

ECSC GROUP PLC

FULL YEAR RESULTS 2021

PROVIDING CYBER SECURITY EXPERTISE
and ARTIFICIAL INTELLIGENCE



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Presentation Team



IAN MANN

CEO

20 Years

Ian has over 20 years of experience in the cyber security sector having founded ECSC.

Ian's professional certifications include CISSP, PCI QSA and ISO Lead Auditor. Additionally, Ian was previously an advisor for GCHQ.



LUCY SHARP

COO

20 Years

Lucy has over 20 years of experience in the cyber security sector, having joined ECSC at its inception.

Lucy worked as an ISO 27001 Consultant, leading this area prior to taking the position of Operations Director in 2012 and later Managing Director in 2016.



GEMMA BASHARAN

CFO

11 Years

Gemma is a Chartered Accountant who has over 14 years of financial experience both in the private and charity sector.

Gemma joined ECSC in 2011 as a Management Accountant before taking the position of Financial Controller in 2016, and to Chief Financial Officer in 2020.

2021 Financial Highlights

UP **8%**

Revenue of **£6.14m**
(2020: £5.66m)

UP **7%**

MDR recurring revenue
growth of **7%** to **£2.59m**
(2020: £2.42m)

UP **8%**

Assurance division
repeat revenue
increased to **81%**
(2020: 73%)

£0.2m
PROFIT

Adjusted EBITDA*
profit **£0.2m**
(2020: £0.4m)

£1.17m

Cash at period end
£1.17m**
(31 Dec 2020:
£1.12m***)

15%

Continued development
of proprietary AI
software, with **15%**
R&D investment

11%

Continued development
of partner programme,
with partner revenue
contributing **11%**
(2020: 4%)

£1m

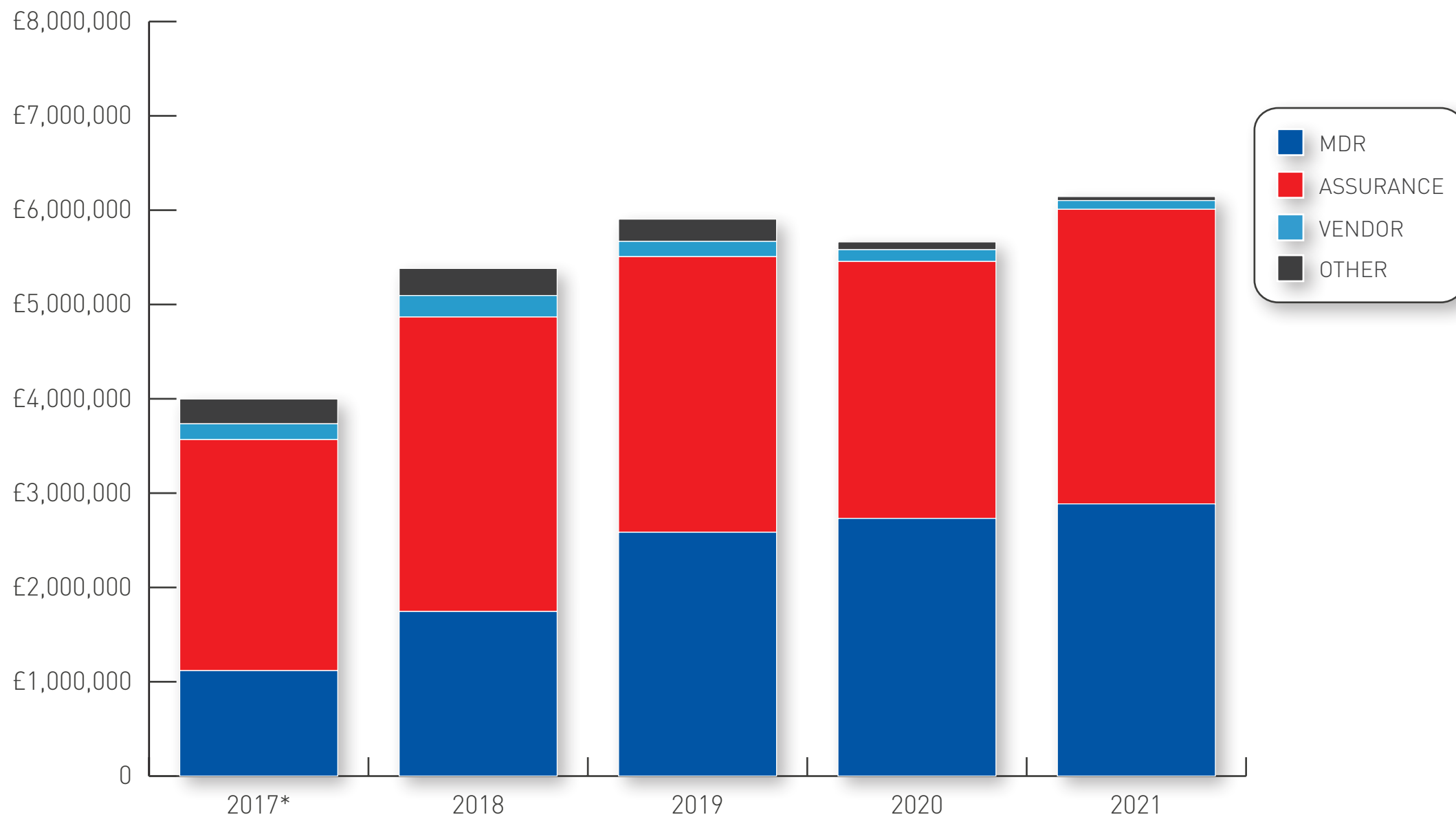
Agreed a **£1.0m** loan to
support Group's organic
growth plans

