

Digital Compliance Transformation



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Presentation Team



Vivek Dodd
CEO

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



vdodd@skillcast.com



Richard Steele
CFO

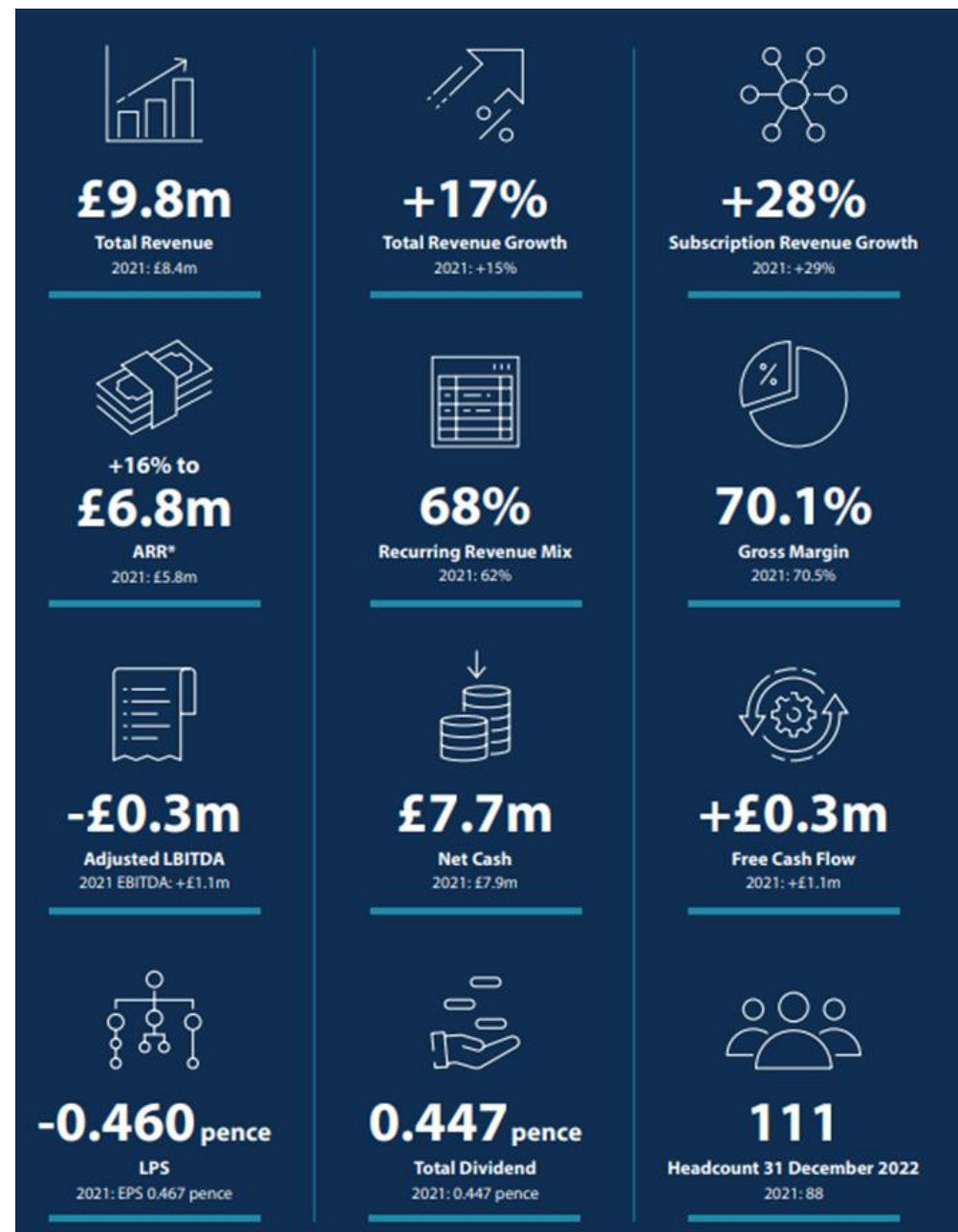
- Joined Skillcast as CFO in May 2022
- 30 years commercial finance background
- Previously CFO Mind Gym Plc



rsteale@skillcast.com

2022 Highlights

- › Delivered against expectations and plans in the first full year as a plc
- › Subscription revenues continued to grow
- › Significant progress on investment strategy
- › CFO and CPO appointed



