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FOR IMMEDIATE RELEASE

PeopleCert reports Consolidated Half-year Financial Results as of June 30, 2023

London: United Kingdom:

PeopleCert, the market leading differentiator within the assessment and certification industry, presents PeopleCert Wisdom Limited (Parent Guarantor) unaudited Consolidated Financial Results for the six-month period ended June 30, 2023.

All amounts are presented in GBP.

Consolidated highlights for H1 2023 (compared to H1 2022):

- Revenue: £60.8 million (+10.1%, compared to £55.2 million at June 30, 2022);
- EBITDA: £35.9 million (-6.5%, compared to £38.4 million at June 30, 2022);
- Adjusted EBITDA: £35.9 million (-7.0%, compared to £38.6 million at June 30, 2022);¹
- EBIT: £28.8 million (+2.5% compared to £28.1 million at June 30, 2022);
- Adjusted EBIT: £28.8 million (+1.8% compared to £28.3 million at June 30, 2022);
- PBT: profit of £32.9 million (+219.4% compared to £10.3 million at June 30, 2022);
- Net Financial Indebtedness: +£201.7 million (compared to £219.1 million at December 31, 2022)².

¹ Adjusted EBITDA & EBIT figures exclude one – off transaction related expenses for the period.

² Net Financial Indebtedness is defined as Current and Non-current Borrowings less Cash and Cash Equivalents.

Review of performance of the Group, current position, and future developments

The results reflect a strong performance across the Group as well as the efforts on cost containment and competitiveness. Potential risks to the industry are closely monitored resulting in satisfying development to date. The Group's financial results and position as presented in the consolidated financial statements is tracking positively, as supported by the key parameters shown below:

Financial Key Performance Indicators

<u>Ratio</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<u>Gross margin</u> Gross profit to Revenue	81.9%	78.1%
<u>Pretax margin</u> Profit before tax to Revenue	54.1%	18.5%

Gross margin (Gross profit to Revenue) increased by 3.8 pp to 81.9% mainly due to the adjusted amortization of the revalued intangible assets of Axelos following the completion of the Purchase Price Allocation in Q2 2022. Excluding the amortization expense, Gross margin as of June 2023 is at 92%.

The increase in **Pretax margin** by 35.6 pp to 54.1% is primarily driven by the positive contribution of the lower net financial costs (H1 2023: gain of £4.2 million vs H1 2022: loss of £17.9 million).

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PeopleCert Consolidated Results as of June 30, 2023

Total Revenue for the six-month period ended June 30, 2023 grew 10.1% to £60.8 million compared to £55.2 million in H1 2022. Despite the decrease in Languages' products by 27.52% mainly due to seasonality, the growth derives from the B&IT stream that presented an increase of 17.25%.

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

The observed growth is partially attributed to the creation of an IP Powerhouse following the completed merger with Axelos and Devops Institute while the remaining variation is related to the expansion of Software Development product suite through the acquisition of QAI certifications during Q3 2022. Further to this, PeopleCert adapted rapidly to the changing circumstances of the Global market towards more digital delivery models and managed to retain its leadership position worldwide by promoting the digital transformation of its services.

The decrease in **Cost of sales** by 9.3% to £10.9 million for the six-month period ended June 30, 2023 compared to £12.1 million during H1 2022, contributed to the increase of gross profit by 3.8% (H1 2023: £49.8 vs H1 2022: £43.1). The majority of the observed decrease in Cost of Sales is attributed to the decrease in amortization expense.

Operating expenditure increased by 17.6% to £13.3 million compared to £11.3 million in H1 2022 in line with the increased operations of the Group and primarily reflects the Group's investment in supporting its growth plan.

Although revenues were higher, the increased operating costs and the higher cost of sales affected adversely both **EBITDA** and **adjusted EBITDA** for the six-month period ended June 30, 2023 – an alternative performance measure and key indicator capturing the underlying business margin by excluding material charges, showing a decrease of 7% to £35.9 million (H1 2022: £38.6 million).

Despite the higher operating expenses incurred in connection with the expansion of product portfolio through the acquisition of Devops Institute, as well as the OTM that was launched in Q2 2023 for the Top 3 products, **EBIT** increased by 2.5% to £28.8 million compared to £28.1 million in H1 2022.

Net finance income was £4.2 million, compared to net finance costs of £17.9 million in H1 2022 with the fluctuation being primarily due to the movement in FX rates.

Net Financial Indebtedness remains positive as of June 30, 2023, at £201.7 million (December 31, 2022: £219.1 million), however, this metric reflects the Eurobond that was issued in August 2021 in the context of Axelos acquisition and therefore cannot be considered indicative of the Group's financial stability, which is better evidenced by other liquidity ratios analysed below.