* Adjusted EBITDA excludes one-off charges and share based charges

** Including new £1.0m loan and £0.02m of COVID-19 related government support

*** Including £0.42m of COVID-19 related medium-term government support relating to VAT and PAYE deferral

Organic Growth Since IPO

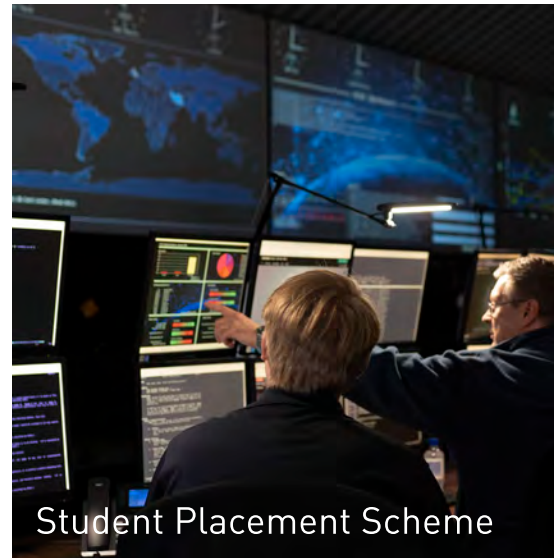


* Restated for IFRS 15

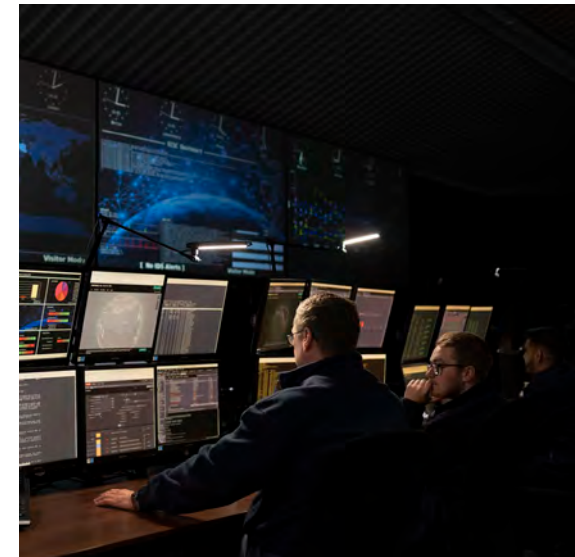
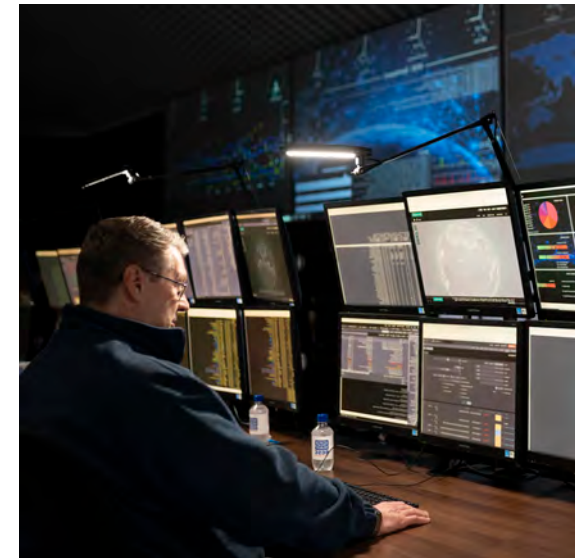
Security Operations Centre



Ian Mann, CEO, Security Operations Centre, Yorkshire



Student Placement Scheme



ECSC Managed Detection & Response

- 20 years of technology and intellectual property development in cyber security and artificial intelligence
- Security Operations Centres in the UK and Australia, giving true 24/7/365 'eyes on glass' monitoring, alerting and incident response to clients
- Australia is a trusted regulatory/government location (not cost-saving off shoring)
- Mature operational processes certified to ISO 27001, and the Payment Card Industry Data Security Standard
- Provide rapid incident response to those who suspect they have been victim of a security breach



