GB£	Merger reserve GB£	Translation reserve, restated* GB£	Total GB£
Balance at 23 July 2021, as previously reported	-	496.513	38.595	535.108
Restatement (Note 37)	-	-	32.891	32.891
Balance at 23 July 2021, restated*	-	496.513	71.486	567.999
Foreign operations – foreign currency translation differences	-	-	(2.147.258)	(2.147.258)
Remeasurement of defined benefit pension plan	(5.624)	-	-	(5.624)
Related tax	<u>1.350</u>	-	-	<u>1.350</u>

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Balance at 31 December 2021/ 1 January 2022	<u>(4.274)</u>	<u>496.513</u>	<u>(2.075.772)</u>	<u>(1.583.533)</u>
Foreign operations – foreign currency translation differences	-	-	11.018.553	11.018.553
Remeasurement of defined benefit pension plan	(19.302)	-	-	(19.302)
Related tax	4.632	-	-	4.632
Balance at 31 December 2022	<u>(18.944)</u>	<u>496.513</u>	<u>8.942.781</u>	<u>9.420.350</u>

*Refer to Note 37

The merger reserve relates to PeopleCert International Limited in 2016 of GB£386.633 (€495.002), the acquisition of PeopleCert Hellas S.A. of GB£50.022 (€60.000) in 2012 and PeopleCert Personal Belgenendirme A.S of GB£59.858 (€74.248,49) in 2014.

Merger reserve is the difference between the cost of acquiring an investment in subsidiary and the acquired subsidiary's net assets book value.

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. British pounds) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are included in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

17. Borrowings

	31 December 2022	31 December 2021
	GB£	GB£
Balance at 1 January/23 July	258.108.842	1.697.648
Bridge facility agreement	-	250.000.000
Repayments of principal (Bridge Loan)	-	(250.000.000)
Repayments of existing debt (EBRD/Piraeus Bank)	-	(1.689.575)
Senior secured notes	-	255.184.325
Interest charged for the year	14.714.753	6.305.445
Exchange differences	13.980.627	(3.097.174)
Repayments of interest	<u>(16.337.528)</u>	<u>(291.827)</u>
Balance at 31 December	<u>270.466.694</u>	<u>258.108.842</u>
	31 December 2022	31 December 2021
	GB£	GB£
Current borrowings		
Bank overdrafts	463	15.567
Secured senior notes	<u>4.390.843</u>	<u>6.013.618</u>
	4.391.306	6.029.185
Non-current borrowings		
Secured senior notes	<u>266.075.388</u>	<u>252.079.657</u>
Total	<u>270.466.694</u>	<u>258.108.842</u>

On 27 July 2021, the Group entered into a bridge facility agreement and on 29 July 2021 received a financing of an aggregate principal amount of the euro equivalent of GB£250 million to fund the consideration payable for the Axelos acquisition (the "Axelos Bridge Facility").

On 5 August 2021, the Group's subsidiary PeopleCert Wisdom Issuer Plc priced an offering of €300 million aggregate principal amount of 53/4% senior secured notes due 2026 (the "Notes") at an issue price of 100.0% (the "offering"). The proceeds of the offering of the Notes were used by the Issuer to make the Axelos Funding Loan to the Parent Guarantor, PeopleCert Wisdom Limited, and the latter used these proceeds to repay the Axelos Bridge Facility.

On 5 August 2021, the gross proceeds from the Offering of €300 million (£255 million) were used to repay the bridge financing of £250 million, and the PeopleCert existing debt of GB£1.7 million.

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Maturity of non-current borrowings:

	31 December 2022 GB£	31 December 2021 GB£
Within one year	-	-
Between one and five years	<u>266.075.388</u>	<u>252.079.657</u>
	<u>266.075.388</u>	<u>252.079.657</u>

The bond loan is dominated in Euro.

The Notes are guaranteed on a senior secured basis by PeopleCert Wisdom Ltd, PeopleCert International Limited, Axelos Limited, PeopleCert UK Ltd, PeopleCert Hellas S.A., PeopleCert Global Services S.A., PeopleCert Qualifications Ltd. and PeopleCert Educational S.A..

The Notes will mature on 15 September 2026 unless redeemed prior thereto. Each Note bears interest at a rate per annum of 5.75% and is payable semi-annually on 15 March and 15 September of each year, commencing on 15 March 2022.

