

Digital Compliance Transformation



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Presentation team



Richard Amos
Chairman

- Joined Skillcast in 2021
- Former CFO of 5 listed businesses over last 20+ years (including Anite and Wilmington)
- Now operating as NED including at AIM-listed Thruvision Group plc

 ramos@skillcast.com



Vivek Dodd
CEO

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

 vdodd@skillcast.com



Chris Backhouse
CFO

- Joined Skillcast as CFO in 2018
- 40+ years accountancy experience starting at KPMG
- 30 years as FD/CFO
- Handing over to Richard Steele with effect from 11th May 2022

 cbackhouse@skillcast.com

Board of directors



Richard Amos
Non-exec Chairman



Vivek Dodd
CEO



Catriona Razic
CCO



Chris Backhouse
Departing CFO



Richard Steele
Incoming CFO



Anthony Miller
CTO




Sally Tilleray
Non-exec Director
Audit Chair





Isabel Napper
Non-exec Director
Remuneration Chair

2021 Highlights

Company

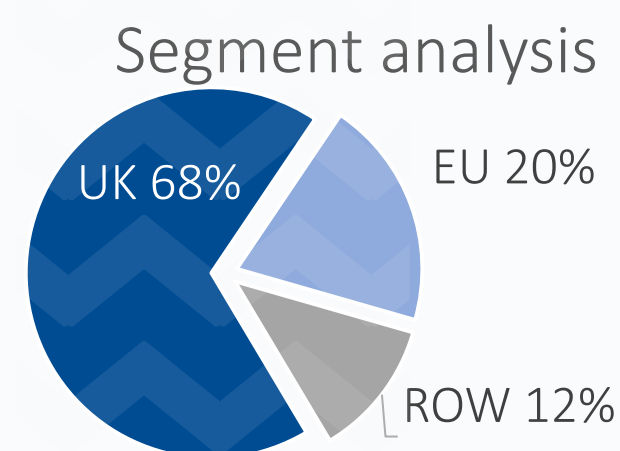
 B2B Software-as-a-Service

 E-learning & Compliance Tech

 Non-discretionary demand with recurring revenues

 Offices in London and Malta

 800+ Clients, growing 20/month



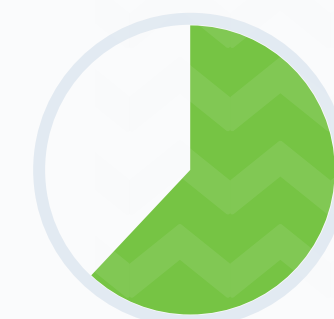
Financial performance

£8.4m 2021 Revenue
(FY 2020: £7.3m)

£1.1m 2021 Adj EBITDA
(FY 2020: £1.1m)

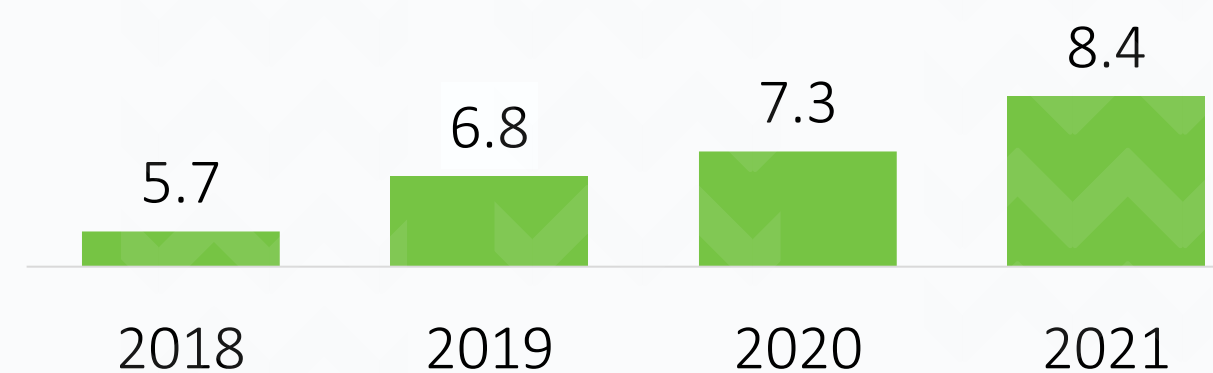
£7.9m Cash 2021
(2020: £3.8m)

