

# Digital Compliance Platform & Courseware



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# Presentation Team



**Richard Amos**  
Chairman

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



[ramos@skillcast.com](mailto:ramos@skillcast.com)



**Richard Steele**  
CFO

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



[rsteele@skillcast.com](mailto:rsteele@skillcast.com)

# 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 2.1%



# 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<sup>(1)</sup>


## That is large and growing fast ...


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


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

**£3.8bn growing at 8.5%**  
UK market<sup>(3)</sup> 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

 **Experienced board** and highly driven management with deep domain and functional experience

 **Market position** - delivering compliance content and technology to over 1000 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

# Board of Directors



**Vivek Dodd**  
CEO Co-Founder



**Catriona Razic**  
CCO Co-founder



**Anthony Miller**  
CTO Co-Founder



**Richard Steele**  
CFO



**Richard Amos**  
Non-exec Chairman



**Sally Tilleray**  
Non-exec Director  
Audit Chair



**Isabel Napper**  
Non-exec Director  
Remuneration Chair

# 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.



# What our business is about

Skillcast provides time-saving and cost-effective “SaaS” (Software as a Service) solutions including 100+ multi-format courses hosted on a flexible learning management system (LMS) and many associated “Regtech” products to manage compliance needs.

## Compliance Issues

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



## Cloud-based Services

- Compliance Content Libraries
- Technology/ Applications
- 4.9/5.0 Rated Customer experience<sup>(1)</sup>



## Compliance Transformation

- E-learning
- Policy Attestations
- Declarations/Disclosures
- Workplace Surveys
- Compliance Registers
- Continuing Professional Development (CPD)
- Off line training registers e.g. Training 360
- SMCR 360<sup>®</sup>



# Our Customers

- Over 1,000 companies use Skillcast's SaaS (Software as a Service) products and 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.
- Clients range in size from Tesco (400,000+ users) to small companies of 5+ users. Top 10 customers represent 19% of total revenues.
- 80% of revenues from UK, 14% EU, 6% ROW (FY22)
- High customer retention (annual churn below 10%)



# Case study: Future-proofing Tesco

## Challenge

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

## Solution

Using complex data integrations and sophisticated algorithms, Skillcast provided invaluable support in configuring the Tesco LMS, delivering a highly personalised learning journey for all employees.

“Dynamic assignments and deadlines help learners plan and lead their journey. And by restructuring our learning portal, we were also able to improve accessibility, user experience and adoption.”

**Lead Learning Design Partner UK Stores, Tesco**



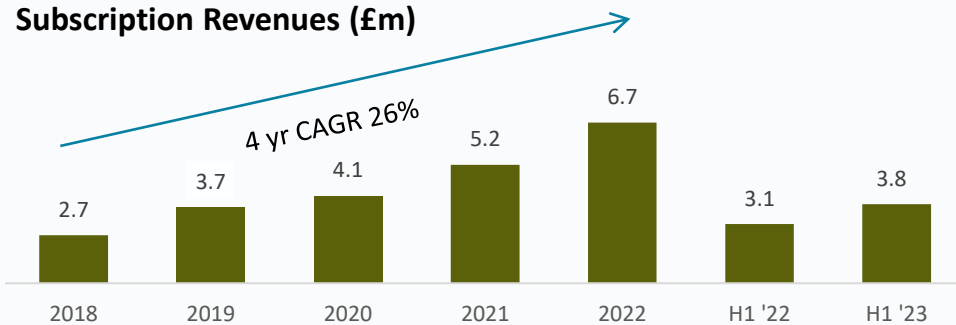
# Revenue streams

## 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

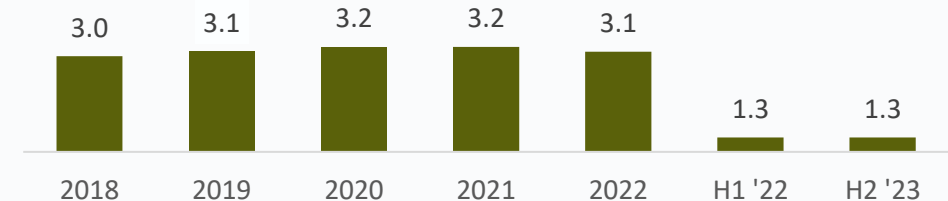


Customisation of OTS courses



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

20-30 average new client wins / month



# Microlearning

Shorter interactive formats that improve employee engagement and knowledge retention.

