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FOR IMMEDIATE RELEASE

PeopleCert announces Consolidated Financial Results for the year ended December 31, 2021

London: United Kingdom:

PeopleCert, the market leading differentiator within the assessment and certification industry, presents PeopleCert Wisdom Limited (Parent Guarantor) unaudited Consolidated Financial Report as of December 31, 2021, which includes the one-off effects booked in connection with the acquisition and integration of Axelos, a UK based examination provider and PeopleCert's main business partner that amounted to £380 million on a cash-free, debt-free basis.

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, 2020.

PeopleCert Wisdom Limited - Audited Consolidated Annual report and Financial Statements 31 December 2021, for the period 23 July 2021 – 31 December 2021, will be available on our website on April 30, 2022.

The aforementioned acquisition 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 2020 Cost of sales, Administration and Selling & Distribution expenses has been restated for comparability purposes and more accurate presentation.

Consolidated highlights for the Full-Year 2021 (compared to the Full-Year 2020):

- Revenue: £79.6 million (+24.6%, compared to £63.9 million at December 31, 2020);
- EBITDA: £9.3 million (-0.2%, compared to £9.3 million at December 31, 2020);
- Adjusted EBITDA: £30.9 million (+218%, compared to £9.7 million at December 31, 2020);¹
- EBIT: £3.1 million (-50% compared to £6.3 million at December 31, 2020);
- Adjusted EBIT: £24.6 million (+265% compared to £6.7 million at December 31, 2020);
- PBT: profit of £1.4 million compared to a net profit of £5.2 million at December 31, 2020 that was generated despite the significant one-off transaction costs of Axelos acquisition, 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: +£239.3 million (compared to -£14.5 million at December 31, 2020)².

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>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<u>Gross margin</u> Gross profit to Revenue	61%	34%
<u>Pretax margin</u> Profit before tax to Revenue	2%	8%
<u>Adjusted Pretax margin</u> Profit before tax adjusted for one-off exceptional costs to Revenue	29%	8%

Gross margin (Gross profit to Revenue) increased by 27pp to 61% 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.

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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The decrease in **Pretax margin** by 6 pp to 2% is due to the combined effect of the revenue increase by 24.6% as offset by the one-off transaction costs arising from PeopleCert's acquisition of Axelos currently amounting to £21.5 million. Further to this, net exchange profit of £6.3 million had a positive impact on the Group's financial position although the financial results burden among other bank costs, increased finance costs of £6 million (December 31, (December 31, 2020: £1.2 million) relating to accrued interest on the debut 5-year €300 (£255.5) million Eurobond issued by the PeopleCert Group. Excluding the impact of transaction costs, pretax margin increases to 29% compared to 8% in prior year enhancing the optimistic prospective and future prosperity of the Group after the acquisition.

PeopleCert Consolidated Results as of December 31, 2021

Total Revenue for the year ended December 31, 2021 grew 24.6% to £79.6 million compared to £63.9 million last year. The growth derives from the B&IT stream that presented an increase of 13.4%, primarily driven by Axelos' products that increased by 11.3% with a significant further contribution from Languages' products that rose by 253%.

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 2019 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 26% to £31.3 million for the year ended December 31, 2021 compared to £42.3 million during the year ended December 31, 2020, therefore increasing gross profit by 123% (2021: £48.4 vs 2020: £21.7) and the gross profit margin from 34% to 61%. 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 195% to £45.6 million compared to £15.5 million last year with this movement arising primarily from one-off costs incurred in PeopleCert's acquisition of Axelos, of total amount to date £21.5 million. Excluding these one-off charges, as well as the 5-month impact of Axelos' standalone operational costs, operating expenditure drops down to £20.2 million. The increase of 30.3% compared to the year ended December 31, 2020 is primarily attributed to the investment of the company to support its growth plan.

Despite the increased operating costs, the higher revenues and the significantly lower cost of sales contributed positively to **adjusted EBITDA** for the year ended December 31, 2021 – an alternative performance measure and key indicator capturing the underlying business margin by excluding material charges caused by the acquisition of Axelos business, showing an increase of 218% to £30.9 million.

Adjusted EBIT increased by 267% to £24.7 million compared to £6.7 million last year and was mainly driven by the operational performance linked to efforts on cost containment and competitiveness, as well as negotiating savings.

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Net finance costs were £1.8 million vs net finance costs in 2020 of £1.2 million. It mainly reflects exchange gain as offset by interest expenses of £6.2 million imposed on the Eurobond issued by the PeopleCert Group.

