



# GRC International Group

Our expertise, your peace of mind

## GRC INTERNATIONAL GROUP PLC H1 FY23 Interim Results 9 December 2022

Alan Calder – CEO

Chris Hartshorne – Finance Director

“Cybersecurity is recession-resistant”  
(Joel Fishbein, Truist Financial’s MD, Software & Cloud)



- . Summary of H1 FY 23
- . Financial update
- . Trading update & forward look
- . Appendices



# GRC International Group | FY 23 H1 Highlights

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- Revenue up 11%. SaaS division revenue up 31%
- Recurring and contracted revenue up 33%
- Gross margin of 60% up from 58% – reflects operational gearing and internal efficiencies
- Successful US launch of Payment Card Industry Qualified Security Assessor services
- First contracts signed for innovative SWIFT security consultancy service
- Web transactions up 22%
- Investment programme underpins profitable growth in H2 and the following years



# GRC International Group | 3 Divisions



Unique point solutions integrated to deliver cyber resilience and cyber defence-in-depth

## Software as a Service £2.1m (31% YoY revenue increase)

- CyberComply platform.
- Cyber Essentials certification.
- Vulnerability Scanning.
- GRC e-learning.
- Privacy as a Service.
- DocumentKits template platform.

## e-Commerce £1.6m (11% YoY revenue decrease)

- Eight B2B e-commerce websites
- 'Learn from Anywhere' training delivery model
- Publications business:  
Cyber security, GDPR, Privacy/data protection, risk & compliance.
- Wide range of books and standards.

## Services £3.6m (13% YoY increase)

Maintained revenue while shifting focus to mid-size market, improving utilisation, increasing prices and gross margins.

- GRC, ISO 27001 services.
- Penetration testing.
- PCI DSS & Cloud compliance.
- Legal, GDPR & DPO services.

**CyberComply** is used by mid-size clients across multiple industries to map data flows, carry out ISO27001-compliant risk assessments, link these to a wide range of regulatory and contractual requirements, including GDPR, and to identify and manage appropriate mitigating controls. Our consultants help with deployment.

NHS hospitals buy packages of classroom and online training to upskill multiple management staff on GDPR compliance. We deliver in-house training to multiple delegates at government and private sector clients on GDPR and cyber security. We train client security teams on penetration testing.

ISO 27001 is the international cyber security standard. We believe we are the leading global supplier of ISO 27001 implementation and maintenance services. A typical contract is delivered over 3 – 12 months and involves our consultant guiding client staff through the project to successful certification.



## International revenue

- up 14% to £1.6m | now 22% of total Group revenue
  - 40% YoY growth in US revenue



**GRC International Group**  
Our expertise, your peace of mind



## . Financial update





# HY1 2023 – Financial highlights

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- Revenue up 11% to £7.3m (H1 FY22: £6.6m).
  - International revenue up 14% to £1.6m (H1 FY22: £1.4m).
  - SaaS division revenue up 31% - investment in high margin and scalable recurring revenue products paying off.
- Recurring and contracted revenue up 33% to £5.3m (H1 FY22: £4.0m).
- 73% (FY22: 61%) of revenue generated from recurring and contracted revenue contracts.
- Gross margin of 60% (H1 FY22: 58%) – continued improvement reflects operational gearing from subscription services and internal efficiencies from automation projects.
- EBITDA of £0.4m (H1 FY22: £0.4m).
- Loss before tax of £0.5m (H1 FY22: £0.5m loss).
- Net cash at period end of £0.2m (H1 FY22: £0.1m). Borrowings (excluding lease obligations) £0.8m (FY22 £1.1m).



# HY1 2023 Income statement

- **Revenue: £7.3m - up £0.7m YoY**
  - Up 11% on the comparative period despite macro-economic factors.
  - Flat against H2 FY22. H2 traditionally being a stronger trading period.
- **Gross profit: £3.8m – up £0.6m YoY**
  - Up 16% as operational efficiencies mean consultants' utilisation levels improve.
  - Focus on higher margin subscription services, driven by margin improvement and operational gearing.
- **Admin expenses (excl. dep'n and amort): £4.0m – up £0.4m YoY**
  - Investment in workforce to fuel the next stage of development and deliver future growth.
  - Inflationary pressure from current economic climate.