## Compliance Bites Microlearning

- Compliance Bites microlearning are short videos on specific compliance issues, such as insider trading, special category data, tipping off and whistleblowing.
- They bring these topics to life in just a few minutes using animation, characters and storylines.



## FastTrack E-learning Courses

- Enables experienced and knowledgeable employees to save time and on training by expressed frustration with having to undergo full training
- If a learner passes the pre-assessment, they only need to complete a short refresher rather than the full course.



# Subscriptions: RegTech

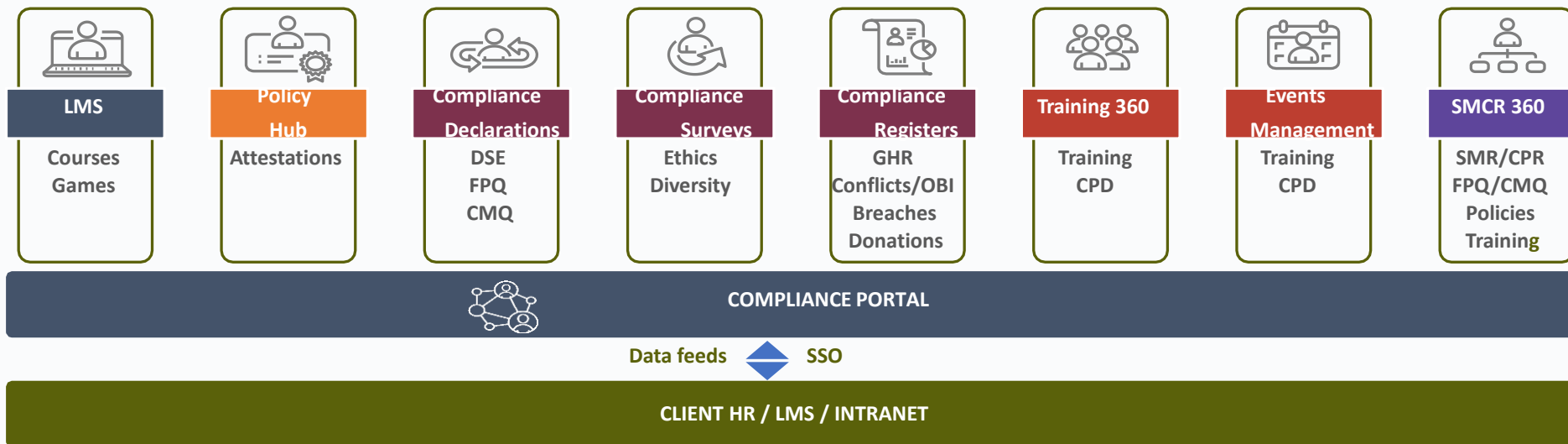
## Upsell to e-learning clients

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

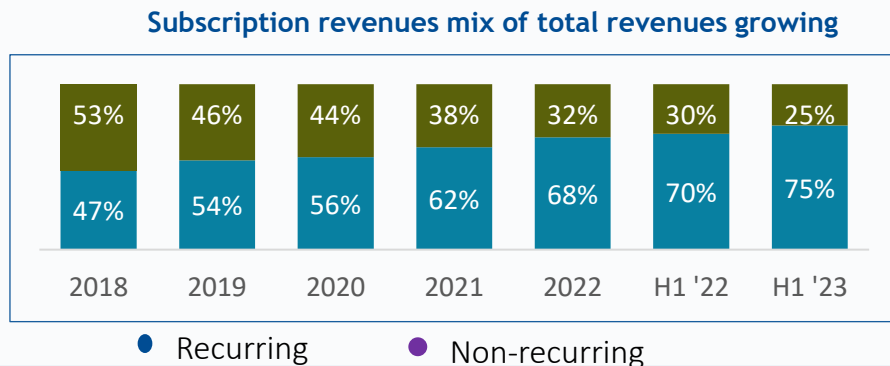
## Fresnillo Plc (FTSE 100) feedback upon using Conflicts Management Declaration

