



PeopleCert

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Presentation to Investors

Q2 2021 Results

September 2021

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IMPORTANT: You must read the following before continuing.

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PeopleCert Presenters & Index

PeopleCert Presenters



Byron Nicolaides
Founder, Chairman & CEO



George Giannetsos
CFO

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- Overview
- Key Quarter Highlights
- Financial Performance
- Q&A session

Overview

- PeopleCert is a leading global player in **Education Technology (edutech)** focusing on the **“Certification of Persons”** market
- **Vertically integrated** business model: creates and owns frameworks (**IP House**), manages examinations and delivers certifications
- **Leader in the IT and Project Management** certification markets, **fast growing** presence in the **Languages certification** market
- **Flexible, highly profitable, and cash generative business** model that rapidly adapted and benefited from COVID-19 changes in the way that exams are being delivered
- Delivered **571k exams LTM Jun-21**
- Controlled by **Founder, Chairman & CEO Byron Nicolaides**, supported by **FTV Capital** (minority shareholder)

Key H1 2021 Highlights

REVENUE

- PeopleCert standalone revenue performance remains strong with **H1 21 results +39.1% vs. H1 20** (£38.8m vs £27.9m)
- **Pro-forma LTM Jun 21 Revenue +9% vs. LTM Mar 21** (£78m vs £71.5m)
- **B&IT H1 21 is +21% vs H1 20** mainly from Axelos' products. **Languages H1 21 is +738% vs. H1 20.**

GROSS PROFIT

- PeopleCert standalone **Gross Profit for H1 21 +76.4% to £14.9m vs. £8.4m H1 20. Gross Margin +38% vs.30%.**
- Gross Margin increase mainly due to contribution of higher margin products (Languages)
- **Pro-forma Gross Profit for LTM Jun 21 at £73m vs. £63m for LTM Mar 21**

EBITDA / EBITDA MARGIN

- PeopleCert standalone **EBITDA for H1 21 +67% to £6.5m vs £3.9m H1 20. EBITDA margin +17% vs. 14% H1 20.**
- Adjusted EBITDA - standalone: £6.8m.
- **Pro-forma LTM Jun 21 EBITDA +6% vs LTM Mar 21** (£46.7m vs £44.2m). Pro-forma EBITDA margin at 60% vs 62%
- PeopleCert Standalone EBITDA impacted from **higher Revenues** and **higher OPEX** (+74% in H1 21 vs H1 20).
 - **Upscaling** of the organization to meet 2021 budget targets (increase in OPEX)
 - **One-off costs related to Axelos acquisition** and “out-of-budget” tenders (increase in OPEX)

NET DEBT / CASH POSITION

- PeopleCert retains a strong liquidity position. Net Debt (standalone) for H1 20 at £(5.8m) and Cash position at £7.6m
- **Pro-forma Cash Position as of June 21 at £17.7m**
- Pro-forma Net Debt for the bond issuance, as of June 21, at £237.3m vs £240m Mar 21

COMMERCIAL HIGHLIGHTS

- **Axelos** products overperformed in **H1 21 vs. H1 20 (+21%)**
- **Language products up significantly**, impacting both revenue and profitability (higher Gross Margin)
- **TFL tender for Taxi Drivers in London min 55k exams per year for 6 years.** Starting Oct 21
- **2 tenders in Madrid, Spain c.110k English language exams** for primary and secondary schools (provided)
- **3 government IT tenders in Greece** for upskilling / reskilling training and certification (2022-2023)
- Introducing in 2022 the provision of **on-line invigilation as-a-service**



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Financial Performance

Q2 FY21 – Financial Highlights

Pro-Forma KPI's

Q2 21 vs Q2 20

	Q2 20	Q2 21	Variance
# of Exams	79,725	191,322	140%
Revenue	£13.5	£21.0	56%
EBITDA	£9.1	£11.6	27%
EBITDA margin	68%	55%	
EBIT	£6.5	£9.3	43%

Average Price ITIL	£140.0	£131.5	-6%
Average Price P2	£142.6	£139.4	-2%

Q2

# of Exams	Q2 20	Q2 21	Variance
IT	43,144	68,026	58%
PPM	27,468	37,725	37%
Languages	9,113	85,571	839%
Total	79,725	191,322	140%

Q2

# of Exams	Q2 20	Q2 21	Variance
ITIL	40,825	58,897	44%
P2	22,176	28,613	29%

LTM Jun 21 vs LTM Mar 21

	LTM Mar21	LTM Jun21	Variance
# of Exams	459,494	570,672	24%
Revenue	£71.5	£78.0	9%
EBITDA	£44.2	£46.7	6%
EBITDA margin	62%	60%	
EBIT	£33.3	£36.1	8%

Average Price ITIL	£138.2	£136.2	-1%
Average Price P2	£145.0	£144.0	-1%

LTM

# of Exams	LTM Mar21	LTM Jun21	Variance
IT	237,721	262,603	10%
PPM	131,342	141,599	8%
Languages	90,012	166,470	85%
Total	459,075	570,672	24%

