



PeopleCert

Call on Q4 2022 Results
24th March 2023

Disclaimer

IMPORTANT: You must read the following before continuing.

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

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

Presenters & Agenda



Today's Speakers



Byron Nicolaides

Founder, Chairman & Chief Executive Officer



George Giannetsos

Chief Financial Officer



Agenda

- **Key Highlights**
- **Business Overview**
- **Update on Financials**
- **Q&A**

Key Highlights

REVENUE

- **Q4 22: £37m** (+66.5% vs Q4 21)
- **LTM Dec22: £118m** (+14.5% vs LTM Sep22)
- **B&IT LTM Dec22: £101m** (+14.9% vs LTM Sep22) | **Languages LTM Dec22: £17m** (+11.2% vs. LTM Sep22)

ADJUSTED EBITDA¹

- **Q4 22: £25m** (+84.1% vs Q4 21)
- **LTM Dec22: £78m** (+14.7% vs. LTM Sep22) | **Margin 66%** vs. 66% in LTM Sep22
- Including expected synergies, **LTM Dec22 Pro-Forma EBITDA: £78m**

NET DEBT²

- **31 December 2022: £213m** (Cash position: £52.1m vs £32.4m as of 30 September 2022)
- **Net Debt/Pro-Forma EBITDA LTM Dec22 vs LTM Sep22: 2.73x vs 3.43x** (vs. LTM Mar21: 4.1x)

COMMERCIAL HIGHLIGHTS

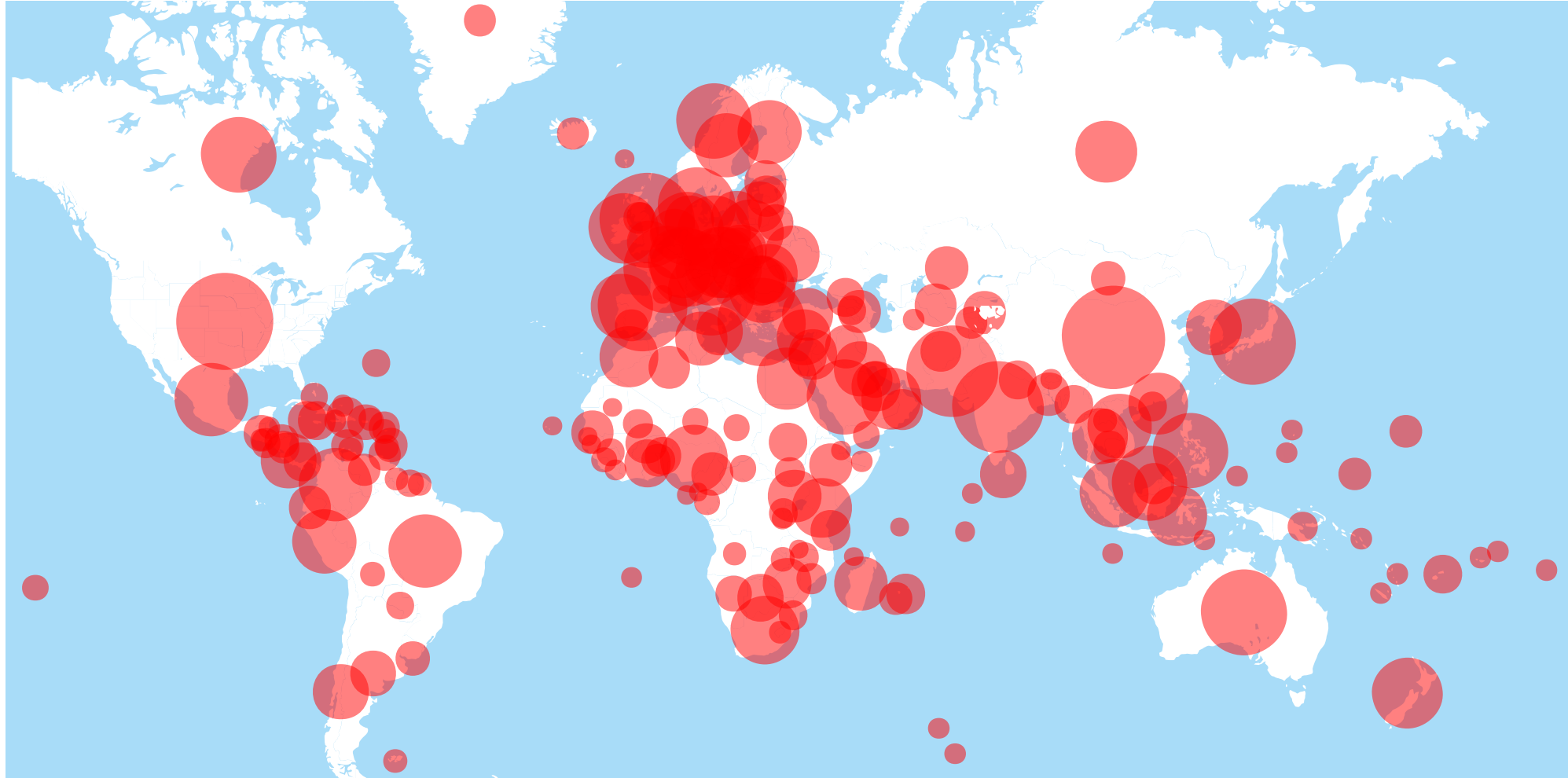
- **Best performing Year: Total Revenue +46%** vs FY21 | **B&IT Revenue +42%** vs FY21 | **Languages revenue +61%** vs FY21
- **Official training material announcement** - to be launched April 1 2023 for Top 3 products
- **Enhanced customer experience** (books and exams through one point of sale)
- **Completed AXELOS integration, 12 months ahead of schedule, delivering synergies in excess of the announced amount**

