



**PeopleCert**

**Call on Q1 2023 Results**  
*26<sup>th</sup> May 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.*

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# Presenters & Agenda



## Today's Speakers



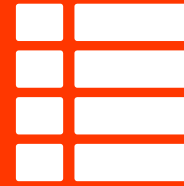
### **Byron Nicolaides**

*Founder, Chairman & Chief Executive Officer*



### **George Giannetsos**

*Chief Financial Officer*



## Agenda

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

# Key Highlights

## REVENUE

- **Q1 23: £28.2mn** (+5% vs Q1 22)
- **LTM Mar23: £119mn** (+1% vs LTM Dec22)
- **B&IT LTM Mar23: £103mn** (+3% vs LTM Dec22) | **Languages LTM Mar23: £16mn** (-7% vs. LTM Dec22)

## ADJUSTED EBITDA<sup>1</sup>

- **Q1 23: £16.1mn** (-18% vs Q1 22)
- **LTM Mar23: £76mn** (-3% vs. LTM Dec22) | **Margin** 64% vs. 66% in LTM Dec22

## NET DEBT<sup>2</sup>

- **31 March 2023: £218mn** (Cash position: £45.3m vs £52.1m as of 31 December 2022 )
- **Net Debt/Adjusted EBITDA LTM Mar23 vs LTM Dec22: 2.87x vs 2.73x (vs. LTM Mar21: 4.1x)**

## OTHER HIGHLIGHTS

- **Revenue of Q1 23 impacted by Jan22 (+79% vs. Jan21 as a result of new commercial policy introduced Feb22) and by Dec22 (+70% vs. Dec21 as a result of price increases in Jan23)**
- **Expansion of product portfolio through the acquisition of DevOps Institute (Integration by Jul 23)**
- **Bond and company rating upgrades S&P and Moody's (Apr 23), following upgrade from Fitch (Sep 22)**
- **Official training material (OTMs) - launched April 1<sup>st</sup> for Top 3 products, as planned**
- **2023: Year of significant investments across the company, having finalised the synergies and getting ready for the next era**

1. Adjustments to EBITDA include one-off non-recurring costs.

2. Net Debt calculation excludes accrued interest

# Overview of PeopleCert

# 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**
- Controlled by Founder and CEO Byron Nicolaides (c.80%), supported by FTV Capital as minority shareholder (c.20%)

## LTM Mar23 KPI's<sup>(1)</sup>

**Revenue: £119mn**

**EBITDA: £76mn**

**EBITDA Margin: 64%**

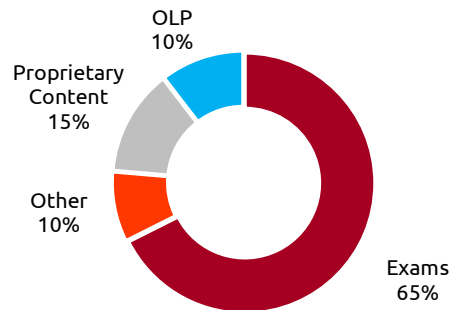
**Cash Flow Conversion<sup>(2)</sup>: 87%**

