

GRC INTERNATIONAL GROUP PLC



Investor Presentation

June 2022

“Cybersecurity is recession-resistant”

(Joel Fishbein, Truist Financial’s MD, Software & Cloud)

Alan Calder – CEO

Chris Hartshorne – Finance Director



Cyber Security



Privacy



GRC



ISO 27001

GRC 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.

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 \$10.5 trillion by 2025, up from \$3 trillion 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.

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

Buy side

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

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

Cyber Defence-in-Depth

- Support organisations tackling cyber resilience, compliance and data protection.
- Primary focus on people and process domains, with international recognition.
- Wide-ranging, proprietary product and service offering, supported by substantial IP.
- Market-leading IT Governance brand, unique cyber defence-in-depth model.
- Sector-agnostic, UK-based, with early-stage businesses in USA and EU and Asia-Pacific toehold.
- Protecting clients, helping them comply and thrive in an increasingly complex cyber risk environment.

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

Software as a Service

(25% of H1 2022 Revenue)

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

e-Commerce

(26% of H1 2022 Revenue)

- 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

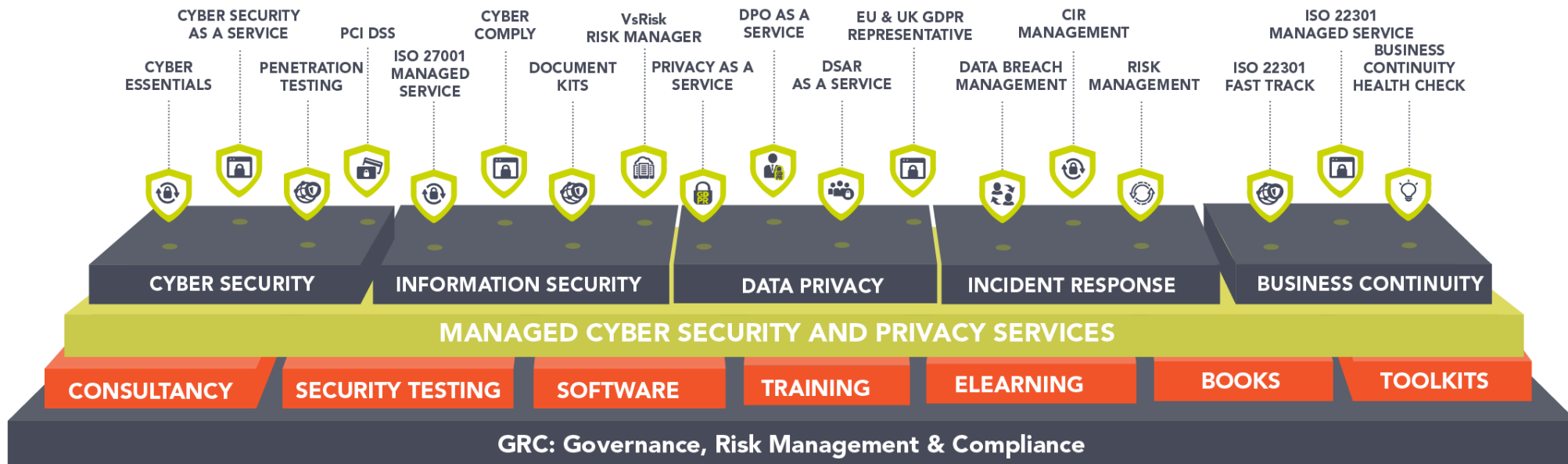
(49% of H1 2022 Revenue)

Helping corporate and public organisations meet compliance and cyber risk management objectives

- Penetration testing
- PCI DSS & Cloud compliance
- Legal, GDPR & DPO services

GRC International Group

Comprehensive suite of integrated cyber security and data protection solutions



Our Expertise,
Your Peace of Mind

Cyber defence-in-depth strategy

Organisations need a multi-layered, risk-based approach to build cyber resilience



1st line

LARGELY DETECTIVE:

Continual vulnerability scanning, authentication policy and phishing staff awareness training