The weighted average effective interest rates at the reporting date were as follows:

	2022 %	2021 %
Secured senior notes	5.75	5.75

18. Lease liabilities

	Minimum lease payments		The present value of minimum lease payments	
	31 December 2022 GB£	31 December 2021 GB£	31 December 2022 GB£	31 December 2021 GB£
Not later than 1 year	749.992	548.303	823.764	467.834
Later than 1 year and not later than 5 years	2.351.465	1.104.434	1.706.074	928.075
Later than 5 years	<u>1.003.123</u>	<u>412.351</u>	<u>888.487</u>	<u>376.402</u>
	4.104.580	2.065.088	3.418.325	1.772.311
Future finance charges	<u>(686.255)</u>	<u>(292.777)</u>	<u>-</u>	<u>-</u>
Present value of lease liabilities	<u>3.418.325</u>	<u>1.772.311</u>	<u>3.418.325</u>	<u>1.772.311</u>

All lease obligations are denominated in Euro currency except from the leases related to PeopleCert UK Ltd which are denominated in GBP.

The fair values of lease obligations approximate to their carrying amounts as presented above.

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19. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net Assets/(Liabilities)	
	31 December 2022	31 December 2021, restated*	31 December 2022	31 December 2021, restated*	31 December 2022	31 December 2021, restated*
	GB£	GB£	GB£	GB£	GB£	GB£
Property, plant & equipment	25.315	25.315	-	-	25.315	25.315
Goodwill	512.852	512.852	(10.148.942)	(10.148.942)	(9.636.090)	(9.636.090)
Intangible assets	(116.633)	(32.355)	(1.555.673)	(3.206.777)	(1.672.306)	(3.239.132)
Provisions	68.925	364.707	-	-	68.925	364.707
Employee benefits	33.166	67.324	-	-	33.166	67.324
Other	4.611	12.123	11.868	(9.742)	16.479	2.381
Net deferred tax assets/(liabilities)	528.236	949.966	(11.692.747)	(13.365.461)	(11.164.511)	(12.415.495)

*Refer to Note 37

Movement in deferred tax during the year:

	1 January 2022	Recognised in income	Recognised in equity	31 December 2022
	GB£	GB£	GB£	GB£
Property, plant & equipment	25.315	-	-	25.315
Goodwill	(9.636.090)	-	-	(9.636.090)
Intangible assets	(3.239.132)	1.566.826	-	(1.672.306)
Provisions	364.707	(295.782)	-	68.925
Employee benefits	67.324	(38.790)	4.632	33.166
Other	2.381	14.098	-	16.479
Net deferred tax assets/(liabilities)	(12.415.495)	1.246.352	4.632	(11.164.511)

20. Trade and other payables

	31 December 2022	31 December 2021
	GB£	GB£
Trade payables	3.165.295	687.384
Prepayments from clients	1.122.933	1.100.218
Social insurance and other taxes	1.050.022	988.493
Directors' current accounts - credit balances (Note 33.7)	-	135.884
Staff costs accrued	235.857	5.043
Accruals	2.632.249	4.236.484
Other creditors	2.816	11.784
	8.209.172	7.165.290

Accrued expenses mainly concern Business Development Managers' commissions and fees and staff bonuses.

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

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21. Deferred income

	31 December 2022 GB£	31 December 2021, restated* GB£
Deferred income	<u>3.279.162</u>	<u>2.564.328</u>
	<u>3.279.162</u>	<u>2.564.328</u>

*Refer to Note 37

22. Current tax liabilities

	31 December 2022 GB£	31 December 2021 GB£
Income Tax payable	<u>5.667.508</u>	<u>1.448.106</u>
	<u>5.667.508</u>	<u>1.448.106</u>

23. Revenue

	1 January to 31 December 2022 GB£	23 July to 31 December 2021 GB£
Business and IT Qualifications	100.869.457	33.194.765
Language Qualifications	<u>16.851.742</u>	<u>4.086.696</u>
	<u>117.721.199</u>	<u>37.281.461</u>

24. Cost of sales

	1 January to 31 December 2022 GB£	23 July to 31 December 2021 Restated* GB£
Rent	12.078	15.164
Intellectual property rights fees	-	1.517
Courseware costs	102.730	-
Commission payables	881.072	338.688
Accreditation costs	193.518	111.090
Research & development costs	56.921	39.717
Publishing & book costs	424.505	33.971
Training costs	145.791	39.771
Royalty fees	132.066	677.496
Exam supervision and testing program expenses	1.860.424	623.130
Amortisation of intangibles	8.903.796	4.934.912
Other direct costs	<u>1.047.641</u>	<u>160.882</u>
	<u>13.760.542</u>	<u>6.976.338</u>