	HY 2023 £m	HY 2022 £m	FY 2022 £m
<b>Revenue</b>	7.3	6.6	13.9
Cost of sales	(2.9)	(2.8)	(5.7)
<b>Gross profit</b>	<b>4.4</b>	<b>3.8</b>	<b>8.2</b>
	60%	58%	59%
Administration expenses	(4.0)	(3.6)	(7.4)
Exceptional charges	0.0	0.0	0.0
Other operating income	0.0	0.2	0.2
<b>EBITDA</b>	<b>0.4</b>	<b>0.4</b>	<b>1.0</b>
Depreciation and amortisation	(0.8)	(0.8)	(1.7)
<b>Operating loss</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>(0.7)</b>
Finance Costs (net)	(0.1)	(0.1)	(0.3)
<b>Loss before taxation</b>	<b>(0.5)</b>	<b>(0.5)</b>	<b>(1.0)</b>
Taxation	0.0	0.0	0.0
	0%	0%	0%
<b>Loss after taxation</b>	<b>(0.5)</b>	<b>(0.5)</b>	<b>(1.0)</b>
Basic loss per share (pence)	<u>(0.47)</u>	<u>(0.47)</u>	<u>(0.98)</u>
Diluted loss per share (pence)	<u>(0.47)</u>	<u>(0.47)</u>	<u>(0.98)</u>

# HY1 2023 EBITDA



	HY1 2023	HY2 FY22	HY1 FY22	FY 2022
	£'000	£'000	£'000	£'000
<b>Revenue</b>	7.3	7.3	6.6	13.9
<b>Operating loss</b>	(0.4)	(0.3)	(0.4)	(0.7)
Depreciation	0.1	0.1	0.1	0.2
Amortisation	0.7	0.7	0.7	1.4
Exceptional costs	0.0	0.0	0.0	0.0
Loss on disposal of fixed assets	0.0	0.0	0.0	0.0
<b>EBITDA</b>	0.4	0.5	0.4	0.9
<b>EBITDA as % revenue</b>	5%	7%	6%	6%

- EBITDA in line with H1 FY22.
- Revenue growth in H1 invested into the business to fund and support further future growth.
- H2 traditionally the Group's stronger trading period.
- H1 result leaves the Group well positioned to achieve its full year objectives.





# HY1 2023 Revenue – segmental reporting

- Significant growth in the SaaS division, which is high margin and highly scalable.
- E-Commerce revenue down YoY, the division most sensitive to macro-economic circumstances.
- International revenue up 14% to £1.6m (H1 FY21: £1.4m). Local entities provide a natural partial hedge against fx risk.

	HY1 2023 £'000	HY2 FY22 £'000	HY1 FY22 £'000	FY 2022 £'000
<b><u>Revenue</u></b>				
SaaS	2,104	2,052	1,669	3,721
e-Commerce	1,576	1,816	1,733	3,549
Services	3,607	3,401	3,231	6,632
<b>Total</b>	<b>7,287</b>	<b>7,269</b>	<b>6,633</b>	<b>13,902</b>

<b><u>Gross Margin</u></b>				
SaaS	78%	86%	90%	87%
e-Commerce	65%	63%	65%	64%
Services	48%	43%	37%	41%
<b>Total</b>	<b>60%</b>	<b>60%</b>	<b>58%</b>	<b>59%</b>

<b><u>Revenue</u></b>				
UK	5,737	5,609	5,271	10,880
Europe	616	412	698	1,110
United States	715	653	497	1,150
Rest of the World	219	595	167	762
<b>Total</b>	<b>7,287</b>	<b>7,269</b>	<b>6,633</b>	<b>13,902</b>