2022 Operational Highlights

- Significant progress in headcount growth to support growth strategy:
 - +26% in the year to 111 (2021: 88)
 - Investment in product development, commercial and organisational structure to support ambitious growth
- Maintained excellent customer service records while achieving growth targets (Feefo Platinum Service Award 4.9/5.0)
- Marketing activity expanded with F2F events and SkillcastConnect launch in November 2022
- Successfully migrated all client hosting to the cloud as intended and outlined at IPO (completed March 2023)
- ESG progress: achieved carbon neutral status



Our strategy

› Focus on organic growth

- Resilient and growing market

› New clients

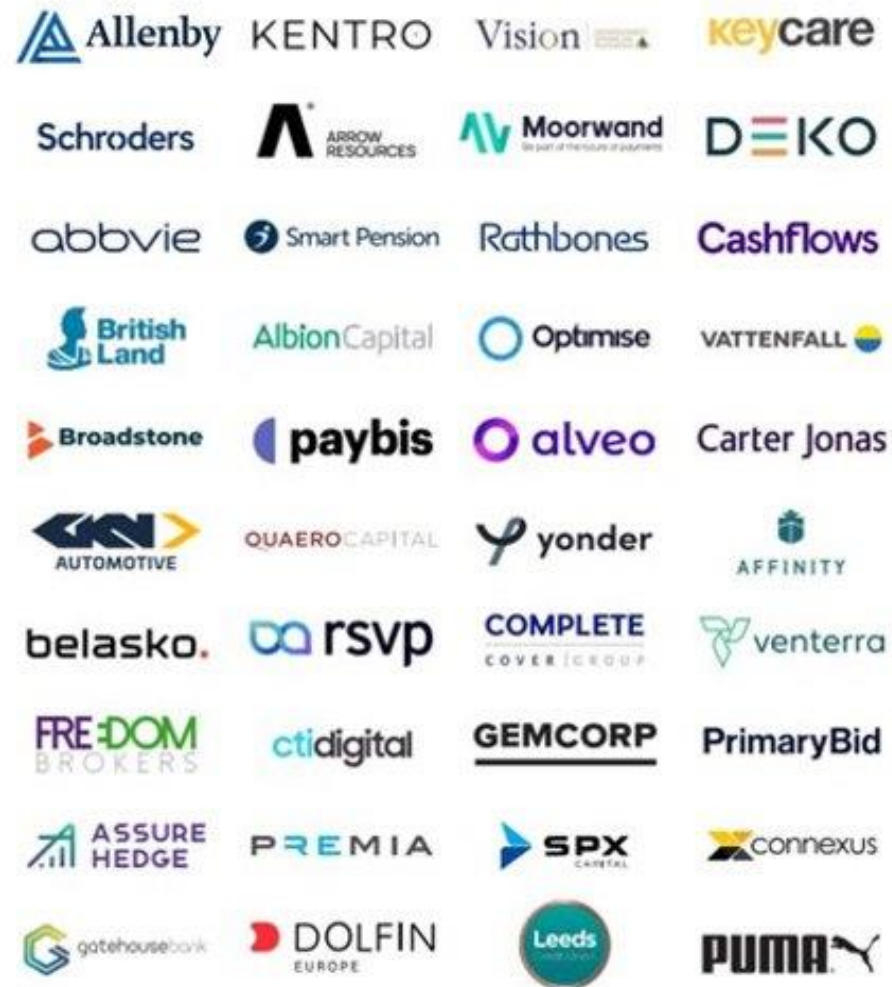
- Focus on mid size regulated market
- Core plan

› Existing clients

- Minimise churn through excellent customer service
- Maximise upsells with new products

› New products

- Global content libraries
- “RegTech”
- AI Inside



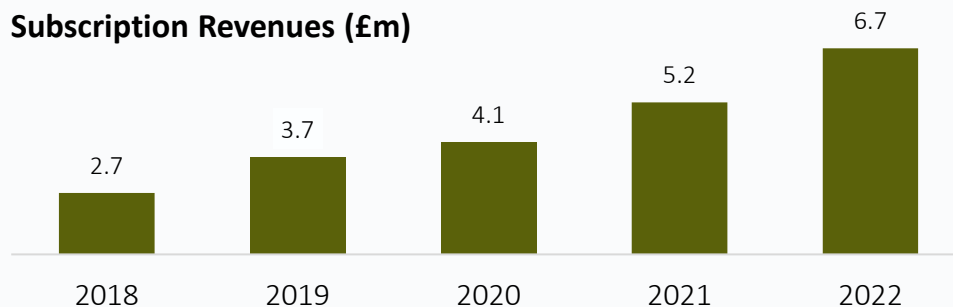
Revenue Streams

Subscriptions (Recurring)