**Net Debt / Adjusted EBITDA: 2.87x**

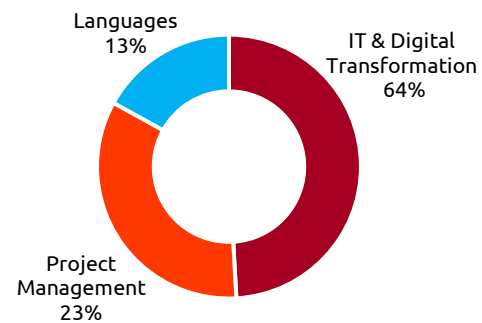
**# Exams: 744k**

## Revenue Breakdown (LTM Mar23)

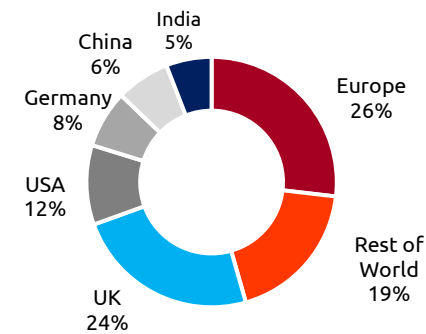
By Product <sup>(3)</sup>



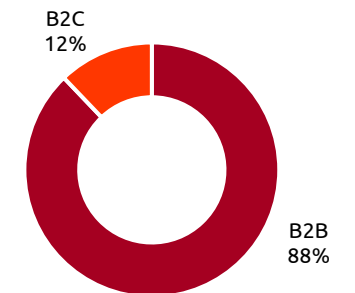
Exams Revenue by Business Line <sup>(3)</sup>



By Geography <sup>(3)</sup>



By Channel <sup>(4)</sup>



### Notes

1. Refers to LTM Q1 2023, Revenue, Adjusted EBITDA, and Adjusted EBITDA margin as of 31<sup>st</sup> March 2023.
2. Cash-flow conversion defined as Operating FCF as % of Adjusted EBITDA
3. Refers to LTM Q1 2023
4. Reported LTM Q1 2023 revenue B2C revenue includes B2C Exam Revenue, MyAXELOS and Training Revenue

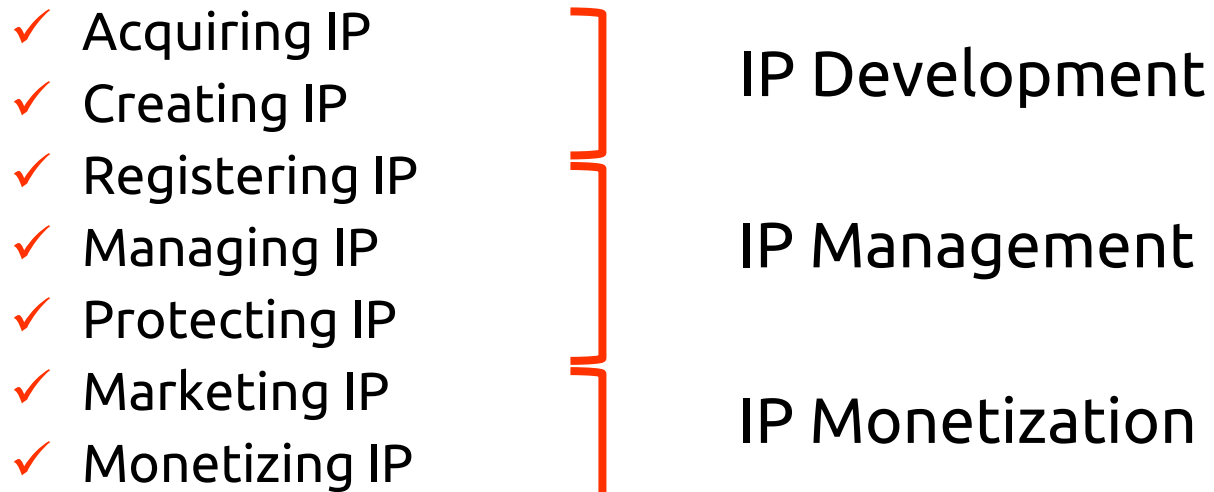
# Key Credit Highlights

- 1 Attractive Industry Backdrop with Supportive Secular Tailwinds**  
Digital transformation driving growth in the Education Technology and certification market, which coupled with the global reskilling and upskilling trend provides supportive tailwinds. AI further accelerates this trend.
- 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. Further diversifying the client base by addressing Accredited Academic Partners (AAPs), Accredited Tool Vendors (ATPs), Accredited Consulting Partners (ACPs)
- 5 The Completed Merger with Axelos Created an IP Powerhouse**  
Synergies in excess of the announced amount at the time of the transaction fully implemented significantly ahead of schedule created an IP Powerhouse. Our Business going forward will be Creating, Managing and Monetising IP. 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 Adjusted EBITDA margin of 60+%, with proven resilience during 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. Average length of service at PeopleCert of Senior Management Team 10+ years.

