



GRC International Group

Our expertise, your peace of mind

GRC INTERNATIONAL GROUP PLC HY24 Results 20 December 2023

Alan Calder – CEO

Chris Hartshorne – Finance Director



- . Summary of H1 FY24
- . Financial update
- . Trading update & streamlining
- . Strategic update
- . Investment case
- . Appendices



GRC International Group | H1 FY24 Operational highlights



- Normally slow H1 saw revenue up 4% to £7.6m (H1 FY23: £7.3m).
- Increased CyberComply ARR by 40% to £528k (H1 FY23: £378k).
- ITG EU billings up 20% to £410k (H1 FY23: £341k).
- Improved training value for money: training delegate numbers up 4% to 876 (H1 FY23: 839) and average delegate revenue up by 20% to £1.7k (H1 FY23: £1.4k).
- Increased investment in overhead improved the quality and efficiency of customer delivery, leading to a further increase in Group NPS (net promoter score) to 58 (H1 FY23: 54). Scores over 50 indicate customer service rating of 'Excellent'.



GRC International Group | 3 Divisions



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

Software as a Service £1.9m (10% YoY revenue decrease)

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

e-Commerce £1.8m (13% YoY revenue increase)

- 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 £3.9m (8% 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 GPDR 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 | H1 FY24 – Financial highlights



- Revenue up 4% to £7.6m (H1 FY23: £7.3m).
 - Qualifications revenue up 24% to £1.5m (H1 FY23: £1.2m).
 - GDPR Compliance revenue up 11% to £746k (H1 FY23: £671k).
 - Professional services revenue up 6% to £4.8m (H1 FY23: £4.5m).
 - Web revenue up 5% to £4.9m (H1 FY23: £4.6m).
 - ARR (Annualised Recurring Revenue) at period end up 36% to £11.0m (H1 FY23: 8.2m).
- Recurring and contracted revenue up 8% to £5.5m (H1 FY23: £5.1m).
- 72% (H1 FY23: 71%) of revenue generated from recurring and contracted revenue contracts.
- Gross margin of 61% (H1 FY23: 60%) – continued improvement reflects operational gearing from subscription services and internal efficiencies from automation projects.
- Adjusted EBITDA of £0.2m (H1 FY23: £0.4m).
- Loss before tax of £0.9m (H1 FY23: £0.5m) driven by amortisation from the investment in capital expenditure to fuel future growth of £0.9m (H1 FY23: £1.0m).
- Cash balances at period end of £0.0m (H1 FY23: £0.2m). Facility headroom circa £0.4m (H1 FY23: £0.4m). Borrowings (excluding lease obligations) of £1.5m (H1 FY23 £0.8m).

GRC International Group | H1 FY24 EBITDA



	HY1 FY24	HY2 FY23	HY1 FY23	FY 2023
	£'000	£'000	£'000	£'000
Revenue	7.6	7.4	7.3	14.7
Operating loss	(0.7)	(1.0)	(0.4)	(1.4)
Depreciation	0.0	0.0	0.1	0.1
Amortisation	0.8	0.8	0.7	1.5
Exceptional costs	0.1	0.1	0.0	0.1
Loss on disposal of fixed assets	0.0	0.0	0.0	0.0
EBITDA	0.2	(0.1)	0.4	0.3
EBITDA as % revenue	3%	(1)%	5%	2%

- H1 FY24 return to positive EBITDA following the macro-economic challenges of Q3 in FY23.
- H2 is traditionally the stronger trading period and the Board expects that trend to return strongly in FY24.

