Annual Report

FOR THE YEAR ENDED
31 DECEMBER 2021

skillcast®

In this report...

SKILLCAST ANNUAL REPORT 2021

Foreword

Skillcast is a leading provider of content, technology and related professional services to enable corporate digital compliance transformation.

Operating from its bases in London and Malta, the Group helps companies across a broad spectrum of industry sectors in the UK, the EU and the rest of the world to train their staff and demonstrate compliance with various laws, regulations and standards.

The Group derives the majority of its revenues from content and technology subscriptions. We provide libraries of content to help our clients train their employees about topics including bribery, financial crime, data protection, tax avoidance, equality, harassment, health and safety. Our technology powers learning management, policy attestations, staff disclosures, anonymous surveys, compliance registers, events management and other training records for our clients.

We build multi-lingual digital learning experiences for some of the most respected companies in the world. Our pioneering Intelligent Learning approach harnesses gamification, personalisation and adaptive content to improve information retention, maximise behavioural change and gather the data to continuously improve corporate training and business processes.

We help companies build ethical, inclusive and resilient workplaces with a strong culture of governance and compliance. We help our clients go beyond meeting minimum regulatory requirements and transform it into a source of competitive advantage and sustainability.

On 1st Dec 2021, the Skillcast Group was admitted for trading on the London Stock Exchange's AIM market. We will use the funds raised at IPO to further develop our technology and provide cost-effective content and technology to companies of all sizes.

At a Glance

We help companies build operational resilience and reduce the likelihood of expensive regulatory breaches whilst improving their bottom lines by lowering the cost of compliance.

Results for the year ended 31 December 2021

	2021	2020
Revenue	£8.4 million	£7.3 million
Revenue growth	15%	8%
Gross margin	71%	69%
Annualised recurring Revenue ('ARR')	£5.8 million	£4.5 million
Adjusted EBITDA	£1.1 million	£1.1 million
Cash in bank	£7.9 million	£3.8 million

Significant client examples

KENTRO | GKN AUTOMOTIVE | VATTENFALL | British Land | OXFORD UNIVERSITY PRESS | Schroders | FRESNILLO | Allergan

Skillcast Group headquarters are in the City of London, with an operations hub on the island of Malta.
We are listed on the London Stock Exchange AIM market (Ticker: LON:SKL).

Strategic Report

We believe that Skillcast faces a timely opportunity in a digital compliance transformation market that offers potential for significant growth.

SKILLCAST ANNUAL REPORT 2021

Chairman's Statement

This is my first report to shareholders since becoming Chairman of Skillcast in August and of course it is our first since the Company's shares were admitted to trading on AIM in December.

I would like to take this opportunity to thank shareholders who supported our flotation in December and the associated fund-raise that we undertook at the same time. That process was the culmination of several years of preparation by the executive team and marks a pivotal moment in the growth aspirations of the business. We are very excited to be entering this new investment phase for the Company.

Results and Dividend

Financial results for the year ended 31 December 2021 were encouraging. Revenue of £8.4 million was some 15% up on the prior year overall (2020: £7.3 million) and within that the strategically important software-as-a-service ("SaaS") subscription revenue was up 28%. Annual recurring revenue ("ARR"), our key performance indicator to measure subscription sales progress, grew by 29% to £5.8 million in December 2021. As anticipated, consistent with the investment we are making, despite the growth in revenue, adjusted EBITDA of £1.1 million was similar to the prior year (2020: £1.1 million). This profit performance reflected the start of the investment programme, which is supported by the recent fund-raise. Our stated plan is to expand our sales and marketing capability and to enhance our technology. The cost of both of these will impact profit margins in the short term but is designed to drive future growth.

With a business that is backed by recurring revenues that provide strong cash generation, the Board is committed to paying dividends. At the AGM on 22 June, the Board will propose a final dividend of 0.279p per share. Taken in combination with an interim dividend of 0.188p per share that was paid in November, this will take the full year dividend to £400,000 (2020: £400,000) or an equivalent of 0.447p per share based upon the number of shares currently in issue.

Strategy

Skillcast exists to enable companies of all sizes and markets to address in a digital format their need to ensure that their workforces are compliant with an ever-increasing range of regulatory requirements. To do this, we provide an easy to integrate RegTech platform which incorporates engaging, company-specific, tailored e-learning based training content, policy attestation hubs, registers for recording activities like continuing professional development ("CPD") undertaken or gifts and hospitality received, and the tools to monitor and administer all of the above.

With the growing burden of compliance that all companies are experiencing, we believe that this is a key moment in the development of the digital compliance transformation market to help companies deal with this challenge. With Skillcast's history in producing engaging customisable e-learning content and by harnessing that with our internally developed RegTech platform we believe we are uniquely placed to offer companies an easy to adopt, low-cost solution to something that is currently causing considerable challenges and concern.

Our strategy is to grow our recurring subscription-based revenues through a focus on supporting existing clients and acquiring similar new customers. Naturally, we will primarily target new clients in regulated industries where the burden of compliance is at its highest, although our services are equally applicable to all companies that have a need for efficient workplace compliance solutions. Whilst we are equally able to support companies of all sizes, our 'sweet spot' is medium sized enterprises for whom compliance requirements are increasingly complex but who are not large enough to warrant full bespoke solutions.

The recent fund-raise that we completed will allow us to invest in accelerating planned enhancements to our technology platform to make it more scalable and easier for customers to access and integrate with. It is also allowing us to expand our sales and marketing capability, which in turn will allow us to build market share more rapidly as the market which we serve grows.

People and Board

I would like to thank and congratulate Vivek and the entire Skillcast team for all that they have achieved over the last twelve months. Their achievements in continuing to develop and grow the business, despite the considerable distraction of the flotation process, is something for which they should be rightly proud.

I also want to recognise my fellow Non-Executive Directors – Sally Tilleray, who chairs the Audit Committee, and Isabel Napper, who chairs the Remuneration Committee. I've enjoyed working alongside them as we have helped the executive team to transition Skillcast to life as a public company and develop the governance structures that are now required.

And I would also like to welcome the eighteen new members of the team who have joined us since the flotation. As we embark on our new growth journey, their contribution will be vital and I look forward to working with them all.

Current Trading and Outlook

We believe that Skillcast faces a timely opportunity in a digital compliance transformation market that offers potential for significant growth with targeted and appropriate investment. That is why we undertook the fund-raise in December. Investment in the technology enhancements and marketing expansion which that cash allows us to undertake will impact profits in the short term, as we explained at the time of the fund-raise, but will ultimately allow the business to accelerate top-line growth and capture share as the market develops.

Trading in the early part of the year has started well, in line with our expectations, with continued year on year growth in subscription related revenue. We have made material progress on hiring the new talent needed to achieve our technology development plans and our new business development team has gained early successes with new client acquisitions in the first quarter up on the same period last year.

With a strong balance sheet, an excellent set of products and an enthusiastic and well-motivated team, we believe we are well placed to deliver on the growth plans we have set out to build a substantial and sustainable digital compliance transformation business.

Richard Amos
Non-Executive Chairman
10 May 2022

We operate with a clear social purpose, helping companies build more ethical, inclusive, and resilient workplaces by digitising their training and compliance processes.

SKILLCAST ANNUAL REPORT 2021

Chief Executive Officer's Review

Skillcast's off-the-shelf ("OTS") e-learning courses, technology, and award-winning customer service help our customers achieve their compliance objectives.

Our courses are organised into libraries, which we provide to customers on annual subscriptions. This model simplifies their procurement process and enables them to deliver high-quality training on key compliance topics at short notice and with minimal effort. They can readily customise our OTS courses, or take advantage of our customisation service if they don't have the resource, or otherwise wish to delegate the task.

Key Products

Courses are delivered via our technology platform, which comprises the following products, also available on annual subscriptions:

- Learning management system ("LMS") – for managing and recording compliance and other mandatory training initiatives
- Policy Hub – for authoring policies and obtaining employee attestations
- Anonymous surveys – for obtaining honest and unreserved employee feedback on critical environmental, social and governance ("ESG") topics
- Staff declarations – for collecting disclosures and self-assessments from employees
- Compliance registers – for recording activities that impact individual and corporate compliance, such as gifts, hospitality, personal account dealing, whistleblowing
- Training 360 – for recording in-person training, mentoring and consultations
- Events management – for managing live training events
- SMCR 360 – to help financial firms manage all aspects of compliance with the Senior Managers and Certification Regime ("SM&CR")
- Data integration options with customers' Human Resource or Enterprise Resource Planning ("ERP") systems

The combination of the customisable content and the functionality of the integrated platform allows our customers to manage their staff compliance burden efficiently and helps them to reduce significantly their cost per employee and regulatory compliance risk, when compared to traditional methods.

All Skillcast subscriptions are backed by highly responsive customer service. We designate a dedicated Customer Success Manager ("CSM") for each customer. The CSMs are organised into small groups led by a team leader to ensure quality and continuity of service. In 2021, we received the Feefo Platinum Trusted Service Award and eLearning Industry's Customer and User Experience awards. We are proud of these since they are based on verified ratings and reviews by current customers.

In addition to subscriptions, we provide a bespoke e-learning development service. This work builds domain expertise and brand and complements our content and technology subscriptions.

Market Opportunity

Skillcast operates in a $10 billion market for governance, risk and compliance software. A structural shift is underway to digital compliance transformation as companies increasingly use cloud-based platforms for staff training and compliance processes. With this helpful backdrop, we are investing in our people, content, technology and processes to stay ahead of the competition.

Our admission to trading on AIM is helping us to attract talent, win customers, and strengthen our leadership in the field of digital compliance transformation.

Organic Growth

Our recurring content and technology (SaaS) subscriptions give us consistent, compounding revenues and high-quality earnings. We recognise ARR as the key driver of long-term shareholder value. The ARR grew entirely organically at 29% per annum from £4.5 million in December 2020 to £5.8 million in December 2021.

The revenue recognised from subscriptions during the financial year was up 29% to £5.2 million (2020: £4.1 million) and now accounts for 62% of total revenues (2020: 56%).

Additional sales to existing customers during the year ("upsells"), more than offset any contracts that were not renewed ("churn"), or which were renewed at a lower level ("downsells"). The upsells were driven by our customers increasing their user numbers and by demand for our policy management system, hybrid DSE self-assessment and SMCR 360 toolkit. We acquired over 200 new customers during the year, which lifted our ARR further.

The revenue from professional services, mainly from bespoke e-learning development for customers and customisation of OTS courses, was steady at £3.2 million (2020: £3.2 million). We reiterate our aim to hold this revenue stream at this level as we focus our resources on growing ARR. The total revenue was up 15% at £8.4 million (2020: £7.3 million), and adjusted EBITDA was £1.1 million (2020: £1.1 million). The adjusted EBITDA is expected to lag revenue growth as we have accelerated hiring to achieve faster growth in future periods.

Our SaaS model gives us high revenue visibility, which, together with the funds raised upon admission to AIM, adds to our confidence in making this investment. It also gives us positive cash flows, as we typically contract with clients annually and invoice the subscription cost upfront. Our operating cash flow was up at £1.5 million (2020: £1.4 million) despite the substantial payments to cover the IPO costs.

In 2021, we launched our new Training 360 product on the Skillcast Portal that enables customers to record all types of training, mentoring and consultancy and measure their progress against CPD targets. We also unveiled a new modern scrolling presentation for our e-learning courses and additional gamification features. Other notable improvements included automated assignments for annual refreshers and contingent training, a new, visual reporting dashboard with interactive drill-down, and several third-party integrations.

We will add more third-party integrations and the ability for customers to self-manage their portals, and scale up our IT infrastructure with MS Azure to support our ARR growth in 2022. We have enhanced the policy attestation product on the Skillcast Portal to support policy update/approval workflow this year and plan to make improvements to other products in addition.

COVID Disruption

The impact of COVID-19 related disruption in 2021 was less severe than the previous year. Our teams showed flexibility and resilience when asked to return to the office and later, when asked to go back to full-time working from home, when the restrictions returned. We are immensely proud and grateful for how our colleagues managed to keep up productivity, innovation and customer service through these disruptions. Our teams have now settled into a hybrid model of working from office and home.

As in previous years, we did not draw upon any government support in the UK, Malta or any other jurisdiction.

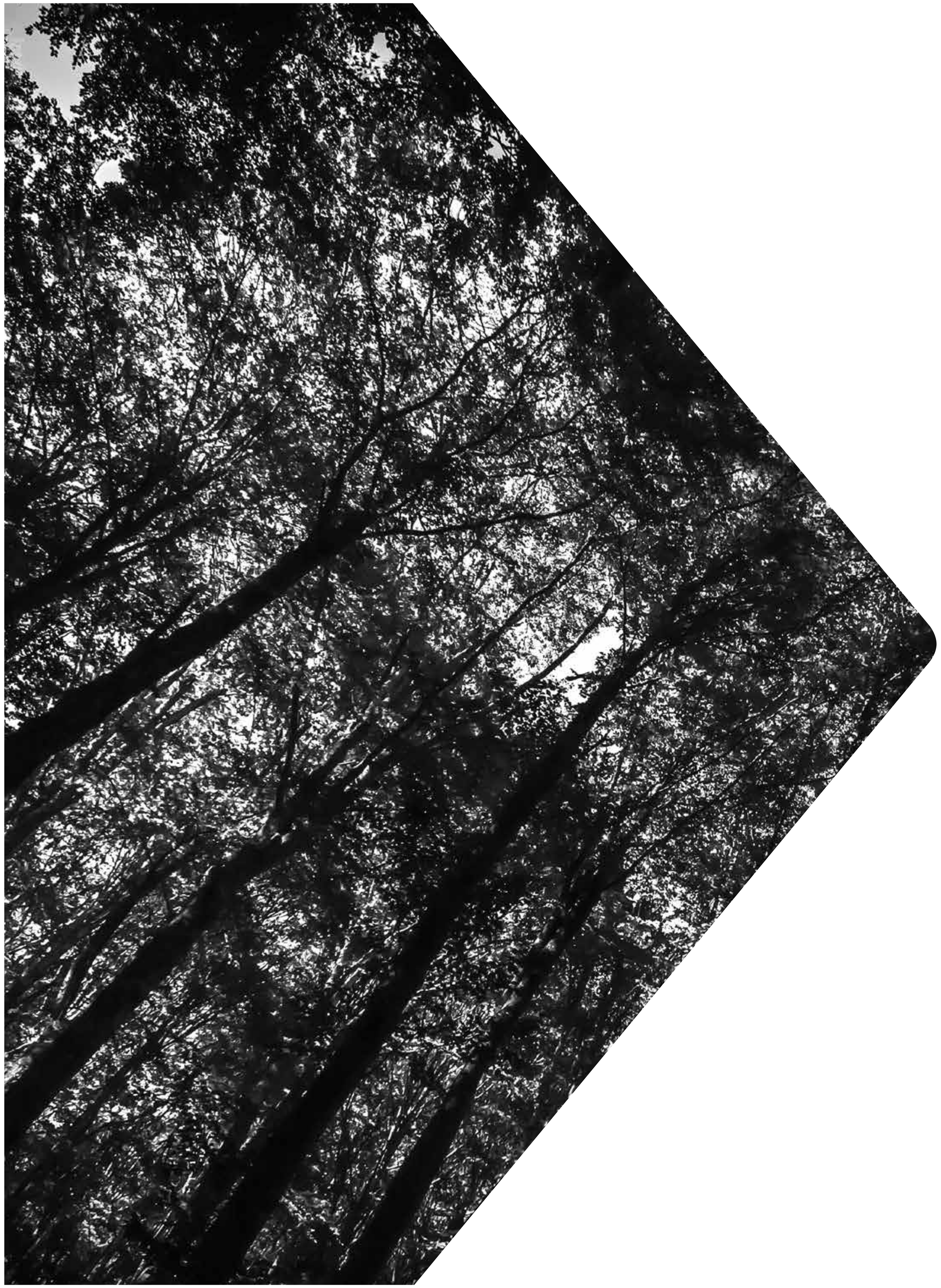
Environmental Performance

ESG is the purpose at the core of what we offer and what we stand for. Our content and technology are designed to support the ESG goals of our customers. We help them build a culture of respect, inclusivity, integrity and compliance with laws, regulations and standards. We also help them reduce energy consumption and CO^2 emissions by digitising many activities that previously required travel.