2nd line

LARGELY PREVENTIVE:

Penetration testing, incident reporting, Cyber Essentials, security-trained IT support, cyber security and GDPR staff awareness training

3rd line

LARGELY PREVENTIVE, BUT MORE MATURE:

Embedded, risk-based security controls (e.g. ISO 27001 certification)

4th line

CORRECTIVE:

Supply chain security management, business continuity management, IT disaster recovery

5th line

RECOVERY:

Cyber security insurance

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Your **Peace of Mind** 5

GRCI Strategic focus

- Accelerate growth nationally and internationally, organically and by acquisition:
 - Investment in SaaS and e-Commerce platforms drives client acquisition, retention, cross-selling and high margins.
 - Overall growth supported through the continued development of Services division, deploying expertise to solve client problems, creating opportunities for SaaS deployment.
 - Continued infrastructure investment we believe will improve forward revenue visibility, widen gross margins and increase customer lifetime value.
- EU and USA businesses now established – with significant organic and M&A growth opportunities in both regions.
- Asia-Pacific website open.

GRCI Business model

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 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 client organisations on an increasingly long-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.

ITG Fulfilment example

1. Client does web search for 'ISO 27001' – and will find 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).

GRCI Upsell example

- Cyber Essentials to Cyber Safeguard

What's included?	BRONZE	SILVER	GOLD
			
Prerequisite	Basic controls in place, as set out in the NCSC small business guide	Cyber Essentials certificate	Cyber Essentials Plus certificate
Cyber insurance cover	Up to £100,000	Up to £250,000	Up to £500,000
Cyber security advice (12 hours)	✓	✓	✓
Unlimited external vulnerability scans	✓	✓	✓
Cyber incident emergency legal support	✓	✓	✓
Email misuse staff awareness training	✓	✓	✓
Phishing staff awareness training	✓	✓	✓
Exclusive access to newsletters, webinars and security updates	✓	✓	✓
GDPR staff awareness training	✗	✓	✓
Information security and cyber security staff awareness training	✗	✗	✓
	From just £300 per month	From just £400 per month	From just £500 per month
	Buy now	Buy now	Buy now

Our **Expertise**,
Your **Peace of Mind**

FY22 YE Trading update – highlights

- Billings* up 21% to £14.8m (FY21: £12.2m).
- Q4 billings up 25% to £4.5m (FY21: £3.6m). Notably, March 2022 billings highest since end of GDPR peak (May 2018), despite macro-economic headwinds.
- FY22 billings from recurring revenue products accounting for 56% of total billings (FY21: 54%).
- Recurring revenue subscriber base up 41% to 5,089 (FY21: 3,600).
- 57% of transactions from returning existing customers (FY21: 45%).
- H2 revenue growth continues in line with progress made in H1 - Q4 FY22 revenues of not less than £4.0m up 14% (Q4 FY21: £3.5m).
- EBITDA of at least £0.8m (FY21: EBITDA loss £1.1m). H1: £0.4m, H2: at least £0.4m, with Q4: at least £0.3m).
- Year-end cash £2.0m (2021: £0.2m), reflecting January 2022 share placing and exceptionally strong February & March trading and cash performance.

** Billings equate to the total value of invoices raised as cash sales through the Group's websites. The figure does not take account of accrued or deferred income adjustments that are required to comply with accounting standards for revenue recognition.*

Recent developments

- Multi-year PCI contract signed
- Newly (April 2022) launched cloud security consultancy service wins first contract
 - Winning longer term testing contracts is driving expansion in global footprint across USA and EU.
- Combined - represents strong start for technical security business and is strategically important.
- Services division (includes technical security business) seeing notable shift away from being a cyclical business.
- In first seven weeks of new financial year, the value of customer contracts won in technical security business is up YoY by 107%.

Investment case (1)

- **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 and customer endorsements.
 - Established WFH/remote working model that supports international recruitment.

Investment case (2)

- **Financial**

- Non-cyclical business.
- Significant revenue growth - growing recurring/contracted revenue billings - already 56% of total billings.
- EBITDA-positive.
- Gross margins already at 58%.
- Highly scalable SaaS and e-commerce divisions - inherent operational gearing.
- Cash-generative.

