

Digital compliance platform and courseware



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Presentation team



Vivek Dodd
CEO

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



vdodd@skillcast.com



Richard Steele
CFO

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



rsteale@skillcast.com

H1 2023 at a Glance

Who we are



B2B Software-as-a-Service



E-learning & Compliance Tech



Non-discretionary demand with growing recurring revenues



121 employees with offices in London and Malta



1000+ Clients



Raised £3.5m at IPO in Dec 21 at £30m valuation to accelerate growth

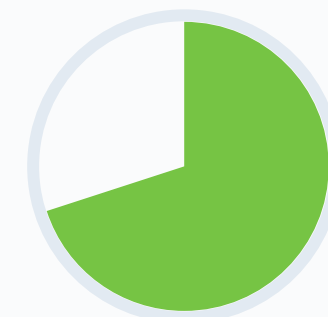
Financial highlights

£5.2m H1 '23 Revenue
(H1 '22: £4.5m)

-£0.7m H1 '23 LBITDA
(H1 '22: £-0.2m)

£7.6m Cash June 2023
(June 2022: £7.5m)

£8.1m ARR in Jun 2023
(June 2022: £6.4m)



75% revenue from subscriptions
(H1 2022: 70%)

- ✓ 27% YoY ARR growth driven by new client wins and strong net retention
- ✓ 23% increase in subscription revenues
- ✓ £7.6m cash at bank and no debt
- ✓ Interim dividend £150k (0.168p/share)

Operating highlights

- ✓ Three new products launched to increase net retention and attract new clients
- ✓ Increased commercial activity supporting pipeline growth
- ✓ More robust technology environment
- ✓ Investments now in place to support return to profitability
- ✓ Feefo 2023 Platinum Award winner 4.9/5

H1 2023 operational highlights

New products launched

- February 2023: FastTrack launched: reduces learning time for learners who pass a pre-assessment.
- March 2023: Global Compliance and Risk libraries launched: non-UK specific learning aimed at multi-nationals
- April 2023: Compliance Bites launched: micro-learning format of short animated videos designed to improve employee retention

Increased commercial activity

- Increased marketing activity with stands at two major trade events
- Face to face events through SkillcastConnect, our compliance officer community forum
- Blogs and webinars continue to drive inbound leads

Invested in technology

- All clients migrated to MS Azure cloud by March 2023
- Implemented enhanced cyber prevention tools for end point detection and secure access
- Leveraging AI in product development and tools in the wider business to improve productivity

Poised for growth

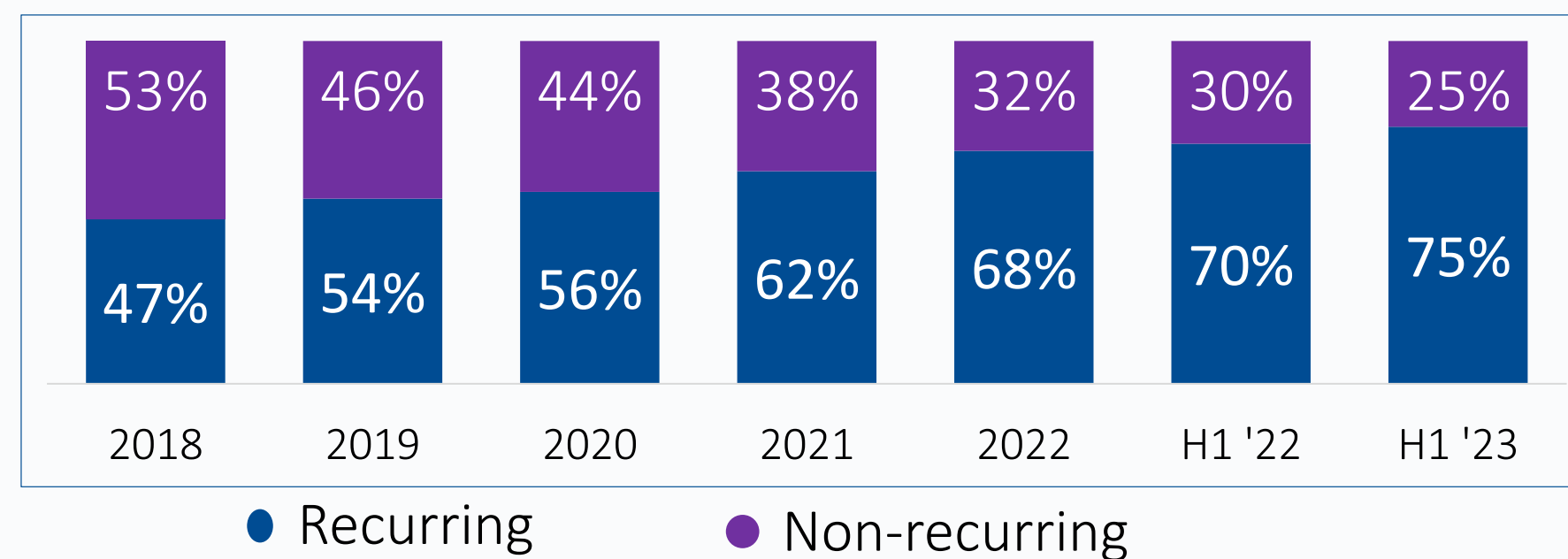
- Main growth roles now filled.
- Embedding enhanced governance and reporting frameworks including OKR's
- Maintaining our Feefo Platinum Service award 4.9/5