We have substantially reduced our carbon footprint due to travel, by moving to a hybrid working model and switching in-person events to webinars.

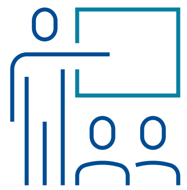
We are aiming to be climate neutral by the end of 2022.

Vivek Dodd
Chief Executive Officer
10 May 2022

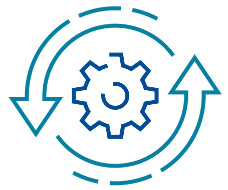


Digital Compliance Transformation

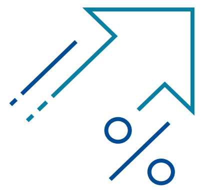
Regulatory compliance is non-negotiable. Shareholders, customers, regulators and society expect companies to comply with regulations, behave ethically and serve a social purpose.



Companies are under increasing pressure to educate employees and record, monitor, analyse their activities to evidence compliance. This task has been made more difficult by the repeated disruptions caused by the COVID-19 pandemic and the trend towards hybrid working.



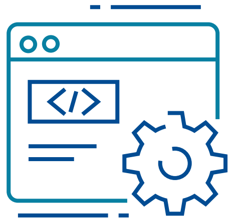
By leveraging technology and data analytics, companies can transform their staff compliance. Automation of processes lowers costs, reduces the risk of compliance failures, and improves their staff's user experience. Joined-up approaches to data collection and analysis enable them to take preventative actions and enhance their operational resilience.



Digital compliance transformation is helping companies to improve their bottom line, reduce the likelihood of expensive regulatory breaches and build competitive advantage.

Customer Success

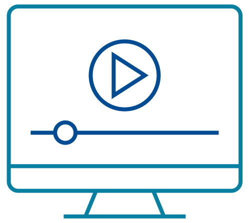
We are passionate about customer service. We assign a Customer Success Manager to every client to act as their partner and ensure the success of their compliance initiatives.



Our Customer Success Managers administer everything from user management, course assignments and communications to reporting.

This dedication is what drives our recognition on review sites.

Feefo, the UK's leading customer rating platform, has recognised our excellent service. Once again, in 2021, we received the Feefo Platinum Trusted Service Award for achieving consistent ratings of 4.5/5.0 over the last three years. Our ranking is equally high across Google, Gartner and Elearningindustry.com user reviews.



In 2021, we launched a new Customer Support Hub. It is home to all of the information our customers and their learners need for compliance training success. This fully searchable online resource provides text and video guides for administrators and their learners, explaining everything from logging in to creating their own training content.

"When the news broke that WHO declared a pandemic, no one knew or imagined what it would bring. Our strong partnership with Skillcast helped us safely negotiate the COVID storm. We needed to onboard thousands of new colleagues to literally feed the nation. Together, side by side, we found a way to simplify the training and deliver it at speed.

Roberta Bartaska
Lead Learning Design Partner UK Stores, Tesco

CLIENT SPOTLIGHT

Helping Tesco Feed the Nation

The COVID-19 pandemic brought unprecedented challenges to the retail sector. In response, Tesco needed to onboard over 45,000 temporary colleagues to ensure they could help feed the nation.

Challenge

To ensure that colleagues and customers were safe and legal, the challenges Tesco needed to address were:

- Quickly provide new starters access to relevant courses in their Learning Management System (LMS)
- Streamline their induction programme to enable new recruits to hit the ground running
- Help staff transition to new roles helped by new learning curriculums

Solution

To meet this huge challenge, Tesco chose to partner with Skillcast.

We made rapid changes to their LMS, enabling secure access for their temporary staff. Tesco engaged with key stakeholders throughout their business to identify training needs. Then in just two weeks, with Skillcast's help, Tesco designed, developed and delivered new learning curriculums.

Our simple, people-centric approach ensured that all business-critical roles continued as normal.

Outcomes

The size, scale and speed of this achievement are reflected in the growth in usage year on year.

1. User access to their LMS increased by 99%
2. Learning sessions grew by 342%, averaging four per learner
3. Over 800 thousand learning sessions were delivered in April 2020

In the words of Tesco CEO Dave Lewis, "we've trained them all very quickly".

PUMA

CLIENT SPOTLIGHT

Adaptive Learning for PUMA

PUMA is the third-largest sportswear manufacturer in the world, renowned for fashion-forward high functioning sports and lifestyle products. The PUMA Compliance team wanted to create an online refresher to support their existing Code of Ethics training.

Challenge

PUMA's bespoke training needed to achieve several goals:

- Provide a completely 'on-brand' e-learning experience, reflecting PUMA's forever faster sports and lifestyle strategy
- Recognise employee and customer diversity more fully in all imagery, representations and delivery in 12 languages
- Respect each learner's time and take account of prior knowledge
- Focus on key risk behaviours

Solution

In the spirit of valuing the time of colleagues and rewarding those with prior knowledge, Skillcast created an adaptive course with a pre-assessment.

The gamified assessment put the learner into a realistic scenario for their business where they had to decide if the situation presented a possible ethical breach of the PUMA values and ethical behaviours.

Those passing the pre-assessment took a fast-track 10-minute version of the course. Others were routed to the full 22-minute course consisting of four key risk topic areas, with each section clearly stating the completion time. Learners' progress was bookmarked to allow them to return when it was convenient.

Within the course, each learner could choose their language and even switch between languages from page to page. This provided a great learning experience whilst providing a unified management report.

Images sourced from PUMA were inserted into the course to better match the client's corporate identity.

> For us, it was critical that the learning really matched the expectations and style of our people. The average age of PUMA employees is just 31. Skillcast really identified what would work best with our audience. The tone of voice and use of PUMA imagery really helped put the learning in the context of our job roles and embedded our values and ethics. The feedback was outstanding.

Dr. Raliza Koleva
Chief Compliance Officer, PUMA

> “Before working with Skillcast, I didn’t really appreciate what a 5-star Feefo rating meant. Now I do. Their customer service team is one of the best I have worked with during my career of over three decades. There is always a way to make the system do what we need; even if they’ve not done something before, they reconfigure things and make it work.
>
> **Clodagh O’Reilly**
> Talent Development Business Partner, Kentro Capital

KENTRO

CLIENT SPOTLIGHT

Streamlining SMCR for Kentro

Skillcast SCMR 360 enabled Kentro to increase standardisation and create efficiencies whilst minimising risk.

Challenge

Kentro was using a mix of documents and spreadsheets alongside a legacy record system to manage their compliance with the Senior Managers and Certification Regime (SMCR).

- This made it difficult to maintain transparency and weighed heavily on staff time.
- More importantly, it meant a greater risk of inconsistency, missed deadlines, and even potential errors in tracking and reporting.

Solution

Skillcast SCMR 360 enabled Kentro to integrate their SMCR records to increase standardisation, improve accuracy and create efficiencies whilst minimising risk.

Kentro also took advantage of Skillcast’s customisation features. Firstly, to mirror the terminology and branding used by each of the group’s business units. Then, to streamline new starter learning journeys using Skillcast. Finally, by integrating Skillcast LMS with their HR Platform, Kentro was able to further reduce data errors, identify gaps, eradicate inconsistencies, and improve the overall quality of management reporting.

Outcomes

The people experience team reported significant efficiency and accuracy gains from using Skillcast’s robust one-click reporting on all employees’ online and offline learning.

SKILLCAST ANNUAL REPORT 2021

Financial Review

Revenues for the year ended 31 December 2021 increased by 15% to £8.4 million (2020: £7.3 million) which resulted in an adjusted EBITDA* of £1.1 million (2020: £1.1 million) and after exceptional items of £0.9 million, a profit after tax of £0.4 million (2020: £1.0 million).

Software-as-a-service ("SaaS") subscription revenue continued to grow during the year, up 28% to £5.2 million (2020: £4.1 million), whilst Professional Services revenue closed at a similar level to last year at £3.2 million (2020: £3.2 million).

Gross Margin grew to 71% (2020: 69%), with SaaS revenue, which typically commands a higher gross margin, making up 62% of total revenues (2020: 56%)

Overheads, before depreciation, interest and the exceptional costs relating to the admission of the Company to AIM, increased from £3.7 million to £4.7 million (up 25%) as the business accelerated its investment in its sales and technology teams, as explained at the time of our fund-raise, with a view to sustaining and accelerating the Company's growth. Headcount increased by nineteen to 86, as new employees were welcomed. Staff costs comprised 79% of these overheads (2020 76%) and 66% of total costs (2020: 62%), with payroll costs (of both direct and indirect staff) up £1.0 million on the prior year.

Annual Recurring Revenues increased

29% to £5.8 million

Alternative Performance Measures

***Adjusted EBITDA**
(Earnings before interest, tax, depreciation and amortisation)

During the year, the Group incurred administrative expenses in connection with the placing and admission of the business to AIM, so as to deliver the anticipated growth in the business post-admission. Had the decision to undertake the placing and admission not been taken by the Group, then such expenditure would not have been incurred.

The Group also incurred leasehold costs on the rental of office space, which under IFRS 16 is reflected by way of the capitalisation of the lease and a related depreciation charge.

The Directors consider Adjusted EBITDA to be a more appropriate measure of profitability than EBITDA being defined as EBITDA, less the additional administrative expenses incurred in anticipation of the placing and admission, share-based payments and after adding back leasehold depreciation and reinstating the related rental charge (thereby reversing the IFRS16 leasehold property treatment).

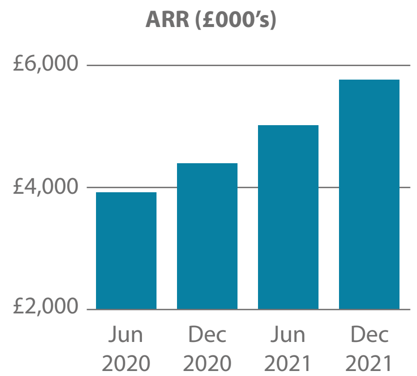
	2021 £'000	2020 £'000
EBITDA from continuing operations	**361**	1,253
Costs incurred in progressing the Company's admission to AIM	**876**	25
Reversal of IFRS treatment of depreciation on treatment of property lease	**(198)**	(209)
Share-based payment	**17**	–
Adjusted EBITDA for the year from continuing operations	**1,056**	1,069

Further details on the above are provided in note 3 on page 79 and 80.

Annual Recurring Revenue ("ARR")

ARR is also used to assess the performance and the trend of subscription revenue. ARR is calculated by multiplying the Monthly Recurring Revenue ("MRR") by twelve. MRR is defined as the subscription revenue that was recognised in a month, excluding any retrospective upward adjustments that arise at the end of the contract where there have been more subscribers than a client originally contracted for, less any contract losses (Churn), or downward adjustments arising on contract renewal.

The Directors consider that the ARR, derived from SaaS sales, is a key measure of the performance of the business. The ARR increased 29% to £5.8 million by December 2021.



Key Performance Indicators ('KPIs')

The following KPIs are used to track the trading performance and position of the business.

KPIs

	2021 £'000	2020 £'000
Revenue	**8,408**	7,293
Software-as-a-service revenue (SaaS revenue)	**5,227**	4,088
Gross Margin	**71%**	69%
Adjusted EBITDA	**1,057**	1,069
Annualised recurring revenue (ARR) as at 31 December	**5,775**	4,468
Churn (as a percentage of ARR)	**7%**	11%
Number of employees at 31 December	**86**	67

Revenue

As noted above, the main driver for growth is the development of the Group's SaaS revenues. These increased by 28% in the year, whilst Professional Services revenues remained steady, as summarised below.

Revenue by Service

	2021 £'000	2020 £'000
Software-as-a-Service (SaaS)	**5,227**	4,088
Professional Services	**3,181**	3,205
	8,408	7,293

Gross Profit

The gross profit generated in the period was £5.9 million (2020: £5.0 million), with gross margin increasing to 70.5% (2020: 68.9%) on the back of higher SaaS revenues and despite increasing staff costs.

Overheads

Overheads were £5.8 million (2020: £4.0 million) increasing by £1.8 million, including c. £0.9 million of costs relating to the Company's admission to AIM in December 2021 and as summarised below.

In June 2021, the business relocated its London offices to Leadenhall Street under a five-year lease dated 25 May 2021 that expires in June 2026. The capitalised value of this lease is £517,284 as set out in note 11 to the accounts. The Company spent £124,447 on leasehold improvements (2020: £ Nil).

	2021 £'000	2020 £'000
Staff costs	**3,738**	2,823
Professional fees	**229**	259
Advertising and Marketing	**84**	240
Office accommodation	**158**	73
Depreciation and amortisation	**283**	220
Other expenses	**452**	337
Total Overheads before exceptional costs	**4,944**	3,952
Costs relating to the Company's admission to AIM	**876**	25
Share-based payments	**17**	0
Foreign exchange losses	**1**	7
Interest	**16**	11
Total Overhead costs	**5,854**	3,995

Adjusted Operating Profit Before Tax

Adjusted operating profit from operations before tax, exceptional costs and share-based payments, but including depreciation and interest amounted to £1.0 million (2020: £1.0 million).

Taxation

As a result of research and development tax credits, the Company is not liable for any UK corporation tax for 2021 and as a result the Group had unutilised tax losses carried forward of approximately £0.7 million (2020: £0.6 million) as at 31 December 2021. Given the varying degrees of uncertainty as to the timescale of utilisation of these losses, the Group has not recognised the potential deferred tax assets associated with these losses.

In Malta, a withholding tax rebate of £487,149, due to Inmarkets Group Ltd with regards to dividends declared by Inmarkets International Ltd for 2019 and 2020, is netted against the total income tax expense of £177,963 to leave a credit of £309,188 (2020 Liability of £118,630). The rebate is based upon dividends declared by the Inmarkets International Ltd and paid to Inmarkets Group Ltd during 2021 and its recognition is dependent upon all necessary tax returns having been filed and accepted by the relevant authorities.

A rebate of £355,178 was paid to Inmarkets Group Ltd during 2021 in relation to dividends declared by Inmarkets International Ltd in 2014, 2015 and 2016. The balance due to the Inmarkets Group Ltd as at the year-end, of £825,213, includes £338,062 in respect of the year ended 31 December 2018.

Cash and Working Capital

The Group cash and cash equivalents at 31 December 2021 were £7.9 million (2020: £3.8 million), boosted by a net £3.5 million of proceeds from the Company's admission to AIM in December 2021, making the net cash increase for the year, after dividend payments of £0.6 million, £4.1 million (2020: £0.4 million).

Cash generated from operations was £1.5 million (2020: £1.4 million).

Working capital, excluding cash balances (current assets less current liabilities before corporate taxes and capitalised lease premises) reduced by £1.1 million and by £0.4 million, if the growth in deferred revenues is also excluded.

Deferred Revenue

Deferred revenue increased by 30% from £2.3 million as at 31 December 2020 to £3.0 million at 31 December 2021. This was as a result of continuing SaaS client acquisitions and professional service projects in progress over the year end.

Dividends

As noted in the Directors' Report on page 55, the Board has become aware of a breach of procedure concerning compliance with the Companies Act 2006 in relation to the payment of the interim dividend of £150,000 for the 2021 financial year of the Company that was paid in October 2021.

This dividend was paid to Shareholders when the Company had sufficient reserves. However, the Company's relevant accounts for the purposes of the Companies Act 2006, namely those filed for the year ended 31 December 2020, did not show sufficient distributable reserves and no interim accounts had been filed at Companies House to confirm the adequacy of reserves at the time of the declaration and as required by the Act.

To satisfy the steps required to rectify this breach of procedure, a resolution will be proposed at the Company's forthcoming General Meeting. The Company has put in place the necessary controls and processes to ensure that a similar issue will not recur.

The Board is proposing a final dividend of 0.279p per share. In combination with the interim dividend, if confirmed by the shareholders at the AGM, this will represent a total dividend for the year of £400,000 (2020: £400,000) or 0.447p per share based upon the number of shares currently in issue. If further approved by shareholders at the AGM on 22 June 2022, the final dividend will be paid on 21 July 2022 to shareholders on the register at the close of business on 1 July 2022.

Despite an increase in revenues of 15%, working capital reduced, assisted by the close control of debtor balances, which remained in line with 2020 at £2.5 million as debtor days were reduced.