Appendices



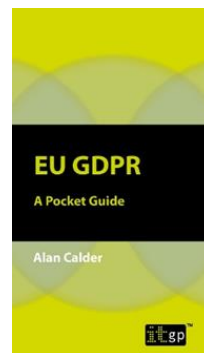
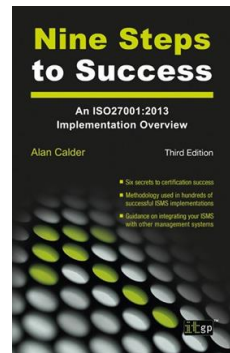
Appendices

Management

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

Group overview

GRC International Group Companies



**Our Expertise,
Your Peace of Mind** 16

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

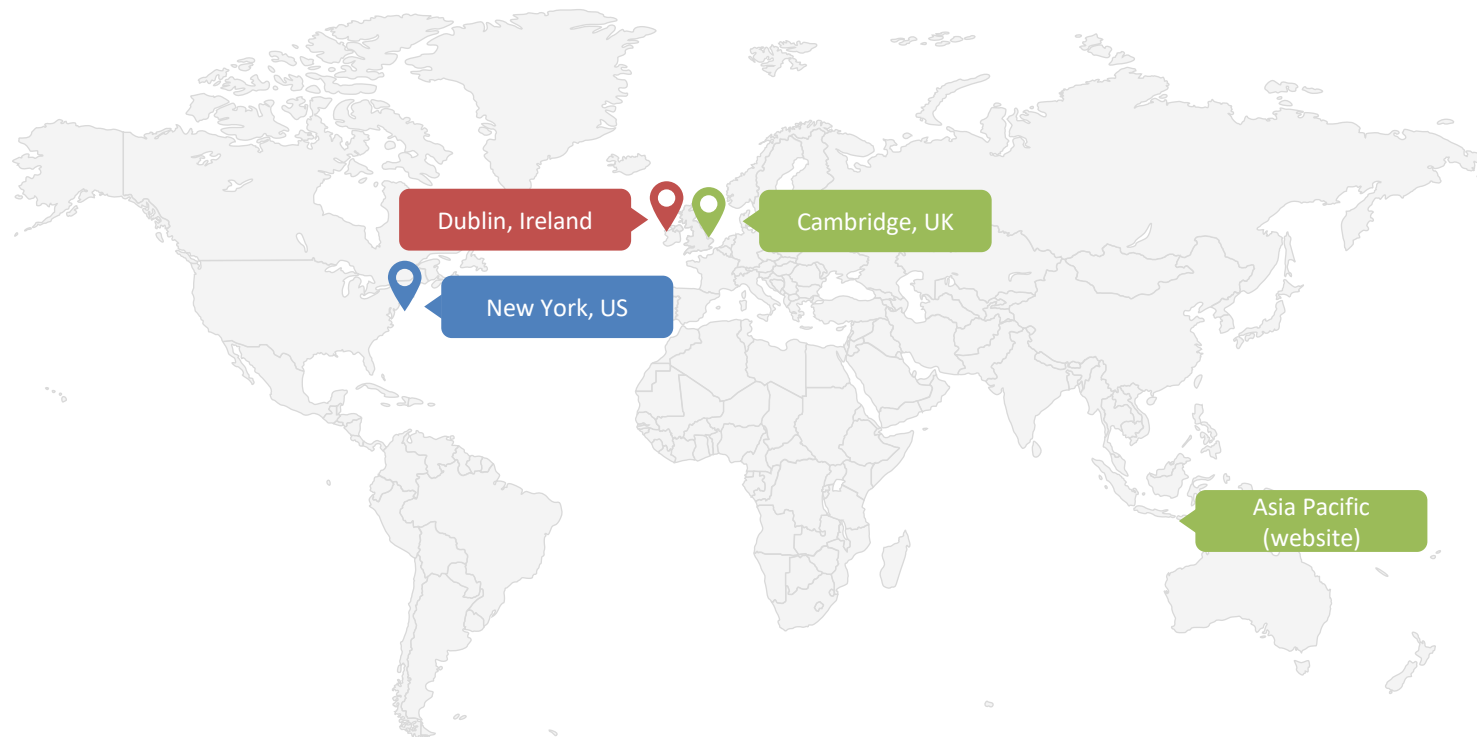
- Cyber Essentials and CSaaS
- GRC e-Learning
- ITGP Toolkits
- GDPR.co.uk
- Vigilant Software
- CyberComply

