



# GRC International Group

Our expertise, your peace of mind

## GRC INTERNATIONAL GROUP PLC FY23 Results 5 September 2023

Alan Calder – CEO

Chris Hartshorne – Finance Director

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



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



# GRC International Group | Post-GDPR objectives

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- Rebuild revenue growth around combination of cyber security and privacy
- Gross margins in excess of 60%
- Contracted & recurring revenue in excess of 70% of total revenue
- Consistently generate positive EBITDA



# GRC International Group | FY 23 Operational highlights

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- Over 3,000 SaaS customers, average value of £1.2k – up 5%
- Increased number of public training delegates – Q4 17% increase on prior year.
- Expanded training course portfolio, introduced digital badging.
- Completely revamped ISO 27001 product portfolio for 2022 version.
- Improved NPS score to 48 (50+ is 'excellent') and established a TrustPilot average score of 4.5 (excellent).
- Combined CyberComply ISO/IEC 27001 and GDPR modules into a single platform and added Incident Response Management functionality.



# GRC International Group | 3 Divisions



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

## Software as a Service £3.7m (11% YoY revenue increase)

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

## e-Commerce £3.6m (-% 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 £6.6m (6% 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, SWIFT 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 3% to £3.1m | now 21% of total Group revenue



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## . Financial update



# GRC International Group | FY 23 – Financial highlights

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- Revenue up 6% to £14.7m (FY22: £13.9m).
  - International revenue up 3% to £3.1m (FY22: £3.0m).
  - SaaS division revenue up 11% – the Group's highest gross margin generating division.
- Recurring and contracted revenue up 30% to £10.7m (FY22: £8.2m).
- 73% (FY22: 59%) of revenue generated from recurring and contracted revenue contracts.
- Gross margin of 61% (FY22: 59%) – continued improvement reflects operational gearing from subscription services and internal efficiencies from automation projects.
- Adjusted EBITDA of £0.3m (FY22: £1.0m).
- Cash balances at period end of £0.1m (FY22: £2.1m). Borrowings (excluding lease obligations) of £1.3m (FY22 £1.1m).



# GRC International Group | FY 23 EBITDA

	FY 2023	FY 2022
	£'000	£'000
<b>Revenue</b>	14.7	13.9
<b>Operating loss</b>	(1.4)	(0.7)
Depreciation	0.1	0.3
Amortisation	1.5	1.4
Exceptional costs	0.1	0.0
Loss on disposal of fixed assets	0.0	0.0
<b>EBITDA</b>	0.3	1.0
<b>EBITDA as % revenue</b>	2%	7%

- EBITDA positive in consecutive years.
- Revenue growth in H1 invested into the business to fund and support further future growth.
- Q1 FY24 has continued the EBITDA positive performance.



# GRC International Group | FY 23 Segmental reporting



- Significant growth in the SaaS division, which is high margin and highly scalable.
- Gross margin improvements across all divisions.
- International revenue up 3% to £3.1m (FY22: £3.0m). Local entities provide a natural partial hedge against fx risk.