ARR and recurring subscription revenues

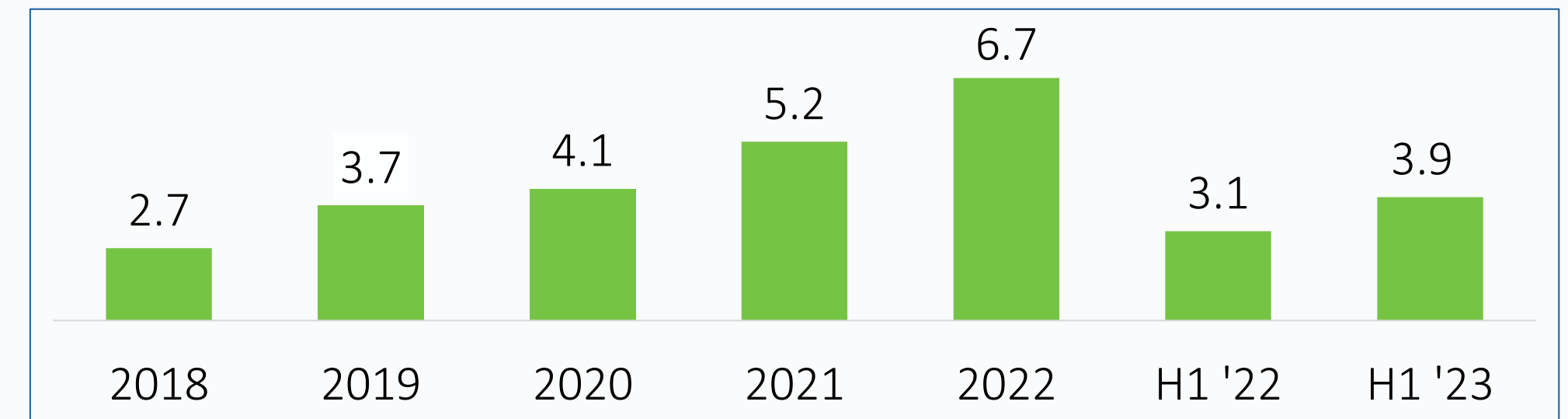
Annualised Recurring Revenue (£m)



Subscription revenues mix of total revenues growing



Subscription Revenues (£m)



H1 23 saw 23 % subscription revenue growth to £3.9m:

- ARR grew to £8.1m or £1.8m/27% and by £1.3m/20% from December 2022
- 83% of YTD ARR growth from new customers
- Net retention in H1 23 104% (H1 22: 96%), with price rise supporting by 4% and churn of 3% (H1 23: 7%).
- “Regtech” product subscription revenues grew at a faster rate than learning libraries to represent 11% of subscription revenues (H1 22: 10%)

Financials - Income statement summary

Income Statement (£'000) 6 MONTHS ENDED 30 JUNE (UNAUDITED)	2023	Growth rate	2022	Growth rate
Subscriptions	3,847	23%	3,139	33%
Professional Services	1,303	-3%	1,345	-1%
Total Revenue	5,150	15%	4,484	20%
Gross Profit	3,427		3,132	
<i>Gross profit %</i>	<i>66.5%</i>		<i>69.8%</i>	
Overheads	(4,294)	26%	(3,408)	50%
Operating profit	(867)		(276)	
LBITDA	(749)		(165)	
(Loss) profit before tax	(772)		(285)	
Dividends declared	150		150	
Average headcount	114	20%	95	32%
Total people costs	4,384	29%	3,405	41%

- All revenue growth came from subscription revenues
- Professional services, essentially in line as per strategy
- Gross profit impacted by one-off transitional higher cloud costs
- Rate of investment slowing: overheads +26% increase on the year (H1 22+50%).
- Interim dividend of 0.168p per share in line with last year
- The average headcount increased by 20% to 114 (H1 22: 95). Key growth roles now filled.