# PeopleCert as an IP Powerhouse

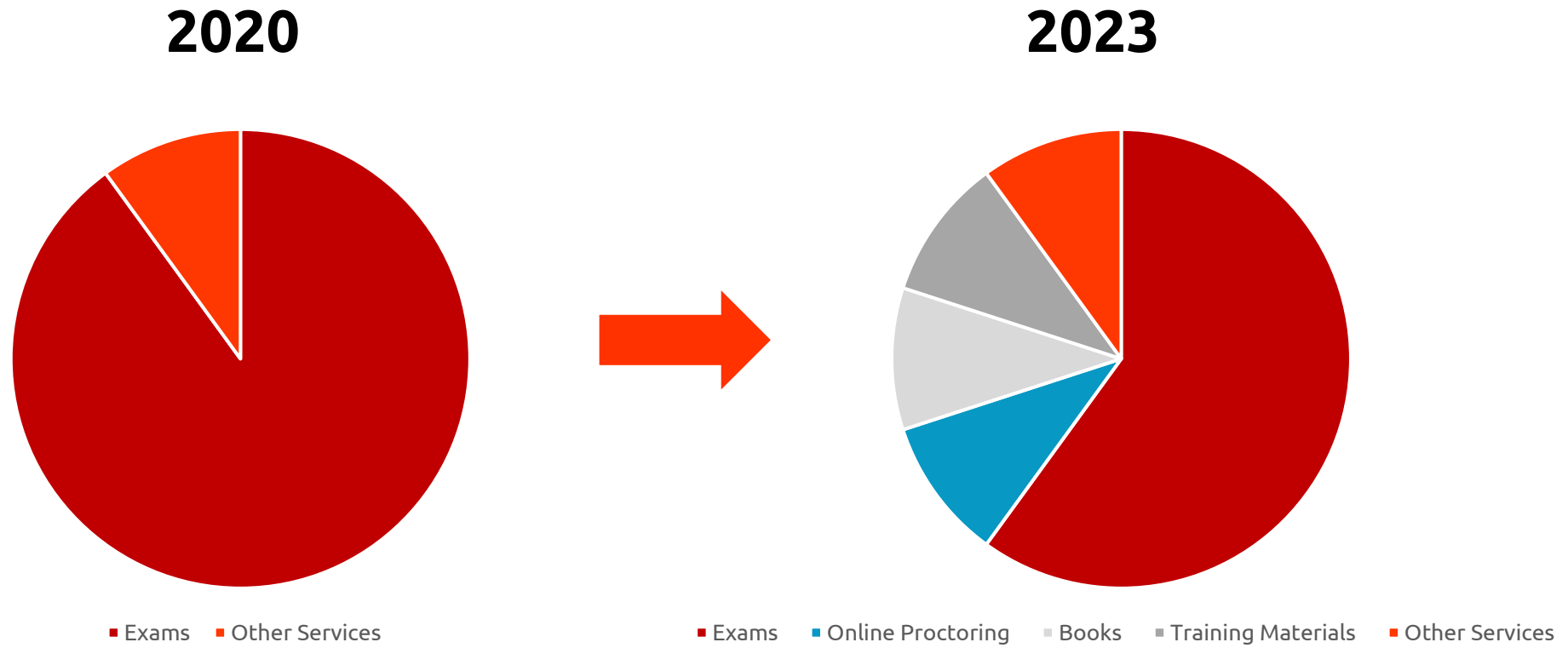
**PeopleCert is a world leader in creating, acquiring and commercializing intellectual property for testing, certification and training**

To realize this vision, PeopleCert has designed both the strategy and processes for:





# Expansion in Product Footprint and Improvement in Revenue Quality



Note: Books and Training Material comprise the Proprietary Content category

# Significant investments in 2023 to bring the Growth

## ✓ **New Products**

- PRINCE2 7th edition (Awareness, Overview, Foundation, Project Manager)
- ITIL (Awareness, Overview, 15 Practices)
- Assessment, Official Book, Official Training Materials; eLearning
- LanguageCert (Academic, General)
- Translations/Localization in 9 languages, for exams, books, websites and others