“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

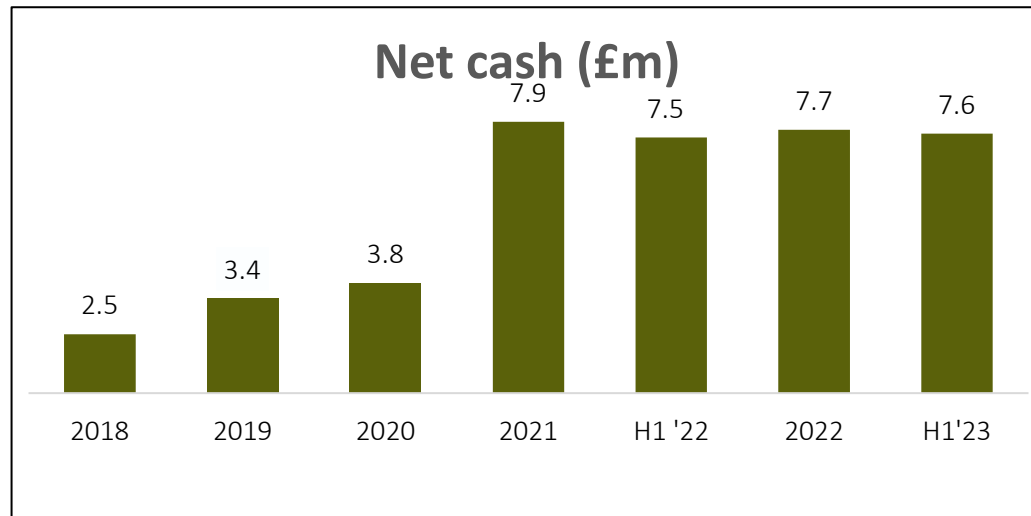
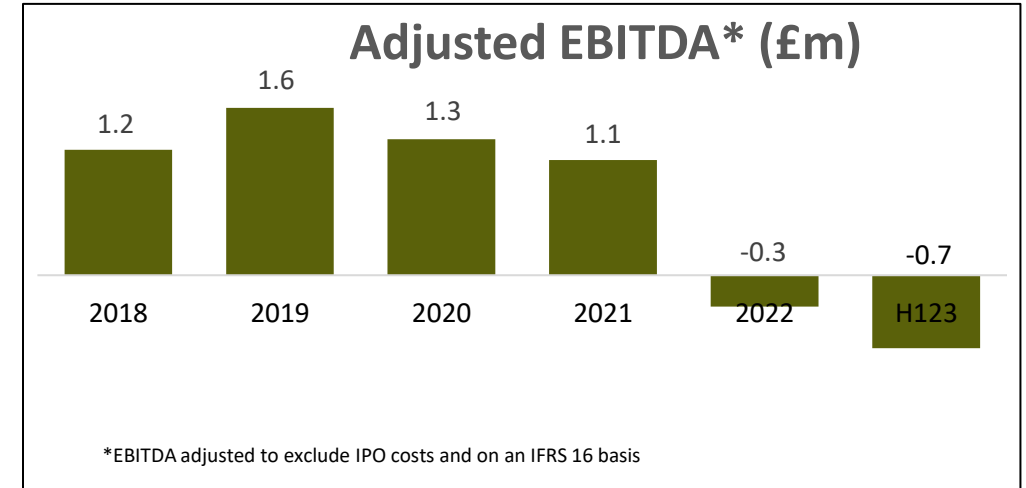
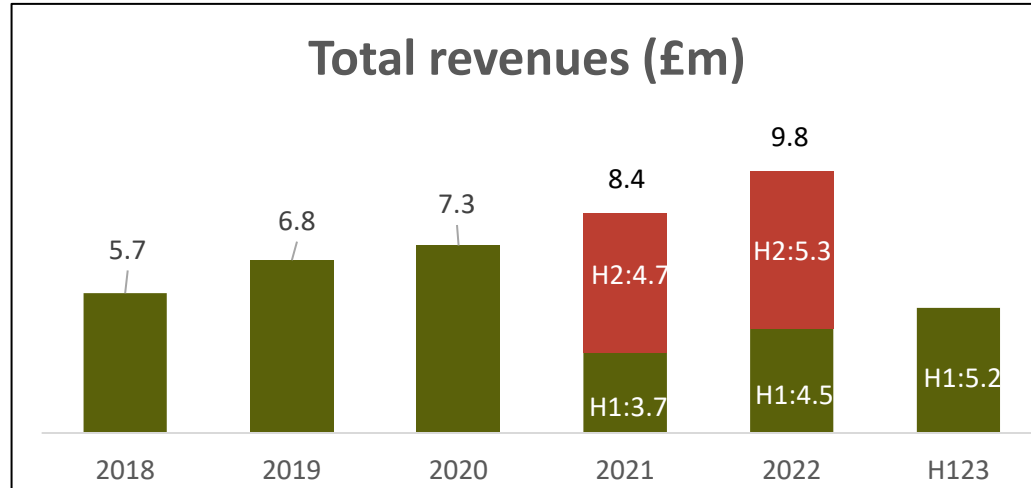