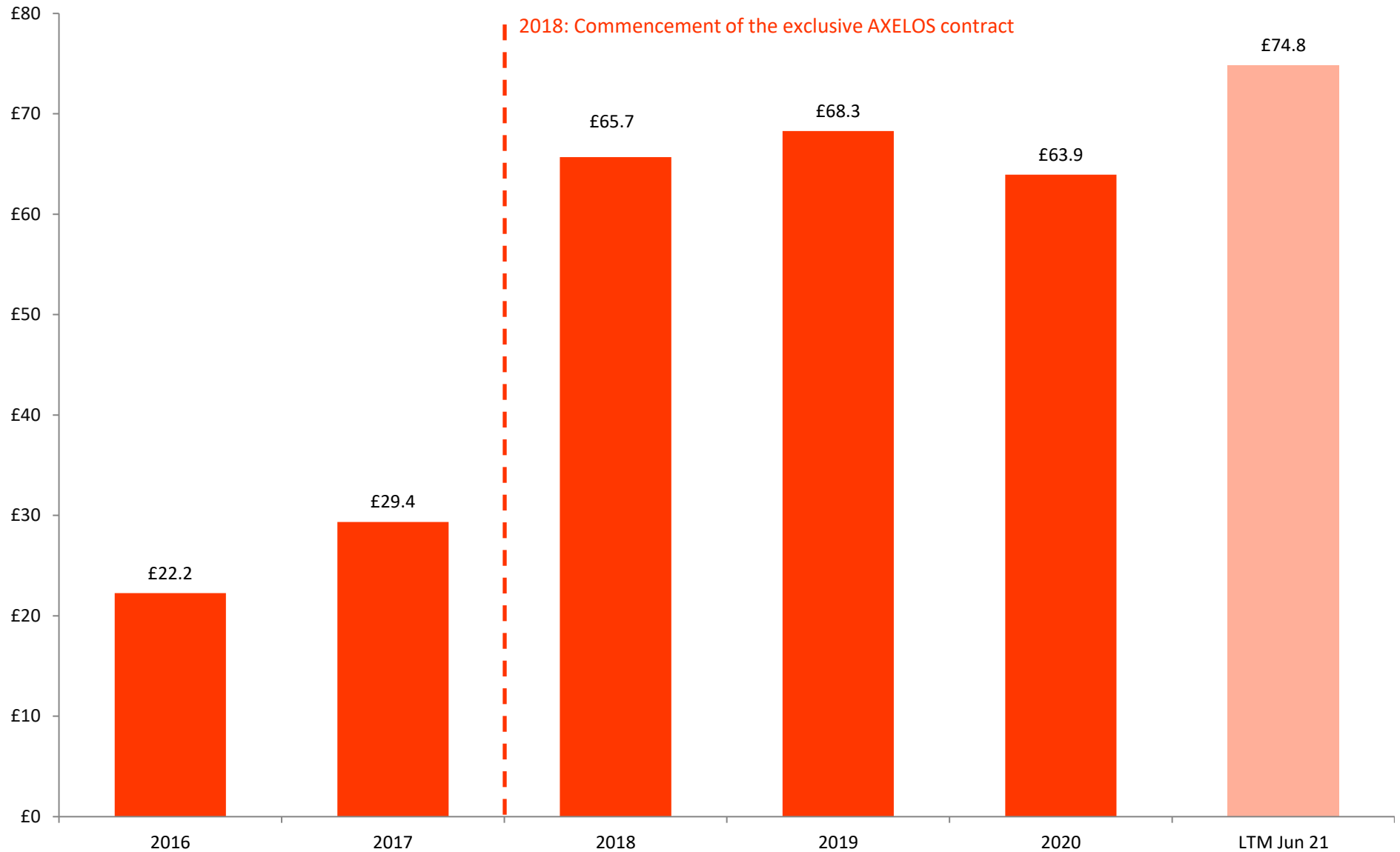
LTM

# of Exams	LTM Mar21	LTM Jun21	Variance
ITIL	211,768	229,840	9%
P2	101,690	108,127	6%

* Pro-forma KPI's table does not include any Revenue Optimization or Cost Synergies