## ✓ **New initiatives addressing additional Target Groups (no ATOs only)**

- AAP (Accredited Academic Partner)
- ATV (Accredited Tool Vendor)
- ACP (Accredited Consulting Partner)
- Membership/Subscription

## ✓ **Additional IP monetisation of all of the above**

# Financials Update

# Financials Evolution<sup>1</sup>

£mn	2018	2019	2020	2021	LTM Mar21 (Pro-Forma Bond Issuance)	2022	LTM Mar23
<b>Revenue</b>	<b>70</b>	<b>72</b>	<b>68</b>	<b>81</b>	<b>72</b>	<b>118</b>	<b>119</b>
<i>Growth (y.o.y.)</i>	-	4%	(6%)	19%	5%	64%	1%
<b>Adjusted EBITDA</b>	<b>42</b>	<b>43</b>	<b>43</b>	<b>50</b>	<b>44</b>	<b>78</b>	<b>76</b>
<i>% Revenue</i>	60%	59%	62%	62%	62%	66%	64%
<b>Capex</b>	<b>5</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>9</b>	<b>10</b>
<i>% Revenue</i>	8%	6%	9%	7%	9%	8%	8%
<b>FCF<sup>2</sup></b>	<b>36</b>	<b>39</b>	<b>37</b>	<b>44</b>	<b>38</b>	<b>69</b>	<b>66</b>
<i>% of Adjusted EBITDA</i>	87%	88%	84%	88%	86%	88%	87%
<b>Working Capital</b>	<b>(5)</b>	<b>(6)</b>	<b>(4)</b>	<b>(2)</b>	<b>(4)</b>	<b>1</b>	<b>4</b>
<i>% Revenue</i>	(8%)	(8%)	(6%)	(2%)	(5%)	1%	3%
<b>Total Exams ('000s)</b>	<b>470</b>	<b>501</b>	<b>432</b>	<b>683</b>	<b>459</b>	<b>800</b>	<b>744</b>
<i>Growth (y.o.y.)</i>	-	7%	(14%)	58%	-	74%	-7%

## Commentary

- Revenue LTM Mar23 : £119mn (+65% vs. LTM Mar21)
  - Revenue growth was driven by +54% increase in B&IT and +214% increase in Languages vs LTM Mar21
- Adjusted EBITDA LTM Mar23: **£76mn** (+73% vs. LTM Mar21)
  - The increase of EBITDA margin is primarily driven by Revenue Growth and Gross Profit margin improvement post Axelos acquisition
- CAPEX for LTM Mar23 increased by 62% at c. **£9.7mn** vs LTM Mar21.
  - CAPEX Q1 23: £1.7mn**; Breakdown: **Tangibles** £0.8mn (47%), **Intangibles** £0.9mn (53%).
- Exam Volume LTM Mar23: **744k** (+62% vs. LTM Mar21)
  - Exam growth was driven by +23% increase in B&IT exams and +22% increase in Languages exams vs. LTM Mar21

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

# Q1 2023 – Financial Highlights

## Quarterly Financials

£mn	Q1 22	Q1 23	Variance
<b>Revenue</b>	£27.0	£28.2	5%
<b>Adjusted EBITDA</b>	£19.6	£16.1	-18%
<i>% of Revenue</i>	73%	57%	
<b>Capex</b>	£1	£2	70%
<i>% of Revenue</i>	4%	6%	

<b>Average Price ITIL</b>	£137	£163	19%
<b>Average Price PRINCE2</b>	£143	£175	23%
<b>Average Price Languages</b>	£43	£54	27%

