

Digital Compliance Transformation



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Presentation team



Vivek Dodd
CEO

- Co-founded Skillcast in 2001
- Ex-investment banker (JP Morgan)
- MS (MIT), BTech (IIT Delhi), former CFA Charterholder



vdodd@skillcast.com



Richard Steele
CFO

- Joined Skillcast as CFO in May 2022
- 30 years commercial finance background
- Previously CFO Mind Gym Plc



rsteale@skillcast.com

Board of directors



Richard Amos
Non-exec Chairman



Vivek Dodd
CEO



Catriona Razic
CCO



Richard Steele
CFO



Anthony Miller
CTO



Sally Tilleray
Non-exec Director
Audit Chair





Isabel Napper
Non-exec Director
Remuneration Chair

H1 2022 Highlights

Company

 B2B Software-as-a-Service

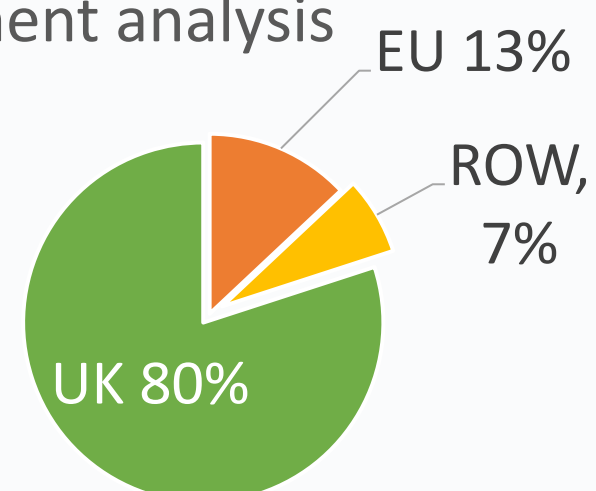
 E-learning & Compliance Tech

 Non-discretionary demand with recurring revenues

 Offices in London and Malta

 800+ Clients, growing 20/month

H122 Segment analysis



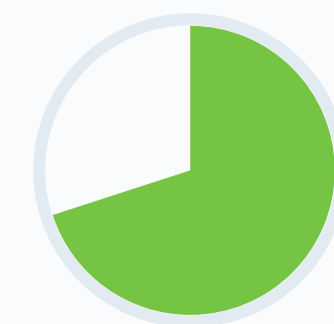
Financial performance

£4.5m H1 '22 Revenue
(H1 '21: £3.7m)

-£0.2m H1 '22 Adj EBITDA
(H1 '21: £0.6m)

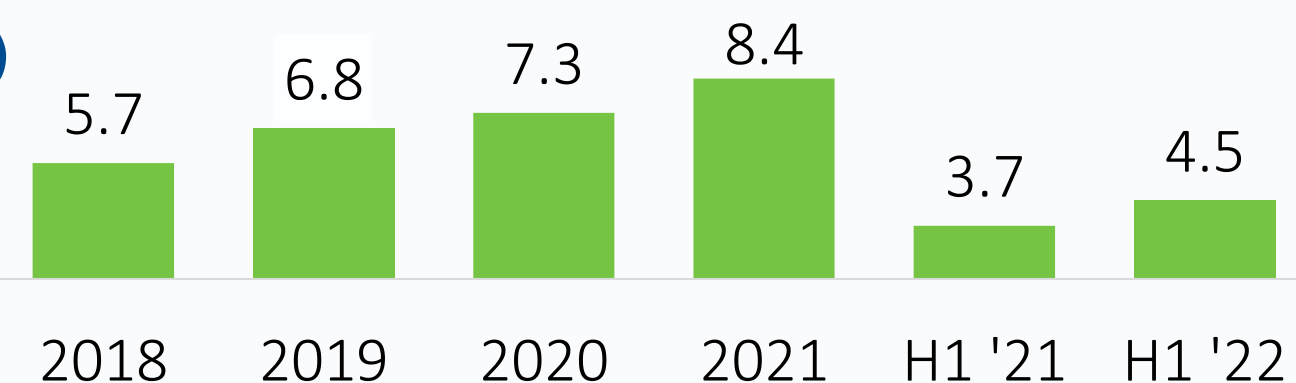
£7.5m Cash June 2022
(June 2021: £4.6m)