GRC International Group | H1 FY24 Segmental reporting



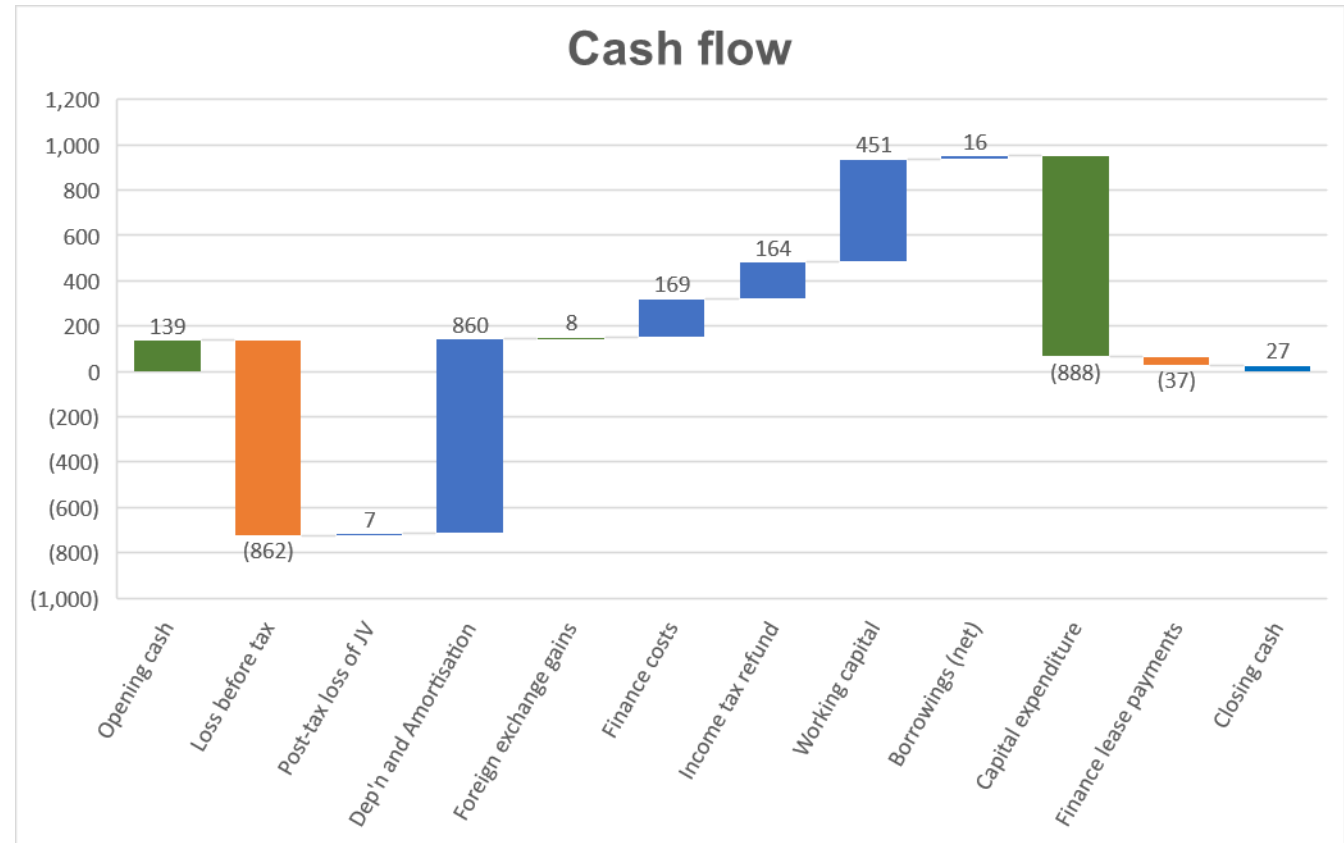
- Strong revenue growth (13%) in e-Commerce as investments made in automation and website infrastructure deliver returns.
- Gross margin improvements in e-Commerce and Services. Gross margin reduction in SaaS due to product mix is expected to be temporary.
- International revenue down 6% to £1.5m (H1 FY23: £1.6m) due to specific operational challenges in the US, subsequently addressed by management with encouraging results. Local entities provide a natural partial hedge against fx risk.

	HY1 FY24 £'000	HY2 FY23 £'000	HY1 FY23 £'000	FY 2023 £'000
Revenue				
SaaS	1,906	1,996	2,104	4,100
e-Commerce	1,820	1,974	1,576	3,550
Services	3,846	3,403	3,607	7,010
Total	7,572	7,373	7,287	14,660
Gross Margin				
SaaS	66%	89%	78%	84%
e-Commerce	70%	71%	65%	68%
Services	53%	38%	48%	43%
Total	60%	61%	60%	61%
Revenue				
UK	6,472	5,839	5,737	11,576
Europe	545	569	616	1,185
United States	427	866	715	1,581
Rest of the World	128	99	219	318
Total	7,572	7,373	7,287	14,660
UK as a %	85%	79%	79%	79%

GRC International Group | H1 FY24 Cash flow highlights



- Development expenditure funded by cash generation and working capital movements.
 - Positive cash at year end and headroom on facilities of circa £350k.
 - Cash: £27k (30 Sep 22: £199k)
 - Borrowings* £1.5m (30 Sep 22: £0.8m)
- * Borrowings exclude IFRS16 Lease Liabilities





Trading update & streamlining





- Trading in line with market expectations.
- Historic high dependency on Q4.
- Signed major contracts in last 2 weeks totalling £1.2m for delivery through Q4 and across FY 25.