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

- Integrated Client Service Centre
- Common infrastructure

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Our locations



**Our Expertise,
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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.



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Clients and endorsements



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."

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."

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."

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."

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."



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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

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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

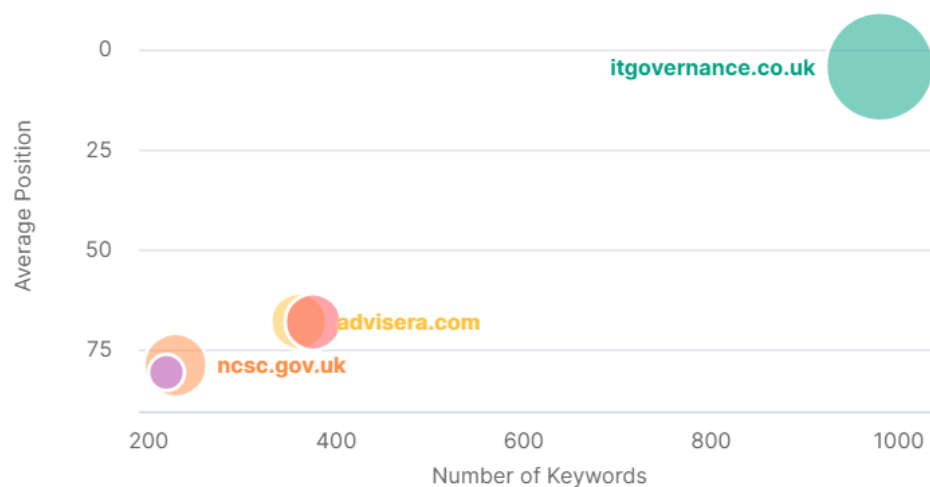


More than
500
Organisations use our
governance, risk and compliance
software

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Dominant SEO position

Market Traffic vs Selected Domains Trends *i*



#	Competitor	Visibility
✓ 1	itgovernance.co.uk You	47.59% +0.66
✓ 2	ncsc.gov.uk	8.67% -0.00
✓ 3	advisera.com	5.87% +0.34
✓ 4	bsigroup.com	5.37% -0.33
✓ 5	qa.com	2.54% -0.24

[View all 20 competitors](#)[Find more competitors](#)

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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.

**COMPLIANCE
WEEK Technology.**

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H1 FY22 – Financial highlights

- Revenue up 22% to £6.6m (YoY)
- Recurring and contracted revenue generated 56% (FY21: 56%) of monthly billings
- Gross margin improvement of 800 bpts to 58% delivered from operational gearing, overall revenue growth and improved utilisation rates
- Gross profit up 41% to £3.8m (YoY)
- EBITDA of £0.4m from £0.8m loss compared to HY21
- Net cash £0.1m as at 30 September 2021

H1 FY22 Income statement

- Revenue: £6.6m - up £1.2m YoY
 - Up 22% on Covid-19 impacted comparative period
 - Up 3% on previous six months (H2 FY21: £6.4m)
- Gross profit: £3.8m – up £1.1m YoY
 - Up 41% as revenue recovers and consultants' utilisation levels improve
 - Focus on higher margin subscription services, driven by margin improvement and operational gearing
- Admin expenses (excl. dep'n and amort): £3.6m – up £0.2m YoY
 - Investment in internal automation and focus on SaaS revenue lines means revenue growth achieved with lower levels of additional staff cost