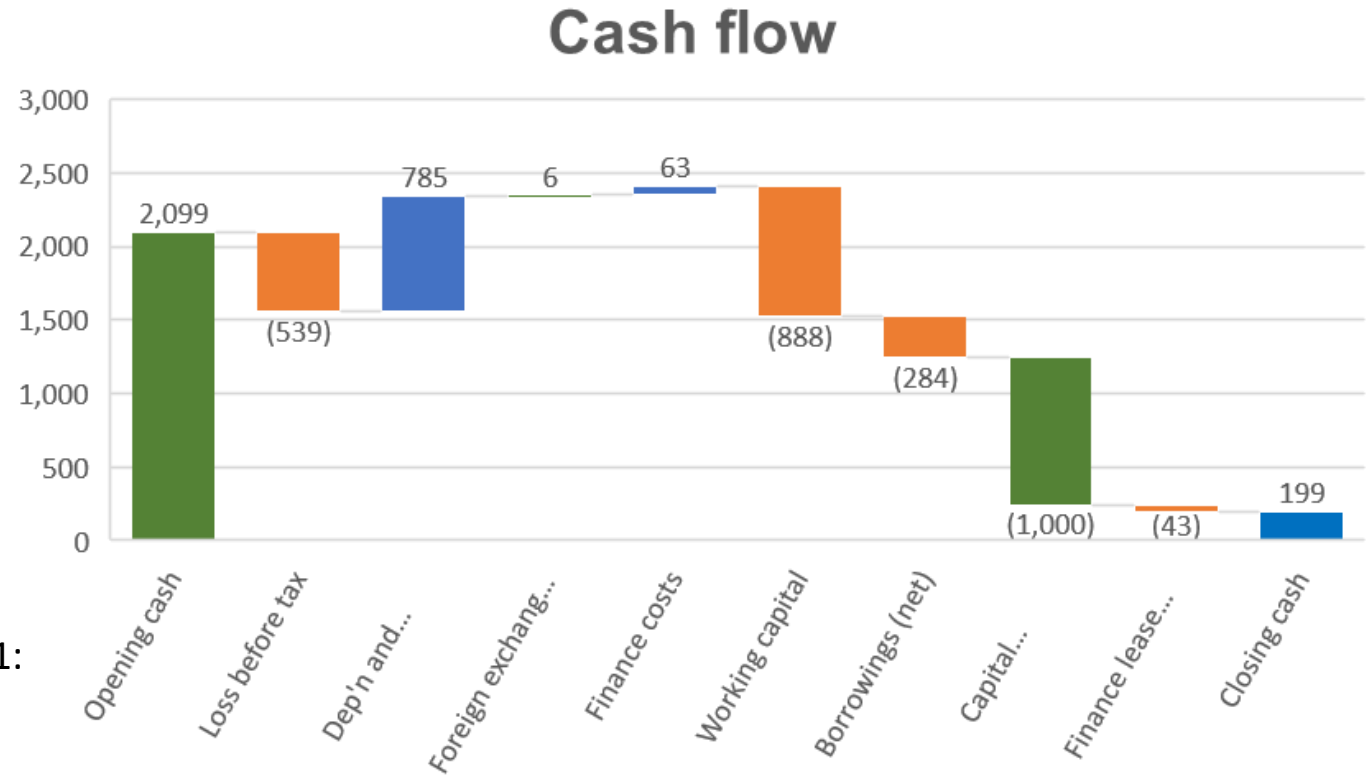
UK as a %	79%	77%	79%	78%
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# HY1 2023 Cash flow highlights

- Funds raised in Jan 22 used to reduce HMRC liabilities and fund investment in development projects.
- Borrowings reduced in line with scheduled repayments.
- Cash: £0.2m (31 Mar 21: £0.2m)
- Borrowings\* £0.8m (31 Mar 21: £1.3m)

\* Borrowings exclude IFRS16 Lease Liabilities





## . Trading update



# GRC International Group | Recent cyber breaches



## Microsoft

### Data breach exposed customer data of 65,000 organisations

- “Dubbed BlueBleed Part 1, the Microsoft data leak exposed at least 2.4 terabytes of sensitive data belonging to 65,000 entities in 111 countries. SOCRadar said the data leak originated from a misconfigured Azure Blob Storage maintained by Microsoft with a high-profile cloud provider’s sensitive data.”  
- CPO Magazine

## Royal Mail

### Customers’ information leaked to other users

- “Royal Mail has experienced a data breach where customers have seen the information of others users [...] ‘As a protective measure, we have stopped access to Click & Drop temporarily.’”  
- Sky News