GRC International Group | Streamlining



- ITG is a very strong, dominant and widely-recognised brand in the cyber security & privacy GRC marketplace.
- Our various specialist subsidiary businesses have not been able to achieve the semi-independent revenue growth rates we want.
 - VSL is being integrated into ITG, and the CyberComply platform has been rebranded as the core ITG delivery platform.
 - GRC e-Learning is being re-integrated into ITG.
 - GRCI Law becomes primarily a delivery entity within ITG.
 - ITGP focuses exclusively on publishing and distribution with DocumentKits now integrated into Cyber Comply.
- Shift to product-led marketing – better alignment of internal and customer-facing teams focusing on superior product offerings and customer experience to drive scalability.
- Revenue benefits in our Q4 plans
- Overhead and direct cost savings over 12 months of approx. £1m
 - Start kicking in from December 2023



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Strategic update







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

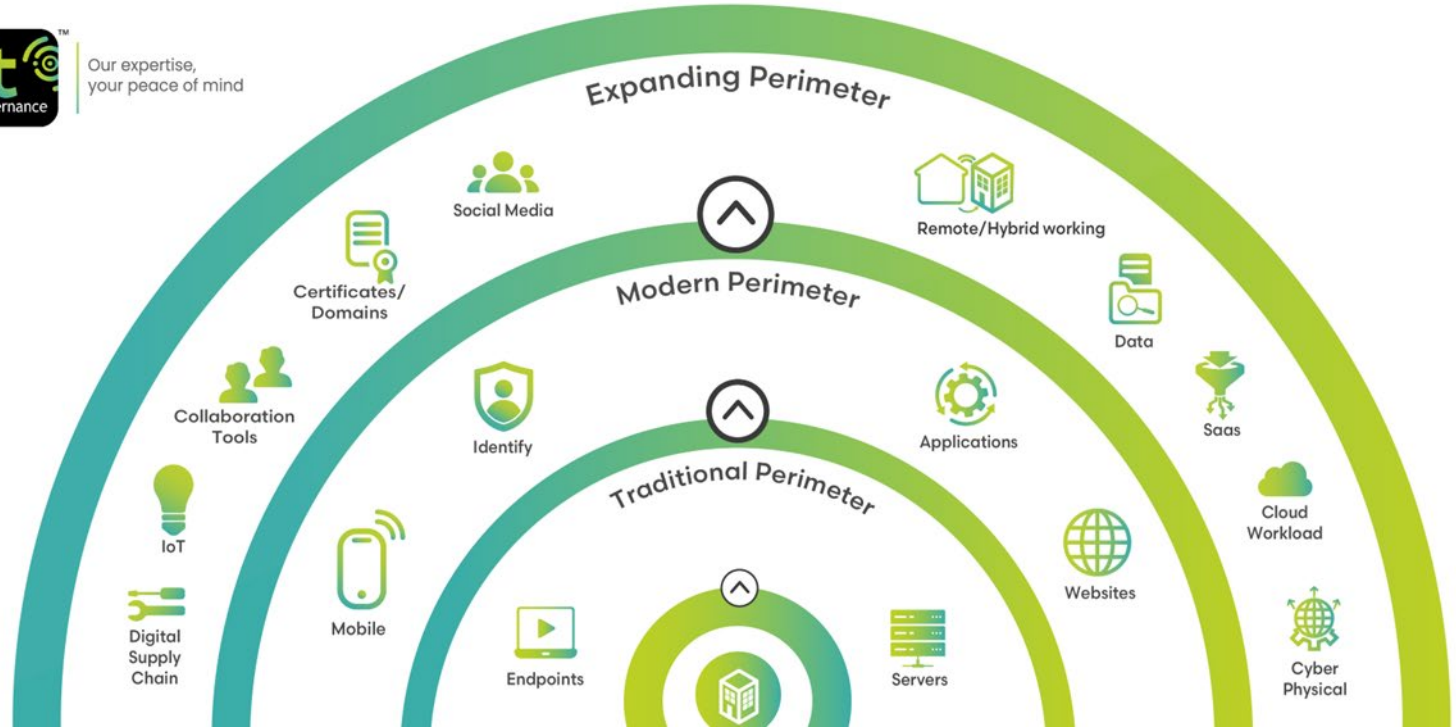
- “Medibank has revealed all of its 3.9 million customers have had their data exposed to a hacker, in a significant escalation of the cyber-attack on the Australian health insurer.”
- The Guardian

“Cybercrime to cost Germany €206 billion in 2023” - Reuters
52% of companies say cyber attacks threaten their existence - Reuters