£6.3m ARR in Jun 2022
(June 2021: £5.0m)



70% revenue from subscriptions
(H1 2021: 63%)

Revenue (£m)



Recurring subscriptions underpin revenue growth

- ✓ Total revenue: £4.5m (up 20%)
- ✓ Subscription revenue: £3.1m (up 33%)
- ✓ 26% ARR growth driven by new client wins and strong net retention
- ✓ EBITDA -£0.2m due in part to planned headcount investments
- ✓ Interim dividend £150k (0.168p/share)
- ✓ £7.5m cash at bank and no debt

H1 2022 progress

Invested in people to fuel future growth

- Appointed first full time CFO to strengthen the Executive Management
- Average number of employees up 32% to 95 despite well documented recruitment challenges
- Sales and marketing largest area of investment up 45%.

Increased marketing activity

- Increased webinars driving download and more leads
- Face to face events (breakfasts/dinners) proving hugely popular post-COVID
- Launching SkillcastConnect compliance community at annual summit 13 October in London
- Subscription prospect pipeline remains good

Invested in technology

- All clients on track to be migrated to MS Azure cloud by December 2022
- Product development pipeline expedited with new employees and contractors

Increased prices by 10% on account of UK inflation

- Lifted prices on new business on 1 July 2022 with no material objection
- Existing clients notified of rise from 1 January 2023

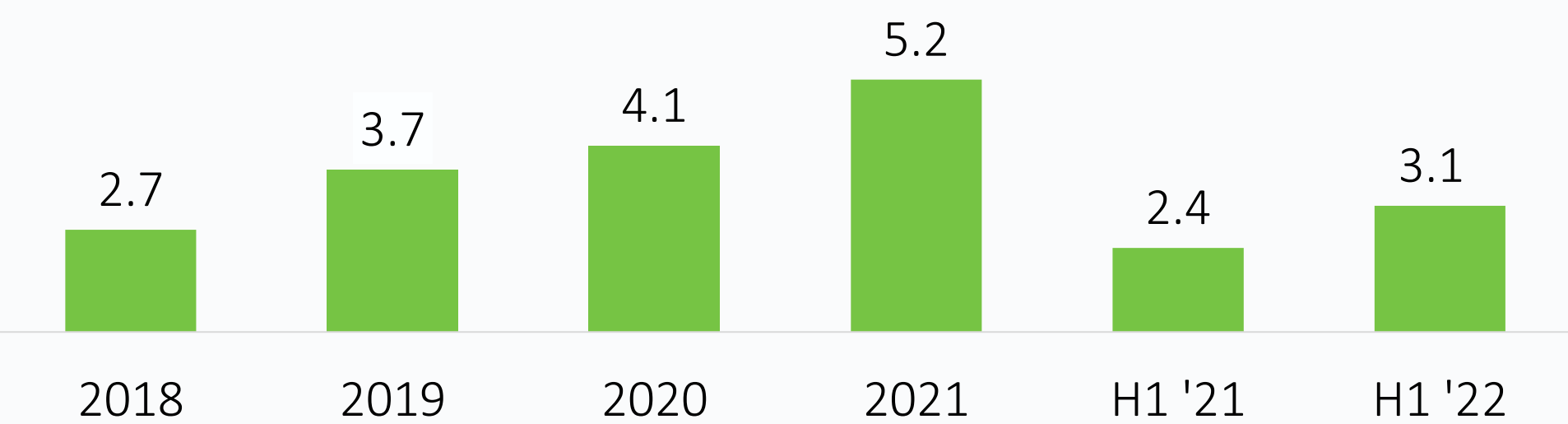
Revenue streams

Subscriptions (Recurring)

H1 22 saw 33% revenue growth to £3.1m driven by:

- New clients buying our e-learning libraries and hosting platform (LMS). Non-FS client revenues grew to 44% (H1 21: 41%)
- Upsells to existing clients through both increased active user base and “Regtech” products e.g. SMCR 360, Policy hub
- ARR increased by 26% to £6.3m on June 21 (£5.0m) and by 8% on December 21 (£5.8m). Net retention was 95% and churn of 7% was in line with 2021.