Principal Risks

The Group has established a process for the identification and management of risk, working within a defined governance framework. The Board has ultimate responsibility for reviewing the risks faced by the business and for assessing and determining the businesses' attitude to these risks, supported by the Audit and Risk Committee and Executive Directors.

The Board's role in risk management includes promoting a culture that emphasises integrity at all levels of business operations and setting the overall policies for risk management and control. Specific action has been taken to strengthen financial controls to ensure that the risk of financial impropriety is reduced to the fullest extent possible.

During the year, the principal risks affecting the Group were identified and comprehensively reviewed. Careful consideration was given to identifying any other emerging risks. Each risk area continues to have priority controls allocated to it that are the responsibility of the Executive Directors to manage and review during the financial year. This process inherently manages risk by ensuring the principal risks are being mitigated by prioritised business activity.

The Directors believe the following risks to be the most significant for the Group. However, the risks listed do not necessarily comprise all of those associated with the Group. In particular, the Group's performance may be affected by changes in the market, political or economic conditions and legal, regulatory and tax requirements.

If any of the following risks were to materialise, the Group's business, financial condition, results, or future operations could be materially adversely affected. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Group.

People Risks

The Group's ability to implement its growth strategy will depend partly on its ability to recruit, hire, train, manage and integrate a significant number of individuals, including in areas of design, technology, sales, marketing and customer success. The nature of the Group's business requires its employees in the technical and development teams to be highly skilled and experienced in their respective fields.

Equally, the loss of key management or other key personnel, particularly to competitors, could have adverse consequences. Furthermore, as the Group expands, it may need to recruit and integrate additional senior personnel in a competitive market for suitably qualified candidates. The Group may not be successful in identifying and engaging suitably qualified people or inducting them into the Group, which may impact the performance of its business.

Mitigation

The recent admission of the Company onto the AIM Market has ensured that the Group is now in a better place to attract skilled and experienced workers.

The Group has entered into service agreements or letters of appointment with each of its directors and certain senior employees that provide appropriate notice periods. Equally, remuneration packages are structured to assist with staff retention. Senior managers are significant shareholders in the business, which also provides mitigation.

Commercial / Client Risks

The Group is, in part, dependent upon annual customer subscription renewals to sustain and grow its revenues. No guarantee exists that customers will continue to renew subscriptions at the rate they have done in the past. The Group relies on its long-standing relationships with several of its key clients and its high levels of customer satisfaction rather than on contractual tie-ins such as formal cancellation notice periods. However, the loss of key contracts could have a material adverse effect on the Group's overall revenues and profitability.

The Group's growth strategy also relies partly on increasing revenue from existing customers through the upsell of RegTech tools. The Group may be unsuccessful at its cross-selling efforts to convince clients about the need for staff compliance technology in their organisations or the value of running multiple staff compliance processes in a single SaaS application provided by the Group. This could impact revenue growth rates.

Mitigation

Whilst the lack of contractual ties reduces the barriers to preventing customers from leaving, we believe that it makes the new customer acquisition process easier, as prospects are less worried about being tied to the subscription. Also, it forces the business to focus on customer service as its prime retention tool. We believe this to be a more sustainable approach that will bring long-term success.

To this end, we have invested in growing our Customer Success team, whose role it is to engage with the customers through their subscription to ensure that they do not want to terminate at the end of the period. This engagement with the customer through their contract also supports the upsell process, as it is useful in informing our understanding of what additional challenges the customer is facing that we are not currently addressing.

Market Share and Brand Awareness Risks

The Board are aware that the staff compliance technology market is developing very rapidly and that long-term success as a major player in the market is likely to be achieved by the organisations that build a strong market share and brand leadership awareness in the early stages. Failure to achieve that would hamper the Group's ability to build significant shareholder value.

Mitigation

Funded in part from the recent equity raise, the Directors intend to invest significant resources to develop this awareness, focusing on identifying and interpreting emerging trends in staff compliance, engaging with the community of compliance officers, sharing best practices and its content marketing efforts. Significant recruitment is also underway to support this activity, and the recent AIM listing and consequent raising of the profile of the Group is helping to facilitate that.

Competition Risks

The demand for the Group's products and services will likely depend on the continued evolution in technology and content to satisfy changing industry standards, customer needs and competition. The market for e-learning and staff compliance management solutions is highly fragmented, and as such, there may be competitors and services of which the Group is currently unaware. The Group's current and potential competitors may develop and produce new products or services of a higher quality or lower price.

If the Group is unable to anticipate changes in technology standards, the emergence of new standards, or trends in customer requirements or fails to invest and develop software, it may have an adverse impact on the Group's business and prospects.

Mitigation

The Group has a proven track record of client retention and acquisition based on its strong links with customers, which it continues to invest strongly in maintaining. To meet the customer demands and keep up with the trends and new standards, significant investment in software and content will be required, and the Group is currently expanding its technical department to meet such requirements.

Technology Risks

The Group's software is complex, and as with any such technology, it may contain defects or vulnerabilities which may surface in the future and make the Group and its customers vulnerable to adverse performance or IT security failures. Equally, there may be material inaccuracies in the Group's content that could harm customers or employees.

The Group currently hosts and serves, and backs up its SaaS technology using third-party data centres. Furthermore, the Group uses Microsoft and other SaaS providers for its internal operations. Its operations depend on the ability of these third-party providers to protect their facilities and services against damage or interruptions and would be impacted if this failed to happen.

The Group's SaaS application incorporates open-source software, and it may include additional open-source software in the future. Open-source software is generally freely accessible, usable, and modifiable. However, if an author or third party that distributes the open-source software were to allege that the Group had not complied with the conditions of use of such software, the Group could incur significant legal expenses defending against such allegations. This could result in substantial damages and business disruption and require additional research and development resources to change its technology.

Mitigation

These technology risks are typical for SaaS businesses such as Skillcast, and the group is no more exposed than many other similar organisations. It has been investing recently and continues to do so in transitioning to cloud-based technology that reduces the reliance on third-party data centres and such facilities and provides the ability to scale the business more readily as the growth targets are achieved.

Intellectual Property Risks

The Group's ongoing success depends in part on the intellectual property that it owns within its content and systems and on its ability to protect that intellectual property effectively from threats of confidentiality or piracy. Much of the Group's intellectual property is not of a nature capable of patent protection.

Equally, the Group sells subscriptions to large libraries of OTS courses and SaaS. Its business may suffer if it is alleged or determined that its content or technology infringes the intellectual property rights of others. Responding to claims of IP infringement, regardless of their merit, can be time-consuming, costly, a diversion of management's attention and resources, and be damaging to the Group's reputation.

Mitigation

The Group relies on a combination of copyrights, trademarks, trade secrets and contractual restrictions to establish and protect its intellectual property rights in its products and services.

The Group has implemented procedures to ensure that necessary approvals are in place before any content is published and technology designed.

Law and Regulations Risk

The Group is exposed to legal and regulatory changes, customer requirements and preferences trends, and the emergence of new industry standards and practices. The Group's success requires it to continue updating and improving its products and services and develop new products and services in response to changes in legislation, regulation and standards.

Equally, by the nature of its products and services, the Group may store its customers' sensitive data and is therefore at risk of failing to protect such data under the requirements of the General Data Protection Regulation in the UK and the EU ('GDPR').

Mitigation

The Group has dedicated staff and contracts with panels of industry experts who are responsible for understanding changes in regulations and ensuring that the Group's contents and services reflect the latest regulations. The Group has recently recruited a community champion who is responsible for building informal networks to improve the Company's intelligence in this area.

The Group has implemented systems and procedures in relation to GDPR, and cybersecurity measures to safeguard personal data.

Section 172 Statement

The Directors' acknowledge their responsibilities under Section 172 of the Companies Act 2006 as set out on pages 48 and 49.

Environmental, Social and Governance (ESG)

The Company's mission is to help businesses transform their staff compliance, reduce their environmental impact, improve the inclusivity in their workplaces, and encourage their employees to act with ethics, integrity, sustainability and compliance with laws and regulations.

As a business that, through its products and services, promotes good compliance, Skillcast is committed to strong and pragmatic corporate governance practices within its own operations, including in relation to ESG. Our Board monitors ESG, diversity and culture, and the Group has implemented an ESG policy whereby the Board will use reasonable endeavours to ensure the Group:

- Complies with relevant regulations governing the protection of human rights, occupational health and safety, the environment and the labour and business practices of the jurisdictions in which the Group, or its royalty partners, conduct business.
- Adheres to the highest standards of conduct intended to avoid even the appearance of negligent, unfair, or corrupt business practices.
- Instructs employees in the identification and management of ESG risks and opportunities.

This ESG Report is divided into the three key areas of Social, Environment and Business Governance. Details of our approach to corporate governance are set out in the Corporate Governance Report.

Social

We maintain regular communication and dialogue with our stakeholders, such as employees, customers, shareholders, suppliers and regulators to understand their needs and concerns and factor these requirements into our decisions and activities. A range of corporate information (including all Company announcements and presentations) is available to shareholders, investors and the public on the Company's corporate website, www.skillcast.com.

Our People

The Company is a Living Wage Employer, ensuring that our direct employees and those in our supply chain receive a living wage. The Company requires all executives and employees to act ethically, sustainably, fairly and transparently in their dealings with their colleagues, customers and suppliers. The Company embeds these values through staff training and surveys, and development conversations. The Company operates a Quarterly Incentive Plan for employees other than Senior Management that rewards them for their performance on our four values of professionalism, teamwork, customer service and innovation.

Skillcast is committed to employee engagement, diversity and inclusion and to developing a broad base of employees that are valued, respected, and supported throughout the organisation is essential for our long-term growth prospects. Human capital is the major source of revenue generation, contributing knowledge, talent, advice and various technical skills. Enhancing workforce diversity, particularly among management positions, is likely to help Skillcast attract and develop the best talent. High levels of employee engagement, fair treatment, and equitable levels of pay and advancement opportunities are all likely to contribute to increased productivity and performance at all levels of the Company.

Our Community

Skillcast, like all businesses, has a responsibility to the wider communities in which we operate. The Board is mindful of the Company and Group's contribution to society outside its stakeholders. In addition to the Company's products and services helping our customers reduce their carbon footprint, the Company has organised games and competitions to raise tens of thousands of pounds for charities. Such stakeholders are considered a part of the business planning cycle. Engaging with them strengthens the Group's relationships and helps it make better business decisions to deliver on its commitments.

Environment

We take our responsibility towards the environment seriously and are working towards further means of reducing our impact. Our environmental impact is relatively small. We do, however, recognise that making improvements in our working practices to reduce our environmental impact further is important and can have a cumulative effect. We believe that Climate Neutral is the minimum standard for Corporate Social Responsibility. We aim to keep our use of consumables to a minimum without compromising quality or safety. We promote the effective and efficient use of equipment, facilities, services and supplies. We adhere strictly to the specified maintenance schedules for equipment. We encourage all staff to reduce wastage, not to print unnecessarily, optimise the use of lighting and heating and cooling units, and switch off any electrical equipment when not in use.

Environmental Responsibility

All management actions and decisions are taken with the environmental impact being given full consideration.

We maintain and are enhancing the use of video and audio-conferencing facilities where possible, the use of electronic communications to reduce the amount of printing waste produced, the recycling of waste where possible, and the purchase of paper and other products that are manufactured from recycled products.

Overall, the Board believes that the environmental impact of the Group's operations is low and consists mainly of building occupancy, business travel, and IT.

Business Governance

Skillcast is committed to conducting our business in an ethical and responsible manner and to complying with all applicable laws and regulations. We require all our employees and all third parties acting on our behalf to behave honestly and to operate with integrity.

The Board acknowledges that the Group's international operations may give rise to possible claims of bribery and corruption. In consideration of the UK Bribery Act, the Board reviews the perceived risks to the Group arising from bribery and corruption to identify aspects of the business which may be improved to mitigate such risks. The Board has adopted a zero-tolerance policy toward bribery and has reiterated its commitment to carry out business fairly, honestly, and openly. The Company has also adopted a Share Dealing Code for the Board, in conformity with the requirements of the AIM Rules for Companies and the Market Abuse Regime (MAR) and will take steps to ensure compliance by the Board and senior staff with the terms of the code.

The Board meets regularly to review, formulate, and approve the Group's strategy, budgets and corporate actions, and oversee the Group's progress towards its goals.

Corporate Responsibility

The Board recognises the importance of relationships with the wider community and its obligations to employees, shareholders, customers, suppliers, the environment, the local community and others.

Through procedures and policies that are currently in place, Skillcast aims to:

- Meet all legislative requirements in respect of environmental issues, and recent actions in this regard are detailed on the following pages.
- Adopt the highest standards of Corporate Governance and disclosure. Full details of the governance process and procedures within the Group are given in the Corporate Governance report.
- Adopt the highest standards of business ethics. The Group has a detailed policy relating to anti-bribery and anti-corruption and will not tolerate such behaviour in any form. All senior management and sales executives are required to certify, at least every six months, that they are not aware of any behaviour transgressing these policies. In addition, all suppliers, sub-contractors, and other business partners are required, under contract, to comply with these policies.

Approved on behalf of the Board

Richard Amos
Non-Executive Chairman
10 May 2022

Governance

Board of Directors

Richard Amos
Non-Executive Chairman

Richard is a qualified Chartered Accountant who started his career at EY in 1988 then served in several senior finance roles. Over the last 20 years, Richard has served as an executive on the boards of five companies listed on the London Stock Exchange, most recently as Chief Financial Officer of Wilmington plc, Chief Financial Officer of Plant Impact plc and Group Finance Director of Anite plc. He is currently an independent Non-Executive Director, at Thruvision plc (AIM: THRU). Richard is a member of the Company's audit and remuneration committees.

Vivek Dodd
Co-founder & Chief Executive Officer

Vivek is a co-founder of Skillcast. He has been creating regulatory courses and compliance tools for over two decades. Before Skillcast, he worked as an investment banker at JP Morgan and a finance and compliance trainer. He has a Master's degree from the Massachusetts Institute of Technology and a Bachelor's degree from the Indian Institute of Technology and has been a CFA Charterholder.

Catriona Razic
Co-founder and Chief Commercial Officer

Catriona is a co-founder of Skillcast. She has advised the Group's global clients on their compliance communication strategy for over twenty years. She leads the sales function to offer clients of all sizes Skillcast's solutions for their compliance and learning initiatives. Catriona previously worked in learning and development at Japanese securities house Nikko Securities and youth development charity Raleigh International. She holds a degree in Psychology and Economics.

Anthony Miller
Co-founder & Chief Technical Officer

Anthony is a co-founder of Skillcast. Over the last twenty years, he has led the design and development of the Group's award-winning technology products. He has worked with enterprise customers to deliver transformative training and compliance solutions tailored to their specific requirements. He is responsible for managing the Group's Application Development, IT Infrastructure and Enterprise Solutions teams. He has an Executive MBA from Cass Business School and a BSc in Economics from the London School of Economics.

Christopher Backhouse
Chief Financial Officer

Chris joined Skillcast in 2018. He qualified as a Chartered Accountant with KPMG, later working at Baker Tilly and EY. Since leaving the accountancy profession in 1993, Chris has spent most of his career working as a CFO or Finance Director at listed and venture-capital-backed businesses. In 2007, he joined an accountancy business providing part-time finance directors to entrepreneurial companies. Subsequently, he co-founded Enterprise FD in 2018, providing finance and accounting services, including part-time and interim finance directors.

Isabel Napper
Senior Independent Non-Executive Director

Isabel has over 25 years of experience advising clients in the technology and healthcare/life science areas, both public and private sector, leading on business development and managing regulatory issues, governance, risk and strategic change. Isabel was previously a Partner at law firm Mills & Reeve LLP, where she acted as legal adviser and company secretary to several boards. She is currently a NED at Tristel plc (AIM: TSTL), SDI Group plc (AIM: SDI) and Keystone Law Group plc (AIM: KEYS). Isabel chairs the Company's remuneration committee and is a member of the Company's audit committee.