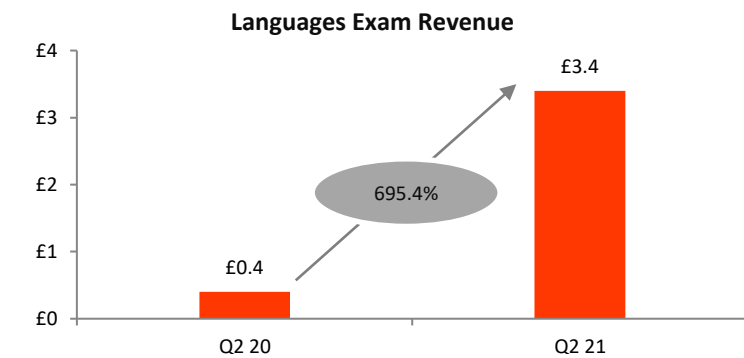
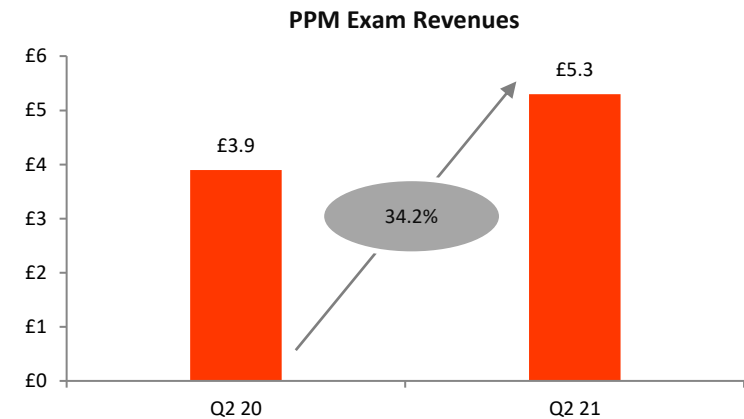
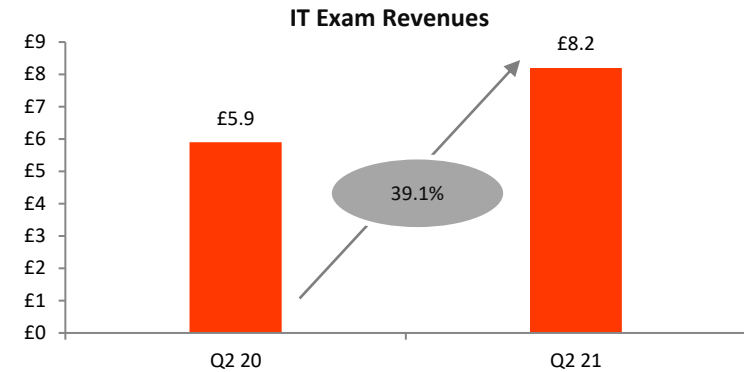
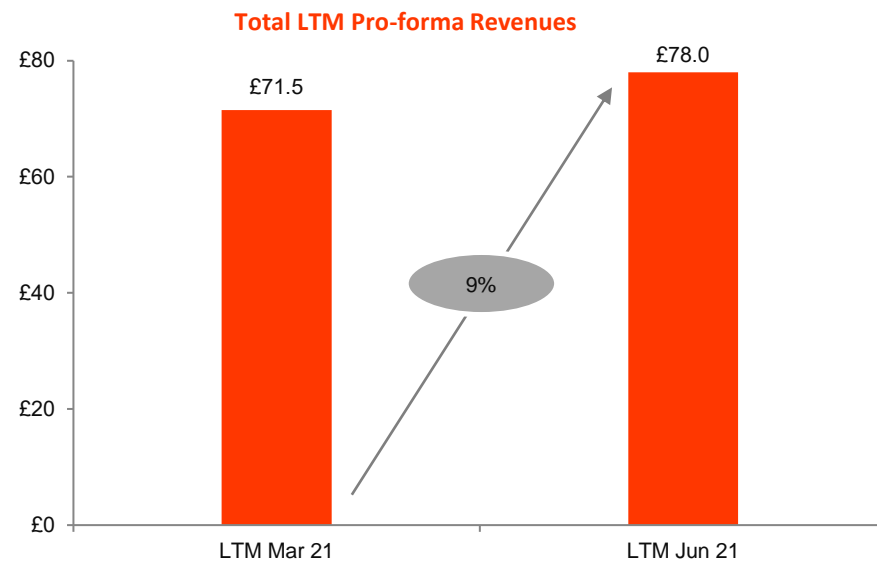
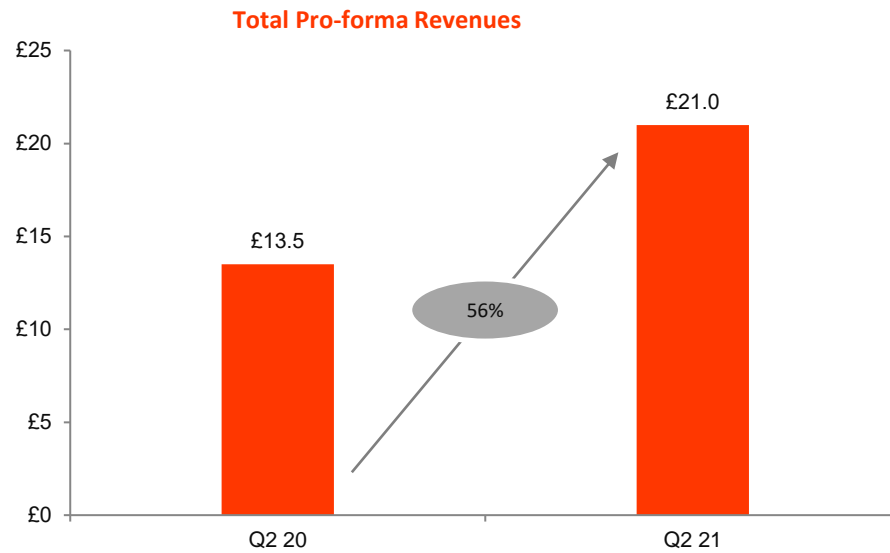
PeopleCert Standalone Revenue, YoY (2016-LTM Jun 21)

Figures in £m



Revenue Breakdown (Pro-Forma*)

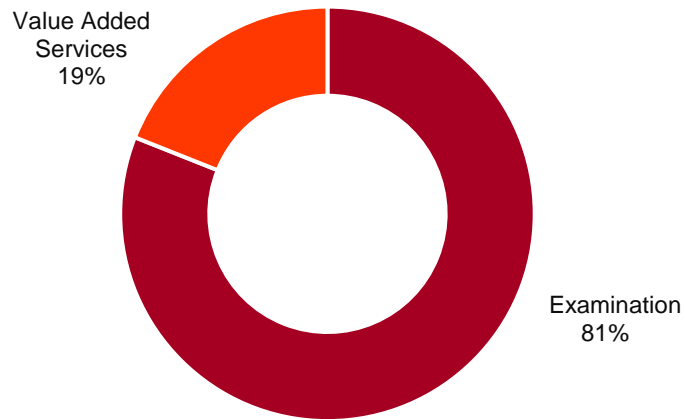
Figures in £m



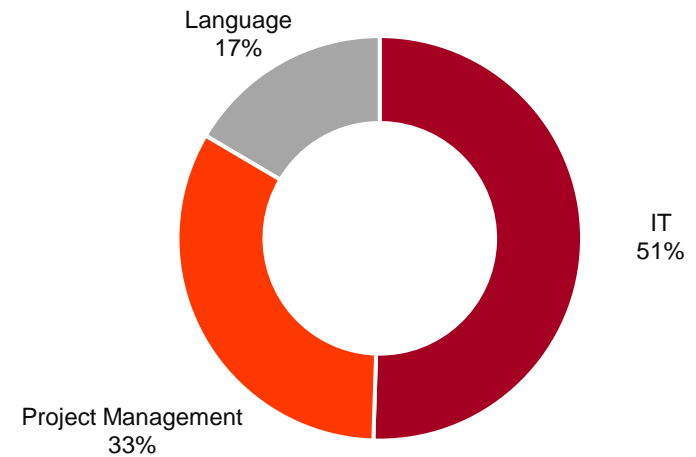
* Pro-forma Revenue does not include Revenue Optimization and Cost Synergies

