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FOR IMMEDIATE RELEASE

## PeopleCert reports Third Quarter 2023 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 nine-month period ended September 30, 2023.

All amounts are presented in GBP.

### Consolidated highlights for Year-to-Date (YTD) Q3 2023 (compared to YTD Q3 2022):

- Revenue: £86.5 million (+7.4%, compared to £80.5 million for the same period in 2022);
- EBITDA: £48.7 million (-9.4%, compared to £53.7 million for the same period in 2022);
- Adjusted EBITDA: £48.7 million (-10.0%, compared to £54.1 million for the same period in 2022);<sup>1</sup>
- EBIT: £37.9 million (-13.2% compared to £43.7 million for the same period in 2022);
- Adjusted EBIT: £38.0 million (-13.9% compared to £44.1 million for the same period in 2022);
- PBT: profit of £35.5 million (+149.6% compared to £14.2 million for the same period in 2022);
- Net Financial Indebtedness: +£196.4 million (compared to £219.1 million at December 31, 2022)<sup>2</sup>.

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

<sup>2</sup> 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 supported by the key parameters shown below:

#### Financial Key Performance Indicators

<u>Ratio</u>	<u>September 30,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>
<u>Gross margin</u> Gross profit to Revenue	81.1%	84.6%
<u>Pretax margin</u> Profit before tax to Revenue	41.1%	17.7%

**Gross margin** (Gross profit to Revenue) decreased by 3.5 pp to 81.1% mainly due to the increase in direct expenses, reflecting the Group's investment in supporting its growth plan.

The increase in **Pretax margin** by 23.4 pp to 41.1% is primarily driven by the positive contribution of the lower net financial costs (period ended September 30, 2023: expense of £2.5 million vs period ended

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September 30, 2022: expense of £29.5 million) that resulted from the fluctuation in foreign exchange rates during the same period.

## PeopleCert Consolidated Results as of September 30, 2023

**Total Revenue** for the nine-month period ended September 30, 2023 grew 7.4% to £86.5 million compared to £80.5 million in the period ended September 30, 2022 mainly due to the introduction of new products and revenue streams, as well as moderate price increases.

The observed growth is attributed to the creation of an IP Powerhouse following the completed merger with Axelos and Devops Institute. 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 increase in **Cost of sales** by 32% to £16.4 million for the nine-month period ended September 30, 2023 compared to £12.4 million during the period ended September 30, 2022, is mostly attributed to increase in marketing expenses in an effort to boost the performance of all product categories.

**Operating expenditure** increased by 19.0% to £20.1 million compared to £16.9 million for the same period in 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 nine-month period ended September 30, 2023 – an alternative performance measure and key indicator capturing the underlying business margin by excluding material charges, showing a decrease of 9.4% to £48.7 million (period ended September 30, 2022: £53.7 million) for EBITDA and a decrease of 10% to £48.7 million (period ended September 30, 2022: £54.1 million) for adjusted EBITDA.

**EBIT** decreased by 13.2% to £37.9 million compared to £43.7 million in period ended September 30, 2022 mainly due to the increased operating expenditure as explained above.

**Net finance costs** were £2.5 million, compared to £29.5 million in the period ended September 30, 2022 with the fluctuation being primarily due to the movement in FX rates.

**Net Financial Indebtedness** remains positive as of September 30, 2023, at £196.4 million (December 31, 2022: £219.1 million). This metric reflects the Eurobond that was issued in August 2021 in the context of Axelos acquisition. The Group's overall financial stability is better evidenced by other liquidity ratios analysed below.

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

<b>A. <u>Liquidity Ratios</u></b>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<u>Cash Ratio</u> Cash to Current Liabilities	2.94	2.30
<u>Working Capital Ratio</u> Current Assets to Current Liabilities	4.02	3.05

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The cash ratio of 2.94 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 September 30, 2023**

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The Group presents a robust Balance Sheet with strong capital and liquidity levels supporting PeopleCert's readiness for the 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 September 30, 2023, **Total Assets** were £483.8 million (December 31, 2022: £468.9 million).

**Non-current assets** amounted to £397.8 million compared to £400.8 million by year-end 2022.

A significant part of the balance concerns **Goodwill** of total amount £320.8 million (December 31, 2022: £317.7 million) and **Intangible Assets** of amount £68.7 million (December 31, 2022: £75.2 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 £85.9 million as of September 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 £11.6 million to £63 million. The remaining variation is due to the combined effect of increased **inventories** by £295 thousand (September 30, 2023: £495.4 thousand vs December 31, 2022: £200.4 thousand), to cover the demand for Axelos hard copy books, and income tax receivable of £970.9 thousand (December 31, 2022: nil). **Trade & other receivables also** increased by 29.4% (September 30, 2023: £21.5 million vs December 31, 2022: £16.6 million).

As of September 30, 2023, the Group has positive net assets of £190.5 million (December 31, 2022: £165.6 million) remaining on track to building wealth.

**Total liabilities** decreased by £10.4 million (September 30, 2023: £293.3 million vs December 31, 2022: £303.4 million).

The aforementioned decrease is mainly driven by the decrease in **Borrowings** by £10.4 million (September 30, 2023: £260 million vs December 31, 2022: £270.5 million) due to the payment of the interest in March and September 2023 and the effect of the change in spot rates (September 30, 2023: 1.1566 vs December 31, 2022: 1.1275), as well as due to the decrease in current (September 30, 2023: £0.9 million vs December 31, 2022: £5.7 million) and deferred tax liabilities (September 30, 2023: £10 million vs December 31, 2022: £11.7 million).