Financials - Consolidated statement of financial position

Statement of Financial Position (£'000)	30.6.23	30.6.22	31.12.22
Non-current assets	793	794	882
Current assets			
Receivables	3,734	4,015	3,331
Cash & cash equivalents	7,623	7,454	7,704
TOTAL ASSETS	12,150	12,263	11,917
Equity and Reserves	5,912	7,168	6,616
Non-current liabilities	406	389	459
Current liabilities			
Trade creditors & other payables	1,434	1,099	1,199
Current lease liabilities	153	186	189
Deferred income	4,229	3,405	3,438
Corporate tax liability	16	16	16
TOTAL EQUITY & LIABILITIES	12,150	12,263	11,917

- Fixed assets relate to office fit-out, IT equipment and office leases in London and Malta. No R&D capitalised.
- Receivables of £3.7m increasing at a lower rate than sales growth due to improved collections. Debtor days falling from 76 at June 2022 to 63 at June 2023. Includes £0.6m Maltese tax rebate owing at June 2023, after £0.2m receipt in H123
- Cash at bank of £7.6m at 30 June 2023 equivalent to 8.5 pence per share
- Deferred income up 24% than at June and December 2022 from higher annual sales still to be recognised.

Financials - Cash flow statement summary

Cash flow statement (£'000) 6 MONTHS ENDED 30 JUNE (UNAUDITED)	2023	2022
(Loss)/profit before tax	(772)	(286)
Depreciation/amortisation	118	111
Share based payment	68	92
Finance (income)/expense	(95)	10
Movement in trade and other payables	1,025	26
Movement in trade and other receivables	(404)	(217)
Cash generated from operations	(60)	(264)
Income tax paid	-	(20)
Net cash flow from operating activities	(60)	(284)
Capital expenditure	(29)	(41)
Interest received	106	1
Principal paid on lease liabilities	(88)	(68)
Dividends paid	-	-
Interest paid on lease liabilities	(10)	(10)
Movement in cash	(81)	(402)
Cash at beginning of period	7,704	7,856
Cash at end of period	7,623	7,454
Free cash flow	(81)	(382)

- Cash burn in H1 23 of £0.1m
- £1m increase in deferred income in H1 23
- Interest received on surplus cash now held on deposit
- The Group's policy is to at least maintain dividends of £400k per annum. Final 2022 dividend of £250k paid in July 23. A 2022 £150k interim dividend was paid in October 22 and a 2023 £150k proposed interim dividend is scheduled to be paid in October 2023.
- Cash burn in H1 23 of £0.1m

Our strategy

› Organic growth

- Focus on building on what we have
- Resilient and growing market

› Subscription revenue growth

- Focus on growing scalable subscription revenues
- Maintain Professional Services revenue at absolute levels for brand awareness (big logos) and product/market insights

› New clients

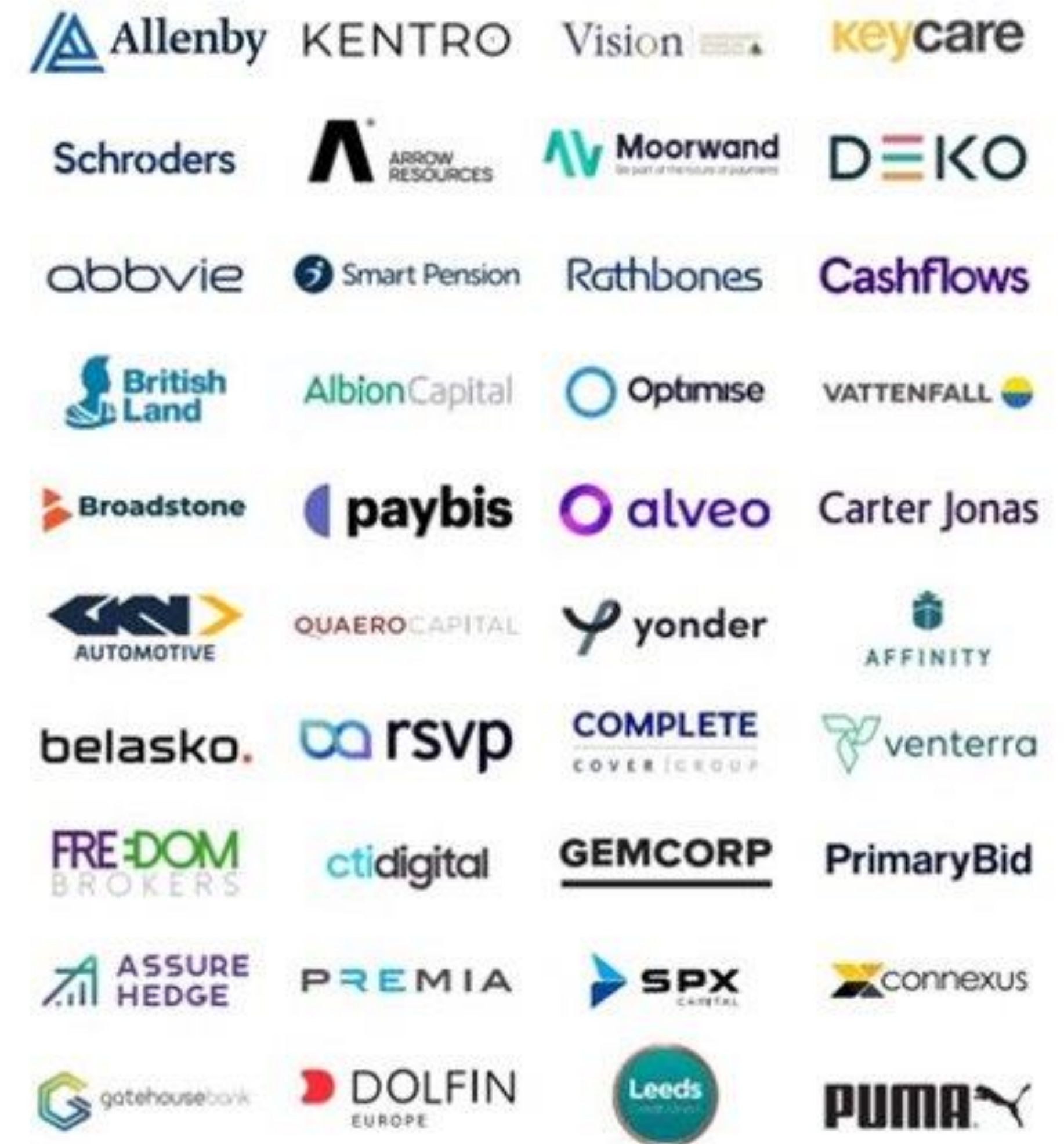
- Focus on mid size regulated market
- Target smaller clients with e-commerce self-serve offering