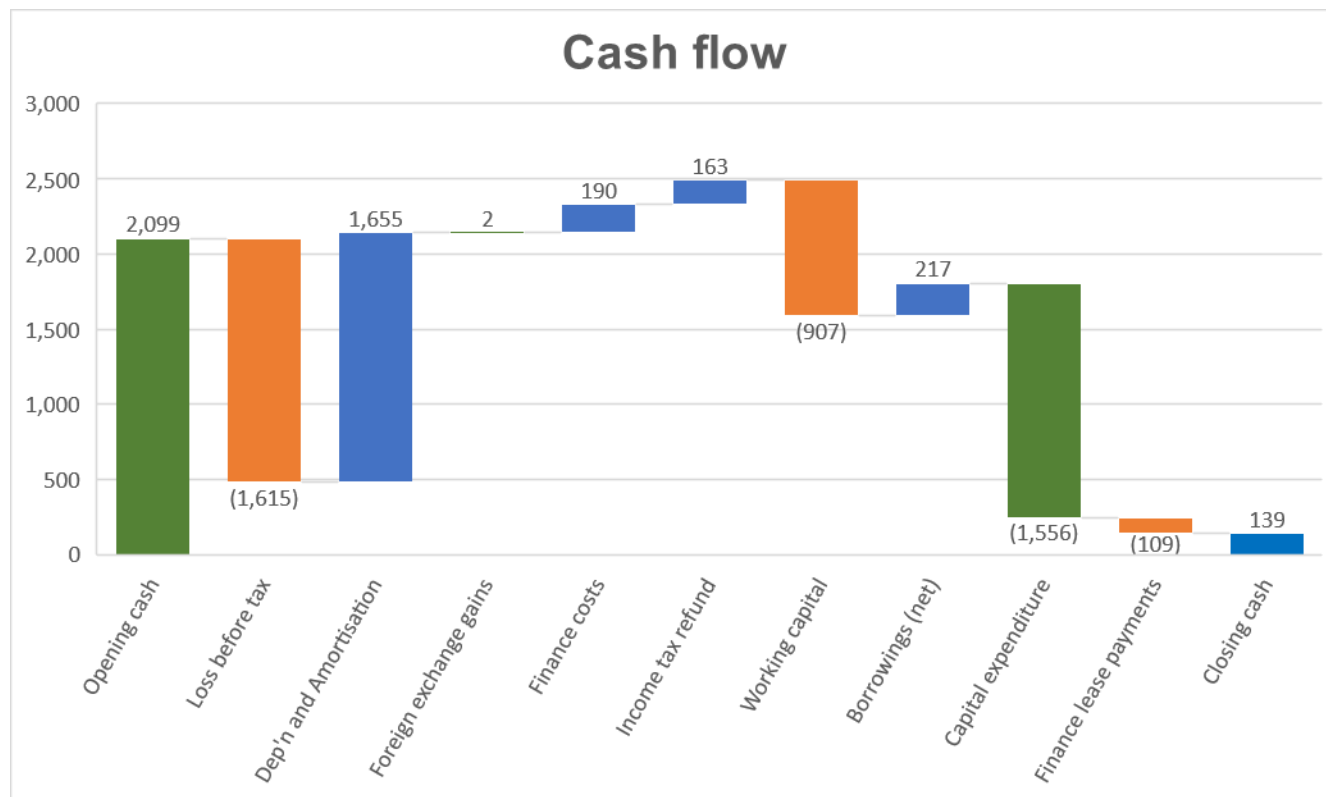
	FY 2023 £'000	HY2 FY23 £'000	HY1 FY23 £'000	FY 2022 £'000
<b><u>Revenue</u></b>				
SaaS	4,100	1,996	2,104	3,721
e-Commerce	3,550	1,974	1,576	3,549
Services	7,010	3,403	3,607	6,632
<b>Total</b>	<b>14,660</b>	<b>7,373</b>	<b>7,287</b>	<b>13,902</b>
<b><u>Gross Margin</u></b>				
SaaS	84%	89%	78%	82%
e-Commerce	68%	71%	65%	68%
Services	43%	38%	48%	40%
<b>Total</b>	<b>61%</b>	<b>61%</b>	<b>60%</b>	<b>58%</b>
<b><u>Revenue</u></b>				
UK	11,576	5,839	5,737	10,880
Europe	1,185	569	616	1,110
United States	1,581	866	715	1,150
Rest of the World	318	99	219	762
<b>Total</b>	<b>14,660</b>	<b>7,373</b>	<b>7,287</b>	<b>13,902</b>
UK as a %	79%	79%	79%	78%

# GRC International Group | FY 23 Cash flow highlights



- Funds raised in Jan 22 deployed as planned, to reduce HMRC liabilities accumulated during the pandemic and to fund investment in development projects.
- Positive cash at year end and headroom on facilities of circa £500k.
- Cash: £0.1m (31 Mar 22: £2.1m)
- Borrowings\* £1.3m (31 Mar 22: £1.1m)