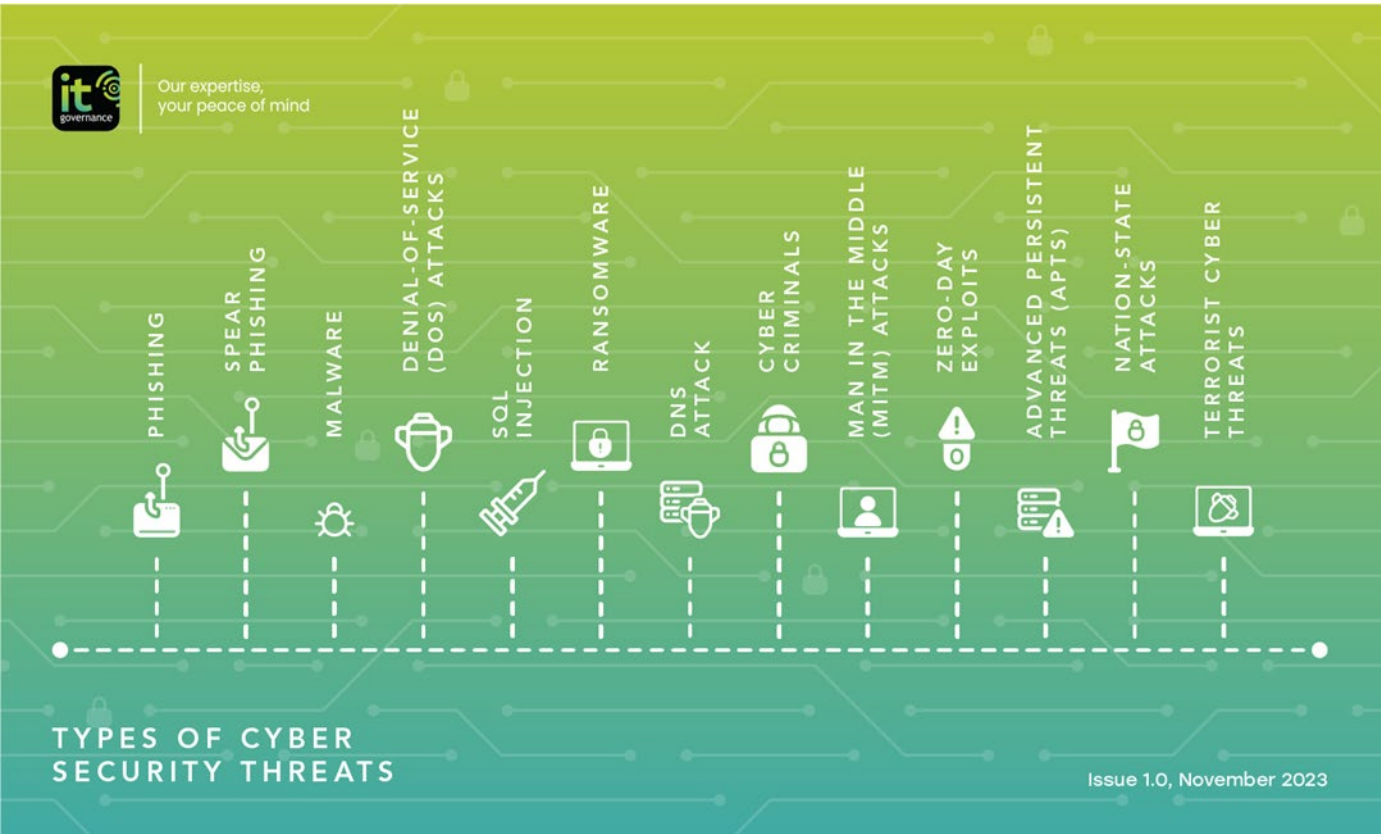


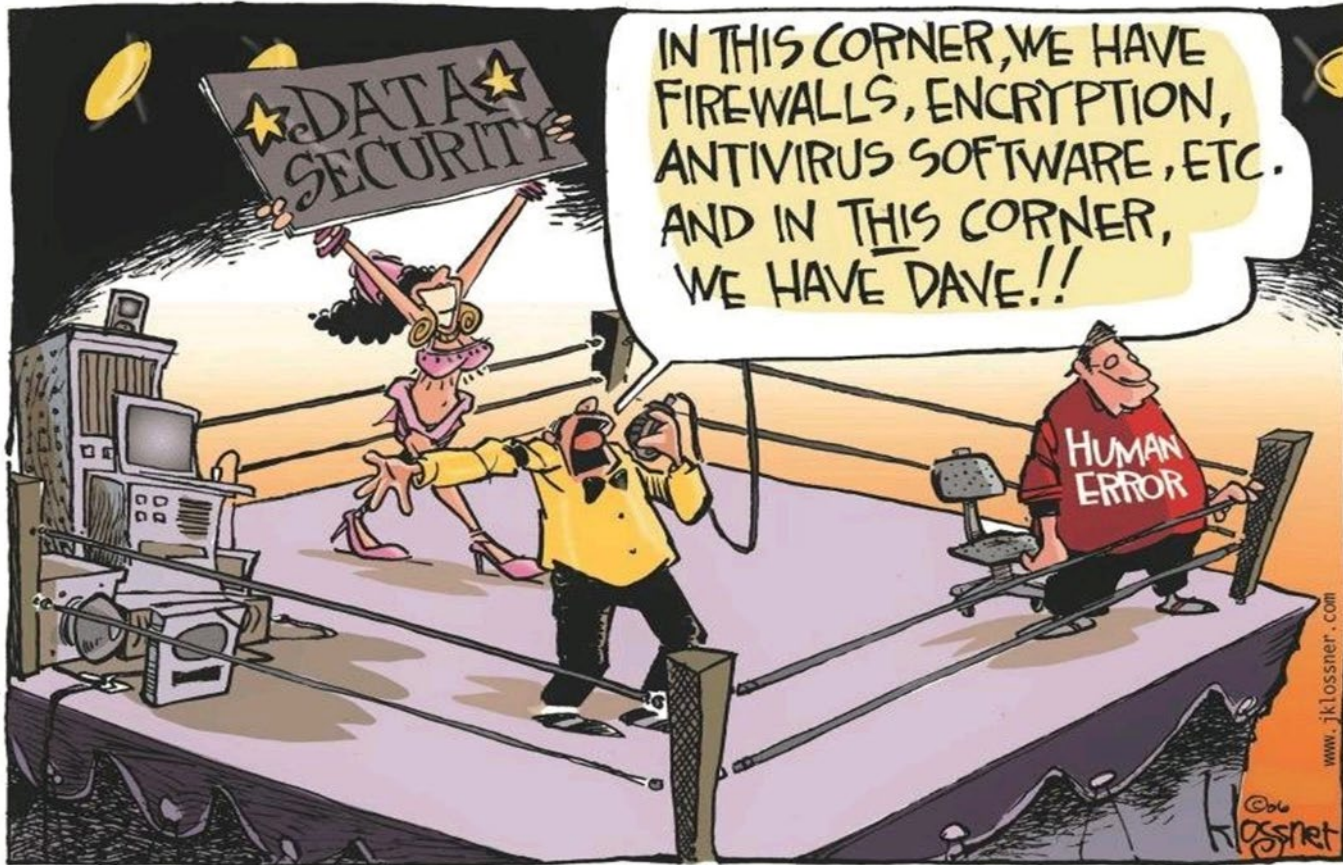
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GRC International Group | ...Legislators know this.



- Board-led GRC strategy now mandatory:
 - EU GDPR and UK GDPR;
 - EuroPrivacy Seal, encompassing ISO/IEC 27001;
 - NIS (Network & Information Security Directive);
 - SWIFT Compliance and Resilience requirements;
 - DORA (Digital Operational Resilience Act);
 - USA SEC Cyber Security regulations;
 - USA CMMC Accreditations for Defence Industrial Base;
 - UK Cyber Governance Code of Practice.
- ALSO: Cyber insurance; supply chain requirements.
- EU Acts on software security, AI regulation
- Penalties for non-compliance by Boards now highly punitive including significant fines [and potential custodial sentences]



“New reporting and administrative requirements detailed by regulation is the most prominent compliance challenge that organisations foresee in the next 12 months”

Nasdaq Global Compliance Survey 2023



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GRC International Group | What do customers need?

What do Compliance Officers want?

- No longer a cost centre, or barrier to doing business – but a value-adding part of the supply chain
- Partner with external vendors that can help them deploy best practice.
- Mitigate key conduct and reputation risks.
- Manage administrative and regulatory reporting burden.

What are the key elements of a GRC solution?