# ARR and recurring subscription revenues



- ARR (Annualised Recurring Revenue) key lead indication of subscription revenues
- 3-year CAGR ARR +27%
- Subscription revenues grown to 75% of total revenues, increasing visibility
- ARR growth predominantly from new clients, churn under 10%
- “Regtech” product subscription revenues growing at a faster rate than learning libraries to represent 11% of subscription revenues in H1 23 (H1 22: 10%)

# Key financials



## Key Metrics

- ARR 3 yr CAGR 27%
- 75% of revenues from subscriptions
- 1000+ clients.
- 1 million + active users
- 120 + employees with offices in London and Malta
- Net cash of £7.6m (8.5 pence per share)
- Dividend - paying, current yield 2.1%



# Our strategy

## > Organic growth

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

## > New clients

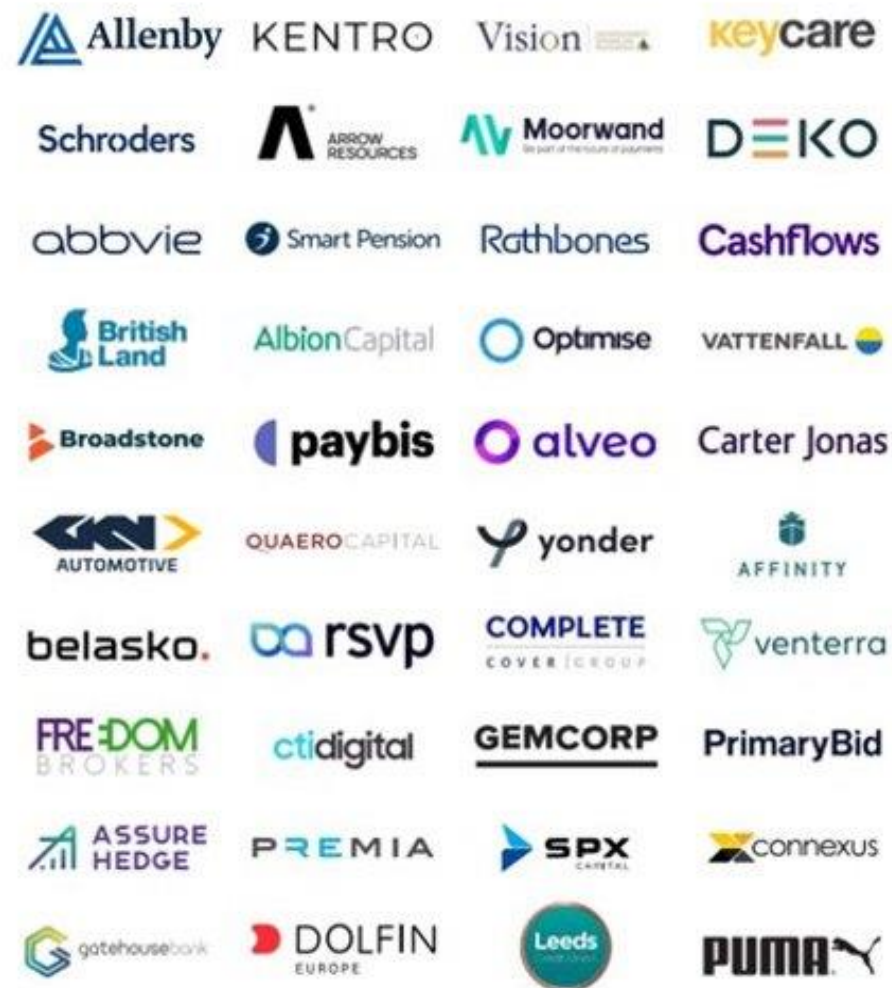
- Focus on mid size regulated market
- Target smaller clients with e-commerce self-serve offering