£5.8m ARR in Dec 2021
(Dec 2020: £4.5m)



62% revenue from subscriptions
(2020: 56%)

Revenue (£m)







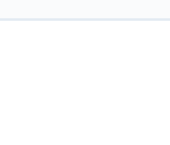




Strongly growth in recurring revenues

- ✓ Total revenue: £8.4m (up 15%)
- ✓ Subscription revenue: £5.2m (up 28%)
- ✓ Net ARR retention above 100%
- ✓ 29% ARR growth driven by net retention and new client wins
- ✓ Full year dividend £400k (0.447p/share)




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





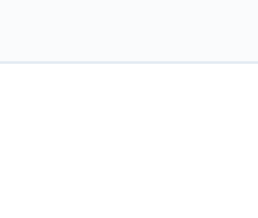




Cloud-based Services

-  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

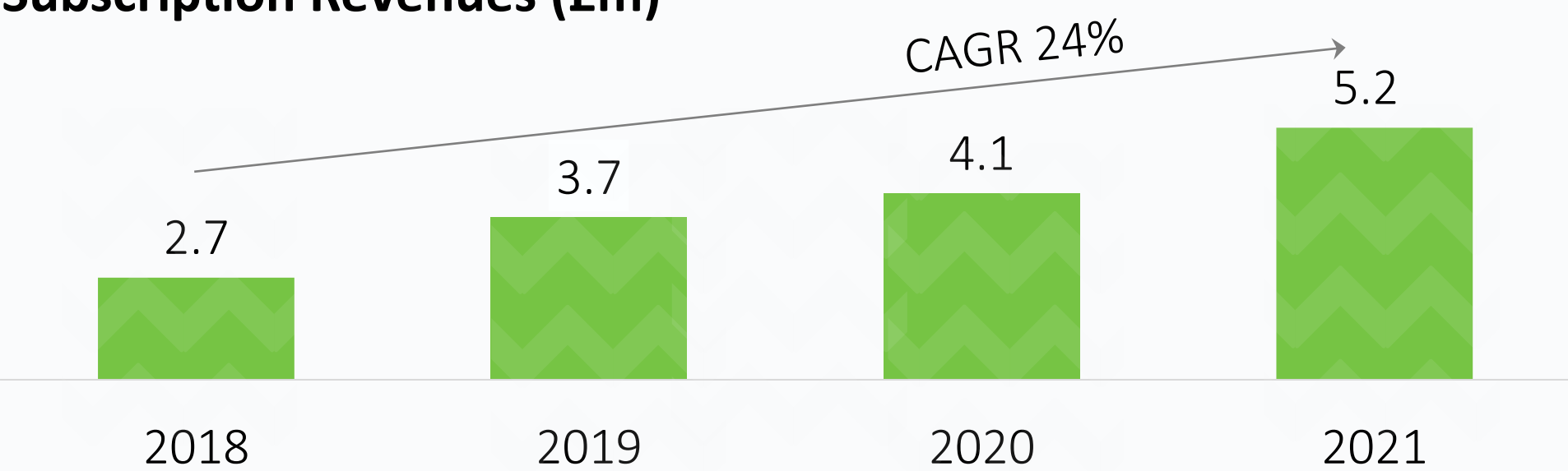
Revenue streams

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

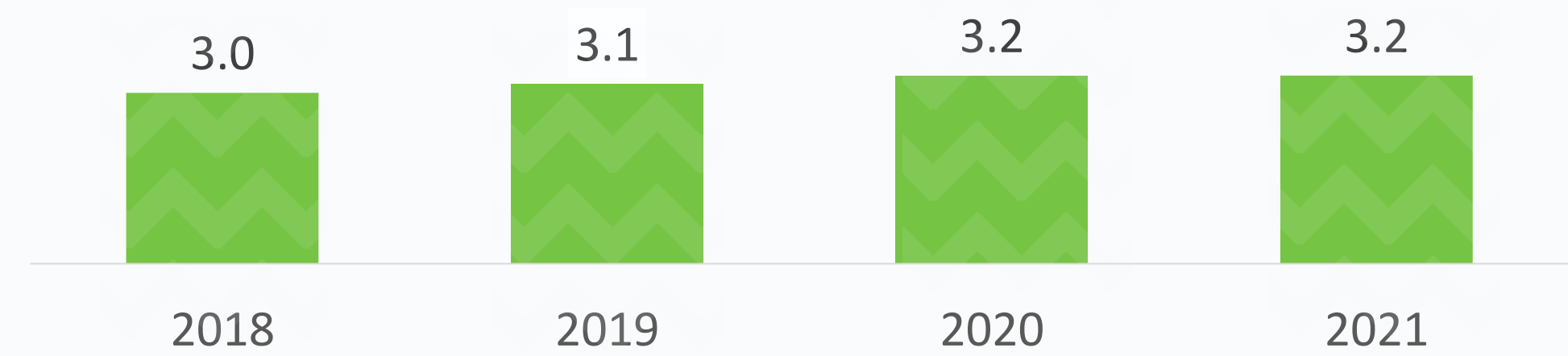
Subscription Revenues (£m)



Professional Services (Non-Recurring)

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

Professional Services Revenues (£m)



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

700+ subscription clients

450+ in the financial services sector

20 average new client wins / month (FY 2021)