# of Exams	Q1 22	Q1 23	Variance
<b>ITIL</b>	67,177	58,171	-13%
<b>IT Total (including ITIL)</b>	71,398	65,008	-9%
<b>PRINCE2</b>	43,926	27,366	-38%
<b>PPM Total (including PRINCE2)</b>	51,317	33,284	-35%
<b>Languages</b>	72,190	41,077	-43%
<b>Total</b>	<b>194,905</b>	<b>139,369</b>	<b>-28%</b>

## LTM Financials

£mn
<b>Revenue</b>
<b>Adjusted EBITDA</b>
<i>Adjusted EBITDA margin</i>
<b>Capex</b>
<i>% of Revenue</i>

<b>Average Price ITIL</b>
<b>Average Price PRINCE2</b>
<b>Average Price Languages</b>

# of Exams
<b>ITIL</b>
<b>IT Total (including ITIL)</b>
<b>PRINCE2</b>
<b>PPM Total (including PRINCE2)</b>
<b>Languages</b>
<b>Total</b>

Financials				Variance LTM Mar23		
LTM Mar21	LTM Dec21	LTM Dec22	LTM Mar23	vs.Mar21	vs.Dec21	vs.Dec22
<i>Bond OM</i>						
£72	£81	£118	£119	65%	46%	1%
£44	£50	£78	£76	72%	52%	-3%
61%	61%	66%	64%			
£6	£7	£9	£10	52%	48%	7%
9%	8%	8%	8%			

£138	£133	£142	£148	7%	11%	4%
£146	£141	£148	£154	6%	10%	4%
£45	£36	£42	£44	-3%	21%	4%

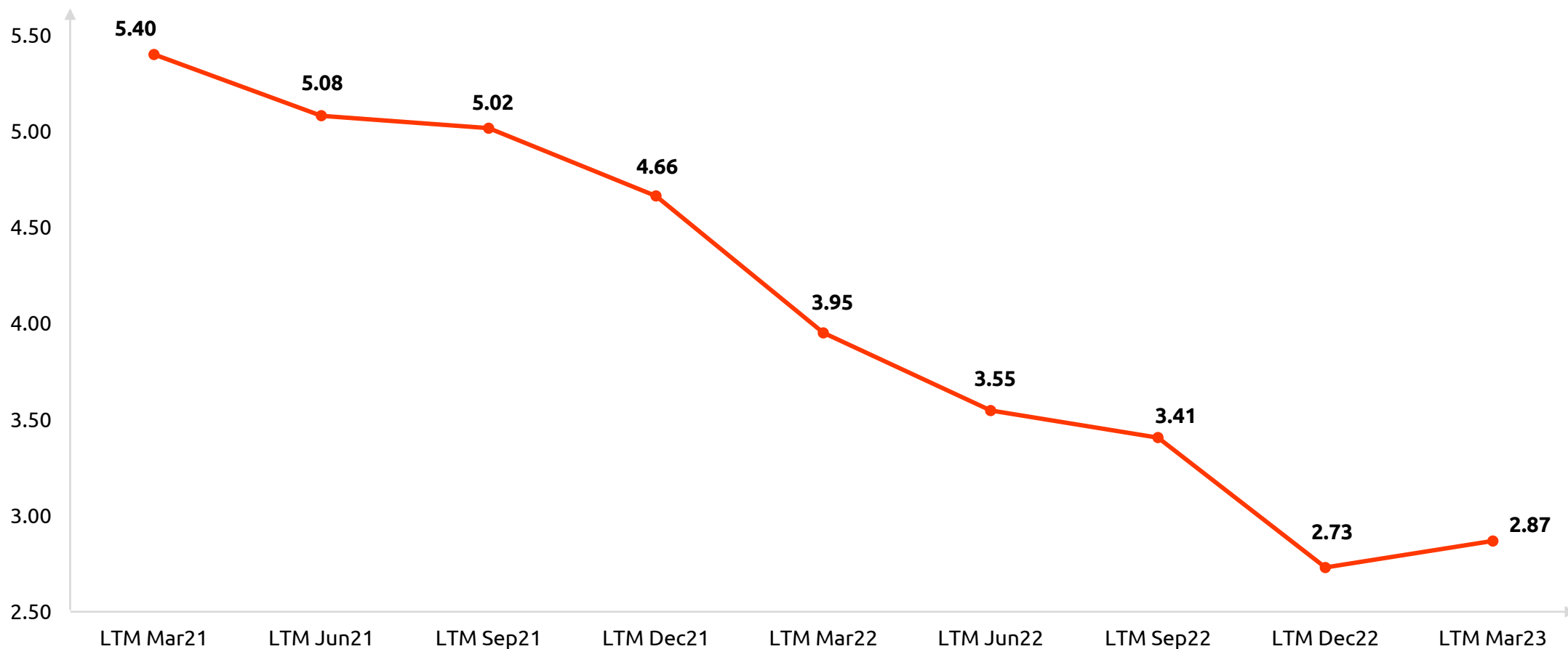
Datapoints				Variance LTM Mar23		
LTM Mar21	LTM Dec21	LTM Dec22	LTM Mar23	vs.Mar21	vs.Dec21	vs.Dec22
<i>Bond OM</i>						
211,768	241,181	275,935	266,929	26%	11%	-3%
237,736	282,293	310,089	304,016	28%	8%	-2%
115,560	128,968	146,370	129,763	12%	1%	-11%
131,342	147,996	169,515	151,178	15%	2%	-11%
90,416	252,691	320,019	288,906	220%	14%	-10%
<b>459,494</b>	<b>682,980</b>	<b>799,623</b>	<b>744,100</b>	<b>62%</b>	<b>9%</b>	<b>-7%</b>