**Deferred income** decreased by £2.1 million from £3.3 million as of December 31, 2022 to £1.2 million as of September 30, 2023.

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**Trade & other payables** increased to £17.5 million as of September 30, 2023 (December 31, 2022: £8.2 million).

## 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;
- Bond and company rating upgrades S&P and Moody's in April 23, following upgrade from Fitch in September 2022;
- several product releases in 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

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.

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

amounts in £	9/30/2023	31/12/2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,575,489	3,725,190
Right-of-use assets	2,868,882	3,308,272
Intangible Assets	68,726,865	75,241,497
Goodwill	320,838,557	317,703,753
Deferred tax assets	348,857	528,236
Other Assets	484,988	249,460
	<b>397,843,638</b>	<b>400,756,408</b>
<b>Current assets</b>		
Trade and other receivables	21,472,959	16,590,886
Inventory	495,386	200,347
Income tax receivable	970,985	-
Cash at bank and in hand	63,005,292	51,433,660
	<b>85,944,623</b>	<b>68,224,893</b>
	<b>483,788,260</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	1,975,753	9,420,350
Retained earnings	48,482,631	16,133,045
	<b>190,516,726</b>	<b>165,611,738</b>
<b>Non-current liabilities</b>		
Borrowings	259,380,944	266,075,388
Provisions for other liabilities and charges	92,872	95,269
Other Non-Current Liabilities	41,668	540,686
Deferred tax liabilities	9,989,633	11,692,747
Obligations under finance leases	2,363,914	2,594,561
	<b>271,869,031</b>	<b>280,998,651</b>
<b>Current liabilities</b>		
Trade and other payables	17,510,589	8,209,172
Deferred income	1,224,108	3,279,162
Borrowings	672,569	4,391,306
Obligations under finance leases	1,099,678	823,764
Income tax payable	895,559	5,667,508
	<b>21,402,503</b>	<b>22,370,912</b>
	<b>483,788,260</b>	<b>468,981,301</b>
<b>Total equity and liabilities</b>		

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## Consolidated income statement of PeopleCert Wisdom Limited as of September 30, 2023

<i>amounts in £</i>	<b>9M 2023</b>	<b>9M 2022</b>
Revenue	86,465,429	80,509,671
Cost of sales	(16,356,219)	(12,393,285)
<b>Gross profit</b>	<b>70,109,210</b>	<b>68,116,386</b>
Other operating income	76,526	280,021
Administrative expenses	(21,214,568)	(17,369,384)
Distribution expenses	(10,963,700)	(6,893,213)
Other operating expenses	(42,163)	(389,265)
<b>Operating profit / (loss)</b>	<b>37,965,304</b>	<b>43,744,545</b>
Finance income	35,074,836	1,669
Finance expense	(37,525,836)	(29,519,780)
<b>Profit / (loss) before tax</b>	<b>35,514,305</b>	<b>14,226,434</b>
Taxation	49,843	372,538
<b>Profit / (loss) for the year</b>	<b>35,564,148</b>	<b>14,598,972</b>

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

amounts in £	9/30/2023	9/30/2022
<b>Operating activities</b>		
Profit before tax	35,514,305	14,226,434
Adjustments:		
Depreciation, amortisation and impairment	10,705,861	9,924,323
Exchange Rate differences	(11,447,398)	19,185,428
Finance expense	11,254,040	10,958,568
	<b>46,026,808</b>	<b>54,294,753</b>
(Increase)/decrease in Inventories	(295,039)	(339,139)
(Increase)/decrease in Trade and other receivables	(4,882,073)	(1,102,322)
Increase/(decrease) in Trade and other payables	9,301,417	(1,783,163)
Increase/(decrease) in deferred income	(2,055,054)	(2,524,962)
Tax paid	(4,422,972)	(1,945,684)
<b>Net cash from/(used in) operating activities</b>	<b>43,673,087</b>	<b>46,599,483</b>
<b>Investing activities</b>		
Acquisition of subsidiary, net of cash acquired	(3,329,635)	-
Acquisition of property, plant and equipment	(1,083,895)	(2,329,514)
Acquisition of intangible assets	(3,208,852)	(3,059,815)
Payment for purchase of investments at FVTPL	(216,151)	-
Acquisition of other assets	(19,377)	6,983
<b>Net cash used in investing activities</b>	<b>(7,857,910)</b>	<b>(5,382,346)</b>
<b>Financing activities</b>		
Payments of lease liabilities	(617,462)	(476,068)
Interest paid	(14,982,015)	(16,337,528)
Dividends paid	(7,350,000)	(11,782,562)
<b>Net cash from/(used in) financing activities</b>	<b>(22,949,477)</b>	<b>(28,596,158)</b>
<b>Net increase in cash and cash equivalents</b>	12,865,700	12,620,979
<b>Cash and cash equivalents:</b>		
<b>At beginning of the year</b>	51,433,660	18,836,946
<b>Effect of exchange rate fluctuations on cash held</b>	(1,294,067)	957,724
<b>At the end of the period</b>	<b>63,005,292</b>	<b>32,415,649</b>