› Existing clients

- Minimise churn through continued excellent customer service
- Minimise churn through upsell of “sticky” Regtech products
- Maximise upsells with new products

› New products

- Continuously embrace product and technological trends e.g micro-learning and AI to remain competitive, relevant and efficient.



Current trading

Q3 2023 Update

- Trading since the period end continues to be encouraging, with the rate of year-on-year ARR growth accelerating to further support future subscription revenues
- Overhead growth rate expected to continue to slow now all key senior/growth roles filled.
- Plan to increase prices around the end of the year to offset continuing inflationary pressure
- Product pipeline remains strong with low-cost self-serve commerce solution launching in H2 23.
- Continuing in line with long term plans set out at IPO in 2021

Investment summary

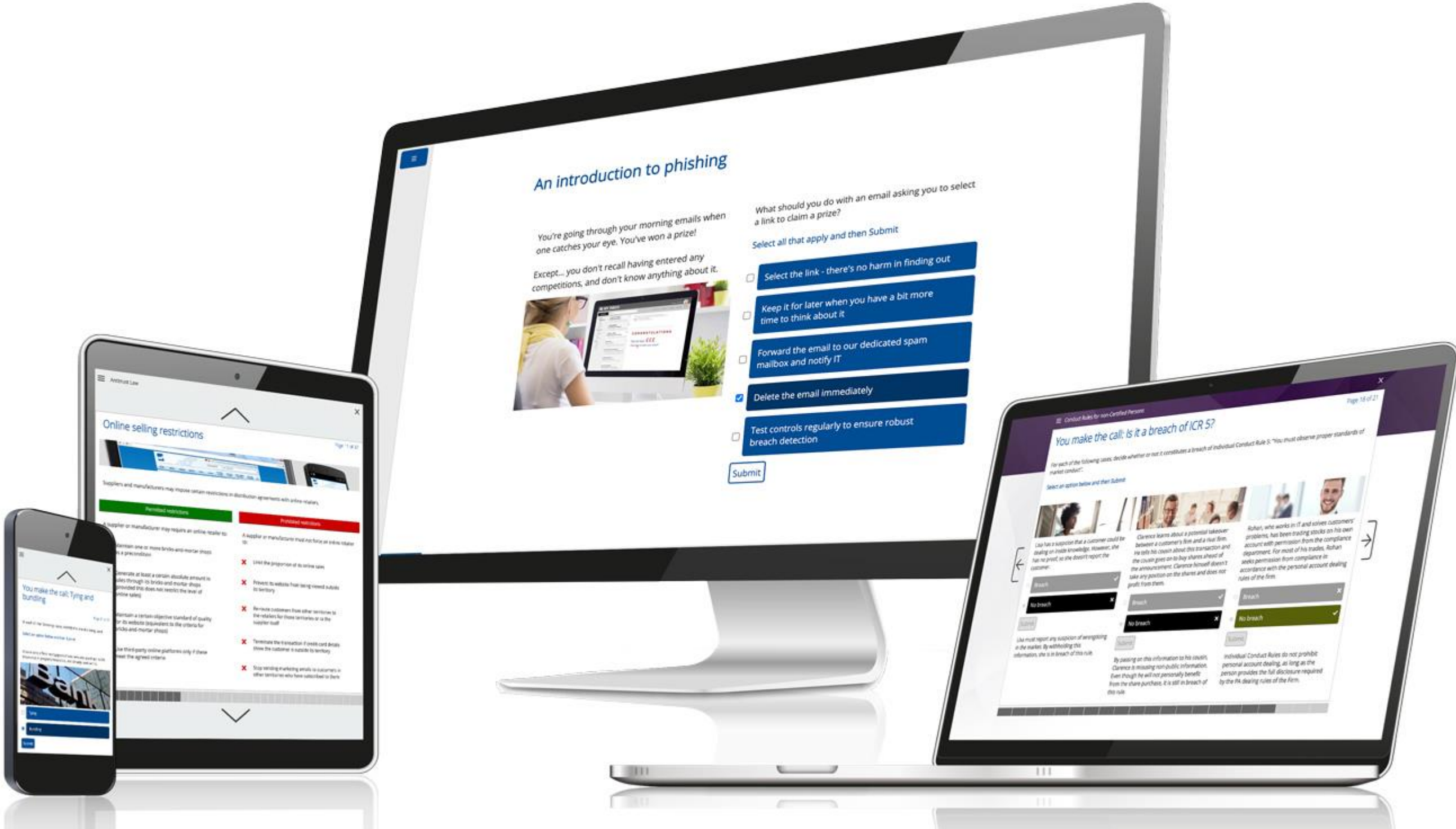
- Operating in **growing fragmented market** – corporate compliance
- Targets **non-discretionary** spending – offers resilience in challenging times
- Product portfolio with **depth and breadth** of offer
- **Subscription-based** business model – recurring revenues and positive cashflow
- Experienced **management team** – major shareholders
- Proven **track record of growth**, profit and cash generation currently in investment phase
- **Strong balance sheet** – no debt – significant cash balance
- **Growing business** – paying a **dividend**

Questions?



www.skillcast.com

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London
EC3A 3DH





SKILLCAST GROUP PLC

Appendix

Introduction to Skillcast

- **Vision**: to be the leading provider of digital training and technology for staff compliance
- **SaaS business** – addressing the corporate compliance market
- **E-learning** and **RegTech** products
- **IPO** – Dec 2021 – raised £3.5m at £30m valuation
- Strong **revenue** growth - latest H1 FY2023 +15%
- Historic track record of **profit** – currently impacted by investment
- **Strong balance sheet** - no debt - £7.6m cash at 30 June 2023