# Capital Structure

£mn	LTM Mar21		LTM Dec22		LTM Mar23		
	£mn	Debt Ratio (Adjusted EBITDA)	Debt Ratio (Pro-Forma EBITDA)	£mn	Debt Ratio (Adjusted EBITDA)	£mn	Debt Ratio (Adjusted EBITDA)
Cash & Cash Equivalent	(17)			(52)		(45)	
<b>Senior Secured Notes</b> ( <i>issued in Euro as €300mn</i> )	<b>255</b>			<b>266</b>		<b>263</b>	
<b>Gross Debt</b>	<b>255</b>	<b>5.8x</b>	<b>4.4x</b>	<b>266</b>	<b>3.4x</b>	<b>263</b>	<b>3.5x</b>
<b>Net Debt</b>	<b>238</b>	<b>5.4x</b>	<b>4.1x</b>	<b>213</b>	<b>2.7x</b>	<b>218</b>	<b>2.9x</b>
Adjusted EBITDA		44			78		76
Pro-Forma Synergised Adjusted EBITDA <sup>1</sup>			58				

1. Pro-Forma Synergized Adjusted EBITDA is only applicable for LTM Mar21. By Dec22 all Axelos relates synergies were completed thus Adjusted EBITDA was equal to Pro-Forma Synergized Adjusted EBITDA

# Debt Ratio Evolution (Net Debt/Adjusted EBITDA)



Note 1: 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

Note 2: LTM Mar23 ratio includes annual dividend payments and payment for DevOps Institute acquisition. Excluding these payments Net Debt/Adjusted EBITDA equals 2.72x

# Profit Loss: PeopleCert Wisdom Limited, Consolidated

<i>Amounts in £</i>	<b>31/3/2023</b>	<b>31/3/2022</b>
Revenue	28,231,699	26,990,287
Cost of sales	(4,076,290)	(3,337,527)
<b>Gross profit</b>	<b>24,155,409</b>	<b>23,652,760</b>
Other income	9,914	105,263
Administration expenses	(7,880,913)	(4,949,852)
Selling and distribution expenses	(3,441,275)	(1,926,218)
Other expenses	0	(51,096)
<b>Operating profit</b>	<b>12,843,135</b>	<b>16,830,857</b>
Finance income	2,571	992
Finance costs	(1,252,902)	(1,914,582)
<b>Profit before tax</b>	<b>11,592,804</b>	<b>14,917,267</b>
Taxation expense	441,815	(1,591)
<b>Net profit</b>	<b>12,034,619</b>	<b>14,915,676</b>