## Outsourcer Interserve

### Fined £4.4 million for failing to prevent cyber attack

- “Britain’s data watchdog has fined the construction group Interserve £4.4m after a cyber-attack that enabled hackers to steal the personal and financial information of up to 113,000 employees.”  
- The Guardian

## Medibank

### Criminal hacker had access to data of all 3.9 million customers

- “Medibank has revealed all of its 3.9 million customers have had their data exposed to a hacker, in a significant escalation of the cyber-attack on the Australian health insurer.”  
- The Guardian



# GRC International Group | Market overview



*“Looking ahead to 2022-2023, cybersecurity must be seen as a strategic business issue that impacts decision-making”* (World Economic Forum, 2022)

## Threat landscape

- Increasingly sophisticated cyber criminals/serious organised crime.
- Nation-state activity and cyber warfare.
- Digitisation, migration to cloud, IoT.

Ransomware will attack a device every 2 seconds by 2031 – up from every 11 seconds in 2021 (Cybersecurity Ventures)

## Attack surface

- Weaknesses and vulnerabilities in technology, people, process.
- Supply chain & MSP vulnerabilities – one-to-many attacks.
- Inadequate governance, risk management & compliance.

Cybercrime damages increasing by 15% pa to \$10.5trn by 2025, up from \$3trn in 2015 (Cybersecurity Ventures/MasterCard)

## Compliance landscape – UK, EU & USA

- Data protection and privacy (eg GDPR)
- Cyber security (NIS, NIS 2)
- Incident reporting (EU, CISA, SEC)

The SEC's proposed rules would require disclosure of two broad categories of information: cybersecurity incidents and cybersecurity risk management, strategy, and governance.

## Supply side

- Global shortage of cyber security and privacy professionals.
- Fragmented market.
- Multiple small, ‘single solution’ businesses.
- Cyber insurance increasingly expensive/unavailable/restricted.

Cybersecurity Workforce Gap of £2.72m people (ISC2 Research)

## Buy side

- Buyers need cyber defence-in-depth, cyber resilience.
- Buyers need fewer, more broadly capable suppliers.

Cybersecurity market growth:  
2026 - £352bn +14.5% CAGR  
(Mordor Intelligence plc)



## IT Governance chosen as Tela Technology's official cyber security partner for 2023

"We chose IT Governance as our official cyber security partner for 2023 as they share and encompass our values of trust, integrity, transparency and safeguarding the best interests of Tela and fellow businesses when it matters."

**Shez Cheema, CEO, Tela Technology**

**BECOME A PARTNER**



## 400 MSP Channel Partners



**GRC International Group**  
Our expertise, your peace of mind



- Well placed to capitalise on multiple international opportunities as market continues to grow.
- Continued investment in high margin e-Commerce and SaaS divisions.
- Sales and billings, marketing and delivery activities plus seasonally strong Q4 underpin FY23 financial objective.
- Current trading in line with market expectations.





- Build annualised revenue, organically and through acquisition, to £50m
- Gross margins of 65%
- EBITDA margins of 25%
- Management incentives to align with these objectives







- **Clear strategy: exploiting fast-growing and fragmented international market**
- **Market opportunities and drivers**
  - Growth opportunities in digitally transformed, Cloud-based, increasingly vulnerable, hybrid-working environment:
  - Fragmented and rapidly growing international markets offer significant consolidation opportunities.
  - Cybersecurity market forecast to grow to £352bn by 2026, at a 14.5% CAGR\*.
- **Position/USPs**
  - Established, respected, market-leading 20-year old IT Governance brand.
  - Experienced, resilient cross-Group management team with strength in depth.
  - Broad customer base, across multiple segments and organisation sizes.
  - Dominant SEO positioning supported by extended PR links, with 4.3 million visits (+18% YoY).
  - Unique cyber defence-in-depth offering - wide & deep range of products and services with numerous cross and upselling opportunities.
  - Unique, valuable intellectual capital (Software, content, brands, know-how).
  - Product quality demonstrated by multiple national & international accreditations, customer endorsements and NPS scores.
  - Established WFH/remote working model that supports international recruitment.