ECSC Assurance

- Conduct technical penetration testing to give clients a hacker view of their systems
- Deliver certification to Cyber Essentials to help SMEs achieve an acceptable level of cyber security
- Help clients achieve ISO 27001 information security certification to demonstrate good security practice to external stakeholders
- Advise and assess clients for certification to the Payment Card Industry Data Security Standard (PCI DSS)
- Undertake full cyber security reviews to uncover potential vulnerabilities and recommend targeted improvements



Top Clients (2021)

6.1%	5.6%	3.6%	3.1%	2.8%
UK Train Operator	Charity	International Chemicals	High Street/Online Retailer	Lifestyle & Travel Concierge
Assurance & Managed Detection & Response	Assurance & Managed Detection & Response	Assurance & Managed Detection & Response	Assurance & Managed Detection & Response	Assurance & Managed Detection & Response

Overall, top 5 client contributions

- Assurance Division - 8%
- Managed Detection & Response - 35%

Client Challenges - Incident Response (1)



It's 9 a.m. and we walk into the office of an IT Director, within an NHS hospital. He looks like a broken man, the pressure and stress of his situation are too much and he starts to cry. He explains that he's had no computer network for two weeks and the hospital has had no choice but to cancel all operations.

A computer 'worm' has spread around the NHS (the IT supplier for this hospital had connected all local hospitals together without firewalls), and their global networking provider was struggling to fix the issue, so much so they failed to actually visit the site.

By 5 p.m. the hospital network is fully working, as a result of us having cleaned the network, and protected them from further infection.

The IT Director has briefed the hospital board and heads home for a well earned rest.



**“Really professional, flexible but with
a human and common sense approach.
You have a great team. I would
always recommend you to another
organisation if the opportunity came up
as my experience has been really good”**

Quality Coordinator | Charity

Client Challenges - Incident Response (2)



With access to our expertise a major UK charity were able to contain a potentially serious breach before ransomware was activated. However, they came across another challenge. An arm of the charity provided services to corporate clients, and even though the breach was successfully contained, contractually they had to report the incident.

In turn, all their corporate clients shut down connections to the service. This had the potential to impact numerous jobs, and a valuable source of income, that was vital for the charity's good work.

We responded quickly, formulating an effective communications strategy to re-establish trust with their clients. The next four days were spent dealing with cyber security teams within their various clients, who were seeking answers about how the incident originated, and in total we dealt with over 1,000 detailed questions.

In turn, 100% of clients re-connected and resumed business as usual by the end of day four.



“From start to finish, all aspects were undertaken in an efficient, effective and professional manner”

Business Operations | Pharmaceuticals

Client Challenges - Testing



We were providing protection for an organisation guarding the British Embassies with one of our first global managed services.

Through our additional cyber monitoring and testing services we uncovered that a tracking system used to track vehicles carrying Embassy personnel through high-risk areas had near-zero security, meaning it could be easily intercepted, with hosting in a location near the country in question.

The provider had actually just re-purposed a system for tracking taxis! Our intervention prevented the worst possible outcome where local 'insurgents' could have tracked and attacked 'high value' targets.



“The consultancy was excellent and achieved our goals. The reporting from the testing was to a very high standard”

Chief Information Security Officer
IT Company

Client Challenges - Managed Detection and Response



Hackers had started to attack a relatively 'soft' target of UK universities, crippling their IT systems with ransomware.

Thanks to our 24/7/365 monitoring and incident response, a university was able to identify the earliest stage of an attack, and with prompt action under our guidance contain the breach before ransomware was deployed.

Teaching and learning continued without interruption, and the hackers moved on to other 'softer' targets.



ECSC Partner Programme

Established in 2019 to broaden the sales coverage, particularly within the SME market.

Partners range from individual IT consultants that 'refer' opportunities to the ECSC sales team, to IT Value Added Resellers (VARs) with their own sales teams.