## > 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, AI to remain competitive, relevant and efficient.



# Investment summary

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- › Operating in a **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 cash flow
- › Experienced **management team** – major shareholders
- › Proven **track record of growth** – profit and cash generation currently in an investment phase
- › **Strong balance sheet** – no debt, significant cash balance
- › **Growing business** – paying a **dividend**

# Thank you









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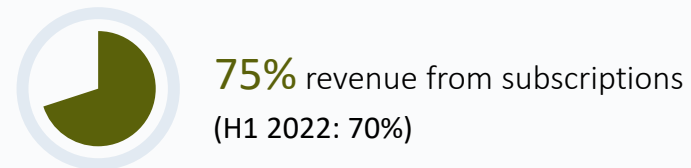
# H1 2023 at a Glance





## 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

<b>£5.2m</b> H1 '23 Revenue (H1 '22: £4.5m)	<b>-£0.7m</b> H1 '23 LBITDA (H1 '22: £-0.2m)
<b>£7.6m</b> Cash June 2023 (June 2022: £7.5m)	<b>£8.1m</b> ARR in Jun 2023 (June 2022: £6.4m)



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

## 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 knowledge 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

# 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%
<b>Total Revenue</b>	<b>5,150</b>	<b>15%</b>	<b>4,484</b>	<b>20%</b>
Gross Profit	3,427		3,132	
<i>Gross profit %</i>	66.5%		69.8%	
Overheads	(4,294)	26%	(3,408)	50%
Operating profit	(867)		(276)	
<b>LBITDA</b>	<b>(749)</b>		<b>(165)</b>	
(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
<b>Non-current assets</b>	793	794	882
<b>Current assets</b>			
Receivables	3,734	4,015	3,331
Cash & cash equivalents	7,623	7,454	7,704
<b>TOTAL ASSETS</b>	<b>12,150</b>	<b>12,263</b>	<b>11,917</b>
Equity and Reserves	5,912	7,168	6,616
<b>Non-current liabilities</b>	406	389	459
<b>Current liabilities</b>			
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
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>12,150</b>	<b>12,263</b>	<b>11,917</b>

- 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

Strong Track  
Record of  
Cash  
Generation

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)
<b>Cash generated from operations</b>	<b>(60)</b>	<b>(264)</b>
Income tax paid	-	(20)
<b>Net cash flow from operating activities</b>	<b>(60)</b>	<b>(284)</b>
Capital expenditure	(29)	(41)
Interest received	106	1
Principal paid on lease liabilities	(88)	(68)
Dividends paid	-	-
Interest paid on lease liabilities	(10)	(10)
<b>Movement in cash</b>	<b>(81)</b>	<b>(402)</b>
Cash at beginning of period	7,704	7,856
<b>Cash at end of period</b>	<b>7,623</b>	<b>7,454</b>
<b>Free cash flow</b>	<b>(81)</b>	<b>(382)</b>

- 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



# Current trading

Well-placed to deliver growth

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## 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
-