\* Borrowings exclude IFRS16 Lease Liabilities





- . Forward Strategy
- . Current trading update



# GRC International Group | Cyber breaches – no let up



## 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





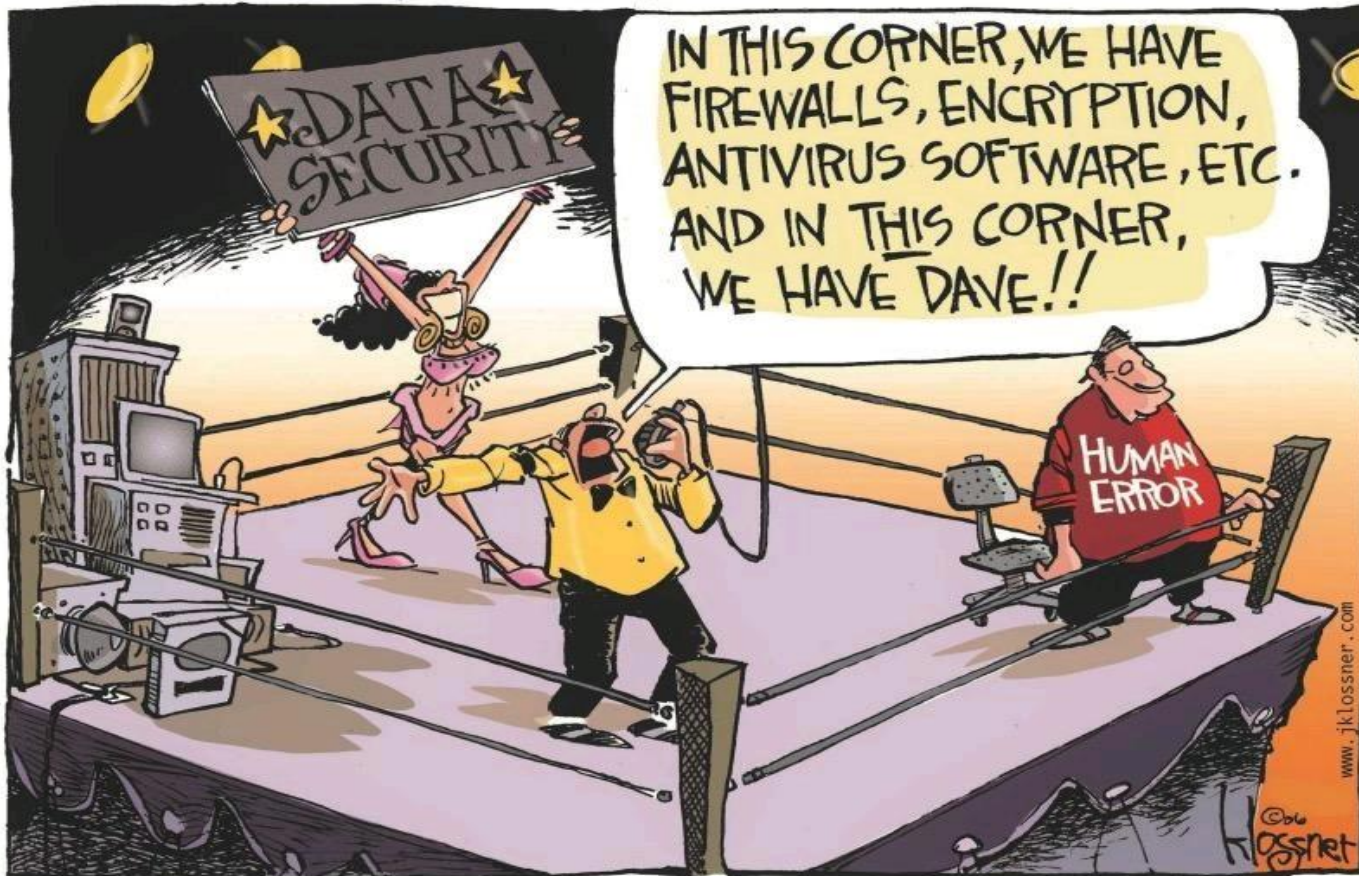
- Expanding attack surface:
  - Remote/hybrid working.
  - Migration to Cloud.
  - Digitisation.
  - Internet of Things (IoT).
- Crowded threat horizon:
  - Ransomware-as-a-Service.
  - Serious organised crime.
  - Nation states.
  - Competitors.
- Costly and existential:
  - “Cybercrime to cost Germany 206 billion euros in 2023” (Reuters)
  - 52% of companies say cyber-attacks threaten their existence (Reuters)