PeopleCert Standalone Revenue Breakdown (H1 21)

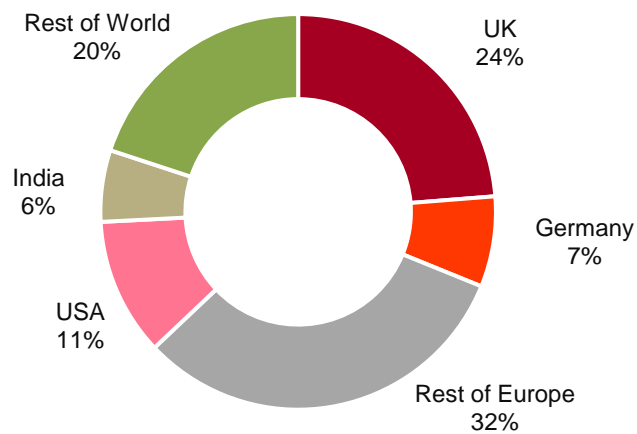
By Product



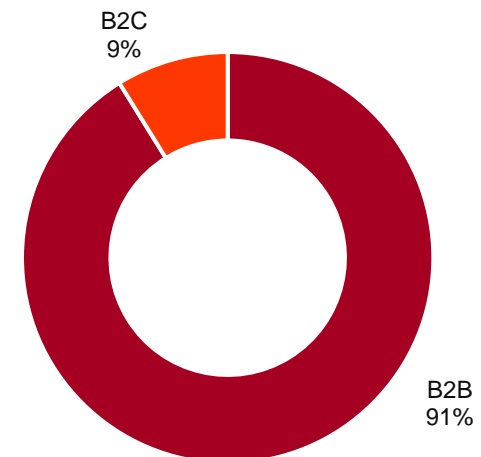
Examination Revenue by Sector



By Geography

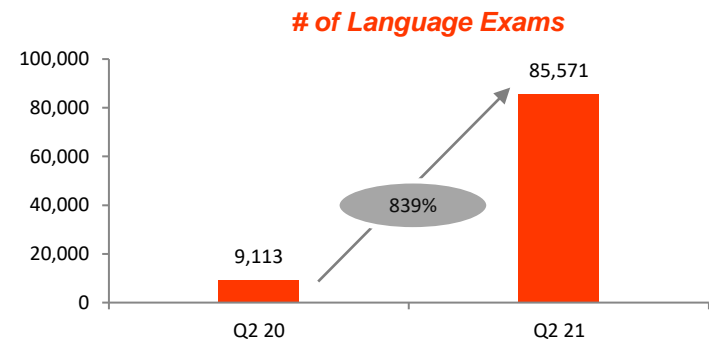
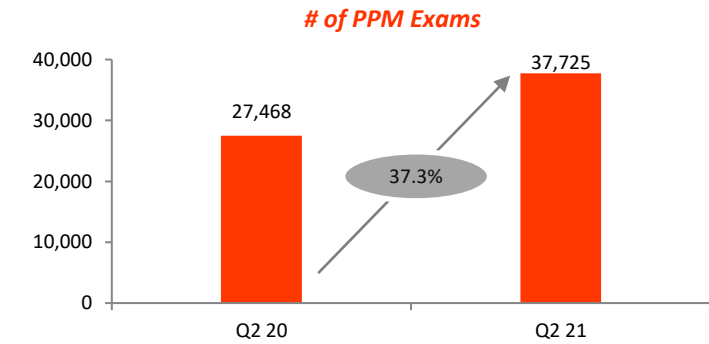
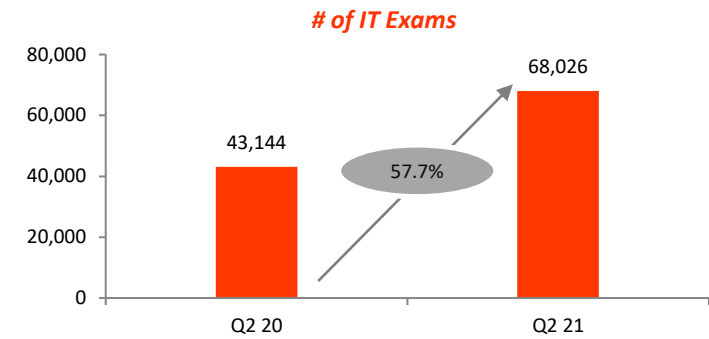
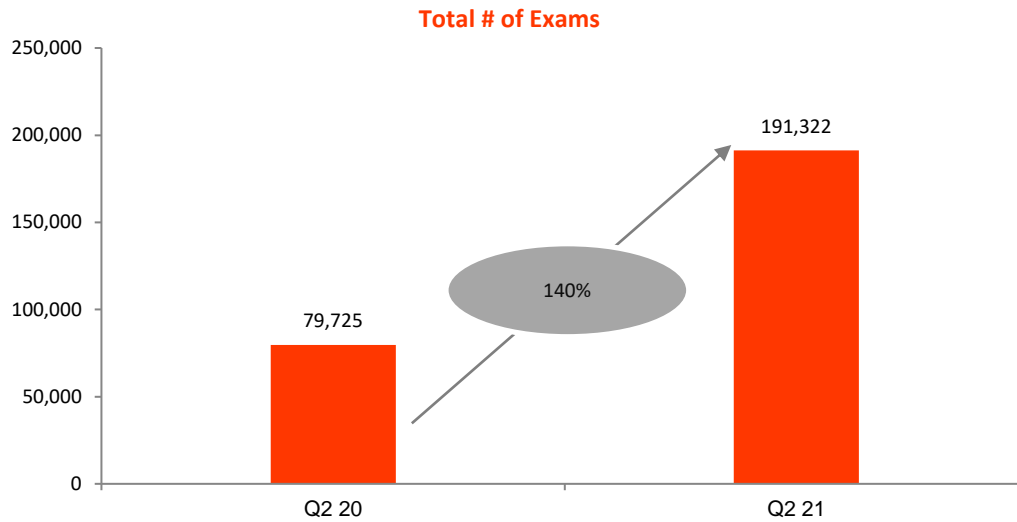