Subscription Revenues (£m)

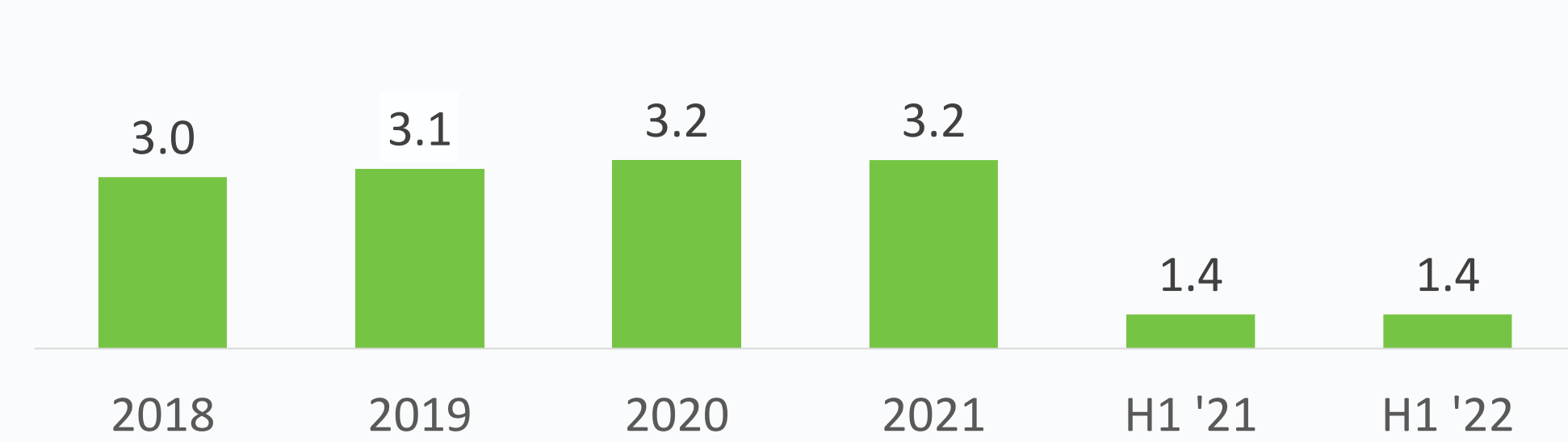


Professional Services (Non-Recurring)

H1 22 revenues of £1.4m in line with prior year:

- Our strategy is to maintain absolute revenues to our loyal client base and focus our growth on scalable, and more profitable “SaaS” revenues
- Bespoke / customised work helps to fund the development of our core subscription products