- **Financial**

- Non-cyclical business.
- Significant revenue growth - growing recurring/contracted revenue billings - already 73% of total revenue.
- Gross margins already at 60%.
- Highly scalable SaaS and e-commerce divisions - inherent operational gearing.
- EBITDA-positive.
- Cash-generative.



# Questions

**Protect • Comply • Thrive**



# Appendices





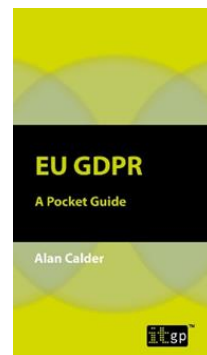
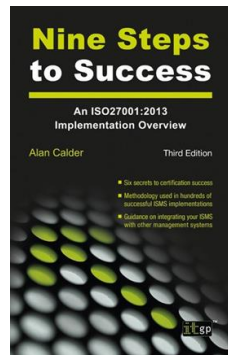
**Alan Calder**  
GRCI Group CEO, Founder of  
IT Governance Ltd

Alan Calder led the world's first implementation and certification of an information security management system to what is now ISO/IEC 27001, back in 1997. His focus on the role of boards and senior management in protecting corporate assets has contributed to the evolution of today's cyber security world.



**Chris Hartshorne**  
GRCI Group Finance  
Director

Chris Hartshorne spent nearly 15 years in public practice accountancy, qualifying with Deloitte before moving to PwC. He spent much of his public practice career supporting fast growth tech companies juggling organic growth, M&A, financing, and investment both on and off the public markets. He joined IT Governance Ltd in 2017 to bring that experience to an organisation where he saw significant potential and market opportunity.