Ratios on Financial Performance and Financial Position of the Group as of June 30, 2023

A. <u>Liquidity Ratios</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
<u>Cash Ratio</u> Cash to Current Liabilities	3.22	2.30
<u>Working Capital Ratio</u> Current Assets to Current Liabilities	4.19	3.05

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Indicatively, we state the above liquidity ratios that support the Group's financial health. The cash ratio of 3.22 highlights the Group's ability to maintain adequate cash balances to pay off all of the current debts as they come due, while the high working capital ratio shows a great efficiency in the way that the Group is operating.

Attention to working capital and cash flow management remains a key priority for the Group's management.

PeopleCert Consolidated Financial Position as of June 30, 2023

The Group presents a robust Balance Sheet with strong capital and liquidity levels supporting PeopleCert's readiness for future as the Group enters into a new phase of brand engagement and business growth following a balanced and consistent approach to risk.

Assets

As of June 30, 2023, **Total Assets** were £478.1 million (December 31, 2022: £468.9 million).

Non-current assets amounted to £399.7 million compared to £400.7 million by year-end 2022.

The majority of the balance concerns **Goodwill** of total amount £320.8 million (December 31, 2022: £317.7 million) and **Intangible Assets** of amount £70.5 million (December 31, 2022: £75.3 million). On initial recognition, the value of goodwill in relation to the acquisition of Devops Institute in February 2023 was determined provisionally. Following the completion of the Purchase Price Allocation (PPA), the respective consideration will be allocated between goodwill and identified trade names, trademarks, intellectual property/content and customer relationships.

Current assets increased to £78.4 million as of June 30, 2023 from £68.2 million as of December 31, 2022.

This variation is mainly attributed to the increase in **Cash at bank and in hand** by £8.8 million to £60.2 million. The remaining variation is due to the combined effect of increased **inventories** in H1 2023 (June 30, 2023: £404.6 thousand vs December 31, 2022: £200.4 thousand) to cover the demand for Axelos hard copy books, an income tax receivable of £1.1 million (December 31, 2022: nil). **Trade & other receivables** remained in general stable (June 30, 2023: £16.7 million vs December 31, 2022: £16.6 million). Despite the revenue growth by 10.1%, the relatively stable DSO (2023: 49 days, 2022: 52 days) indicate a robust credit control.

Changes in cash and cash equivalents are analyzed in the accompanying consolidated statement of cash flow. At this point, it should be noted that protecting the Group's financial health continues to be primary objective.

As of June 30, 2023, the Group has positive net assets of £188.9 million (December 31, 2022: £165.6 million) remaining on track to building wealth.

Total liabilities decreased by £14.2 million (June 30, 2023: £289.3 million vs December 31, 2022: £303.4 million).

The aforementioned decrease is mainly driven by the decrease in **Borrowings** by £8.6 million (June 30, 2023: £261.9 million vs December 31, 2022: £270.5 million) due to the payment of the interest in March 2023 and the effect of the change in spot rates (June 30, 2023: 1.1651 vs December 31, 2022: 1.1275), as

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well as due to the decrease in current (June 30, 2023: £1.7 million vs December 31, 2022: £5.7 million) and deferred tax liabilities (June 30, 2023: £10.5 million vs December 31, 2022: £11.7 million).

Deferred income decreased by £1.3 million from £3.3 million as of December 31, 2022 to £2.1 million as of June 30, 2023.

Trade & other payables increased to £9.4 million as of June 30, 2023 (December 31, 2022: £8.2 million) mainly due to timing reasons.

Business highlights

Since its establishment, PeopleCert has always focused on developing and delivering globally, best-in-class Exam and Certification programs, that enhance the lives and careers of its candidates. Through the recent acquisitions, PeopleCert is even better positioned to do so, strengthening its capabilities while remaining committed to its Four (4) Core Values of Quality, Innovation, Passion, and Integrity. The acquisitions underline the Group's strategy to expand its presence and broaden its global offerings, support the vertical integration strategy of the Group and entail significant operational improvements, allowing PeopleCert to reach international best performance standards.

At the same time the below opportunities will accelerate standalone strategies and innovation in the market, while adding value for all the Group's stakeholders:

- Expansion of product portfolio through the acquisition of DevOps Institute (Integration by July 2023);
- Bond and company rating upgrades S&P and Moody's in April 23, following upgrade from Fitch in September 2022;
- Deployment of updated ITIL practices guidance and (new) certification courses;
- 2 major product releases planned for Q3 2023.

From the above, it is evident that 2023 is the year of significant investments across the company, having finalised the synergies and getting ready for the next era, while 2024 transformation initiatives are on track.

The Group remains committed to its expansion strategy with a strong pipeline of potential acquisitions.