1. Adjusted for non-recurring expenses due to Axelos acquisition transaction-related cost

2. Net Debt calculation excludes accrued interest

Overview of PeopleCert

PeopleCert's Global Outreach (200+ countries every year)



PeopleCert® *Note: The circle size indicates the number of exams per country for the period 12/2021-12/2022*

Business Snapshot

Business Highlights

- PeopleCert is a global leader in the **Learning and Technology** area
- **IP Powerhouse**: Owns and develops frameworks and certifications that improve organizational efficiency and enhance people skills
- Delivers exams in the **IT & Digital Transformation, Project, Programme and Portfolio Management and Languages** sectors
- **Owns two of the most globally recognised and IP-protected frameworks, developed by the UK Government over a 30-year period: ITIL® in IT and Digital Transformation and PRINCE2® in Project, Programme & Portfolio Management**
- Delivered 800k exams LTM Dec22⁽³⁾
- Controlled by Founder and CEO Byron Nicolaides (c.80%), supported by FTV Capital as minority shareholder (c.20%)

Pro-Forma LTM Dec22 KPI's⁽¹⁾

Revenue: £118m

EBITDA: £78m

EBITDA Margin: 66%

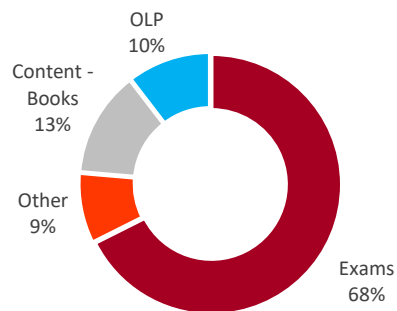
Cash Flow Conversion⁽²⁾: 88%

Net Debt / Pro-Forma EBITDA: 2.7x

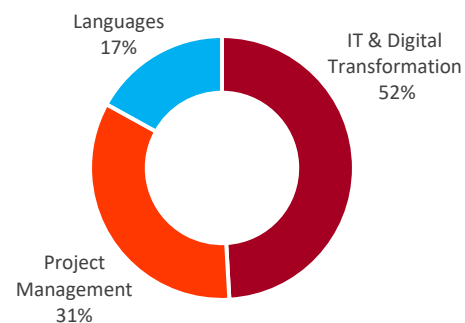
exams: 800k

Revenue Breakdown (LTM Dec22)