160	Partners signed
17%	Active in 2021
106	Referrals in 2021
17	Partner sales leads in 2021
24%	Client acquisition contribution
6%	Sales contribution to Assurance revenue
5%	Managed Detection & Response Orders (of new client win 3-year revenue)

Key Performance Indicators

Performance Indicator	Rationale	Dec 2021 (full year)	Dec 2020 (full year)	Dec 2019 (full year)
Revenue Growth	Measurement of the success of the organic growth strategy	8%	(4%)	10%
Managed Detection and Response Recurring Revenue Growth	Visibility of the success of increasing the percentage of revenue from long-term recurring revenues	7%	22%	27%
Managed Detection and Response Recurring Revenue Proportion	Visibility of the success of increasing the percentage of revenue from long-term recurring revenues	42%	43%	34%
Managed Detection and Response Order Book	Combined measurement of new client contracts together with renewals of existing client contracts	£2.2m	£2.6m	£2.6m
Managed Detection and Response Gross Margin	Delivery efficiency measurement	61%	73%	68%
Assurance Repeat Revenue	Quasi-recurring from longer-term consulting clients	81%	73%	73%
Assurance Gross Margin	Delivery efficiency measurement	63%	58%	54%
Research and Development (of revenue)	Continued investment in technology and intellectual property development	15%	14%	13%

Market Opportunity

Opportunity to significantly scale business to meet current demand and predicted market growth



£8.3
BILLION

UK cyber security market reported to be over £8 billion*



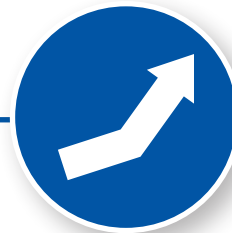
Proliferation of breaches making cyber security a strategic governance issue for company boards



New UK legislation (GDPR) now in force making immediate breach reporting mandatory and fines up to 2% of global turnover



Opportunity to significantly scale business to meet current demand and predicted market growth



UK cyber security market growth rate 9%+

* UK Government Analysis 2020

+ Plimsoll Report 2020

Investment Case



Significant market opportunity, enhanced by numerous regulations



Resilient revenues



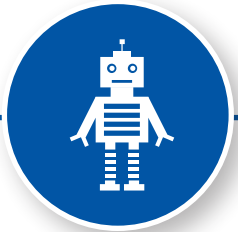
Profitable



Experienced management team



True 24/7/365 delivery capabilities



Leader in Artificial Intelligence developments











Proven technologies with own IP



Diverse client base

PLC Comparator Landscape

								
	Osirium	Falanx	ECSC Group	Crossword Security	Shearwater	GRC International	Corero	NCC Group
Market Cap (As of Close 18 Mar 2022)	£3.2m	£4.9m	£6.4m	£22m	£24m	£40m	£56m	£550m
Profitable	▼	▼	▲	▼	▲	▲	▲	▲

Summary and Outlook

Revenue growth delivering positive Adjusted EBITDA

1. Increasing cyber security concerns due to global tensions
2. Pressure on specialist recruitment and retention driving need for external consultancy and outsourcing
3. Continued investment in the Sales Partner Programme, with resulting sales making a material contribution to revenue
4. Continual focus on growing the Managed Detection and Response division to build recurring revenue streams
5. Committed to innovating proprietary technologies to deliver quality services to expanding client base
6. Strategy focussed on scaling the business through organic growth



FINANCIALS

2021

Profit and Loss

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Revenue	6,144	5,663
Cost of Sales	(2,470)	(2,115)
Gross Profit	3,674	3,548
Other Income	282	297
Sales & Marketing Costs	(2,018)	(1,713)
Administration Expenses	(2,418)	(2,403)
Operating Loss before Exceptional Items and Share Based Payments	(235)	(105)
Share Based Payments	100	101
Exceptional Items	145	65
Operating Loss	(480)	(271)
Finance Cost	(42)	(48)
Loss before Taxation	(522)	(319)
Taxation Charge/(Credit)	(5)	50
Loss for the year	(527)	(269)
Other Comprehensive Income	-	-
Total Comprehensive Loss for the year	(527)	(269)
Attributed to Equity Holders of the Company	(527)	(269)
Loss per Share	pence	pence
Basic Loss per Share	(5.3)	(2.7)
Diluted Loss per Share	(5.3)	(2.7)

Cash Flow

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Cash Flow from Operating Activities		
Loss before Taxation	(522)	(319)
Adjustment for:		
Amortisation of Intangibles	166	168
Depreciation of Right-of-use Assets	143	175
Depreciation of Property, Plant and Equipment	91	137
Loss/(gain) on Disposal of Tangible Asset	4	(4)
Finance costs	42	48
Share Based Payments	100	101
Cash in Operating Activities before changes in Working Capital	24	306
Change in Inventory	-	17
Change in Trade and Other Receivables	(146)	(214)
Change in Trade and Other Payables	(624)	268
Cash (used in) /generated from Operating Activities	(746)	377
R&D tax credit received	209	343
Net Cash (used in)/ generated from Operating Activities	(537)	720
Acquisition of Property, Plant and Equipment	(34)	(5)
Disposal Proceeds	-	6
Development Costs capitalised	(194)	(194)
Net Cash Flow used in Investing Activities	(228)	(193)
Principal paid on lease liabilities	(172)	(195)
Interest paid on loans and borrowings	(2)	(7)
Net proceeds from issue of loan	985	-
Proceeds from issue of shares	-	500
Costs of share issuance	-	(54)
Net Cash generated from Financing Activities	811	244
Net Increase in Cash & Cash Equivalents	46	771
Cash & Cash Equivalents at beginning of period	1,122	351
Cash & Cash Equivalents at end of period	1,168	1,122