By Client



Exam Volume Breakdown

Exam Volume Breakdown (Q2 21 vs Q2 20)

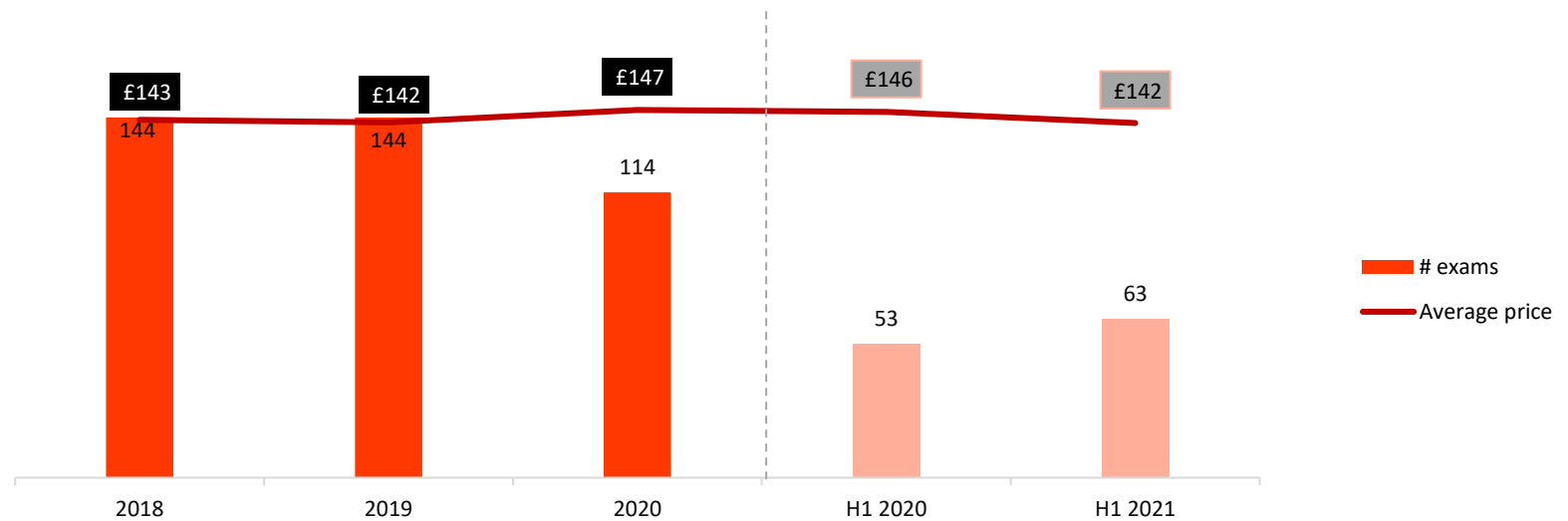
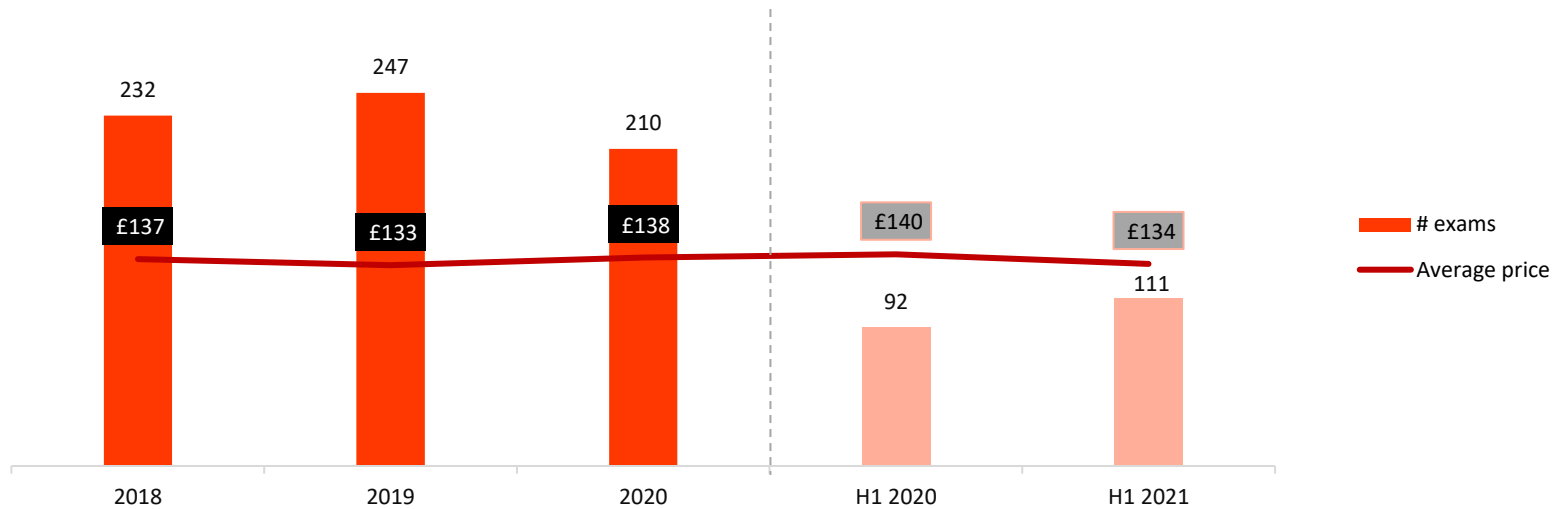


of Axelos Exams

	Exam	Jan	Feb	Mar	Apr	May	Jun	Jun YTD
2019	ITIL	11,445	13,999	20,125	17,845	21,400	19,511	104,325
	PM	8,817	13,164	14,543	14,302	14,209	12,006	77,041
	Total	20,262	27,163	34,668	32,147	35,609	31,517	181,366
2020	ITIL	13,156	20,308	17,278	11,138	13,614	16,073	91,567
	PM	7,875	13,467	12,145	7,512	8,977	10,979	60,955
	Total	21,031	33,775	29,423	18,650	22,591	27,052	152,522
2021	ITIL	14,097	16,298	21,874	18,582	19,658	20,657	111,166
	PM	9,552	11,555	14,187	12,203	12,800	12,722	73,019
	Total	23,649	27,853	36,061	30,785	32,458	33,379	184,185