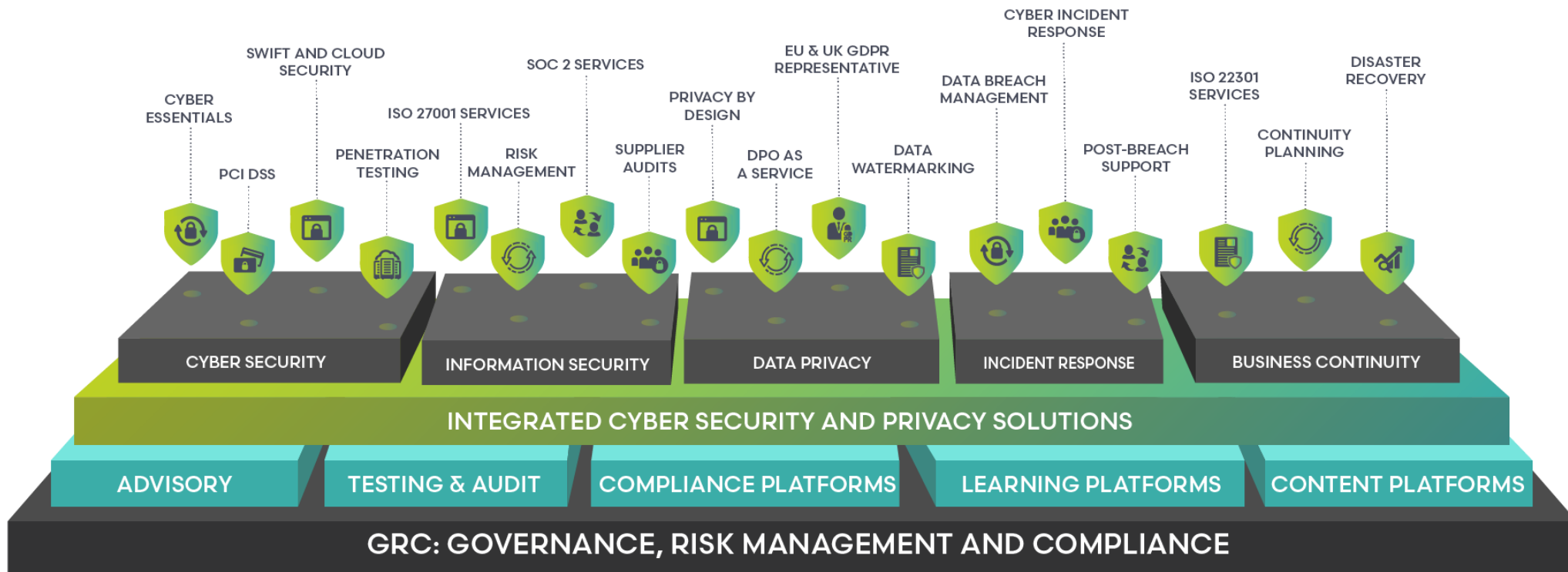


## GRC International Group Companies





## Comprehensive suite of integrated cyber security & data protection solutions

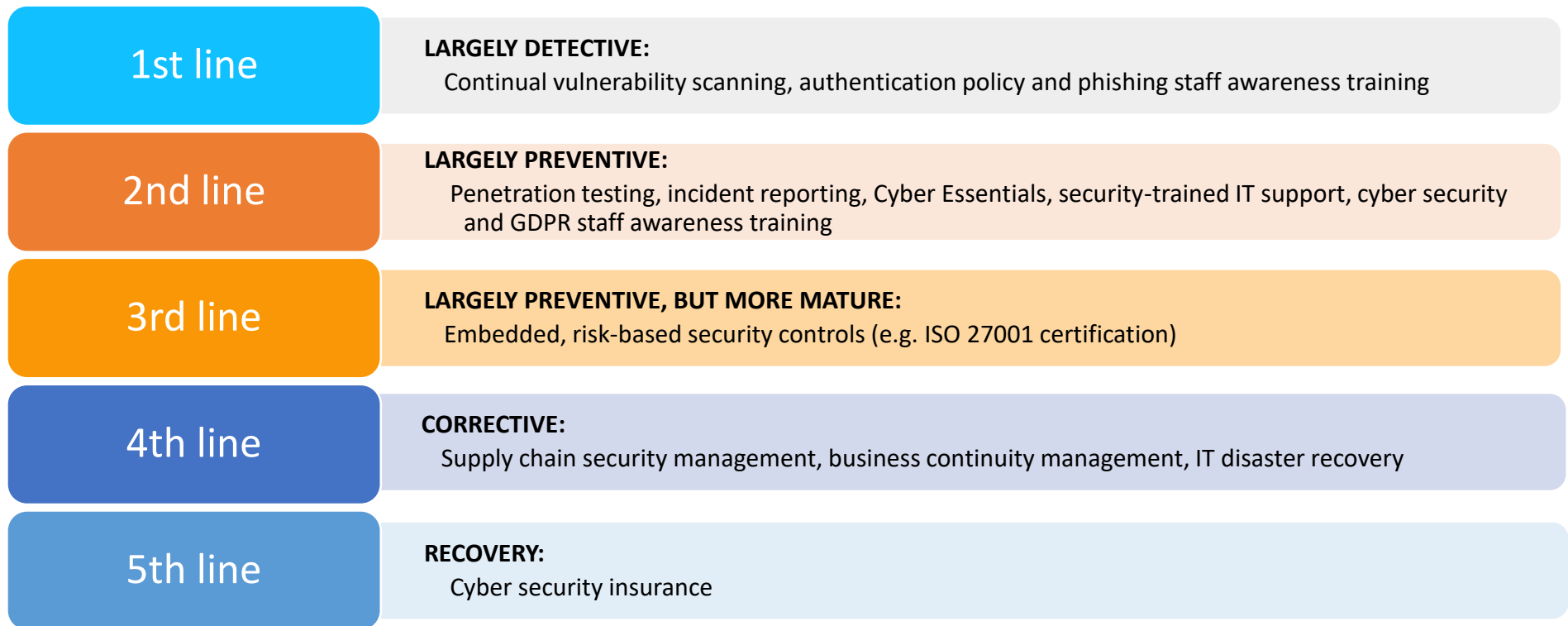


Our expertise | Your peace of mind





**Delivering unique multi-layered, risk-based approach to help clients build and embed cyber resilience.**



**Our expertise | Your peace of mind**





## MARKETING AND SALES FUNNEL

- 20 years of content marketing, book publishing, PR activity and SEO dominance translate into growing volumes of incoming customers seeking specific solutions.
- Multiple accreditations, wide-ranging customer endorsements and high NPS scores help convert visitors.
- Productised services and packaged offerings simplify choice for smaller customers and sales people.
- Largely automated fulfilment enables account managers to concentrate on landing and expanding.