Balance Sheet

ASSETS

Non-current Assets

Intangible Assets	483	455
Property, Plant and Equipment	88	148
Right-of-use Assets	613	746
Deferred Tax Asset	147	118

Total Non-current Assets	1,331	1,467
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Current Assets

Inventory	9	9
Trade and Other Receivables	675	811
Corporation Tax Recoverable	289	216
Cash and Cash Equivalents	1,168	1,122

Total Current Assets	2,141	2,158
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TOTAL ASSETS	3,472	3,625
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LIABILITIES

Current Liabilities

Trade and Other Payables	(1,489)	(2,085)
Borrowings	(105)	-
Lease Liability	(107)	(143)

Total Current Liabilities	(1,701)	(2,228)
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Non-current Liabilities

Deferred Tax Liability	(124)	(90)
Borrowings	(858)	-
Lease Liability	(568)	(659)

Total Non-current Liabilities	(1,550)	(749)
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TOTAL LIABILITIES	(3,251)	(2,977)
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NET ASSETS	221	648
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EQUITY

Equity attributable to Owners of the Parent:

Share Capital	100	100
Share Premium Account	-	6,098
Share Option Reserve	492	392
Retained Earnings/(Losses)	(371)	(5,942)

TOTAL EQUITY	221	648
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Revenue Breakdown

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Revenue		
Assurance	3,123	2,724
MDR	2,886	2,732
Vendor Products	93	125
Other	42	82
Total Revenue	6,144	5,663
Gross Profit		
Assurance	1,965	1,576
MDR	1,757	1,994
Vendor Products	15	25
Other	(63)	(47)
Gross Profit	3,674	3,548
Operating Loss	(480)	(271)
Finance Cost	(42)	(48)
Loss before Taxation	(522)	(319)



APPENDICES

2021

Appendix 1: ECSC Cyber Security Services



Incident response
'emergency' service



Remotely manage client cyber
security devices from ECSC's Security
Operations Centres (SOCs)



Cyber security reviews



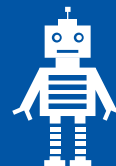
Help clients achieve ISO 27001
information security certification



Technical penetration testing of
cyber security



Advise and assess clients for
certification to the Payment Card
Industry Data Security Standard
(PCI DSS)



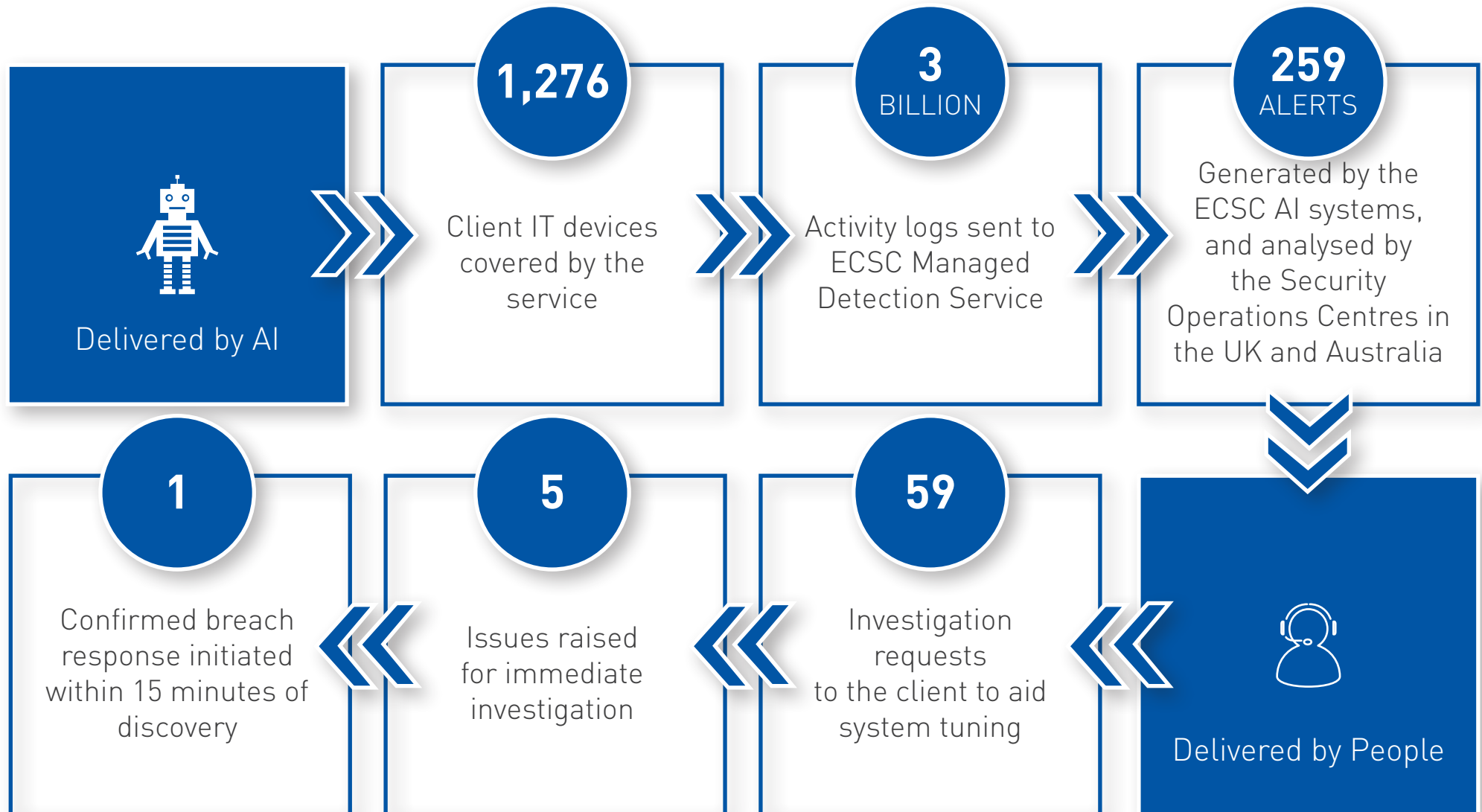
Develop Artificial Intelligence (AI)