Prices Evolution, YoY

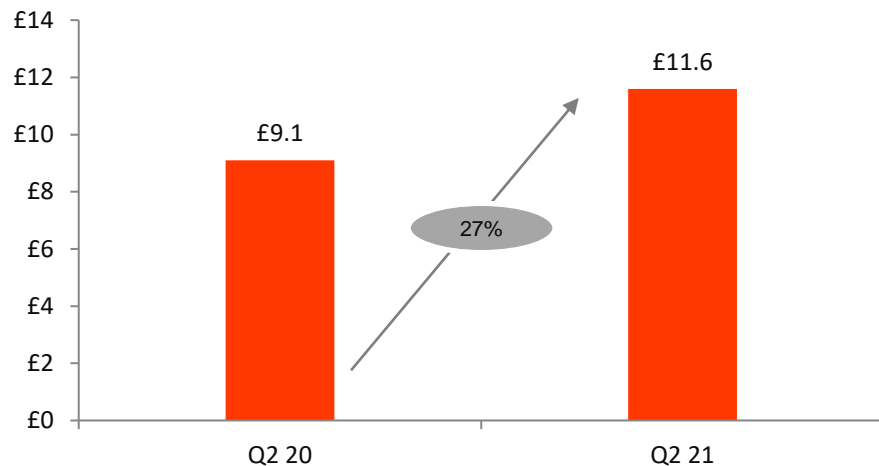
Historical Evolution (by number of exams in thousands)



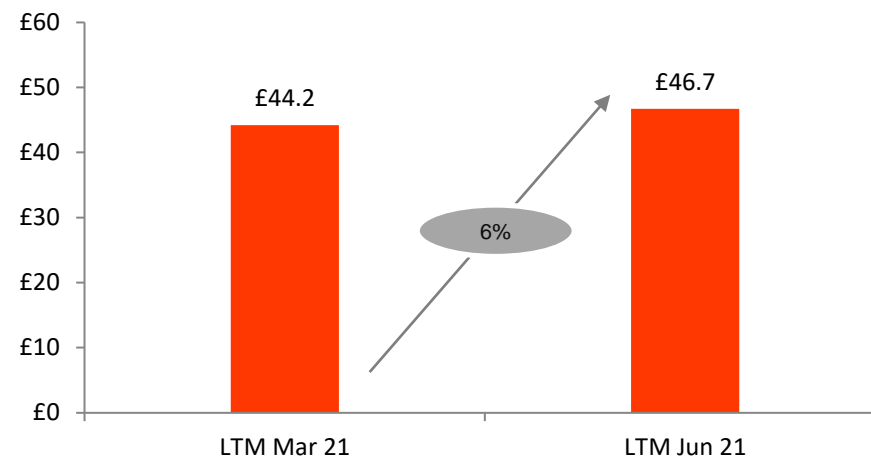
EBITDA & EBIT

Figures in £m

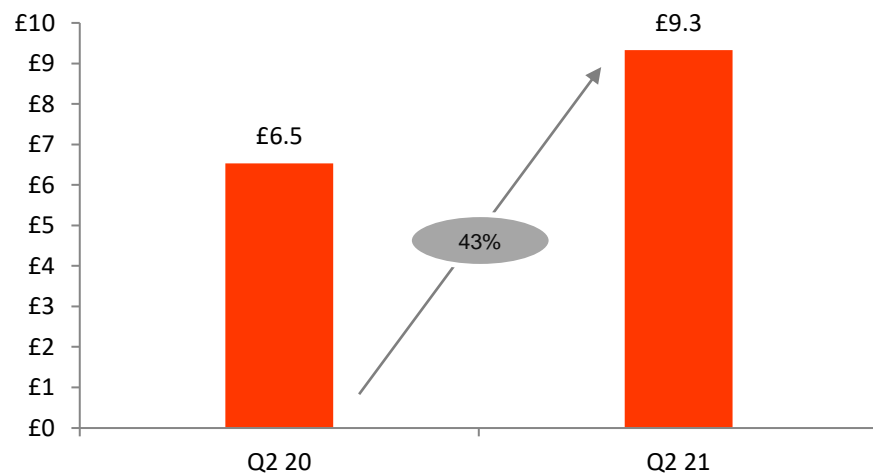
Pro-Forma* EBITDA (Q-o-Q)