- **FY dividend** per share 0.45p – current yield 2.2%



Schroders



OXFORD
UNIVERSITY PRESS



About Skillcast

- Skillcast enables businesses to build ethical and resilient workplaces. Our vision is to be the leading provider of digital training and technology for staff compliance.
- Skillcast Group is headquartered in the City of London, with an operations hub on the island of Malta. We develop content and technology to help companies with staff compliance.
- We have 120+ employees, many of whom have been with us for over a decade.



Board of directors



Richard Amos
Non-exec Chairman



Vivek Dodd
CEO



Catriona Razic
CCO



Richard Steele
CFO



Anthony Miller
CTO



Sally Tilleray
Non-exec Director
Audit Chair



Isabel Napper
Non-exec Director
Remuneration Chair

What we do

- Skillcast provides time-saving and cost-effective “SaaS” (Software as a Service) solutions, including:
- 100+ off-the-shelf (OTS) multi-format e-learning courses that cover topics including Anti Money Laundering (AML), Bribery and Corruption, Diversity, Equality and Inclusion (DEI), Environmental, Social and Governance (ESG), GDPR, Health and Safety, Modern Slavery, Risk Management and Senior Managers & Certification Regime (SMCR) for the financial services industry.
- A flexible learning management system (LMS) platform for clients to deliver and track compliance e-learning programmes that allow full corporate branding, integration to HR staff records, and dashboard reporting.
- Add on “RegTech” tools to manage all compliance needs, including declarations, registers, surveys, policies, offline training tracking (Training 360) and full SMCR management (SMCR 360)
- Bespoke content consultancy to further personalise, adapt or gamify to meet clients’ requirements.
- Award-winning customer service to help employees obtain the optimum learning experience and provide companies with efficient and insightful learning management.
- Free access to a host of webinars, events and SkillcastConnect community portal, which bring together compliance professionals for peer group networking.