# GRC International Group | Cyber breaches - the real issue



Cybersecurity companies sell technology solutions to tech teams, but that's the wrong answer, and it's the wrong problem.



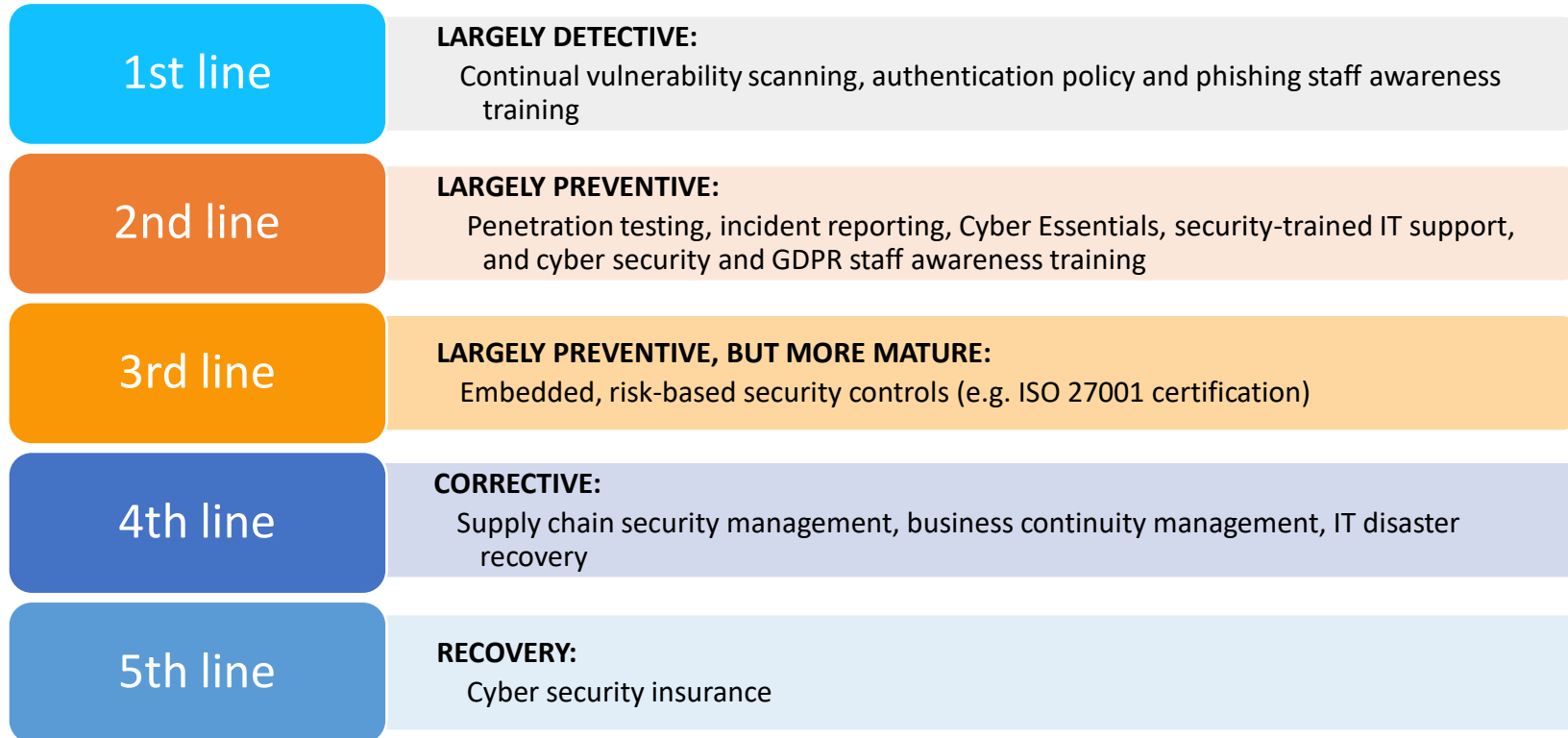
ICO: "Failure to use BCC correctly in emails is one of the top data breaches reported to us every year." (1/9/2023)