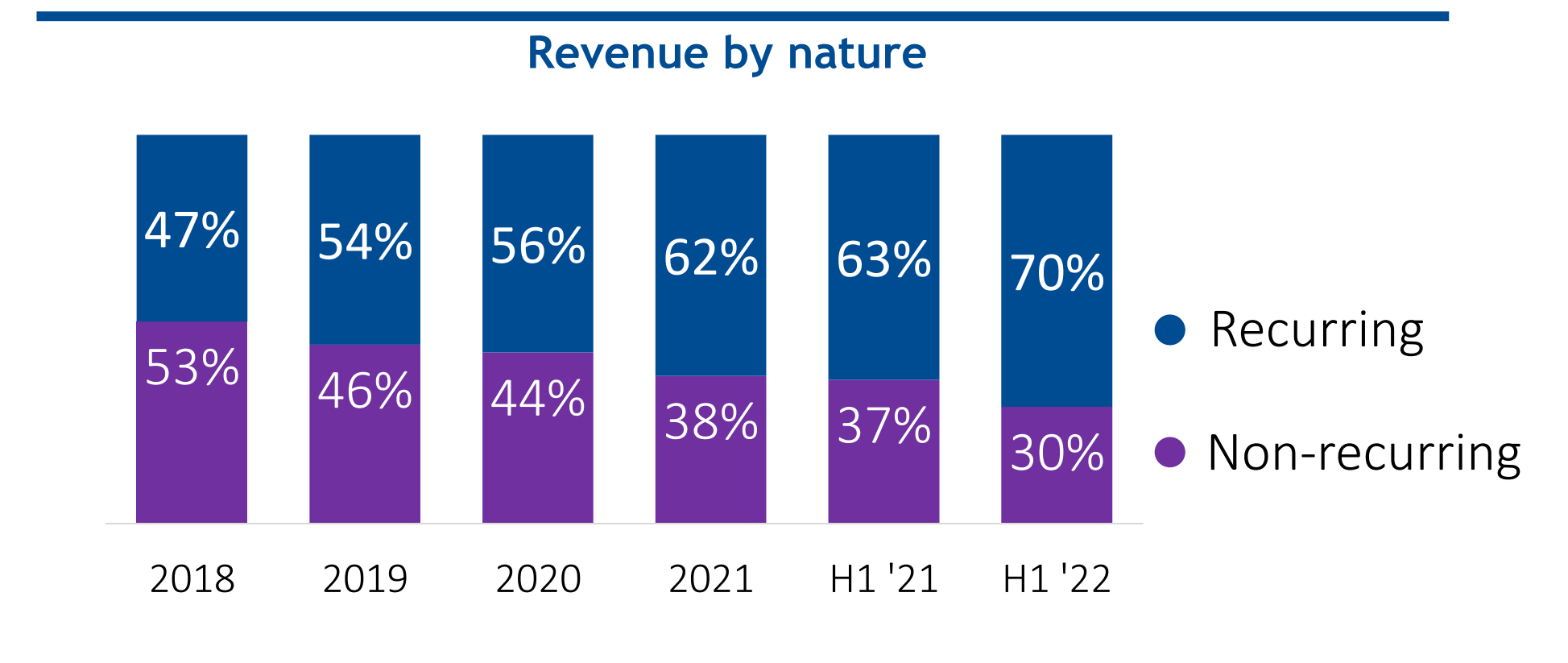
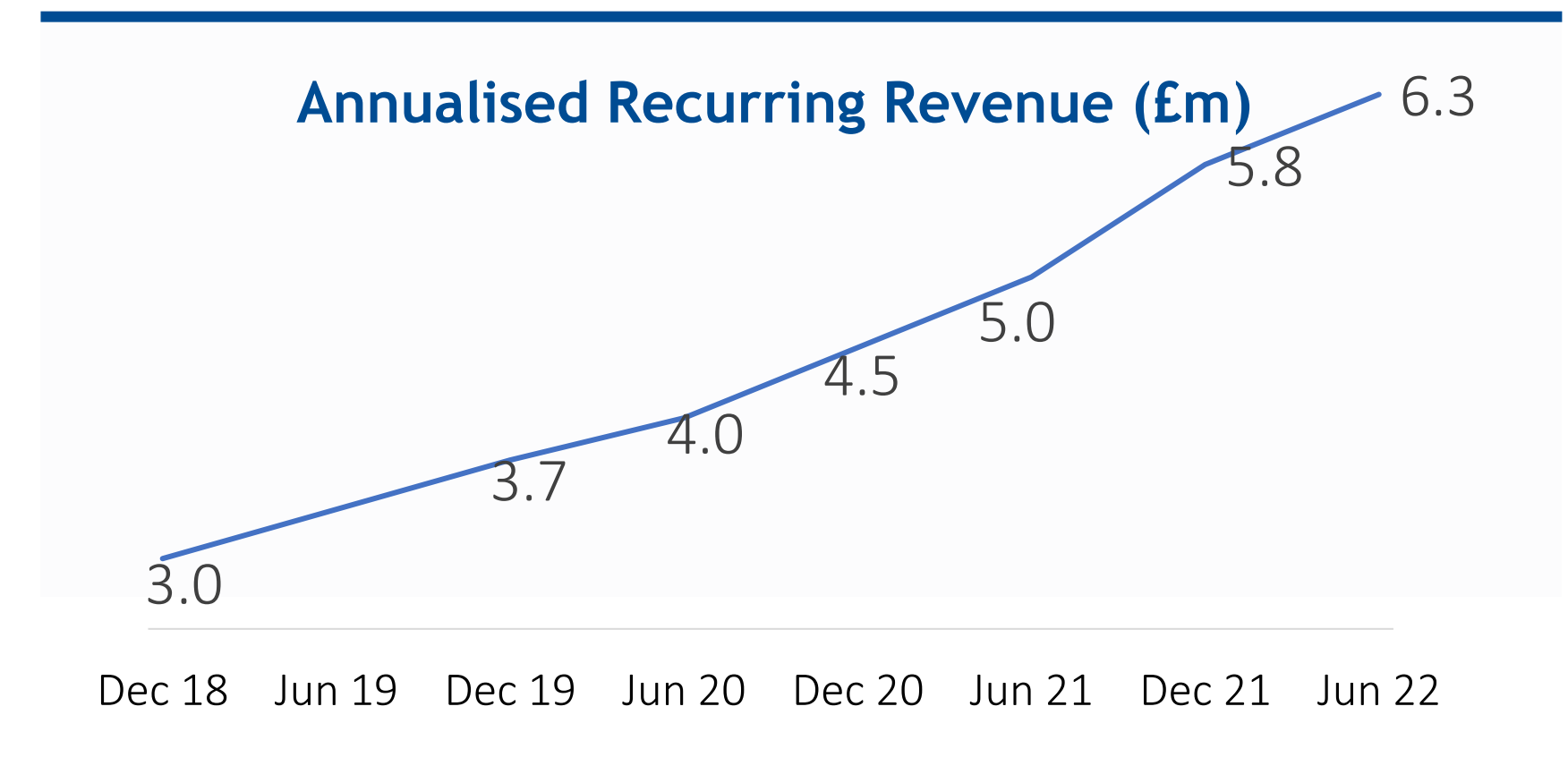
Professional Services Revenues (£m)