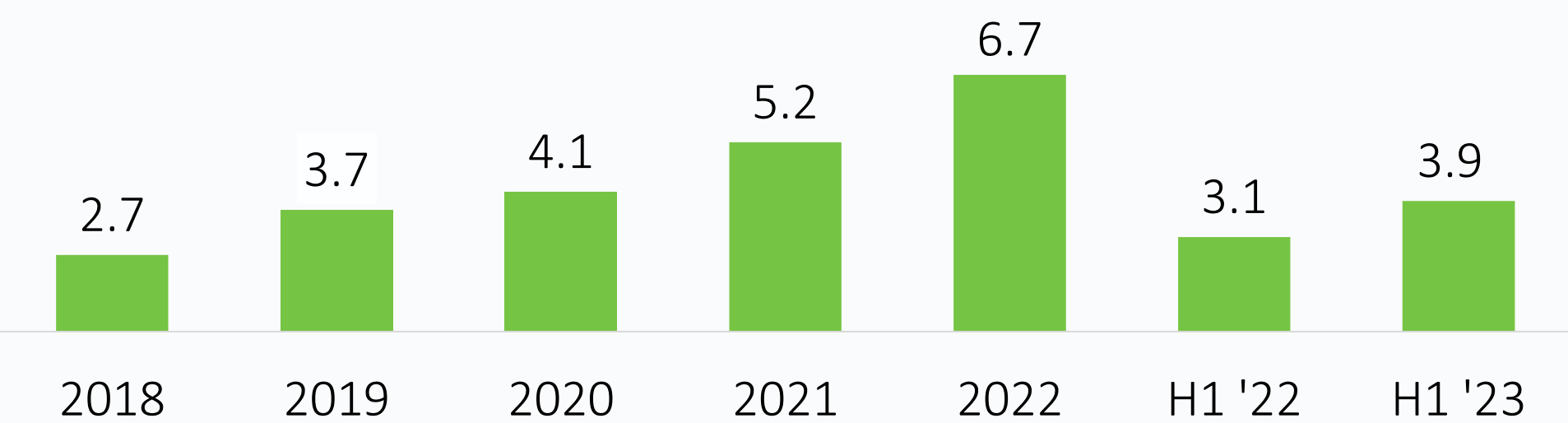
Revenue streams

Subscriptions (Recurring)




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

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

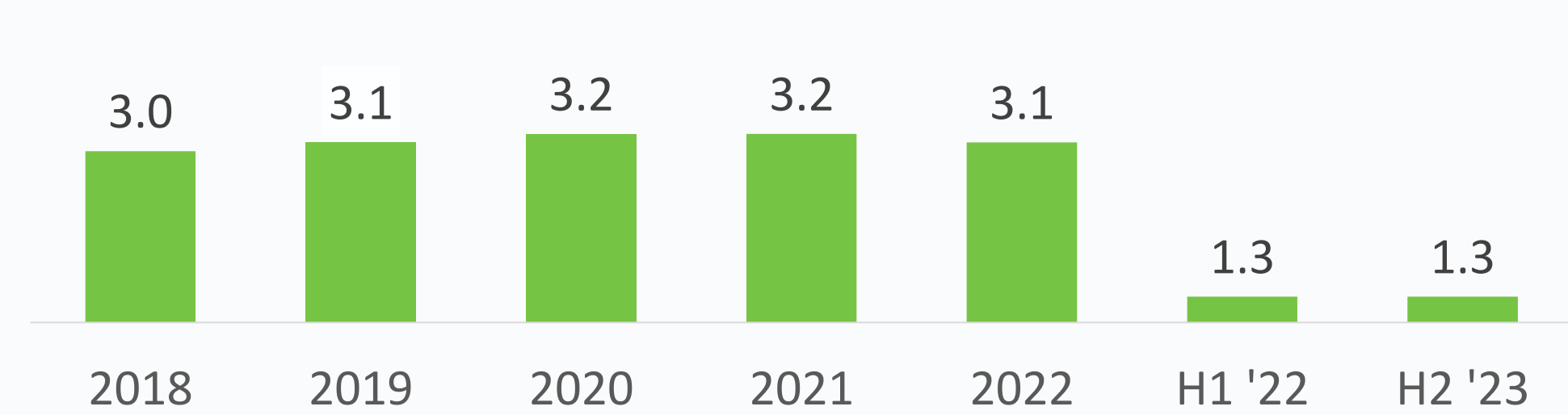
Subscription Revenues (£m)



Professional Services (Non-Recurring)

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

Professional Services Revenues (£m)



Subscriptions: E-learning



Typical client

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



Why do SMEs choose Skillcast?