Sally Tilleray
Independent Non-Executive Director

Sally is a qualified CIMA accountant and experienced UK public company director. She served as Group COO and Group CFO at Huntsworth plc, from 2004 to 2014. She is an experienced marketing service agency executive and has been Non-Executive Chair at Cognito since 2016 and UNRVLD since 2020. She has been NED of NAHL plc (AIM: NAH), since 2019 and senior independent NED at Mind Gym plc (AIM: MIND), since 2018. Sally chairs the Company's audit committee and sits on the Company's remuneration committee, a role she also holds at NAHL plc and Mind Gym plc.

SKILLCAST ANNUAL REPORT 2021

Corporate Governance Report

This report to shareholders sets out Skillcast's approach to corporate governance.

The Directors acknowledge the importance of high standards of corporate governance and, taking account of the Company's size, have developed its governance procedures accordingly. The Company is listed on AIM and accordingly is not required to comply with the provisions of the UK Corporate Governance Code (the 'Code'). However, the Directors have agreed to adopt, as far as practicable, many of the provisions contained in the Code. The Company formally reports against the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). Full details of how it complies with the QCA Code are available on the Company's website at www.skillcast.com. As part of the transition to being a public company, many of the requirements of the QCA code were adopted during the period under review and, as such, were not in place throughout that period. They are in place at the year end and are expected to remain so in the future.

Board of Directors

As at 31 December 2021, the Board is comprised of three Non-Executive Directors and four Executive Directors. Details of the Directors who are in post and their biographies are included on pages 42 and 43.

The Role of the Board

The Board meets regularly and is responsible for providing effective leadership to promote the long-term success of the Company and oversee its generation of shareholder value and contribution to the wider society. There is a formal list of matters reserved for the Board that may only be amended by the Board. The key responsibilities of the Board include:

- Setting the Company's vision and strategy.
- Ensuring the necessary financial and human resources are in place to support the implementation of the strategy.
- Maintaining the policy and decision-making process through which the strategy is implemented.
- Providing entrepreneurial leadership within a framework of good governance and risk management.
- Monitoring performance against key financial and non-financial indicators.
- Responsibility for risk management and systems of internal control.
- Setting values and standards in corporate governance matters.

Division of Responsibilities

The responsibilities of both the Chairman and CEO are clearly defined and understood:

- The Non-Executive Chairman, Richard Amos, has primary responsibility for leading the Board, facilitating the effective contribution of all members and ensuring that it operates effectively in the interests of the shareholders. In addition, he maintains a strong focus on governance to ensure good practice is embedded in the day-to-day operations with good flows in communication and reporting. He maintains a regular dialogue with the CEO to ensure the business receives the support from the Board necessary to progress the strategy. Shareholders have an opportunity to engage with the Chairman and the Board at the Company's AGM.
- The Chief Executive Officer (CEO), Vivek Dodd, is responsible for the day-to-day running of the business, which includes the implementation of the strategy. He is supported by an Executive Management Committee ("EMC"), which has management responsibility for the business operations and support functions. Relevant matters are reported to the Board by the CEO and, as appropriate, the Finance Director and other EMC members.

The role of the independent Non-Executive Directors is to:

- Provide oversight and scrutiny of the performance of the Executive Directors.
- Constructively challenge to help develop and execute the agreed strategy.
- Satisfy themselves as to the integrity of the financial reporting systems and the information they provide.
- Satisfy themselves as to the robustness of the internal controls.
- Ensure that the systems of risk management are robust and defensible.
- Review corporate performance and the reporting of performance to shareholders.

Board Support, Meeting Management and Attendance

The Board and its Committees meet regularly on scheduled dates. In leading and controlling the Company, the directors are expected to attend all meetings, and their attendance for the financial year 2021 is shown on the following pages.

The Company Secretary plays a vital role in ensuring good governance, assisting the Chairman. Procedures are in place for distributing meeting agendas and reports so that they are received in good time, with the appropriate information. Ahead of each board meeting, the directors each receive reports which include updates on strategy, finance (including management accounts), operations, commercial activities, business development, technology and infrastructure, people, and legal and regulatory matters.

The directors may have access to independent professional advice, where needed, at the Company's expense.

Board Committees

The Company has established an Audit Committee and a Remuneration Committee, each with formally delegated duties and responsibilities and with written terms of reference. The activities normally performed by a Nomination Committee are covered by the full Board.

Audit Committee

The Audit Committee is comprised of three Non-Executive Directors, Sally Tilleray as chair of the committee, Richard Amos and Isabel Napper. The Board is satisfied that the Committee members have both recent and relevant experience. The Audit Committee will meet as often as required, which going forward will be at least twice a year.

The Audit Committee's first meeting was on 21 January 2022. As there were no meetings of the Audit Committee in the year under review, there is no separate report of the Committee produced in this year's Annual Report. A separate Audit Committee report will be included in next year's Annual Report.

The Committee's main functions include, inter alia; reviewing the effectiveness of internal control systems and risk assessments; considering the need for an internal audit function; making recommendations to the Board in relation to the appointment of the Company's auditors; determining in consultation with the Board as a whole the auditor's remuneration; and monitoring and reviewing annually the auditor's independence, objectivity, effectiveness and qualifications.

In addition, it monitors the integrity of the financial statements of the Company, including its annual and interim reports, financial results announcements and any other financial information provided to shareholders. The Audit Committee is responsible for overseeing the Company's relationship with the external auditors as a whole and also considers the nature, scope and results of the auditors' work and reviews, and develops, recommends to the Board and implements policies on the supply of non-audit services that are to be provided by the external auditors.

The Audit Committee further focuses on compliance with legal requirements, accounting standards and the relevant provisions of the AIM Rules for Companies and ensuring that an effective system of internal financial and non-financial controls is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board. The membership of the Audit Committee and its terms of reference will be reviewed on an annual basis.

Remuneration Committee

The Remuneration Committee is comprised of Isabel Napper as chair of the committee, Richard Amos and Sally Tilleray.

The Remuneration Committee's main functions include, inter alia; determining and agreeing with the Board on the framework or broad policy for the remuneration of the Company's Chairman and Executive Directors; approving the design of and determining targets for any performance-related pay schemes operated by the Company and approving the total annual payments made under such schemes; reviewing the design of all share incentive plans for approval by the Board and shareholders together with determining each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to Executive Directors, Company secretary and other senior executives, and the performance targets to be used; and determining the total individual remuneration package of the Chairman, each Executive Director, the Company secretary and other senior executives, including bonuses, incentive payments and share options or other share awards.

The Report of the Remuneration Committee is included on pages 50 to 52.

Attendance at Meetings

All committee and board meetings held in the year were quorate. Directors' attendance during the year ended 31 December 2021 were as follows:

	Board	Remuneration Committee
Number of formal meetings held	**4**	**1**
Richard Amos	4	1
Vivek Dodd	4	n/a
Catriona Razic	4	n/a
Anthony Miller	4	n/a
Christopher Backhouse	4	n/a
Isabel Napper	4	1
Sally Tilleray	4	1

Although constituted in the period, the Audit Committee didn't hold any formal meetings in the year under review. Its first formal meeting was on 21 January 2022.

Board Effectiveness

The Board has been newly appointed as part of the transition process to becoming a public company. Going forward, the intention is to regularly assess the individual contributions of each of the members of the Board and executive team to ensure that their contribution is relevant and effective, that they are committed, and, where relevant, they have maintained their independence. Over the next 12 months, the Board intends to review the performance of the team as a unit to ensure that the members of the Board collectively function in an efficient and productive manner. Annually, the Board will consider whether this review should be conducted internally or with external support.

It is the intention of the Board to review succession planning over time, focusing particularly on contingency plans for the sudden potential unavailability of key members of the executive team, recognising the particular challenge which that can create in a company of the size of Skillcast.

Board Induction, Training and Development

When appointed, new Directors are provided with a full and tailored induction in order to introduce them to the business and management of the Group. Throughout their tenure, directors are given access to the Group's operations and staff and receive updates on relevant issues as appropriate, taking into account their individual qualifications and experience. This allows the directors to function effectively with appropriate knowledge of the Group.

The Board is satisfied that each director has sufficient time to devote to discharging their responsibilities as a director of the Company.

Re-election of Directors

The rules on appointment, re-appointment and retirement by rotation of Directors are contained in the Articles. A Director may be appointed by Shareholders' Ordinary resolution or by the Board. The current Articles require that all Directors are subject to election at the first AGM following their appointment and thereafter to re-election at least every three years. However, in line with governance best practice, all Directors are submitting themselves for re-election at the forthcoming AGM.

Stakeholder Engagement

The Board and its Committees recognise their responsibilities to shareholders and other stakeholders.

The Company communicates with shareholders through the Annual Report and Accounts, regulatory announcements, the AGM as well as meetings with existing or potential new shareholders. Annual reports, as well as other regulatory announcements and related information, are all available on the Company's website.

A list of the Company's significant shareholders can be found in the Directors' Report and in the investor section of the Company's website, which is updated following formal notifications of movements to the Company.

The Company maintains regular communication and dialogue with other stakeholders such as employees, customers, suppliers and regulators to understand their needs and concerns and factor these requirements into its decisions and activities.

Internal Controls

The Board is ultimately responsible for the Group's systems of internal control and for reviewing its effectiveness throughout the year. The systems are designed to manage rather than eliminate the risk of the failure to achieve the Group's strategic objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board monitors financial controls through the setting and approval of an annual budget and the regular review of the monthly management accounts. Management's accounts contain a number of indicators that are designed to reduce the possibility of misstatement in the financial statements.

Key elements of the internal control system are described below:

- Clearly defined management structure and delegation of authority to Board Committees and the Executive Management Committee.
- High recruitment standards to ensure integrity and competence of staff.
- Regular and comprehensive information provided to management, covering financial and non-financial performance indicators.
- A detailed budgeting process for the coming year for Board approval.
- Monthly monitoring and re-forecasting of annual and half-yearly results against budget, with major variances followed up and management action taken where appropriate.
- Procedures for the approval of capital expenditure and investments.
- Regular review and updating of the Group risk register, including the implementation of mitigating actions.

The above system was put in place during the year under review as part of the process of migrating to be a public company. The system is in place up to the date of this report and has been used in the preparation of the consolidated financial statements as at 31 December 2021.

The Board, with the assistance of the Audit Committee, has conducted its annual review of the effectiveness of the system of internal control based on a review of significant risks identified, external audits and reports from management and concluded that the system of internal control is adequate given the stage of the Group's development.

Annual General Meeting

The Annual General Meeting of the Company will take place on Wednesday 22 June 2022 at 1:00 pm at 80 Leadenhall Street, London, England, EC3A 3DH. In order to ensure that your votes are cast in accordance with your wishes, you are strongly encouraged to appoint the Chairman of the meeting as your proxy, given that public health considerations in relation to COVID-19 may mean that attendance at the meeting in person is not possible.

By order of the Board

Richard Amos
Non-Executive Chairman
10 May 2022

SKILLCAST ANNUAL REPORT 2021

Corporate Governance Statement

Section 172 Statement

The directors acknowledge their duty under s.172 of the Companies Act 2006 and consider that they have, both individually and together, acted in a way that, in good faith, would be most likely to promote the success of the Company. This duty is for the benefit of the members as a whole, having regard to the likely consequences of decisions in the long-term.

In addition, the Directors' duty must have regard to:

- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company to maintain a reputation for high standards of business conduct, and
- The need to act fairly as between members of the Company.

The Group actively engages with its stakeholders to ensure we take account of and respond to their interests.

As set out in the Corporate Governance Report, the Directors have met on several occasions during the year ended 31 December 2021. Discussion topics at each meeting included the Group's response to the COVID-19 global pandemic, review and approval of the annual budget, Group's strategy and growth plans, performance of the Group including reviews of the monthly trading performance, financing and capital spending, employees and culture, Governance Regulatory requirements and Risk and impact of Brexit. The directors do not consider Brexit to be a principal risk to the business.

The activities of the Company have been described further in the various reports from the Chairman, Chief Executive and the Governance report. In each case, employee impact, supplier and customer benefit and shareholder interests have weighed upon decisions made.

All Company announcements were simultaneously circulated to all members of staff. Communications of note during the year included the arrangements for remote and safe working during the Coronavirus pandemic, key new product announcements, new members of staff and retirements, new procedures and governance processes.

Going Concern

After making appropriate enquiries, the Directors have, at the time of approving the financial statements, formed a judgement that there is a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

This conclusion is based on a review of the resources available to the Group, taking account of the Group's financial projections together with its available cash.

In reaching this conclusion, the Board has considered the magnitude of potential impacts resulting from uncertain future events or changes in conditions, the likelihood of their occurrence and the likely effectiveness of mitigating actions that the Directors would consider undertaking.

SKILLCAST ANNUAL REPORT 2021

Remuneration Report

Composition of the Remuneration Committee

The Chair of the Committee is Isabel Napper, the other members of the Committee are Richard Amos and Sally Tilleray.

Having been formed in September 2021, the Committee met once during the year.

Role of the Remuneration Committee

The Remuneration Committee's main functions include determining the policy and amount of the remuneration of the Executive Directors and other senior executives, including bonuses, incentive payments and share options. The Committee also reviews the design of all share incentive plans and the amount of awards made each year.

Remuneration Policy

The Group's policy aims to provide Executive Directors with a competitive market-aligned package to reward individual and Group performance and deliver outstanding shareholder returns. The Committee benchmarks packages against organisations of a similar size and in a similar sector.

The Committee is committed to ensuring that the Company's key executive team is incentivised to drive sustainable earnings growth and returns to shareholders, thereby creating a genuinely strong alignment of interests between management and investors. A strategically focused equity-based long-term incentive policy is a key ingredient of that.

A bonus scheme is in place which is based on achieving revenue growth targets in the year to 31 December 2022. This scheme provides a base level bonus and maximum bonus opportunity as a percentage of base salary for all the Executive Directors.

Remuneration of Executive Directors

During the year under review, the Executive Directors received a basic salary, a bonus, a company car (where appropriate) and pension fund contributions details of which are set out in the following tables.

In addition, Chris Backhouse received non-qualifying share options as part of a one-off event on flotation of the Group in December 2021, further details of which are set out below.

Share Awards

Awards have been made under the newly created Enterprise Management Incentive Share Option Plan ('EMI Plan') as noted above and which are detailed on page 52 of this report. Performance conditions did not apply to awards made prior to 31 December 2021.

Non-qualifying awards are made where no further qualifying awards can be made under the EMI Plan, or where awards are to be made to overseas or other ineligible employees. Awards made under the non-qualifying scheme are set out on page 52 of this report.

Other than the award made to Chris Backhouse and referred to above, no other awards were made to Executive Directors under the EMI Plan.

Remuneration of the Non-Executive Directors

The remuneration of the Non-Executive Directors comprises fixed fees which are set by the Board. Advice is taken on appropriate levels, taking account of the development of the Group, market practice, time commitment and responsibility.

The Non-Executive Directors received non-qualifying share options as part of a one-off event on flotation of the Group. It is not intended to grant any further awards to Non-Executive Directors. The Board takes the view that the amount of those awards was not significant and therefore does not compromise the independence of the Directors.

Directors' remuneration for the year ended 31 December 2021

	Basic salary/fees 2021 £'000	Pension 2021 £'000	Other 2021 £'000	Benefits 2021 £'000	Bonus 2021 £'000	Remuneration **2021 £'000**	Remuneration 2020 £'000
Executive Directors							
Vivek Dodd *	24	0	72	0	0	**96**	24
Catriona Razic	107	3	0	4	85	**199**	190
Anthony Miller	107	3	0	4	85	**199**	176
Chris Backhouse ** (appointed 2 August 2021)	8	0	–	–	–	**8**	–
Non-Executive Directors							
Richard Amos (appointed 1 July 2021)	36	0	0	0	0	**36**	0
Sally Tilleray (appointed 2 August 2021)	17	0	0	0	0	**17**	0
Isabel Napper (appointed 2 August 2021)	17	0	0	0	0	**17**	0
Total	**316**	**6**	**72**	**8**	**85**	**572**	**390**

*An amount of £72,000 was also paid to Vivek Dodd under a consultancy agreement in the year ended 31 December 2020. He does not receive any pension contributions and there is no requirement for the Company to make any, as he is not resident in the UK.