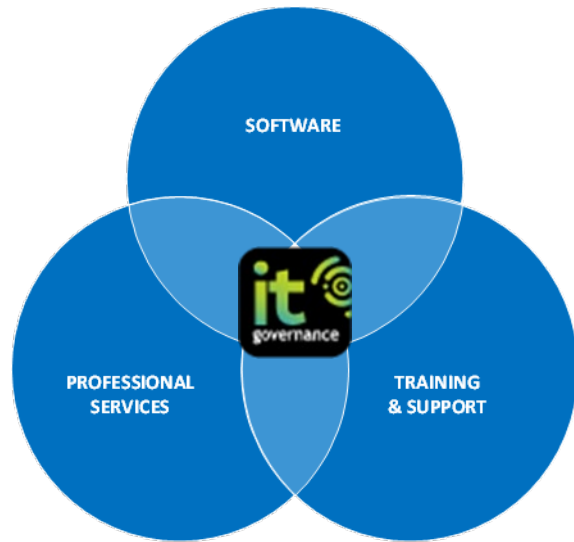
- Built around best practice.
- Board accountability and understanding
- Management responsibility and competence
- Mitigate key risks: all-staff awareness and compliance

- Awareness, knowledge and behaviour are core to compliance
- All organisations have to make significant changes to their management systems and behaviours
- Have to build cyber resilience through cyber defence-in-depth

There is a workforce gap of 2.7m people – so organisations can't simply hire in the expertise they need.



GRC International Group | Solutions must cover all domains



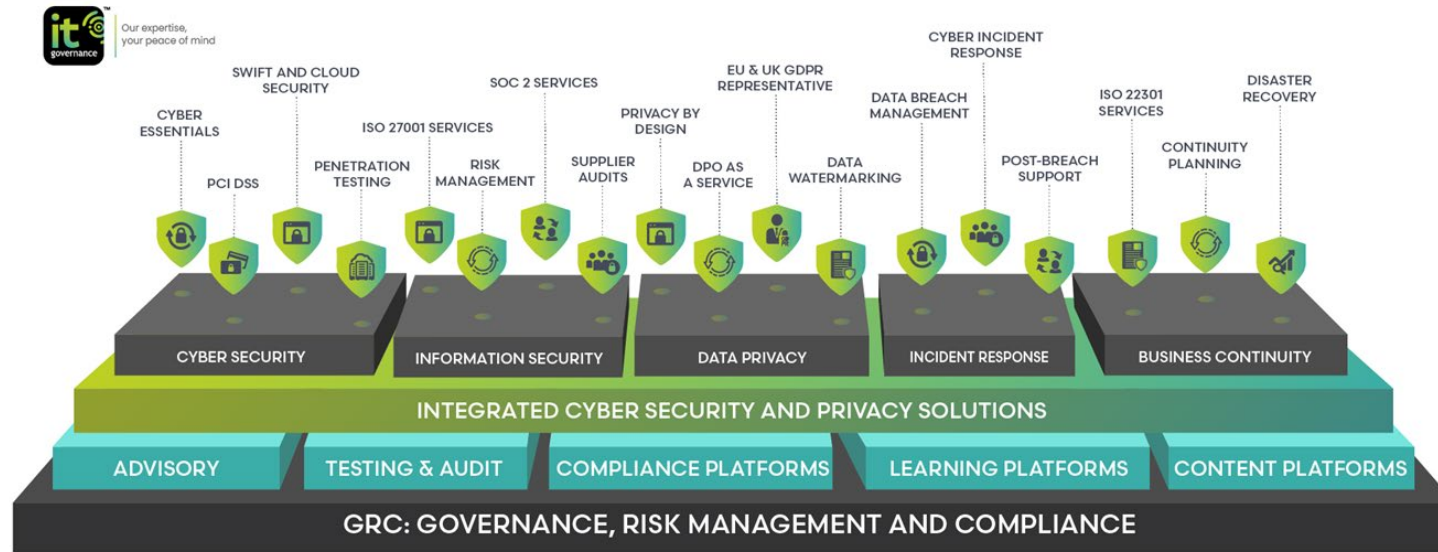
- Implementing GRC & cyber/privacy regulations is complicated for all companies
- SMEs in particular have limited resources in their compliance and cyber security teams (often 1-3 individuals) and likely will not have all the skills and knowledge to cover their obligations
- Multinational companies may also struggle to keep pace with overlapping new requirements needing human implementation and certification
- **Software alone is not the solution in the GRC market.**
- **Implementation requires (qualified and/or knowledgeable) people and automation**
- Staff availability shortfalls make the challenge for companies to comply more extreme
- **GRCI has unique experience and recognition** in offering a comprehensive suite of software, professional services and training/support to its clients including a software platform which allows client management teams to confirm compliance and manage ongoing requirements.