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



Client portfolio

1000+ subscription clients

450+ in the financial services sector

20 average new client wins / month



Subscriptions: RegTech

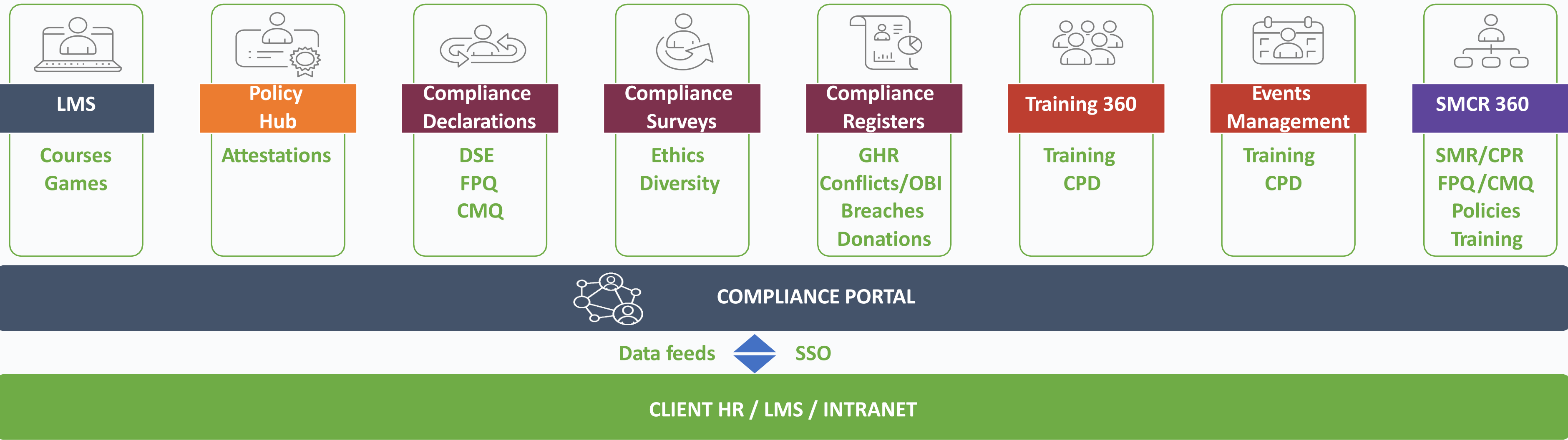
Upsell to e-learning clients

- ✔ Digitise paper-based processes
- ✔ Typical uplift of +33% to +100%
- ✔ Delivered on same SaaS application as the LMS
- ✔ Strengthens our relationship with clients

Fresnillo Plc (FTSE 100) feedback upon using Conflicts Management Declaration

“We previously did the declaration of conflicts of interest manually, on paper. Now that we have done so through Skillcast, it is easier and more efficient both the administration, concentration of information, as well as the consultation and follow-up of the responses of our personnel to be able to analyse the information they provide us and solve those red flags that are identified.”

Integrated Ethics & Compliance Management



Professional services

Bespoke e-learning development


50+
enterprise clients



repeat business

140
projects

c. £14,000
average project value⁽¹⁾

Course customisation service


optional service for subscription clients


strengthens client relationships

200+
projects

c. £1,400
average project value⁽¹⁾

Significant clients Wins



(1) Averages based on professional services orders in 2021

Our Customers

- Over 1,000 companies use Skillcast's SaaS (Software as a Service) products consultancy services to support over 1 million employees to meet their compliance requirements. Originally targeting the financial services industry, 45% of revenues now come from other sectors, including retail, manufacturing, transport and real estate.



Case studies



Financial Services

Improving Induction Efficiency

When MS ABS needed to improve the quality, speed and cost-effectiveness of their induction and refresher training, they chose to partner with Skillcast.

[Read this Insurance Case Study](#)



Retail

Future-Proofing the Tesco Workforce

Following a capability review, Tesco chose Skillcast to help deliver training to adapt, upskill, and reskill its workforce to face future challenges.

[Read this Retail Case Study](#)



General

Compliance for Small Businesses

Compliance regulations exist to protect your business, staff, property and customers. Learn which areas matter most for small businesses.

[6 Key Risks for Small Businesses](#)



General

Reducing the Policy Burden for BFML

When BFML needed to reduce the burden of distributing hundreds of key documents to its staff, it chose Skillcast's Policy Hub as a solution.

[Read the Facilities Case Study](#)



Food & Hospitality

Food & Hospitality Compliance Priorities

In food and hospitality, compliance flavours every aspect, from looking after employees and customers to meticulous food hygiene.