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## Board-led, GRC-driven Cyber Defence-in-Depth





## . Governments and regulators agree: a board-led GRC strategy is mandatory.

- . EU GPDR and UK GDPR
- . EuroPrivacy Seal, encompassing ISO/IEC 27001 (GRC a Global Consultancy Partner).
- . NIS (Network & Information Security Directive) – in force.
- . SWIFT Compliance and Resilience requirements (GRC an accredited consultancy).
- . DORA (Digital Operational Resilience Act) – January 2025.
- . USA SEC Cyber Security regulations – new requirements.
- . USA CMMC Accreditations for Defence Industrial Base (GRC an accredited consultancy body).
- . UK Cyber Governance Code of Practice – coming in 2024.



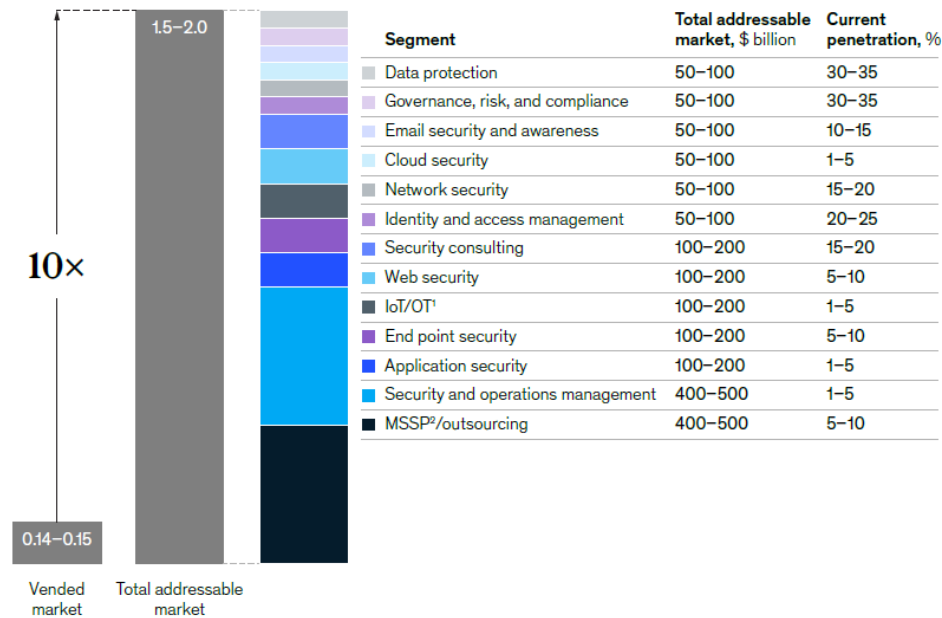


# GRC International Group | The addressable market



The Global Cybersecurity total addressable market may reach \$1.5 trillion to \$2.0 trillion, approximately 10x the vended market

Global cybersecurity market size, 2021, \$ trillion



<sup>1</sup>Internet of Things/operational technology.  
<sup>2</sup>Managed security service provider.  
Source: McKinsey Cyber Market Map 2022

GRC International Group focuses on Data protection, GRC & Security Consulting and deals with the GRC components of all the other areas.



