

# ECSC GROUP PLC

## INVESTOR PRESENTATION

Final results for the year ended 31 December 2018

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# 2018 Financial Performance

Organic revenue growth of **35%** to circa £5.4m  
(2017: 9.5% to £4.0m\*)

Managed Services division revenue **56%** to £1.7m  
(2017: 10% to £1.1m\*)

Consulting Service division revenue up **27%** to £3.1m  
(2017: 15% to £2.4m)

Gross Profit increase of **67%** to £2.7m  
(2017: £1.6m\*)

Adjusted EBITDA loss of **£0.6m**  
(2017: £2.9m)

95 new Consulting Service clients secured

Successful up-selling in line with 'land and expand'  
strategy

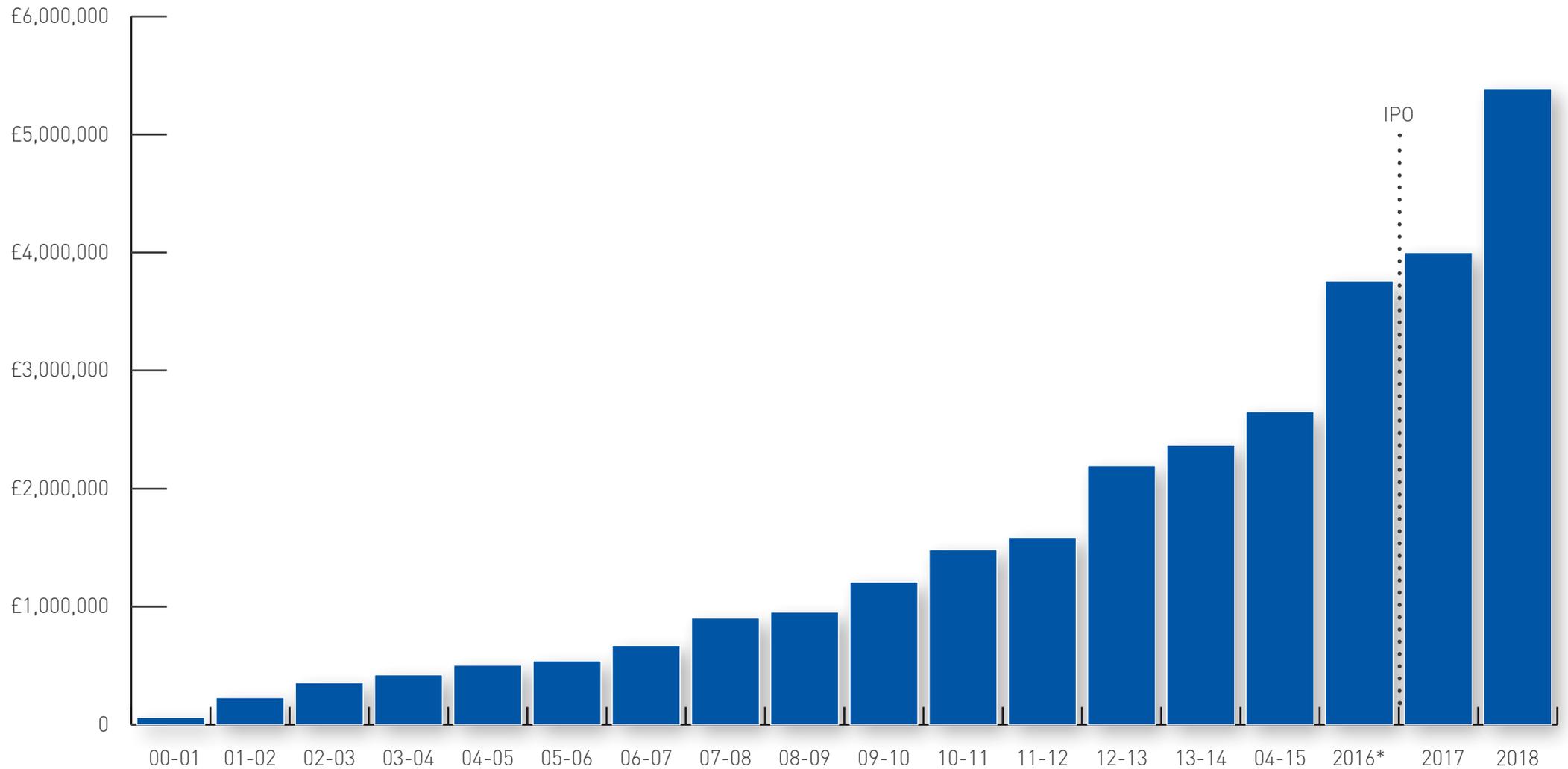
Partner Programme launched, expanding reach and  
routes to market

Continued investment in proprietary AI software



\* Restated, and showing like-for-like comparison, due to IFRS 15 adoption from 1 January 2018

# Organic Revenue Growth



\* Adjusted for 12 months

# Key Performance Indicators



Performance Indicator	2018	2017
Revenue Growth	35%	9%*
Managed Services Recurring Revenue Growth	46%	25%*
Managed Service Recurring Revenue Proportion	29%	27%*
Managed Services Order Book	£2.5m	N/A
Managed Services Gross Margin	53%	33%*
Consulting Repeat Revenue	78%	68%
Consulting Gross Margin	57%	50%
Deferred Income	£0.9m	£0.8m*

\* Restated due to IRFS 15 adoption from 1 January 2018

1. Post-GDPR breach fines

2. Organic growth strategy

3. Increasing focus on managed services

4. Leverage existing capacity and resources

5. Progress towards profitability

6. Development of sales partners

# Summary

Strong cyber security organic growth delivered, including in key area of managed services.