Financials - Income statement summary

Income Statement (£'000) 6 MONTHS ENDED 30 JUNE (UNAUDITED)	2022	Growth rate	2021	Growth rate
Subscriptions	3,117	33%	2,350	14%
Professional Services	1,387	-1%	1,386	-10%
Total Revenue	4,484	20%	3,736	4%
Gross Profit	3,132		2,580	
Adjusted EBITDA	(165)		553	
(Loss)/profit before tax	(286)		299	
Dividends declared	150		150	

- All revenue growth came from subscription revenues
- Subscription revenues are more profitable - lifted GP margin 1pp to 70%
- Loss of £165k in EBITDA due to increased investment as planned
- Overheads of £3.2m in H1 22 increased by £1.3m or 50% on H1 21 primarily through headcount increase
- The average headcount increased by 32% to 95 (H1 21: 72), with the largest increase coming in sales and marketing



Financials - Balance sheet summary

Statement of Financial Position (£'000)	30.6.22	30.6.21	31.12.21
Non-current assets	794	395	864
Current assets			
Receivables	4,015	2,430	3,799
Cash & cash equivalents	7,454	4,638	7,856
TOTAL ASSETS	12,263	7,463	12,519
Equity and Reserves	7,168	3,701	7,221
Non-current liabilities	389	113	462
Current liabilities			
Trade creditors & other payables	1,099	1,096	1,441
Current lease liabilities	186	86	182
Deferred income	3,405	2,233	3,037
Corporate tax liability	16	234	176
TOTAL EQUITY & LIABILITIES	12,263	7,463	12,519

- Receivables include net trade debtors of £2.5m at 30.6.22, 41% higher than at 30.6.21 and £1.0m Maltese withholding tax rebate
- Cash boosted by £3.5m IPO proceeds in December 2021 and no debt
- Deferred income up 52%, driven by SaaS sales growth professional services contracts

Financials - Cash flow statement summary

Cash flow statement (£'000) 6 MONTHS ENDED 30 JUNE (UNAUDITED)	2022	2021
(Loss)/profit before tax	(286)	299
Depreciation/amortisation	111	79
Share Option Reserve	92	0
Finance income/(expense)	10	2
Movement in trade and other payables	26	308
Movement in trade and other receivables	(217)	1,045
Cash generated from operations	(264)	1,733
Income tax paid	(20)	(344)
Net cash flow from operating activities	(284)	1,389
Capital expenditure	(40)	(87)
Free cash flow	(324)	1,302
Principal paid on lease liabilities	(68)	(60)
Dividends paid	(0)	(400)
Interest paid on lease liabilities	(10)	(4)
Movement in cash	(402)	838
Cash at beginning of period	7,856	3,800
Cash at end of period	7,454	4,638

→ Cash burn in H1 22 of £0.3m

→ The Group's policy is to at least maintain dividends of £400k per annum. Final 2021 dividend of £250k paid in July 22. 2021 cashflow includes £400k final 2019 dividend. A 2021 £150k interim dividend was paid in October 21. A 2022 £150k proposed interim dividend is scheduled to be paid in October 2022.