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- There is a global shortage of cyber security subject matter experts (SMEs).
  - *Cybersecurity Workforce Gap of £2.72m people (ISC<sup>2</sup> Research)*
- This exacerbated by proliferation of laws, regulations, standards, frameworks and supply-chain requirements.
  - *Almost 70% of organisations identify a need to demonstrate compliance to at least six different information security or data privacy frameworks, including mandatory sectoral and geographic regulations.*
  - *77% of organisations are planning to transition to updated frameworks in the near future.*

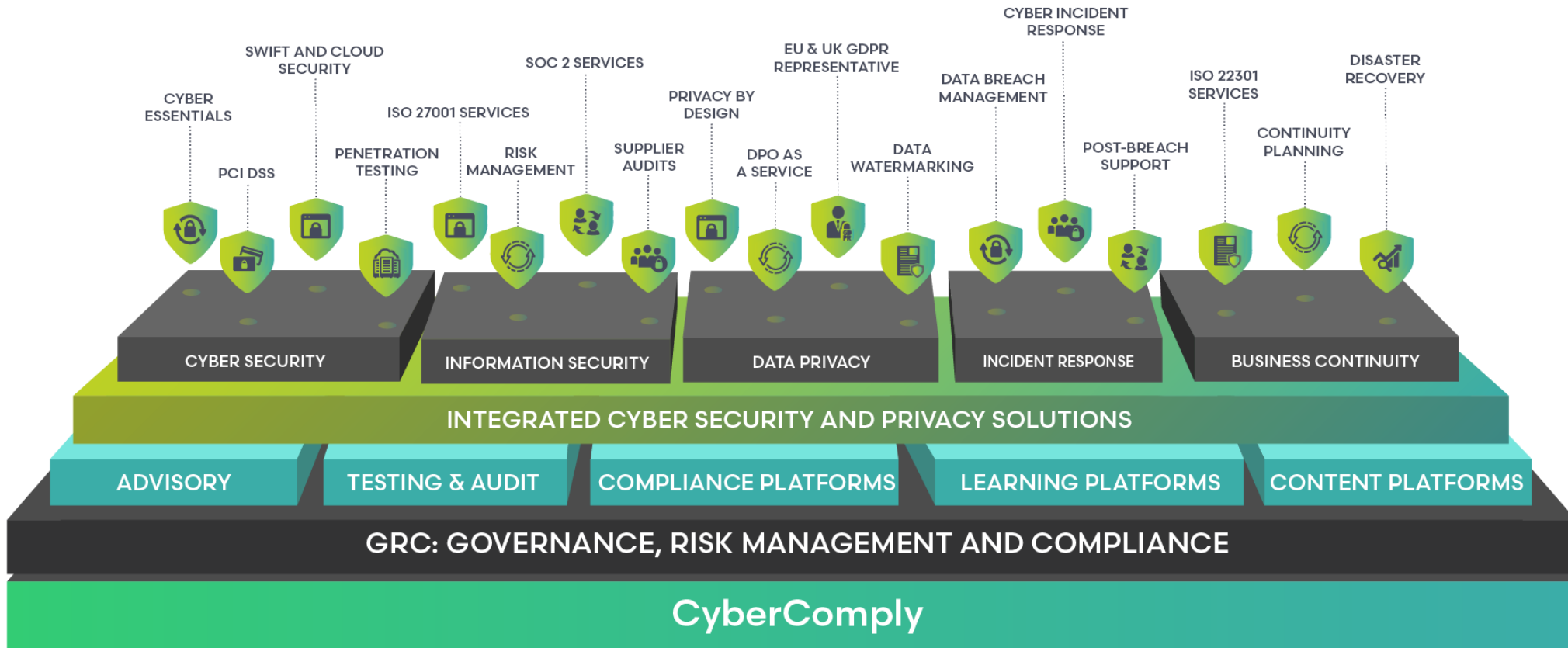




- . This is a market for vendors that combine:
  - . a wide portfolio of GRC services with
  - . deep subject matter expertise,
  - . supported by a best-practice GRC management & compliance SaaS platform.