2022 saw 28% revenue growth to £6.7m driven by:

- New clients buying our e-learning libraries and hosting platform (LMS). Non-FS client revenues grew to 45% (2021: 44%)
- Upsells to existing clients through both increased active user base and “RegTech” products e.g. SMCR 360, Policy hub. “RegTech” mix of subscription revenues grew to 9% (2021: 7%)
- ARR increased by 16% to £6.8m at December 22 (December 21: £5.8m)
- Churn was 12% (2021: 7%) elevated by the loss of three EU clients

Subscription Revenues (£m)

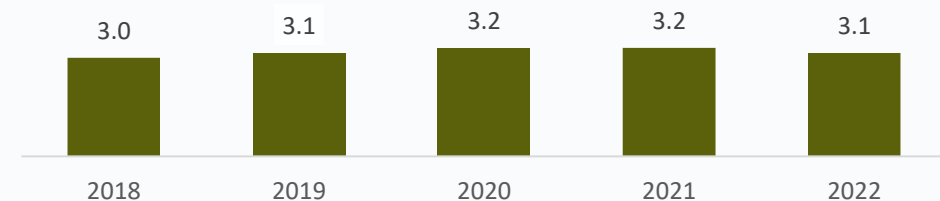


Professional Services (Non-Recurring)

2022 saw revenues of £3.1m in line with prior year:

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

Professional Services Revenues (£m)

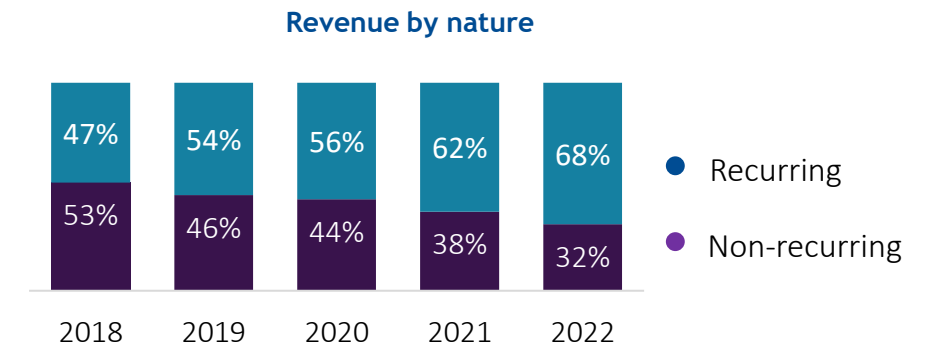
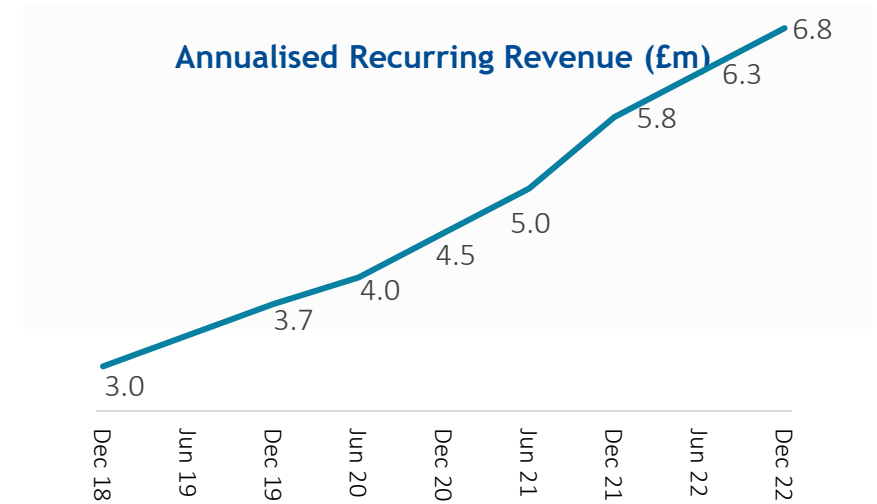


Financials - Income statement summary

Income Statement (£'000)				
YEARS ENDED 31.12	2021	Growth rate	2022	Growth rate
Subscriptions	5,227	28%	6,690	28%
Professional Services	3,181	-1%	3,140	-1%
Total Revenue	8,408	15%	9,830	17%
Gross Profit	5,931		6,888	
Gross Profit %	71%	+1.5% pts	70%	-0.4% pts
Adjusted EBITDA*	1,056		-316	
Profit before Tax	60		-556	
Dividends declared	400		400	