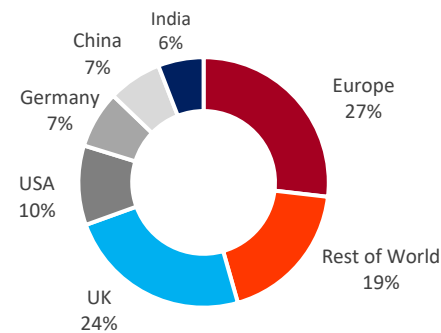
By Product ⁽⁴⁾



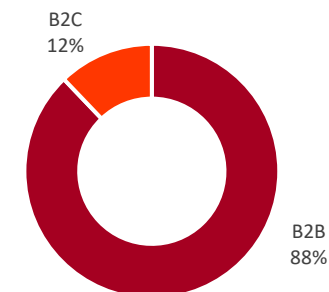
Exams Revenue by Business Line ⁽⁴⁾



By Geography ⁽⁴⁾



By Channel ⁽⁵⁾



Notes

1. Refers to Pro-Forma LTM Q4 2022, Revenue, EBITDA, and EBITDA margin including run-rate of synergies as of 31st December 2022
2. Cash-flow conversion defined as Operating FCF as % of Pro-Forma Synergized EBITDA
3. Refers to the number of invoiced exams, as of 31st December 2022
4. Refers to Pro-Forma LTM Q4 2022, excluding run-rate synergies
5. Reported LTM Q4 2022 revenue B2C revenue includes B2C Exam Revenue, MyAXELOS and Training Revenue

Key Credit Highlights

1

Attractive Industry Backdrop with Supportive Secular Tailwinds

Digital transformation driving growth in the Education Technology market, which coupled with the global reskilling and upskilling trend provides supportive tailwinds for the certification market.

2

Vertically Integrated, Global, and Diversified Leader with Strong Growth Potential

Vertically integrated, diversified business model offering globally established market leading products in Global Best Practices for IT and Project Management, as well as in Languages, with strong organic growth potential throughout the entire portfolio of products.

3

High Barriers to Entry Driven by Brand Recognition, Intellectual Property, Qualifications, and Technology Platform

Portfolio of internationally recognised brands, non-replicable owned intellectual properties, unparalleled portfolio of awarded qualifications, and a proprietary technology platform granting competitive advantage, without external technology dependencies.

4

Diversified Client Base with Entrenched End-Users

Highly diversified client base of Accredited Training Organizations (ATOs), serving end-users who are entrenched to the efficiency frameworks of ITIL and PRINCE2, with strong ability to cross-sell into both a B2B and a rapidly growing B2C customer base.

5

The Completed Merger with Axelos Created an IP Powerhouse

Synergies in excess of the announced amount at the time of the transaction have already been implemented, significantly ahead of schedule, and also started impacting positively the cash flow line. Vertical integration provides further growth potential throughout the entire value chain.

6

Unique Combination of Growth, Profitability and Cash Generation

Highly cash generative financial profile driven by Pro-Forma EBITDA margin of 66%, coupled with proven resilience and stability through COVID-19 related disruptions.

7

Founder-led, Senior Management Team Supported by a Committed Equity Partner

Award-winning self-made serial entrepreneur with 44 years of professional experience, supported by a highly committed and professional team and backed by FTV Capital.

Financials Update

Financials Evolution¹

£m		2018	2019	2020	LTM Mar21 (Pro-Forma Bond Issuance)	2021	LTM Dec22
Total Exams ('000s)	1	470	501	432	459	683	800
Growth (y.o.y.)		-	7%	(14%)	-	58%	17%
Revenue	2	70	72	68	72	81	118
Growth (y.o.y.)		-	4%	(6%)	5%	19%	46%
Adjusted EBITDA	3	42	43	43	44	50	78
% Revenue		60%	59%	62%	62%	62%	66%
Capex	4	5	4	6	6	6	9
% Revenue		8%	6%	9%	9%	7%	8%
FCF²		36	39	37	38	44	69
% of Adjusted EBITDA		87%	88%	84%	86%	88%	88%
Working Capital		(5)	(6)	(4)	(4)	(2)	1
% Revenue		(8%)	(8%)	(6%)	(5%)	(2%)	1%

Commentary

1

- Exam Volume LTM Dec22: **800k (+74%** vs. LTM Mar21)
- Exam growth was driven by **+30%** increase in B&IT exams and **+254%** increase in Languages exams vs. LTM Mar21

2

- Revenue LTM Dec22 : **£118m (+64%** vs. LTM Mar21)
- Revenue growth was driven by **+50%** increase in B&IT and **+238%** increase in Languages vs LTM Mar21

3

- Adjusted EBITDA LTM Dec22: **£78m (+76%** vs. LTM Mar21)
- The increase of EBITDA margin is primarily driven by Revenue Growth and Gross Profit margin improvement post Axelos acquisition

4

- CAPEX for LTM Dec22 increased by 42% at c. **£9m** vs LTM Marc21.
- CAPEX Q4 22: £3.4m**; Breakdown: **Tangibles** £2.1m (63%), **Intangibles** £1.2m (37%).