Cyber security now a key risk issue for company boards

A proven provider, with a broad range of cyber security services

Continuing strong demand from new and existing clients

New regulatory framework driving new sales

New Artificial Intelligence (AI) technologies

Positive infrastructure and organisational changes



Management team in control with clear growth strategy



# Profit and Loss



	Year ended 31 December 2018 £'000	Restated* Year ended 31 December 2017 £'000
<b>Revenue</b>	<b>5,382</b>	<b>3,998</b>
Cost of Sales	(2,642)	(2,353)
<b>Gross Profit</b>	<b>2,740</b>	<b>1,645</b>
Other Income	152	121
Sales & Marketing Costs	(1,817)	(2,545)
Administration Expenses	(2,333)	(2,782)
<b>Operating Loss before Exceptional Items</b>	<b>(1,027)</b>	<b>(3,193)</b>
Share Based Payments	111	93
Exceptional Items	120	275
<b>Operating Loss</b>	<b>(1,258)</b>	<b>(3,561)</b>
Finance Income	1	6
<b>Loss before Taxation</b>	<b>(1,257)</b>	<b>(3,555)</b>
Taxation Credit	19	29
<b>Loss for the Period</b>	<b>(1,238)</b>	<b>(3,526)</b>
Other Comprehensive Income		
<b>Total Comprehensive Income for the Period</b>	<b>(1,238)</b>	<b>(3,526)</b>
<b>Attributed to Equity Holders of the Company</b>		
<b>Loss per Share</b>	<b>pence</b>	<b>pence</b>
Basic Loss per Share	(13.6)	(39.0)
Diluted Loss per Share	(13.6)	(38.4)

# Cash Flow



	Year ended 31 December 2018 £'000	Restated* Year ended 31 December 2017 £'000
<b>Cash Flow from Operating Activities</b>		
(Loss)/Profit before Taxation	(1,257)	(3,555)
<b>Adjustment for:</b>		
Amortisation of Intangibles	175	100
Depreciation of Property, Plant and Equipment	217	154
Loss on Disposal of Equipment	-	6
Share Based Payment	111	93
<b>Cash used up in Operating Activities before changes in Working Capital</b>	<b>(754)</b>	<b>(3,203)</b>
Change in Inventory	35	(53)
Change in Trade and Other Receivables	(148)	(218)
Change in Trade and Other Payables	111	233
<b>Cash used up in Operating Activities</b>	<b>(756)</b>	<b>(3,240)</b>
Corporation Tax received	122	178
<b>Net Cash Flow from Operations</b>	<b>(634)</b>	<b>(3,062)</b>
Acquisition of Property, Plant and Equipment	(126)	(358)
Disposal Proceeds		17
Development Costs capitalised	(187)	(137)
<b>Net Cash Flow used in Investing Activities</b>	<b>(313)</b>	<b>(478)</b>
Proceeds from Issuance of Shares	-	150
<b>Net Cash used in Financial Activities</b>	<b>-</b>	<b>150</b>
<b>Net (decrease)/increase in Cash &amp; Cash Equivalents</b>	<b>(947)</b>	<b>(3,390)</b>
Cash & Cash Equivalents at beginning of period	1,597	4,987
<b>Cash &amp; Cash Equivalents at end of period</b>	<b>650</b>	<b>1,597</b>

# Balance Sheet



	Year ended 31 December 2018 £'000	Restated* Year ended 31 December 2017 £'000
<b>Assets</b>		
<b>Non-current Assets</b>		
Intangible Assets	412	400
Property, Plant and Equipment	427	539
Deferred Tax Assets	4	-
<b>Total Non-current Assets</b>	<b>843</b>	<b>939</b>
<b>Current Assets</b>		
Inventory	18	53
Trade and Other Receivables	1,123	1,130
Corporation Tax Recoverable	155	122
Cash and Cash Equivalents	650	1,597
<b>Total Current Assets</b>	<b>1,946</b>	<b>2,902</b>
<b>Total Assets</b>	<b>2,790</b>	<b>3,841</b>
<b>Current Liabilities</b>		
Trade and Other Payables	(1,709)	(1,596)
Finance Leases	(20)	(20)
<b>Total Current Liabilities</b>	<b>(1,729)</b>	<b>(1,616)</b>
<b>Non-current Liabilities</b>		
Deferred Tax Liability	-	(15)
Finance Leases	(20)	(41)
<b>Total Non-Current Liabilities</b>	<b>(20)</b>	<b>(56)</b>
<b>Total Liabilities</b>	<b>(1,747)</b>	<b>(1,672)</b>
<b>Net Assets</b>	<b>1,043</b>	<b>2,169</b>
<b>Equity</b>		
<b>Equity Attributable To Owners Of the Parent:</b>		
Share Capital	91	91
Share Premium Account	5,661	5,661
Share Option Reserve	186	93
Retained Earnings	(4,897)	(3,677)
<b>Total Equity</b>	<b>1,041</b>	<b>2,169</b>

# Revenue Breakdown

	Year ended 31 December 2018 £'000	Restated* Year ended 31 December 2017 £'000
<b>Revenue</b>		
Consulting	3,122	2,449
Managed Service	1,745	1,118
Vendor Products	228	168
Other	287	263
<b>Total Revenue</b>	<b>5,382</b>	<b>3,998</b>
<b>Gross Profit</b>		
Consulting	1,783	1,228
Managed Service	923	364
Vendor Products	42	38
Other	(8)	15
<b>Gross Profit</b>	<b>2,740</b>	<b>1,645</b>
<b>Operating Loss</b>	<b>(1,258)</b>	<b>(3,561)</b>
Financial Income	1	6
<b>Loss before Taxation</b>	<b>(1,257)</b>	<b>(3,555)</b>