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

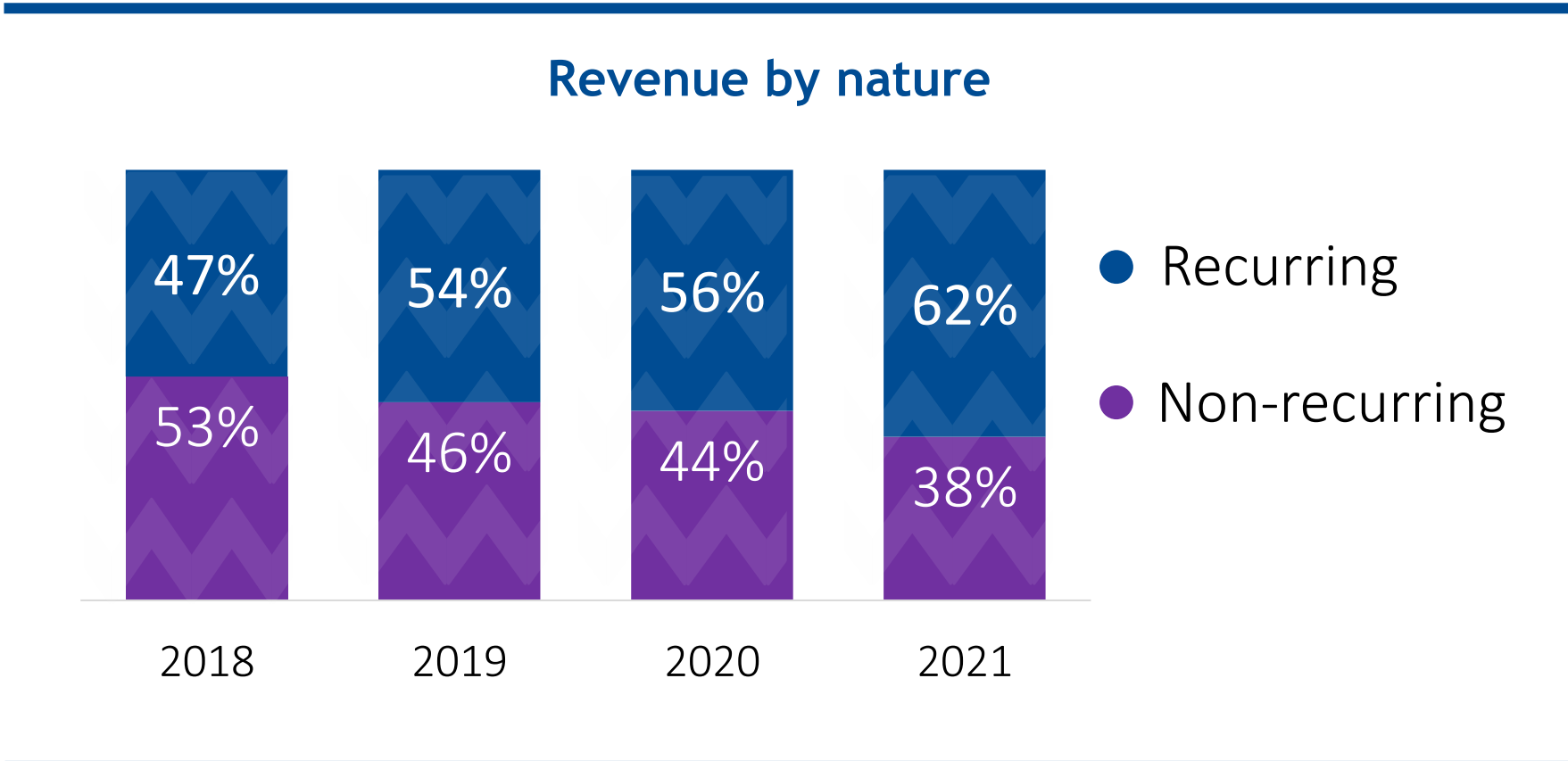
