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FOR IMMEDIATE RELEASE

PeopleCert reports First Quarter 2022 Consolidated Financial Results

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 quarter ended March 31, 2022.

PeopleCert Wisdom Limited was incorporated on 1 June 2021 while on 23 July 2021 obtained the control of PeopleCert International Ltd and its subsidiaries. Following the issuance of PeopleCert's senior secured bond, in Q321, quarterly reports will present financial statements of the Parent Guarantor company – PeopleCert Wisdom Limited on a consolidated basis as if PeopleCert Wisdom Limited existed since January 1st, 2021.

The acquisition of Axelos on 29th July 2021, firmly establishes PeopleCert as a vertically integrated, global leader in best practice methodologies that are widely adopted by private, public, and voluntary sectors in more than 200 countries.

PeopleCert's Chairman and CEO, Byron Nicolaidis, said: 'We look forward to being the custodian of the world-leading professional frameworks that have been developed by the UK Government over the last thirty years. We intend to further develop these under PeopleCert's stewardship for the benefit of all stakeholders including corporates, governments, academic institutes, and professionals alike. The current portfolio includes several programs - all of which are gold standards in their respective fields'.

Our most important commitment remains, to work collaboratively and transparently with our network - writing together this exciting next chapter. We remain focused to our customer-first and people-centric vision, continuing to always be responsive, flexible & offer high quality products and experiences to our partners and end-users'

All amounts are presented in GBP.

The classification of 2021 Cost of sales, Administration and Selling & Distribution expenses has been restated for comparability purposes and more accurate presentation.

Consolidated highlights for Q1 2022 (compared to Q1 2021):

- Revenue: £26.8 million (+45.6%, compared to £18.4 million at March 31, 2021);
- EBITDA: £19.5 million (+509.4%, compared to £3.2 million at March 31, 2021);
- Adjusted EBITDA: £19.5 million (509.4%, compared to £3.2 million at March 31, 2021);¹
- EBIT: £16.7 million (+595.8% compared to £2.4 million at March 31, 2021);
- Adjusted EBIT: £16.8 million (+600% compared to £2.4 million at March 31, 2021);
- PBT: profit of £14.8 million compared to a net profit of £2.1 million at March 31, 2021, evidencing the Group's resilience and flexibility to adapt to the changing circumstances that the coronavirus pandemic created and introducing at the same time a new era of sequential improvement and progress following Axelos integration.
- Net Financial Indebtedness: +£230.6 million (compared to £239.3 million at December 31, 2021)².

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

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

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

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

Financial Key Performance Indicators

<u>Ratio</u>	<u>March 31, 2022</u>	<u>March 31, 2021</u>
<u>Gross margin</u> Gross profit to Revenue	87.3%	37.5%
<u>Pretax margin</u> Profit before tax to Revenue	55.2%	11.4%

Gross margin (Gross profit to Revenue) increased by 49.8pp to 87.3% mainly due to the combined effect of the Axelos acquisition, which led to the elimination of Axelos' Revenue share and a change in product mix towards sales of higher margin language products. Further benefit derived from the promotion of online invigilation services and hence a reduction in classroom-related costs.

The increase in **Pretax margin** by 43.8 pp to 55.2% is due to the combined effect of the revenue increase by 45.6% and the savings in Cost of Revenue by 70.4% following the decrease in Axelos royalties after the acquisition of the latter. Although higher net financial costs (Q1 2022 £1.9 million vs Q1 2021 £0.3 million) and operating expenses (Q1 2022 £6.7 million vs Q1 2021 £4.5 million) had an adverse impact on the Group's financial position, the pretax margin fluctuation supports and enhances the optimistic prospective and future prosperity of the Group after the acquisition.

PeopleCert Consolidated Results as of March 31, 2021

Total Revenue for the quarter ended March 31, 2022 grew 45.6% to £26.8 million compared to £18.4 million in Q1 2021. The growth derives from the B&IT stream that presented an increase of 42.7%, with a significant further contribution from Languages' products that rose by 74.6%.

The continuous recovery of volumes and margins and the sequential growth of revenues provide concrete indications of improving demand, fact that is further evidenced by the recovery of BI&T performance at pre-covid levels.

The observed growth is partially attributed to Axelos revenue that flowed into the Group post acquisition while the remaining variation is related to PeopleCert's achievement to overcome the adverse impact of the coronavirus pandemic and retain its leadership position worldwide by taking advantage of the fact that the Global market is rapidly moving towards more digital delivery models. PeopleCert adapted rapidly to the changing circumstances by promoting the provision of online invigilation services, partially offsetting the original loss from postponed classroom-based exams.

As opposed to revenue increase, **Cost of sales** decreased by 70.4% to £3.4 million for the quarter ended March 31, 2022 compared to £11.5 million during Q1 2022, therefore increasing gross profit by 239.1% (Q1

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2022: £3.4 vs Q1 2021: £11.5) and the gross profit margin from 37.5% to 87.3%. The main reason for this variation is the termination of Axelos royalties following the acquisition as well as the product mix effect.