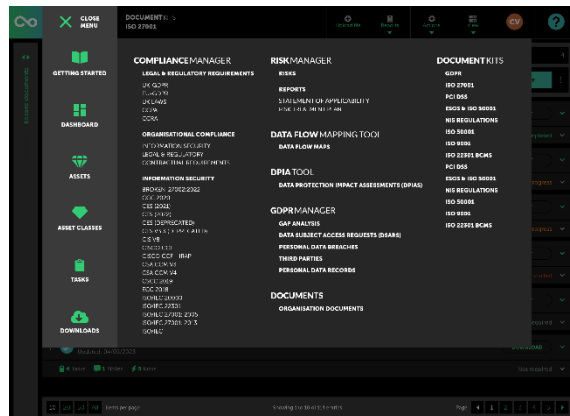
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GRC International Group | The ITG compliance platform



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CyberComply



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GRC International Group | CyberComply Director's Dashboard



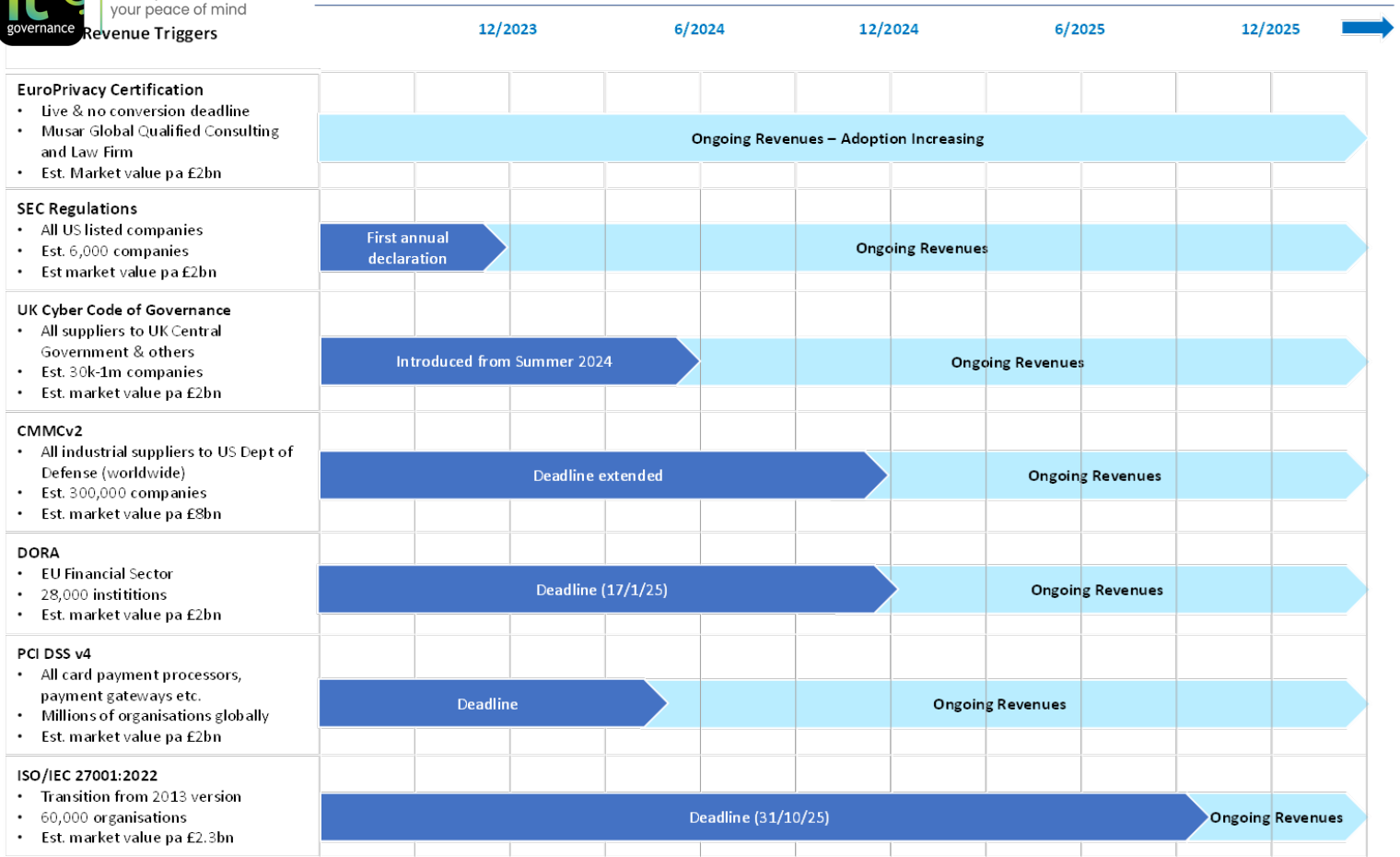
- Non-discretionary need for companies to understand, monitor and respond to GRC and Cyber risks. Increasingly a regulatory requirement.
- Growing cost and difficulty in obtaining adequate cyber insurance, with providers requiring evidence of effective cybersecurity, privacy and PCI DSS compliance.
- New SEC regulations for listed entities to report cyber incidents and for boards to demonstrate cyber competence.
- Across EU and UK, cybersecurity and continuity (ISO 22301) regulations with respect to CNI (Critical National Infrastructure - telecoms; logistics; oil, gas and water; Health; Government etc.) organisations.
- The US Department of Defence CMMC certification requirements for the global Defence Industrial Base (DIB) - estimated 300,000 companies.