## OPERATIONAL MODEL

- e-Commerce division provides customers with proprietary, expert content and professional qualifications.
  - Enabling clients to address the skills gaps
- Services division delivers expertise into larger client organisations on a longer-term contracted basis.
  - Enabling clients to access expertise and the range of products and services from across Group.
- SaaS division delivers compliance and management platforms.
  - Enabling clients to embed consistent, robust and regularly updated compliance processes into their operations.





# GRC International Group | ITG Fulfilment example

1. Client does web search for 'ISO 27001' – and will find [www.itgovernance.co.uk](http://www.itgovernance.co.uk).
  2. Consumes free content, purchases a copy of the ISO/IEC 27001 standard and a book of guidance.
  3. Then talks to our sales team about help with implementation.
- ISO/IEC 27001 Implementation (£7.5k to £50k)
    - 3 – 9 month consultancy-led implementation.
    - Project includes:
      - Lead implementer/Lead Auditor training courses for key personnel.
      - CyberComply annual subscription: creation and maintenance of risk assessment and statement of applicability.
      - DocumentKits annual subscription: creation and maintenance of policy documentation.
      - GRC e-Learning annual subscription: Staff Awareness training.
    - Initial project typically followed by annual internal audit and support contract (£5k to £15k).
  - Client options, thereafter:
    - Cyber Essentials certification (through our CE certification service).
    - SOC 2 or PCI DSS accreditation (with our consultant support).
    - Annual penetration testing contract.
    - GDPR support, such as DPO as a Service.
    - Additional management system implementations eg Privacy or Business Continuity.
    - Repeat/additional staff training (awareness or professional certification).

**This model replicates across all regions.**



# Operational divisions



UK, EU and USA

- Training
- Distribution
- Books

## e-Commerce

One-Stop Shops, client acquisition, high transaction volume, breadth of offering.

## SaaS

High volume, low value, recurring revenue. Automated fulfilment and delivery.

## Services

Relationships, longer term contracts, and cross-selling

- Cyber Essentials and CSaaS
- GRC e-Learning
- ITGP Toolkits
- GDPR.co.uk
- Vigilant Software
- CyberComply

- ISO/IEC 27001
- Cybersecurity & privacy
- Penetration testing
- PCI DSS, Cloud
- GRCI Law
- DQM GRC

- Integrated Client Service Centre
- Common infrastructure

# Our credentials



## Consultancy services

IT Governance is independent of vendors and certification bodies and encourages clients to select the best fit for their needs and objectives. IT Governance is widely recognised amongst UKAS-accredited certification bodies as a leading consultancy and is listed on the following:



## Our certifications

IT Governance has been awarded ISO 27001, 27701, ISO 9001 and BS 10012 certifications. We are currently working on implementing other standards including ISO 14001 and ISO 22301.



## Training services

IT Governance is an approved training provider for a number of high-profile courses leading to internationally recognised qualifications.



## Accreditations

We are accredited by the following bodies to deliver specialist services.



# Clients and endorsements



The Telegraph

YOOX  
NET-A-PORTER  
GROUP



**Cybersecurity training delegate:** "I'm really glad our company enrolled us for this course. A real eye-opener. Everyone needs to do this course. I learned a lot."

**Information Security & Cyber Security Staff Awareness eLearning customer:** "Very easy to use and a simple but effective to-do list throughout which helped. Very easy to navigate. Great that you can log out when needed and resume when you are available to do so. A useful tool for online learning to have."

**Audit client:** "It is our 3rd time through the process, we certainly see the value and consider DQM a partner in our journey to striving for excellence."

**GDPR Audit Client:** "Our assessor, was knowledgeable, pragmatic, clear and concise - exactly what we needed! It made the process very easy and the speed we received our report was great."

**CyberComply customer:** "We needed a way to expedite and simplify our cyber risk assessment process and CyberComply became a clear choice after testing other products in the market. Customer support for the product is fantastic, we were able to get up and running with the product incredibly quickly. CyberComply has become an integral tool in our organization."