Operating expenditure increased by 48.9% to £6.7 million compared to £4.5 million in Q1 2021 in line with the increased operations of the Group and primarily reflects the Group's investment in supporting its growth plan.

Despite the increased operating costs, the higher revenues and the significantly lower cost of sales contributed positively to both **EBITDA** and **adjusted EBITDA** for the quarter ended March 31, 2022 – an alternative performance measure and key indicator capturing the underlying business margin by excluding material charges, showing an increase of 509.4% to £19.5 million.

EBIT increased by 595.8% to £16.7 million compared to £2.4 million last year and was mainly driven by the operational performance linked to efforts on cost containment and competitiveness, as well as negotiating savings.

Net finance costs were £1.9 million vs net finance costs in Q1 2021 of £0.3 million. The Q1 2022 financial result mainly reflects exchange gain of £1.8 million as offset by interest expenses of £3.5 million imposed on the Eurobond issued by the PeopleCert Group and bank expenses of £0.2 million. Q1 2021 finance costs mainly concerned interest expenses on the loan from EBRD.

Net Financial Indebtedness remains positive as of March 31, 2022, at £230.6 million (December 31, 2021: £239.3 million), however, this metric reflects the Eurobond that was issued in August 2021 in the context of Axelos acquisition and therefore cannot be considered indicative of the Group's financial stability, which is better evidenced by other liquidity ratios analysed below.

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

A. Liquidity Ratios

March 31, 2022

Cash Ratio

2.9

Cash to Current Liabilities

Working Capital Ratio

4.3

Current Assets to Current Liabilities

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

Indicatively, we state the above liquidity ratios that support the Group's financial health. The cash ratio of 2.9 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.

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PeopleCert Consolidated Financial Position as of March 31, 2022

Although the sanitary situation remains uncertain, 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 March 31, 2022, **Total Assets** were £426.3 million (December 31, 2021: £393.3 million).

Non-current assets at the end of Q1 2022 amounted to £391.1 million compared to £393.3 million by year-end 2021.

The majority of the balance corresponds to **Intangible Assets** and concerns provisional goodwill of £297.4 million representing the completion of the transaction between PeopleCert International Ltd and Axelos, as well as goodwill of £1.2 million and identified trade names, trademarks and customer relationships of £1.2 million with respect to IASSC acquisition of last year following the completion of the Purchase Price Allocation while the remaining balance primarily relates to Axelos' transferred Intangible Assets comprising mainly of goodwill of £66 million. The observed decrease by £2.2 million is mainly due to the net effect of quarterly amortization and capitalized expenses of Q1 2022 of amount £1.1 million, offset against FX differences.

Current assets increased to £35.2 million as of March 31, 2022 from £28.4 million as of December 31, 2021.

This variation is attributed to the combined effect of increased inventories in Q1 2022 (March 31, 2022: £102 thousand vs December 31, 2021: £25 thousand) to cover the demand for Axelos hard copy books, the increase in **Trade & other receivables** by £1.6 million (March 31, 2022: £11.1 million vs December 31, 2021: £9.6 million), an income tax receivable of £303 thousand (December 31, 2021: nil) and the increase in Cash and bank and in hand by £4.9 million (March 31, 2022: £23.7 million vs December 31, 2021: £18.8 million). Both the lower increase in Trade & other receivables compared to the increase in revenue and the increase in **Cash at bank and in hand** by £4.9 million (March 31, 2022: £23.7 million vs December 31, 2021: £18.8 million) despite the payment of bond loan's interest in Q1 2022 are the result of the improved credit management since 2019 when changes occurred in the collection policy.

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 March 31, 2022, the Group has positive net assets remaining on track to building wealth. The changes in **Total Equity** from £143.9 million in 2021 to £156.8 million in 2022 are explained by the consolidated profit of £14.8 million with the remaining variation relating to exchange differences.

Total liabilities decreased by £8.4 million (March 31, 2022: £269.5 million vs December 31, 2021: £277.9 million).

The aforementioned decrease is mainly driven by the decrease in **Borrowings** by £3.8 million (March 31, 2022: £254.3 million vs December 31, 2021: £258.1 million) after the payment of the relevant interest expense. Further to this, **Deferred income** decreased by £1.2 million from £3.2 million as of December 31, 2021 to £2.0 million as of March 31, 2022. According to the Group's policy, accreditation fees of FY 2022 were invoiced within November of 2021. The observed fluctuation mainly concerns quarterly earned income.

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Trade & other payables decreased to £5.5 million as of March 31, 2022 (December 31, 2021: £7.2 million). This variation is mainly due to timing reasons, revealing at the same time the positive impact of the tailor-made cost approval system that was introduced in 2021.

Business highlights

On July 29, 2021, the Group acquired Axelos. Since its establishment, PeopleCert has always focused on developing and delivering globally, best-in-class Exam and Certification programs, that enhance the lives and careers of its candidates. By taking this next step, PeopleCert is even better positioned to do so, strengthening its capabilities while remaining committed to its Four (4) Core Values of Quality, Innovation, Passion, and Integrity. The acquisition underlines the Group's strategy to expand its presence and broaden its global offerings, supports the vertical integration strategy of the Group and entails significant operational improvements, allowing PeopleCert to reach international best performance standards. Robust performance and growth prospects are built on Axelos, while the addition of cutting-edge skills, combined with the Group's recognized deep expertise in this sector will create value for all the Group's stakeholders, while at the same time creates opportunities to accelerate standalone strategies and innovation in the market.