For full details on PeopleCert's reported results, see the financial tables accompanying this release.

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About PeopleCert

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

PeopleCert certifications are delivered across 200 countries, 50,000 Corporates (87% of Fortune 500) and 800 government organisations through a global network of 2,500 Accredited Training Organisations and 30,000 venues worldwide, as well as through PeopleCert's award-winning Online Proctoring solution. The PeopleCert team consists of over 1,000 employees from 40 nationalities. PeopleCert has received 50 awards in Entrepreneurship, Business, Technology and Sustainability.

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

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Consolidated statement of Financial Position of PeopleCert Wisdom Limited as of June 30, 2023

Amounts in £	30/6/2023	31/12/2022
ASSETS		
Non-current assets		
Property, plant and equipment	4,731,329	3,725,190
Right-of-use assets	3,040,696	3,308,272
Intangible Assets	70,501,732	75,241,497
Goodwill	320,836,800	317,703,753
Investments	1	1
Deferred tax assets	380,218	528,236
Other Assets	257,753	249,460
	399,748,529	400,756,409
Current assets		
Trade and other receivables	16,669,286	16,590,886
Inventory	404,558	200,347
Income tax receivable	1,050,310	-
Cash at bank and in hand	60,234,613	51,433,660
	78,358,766	68,224,893
	478,107,295	468,981,301
EQUITY AND LIABILITIES		
Equity		
Share capital	4	4
Share Premium	140,058,339	140,058,339
Other Reserves	1,066,208	9,420,350
Retained earnings	47,729,016	16,133,045
	188,853,567	165,611,738
Non-current liabilities		
Borrowings	257,488,628	266,075,388
Provisions for other liabilities and charges	92,195	95,269
Other Non-Current Liabilities	40,203	540,686
Deferred tax liabilities	10,506,368	11,692,747
Obligations under finance leases	2,437,977	2,594,562
	270,565,371	280,998,652
Current liabilities		
Trade and other payables	9,437,890	8,209,172
Deferred income	2,006,023	3,279,162
Borrowings	4,417,583	4,391,306
Obligations under finance leases	1,134,364	823,763
Income tax payable	1,692,498	5,667,508
	18,688,358	22,370,911
	478,107,295	468,981,301

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Consolidated income statement of PeopleCert Wisdom Limited as of June 30, 2023

Amounts in £	30/6/2023	30/6/2022
Revenue	60,784,495	55,214,409
Cost of sales	(10,975,762)	(12,107,372)
Gross profit	49,808,733	43,107,037
Other operating income	35,535	215,475
Administrative expenses	(13,973,282)	(11,752,092)
Distribution expenses	(7,074,275)	(3,283,203)
Other operating expenses	-	(184,549)
Operating profit / (loss)	28,796,711	28,102,668
Finance income	28,443,177	1,269
Finance expense	(24,326,259)	(17,873,372)
Profit / (loss) before tax	32,913,629	10,230,565
Taxation	1,066,192	(16,813)
Profit / (loss) for the year	33,979,822	10,213,752

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Consolidated statement of cash flows of PeopleCert Wisdom Limited as of June 30, 2023

Amounts in £	30/6/2023	30/6/2022
Operating activities		
Profit before tax	32,913,629	10,230,565
Adjustments:		
Depreciation, amortisation and impairment	7,057,190	10,273,080
Exchange Rate differences	(13,272,013)	10,682,102
Finance expense	7,619,298	7,189,194
	34,318,105	38,374,941
(Increase)/decrease in Inventories	(204,211)	(209,181)
(Increase)/decrease in Trade and other receivables	(78,400)	(4,196,101)
(Increase)/decrease in Trade and other payables	1,228,718	(561,491)
(Increase)/decrease in deferred income	(1,273,139)	(2,025,073)
Tax paid	(2,079,536)	-
Net cash from/(used in) operating activities	31,911,537	31,383,095
Investing activities		
Acquisition of subsidiary, net of cash acquired	(3,302,037)	-
Acquisition of property, plant and equipment	(988,465)	(263,774)
Acquisition of intangible assets	(1,800,957)	(1,998,459)
Acquisition of other assets	(8,293)	21,392
Net cash used in investing activities	(6,099,753)	(2,240,841)
Financing activities		
Payments of lease liabilities	(406,533)	(317,928)
Interest paid	(7,594,435)	(8,851,849)
Dividends paid	(7,350,000)	(11,782,562)
Net cash from/(used in) financing activities	(15,350,969)	(20,952,339)
Net increase in cash and cash equivalents	10,460,815	8,189,915
Cash and cash equivalents:		
At beginning of the year	51,433,660	18,836,946
Effect of exchange rate fluctuations on cash held	(1,659,862)	401,722
At the end of the period	60,234,613	27,428,583