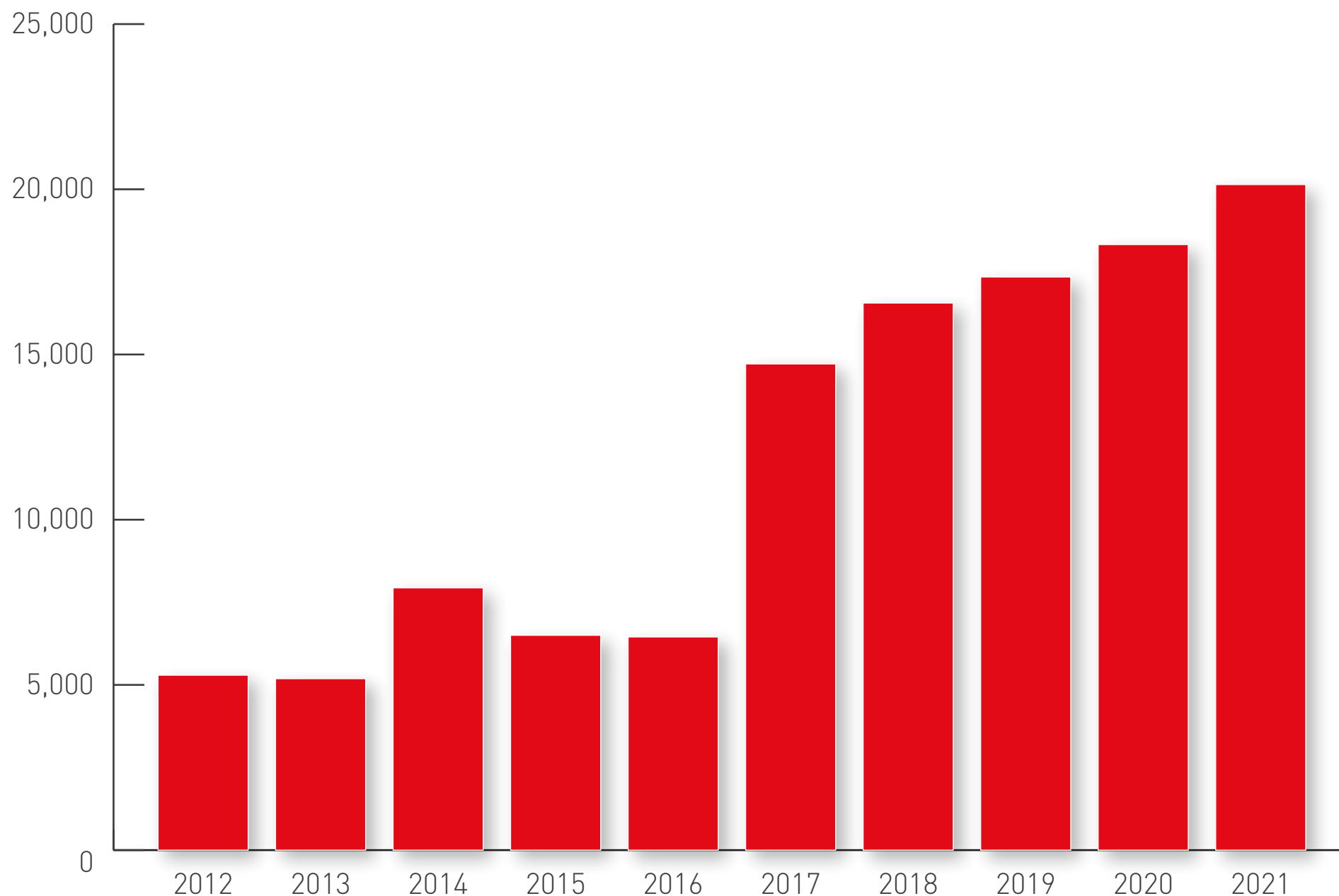
Cyber Essentials
certifications

Appendix 2: Artificial Intelligence

KEPLER is the ECSC proprietary AI technology platform, behind the current 24/7/365 cyber security incident detection and response services. The below is an example of how ECSCs AI helped one client in a single month in 2020:



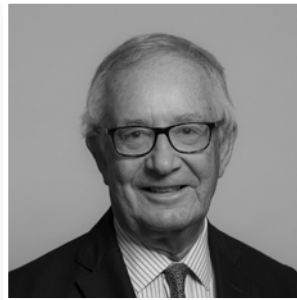
Appendix 3: New Cyber Security Vulnerabilities