Trading update

Q3 2022 Update

- Trading in line with full year expectations
- Subscription prospect pipeline remains good
- Top management, team leaders and specialist roles for 2022 have been filled
- Technology development on schedule
 - Migration to MS Azure
 - Self-service buyer journey
 - Integration with other SaaS apps
- On track to achieve net-zero in 2022 and align with QCA guidelines for ESG









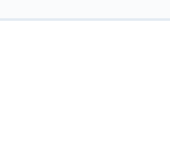


www.skillcast.com

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What our business is about

Compliance Issues

-  • Anti-Bribery
-  • Anti-Money Laundering
-  • Bullying and Harassment
-  • Cyber Security
-  • Competition/Anti-trust
-  • Data Protection
-  • FCA Compliance
-  • Health and Safety
-  • Prevention of Tax Evasion





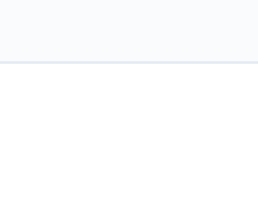




Cloud-based Services

-  Compliance Content Libraries
-  Technology/Applications
-  5.0/5.0 Rated Customer experience⁽¹⁾



Compliance Transformation

-  • E-learning
-  • Policy Attestations
-  • Declarations/Disclosures
-  • Workplace Surveys
-  • Compliance Registers
-  • Continuing Professional Development (CPD)
-  • Training 360
- • SMCR 360[®]

The investment case

Corporate compliance is a resilient market ...

- 01 Corporate spending on regulatory compliance is largely non-discretionary
- 02 Regulators, investors, and customers expectations driving companies to educate, record, monitor, analyse and evidence employee activities
- 03 Shift in compliance spending away from headcount to compliance technology and outside spending⁽¹⁾


That is large and growing fast ...


\$744m growing at **15-20%**
global market⁽²⁾ for **Compliance Management** technologies


\$455m growing at **20-25%**
global market⁽²⁾ for **Policy and Training Management** technologies


£3.8bn growing at **8.5%**
UK market⁽³⁾ for **Online Education and Training**


Skillcast is well positioned to thrive in


 **Breadth and depth of product** to help companies train staff and manage compliance processes within a single SaaS application

 **Brand leadership** in compliance e-learning built with content marketing and service

 **Highly experienced board** and highly driven management and colleagues across Technology, Operations and Commercial teams

 **Market position** - delivering compliance content and technology to over 800 companies ranging from small firms to FTSE 100 giants

 **Scalable subscription model** that results in high revenue visibility and compounding growth

 **Proven track record** of profitability, cash generation and growth, even through the pandemic lockdown

(1) Source: Gartner – “2020 State of the Compliance and Ethics Function”

(2) Source: GRC 20/20 – “2020 State of the Governance Risk and Compliance (GRC) Market. Analysis, Sizing, Forecasting & COVID-19 Impact”. Market size in 2019 and CAGR over three-year period. UK and EU estimated at over a third of the global market.

(3) Source: IBISWorld – “Online Education & Training in the UK – February 2021”. Market size in 2020-21 and CAGR over five years to 2025-26

Subscriptions: E-learning



Typical client

UK SME subscribing to our compliance course library and our managed LMS for creating their internal white labelled compliance portal



Why do SMEs choose Skillcast?

- Staff compliance is critical for performance and survival
- Simple, fixed price, unlimited use model
- Easy customisation
- Fully managed portal