Further to the above, a new Commercial Policy including all optimization synergies has been implemented since February 1, 2022, while the majority of planned synergies completed within Q1 2022, 6 months ahead of schedule.

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

PeopleCert is a global leader in the assessment and certification of professional skills, partnering with multi-national organizations and government bodies to develop and deliver market leading exams. PeopleCert delivers exams across 220 countries, in 25 languages, through its state-of-the-art assessment technology, enabling professionals to reach their full potential and realize their life ambitions through learning.

About Axelos

Axelos is a joint venture company co-owned by the UK Government's Cabinet Office and Capita plc. It is responsible for developing, enhancing, and promoting a number of best practice methodologies used globally by professionals working primarily in project, programme and portfolio management, IT service management and cyber resilience. The methodologies, including ITIL®, PRINCE2®, PRINCE2 Agile®, MSP®, RESILIA® and AgileSHIFT®, are adopted in more than 150 countries to improve employees' skills, knowledge and competence in order to make both individuals and organizations work more effectively.

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

<i>amounts in GBP</i>	31/03/2022	31/12/2021
ASSETS		
Non-current assets		
Property, plant and equipment	1,711,942	1,456,360
Right-of-use assets	1,276,529	1,698,586
Intangible Assets	387,836,351	389,986,650
Investments	1	-
Deferred tax assets	71,163	-
Other Assets	261,039	186,699
	391,157,025	393,328,295
Current assets		
Trade and other receivables	11,027,008	9,528,234
Income tax receivable	301,808	-
Inventory	102,187	25,220
Cash at bank and in hand	23,715,181	18,836,946
	35,146,184	28,390,400
Total Assets	426,303,210	421,718,695
EQUITY AND LIABILITIES		
Equity		
Share capital	4	4
Share Premium	140,058,339	140,058,339
Other Reserves	(2,264,194)	(1,612,150)
Retained earnings	18,968,491	5,416,604
Total Equity	156,762,640	143,862,797
Non-current liabilities		
Borrowings	253,678,336	252,079,657
Provisions for other liabilities and charges	79,048	78,518
Other Non-Current Liabilities	591,290	591,164
Deferred tax liabilities	5,427,153	5,510,095
Obligations under finance leases	1,638,153	1,304,477
	261,413,981	259,563,911
Current liabilities		
Trade and other payables	5,476,399	7,182,534
Deferred income	2,008,111	3,164,328
Borrowings	642,079	6,029,185
Obligations under finance leases	-	467,834
Income tax payable	-	1,448,106
	8,126,589	18,291,987
Total Equity and Liabilities	426,303,210	421,718,695

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

<i>amounts in GBP</i>	31/3/2022	31/3/2021
Revenue	26,776,442	18,427,273
Cost of sales	(3,462,070)	(11,530,731)
Gross profit	23,314,373	6,896,542
Other income	105,263	48,665
Administration expenses	(5,740,312)	(2,982,871)
Selling and distribution expenses	(878,862)	(1,544,537)
Other expenses	(52,626)	(1,982)
Operating profit	16,747,835	2,415,818
Finance income	992	-
Finance costs	(1,914,582)	(327,773)
Profit before tax	14,834,246	2,088,045
Taxation expense	1,591	(2,005)
Net profit for the year	14,832,655	2,090,050

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

amounts in GBP	31/3/2022	31/3/2021
Operating activities		
Profit/(Loss) before tax	14,834,246	2,088,045
Adjustments:		
Depreciation of property, plant and equipment	263,287	187,296
Amortisation of intangible assets	2,475,881	626,743
Exchange Rate difference arising on the translation and consolidation of foreign companies' financial statements	(322,527)	(103,110)
Interest expense	1,914,582	(16,568)
	19,165,469	2,782,406
Inventories	(76,967)	-
Trade and other receivables	(1,498,774)	(1,888,246)
Trade and other payables	(1,706,135)	936,552
Increase in deferred income	(1,156,217)	(60,953)
Other assets	(74,340)	(82,440)
Net cash used in operating activities	14,653,036	1,687,318
Investing activities		
Payment for purchase of property, plant and equipment	(75,354)	(217,981)
Payment for purchase of intangible assets	(1,007,683)	(427,174)
Net cash used in investing activities	(1,083,037)	(645,155)
Financing activities		
Payments of leases liabilities	-	(132,835)
Repayments of borrowings	-	(263,070)
Interest paid	(8,851,849)	(16,154)
Dividends paid	-	(2,982,315)
Net cash used in financing activities	(8,851,849)	(3,394,374)
Net increase/(decrease) in cash and cash equivalents	4,718,151	(2,352,210)
Cash and cash equivalents:		
At beginning of the year	18,836,946	15,938,780
Effect of exchange rate fluctuations on cash held	160,084	231,607
At the end of the period	23,715,181	13,818,177