**Certified DPO training delegate:** "Brilliant, Fantastic - what an insightful course!! Really interesting, full of information and real world application and a true expert as the trainer - Completely recommended and value for money."

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# Let the numbers speak (1)!



## At One Glance



More than

**100,000**

users of staff awareness  
e-learning  
courses



More than

**30,000**

delegates trained on one of our  
courses



Successfully helped over

**800**

clients prepare for ISO 27001  
certification



More than

**13,000**

users of our documentation  
toolkits and templates

# Let the numbers speak (2)!



## At One Glance



More than

**110,000**

books and guides sold



More than

**500**

Cyber security projects  
delivered



Successfully certified

**5,000**

Organisations to Cyber Essentials  
standards



More than

**500**

Organisations use our  
governance, risk and compliance  
software



# FY 22 Q4 PR activity



**WIRED**

**Daily Mail**

**ComputerWeekly.com**

## Our stats:

- Total coverage: 123
- Platinum: 3
- Gold: 79
- Silver: 8
- Financial: 33

## Some of our top headlines:

- The current state of national cyber security – expect to see more attacks on governments & institutions
- What will be the single biggest security threat of 2022?
- The Growing Importance of The Cybersecurity Sector In Light Of The Russian-Ukraine War
- How 2022's most significant data privacy trends affect your organisation
- Upcoming cyber security trends enterprises must prepare for
- Coca-Cola Investigating Data Breach Claim
- How Advances in Cloud Security Can Help with Ransomware
- GRC ends year strongly as high demand continues

**Bloomberg**

 **REUTERS**

**ITPro.**

**Technology.**  
**COMPLIANCE  
WEEK**

# HY1 2023 Balance sheet highlights



	HY 2023	HY 2022	FY 2022
	£m	£m	£m
<ul style="list-style-type: none"> <li>Intangible assets: £5.9m (FY 2022: £5.6m)                             <ul style="list-style-type: none"> <li>HY 2022: £5.7m</li> <li>Continued investment offset by amortisation</li> </ul> </li> </ul>	Goodwill	6.8	6.8
	Intangible assets	5.9	5.7
	Property, plant and equipment	0.1	0.1
	Right of Use asset	0.2	0.2
	<b>Non-current assets</b>	<b>13.0</b>	<b>12.8</b>
	Borrowings	(0.5)	(0.8)
<ul style="list-style-type: none"> <li>Right of use asset relates to the IFRS 16 treatment of property leases</li> </ul>	Lease obligations	(0.1)	(0.1)
	Working capital	(3.8)	(4.5)
	<b>(4.4)</b>	<b>(5.7)</b>	<b>(5.3)</b>
<ul style="list-style-type: none"> <li>Net Cash: £0.2m                             <ul style="list-style-type: none"> <li>Rolling credit facilities in place to of £0.7m (Currently 50% utilised) plus invoice discounting facility providing availability usually £0.2m - £0.4m.</li> </ul> </li> </ul>	Trade and other payables	0.0	0.0
	Borrowings	(0.3)	(0.4)
	Lease obligations	(0.1)	(0.1)
	Deferred tax	(0.3)	(0.3)
	<b>Non-current liabilities</b>	<b>(0.7)</b>	<b>(0.8)</b>
	<b>Net Cash</b>	<b>0.2</b>	<b>0.1</b>
	<b>Net assets</b>	<b>8.1</b>	<b>6.4</b>
			<b>8.7</b>

# Contact us

How to get in touch

## United Kingdom



**Visit our website**

[www.itgovernance.co.uk](http://www.itgovernance.co.uk)



**Email us**

[servicecentre@itgovernance.co.uk](mailto:servicecentre@itgovernance.co.uk)



**Call us**

+44 (0)333 800 7000



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[/ITGovernance](https://twitter.com/ITGovernance)

## Europe



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**Email us**

[servicecentre@itgovernance.eu](mailto:servicecentre@itgovernance.eu)



**Call us**

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## United States



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[servicecentre@itgovernanceusa.com](mailto:servicecentre@itgovernanceusa.com)



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