**Chris Backhouse is a director of Enterprise FD Ltd. The Group made payments to Enterprise FD Ltd for financial director and related services of £151,630 in the year ended 31 December 2021 (2020: £50,040)

Service contracts

The Executive Directors are subject to service contracts with a notice period of one year for Catriona Razic and Anthony Miller and six months for Vivek Dodd and Chris Backhouse. Payments on termination for Executive Directors, other than on the grounds of incapacity or circumstances justifying summary termination, are restricted to the value of any unexpired notice period and the cost of providing other contractual benefits during the unexpired notice period.

The Non-Executive Directors are appointed for a fixed period of three years and may be terminated by either party giving to the other not less than three months' notice.

Directors share awards under the non-qualifying share option plan as at 31 December 2021

	At 1/1/2021	Awarded during the year	Lapsed during the year	Exercised during the year	**At 31/12/2021**	Grant date	Exercisable from	Exercise price
Executive								
Chris Backhouse	nil	80,000	nil	nil	**80,000**	1/12/21	1/12/22 to 1/12/25	37p
Non-Executive								
Richard Amos	nil	80,000	nil	nil	**80,000**	1/12/21	1/12/22 to 1/12/25	37p
Sally Tilleray	nil	50,000	nil	nil	**50,000**	1/12/21	1/12/22 to 1/12/25	37p
Isabel Napper	nil	50,000	nil	nil	**50,000**	1/12/21	1/12/22 to 1/12/25	37p
Total	**nil**	**260,000**	**nil**	**nil**	**260,000**			

Awards made in December 2021 under the non-qualifying plan are not subject to any performance conditions.

Directors' interests in Shares

The Executive Directors, as founders of the business, hold a significant stake in the shares of the Company.

Following their appointment as Directors, and at the time of the Company's admission to AIM, the CFO and the Non-Executive Directors acquired shareholdings.

The interests of the Directors, including those of their immediate families, at the end of the year in the Share capital of the Company were as follows:

	As at 31 December 2021	As at 31 December 2020
Executive		
Vivek Dodd	53,099,459	53,000,000
Catriona Razic	4,924,324	5,600,000
Anthony Miller	7,124,324	7,800,000
Chris Backhouse	67,568	nil
Non-Executive		
Richard Amos	67,568	nil
Sally Tilleray	54,054	nil
Isabel Napper	54,054	nil

Isabel Napper
Chair, Remuneration Committee
10 May 2022

SKILLCAST ANNUAL REPORT 2021

Directors' Report

The Directors of Skillcast Group plc (the "Company") present the Annual Report to Shareholders together with the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2021.

Principal Activities

The Company is the ultimate parent of Inmarkets Ltd, Inmarkets Group Ltd and Inmarkets International Ltd. This report and financial statements reflect the activities and transactions of the Company and consolidate the other group companies ("Group"). The Company is primarily involved in providing management services to other entities in the group. The Group is primarily involved in providing clients with staff compliance training and the ability to demonstrate compliance with various laws, regulations and standards relevant to the business.

Review of Business

A full review of the Group's activities during the year, recent events and future developments are contained in the Chairman and CEO statements on pages 6 and 8.

Dividends

The Board recognises the importance of dividend distributions to shareholders, and the Company has a history of regular dividend distributions. Going forward, the policy of the Board is to maintain dividend distributions at least at the level paid in recent history.

During the year under review, the Group declared an interim dividend 0.188p per share, totalling £0.15 million.

At the AGM on 22 June 2022, the Board will propose a final dividend of 0.279p per share. In combination with the interim dividend, this represents a total distribution of 0.447p per share, based upon the number of shares currently in issue, or £0.4 million, which is in line with dividend declared for 2020. If approved by shareholders, the final dividend will be paid on 21 July 2022 to shareholders on the register at 1 July 2022.

The Board has become aware of a breach of procedure concerning compliance with the Companies Act 2006 in relation to the payment of the interim dividend of £150,000 for 2021 financial year of the Company that was paid in October 2021.

This dividend was paid to Shareholders when the Company had sufficient reserves. However, the Company's relevant accounts for the purposes of the Companies Act 2006, namely those filed for the year ended 31 December 2020, did not show sufficient distributable reserves and no interim accounts had been filed at Companies House to confirm the adequacy of reserves at the time of the declaration and as required by the Act.

To satisfy the steps required to rectify this irregularity, a resolution will put forward at the Company's forthcoming General Meeting. The Company has put in place the necessary controls and processes to ensure that a similar issue will not recur.

Future Developments

The directors consider that the year-end financial position was satisfactory and that the Group is well placed to sustain the present level of activity in the foreseeable future.

To facilitate the future development of the Group, the Company was admitted to the Alternative Investment Market on 1 December 2021.

Financial Risk Management

The successful management of risk is essential to enable the Group to achieve its objectives. The ultimate responsibility for risk management rests with the directors who evaluate the Company's risks and formulate policies for identifying and managing such risks. There are a number of financial risks that could potentially impact the activities of the Group, and these include, but are not limited to, the following: credit risk, foreign currency risk, liquidity risk, etc. The Group's objective in managing such risks is the creation and protection of shareholder value. In order to manage and mitigate such risks, the Group employs a number of risk management tools in its day-to-day operation.

Post Balance Sheet Events

No reportable events have occurred from 31 December 2021 to the date of this report.

Coronavirus (COVID-19) Pandemic

The directors have considered the impact that the ongoing outbreak of COVID-19 might have on the Company and its future business and financial position, considering especially its development plans, customer base, financing and daily operations. While there remain many uncertainties, at present, the directors do not foresee any material negative impact on the Company's operations or plans.

The Group is well placed to assess any increased credit risk due to the potential impact of COVID-19 on group companies' clients' businesses. The directors will continue to monitor the terms of trade and ensure that the Group maintains robust credit collection policies and procedures.

Otherwise, and to the Group's benefit, demand for services offered by group companies, such as online training of staff working from home and for compliance solutions, has increased during the COVID-19 confinement. We see this as a permanent change that is not expected to reverse as business practices evolve as we move to the next phase of dealing with COVID-19.

Conflict in Ukraine

The business has no dealings in either Ukraine or Russia and no clients from either country. Accordingly, it does not expect to see an impact outside of the effect of any general impact on the wider business/economic environment.

Brexit

The directors have also considered and monitored the impact of the UK's withdrawal from the European Union upon the Company and its future business and financial position, considering its development plans, customer base, financing and daily operations. To date and at present the Company has not seen and nor do the directors foresee, any material negative impact on the Company's operations or plans.

Substantial Shareholdings

As at 31 December 2021, the significant shareholdings of 3% or more in the Company's existing issued share capital are:

Name	Number of shares	Shareholding (%)
Vivek Dodd	53,099,459	59.36
Anthony Miller	7,124,324	7.96
Gurmakh Minhas	5,189,190	5.8
Catriona Razic	4,924,324	5.5
Canaccord Genuity Inc	4,244,629	4.74
Gresham House Asset Management Limited	4,244,629	4.74

Directors

Details of the directors of the Company who held office throughout the year and at the year end are set out on pages 42 to 43.

Directors' Interests

Details of the interests in the shares of the Company of the directors holding office as at the date of this report, and their immediate families, appear in the Remuneration report.

Details of the directors' service contracts and letters of appointment appear in the Remuneration report.

Other than as set out in note 17 and in the Remuneration Report on page 50, in respect of Chris Backhouse, no other director had a material interest in any significant contract with the Company or any of its subsidiaries during the year. Procedures for dealing with directors' conflicts of interest are in place and are operating effectively.

Directors' and Officers' indemnities and insurance

The Company maintains liability insurance for its directors and officers.

Stockbrokers

Allenby Capital was the Company's Nomad and stockbroker at the year end. The closing share price on 31 December 2021 was 37 pence per share.

Disclosure of Information to Auditors

So far as each Director in office at the date of approval of this report is aware, there is no relevant audit information of which the Company's external auditor Crowe UK LLP is unaware.

Each of the Directors has taken all steps that they ought to have taken in performing their roles as Directors to exercise due care, skill and diligence in order to make themselves aware: (i) of any relevant audit information and (ii) to establish that the Company's external auditor is aware of such information.

For the purposes of this statement on disclosure of information to the external auditor, 'relevant audit information' is the information needed by the Company's external auditor in connection with the preparation of its report.

Auditors

Crowe UK LLP has expressed its willingness to continue as auditor of the Company. A resolution to re-appoint Crowe UK LLP as the Company's auditor will be put to the forthcoming AGM.

Approved by the Board of Directors and signed by order of the Board.

Chris Backhouse
Chief Financial Officer
10 May 2022

SKILLCAST ANNUAL REPORT 2021

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and the Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under Company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable.
- State whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the annual report, and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with the legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Statement of Disclosures to Auditors

So far as each of the Directors at the date of approval of this report are aware;

(a) there is no relevant audit information of which the Company's auditors are unaware; and

(b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Forward-Looking Statements

This document contains certain forward-looking statements. The forward-looking statements reflect the knowledge and information available to the Company and Group during the preparation and up to the publication of this document. By their very nature, these statements depend upon circumstances and relate to events that may occur in the future and thereby involving a degree of uncertainty. Therefore, nothing in this document should be construed as a profit forecast by the Company or Group.

Approved on behalf of the Board by:

Chris Backhouse
Chief Financial Officer
10 May 2022

Financial Statements and Notes to the Financial Statements

SKILLCAST ANNUAL REPORT 2021

Independent Auditor's Report to the Members of Skillcast Group PLC

Opinion

We have audited the financial statements of Skillcast Group plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2021, which comprise:

- the Group consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021;
- the Group consolidated and Parent Company statements of financial position as at 31 December 2021;
- the Group consolidated and Parent Company statements of changes in equity for the year then ended;
- the Group consolidated statements of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Accounting Standards and, as regards the Parent Company, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006.

Basis For Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included obtaining and reviewing management's assessment of going concern. This involved gaining an understanding of management's basis for the identification of events or conditions that may cast a significant doubt on the ability of the Group and Company to continue as a going concern, and whether a material uncertainty related to going concern exists. Furthermore, we performed specific audit procedures around going concern, whereby we obtained and reviewed actual financial results against budgeted results, assessed the reasonableness of budgets and forecasts for successive financial years, evaluated the feasibility of management's plans in respect of going concern as well as considered whether new facts or information have become available since management made their assessment. We also considered explicitly whether there was any evidence of management bias in the preparation of the going concern assessment. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview of Our Audit Approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £50,000 (2020: £50,000) for the Group and £20,000 for the parent company, based on 5% percent of Group Adjusted EBITDA due to this being the key performance measure for the group.

We use a different level of materiality ("performance materiality") to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. We have determined performance materiality to be £35,000 for the group and £14,000 for the parent company.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £1,500 (2020: £1,500). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the Scope of Our Audit

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team. For the full scope component in Malta where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The primary team led by the Senior Statutory Auditor was ultimately responsible for the scope and direction of the audit process. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key Audit Matter

The Group's operating revenue which comprises software as a service and professional services amounted to £8.4 million for the year ended 31 December 2021.

The key revenue recognition risks are in respect of the following:

- Appropriate recognition of revenue in accordance with the stated policies ensuring identification and satisfaction of the respective performance obligations of each revenue stream, appropriate cut-off is applied for the recognition in the correct period and of accrued and deferred revenue;
- Occurrence of revenue

How the Scope of Our Audit Addressed the Key Audit Matter

We obtained an understanding of the revenue agreements and evaluated the Group's processes and controls in place to calculate the amount and timing of subscription and activity based revenue transactions.

We performed the following audit procedures on a sample basis, for both existing and new contracts, having regard to identification and satisfaction of performance obligations, to assess the appropriateness of revenue recognition for individual transactions:

- Assessed the appropriateness of the allocation of various revenue elements with reference to the terms of the contract;
- Ensured revenue recognised from subscription fees was supported by signed contracts;
- Assessed the existence of debtors through testing to contracts, cash received where applicable and a review of credit notes issued after year-end;
- Assessed that revenue was recognised in the correct period, agreeing back to supporting documentation the contract price and the period in which the services were delivered including the assessment of contractual liabilities;
- Performed analytical procedures and assessed revenue recognition policies for consistency and compliance with IFRS 15: Revenue from contracts with customers;
- Performed a reconciliation between bank receipts and revenue recognised in the period;
- Performed substantive procedures designed to test the accuracy and completeness of revenue recorded in the year.

In our instructions to component auditors, our discussions with them, our review of their files and our assessment of their reporting, we examined and evaluated the work undertaken and their conclusions in respect of revenue recognition.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other Information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on Which we are Required to Report by Exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of The Directors for The Financial Statements

As explained more fully in the directors' responsibilities statement set out on page 58, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Group and Parent Company operates. We obtained specialist advice for non-UK jurisdictions that have a direct effect on the determination of material amounts and disclosures in the financial statements via the use of component auditors. We also considered and obtained an understanding of the UK legal and regulatory framework which we considered in this context were the Companies Act 2006 and UK taxation legislation including the considerations arising from the disclosure in note 12 of the company only financial statements.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Leo Malkin
(Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP
Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW

10 May 2022

FINANCIAL STATEMENTS CONSOLIDATED STATEMENT OF PROFIT OR LOSS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	NOTE	2021 £	2020 £
Revenue	4	**8,408,056**	7,292,685
Cost of sales		**(2,476,708)**	(2,264,608)
Gross profit		**5,931,348**	5,028,077
Administrative expenses		**(5,853,792)**	(3,995,031)
Operating profit		**77,556**	1,033,046
EBITDA	3	**360,345**	1,253,425
Adjustment items	3	**695,472**	(184,397)
Adjusted EBITDA	3	**1,055,817**	1,069,028
Other income		**1,650**	–
Finance income		**393**	392
Finance expense		**(18,953)**	(10,690)
Profit before tax	5	**60,646**	1,022,748
Income tax expense	7	**316,984**	(118,630)
Profit after tax and total comprehensive income		**377,630**	904,118

EARNINGS PER SHARE:

Basic	11	**0.467p**	1.130p
Diluted	11	**0.465p**	1.130p

The notes on pages 74 to 108 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	NOTE	2021 £	2020 £
Assets			
Non-current assets			
Property, plant and equipment	10	276,697	118,753
Right-of-use assets	11/20	582,517	263,353
Deferred tax assets	15	4,745	5,112
		863,959	**387,218**
Current assets			
Trade and other receivables	8	3,798,823	3,474,349
Cash and cash equivalents	9	7,856,126	3,799,804
		11,654,949	**7,274,153**
TOTAL ASSETS		**12,518,908**	**7,661,371**
Issued capital and reserves attributable to owners			
Share capital	16	89,459	2,000
Share premium		3,490,541	–
Share option reserve	21	17,000	–
Retained earnings		3,624,369	3,874,738
Total equity		**7,221,369**	**3,876,738**
Liabilities			
Trade and other payables	12	1,440,550	728,178
Contract liability	13	3,037,184	2,292,947
Current lease liabilities		182,366	123,620
Income tax payable	14	176,134	504,114
		4,836,234	**3,648,859**

FINANCIAL STATEMENTS CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER (CONTINUED)

	NOTE	2021 £	2020 £
Non-current liabilities			
Long-term lease liabilities	22(a)(iii)	461,305	135,774
		461,305	**135,774**
Total liabilities		**5,297,539**	**3,784,633**
TOTAL EQUITY AND LIABILITIES		**12,518,908**	**7,661,371**

The notes on pages 74 to 108 form an integral part of the financial statements.

The financial statements on pages 68 to 70 were approved and authorised for issue by the Board of Directors on 10 May 2022.
Signed on behalf of the Board of Directors by

Vivek Dodd
Director
10 May 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR PERIOD ENDED 31 DECEMBER 2021

	Share capital £	Share premium paid £	Share option reserve £	Retained earnings £	Total equity £
01 January 2020	2,000	–	–	2,970,620	2,972,620
Comprehensive income for the period					
Profit	–	–	–	904,118	904,118
Total comprehensive income for the period	**–**	**–**	**–**	**904,118**	**904,118**
31 December 2020	**2,000**	**–**	**–**	**3,874,738**	**3,876,738**
01 January 2021	2,000	–	–	3,874,738	3,876,738
Comprehensive income for the period					
Profit	–	–	–	377,630	377,630
Total comprehensive income for the period	**–**	**–**	**–**	**377,630**	**377,630**
Total contributions by and distributions to owners					
Capitalisation of profit and loss	78,000	–	–	(78,000)	–
Shares issued on admission to AIM	9,459	3,490,541	–	–	3,500,000
Share option reserve	–	–	17,000	–	17,000
Dividends	–	–	–	(550,000)	(550,000)
Total contributions by and distributions to owners	87,459	3,490,541	17,000	(628,000)	2,967,000
31 December 2021	**89,459**	**3,490,541**	**17,000**	**3,624,369**	**7,221,369**

The notes on pages 74 to 108 form an integral part of the financial statements.