# Balance Sheet: PeopleCert Wisdom Limited, Consolidated

Amounts in €	31/3/2023	31/12/2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,786,094	3,725,190
Right-of-use assets	2,846,229	3,308,272
Intangible Assets	72,841,277	75,241,497
Goodwill	320,910,899	317,703,753
Investments	1	1
Deferred tax assets	412,233	528,236
Other Assets	248,923	249,460
	<b>402,045,655</b>	<b>400,756,408</b>
<b>Current assets</b>		
Trade and other receivables	15,849,733	16,590,886
Income tax receivable	1,050,310	0
Inventory	285,958	200,347
Cash at bank and in hand	45,368,232	51,433,660
	<b>62,554,233</b>	<b>68,224,893</b>
<b>Total assets</b>	<b>464,599,888</b>	<b>468,981,301</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	4	4
Share Premium	140,058,339	140,058,339
Other Reserves	4,586,389	9,420,350
Retained earnings	28,670,358	16,133,045
	<b>173,315,090</b>	<b>165,611,738</b>
<b>Non-current liabilities</b>		
Borrowings	263,759,451	266,075,388
Provisions for other liabilities and charges	94,440	95,269
Other Non-Current Liabilities	41,317	540,686
Deferred tax liabilities	11,165,124	11,692,747
Obligations under finance leases	2,314,211	2,594,562
	<b>277,374,543</b>	<b>280,998,652</b>
<b>Current liabilities</b>		
Trade and other payables	9,385,417	8,209,172
Deferred income	2,577,237	3,279,162
Borrowings	679,633	4,391,306
Obligations under finance leases	1,076,556	823,764
Income tax payable	191,411	5,667,508
	<b>13,910,255</b>	<b>22,370,912</b>
<b>Total equity and liabilities</b>	<b>464,599,888</b>	<b>468,981,301</b>

# Cash Flow: PeopleCert Wisdom Limited, Consolidated

<i>Amounts in £</i>	<b>31/3/2023</b>	<b>31/3/2022</b>
<b>Operating activities</b>		
Profit/(Loss) before tax	11,592,803	14,917,267
Adjustments:		
Depreciation of property, plant and equipment	134,208	263,287
Amortisation of intangible assets	3,168,418	2,475,881
Exchange Rate difference arising on the translation and consolidation of foreign companies' financial statements	(3,128,914)	(405,548)
Interest expense	3,877,644	1,914,582
	<b>15,644,159</b>	<b>19,165,469</b>
Inventories	(85,612)	(76,967)
Trade and other receivables	741,153	(1,498,774)
Trade and other payables	1,176,245	(1,706,135)
Decrease in deferred income	(701,924)	(1,156,217)
Tax paid	(2,130,181)	(74,340)
<b>Net cash from operating activities</b>	<b>14,643,841</b>	<b>14,653,036</b>
<b>Investing activities</b>		
Payment for purchase of property, plant and equipment	(797,836)	(75,354)
Payment for purchase of intangible assets	(922,237)	(1,007,683)
Acquisition of subsidiary, net of cash acquired	(3,393,492)	-
Other assets	537	-
<b>Net cash used in investing activities</b>	<b>(5,113,029)</b>	<b>(1,083,037)</b>
<b>Financing activities</b>		
Payments of lease liabilities	(204,124)	-
Interest paid	(7,594,435)	(8,851,849)
Dividends paid	(7,350,000)	-
<b>Net cash from/(used in) financing activities</b>	<b>(15,148,560)</b>	<b>(8,851,849)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(5,617,746)</b>	<b>4,718,150</b>
<b>Cash and cash equivalents:</b>		
<b>At beginning of the year</b>	<b>51,433,660</b>	<b>18,836,946</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>(447,682)</b>	<b>160,084</b>
<b>At the end of the period</b>	<b>45,368,232</b>	<b>23,715,181</b>

# Q&A