	HY 2022 £m	HY 2021 £m	% change
Revenue	6.6	5.4	22%
Cost of sales	(2.8)	(2.7)	4%
Gross profit	3.8	2.7	41%
	58%	50%	
Administration expenses	(3.6)	(3.4)	6%
Other operating income	0.2	0.0	0%
EBITDA	0.4	(0.7)	157%
Depreciation and amortisation	(0.8)	(0.7)	14%
Operating loss	(0.4)	(1.4)	71%
Finance Costs (net)	(0.1)	(0.1)	0%
Loss before taxation	(0.5)	(1.5)	67%

H1 FY22 EBITDA

£'000	HY1 FY22	HY1 FY21	HY2 FY21
Revenue	6,633	5,413	6,347
Operating loss	(385)	(1,430)	(1,158)
Depreciation	137	157	193
Amortisation	668	502	605
EBITDA	420	(771)	(360)
EBITDA as % revenue	6%	(14)%	(6)%

- EBITDA positive result for the first six-month trading period since the admission to AIM in March 2018
- Continued improvement in EBITDA performance over the last 18 months

H1 FY22 Revenue – segmental reporting

- Significant growth in the e-Commerce division that was hardest hit in the pandemic
- Highest gross margins are in the Group's fastest growing divisions – SaaS and e-Commerce
- International revenue up 40% to £1.4m (H1 FY21: £1.0m)

	<u>H1 22</u>	<u>H1 21</u>	<u>H2 21</u>	<u>H1 21 to H1 22</u>
<u>Revenue</u>				
SaaS	1,669	1,244	1,608	34%
e-Commerce	1,733	1,082	1,273	60%
Services	3,231	3,087	3,467	5%
Total	6,633	5,413	6,347	23%
<u>Gross margin</u>				
SaaS	90%	91%	90%	(1)%
e-Commerce	64%	64%	57%	0%
Services	38%	27%	38%	41%
Total	58%	49%	55%	18%
<u>Revenue</u>				
UK	5,271	4,451	5,215	18%
Europe	698	369	329	89%
United States	497	366	398	36%
Rest of World	167	227	405	(26)%
Total	6,633	5,413	6,347	23%
UK as a %	79%	82%	82%	

H1 FY22 Balance sheet highlights

- Intangible assets: £5.7m
(FY 2021: £5.8m)
 - (HY 2021: £5.8m)
 - Continued investment offset by amortisation
- Right of use asset relates to the IFRS 16 treatment of property leases
- Net Cash: £0.1m
 - The Group has rolling credit facilities in place to the value of £0.7m (Currently 50% utilised) plus an invoice discounting facility at DQM providing availability usually in the range of £0.2m - £0.4m

	HY 2022 £m	HY 2021 £m	FY 2021 £m
Goodwill	6.8	6.8	6.8
Intangible assets	5.7	5.8	5.8
Property, plant and equipment	0.1	0.3	0.2
Right of Use asset	0.2	0.4	0.2
Deferred tax	0.0	0.1	0.0
Non-current assets	12.8	13.4	13.0
Contingent consideration	0.0	(0.1)	0.0
Borrowings	(0.8)	(0.9)	(0.9)
Working capital	(4.9)	(3.6)	(4.5)
	7.1	8.8	7.6
Borrowings	(0.4)	(0.3)	(0.5)
Lease obligations	(0.1)	(0.2)	(0.1)
Deferred tax	(0.3)	(0.6)	(0.3)
Non-current liabilities	(0.8)	(1.1)	(0.9)
Net Cash	0.1	0.2	0.2
Net assets	6.4	7.9	6.9

H1FY22 Cash flow highlights

- Changes in working capital:
 - Seasonal reduction in trade and other receivables (£0.2m)
 - Increase in deferred income improved revenue trend and forward visibility of revenue
- HMRC deferred liabilities reduced by approximately 40% during HY22
- Cash: £0.1m Borrowings * £1.3m
 - 31 Mar 21: £0.2m; Borrowings £1.3m
 - 30 Sep 20: £0.2m; Borrowings £1.2m

* Borrowings exclude IFRS16 Lease Liabilities