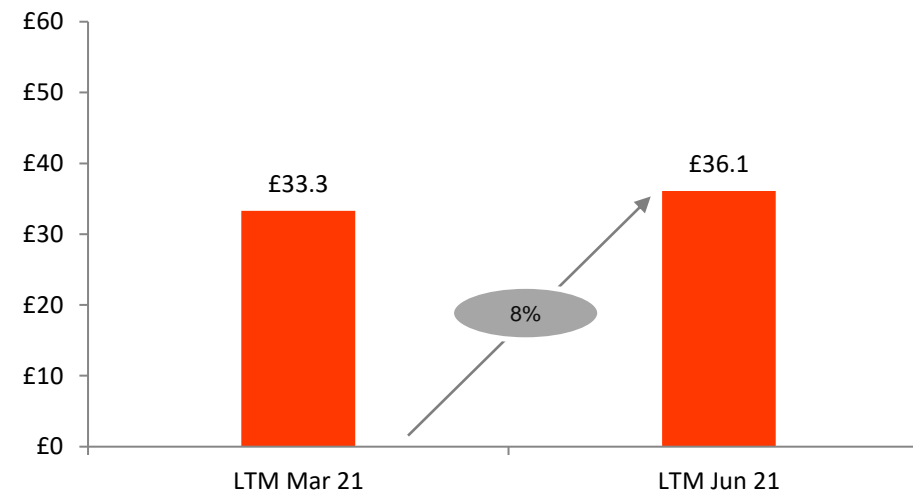
Pro-Forma LTM EBITDA



Pro-Forma EBIT (Q-o-Q)



Pro-Forma LTM EBIT



* Proforma EBITDA & EBIT do not include Revenue Optimization or Cost Synergies

OPEX, YoY (2018-LTM Q2 2021)

Figures in £m

Historical Evolution (Pro-Forma)



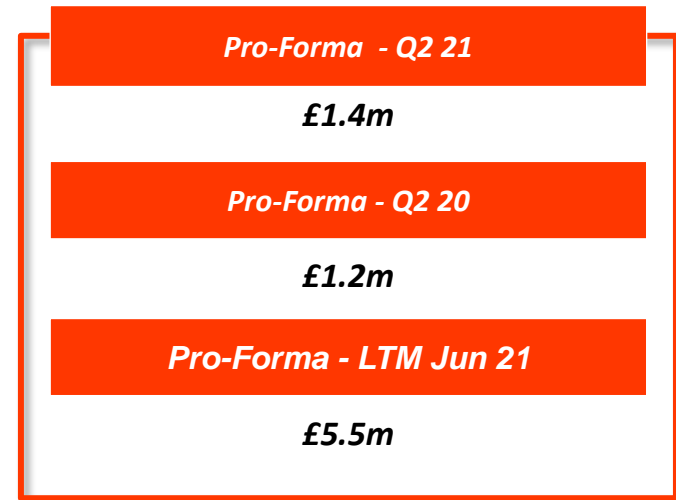
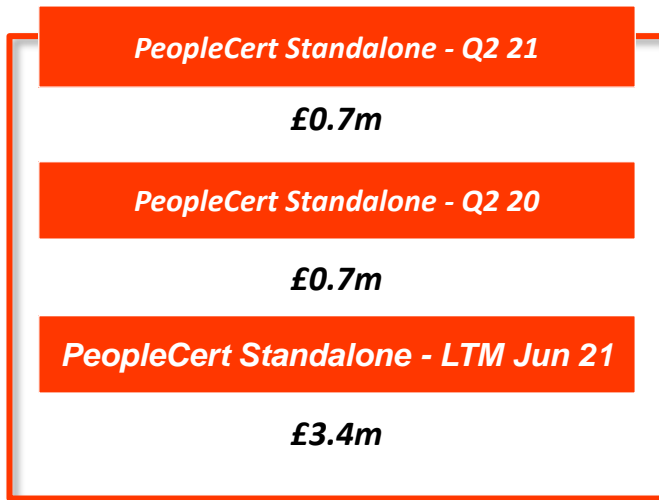
Pro-Forma Operating Costs*



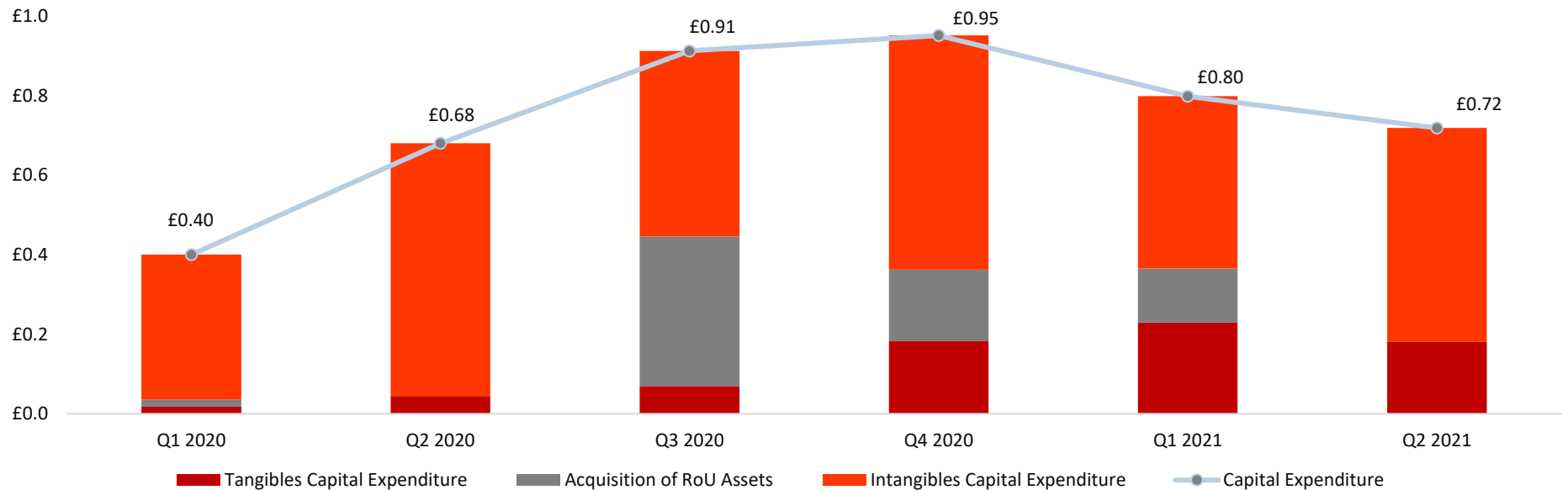
* OPEX for the periods does not include Depreciation