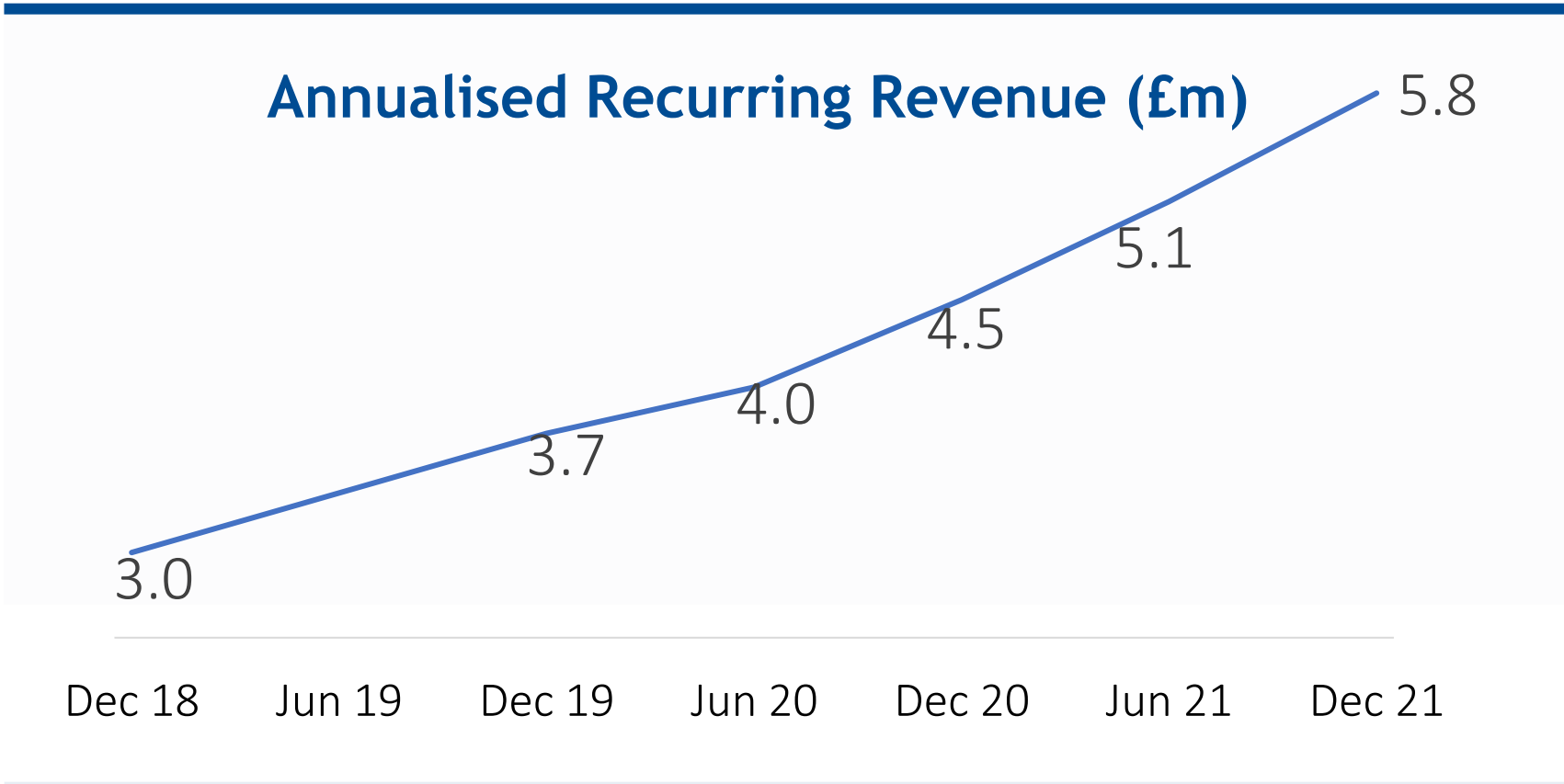
c. £1,400
average project value⁽¹⁾