FINANCIAL STATEMENTS CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

	2021 £	2020 £
Cash flows from operating activities		
Profit before tax	60,646	1,022,748
Adjustments for:		
Depreciation of property, plant and equipment	84,668	48,039
Amortisation of right-of-use assets	198,121	172,340
Finance income	(393)	(392)
Share based payment	17,000	–
Finance expense	18,953	10,690
Income tax expense	–	–
	377,345	**1,253,425**
Increase in trade and other receivables	(324,474)	(688,628)
Increase in trade and other payables, including contract liabilities	1,456,609	876,365
Cash generated from operations	**1,509,480**	**1,441,162**
Income taxes paid	(10,629)	(323,542)
Net cash flows from operating activities	**1,498,851**	**1,117,620**
Investing activities		
Purchases of property, plant and equipment	(242,612)	(75,307)
Interest received	393	392
Net cash used in investing activities	**(240,569)**	**(74,915)**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER (CONTINUED)

	2021 £	2020 £
Financing activities		
Principal paid on lease liabilities	(133,007)	(190,413)
Dividends paid	(550,000)	(400,000)
Share issued	3,500,000	–
Interest paid on lease liabilities	(18,953)	(10,690)
Net cash from / (used) in financing activities	**2,798,040**	**(601,103)**
Net increase in cash and cash equivalents	**4,056,322**	**441,602**
Cash and cash equivalents at beginning of period	**3,799,804**	**3,358,202**
Cash and cash equivalents at end of period	**7,856,126**	**3,799,804**

The notes on pages 74 to 96 form an integral part of the financial statements.

FINANCIAL STATEMENTS NOTES – YEAR ENDED DECEMBER 2021

Notes to the Consolidated Financial Statements 31 December 2021

1. General Information

Skillcast Group PLC ("Company") is registered in the United Kingdom with registration number 12305914 and is limited by shares. Its registered office is at 80 Leadenhall Street, London, England, EC3A 3DH. The Company is the ultimate parent of Inmarkets Ltd, Inmarkets Group Ltd and Inmarkets International Ltd.

This report and financial statements reflect the consolidated activities and transactions of the Company and other group companies ('Group').

Up to the 28 July 2021 the Company was a private limited company. On the 28 July 2021 the Company re-registered as a public company as Skillcast Group PLC. The Company did this in preparation of admission to the AIM market of the London Stock Exchange. On 1 December 2021 the Company's ordinary shares were admitted to trading on AIM.

The Company is primarily involved in providing management services to other entities in the group. The Group provides software and content subscriptions and related professional services to enable companies to transform their staff compliance. Operating from its two bases, in London and Malta, the Group helps companies across a broad spectrum of industry sectors in the UK, EU and in the rest of the world, to train their staff and demonstrate compliance with various laws, regulations and standards that are relevant for their business.

2.1 Basis of Preparation and Statement of Compliance

These financial statements have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. They have been prepared under the historical cost convention and on a going concern basis. The financial statements are presented in Pounds Sterling, which is the Group's presentation currency.

A subsidiary is defined as an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations other than the share for share acquisition of Inmarkets Group Ltd by Skillcast Group PLC in 2019 are accounted for under the acquisition method and merger relief has been taken on recognising the shares issued on acquisition, where applicable.

Under the acquisition method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the financial statements. The cost of acquisition is measured at the aggregate of the fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any excess of the purchase consideration of the business combination over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill. Goodwill, if any, is not amortised but reviewed for impairment at least annually. If the consideration is less than the fair value of assets and liabilities acquired, the difference is recognised directly in the statement of comprehensive income. Acquisition related costs are expensed as incurred.

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Intragroup losses may indicate an impairment which may require recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

2.2 Changes in Accounting Policies and Disclosures

The Company has adopted all of the new or amended UK adopted International Accounting Standards and Interpretations that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted for the annual reporting period ended 31 December 2021. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2.3 Summary of Significant Accounting Policies

Revenue Recognition

- ***Software as a Service (SaaS) Subscriptions***

The Group provides right of access of content to clients for subscription periods ranging from six to twelve months. Revenue is recognised evenly over the contractual period of the subscription as the client simultaneously receives and consumes the benefits of the Group's services.

The balance of the revenue which has not been recognised at the reporting date is deferred as a contract liability in current liabilities, until it is due to be recognised as revenue.

Where a contract includes multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling prices.

- ***Professional Services***

The Group provides customised and standard content to its clients provided under fixed-price contracts which is generally non-recurring revenue.

Fixed price contracts are recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case contract revenue is only recognised to the extent of contract costs incurred that are recoverable. This is because either the Group is creating an asset with no alternative use to it and the contract contains the right to payment for work completed to date, or the client is simultaneously receiving and consuming the benefits of the Group's services as it performs.

Business development costs incurred as part of a bid or tender process are expensed as incurred. There are no material costs incurred during the period between the contract being awarded and service delivery commencing.

For fixed-price contracts, the client pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, an amount recoverable on contract assets is recognised. Conversely, if the payments exceed the services rendered, a liability is recognised.

Amounts recoverable on contracts are included in current assets and represent revenue recognised on account.

- ***Segmentation***

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker (which takes the form of the Board of Directors of the Group), in order to allocate resources to the segment and to assess its performance. The Directors of the Group consider the Group is organised as one business unit and all assets, liabilities, revenues and expenditure are retained and recorded as such. However, the Group does segment revenue by type of revenue, namely SaaS subscriptions and professional services, and on a geographic basis.

Foreign Currencies

The financial statements are presented in the Company's functional currency, Pounds Sterling, being the currency of the primary economic environment in which the Group operates. Transactions denominated in currencies other than the functional currency are translated at the rates of exchange ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in the statement of comprehensive income, except in the case of significant exchange differences arising on investing or financing activities, which are classified within investment income, investment losses or finance costs as appropriate.

Taxes

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In Malta, Inmarkets Group Ltd is able to reclaim a proportion of the corporation tax paid by its subsidiary, Inmarkets International Ltd, as long as it meets certain criteria laid down by the Maltese tax authorities. The criteria include that the relevant corporation tax has been paid by Inmarkets International Ltd and that dividends to Inmarkets Group Ltd have been declared by Inmarkets International and are payable to non-Maltese tax resident shareholders. It is Group policy to reclaim Maltese corporation tax to the fullest extent permissible and to recognise this income in Inmarkets Group Ltd based upon dividends declared, or that will be declared once tax returns are completed, for the financial year. The reclaimed corporation tax is presented as netted off with the income tax expense and in other receivables.

Property, Plant and Equipment

The Group's property, plant and equipment is classified as furniture and fittings, computer hardware and software, and office equipment. Property, plant and equipment is:

- initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.
- stated at cost less any accumulated depreciation and any accumulated impairment losses.
- derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in the profit or loss in the period of derecognition.

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following bases:

Computer hardware – 25% per annum.

Computer software – 33% per annum.

Furniture and fittings – 10% per annum.

Office equipment – 25% per annum.

Leasehold improvements – Based upon length of contract.

The depreciation method applied, residual value and useful life, are reviewed and adjusted, if appropriate, at the end of each reporting period.

Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Financial Assets

- ***Initial Recognition and Measurement***

Financial assets are classified, at initial recognition, and are subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

- ***Subsequent Measurement***

For purposes of subsequent measurement, financial assets are classified as follows:

- Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

- ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) The Group has transferred substantially all the risks and rewards of the asset, or (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement.

- ***Impairment of Financial Assets***

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

For trade receivables the Group reviews receivables for signs of risk of default. This review covers each receivable by client taking into account length of debt, client communications and circumstances. Provisions and write offs are recognised. The review takes place regularly and at least at the reporting date.

- ***Impairment of Non-financial Assets***

At the end of each reporting period the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognised immediately in profit or loss. An impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss.

Financial Liabilities

- ***Initial Recognition and Measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

- ***Subsequent Measurement***

The measurement of financial liabilities depends on their classification, as described below:

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

- ***Loans and Borrowings***

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

- ***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

- ***Offsetting of Financial Instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Employee Benefits

The Group contributes towards the state pension in accordance with local legislation. The only obligation of the Group is to make the required contributions. Costs are expensed in the period in which they are incurred.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities on the statement of financial position.

Share-based Payments

Employees (including Directors and Senior Management) of the Company receive remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments (equity-settled transactions) There individuals are granted share options rights approved by the Board which can only be settled in shares of the Company. No cash-settled awards have been made or are planned.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award (vesting point). The cumulative expense recognised for the equity-settled transactions at each reporting date until the vestng date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments and value that will ultimately vest. The statement of comprehensive income charge for the year represents the movement in the cumulative expense recognised as at the beginning and end of that period.

The fair value of share-based remuneration is determined at the date of grant and recognised as an expense in the statement of comprehensive income on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest. The fair value is determined by use of the Black-Scholes model method.

2.4 Significant Accounting Judgements, Estimates and Assumptions

In preparing the financial statements, the directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted for in the period the change becomes known.

In the opinion of the directors, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised) 'Presentation of Financial Statements'.

Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. There does not currently appear to be either any significant impact upon the financial statements, or any significant uncertainties with respect to events or conditions which may impact on the Group unfavourably as at the reporting date. An estimate of the future impact of the COVID-19 pandemic is not practical to undertake.

Allowance for Expected Credit Losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped, based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

3. EBITDA and Adjusted EBITDA

EBITDA is not defined or recognised under IAS. EBITDA is defined by the Group as 'earnings before interest, tax, depreciation and amortisation'. EBITDA is presented below as 'operating profit' plus all depreciation added back.

The Group also presents 'adjusted EBITDA' as the directors believe it presents a more meaningful measure of performance. The Group incurred leasehold depreciation in 2020 and 2021. In calculating 'adjusted EBITDA' an amount equivalent to the rent of the leased items has been deducted from EBITDA in 2020 and 2021.
The Group incurred administrative expenses in anticipation of the Placing and Admission so as to deliver the anticipated growth in the business post-Admission. Had the decision to undertake the Placing and Admission not been taken by the Group, then such expenditure would not have been incurred. In calculating 'adjusted EBITDA' such 'non-recurring expenditure' has been added back to EBITDA. Upon Admission to AIM the Company adopted a Share Option Plan which incurred share based payments. Had the decision to undertake the Placing and Admission not been taken by the Group, then such expenditure would not have been incurred. In calculating 'adjusted EBITDA' such 'share based payments' has been added back to EBITDA.

Note 3 continued

	2021 £	2020 £
Operating profit	77,556	1,033,046
Depreciation	282,789	220,379
EBITDA	360,345	1,253,425
Rent equivalent	(198,005)	(208,897)
Non-recurring expenditure	876,477	24,500
Share Based Payments	17,000	–
Adjusted EBITDA	**1,055,817**	**1,069,028**

Due to nature of calculation of EBITDA and adjusted EBITDA the reported figures may not be comparable to other companies with similar measures.

4.
Revenue

	2021 £	2020 £
Major product lines		
Software as a Service (SaaS) subscriptions (i)	5,227,229	4,091,819
Professional services (ii)	3,180,827	3,200,866
	8,408,056	**7,292,685**

(i) (i)SaaS subscriptions – The Group provides right of access of content to the customer over time for the subscription period ranging from 6 to 12 months. The revenue recognition is deferred for the remaining period of subscription. This revenue includes subscriptions to: (a) Skillcast Portal – the Group's integrated compliance management application that comes with a broad range of tools, namely SELMS, Policy Hub, Compliance Declarations, Surveys, Compliance Registers, Training 360, Events Management and SMCR 360; and (b) the Skillcast OTS course libraries, namely Essentials, FCA Compliance, Insurance Compliance and Risk.

(ii) Professional services – The Group provides customised and standard content to its clients under fixed-price contracts. This non-recurring revenue includes: (a) bespoke e-learning development projects for large corporates; (b) translations of those bespoke courses; (c) customisation of OTS courses for subscription clients; and (d) other content and technology consultancy.

	2021 £	2020 £
Geographic split		
UK	5,716,503	5,454,295
Europe	1,693,379	1,272,366
Rest of world	998,176	565,280
	8,408,057	**7,291,941**

Non-current assets in which they are based are shown below:

	2021 £	2020 £
Property, plant and equipment		
UK	205,003	58,565
Malta	71,694	60,189
	276,697	**118,753**

	2021 £	2020 £
Right-of-use assets		
UK	465,188	93,602
Malta	117,329	169,751
	582,517	**263,353**

5.
Profit Before Taxation

The profit before taxation is stated after charging the following amounts:

	2021 £	2020 £
Staff cost (CoS)	1,536,011	1,346,602
Subcontracted services (CoS)	865,251	875,157
Staff costs (Admin)	3,173,390	2,361,136
Directors' compensation	565,345	462,000
Professional fees	228,735	259,377
Depreciation and amortisation expense	282,789	220,379
Fees payable to the Company's auditor for the audit of Parent and Subsidiaries	87,483	33,152
Expenses related to the Admission into AIM	830,620	24,500

Included in the expenses related to the admission into AIM was payments made to Crowe UK LLP, who are engaged as the Company's auditors, totalling £110,000 (2020: £0.00).

6.
Staff Costs and Employee Information

	2021 £	2020 £
Salaries & wages	4,609,966	3,591,488
Social security costs	499,630	415,398
Other payroll costs	93,150	66,852
	5,202,746	**4,073,738**

The Group companies contribute towards the state pension in accordance with local legislation. The only obligation of the companies is to make the required contributions. Costs are expensed in the period in which they are incurred.

- ***Number of Staff***

The average number of persons employed by the Group (excluding Directors) during the year was 78, analysed by category as follows:

	2021	2020
Directors	5	2
Administration	1	1
Client Services	18	17
Consultants	13	12
Finance	3	2
Operations/Production	6	4
Sales & Marketing	19	13
Technology	14	10
	78	**59**

- ***Key Management Personnel***

The remuneration of key management personnel (considered to be the Directors and Senior Management) is £988,699 (2020: £735,231) and is set out below in aggregate for each of the categories specified in IAS24: Related Party Disclosures. Compensation has been disclosed in this note, while further information can be found in the remuneration report on page 50.

	2021			2020		
	Directors £	Senior Management £	Total £	Directors £	Senior Management £	Total £
Wages and Salaries	493,345	59,432	552,777	366,000	54,108	420,108
Social Security	63,279	2,173	65,453	47,877	2,198	50,075
Pension	6,600	–	6,600	5,985	–	5,985
Share-based payment expenses	915	634	1,549	–	–	–
Consultancy fees	224,130	138,190	362,320	146,040	113,023	259,063
	788,270	**200,429**	**988,699**	**565,902**	**169,329**	**735,231**

Chris Backhouse is a director in Enterprise FD Ltd. The Company made payments to Enterprise FD Ltd for financial director and related services of £152,130 in the year ended 31 December 2021 (2020: £50,040). Morten Damsleth is the owner of Monad IKE. The Company made payments to Monad IKE for operations director and related services of £138,190 (2020: £113,023). The Company paid £72,000 (2020: £96,000) to Vivek Dodd as a consultant as the Chief Executive Officer, as of 1 October 2021, he signed an employment contract as the Company's Chief Executive Office and became a salaried employee.

The Company made contributions to defined contribution personal pension schemes for three Directors in the period (2020: two). No members of Senior Management were included (2020: nil).