Source: cvedetails.com

Appendix 4: Management Team

NON-EXECUTIVE DIRECTORS



DAVID MATHEWSON
Non-Executive Chairman



ELIZABETH GOOCH MBE
Non-Executive Director

SENIOR MANAGEMENT TEAM



IAN MANN
CEO



LUCY SHARP
COO



GEMMA BASHARAN
CFO



PAUL LAMBSDORN
MDR Operations



LEN RICHARDS
Sales

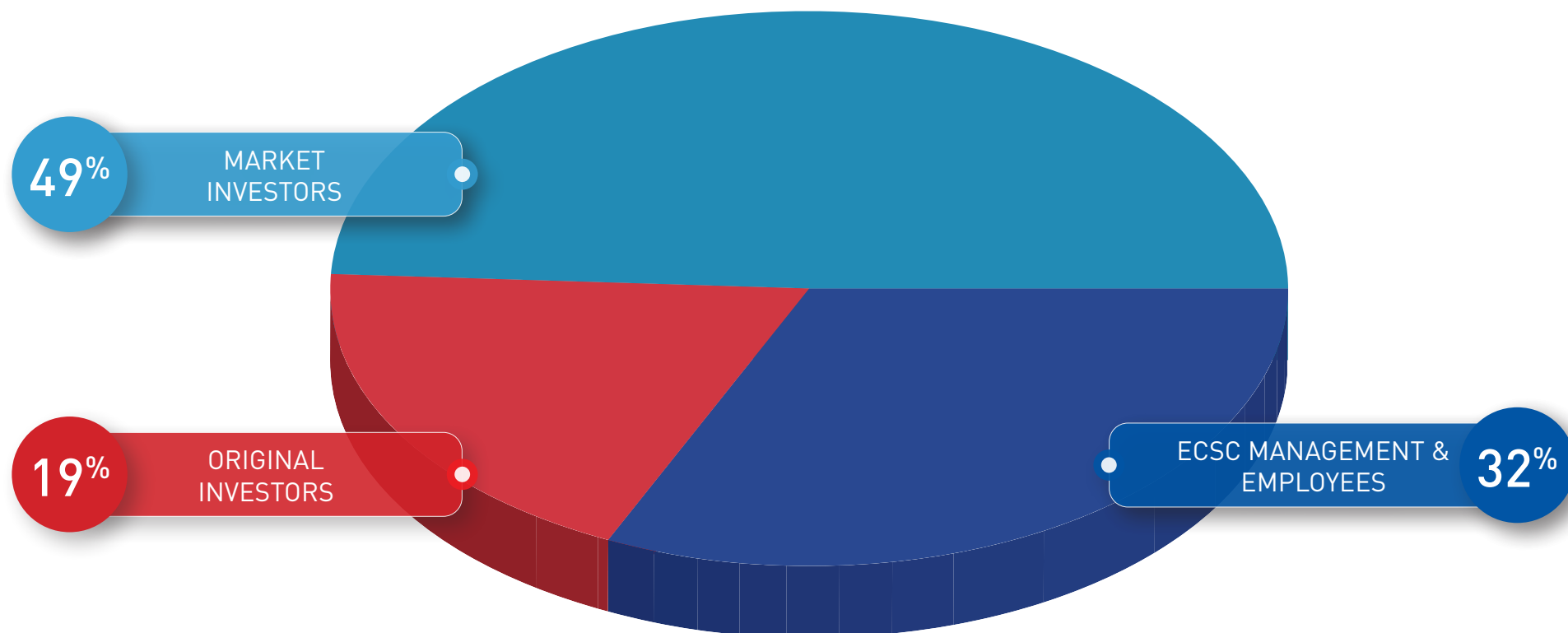


LIZ KNIGHT
HR

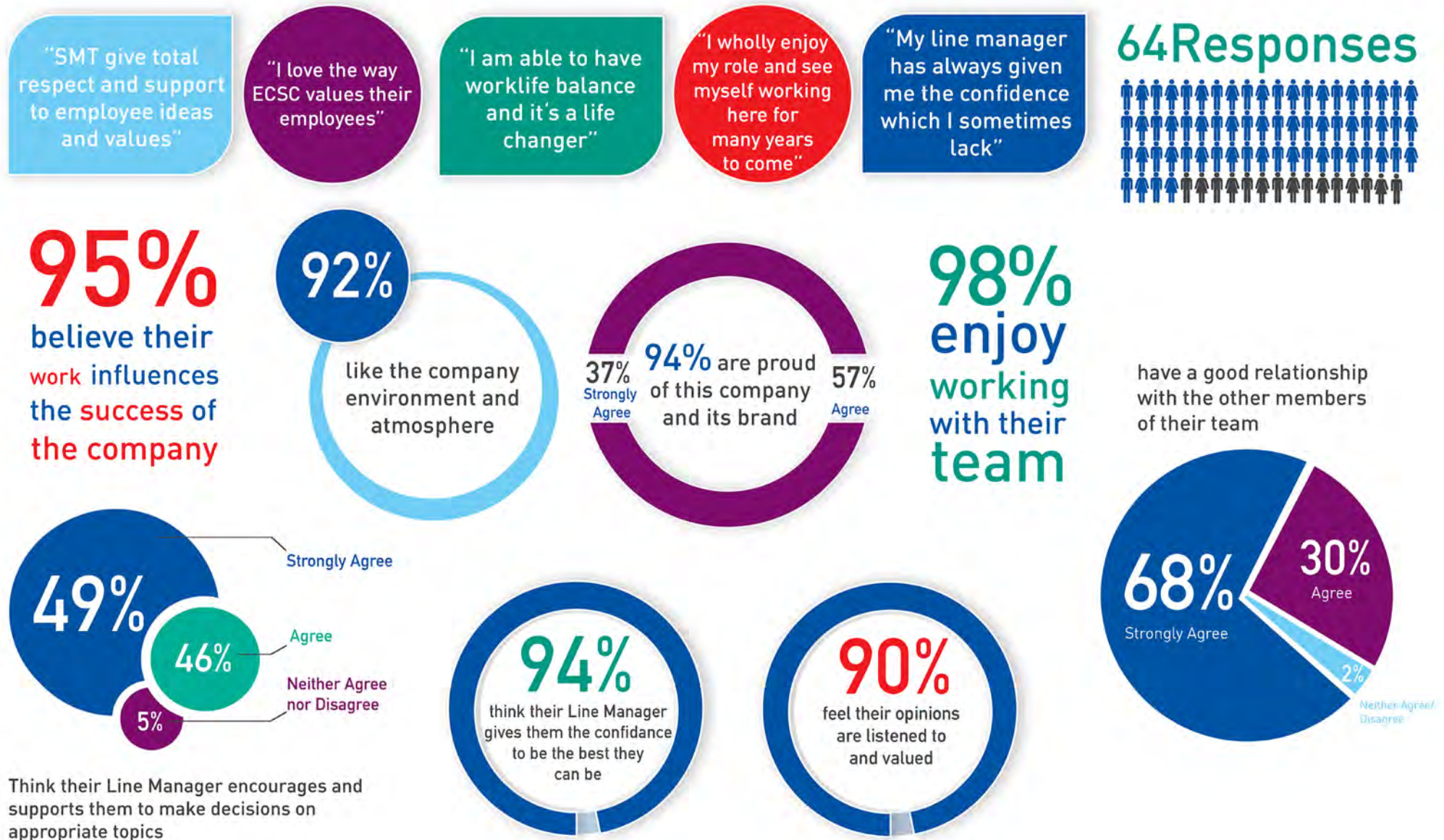


CLARE MACDONALD
Marketing

Appendix 5: PLC Ownership



Appendix 6 : Employee Engagement Survey



“Market demand remains strong as businesses continue to recognise the value of sound cyber security solutions in order to avoid costly breaches and the resulting disruptive downtime”
Ian Mann | Chief Executive Officer



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