Significant clients



Financials - Income statement

Income Statement (£'000) YEARS ENDED 31.12	2020	Growth rate	2021	Growth rate
Subscriptions	4,092	11%	5,227	28%
Professional Services	3,201	4%	3,181	-1%
Total Revenue	7,293	8%	8,408	15%
Gross Profit	5,028		5,931	
Adjusted EBITDA	1,069		1,056	
Adj EBITDA Margin	15%		13%	
Profit before Tax	1,023		61	
Dividends declared	400		400	



Financials - Balance sheet summary

Statement of Financial Position (£'000) as at 31.12	2020	2021
Non-current assets	387	864
Current assets		
Receivables	3,474	3,799
Cash & cash equivalents	3,800	7,856
TOTAL ASSETS	7,661	12,519
Equity and Reserves	3,877	7,221
Non-current liabilities	135	462
Current liabilities		
Trade creditors & other payables	728	1,441
Current lease liabilities	124	182
Deferred income	2,293	3,037
Corporate tax liability	504	176
TOTAL EQUITY & LIABILITIES	7,661	12,519

- Cash boosted by £3.5m fund raise
- Deferred income up 32%, driven by SaaS sales growth
- Trade receivables unchanged (net of provisions) at £2.4m
- Other receivables include £825k of Maltese withholding tax (2020: £693k)

Financials - Cash flow statement

Cash flow statement (£'000) YEARS ENDED 31.12	2020	2021
PBT	1,023	61
Depreciation/amortisation	220	283
Share Option Reserve	0	17
Movement in trade and other payables	877	1,457
Movement in trade and other receivables	(689)	(324)
Cash generated from operations	1,431	1,494
Income tax paid	(324)	(11)
Net cash flow from operating activities	1,107	1,485
Shares Issued	0	3,500
Capital expenditure and principal paid on lease liabilities	(265)	(377)
Dividends paid - Final	(400)	(400)
Dividends paid - Interim	0	(150)
Movement in cash	442	4,056
Cash at beginning of year	3,358	3,800
Cash at end of year	3,800	7,856

- Favourable working capital movement sustained cashflow from operations and despite float costs
- Cash boosted by fund raise
- Dividend payments maintained as planned