*Refer to Note 37

25. Other operating income

	1 January to 31 December 2022 GB£	23 July to 31 December 2021 GB£
Operating lease rentals received income (Note 33.2)	-	1.981
Gain on disposal of fixed assets	-	60.009
Government grants	278.277	155.059
Bad debts recovered	-	4.622

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Rental income	4.167	12.097
Other operating income	<u>17.086</u>	<u>20.163</u>
	<u>299.530</u>	<u>253.931</u>

Government grants concern subsidies provided by the government on the social security contributions of new hirings.

26. Selling and distribution expenses

	1 January to 31 December 2022	23 July to 31 December 2021
	GB£	GB£
Staff costs	2.876.616	1.756.623
Travel & entertainment costs	1.094.165	539.017
Customer acquisition costs	1.048.750	512.357
Marketing costs	2.239.717	1.228.666
Sales consultants fees	2.368.667	720.738
Bad debts written off	22.951	101.786
General provision for bad debts / (reversals)	313.702	(24.946)
Other costs	<u>556.009</u>	<u>131.283</u>
	<u>10.520.577</u>	<u>4.965.524</u>

27. Administration expenses

	1 January to 31 December 2022	23 July to 31 December 2021, restated*
	GB£	GB£
Staff costs	14.098.253	4.497.086
Accounting fees	201.245	71.633
Administrative expenses	631.499	228.264
Auditors' remuneration	163.728	69.592
Auditors' remuneration for other non-audit services	12.821	5.494
Irrecoverable VAT	99.600	53.972
IT Services	1.959.947	713.576
Legal fees	535.628	303.863
Licenses and taxes	147.672	20.037
Management fees	-	16.144
Occupancy costs	1.872.924	464.175
Other professional fees	1.877.346	357.025
Travel and entertainment costs	1.524.143	448.171
Directors' fees	156.481	470.549
Depreciation	1.157.649	397.607
Other costs	<u>21.164</u>	<u>252.841</u>
	<u>24.460.100</u>	<u>8.370.029</u>

*Refer to Note 37

Legal fees aside dealing with legal issues, include the preparation of agreements, evaluation of agreements with third parties and correspondence with banks.

Other professional fees are mainly for the provision of support and guidance of strategic business decisions of the company and facilitation of key projects for Business & IT and Languages qualifications.

28. Staff costs

	1 January to 31 December 2022	23 July to 31 December 2021
	GB£	GB£
Salaries	13.029.176	4.666.597

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Social security costs	3,125,220	1,486,973
Expenses related to defined benefits plan (Note 29)	<u>163,114</u>	<u>27,540</u>
	<u>16,317,510</u>	<u>6,253,709</u>

Average number of employees	<u>858</u>	<u>647</u>
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Staff costs also include insurance and other benefits provided to the employees.

29. Employee benefits

The Group provides retirement benefits in the form of lump sum amounts based on a fixed benefit retirement plan to its employees. The Group's policy is to carry out every three years an independent actuarial valuation of the liabilities with regard to the retirement benefit scheme.

The most recent actuarial valuation was made as at 31 December 2022 and it was based on the following assumptions:

	1 January to 31 December 2022	23 July to 31 December 2021
Discount rate	1,90%	0,70%
Expected rate of salary increase	2,20%	2,00%
Price inflation	2,20%	1,80%

During the year an amount of GB£326.792 (2021: GB£27.845) was charged to profit or loss based on the above actuarial valuation. Amounts charged to profit or loss are analysed as follows:

	1 January to 31 December 2022	23 July to 31 December 2021
	GB£	GB£
Current service costs	30,501	23,510
Past service cost	132,613	4,030
Interest cost	<u>163,678</u>	<u>305</u>
	<u>326,792</u>	<u>27,845</u>

Movement in the accumulated provision with respect to the retirement plan liabilities as shown in other liabilities is as follows:

	31 December 2022	31 December 2021
	GB£	GB£
Balance at 1 January/23 July	78,518	51,120
Current service cost	30,501	23,510
Past service cost	132,613	4,030
Interest cost	564	305
Actuarial (gain) / losses - from changes in financial assumptions	(8,467)	(515)
Actuarial (gain) / losses - from changes in experience	(10,835)	6,139
Benefits paid	(132,613)	(5,176)
Exchange differences	<u>4,988</u>	<u>(895)</u>
Balance at 31 December	<u>95,269</u>	<u>78,518</u>