Net Financial Indebtedness has turned positive as of December 31, 2021, at £239.3 million (December 31, 2020: -£14.5 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 December 31, 2021

A. Liquidity Ratios

	<u>December 31,</u> <u>2021</u>
<u>Cash Ratio</u> Cash to Current Liabilities	1.05
<u>Working Capital Ratio</u> Current Assets to Current Liabilities	1.71

Due to the recent acquisition and the high one-off transaction costs, profitability and solvency ratios distort the Group's financial stability and liquidity.

Indicatively, we state the above liquidity ratios that support the Group's financial health.

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

PeopleCert Consolidated Financial Position as of December 31, 2021

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 December 31, 2021, **Total Assets** were £424.6 million (December 31, 2020: £36.2 million).

Non-current assets at the end of Q4 2021 amounted to £393.9 million compared to £11.8 million by year-end 2020.

The observed increase is mainly due to provisional goodwill of £297.4 million representing the completion of the transaction between PeopleCert International Ltd and Axelos, as well as due to Axelos' transferred Intangible Assets of total amount £84 million comprising mainly of goodwill of £66 million. Excluding Axelos impact, the increase in **Intangible Assets** by £0.5 million is mainly due to the identification and valuation of intangibles mainly relating to trade names and trademarks that were not previously recognized and proper allocation of Goodwill with respect to IASSC acquisition of last year following the completion of the Purchase Price Allocation. Capitalized expenses of 2021 amount to £4.2 million, however, these are offset against annual amortization and FX differences.

Current assets increased to £30.7 million as of December 31, 2021 from £24.4 million as of December 31, 2020.

This variation is attributed to the combined effect of the introduction of inventories in Q4 2021 (December 31, 2021: £25 thousand vs December 31, 2020: nil) to cover the demand for Axelos hard copy books, an income tax receivable of £2.3 million, the increase in **Trade & other receivables** by £1.9 million (December 31, 2021: £9.5 million vs December 31, 2020: £7.6 million) and the increase in Cash and bank and in hand by £2.0 million (December 31, 2021: £18.8 million vs December 31, 2020: £16.8 million). Considering that DSO remained relatively stable at 43 days (December 31, 2020: 43 days) evidencing the improvement in credit management since 2019 when changes occurred in the collection policy, the observed increase is in line with the 25% increase in revenue and is mainly attributed to timing reasons. **Cash at bank and in hand** increased by £2.0 million (December 31, 2021: £18.8 million vs December 31, 2020: £16.8 million) depicting mainly the transferred cash from Axelos, however this fluctuation aggregates the net effect of the following transactions:

- the distribution of dividends of total amount £10.8 million representing retained earnings for the period through 31 December 2020 (£9.5 million approved in 2021) and for the period ended December 31, 2020 (£1.3 million approved in 2020);
- the consideration paid for the acquisition of Axelos of total amount £380 million net of the acquiree's cash on the acquisition date of amount £8.2 million;
- the increase in Share Premium of PeopleCert Wisdom Ltd by £140 million;
- the cash inflow from the bond loan of total amount £256 million as offset by the amount of £2.3 million that was used to refinance the Group's existing indebtedness.

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 December 31, 2021, the Group has positive net assets remaining on track to building wealth. The changes in **Total Equity** from £20.0 million in 2020 to £146.7 million in 2021 are explained by the share premium of £140 million, counterbalanced by the consolidated profit of £1.7 million and the dividend payout of £10.8 million with the remaining variation relating to exchange differences.

Total liabilities increased by £261.4 million (December 31, 2021: £277.5 million vs December 31, 2020: £16.1 million).

The aforementioned increase is mainly driven by the increase in **Borrowings** by £256 million (December 31, 2021: £258.1 million vs December 31, 2020: £2.4 million). The Group has been successful in raising liquidity in the nine-month period to December 31, 2021. Having repaid all existing debt in the period, PeopleCert issued a £255 million senior secured bond due 2026. Since the debut bond issuance in July 2021, PeopleCert's Senior Secured Notes have traded well above par.

Deferred tax liabilities of total amount £5.4 million (December 31, 2021: £5.4 million vs December 31, 2020: £0.1 million) correspond solely to Axelos' accelerated capital allowances.

Further to this, **Deferred income** increased by £1 million from £2.2 million as of December 31, 2020 to £3.2 million as of December 31, 2021. According to the Group's policy, accreditation fees of FY 2022 were invoiced within November of 2020. The observed fluctuation corresponds mainly to the higher number of accredited organizations.



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Trade & other payables decreased to £7.2 million as of December 31, 2021 (December 31, 2020: £9.1 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 2020.

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.

In the context of its normal course of business, PeopleCert participates in various tenders having been awarded five (5) tenders in Spain and Greece.

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

ENDS

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.