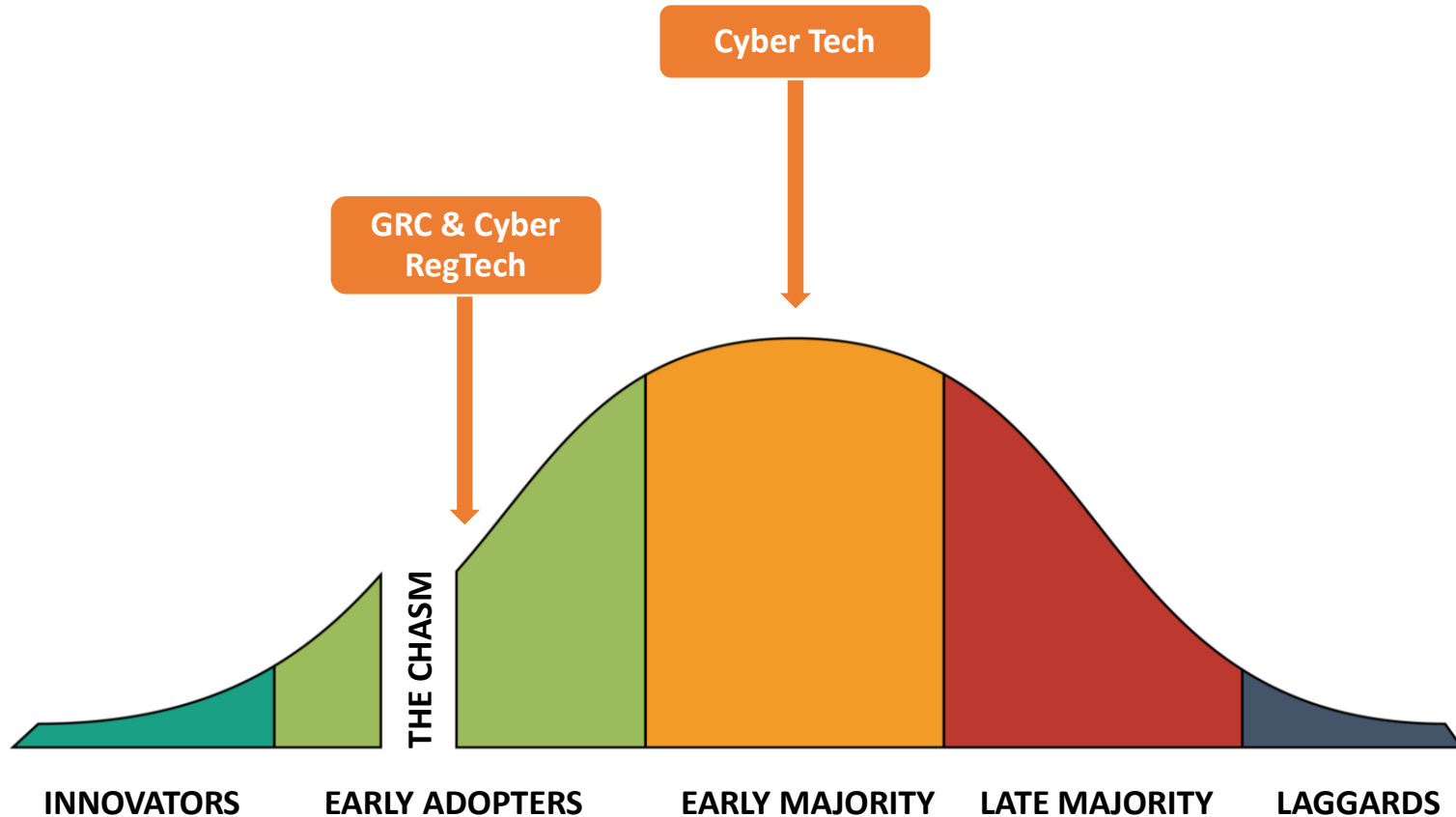


# GRC International Group | GRC Cyber RegTech



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# GRC International Group | Cyber RegTech adoption curve





- Focused investment in CyberComply platform, SaaS services and e-commerce functionality and growth.
- Continued focus on product-market fit across the portfolio, particularly in new regulatory areas: DORA, EuroPrivacy, SEC, CMMC.
- Improve client acquisition, average customer value (ACV), customer lifetime value (CLV) and client retention.
- Leverage AI and ML to improve productivity and agility.
- Broader international growth.