The amounts included in the consolidated statement of financial position include the following:

Actuarial Assumptions:

- Interest rate 1,90%
- Salary increase 2,20%
- Inflation 2,20%

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Sensitivity analysis

Actuarial gain or losses if the assumption of interest rate and payrise rate used are changed by 0,5%:

	GB£
Interest rate increase by 0,5%	91,410
Interest rate decrease by 0,5%	99,354
Salary increase by 0,5%	99,322
Salary increase by 0,5%	91,401

30. Net finance costs

	1 January to 31 December 2022	23 July to 31 December 2021
	GB£	GB£
Interest income	2.058	524
Net foreign exchange gains	-	5.777.333
Finance income	2.058	5.777.857
Net foreign exchange losses	21.515.839	-
Interest expense	14.714.753	6.605.420
Interest expense on lease liabilities	119.704	39.112
Other finance expenses	1.406.137	1.142.180
Finance costs	37.756.433	7.486.712
Net finance costs	37.754.375	1.708.855

31. Income tax expense

	1 January to 31 December 2022	23 July to 31 December 2021, restated*
	GB£	GB£
Income tax	10.440.142	1.401.498
Deferred tax	(1.246.352)	(2.291.519)
Charge for the year	9.193.790	(890.021)

*Refer to Note 37

The Group entities operate in different countries and therefore are subject to different income tax rates as follows:

	1 January to 31 December 2022	23 July to 31 December 2021
	%	%
• Cyprus	12,5	12,5
• Greece	22	24
• Turkey	25	22
• United Kingdom	19	19
• United States	21	21

The rate applicable from 1 April 2021 remains at 19% until 31 March 2023 after which it will increase to 25%.

32. Dividends

	31 December 2022	31 December 2021
	GB£	GB£
Declared final dividend	7.350.000	-

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7.350.000 -

On 12 January 2023, the Company in General Meeting declared the payment of a final dividend of £7.350.000 (19 May 2022: £11.782.562). As at 31 December 2022, the outstanding balance is nil.

33. Related party transactions

The Group is indirectly controlled by PeopleCert Wisdom Holdings Ltd, incorporated in the United Kingdom in 2021.

The Group's ultimate controlling party is Mr Anastasios Byron Nicolaidis.

The following transactions were carried out with related parties:

33.1 Key management compensation

The remuneration of Directors and other members of key management was as follows:

	31 December 2022	31 December 2021
	GB£	GB£
Directors' fees	156.481	875.113
Directors' remuneration	137.705	83.609
Directors social insurance and other contributions	11.018	7.780
	<u><u>305.204</u></u>	<u><u>966.502</u></u>

33.2 Revenue and other income

	<u>Nature of transactions</u>	1 January to 31 December 2022	23 July to 31 December 2021
		GB£	GB£
Other related parties (Note 25)			
HEPIS (under common control)	Trade	-	495
ECDL Hellas S.A. (under common control)	Rents	-	1.486
		<u><u>-</u></u>	<u><u>1.981</u></u>

33.3 Purchases and other expenses

	<u>Nature of transactions</u>	1 January to 31 December 2022	23 July to 31 December 2021
		GB£	GB£
Other related parties			
GST Matata Hakuna Yachts Ltd	Other costs	152.508	-
ECDL Foundation Limited (under common control)	Royalty rights	-	37.877
		<u><u>152.508</u></u>	<u><u>37.877</u></u>

33.4 Trade receivables from related parties (Note 12)

	31 December 2022	31 December 2021
	GB£	GB£
PeopleCert Holdings UK Ltd	709.969	700.002
PeopleCert Wisdom Holdings Ltd	2.000	-
GST Matata Hakuna Yachts Ltd	22.460	-
ECDL Hellas S.A.	-	64.322
HEPIS S.A.	150.117	21.576
	<u><u>884.546</u></u>	<u><u>785.900</u></u>

The balances with related parties are interest free, unsecured, and have no specified repayment date.

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33.5 Directors' current accounts – debit balances (Note 12)

	31 December 2022 GB£	31 December 2021 GB£
Directors' current accounts	<u>172.015</u>	-
	<u><u>172.015</u></u>	<u><u>-</u></u>

The payables to related parties were provided interest free, and there was no specified repayment date.