1. Figures have been calculated as the sum of the two standalone companies' figures, excluding royalties paid from PeopleCert to AXELOS. Figures for the year ended December 31, 2020 and 2021, have been calculated in connection with the *pro-forma* adjustments for the Axelos acquisition and financing.

2. FCF= Adjusted EBITDA minus CAPEX

Q4 2022 – Financial Highlights

Quarterly Financials

£m	Q4 21	Q4 22	Variance
Revenue	£22	£37	67%
Adjusted EBITDA	£14	£25	84%
% of Revenue	62%	68%	
Capex	£2	£3	79%
% of Revenue	8%	9%	

Average Price ITIL	£131	£145	10%
Average Price PRINCE2	£137	£147	7%
Average Price Languages	£45	£43	-4%

# of Exams	Q4 21	Q4 22	Variance
ITIL	73,977	93,737	27%
IT Total (including ITIL)	90,426	104,605	16%
PRINCE2	37,952	45,041	19%
PPM Total (including PRINCE2)	43,525	51,503	18%
Languages	35,863	69,418	94%
Total	169,814	225,526	33%

LTM Financials

£m	Financials			Variance LTM Dec22	
	LTM Mar21	LTM Dec21	LTM Dec22	vs.Mar21	vs.Dec21
Revenue	<i>Bond OM</i> £72	£81	£118	64%	46%
Adjusted EBITDA ⁽¹⁾	£44	£50	£78	76%	56%
Adjusted EBITDA margin	61%	61%	66%		
Net Pro-Forma synergies	£14	£16	£0		
Pro-Forma EBITDA	£58	£66	£78	34%	19%
Capex	£6	£6	£9	42%	52%
% of Revenue	9%	7%	8%		

Average Price ITIL	£138	£133	£142	3%	7%
Average Price PRINCE2	£146	£141	£148	1%	5%
Average Price Languages	£45	£36	£42	-7%	17%

# of Exams	Datapoints			Variance LTM Dec22	
	LTM Mar21	LTM Dec21	LTM Dec22	vs.Mar21	vs.Dec21
ITIL	<i>Bond OM</i> 211,768	241,181	275,935	30%	14%
IT Total (including ITIL)	237,736	282,293	310,089	30%	10%
PRINCE2	115,560	128,968	146,370	27%	13%
PPM Total (including PRINCE2)	131,342	147,996	169,515	29%	15%
Languages	90,416	252,691	320,019	254%	27%
Total	459,494	682,980	799,623	74%	17%

Synergies Update

Revenue Synergies	Implementation Status	FY2022 actual impact (£m)		2022 Annualized estimated impact (£m) ¹	
		Revenue	EBITDA	Revenue	EBITDA
UK Market Exam adjustment	Completed 01.02.2022	1.0	1.0	0.8	0.8
Exam Delivery Optimisation	Completed 01.02.2022	3.3	2.7	2.1	1.8
Mock tests	Completed 01.02.2022	0.1	0.1	0.8	0.7
Content Optimisation	Completed 01.02.2022	11.9	10.1	7.9	6.8
Revenue Synergies		16.3	13.9	11.7	10.1
Cost Synergies		Cost	EBITDA	Cost	EBITDA
Rationalization of duplicate functions	Completed 31.03.2022	-	3.0	-	4.2
Shared-service cost savings	Completed 01.01.2022	-	0.8	-	0.9
Other cost savings	Completed 28.02.2022	-	0.6	-	0.6
Cost Synergies			4.5		5.7
Total Synergies			18.4		15.8

+£3.1 MM compared with Bond OM estimate in July 2021 (£15.3 MM)