Client portfolio

800+ subscription clients

450+ in the financial services sector

20 average new client wins / month



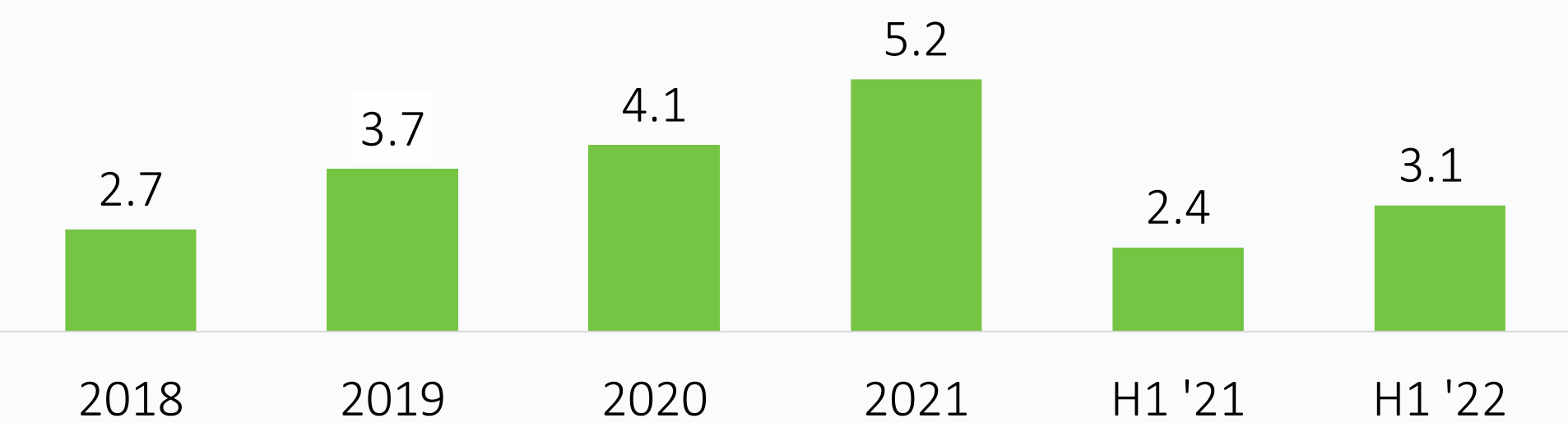
Revenue streams

Subscriptions (Recurring)




Content – Off-the-shelf (OTS) course libraries to help clients fulfil their regulatory compliance obligations efficiently and cost effectively

Technology – Learning Management System (LMS) and RegTech applications, provided on a single integrated cloud-based application, that help clients to train and track their employees, record their activities and evidence compliance

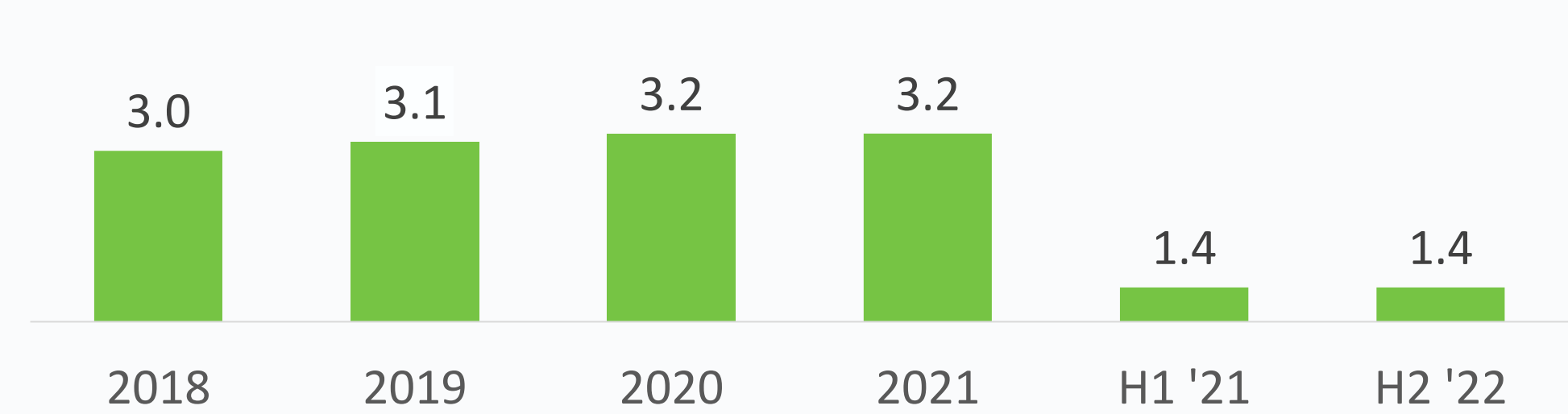
Subscription Revenues (£m)



Professional Services (Non-Recurring)

-  Bespoke e-learning content development
-  Customisation of OTS courses
-  Translations, technology and other consultancy projects

Professional Services Revenues (£m)