- All revenue growth came from subscription revenues
- Subscription revenues are more profitable
- GP margin dropped 0.4% due to transitional costs from the client hosting migration
- Loss of £316k in EBITDA due to increased investment as planned
- Overheads of £7.4m in 2022 increased £2.4m or 48% on 2021 primarily through headcount increase
- The average headcount increased by 28% to 100 (2021: 78), with the largest increase in sales and marketing

* 2021 EBITDA adjusted for £0.9m of IPO-related costs



Cash flow statement

Strong Track Record of Cash Generation

- Free cash flow of +£0.3m despite LBT of -£0.6m
- Share-based payments charge increase due to employee options granted at IPO in Dec 21
- £0.5m improvement in debtors due reduction in old debts.
- The Group's policy is to at least maintain dividends of £400k per annum. Final 2021 dividend of £250k paid in July 22. 2021 cashflow includes £400k final 2019 dividend. A 2021 £150k interim dividend was paid in October 21. A 2022 £150k interim dividend was paid in October 2022. A final dividend of £250k is proposed for 2022.

Cash flow statement (£'000) YEARS ENDED 31.12	2021	2022
PBT	61	(556)
Depreciation/amortisation	282	237
Share Option Reserve	17	207
Finance income	0	(16)
Movement in trade and other payables	1,456	160
Movement in trade and other receivables	(325)	468
Finance expense	19	21
Cash generated from operations	1,510	521
Income tax paid	(11)	(23)
Net cash flow from operating activities	1,499	498
Shares Issued	3,500	0
Capital expenditure, principal and interest paid on lease liabilities	(393)	(266)
Interest received	0	16
Dividends paid - Final	(400)	(250)
Dividends paid - Interim	(150)	(150)
Movement in cash	4,056	-152
Cash at beginning of year	3,800	7,856
Cash at end of year	7,856	7,704

Financials - Balance sheet summary

Statement of Financial Position (£'000)	31.12.21	31.12.22
Non-current assets	864	882
Current assets		
Receivables	3,799	3,331
Cash & cash equivalents	7,856	7,704
TOTAL ASSETS	12,519	11,917
Equity and Reserves	7,221	6,616
Non-current liabilities	462	459
Current liabilities		
Trade creditors & other payables	1,441	1,199
Current lease liabilities	182	189
Deferred income	3,037	3,438
Corporate tax liability	176	16
TOTAL EQUITY & LIABILITIES	12,519	11,917

- Non-current assets related to office F&F, IT equipment and the right of use assets of the 2 office leases. All product and tech development is expensed.
- Receivables include net trade debtors of £2.1m at 31.12.22, 17% lower than at 31.12.21 despite 17% higher revenues due to improved credit control. £0.9m relates to Maltese withholding tax rebate
- Net cash at 31.12.22 £7.7m, -£0.2m on 31.12.21 representing 8.6 pence per share. The Group has no bank debt.
- Deferred income up 13%, driven by SaaS sales growth professional services contracts

Current Trading & Outlook

- Starting to see the fruits of our post-IPO investments
- Continued subscription growth in Q1: ARR up +22% YOY, helped by higher average contract values from customers
- Strong sales pipeline
- Product development: Global Risk and Compliance Libraries launched, with Compliance Bites and Question of the Day to follow
- Scalable MS Azure infrastructure in place to support further growth
- Key growth roles filled
- Trading in Q1 is consistent with achieving market expectations

Resilient demand, Recurring revenues, Strong cash flows

Summary



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

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

Subscription growth in 2022

17% Revenue growth

28% Subscription growth

16% ARR growth

70% Gross margin

Market

£3.8bn UK Online Training⁽¹⁾

\$0.7bn Global Compliance
Technology⁽²⁾

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

Thank you



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[skillcast.com](https://www.skillcast.com)



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 110+ employees, many of whom have been with us for over a decade.



What we do

- › Skillcast provides time-saving and cost-effective “SaaS” (Software as a Service) solutions, including:
- › 100+ off-the-shelf (OTS) 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.

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.



Board of Directors



Richard Amos
Non-exec Chairman



Vivek Dodd
CEO



Catriona Razic
CRO



Richard Steele
CFO



Anthony Miller
CTO



Sally Tilleray
NED & Audit Chair



Isabel Napper
SID &
Remuneration Chair

The Investment Case

Corporate compliance is a resilient market ...

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


That is large and growing fast ...


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


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


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


Skillcast is well positioned to thrive in


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

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

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

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

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

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

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

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

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