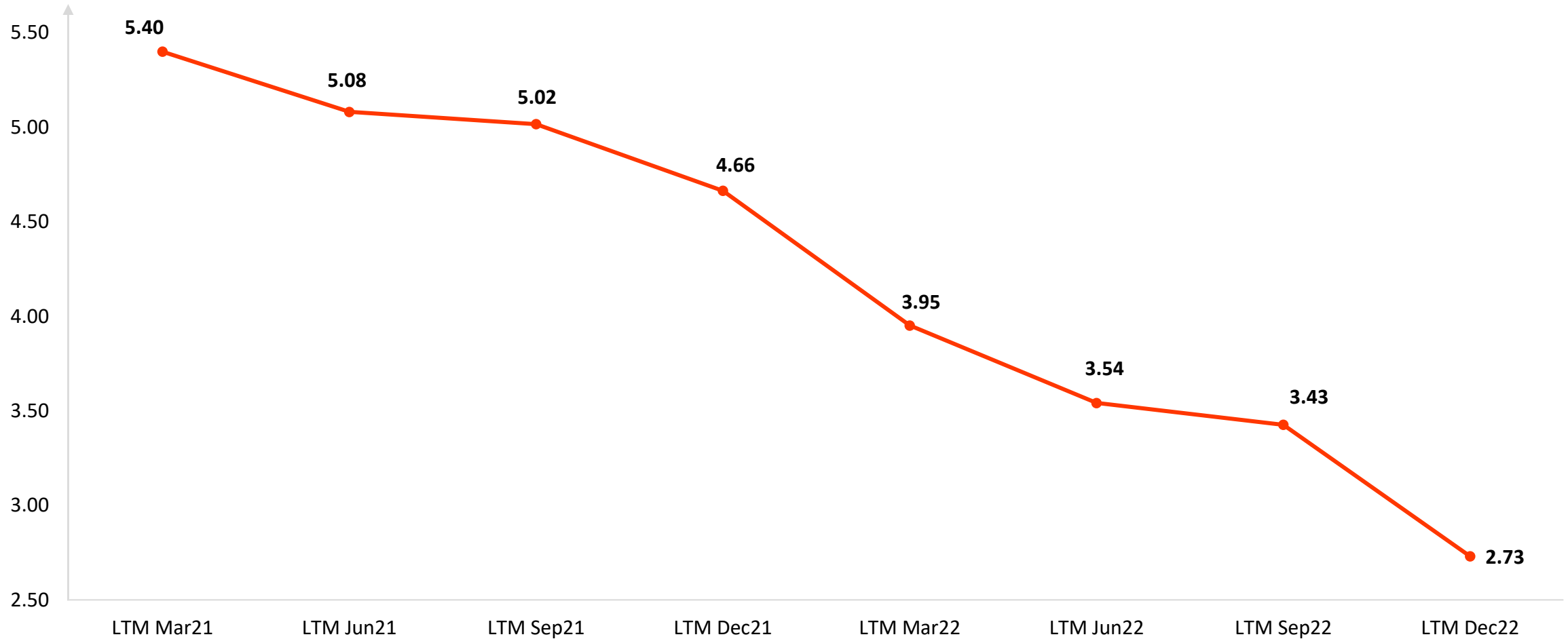
Note: PeopleCert currently considers utilizing the existing my Axelos infrastructure for the Digital Badges initiative and will postpone for now this optimization synergy

1. Annualized Estimated impact relates to total full year Synergy forecast as calculated end of Q122. Total actual synergy impact for FY22 exceeded forecast estimate by +£2.6 MM and Bond OM estimate by +£3.1 MM

Capital Structure

£m	LTM Mar21			LTM Dec22		
	£m	Debt Ratio (Adjusted EBITDA)	Debt Ratio (Pro-Forma EBITDA)	£m	Debt Ratio (Adjusted EBITDA)	Debt Ratio (Pro-Forma EBITDA)
Cash & Cash Equivalent	(17)			(52)		
Senior Secured Notes (<i>issued in Euro as €300m</i>)	255			266		
Gross Debt	255	5.8x	4.4x	266	3.4x	3.4x
Net Debt	238	5.4x	4.1x	213	2.7x	2.7x
Adjusted EBITDA		44			78	
Pro-Forma Synergised Adjusted EBITDA			58			78

Debt Ratio Evolution (Net Debt/Adjusted EBITDA)



Note: Debt Ratio is calculated as Net Debt / Adjusted EBITDA. Adjusted EBITDA for the periods LTM Mar21 to LTM Dec21 is non synergized. Adjusted EBITDA for 2022 includes FY22 actual synergies impact

Profit Loss: PeopleCert Wisdom Limited, Consolidated

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

Balance Sheet: PeopleCert Wisdom Limited, Consolidated

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

Cash Flow: PeopleCert Wisdom Limited, Consolidated

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

Q&A