7.
Income Tax Expense

	2021 £	2020 £
Current tax on profits for the year	169,798	132,433
Deferred tax expense	367	(13,803)
Withholding taxes on intercompany dividends	(487,149)	–
	(316,984)	**118,630**

A reconciliation of the current income tax expense applicable to the profit before taxation at the statutory rate to the current income tax expensed at the effective tax rate of the Company is as follows:

	2021 £	2020 £
Profit before taxation	**60,646**	1,022,748
Tax calculated at applicable UK statutory tax rate of 19%	11,523	194,322
Tax effects of:		
– Expenses not deductible for tax purposes	195,150	35,348
– Taxable losses carried forward	234,361	49,267
– Withholding tax on intercompany dividends	(487,149)	–
– Research and Development Credits	(112,691)	(103,059)
– Differing tax rates due to trade in different jurisdictions	(125,230)	(52,492)
– Other adjustments	(32,948)	(4,755)
Current income tax	**(316,984)**	118,630

The Company provides for income taxes on the basis of its income for financial reporting purposes, adjusted for items that are not assessable or deductible for income tax purposes in accordance with the regulation of domestic tax authorities.

The effective rate of tax for the year ended 31 December 2021 was -549% (2020: 11.6%). This effective tax rate is a combination of the following items:

* the tax rates and tax regimes in the UK and Malta in which the businesses of the Company operate;
* the diverse tax treatments of deferred consideration amounts applied in each jurisdiction;
* the tax loss carry forward regulations in different jurisdictions.

The tax rates applicable in the jurisdictions are:

* UK: The applicable statutory tax rate for 2020/21 is 19%.
* Malta: Income taxes are due at 35% of taxable income.

In 2021 a withholding tax rebate of £487,149 (2020: £0) is netted against the income tax expense. The rebate is the withholding taxes on dividends declared by Inmarkets International Limited to the Inmarkets Group Limited.

As of the end of the period the Post 1 April 2017 loss carry forward was £639,719, and the Pre 1 April 2017 loss carry forward was £69,877 for the Company.

8.
Current Assets – Trade and Other Receivables

	2021 £	2020 £
Trade receivables	2,569,083	2,511,043
Less: Allowance for expected credit losses	(125,286)	(67,800)
	2,443,797	**2,443,243**
Prepayments and contract assets	415,073	242,664
Maltese withholding tax	825,213	693,240
Other receivables	114,740	95,202
	1,355,026	**1,031,106**

As of 31 December 2021, trade receivables totalled £2,569,083 (2020: £2,511,043) of which £739,745 were over 90 days (2020: £321,174). These primarily relate to customers for whom there is considered a low risk of default. An allowance of £125,286 (2020: £67,800) has been set up to offset credit risks.

During the year withholding tax rebates of £355,178 (2020: £0.00) were received by the Company.

9.
Current Assets – Cash and Cash Equivalents

	2021 £	2020 £
Cash at bank	7,853,451	3,799,758
Cash at hand	2,675	46
	7,856,126	**3,799,804**

	2021 £	2020 £
Geographic split		
United Kingdom	5,359,938	2,246,999
Malta	2,496,188	1,552,805
	7,856,126	**3,799,804**

	2021 £	2020 £
Cash Held by Currency (in Pound Sterling)		
Pound Sterling	7,492,134	3,664,973
Euro	350,138	132,634
US Dollar	13,854	2,197
	7,856,126	**3,799,804**

10.
Non-current Assets – Property, Plant and Equipment

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Computer Software & Hardware	Furniture and Fixtures	Office Equipment	Leasehold Improvements	Total
Balance at 1 January 2020	**48,675**	**34,151**	**8,657**	**–**	**91,483**
Additions	57,089	17,666	554	–	75,309
Disposals	–	–	–	–	–
Depreciation expense	(35,378)	(6,748)	(5,913)	–	(48,039)
Balance at 31 December 2020	**70,386**	**45,069**	**3,298**	**–**	**118,753**
Balance at 1 January 2021	**70,386**	**45,069**	**3,298**	**–**	**118,753**
Additions	66,747	49,713	1,705	124,447	242,612
Disposals	–	–	–	–	–
Depreciation expense	(49,613)	(11,602)	(2,712)	(20,741)	(84,668)
Balance at 31 December 2021	**87,520**	**83,180**	**2,291**	**103,706**	**276,697**

11.
Non-current Assets – Right-of-use Assets

Reconciliations of the written down values at the beginning and end of the current and previous financial periods are set out below:

	Leasehold property	Car leases	Total
Balance at 1 January 2020	**452,411**	**18,279**	**470,690**
Additions	–	–	–
Disposals	(41,972)	6,975	(34,997)
Depreciation expense	(163,436)	(8,904)	(172,340)
Balance at 31 December 2020	**247,003**	**16,350**	**263,353**
Balance at 1 January 2021	**247,003**	**16,350**	**263,353**
Additions	517,284	–	517,284
Disposals	–	–	–
Depreciation expense	(189,174)	(8,946)	(198,121)
Balance at 31 December 2021	**575,113**	**7,404**	**582,517**

The Group leases its offices, typically for a period of several years, with an option to extend (see note 21). On renewal, the terms of the lease are renegotiated. Prior to 2019 the Group recognised expenditure related to office rents in relation to the period to which it related. From 2019 it recognised right-of-use assets in accordance with IFRS 16. On 23rd May 2021 the Company's UK Subsidiary moved to a new office located at the 3rd Floor, Leadenhall Street, London, UK, the present value of this lease was calculated at £517,284. The new lease will expire on the 23rd May 2026.

12.
Current Liabilities – Trade and Other Payables

	2021 £	2020 £
Trade payables	180,452	165,130
Accruals	444,141	92,188
Amount due to shareholders	450	(7,562)
Sales and payroll taxes	815,507	478,422
	1,440,550	**728,178**

13.
Current liabilities – Contract Liability

	2021 £	2020 £
Deferred revenue	3,037,184	2,292,947

Contract liabilities represent subscription revenue that has not been recognised at the reporting date, as performance obligations remain. Revenue is recognised over the subscription period, which is generally 12 months.

14.
Current Liabilities – Income Tax

	2021 £	2020 £
Corporation tax payable	176,134	504,114

15.
Non-current Liabilities – Deferred Tax

The deferred tax (liability)/asset for the year is analysed as follows.

	2021 £	2020 £
At beginning of the period	5,112	(8,691)
Credited to statement of comprehensive income	(367)	13,803
At end of the period	**4,745**	**5,112**
Deferred tax asset		
Temporary differences – on non-current assets due to accelerated tax depreciation	**4,745**	
Deferred tax liability – on non-current assets due to accelerated tax depreciation		**5,112**

16.
Equity – Issued Capital

	2021 £	2020 £
Number	89,459,460	20,000,000
Par value per share	0.10p	0.01p
Total	**89,459**	**2,000**

All the shares in the Company are fully paid up. On 28 July 2021 the Company re-registered as a public company. Prior to re-registration the company's shares were reclassified as Ordinary Shares, and the company capitalised £78,000 of retained profit in order to meet the minimum capital value for these shares required of a public company. The shares were also consolidated into 1 share for every 10 in issue. On 1 December 2021 9,459,460 additional shares were issued upon the Company's admission to the Alternative Investment Market.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of, and amounts paid, on the shares held. On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

17.
Related Party Transactions

Enterprise FD Ltd	Limited Liability Company registered in England and Wales. Company registration number is 11201000. Provides services to the Group. Chris Backhouse is both a director of Enterprise FD Ltd and a member of the key management personnel of the Group, see note 6.
Vivek Dodd	Independent Contractor located in Czech Republic. Provided services to the Group. Vivek Dodd is both a director and owns more than 50% of the shares in the Parent Company. This compensation is included in note 6.
Monad IKE	Limited Liability Company registered in Greece. Company registration number is 153449133000. Provides services to the Group. Morten Damsleth is both a director of Monad IKE and a member of the key management personnel of the Group, see note 6.

	2021 £	2020 £
Group expenditure with Enterprise FD Ltd	152,130	50,040
Vivek Dodd	72,000	96,000
Monad IKE	138,190	113,023
Outstanding payables of Group with Enterprise FD Ltd	**0**	**8,120**

18.
Earnings Per Share

Earnings per share (EPS) is calculated on the basis of profit attributable to equity shareholders divided by the weighted average number of shares in issue for the year.

Diluted earnings per share has been calculated on the same basis as above, except that the weighted average number of ordinary shares that would be issued on the coversion of the dilutive potential ordinary shares as calculated using the treasury stock method (arising from the Company's share option scheme and warrants) into ordinary shares has been added to the denominator.

	2021 £	2020 £
Profit before tax	**60,646**	**1,022,748**
Tax	316,984	-118,630
Profit after tax	377,630	904,118
Non-recurring expenditure	876,477	24,500
Share based payments	17,000	–
Rent equivalent	-198,005	-208,897
Adjusted earnings	**1,073,102**	**719,721**
Weighted average number of ordinary shares		
Basic	80,788,288	80,000,000
Effect of dilutive potential ordinary shares	402,500	–
Diluted average number of shares	**81,190,788**	**80,000,000**
Earnings per share:		
Basic	0.467p	1.130p
Diluted	0.465p	1.130p
Adjusted earnings – Basic	1.358p	0.900p
Adjusted earnings – Diluted	1.322p	0.900p

* For comparative purposes the earnings per share for 2020 as stated above have been calculated after taking into account the capitalisation of the reserves as set out in note 16.

Basic and diluted earnings per share of 0.467p (2020: 1.130p) has been impacted by interest, tax, depreciation, amortisation, non-core operating expenses. Tax on adjusted earnings is the same figure as that shown on the consolidated statement of comprehensive income given that the majority of the adjusting items in the earnings per share calculation above are also adjusted for when calculating the Company's tax expense.

19.
Dividends

	Pence per share	2021 £	Pence per share	2020 £
Dividend declared – Final 2020	0.500p	400,000	0.00p	–
Dividend declared – Interim 2021	0.188p	150,000	0.00p	–
Dividend declared – Final 2019			0.500p	400,000

During the period under review, the Group generated a profit before tax of £60,646. A dividend of £400,000 (0.500p) was declared and paid with regards to the year ended 2020 and £150,000 (0.188p) interim dividend was declared and paid with regards to the year ended 2021. A final dividend of £400,000 in relation to 2019 was settled in 2020. The Group's policy is to at least maintain dividend payments.

The Board has become aware of a breach of procedure concerning compliance with the Companies Act 2006 in relation to the payment of the interim dividend of £150,000 for 2021 financial year of the Company that was paid in October 2021. This dividend was paid to Shareholders when the Company had sufficient reserves. However, the Company's relevant accounts for the purposes of the Companies Act 2006, namely those filed for the year ended 31 December 2020, did not show sufficient distributable reserves and no interim accounts had been filed at Companies House to confirm the adequacy of reserves at the time of the declaration and as required by the Act.

To satisfy the steps required to rectify this breach of procedure, a resolution will be proposed at the Company's forthcoming General Meeting. The Company has put in place the necessary controls and processes to ensure that a similar issue will not recur.

The Board is proposing a final dividend of 0.279p per share, totalling £250,000. In combination with the interim dividend, if confirmed by the shareholders at the AGM, this will represent a total dividend for the year of £400,000 (2020: £400,000) or 0.447p per share based upon the number of shares currently in issue.

20. Leases

The Company leases various offices and vehicles under non-cancellable leases expiring within six months to six years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	2021 £	2020 £
Lease liabilities		
Current lease liabilities	182,366	123,620
Non-current lease liabilities	461,305	135,774
Total lease liabilities	**643,671**	**259,394**
Right-of-use assets		
Properties	575,113	247,003
Motor vehicles	7,404	16,350
Total right-of-use assets	**582,517**	**263,353**

Interest expense related to the lease liabilities and depreciation related to the right-of-use assets recognised in the consolidated statement of comprehensive income for the period are shown below:

	2021 £	2020 £
Depreciation for right-of-use assets	198,121	172,340
Interest expense on lease liabilities	18,953	10,690

Properties	The Company leases office space at the following locations, all of which are operating leases: ***London, UK.*** The lease agreement was entered into on 23 May 2021 with a break option at 36 months and an expiry date of 22 May 2026. ***Mriehel, Malta.*** The lease agreement was entered into on 15 September 2014 with an initial three year term which was extended an additional seven year and will expire on 31 December 2024.
Motor vehicles	The Company has two motor vehicle leases in London, UK. These leases term was for 36 months, and are both expiring in 2022.

21. Share Options and Warrants

- *Share Options*

The share option scheme, adopted by the Company after admissions into AIM on 1 December 2021, was established to reward and incentivise the executive management team and staff for delivering share price growth. The option schemes are equity settled.

The share scheme is administered by the Remuneration Committee.

4,483,000 options were granted during 2021 (2020: £0) with a weighted average fair value of 37 pence (2020: 0 pence). These fair values were based on the Company's share price at the date of grant. Out of the 4,830,000 outstanding options (2020: 0), no options (2020: 0) were exercisable.

A charge of £17,000 (2020: £0) has been recognised in the consolidated statement of comprehensive income for the year relating to these options.

Options are exercisable in accordance with the contracted vesting schedules; if an employee leaves the employment of the Company prior to the options vesting, then unless otherwise agreed, the share options will lapse.

Details of the share options outstanding at the year end are as follows:

	Number 2021	WAEP* 2021	Number 2020	WAEP* 2020
Outstanding at 1 January	–	0p	–	0p
Granted during the year	4,830,000	37p	–	0p
Exercised during year	–	0p	–	0p
Lapsed during year	–	0p	–	0p
Outstanding at 31 December	4,830,000	37p	–	0p
Thereof exercisable at 31 December	–	0p	–	0p

* Weighted average exercise price.

The weighted average remaining contractual life of the options outstanding at the statement of financial position date is 9.9 years.

22. Financial Instruments

The Company's activities are exposed to a variety of risk including foreign currency, credit and liquidity risk. The Company's overall financial risk management policy focuses on minimising potential adverse effects on its financial performance. The Company does not trade in financial instruments.

The principal financial instruments used by the Company, from which financial instrument risk arises are as follows:

	2021 £	2020 £
Financial assets measured at amortised cost		
Trade and other receivables	3,798,823	3,474,349
Cash and cash equivalents	7,856,126	3,799,804
	11,654,949	**7,274,153**

	2021 £	2020 £
Financial liabilities measured at amortised cost		
Trade and other payables and accruals	1,440,550	728,178
Current lease liabilities	182,366	123,620
	1,622,916	**851,798**

Non-current borrowings are included within section iii), liquidity risk, below.

(a) Financial risk management policies

(i) Market risk

The Company is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Sterling (GBP). The currency giving rise to this risk is primarily the Euro. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group maintains a natural hedge whenever possible, by matching the cash inflows (revenue stream) and cash outflows used for purposes such as capital and operational expenditure in the Euro.

The carrying amounts of the Company's financial instruments at 31 December 2021 are denominated in the following currencies:

	GBP £	EUR £	USD £	Total £
Current financial assets				
Trade and other receivables	3,633,995	177,848	2,682	3,814,525
Cash and cash equivalents	7,492,134	350,138	13,854	7,856,126
	11,126,129	**527,986**	**16,536**	**11,670,651**
Current financial liabilities measured at amortised cost				
Trade and other payables	1,397,014	-14,666	12,346	1,394,693
Current lease liabilities	142,070	40,296	–	182,366
	1,539,084	**25,629**	**12,346**	**1,577,059**

The sensitivity analysis in the table below details the impact of changes in foreign exchange rates on the Company's post-tax profit or loss for the period.

If the Sterling strengthened or weakened by 10% against the currency specified in the table below, with all other variables in each case remaining constant, then the impact on the Company's post-tax profit or loss would be gains or losses as follows:

	2021 Strengthen / Weaken £	2020 Strengthen / Weaken £
EUR	+/-50,236	+/-26,176

(ii) Credit risk

The Company's exposure to credit risk arises mainly from trade and other receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating institutions.

The expected loss rates are based on the historical payment profiles of sales and the credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information. The loss allowance is shown in Note 8.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages its exposure to liquidity risk by reviewing the cash resources required to meet its business objectives through both short and long-term cash flow forecasts. The Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. All current liabilities are repayable within one year.

The maturity profile of the Group's financial lease liabilities, including interest payments, based on contractual undiscounted payments are summarised below.

	Less than one year	1-2 years	2-3 years	> 3 years	Total
Year ended 31 December 2021	182,366	196,465	134,326	156,764	669,921
Year ended 31 December 2020	131,007	50,525	45,790	46,655	273,978

(iv) Capital risk management

The aim of the Company's capital management policy is to ensure the Company's ability to continue as a going concern, maintain a strong capital base in order to provide confidence to investors and creditors, and to sustain the future development of the business.

The Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt in order to maintain the capital structure. Capital is regarded as total equity, as recognised in the statement of financial position, plus cash, less debt. Debt includes lease liabilities.

The debt-to-equity ratio of the Company as at the end of each reporting period was as follows:

	2021 £	2020 £
Total equity	7,221,369	3,876,738
Plus: cash	7,856,126	3,799,804
Less debt: lease liability	-643,671	-259,394
Capital	**14,433,824**	**7,417,148**
Debt-to-equity ratio	**0.08**	**0.07**

There have been no events of default on any financing arrangements during the year.

23.
Financing Cash Flows

A reconciliation of the financing cash flow is set out below:

	2021 £	2020 £
Lease liability		
At 1 January	259,394	484,802
Additions	517,284	–
Interest expense	18,953	10,690
Lease payments	-151,960	-201,103
Disposal	–	-34,995
At 31 December	**643,671**	**259,394**
Dividend liability		
At 1 January	–	400,000
Dividends declared	550,000	–
Dividend payments	-550,000	400,000
At 31 December	**0**	**0**

	2021 £	2020 £
Admission into AIM		
Capital Raised	3,500,000	–
Share Option Reserve	17,000	–
At 31 December	**3,517,000**	**0**
Net financing payments	2,815,040	-601,103
Financing per statement of cash flows	2,798,040	-601,103

A dividend of £400,000 was declared and paid in 2021 with regards to the year ended 2020 and £150,000 interim dividend was also declared and paid for the year ended 2021.

24.
Events after the Reporting Period

Apart from the final dividend proposed as disclosed in note 19, no other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

FINANCIAL STATEMENTS COMPANY STATEMENT OF FINANCIAL POSITION

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	NOTE	2021 £	2020 £
Assets			
Non-current assets			
Investment	4	74,500	74,500
Current assets			
Trade and other receivables	5	3,806,075	105,600
Sales Taxes receivables	5	117,374	–
TOTAL ASSETS		**3,997,948**	**180,100**
Issued capital and reserves attributable to owners			
Share capital	8	89,459	2,000
Share premium		3,490,541	–
Share options reserve		17,000	–
Retained earnings		306,304	34,114
TOTAL EQUITY		**3,903,304**	**36,114**
Liabilities			
Current liabilities			
Trade and other payables	6	94,645	135,984
Income tax payable	7	–	8,002
TOTAL LIABILITIES		**94,645**	**143,986**
TOTAL EQUITY AND LIABILITIES		**3,997,948**	**180,100**

As permitted by section 408 of the Companies Act 2006, the company has elected not to present its own profit and loss account for the year. The company reported a profit for the financial year ended 31 December 2021 of £900,190 (2020: £34,114).

The notes on pages 74 to 108 form an integral part of the financial statements.

The financial statements on pages 68 to 108 were approved and authorised for issue by the Board of Directors on 10 May 2022.

Signed on behalf of the Board of Directors by

Vivek Dodd
Director
10 May 2022

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

	Share capital £	Share premium paid £	Share Option Reserve £	Retained earnings £	Total equity £
8 November 2019	–	–	–	–	–
Comprehensive income for the period					
Profit	–	–	–	34,114	34,114
Total comprehensive income for the period	**–**	**–**	**–**	**34,114**	**34,114**
Contributions by and distributions to owners					
Contributions of equity, net of transaction costs	2,000	–	–	–	2,000
Dividends	–	–	–	–	–
Total contributions by and distributions to owners	2,000	–	–	–	2,000
31 December 2020	2,000	–	–	**34,114**	**36,114**
01 January 2021	2,000	–	–	34,114	36,114
Comprehensive income for the period					
Profit	–	–	–	900,190	900,190
Total comprehensive income for the period	**–**	**–**	**–**	**900,190**	**900,190**
Contributions by and distributions to owners					
Capitalisation of profit and loss	78,000	–	–	(78,000)	–
Shares issued on admission to AIM	9,459	3,490,541	–	–	3,500,000
Share Option Reserve	–	–	17,000	–	17,000
Dividends				(550,000)	(550,000)
Total contributions by and distributions to owners	87,459	3,490,541	17,000	(628,000)	2,967,000
31 December 2021	**89,459**	**3,490,541**	**17,000**	**306,304**	**3,903,304**

The notes on pages 74 to 108 form an integral part of the financial statements.

FINANCIAL STATEMENTS NOTES – YEAR ENDED DECEMBER 2021

Notes to the Company Financial Statements 31 December 2021

1. General Information

Skillcast Group PLC ("Company") is registered in the United Kingdom with registration number 12305914 and is limited by shares. Its registered office is at 80 Leadenhall Street, London, England, EC3A 3DH. The Company is the ultimate parent of Inmarkets Ltd, Inmarkets Group Ltd, Inmarkets International Ltd . Together referred to as the 'Group'.

This report and financial statements reflect the activities and transactions of the Company.

Up to the 28 July 2021 the Company was a private limited company. On the 28 July 2021 the Company re-registered as a public company as Skillcast Group PLC. The Company did this in preparation of admission to the Alternative Investment Market. On 1 December 2021 the Company was admitted into the Alternative Investment Market.

The Company is primarily involved in providing management services to other entities in the Group.

2.1 Basis of Preparation and Statement of Compliance

These financial statements have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. They have been prepared under the historical cost convention and on a going concern basis. The financial statements are presented in Pounds Sterling, which is the Group's presentation currency.

The company has not presented a statement of cash flow because the company does not have a bank account. The Company's cash transactions are carried out by its subsidiaries through a treasury function.

2.2 Changes in Accounting Policies and Disclosures

The Company has adopted all of the new or amended UK adopted International Accounting Standards and Interpretations that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted for the annual reporting period ended 31 December 2021. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2.3 Summary of Significant Accounting Policies

Revenue Recognition

- *Professional Services*

Revenue is recognised as the client simultaneously receives and consumes the benefits of the Companies services.

Foreign Currencies

The financial statements are presented in the Company's functional currency, Pounds Sterling, being the currency of the primary economic environment in which the Group operates. Transactions denominated in currencies other than the functional currency are translated at the rates of exchange ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in the statement of comprehensive income, except in the case of significant exchange differences arising on investing or financing activities, which are classified within investment income, investment losses or finance costs as appropriate.

Taxes

Current tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Fixed Asset Investments

Fixed asset investments in Group undertakings are carried at cost less any provision for impairment.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

- *Initial Recognition and Measurement*

Financial assets are classified, at initial recognition, and are subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, Inmarkets initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

- *Subsequent Measurement*

For purposes of subsequent measurement, financial assets are classified as follows:

- Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

- *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) The Company has transferred substantially all the risks and rewards of the asset, or (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement.

- *Impairment of Financial Assets*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

For trade receivables the Company reviews receivables for signs of risk of default. This review covers each receivable by client taking into account length of debt, client communications and circumstances. Provisions and write offs are recognised. The review takes places regularly and at least at the reporting date.

- ***Impairment of Non-financial Assets***

At the end of each reporting period the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognised immediately in profit or loss.

An impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Impairment reversals are recognised immediately in profit or loss.

Financial Liabilities

- ***Initial Recognition and Measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

- ***Subsequent Measurement***

The measurement of financial liabilities depends on their classification, as described below:

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

- ***Loans and Borrowings***

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

- ***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

- ***Offsetting of Financial Instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Share-based Payments

Employees (including Directors and Senior Management) of the Company receive remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments (equity-settled transactions) There individuals are granted share options rights approved by the Board which can only be settled in shares of the Company. No cash-settled awards have been made or are planned.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award (vesting point). The cumulative expense recognised for the equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments and value that will ultimately vest. The statement of comprehensive income charge for the year represents the movement in the cumulative expense recognised as at the beginning and end of that period.

The fair value of share-based remuneration is determined at the date of grant and recognised as an expense in the statement of comprehensive income on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest. The fair value is determined by use of the Black-Scholes model method.

2.4 Significant Accounting Judgements, Estimates and Assumptions

In preparing the financial statements, the directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted for in the period the change becomes known.

In the opinion of the directors, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised) 'Presentation of Financial Statements'.

Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact on the Group unfavourably as at the reporting date. An estimate of the future impact of the COVID-19 pandemic is not practical to undertake. This matter is regularly reviewed.

3. Administrative Expenses

	2021 £	2020 £
Director's compensation	100,833	–
Social security costs	11,553	–
Other Employer Contributions	17,000	–
Professional fees	26,598	39,500
Auditor's remuneration	56,000	–
Insurance	17,617	14,384
Expenses related to the Admission into AIM	786,221	–
Other expenses	9,991	–
	1,025,812	**53,884**

4.
Investments

	2021 £	2020 £
Acquisition of Inmarkets Ltd from Inmarkets Group Ltd on 31 December 2019.	72,500	72,500
100% acquisition of Inmarkets Group Ltd through a share swap on 22 November 2019.	2,000	2,000
	74,500	**74,500**

5.
Current Assets – Trade and Other Receivables

	2021 £	2020 £
Sundry Debtors	4,400	–
Due from Group companies	3,701,881	105,600
Prepayments	99,794	–
Sales and payroll taxes	117,374	–
	3,923,448	**105,600**

No impairment allowance is considered necessary for these receivables.

6.
Current Liabilities – Trade and Other Payables

	2021 £	2020 £
Trade Payables	63,195	–
Accruals	31,000	–
Amount due to Shareholder	450	–
Due to Group companies	–	126,384
Sales and payroll taxes	–	9,600
	94,645	**135,984**

7.
Current Liabilities – Income Tax

	2021 £	2020 £
Corporation tax payable	–	8,002

8.
Equity – Issued Capital

	2021 £	2020 £
Number	89,459,460	20,000,000
Par value per share	0.10p	0.01p
Total	**89,459**	**2,000**

All the shares in the Company are fully paid up. On 28 July 2021 the Company re-registered as a public company. In connection to the re-registration the shares were renamed into Ordinary Shares, the Board capitalized £78,000.00 of Retained Profit and Loss and the shares were consolidated by 1 for 10. On 1 December 2021 9,459,460 additional ordinary shares were allocated upon the Company's admission into the Alternative Investment Market.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of, and amounts paid, on the shares held. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

9.
Key Management Personnel

The key management personnel are:

Catriona Razic	Director	(appointed 8/11/2019)
Anthony Miller	Director	(appointed 25/11/2019)
Vivek Dodd	Director and owns more than 50% of the shares in the Parent Company.	(appointed 25/11/2019)
Christopher Backhouse	Director and provides key management personnel services through Enterprise FD Ltd, see note 10.	(appointed 2/8/2021)
Richard Amos	Director	(appointed 2/8/2021)
Isabel Napper	Director	(appointed 2/8/2021)
Sally-Ann Tilleray	Director	(appointed 2/8/2021)

	2021 £	2020 £
Compensation for key management personnel	100,833	–

10.
Related Party Transactions

The Group related party companies are:

Inmarkets Group Ltd

Limited Liability Company registered in Malta.

Company registration number is C73909.

Registered office is 1, Sqaq il-Għadam, Mriehel, Birkirkara BKR3000, Malta.
100% subsidiary of the Company.

Inmarkets International Ltd

Limited Liability Company registered in Malta.

Company registration number is C39269.

Registered office is 1, Sqaq il-Għadam, Mriehel, Birkirkara BKR3000, Malta.
100% subsidiary of Inmarkets Group Ltd.

Inmarkets Ltd

Limited Liability Company registered in England and Wales.

Company registration number is 04267842.

Registered office is 80 Leadenhall Street, London, EC3A 3DH, UK.

100% subsidiary of the Company.

	2021 £
Transactions	
Revenue with Inmarkets International Ltd	84,000
Revenue with Inmarkets Ltd	84,000
Balances outstanding	
Amount due from Inmarkets International Ltd	132,000
Amount due from Inmarkets Limited Ltd	2,642,381
Amount due from Inmarkets Group Ltd	927,500

Other related party companies are:

Enterprise FD Ltd

Limited Liability Company registered in England and Wales.

Company registration number is 11201000.

Registered office is 10 Ashfern Drive, Sutton Coldfield, B76 1JD, UK.

Provides services to the Group. Christopher Backhouse is a director of Enterprise FD Ltd and a member of the key management personnel of the Group, see note 6.

There were no transactions or outstanding balances between the Company and Enterprise FD Ltd at the reporting date.

11.
Earnings Per Share

Earnings per share (EPS) is calculated on the basis of profit attributable to equity shareholders divided by the weighted average number of shares in issue for the year.

	2021 £	2020 £
Profit after tax (GBP)	900,190	34,114
Weighted average number of ordinary shares	80,788,288	20,000,000

12.
Dividends

A dividend of £400,000 was declared and paid with regards to the year ended 2020 and £150,000 interim dividend was declared and paid with regards to the year ended 2021. The Group's policy is to at least maintain dividend payments.

The Board has become aware of a breach of procedure concerning compliance with the Companies Act 2006 in relation to the payment of the interim dividend of £150,000 for 2021 financial year of the Company that was paid in October 2021. This dividend was paid to Shareholders when the Company had sufficient reserves. However, the Company's relevant accounts for the purposes of the Companies Act 2006, namely those filed for the year ended 31 December 2020, did not show sufficient distributable reserves and no interim accounts had been filed at Companies House to confirm the adequacy of reserves at the time of the declaration and as required by the Act.

To satisfy the steps required to rectify this breach of procedure, a resolution will be proposed at the Company's forthcoming General Meeting. The Company has put in place the necessary controls and processes to ensure that a similar issue will not recur.

The Board is proposing a final dividend of 0.28p per share. In combination with the interim dividend, if confirmed by the shareholders at the AGM, this will represent a total dividend for the year of 0.447p per share or £0.4 million, based upon the number of shares currently in issue. If further approved by shareholders at the AGM on 22 June 2022, the final dividend will be paid on 21 July 2022 to shareholders on the register at the close of business on 1 July 2022.

13.
Financial Instruments

The Company's activities are exposed to a variety of risk including foreign currency, credit and liquidity risk. The Company's overall financial risk management policy focuses on minimising potential adverse effects on its financial performance.

- ***Financial risk management policies***

The Company is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Pounds Sterling. The currency giving rise to this risk is primarily the Euro. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Company maintains a natural hedge whenever possible, by matching the cash inflows (revenue stream) and cash outflows used for purposes such as capital and operational expenditure in the Euro.

- ***Credit Risk***

The Company's exposure to credit risk arises mainly from trade and other receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating institutions.

The Company considers each client receivable based on the length of debt, communications and client circumstances. Any loss allowance is shown in Note 4.

- ***Liquidity Risk***

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Company manages its exposure to liquidity risk by reviewing the cash resources required to meet its business objectives through both short- and long-term cash flow forecasts. The Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. All current liabilities are repayable within one year.

- ***Capital Risk Management***

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The Company has a capital risk management policy in place.

14.
Events after the Reporting Period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

SKILLCAST ANNUAL REPORT 2021

Company Information: Directors, Secretary and Advisers

Directors

Richard John Amos – Non-Executive Chairman

Vivek Singh Dodd – Chief Executive Officer

Catriona Marie Razic – Chief Commercial Officer

Anthony Edward Miller – Chief Technical Officer

Christopher Mark Backhouse – Chief Financial Officer

Isabel Josephine Napper – Non-Executive Director

Sally-ann Patricia Tilleray – Non-Executive Director

All of whose business address is at the Company's registered office

Company Secretary

MSP Corporate Services Limited
Eastcastle House, 27-28 Eastcastle Street, London, W1W 8DH

Registered Office

80 Leadenhall Street, London, EC3A 3DH

Website

www.skillcast.com

Nominated adviser and broker

Allenby Capital Limited
5 St. Helen's Place, London, EC3A 6AB

Auditors

Crowe UK LLP
55 Ludgate Hill, London, EC4M 7JW

Solicitors to the Company – UK

Mills & Reeve LLP
Botanic House, 100 Hills Road, Cambridge, CB2 1PH

Solicitors to the Company – Malta

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VLT 1103 Malta

Public Relations

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Newmarket, CB8 9QQ

Registrars

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