Costs % on Revenue

Capex



Figures in £m



Balance Sheet

Consolidation - PeopleCert Holdings UK

Statement of financial position

Amounts in £	30/6/2021	31/12/2020
ASSETS		
Non-current assets		
Property, plant and equipment	1,458,580	1,247,604
Right-of-use assets	1,427,948	1,601,417
Intangible Assets	7,993,096	8,607,737
Investments	105,197	0
Financial assets at fair value through other comprehensive	7,688	8,049
Deferred tax assets	237,576	243,694
Other Assets	144,895	108,284
	11,374,980	11,816,785
Current assets		
Trade and other receivables	8,677,591	7,598,121
Cash at bank and in hand	7,524,236	16,884,064
	16,201,827	24,482,185
Total Assets	27,576,808	36,298,970
EQUITY AND LIABILITIES		
Equity		
Share capital	200	200
Other Reserves	715,795	1,470,822
Retained earnings	13,272,911	18,844,330
Total Equity	13,988,906	20,315,352
Non-current liabilities		
Borrowings	868,419	1,213,240
Provisions for other liabilities and charges	553,256	579,268
Other Non-Current Liabilities	40,396	
Deferred tax liabilities	93,784	103,981
Obligations under finance leases	1,113,373	1,273,084
	2,669,228	3,169,573
Current liabilities		
Trade and other payables	8,183,411	9,050,077
Deferred income	1,450,525	2,161,069
Borrowings	845,969	1,142,863
Lease Liabilities	379,335	383,831
Current tax liabilities	59,433	76,205
	10,918,674	12,814,045
Total Equity and Liabilities	27,576,808	36,298,970

Profit & Loss

Consolidation - PeopleCert Holdings UK

Statement of Comprehensive income

Amounts in £	H1 2021	H1 2020
Revenue	38,762,672	27,914,949
Cost of sales	-23,874,407	-19,475,934
Gross profit / (loss)	14,888,265	8,439,014
Other income	147,656	4,381
Administration expenses	-8,202,322	-4,515,489
Selling and distribution expenses	-1,911,195	-1,261,166
Other expenses	0	0
Operating profit / (loss)	4,922,404	2,666,740
Finance income	0	0
Finance costs	-688,735	-495,606
Loss from investing activities	0	0
Profit / (Loss) before tax	4,233,668	2,171,134
Taxation expense	-143,248	-61,280
Net profit / (loss) for the year	4,090,420	2,109,854

Figures in £m

	H1 2021	H1 2020
Amortisation	(£1.2)	(£1.2)
Depreciation	(£0.4)	(£0.3)
Total D&A	(£1.6)	(£1.5)
	H1 2021	H1 2020
Gross Profit	£14.9	£8.4
EBITDA	£6.5	£4.2
EBIT	£4.9	£2.7
EBT	£4.2	£2.2
	H1 2021	H1 2020
Gross Profit %	38%	30%
EBITDA %	17%	15%
EBIT %	13%	10%
EBT %	11%	8%

Cash Flow

Consolidation - PeopleCert Holdings UK Limited

Statement of cash flows

Amounts in £	30/6/2021	30/6/2020
Operating activities		
Profit/(Loss) before tax	4,233,669	2,109,854
Adjustments:		
Depreciation of property, plant and equipment	386,094	320,878
Amortisation of intangible assets	1,204,591	1,149,831
Exchange Rate difference arising on the translation and consolidation of foreign companies' financial statements	(769,617)	814,508
Interest expense	70,747	48,424
	5,125,484	4,443,494
Trade and other receivables	(1,079,470)	4,730,973
Trade and other payables	57,003	(3,597,938)
Increase in deferred income	(710,544)	240,971
Tax paid		(8,397)
Net cash (used in)/from operating activities	3,392,473	5,809,104
Investing activities		
Payment for purchase of property, plant and equipment	(409,598)	(63,217)
Payment for purchase of intangible assets	(971,056)	(999,277)
Purchase of other assets	(36,611)	(2,948)
Payment for purchase of investment in subsidiaries	(105,197)	-
Net cash from/(used in) investing activities	(1,522,462)	(1,065,442)
Financing activities		
Payments of leases liabilities	(261,661)	(234,247)
Repayments of borrowings	(543,456)	(567,782)
Interest paid	(30,535)	(48,424)
Dividends paid	(10,551,638)	(391,080)
Net cash from/(used in) financing activities	(11,387,291)	(1,241,532)
Net increase/(decrease) in cash and cash equivalents	(9,517,280)	3,502,130
Cash and cash equivalents:		
At beginning of the year	16,864,989	12,012,568
Effect of exchange rate fluctuations on cash held	150,776	(113,252)
At the end of the year	7,498,485	15,401,446



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Synergies Update

Synergies

Implementation Plan

Optimisation Synergies	Implementation Status	Start date	Completion date	Run-rate within 24 months £ MM*	
				Revenue	EBITDA
UK Market Exam adjustment	Not Started	1.1.2022	1.1.2022	0.3	0.3
Exam Delivery Optimisation	Not started	1.3.2022	1.9.2022	1.2	1.0
Mock tests	Not Started	1.3.2022	1.9.2022	0.8	0.7
Content Optimisation	Not Started	1.3.2022	1.9.2022	9.3	6.7
Digital badges	Not Started	1.3.2022	1.9.2022	0.3	0.3
Cost Synergies	Implementation Status	Start date	Completion date	Cost	EBITDA
Rationalization of duplicate functions	In progress	1.9.2021	30.6.2022	-	3.6
Shared-service cost savings	In progress	1.8.2021	1.1.2022	-	0.6
Other cost savings	In progress	1.9.2021	30.6.2022	-	2.1

* All synergies are set to produce their full impact in FY2022

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Thank You