Professional services

Bespoke e-learning development


50+
enterprise clients



repeat business

140
projects

c. £14,000
average project value⁽¹⁾

Course customisation service


optional service for subscription clients


strengthens client relationships

200+
projects

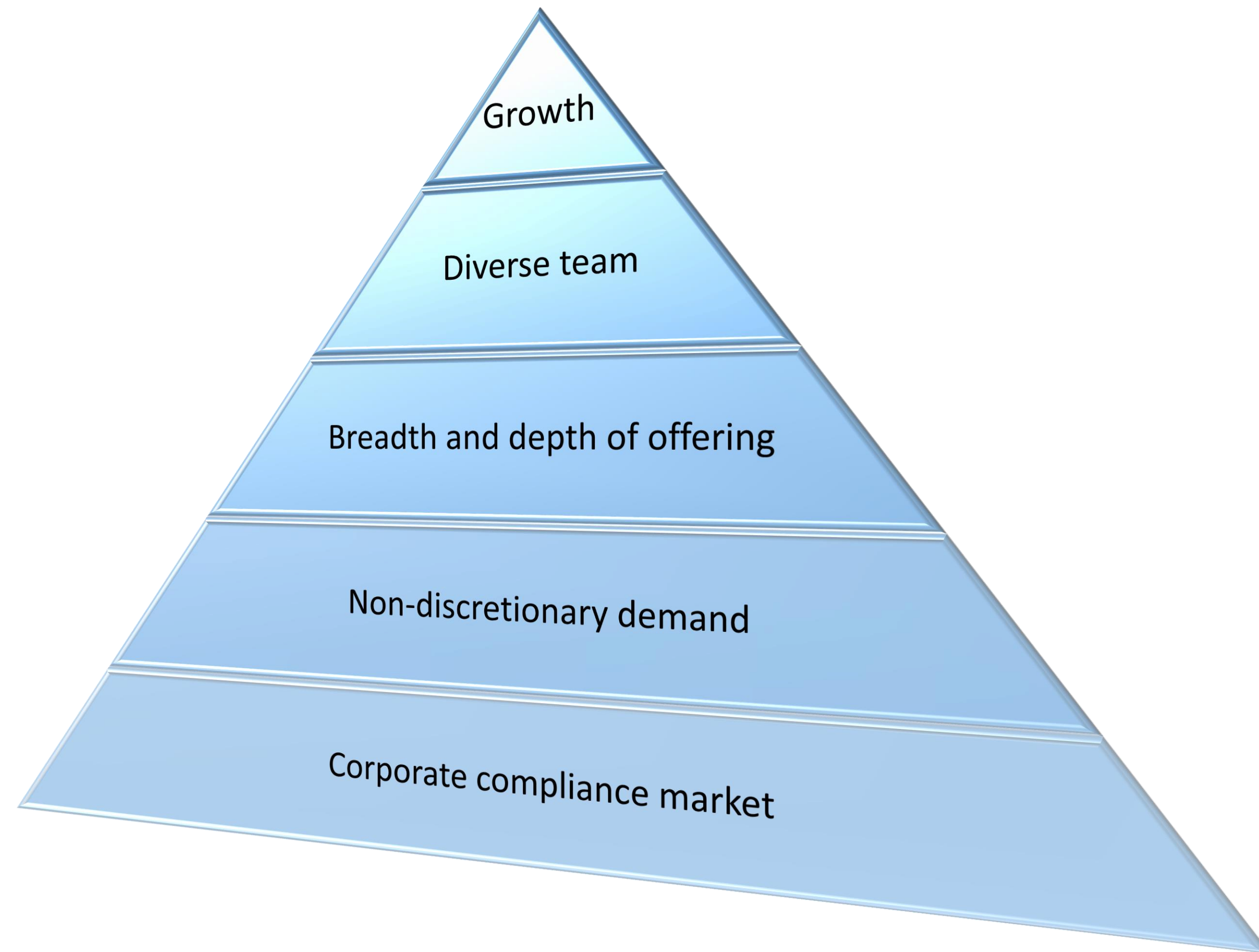
c. £1,400
average project value⁽¹⁾

Significant clients Wins



Resilient demand, Recurring revenues, Strong cash flows

Summary



Subscription growth in H1 '22

20% Revenue growth

33% Subscription growth

26% ARR growth

70% Gross margin

Market

£3.8bn UK Online Training⁽¹⁾

\$0.7bn Global Compliance Technology⁽²⁾

\$0.5bn Global Policy & Training
Management Technology⁽²⁾