Well placed to deliver growth

Trading update

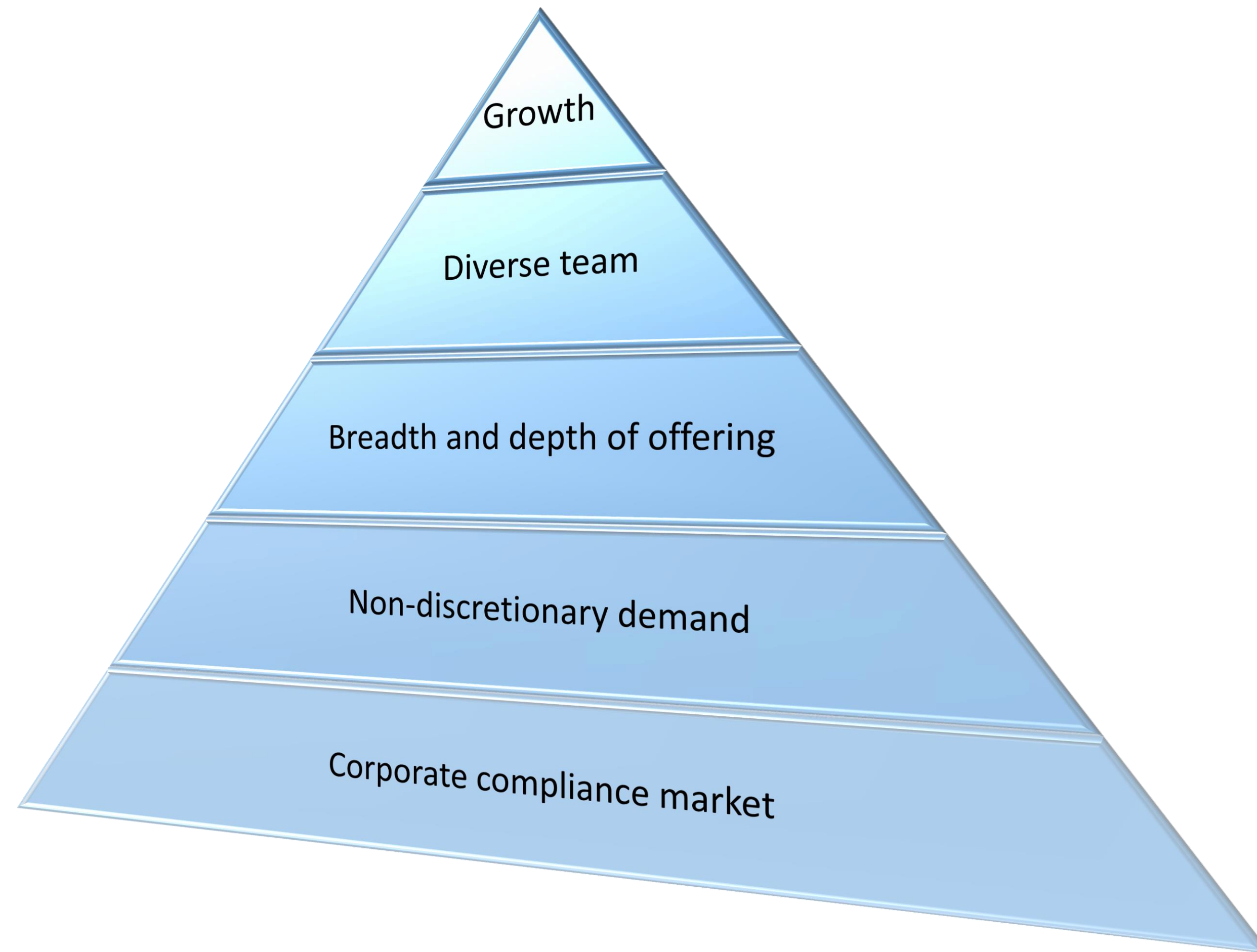
Q1 2022 Update

- Trading in line with expectations
- Q1 Client acquisition higher than Q1 2021
- Year on year growth in subscriptions
- Material progress on talent recruitment
- Technology development on schedule
 - Migration to MS Azure
 - Self-service buyer journey
 - Integration with other SaaS apps



Resilient demand, Recurring revenues, Strong cash flows and profitability

Investment summary



Profitable growth in 2021

15% Revenue growth

28% Subscription growth

29% ARR growth

71% Gross margin

13% Adjusted EBITDA margin

Market

£3.8bn UK Online Training⁽¹⁾

\$0.7bn Global Compliance Technology⁽²⁾

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



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