33.6 Shareholders' current accounts - debit balances (Note 12)

	31 December 2022 GB£	31 December 2021 GB£
Shareholder's current account	<u>395.157</u>	350.381
	<u><u>395.157</u></u>	<u><u>350.381</u></u>

The shareholder's current account is interest free, and have no specified repayment date.

33.7 Directors' current accounts - credit balances (Note 20)

	31 December 2022 GB£	31 December 2021 GB£
Directors' current accounts	<u>-</u>	135.884
	<u><u>-</u></u>	<u><u>135.884</u></u>

The Directors' current accounts are interest free and have no specified repayment date.

34. Contingent liabilities

Based on the purchase agreement with Red Stake Inc (former shareholder of IASSC), an additional consideration is due for each six-month period (i) from and including January 1 through and including June 30 and (ii) from and including July 1 through and including December 31 of each calendar year, beginning with the 2022 calendar year through and including the 2025 calendar year of an amount equal to (a) 12.5% multiplied by (b) Company Revenue for the applicable Period less Digital Spend for the applicable Period.

IASSC is expected to achieve the required threshold that entitles the Seller to receive earnout consideration, therefore the respective contingent consideration as initially recognized upon the acquisition became liability as of 31 December 2021 and is included in current year's financial statements under other non-current liabilities.

35. Commitments

The Group had no capital or other commitments as at 31 December 2022.

36. Financial risk management

Financial risk factors

The Group is exposed to credit risk, liquidity risk, currency risk, compliance risk, reputation risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

36.1 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 FVOCI and at 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.

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(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, the Group has established policies whereby the majority of 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, taking into account its financial position, past 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.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

These policies enable the Group to reduce its credit risk significantly.

(ii) Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables and contract assets
- financial assets at amortised cost
- financial assets carried at FVOCI
- cash and cash equivalents
- other receivables
- receivables from related parties

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.
- For all other financial assets that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial and contract assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

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- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Group and changes in the operating results of the borrower/counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

Low credit risk

The Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, and contract assets).

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 or 1 January 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The expected credit loss on trade receivables is not significant as at 31 December 2022 and 31 December 2021.

Financial assets at amortised cost, debt investments carried at FVOCI

All of the entity's debt investments at amortised cost and FVOCI are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months expected losses. Refer to section above for a description of how the Group determines low credit risk financial assets.

There were no significant financial assets at amortised costs and debt investments carried at FVOCI written off during the year that are subject to enforcement activity.

The Group does not hold any collateral as security for any financial assets at amortised cost and debt investments carried at FVOCI balances.

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A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off	None

Receivables from related parties

For receivables from related parties lifetime ECL was provided for them upon initial application of IFRS 9 until these financial assets are derecognised as it was determined on initial application of IFRS 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial application of IFRS 9.

For any new loans to related parties, which are not purchased or originated credit-impaired financial assets, the impairment loss is recognised as 12-month ECL on initial recognition of such instruments and subsequently the Group assesses whether there was a significant increase in credit risk.

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2022 and 31 December 2021:

Group internal credit rating	31 December 2022 GB£	31 December 2021 GB£
Underperforming	-	14.340
Total	<u>-</u>	<u>14.340</u>

The Group does not hold any collateral as security for any receivables from related parties.

There were no significant receivables from related parties written off during the year that are subject to enforcement activity.

Cash and cash equivalents

The Group assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

Bank deposits held with banks with investment grade rating are considered as low credit risk.

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The ECL on current accounts is considered to be approximate to 0, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

The Group does not hold any collateral as security for any cash at bank balances.

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

(iii) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Group will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Credit quality of financial assets

The credit quality of financials assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

	31 December 2022 GB£	31 December 2021 GB£
Fully performing trade receivables		
Counterparties without external credit rating		
Group 1	838.133	591.156
Group 2	15.752.753	5.543.282
	16.590.886	6.134.438
Total fully performing trade receivables	16.590.886	6.134.438
Fully performing other receivables		
Group 4	884.546	771.560
	884.546	771.560
Cash at bank and short term bank deposits ⁽¹⁾		
A+/A/A1	42.575.936	12.685.430
B+/Ba3	7.585.741	6.026.186
No rating	(4.393)	299
	50.157.284	18.711.915

The rest of the consolidated statement of financial position item "Cash and cash equivalents" is cash in hand.

Group 1 - new customers (less than 6 months).

Group 2 - existing customers (more than 6 months) with no defaults in the past.