GRC International Group | Immediate opportunities



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Revenue Triggers

IMPLEMENTATION/COMPLIANCE DEADLINE ACCELERATES ONGOING RECURRING REVENUES



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1. All CyberComply modules integrated into a single, coherent platform:
 - Cyber Security Risk Assessment
 - Compliance manager (30+ regulations & standards)
 - Data Flow Mapping tool
 - GDPR Manager
 - DPIAs
 - Incident Manager
2. ITGP's DocumentKits platform now integrated into CyberComply.
 - Creates 1,000 new CyberComply subscriptions.
 - Target CyberComply ARR of £1.75m vs £500k now.
 - Upsell and repositioning campaign underway.
3. Planned FY25 price increases, after additional functionality, takes this to £5m.



GRC International Group | CyberComply Q4 next steps

1. Functionality releases:
 - SSO functionality
 - APIs for Incident Manager
 - Audit manager module
2. Staff awareness data into dashboard (with APIs)
 - 1,100 target customers for upsell.
3. Cyber Essentials platform merged into CyberComply.
 - 1,150 target customers for upsell.
4. Roll-out CyberComply to customers with service contracts
 - DPO, PCI, ISO 27001, Penetration testing
5. Overall additional ARR for these lines during FY25 is £2.25m
6. Planned FY25 price increases, after additional functionality, takes this to £6.5m



Investment case





- **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.
 - CAC of £421 and CLV : CAC ratio of 22.
 - 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.
 - Multiple national & international accreditations, customer endorsements and high 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%.
- CyberComply revenue is 100% gross margin.
- Highly scalable SaaS business - 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



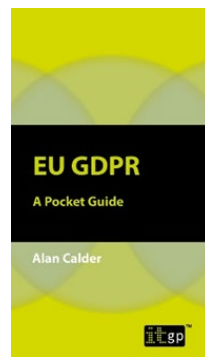
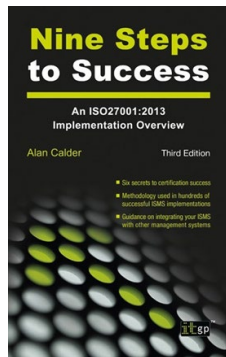
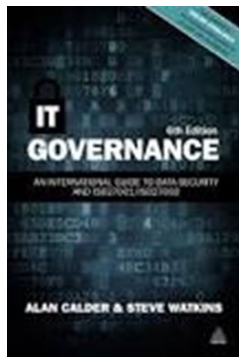
Alan Calder
GRCI Group CEO, Founder of
IT Governance Ltd

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.





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



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 | H1 FY24 Balance sheet highlights



	HY 2024	HY 2023	FY 2023	
	£m	£m	£m	
<ul style="list-style-type: none"> Intangible assets: £5.7m (H1 FY23: £5.9m) Continued investment offset by amortisation 	Goodwill	6.8	6.8	6.8
	Intangible assets	5.7	5.9	5.6
	Property, plant and equipment	0.1	0.1	0.1
	Right of Use asset	0.1	0.2	0.1
	Non-current assets	12.7	13.0	12.6
<ul style="list-style-type: none"> Right of use asset relates to the IFRS 16 treatment of property leases 	Borrowings	(1.3)	(0.5)	(1.1)
	Lease obligations	(0.1)	(0.1)	(0.1)
	Working capital	(4.2)	(3.8)	(3.5)
	Current liabilities	(5.6)	(4.4)	(4.7)
<ul style="list-style-type: none"> Cash: £27k Rolling credit facilities in place to of £0.7m (Currently 50% utilised) plus invoice discounting facility providing availability usually £0.2m - £0.4m. 	Trade and other payables	0.0	0.0	0.0
	Borrowings	(0.2)	(0.3)	(0.2)
	Lease obligations	(0.1)	(0.1)	(0.1)
	Deferred tax	(0.3)	(0.3)	(0.3)
	Non-current liabilities	(0.6)	(0.7)	(0.6)
	Cash	0.1	0.2	0.1
	Net assets	6.6	8.1	7.4

Contact us

How to get in touch

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Call us

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