[Understand the key priorities](#)



Sports

Compliance Risks for Sports

Bullying, mental health and financial irregularities have put sports in the spotlight. Understand the risks for clubs, under-18s and spectators.

[Understand risks in 3 key areas](#)

Case study: Streamlining SMCR

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).

Solution

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

“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.”

Talent Development Business Partner, Kentro

KENTRO



The investment case

Corporate compliance is a resilient market ...

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


That is large and growing fast ...


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


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


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


Skillcast is well positioned to thrive in


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

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

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

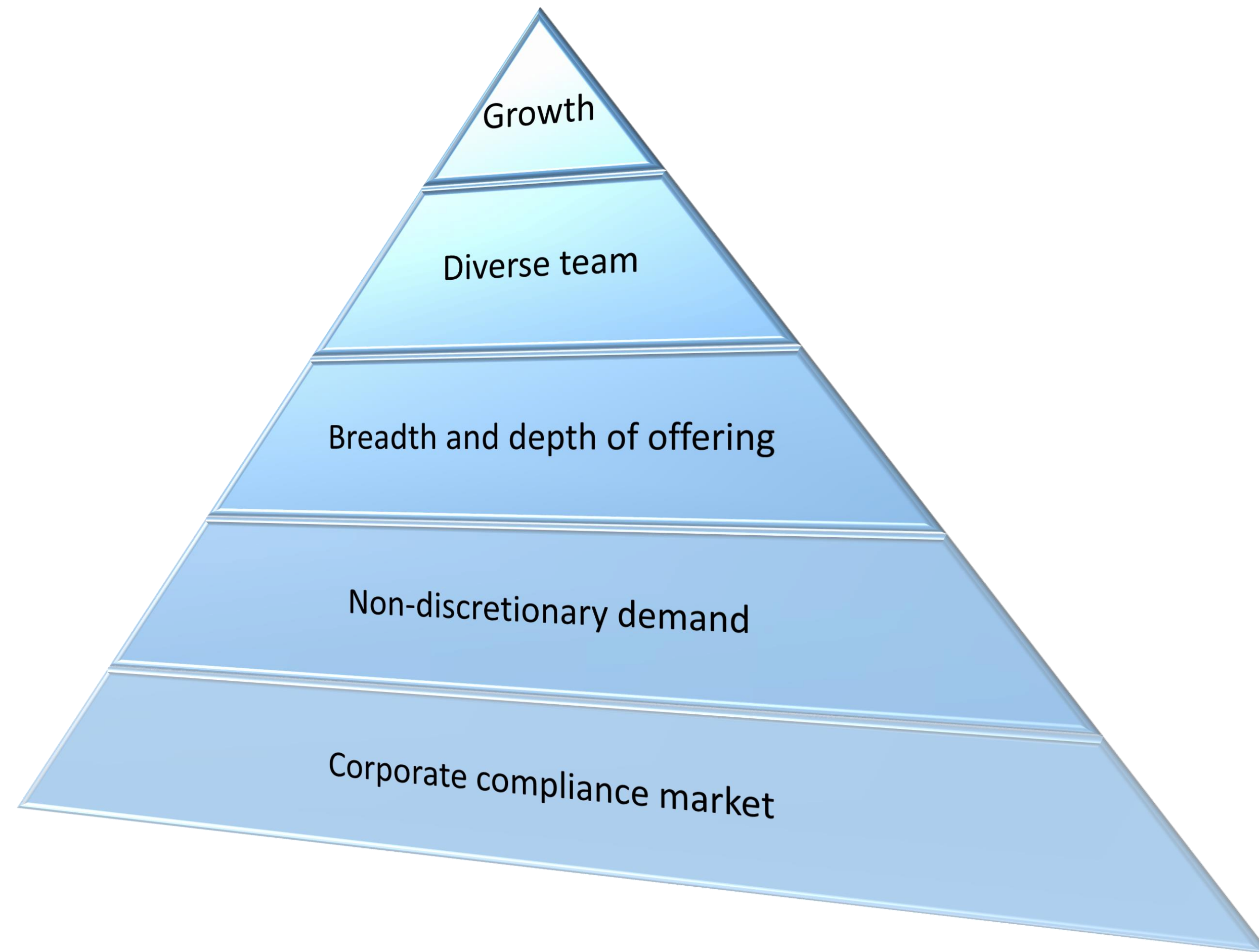
 **Market position** - delivering compliance content and technology to over 800 companies ranging from small firms to FTSE 100 giants

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

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

Resilient demand, Recurring revenues, Strong cash flows

Summary



Subscription growth in H1 '23

15% Revenue growth

23% Subscription growth

27% ARR growth

67% Gross margin

Market

£3.8bn UK Online Training⁽¹⁾

\$0.7bn Global Compliance Technology⁽²⁾

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