Group 3 - existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

Group 4 - companies within the group, common control companies and associates with no defaults in the past.

Group 5 - Directors, shareholders and key management personnel.

Group 6 - new receivables (less than 6 months).

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None of the financial assets that are fully performing has been renegotiated.

36.2 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.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

31 December 2022	Carrying amounts GB£	Contractual cash flows GB£	3 months or less GB£	Within 12 months GB£	2-5 years GB£	More than 5 years GB£
Secured senior notes	266.075.388	331.664.033	4.391.306	15.299.335	311.973.392	-
Lease liabilities	3.418.325	4.104.580	-	749.992	2.351.465	1.003.123
Trade and other payables	8.209.972	8.209.972	8.209.972	-	-	-
	<u>277.703.685</u>	<u>343.978.585</u>	<u>12.601.278</u>	<u>16.049.327</u>	<u>314.324.857</u>	<u>1.003.123</u>

31 December 2021	Carrying amounts GB£	Contractual cash flows GB£	3 months or less GB£	Within 12 months GB£	2-5 years GB£	More than 5 years GB£
Bank loans	258.108.842	327.562.039	6.029.185	14.494.580	307.038.274	-
Lease liabilities	1.772.311	2.065.088	-	548.303	1.104.434	412.351
Trade and other payables	7.182.534	7.182.534	7.182.534	-	-	-
	<u>267.063.687</u>	<u>336.809.661</u>	<u>13.211.719</u>	<u>15.042.883</u>	<u>308.142.708</u>	<u>412.351</u>

36.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, Euro, Australian Dollars and Japanese Yen. The Group's Board of Directors monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	GB£	GB£	GB£	GB£
Euro	271.484.783	255.310.127	15.575.078	10.270.532
United States Dollars	850.533	585.708	20.247.671	7.011.586
Australian Dollars	130.602	48.580	2.581.058	668.392
Japanese Yen	10.475	9.790	1.665.591	689.828
Other	20.979	7.331	4.965	19.621
	<u>272.497.372</u>	<u>255.961.536</u>	<u>40.074.363</u>	<u>18.659.959</u>

Sensitivity analysis

A 10% strengthening of the British pound against the following currencies at 31 December 2022 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the British pound against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Profit or (loss)	
	2021	2020
	GB£	GB£
Euro	23.264.519	22.286.116
United States Dollars	(1.763.376)	(526.587)

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Australian Dollar

Japanese Yen

(222.769)	(56.340)
<u>(150.465)</u>	<u>(61.822)</u>
<u>21.127.909</u>	<u>21.641.367</u>

36.4 Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Group.

36.5 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company.

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The Group's capital is analysed as follows:

	31 December 2022	31 December 2021
	GB£	GB£
Total borrowings (Note 17)	270.466.694	258.108.842
Less: Cash and cash equivalents (Note 14)	<u>(51.433.660)</u>	<u>(18.836.946)</u>
Net debt	219.033.034	239.271.896
Total equity	<u>162.817.624</u>	<u>145.529.993</u>
Total capital	<u>381.850.658</u>	<u>384.801.889</u>
Gearing ratio	<u>57,36%</u>	<u>62.18%</u>

37. Restatement of prior year

During the year, management have carried out a detailed review of the accounting treatment and classification of goodwill and related deferred taxes.

On initial recognition, the value of goodwill in relation to the acquisition of Axelos Limited as of 31 December 2021 was determined provisionally following the initial accounting rules of IFRS 3 'Business Combinations'. Management have closely considered the results of the Purchase Price Allocation study that was received for this acquisition and retrospectively recognized the identified intangible assets.

The related deferred taxes, adjusting the original value assigned to the goodwill of both Axelos Limited and IASSC International Association for Six Sigma Certification LLC, was properly determined during 2022.

Following the above assets' identification and taking into consideration the history and market size of the acquired Intellectual property/Content of Axelos Limited, the Group deemed appropriate to change the estimated useful life from 10 years to 15 years which represents the management's best estimate regarding the period that these products will generate return since this period reflects the current business reality.

A contract appointment fee which is due within 2023 upon expiration of the agreement that was signed in 2018 between Axelos Limited and PeopleCert International Limited for the latter to be the exclusive distributor of Axelos products, is considered intercompany effective 29 July 2021. Prior year balances have been restated accordingly to properly present this elimination.

Management have also considered the classification of directors' fees. During prior year, these were accounted for as dividends and presented through equity. However, on closer review of their nature, it has been determined that this

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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.