- FY 23 Q1 Positive ebitda (vs negative in prior year)
- FY 23 Cumulative billings to August ahead of prior year.
- Trading in line with market expectations





- **Clear strategy: leveraging RegTech to exploit fast-growing and fragmented international market**
- **Market opportunities and drivers**
  - Growth opportunities in digitally transformed, Cloud-based, increasingly vulnerable, hybrid-working environment.
  - Proliferating regulations and frameworks combined with global shortage of subject matter expertise.
  - 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, GRC market-leading 20-year old IT Governance brand.
  - Experienced, resilient cross-Group management team with strength in depth.
  - Broad customer base, across multiple segments, organisation sizes and regions.
  - Dominant SEO positioning supported by extended PR links, with 4 million annual visits.
  - Unique cyber defence-in-depth offering - wide & deep range of products and services with numerous cross and upselling opportunities plus innovative, agile product development capability.
  - Unique, valuable intellectual capital (Software, content, brands, know-how).
  - Uniquely integrated CyberComply platform and broad e-commerce capability to help scale revenue and improve CLV.
  - 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 over 60%.
- Highly scalable SaaS and e-commerce divisions - inherent operational gearing.
- SaaS platforms drive customer retention and improve revenue visibility.
- EBITDA-positive.
- Pre-investment cash-generative.



# Questions

**Protect • Comply • Thrive**



# Appendices



# GRC International Group | Management team



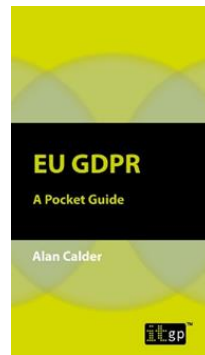
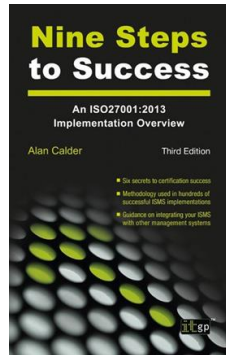
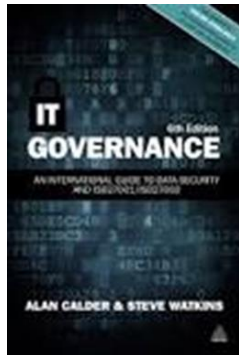
**Alan Calder**  
GRCI Group CEO, Founder of  
IT Governance Ltd

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.



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## GRC International Group Companies





## 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.



# 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

# GRC International Group | FY 23 Balance sheet highlights



	FY 2023 £m	FY 2022 £m
<ul style="list-style-type: none"> <li>Intangible assets: £5.6m (FY 2022: £5.6m)</li> <li>Continued investment offset by amortisation</li> </ul>	Goodwill	6.8
	Intangible assets	5.6
	Property, plant and equipment	0.1
	Right of Use asset	0.2
	<b>Non-current assets</b>	<b>12.6</b>
<ul style="list-style-type: none"> <li>Right of use asset relates to the IFRS 16 treatment of property leases</li> </ul>	Borrowings	(1.1)
	Lease obligations	(0.1)
	Working capital	(4.5)
	<b>Current liabilities</b>	<b>(4.7)</b>
<ul style="list-style-type: none"> <li>Cash: £0.2m</li> <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>	Trade and other payables	0.0
	Borrowings	(0.2)
	Lease obligations	(0.1)
	Deferred tax	(0.3)
	<b>Non-current liabilities</b>	<b>(0.6)</b>
	<b>Cash</b>	<b>2.1</b>
	<b>Net assets</b>	<b>8.7</b>

# Contact us

How to get in touch

## United Kingdom



**Visit our website**

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**Email us**

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