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Consolidated statement of Financial Position of PeopleCert Wisdom Limited as of 31 December 2021

amounts in GBP	12/31/2021	12/31/2020
ASSETS		
Non-current assets		
Property, plant and equipment	1,456,360	1,247,606
Right-of-use assets	1,698,586	1,601,782
Intangible Assets	389,986,650	8,596,227
Financial assets at fair value through other comprehensive income	0	8,049
Deferred tax assets	70,691	235,120
Other Assets	186,699	108,284
	393,398,986	11,797,067
Current assets		
Trade and other receivables	9,528,234	7,590,319
Inventory	25,220	
Income Tax receivable	2,331,213	
Cash at bank and in hand	18,836,946	16,835,892
	30,721,613	24,426,211
Total assets	424,120,599	36,223,278
EQUITY AND LIABILITIES		
Equity		
Share capital	4	8,990
Share Premium	140,058,339	445,022
Other Reserves	(1,612,150)	25,597
Retained earnings	8,217,245	19,618,495
Total Equity	146,663,438	20,098,104
Non-current liabilities		
Borrowings	252,079,657	1,213,241
Provisions for other liabilities and charges	78,518	579,268
Other Non-Current Liabilities	591,164	0
Deferred tax liabilities	5,428,238	103,981
Obligations under finance leases	1,304,477	1,273,084
	259,482,055	3,169,574
Current liabilities		
Trade and other payables	7,182,534	9,191,631
Deferred income	3,164,328	2,161,069
Borrowings	6,029,185	1,142,863
Lease Liabilities	467,834	383,831
Current tax liabilities	1,131,225	76,205
	17,975,106	12,955,599
Total equity and liabilities	424,120,599	36,223,278

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Consolidated income statement of PeopleCert Wisdom Limited as of 31 December 2021

<i>amounts in GBP</i>	2021	2020
Revenue	79,636,766	63,945,181
Cost of revenue	(25,891,372)	(40,023,061)
Amortization	(5,369,668)	(2,318,969)
Gross profit / (loss)	48,375,726	21,603,151
Other income	429,688	179,168
Administration expenses	(14,349,353)	(9,270,779)
Depreciation	(837,619)	(680,249)
Selling and distribution expenses	(8,979,486)	(5,070,798)
One-off/Exceptional Costs ¹	(21,505,054)	(402,456)
Operating profit / (loss)	3,133,901	6,358,037
Finance income	16,811,872	1,222,429
Finance costs	(18,584,827)	(2,414,136)
Profit / (Loss) before tax	1,360,945	5,166,331

Consolidated statement of cash flows of PeopleCert Wisdom Limited as of 31 December 2021

amounts in GBP	31.12.2021	31.12.2020
Operating activities		
Profit/(Loss) before tax	1,360,945	5,166,332
<i>Adjustments:</i>		
Depreciation, amortisation and impairment	6,207,287	3,001,138
Foreign exchange losses	(6,931,716)	
Exchange rate difference of loan from shareholder	(3,214,928)	(13,897)
Financial expense	6,336,192	162,691
Financial income	-	(34,877)
Actuarial losses from changes in financial assumptions	27,538	61,442
Change to profit or loss for provisions	-	120,097
	3,785,318	8,462,926
Inventories	(25,220)	-
Trade and other receivables	(1,930,113)	3,152,611
Trade and other payables	(2,009,097)	(1,466,135)
Increase in deferred income	1,003,259	128,283
Defined benefits obligations paid	(5,176)	(25,824)
Tax paid	(2,545,614)	(191,961)
	(1,726,643)	10,059,900
Investing activities		
Proceeds from sale of property, plant and equipment	117,793	-
Acquisition of subsidiary, net of cash acquired	(372,599,537)	-
Purchase of investment in subsidiaries	-	(1,509,886)
Acquisition of property, plant and equipment	(556,245)	(334,747)
Acquisition of other assets	(78,415)	(23,409)
Acquisition of intangible assets	(3,490,391)	(2,055,534)
	(376,606,795)	(3,923,576)
Financing activities		
Proceeds from the issue of share capital	-	-
Increase in share premium	139,999,997	-
Proceeds from new loan	505,199,292	89,903
Interest paid	(322,335)	(90,981)
Repayment of borrowings	(252,220,860)	(1,124,237)
Payment of lease liabilities	(548,789)	(468,492)
Dividends paid	(10,541,549)	(494,466)
	381,565,756	(2,088,273)
Net increase/(decrease) in cash and cash equivalents	3,232,318	4,048,050
Cash and cash equivalents:		
At beginning of the year	16,835,892	12,004,332
Added on business combination under common control		
Bank deposits removed from cash and cash equivalents due to restrictions		
Effect of exchange rate fluctuations on cash held	(1,231,266)	764,417
At the end of the period	18,836,944	16,816,799