

Crossword Cybersecurity Plc Annual Results 2022



Investor Presentation

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The Crossword Team



Thomas Ilube CBE

Chief Executive Officer

Tom is founder and CEO of Crossword, with over 30 years experience in the tech industry. He was Co-founder of internet bank Egg and the identity protection company Garlik. He is Non-Exec at the FTSE100 advertising agency WPP plc and Chair of the RFU.



Stuart Jubb

Group Managing Director

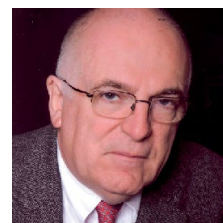
Stuart joined Crossword from KPMG where he was Associate Director, Defence & Security. Stuart spent nine years as an officer in HM Forces, serving in Afghanistan, NATO and elsewhere.



Mary Dowd

Chief Financial Officer

Mary is a chartered accountant and was previously COO for EMEA, and CFO at Cordium Consulting Group Limited, a leading provider of governance, risk and compliance services.



Sir Richard Dearlove KCMG OBE

Non-Executive Chairman

Sir Richard, Chairman, is the former Head of the Secret Intelligence Service (MI6). He is Chair of Trustees of the University of London, and among other positions, Chair of Ascot Underwriting.

Other Senior Management:



Sean Arrowsmith

Group Sales Director



Jake Holloway

Chief Product Officer

The Crossword Advisory Board:

Alison Dyer

Alison Dyer is the CISO for ASOS, she was formerly the CISO for Urengo

Professor David Stupples

Director of the Centre for Cyber and Security Sciences at City University London

Naina Bhattacharya

Global Chief Information Security Officer at Danone S.A

2022 Results Highlights

Financial Highlights



68% revenue growth to **£3.65m**



55% organic revenue growth



81% growth in ARR in 2022



54% recurring revenue in 2022



Average revenue per client up **40%** year on year



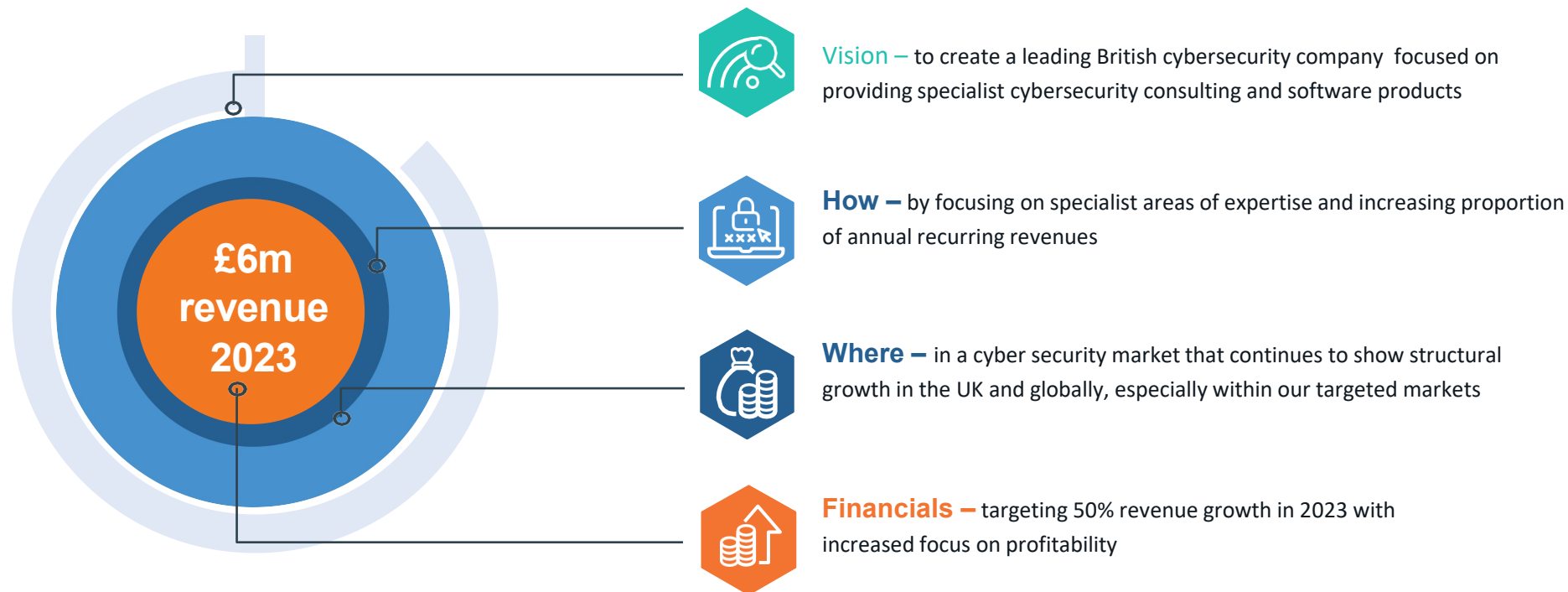
Operational Highlights

- Rizikon grew to over 1,000 users by end 2022
- Leonardo UK selected Rizikon to assist with assessment of supply chain cyber risks, underlining Rizikon's capacity to deliver at scale
- Acquisition of Threat Status Limited, adding two new products: Trillion™ (credential breach SaaS platform) and Arc (account protection for e-commerce platforms and organisations)
- Size of sales deals being secured by Trillion increased significantly compared to before its acquisition by Crossword in March 2022
- Consulting increased its cross selling drive, selling services into numerous Rizikon clients and successfully introducing Nightingale to numerous Consulting clients

Introduction



- Crossword helps companies understand and reduce cyber security risk. We do this through a combination of people and technology, in the form of SaaS and software products, consulting, and managed services
- Established in 2014, Crossword was admitted to AIM in 2018 (CCS.L)

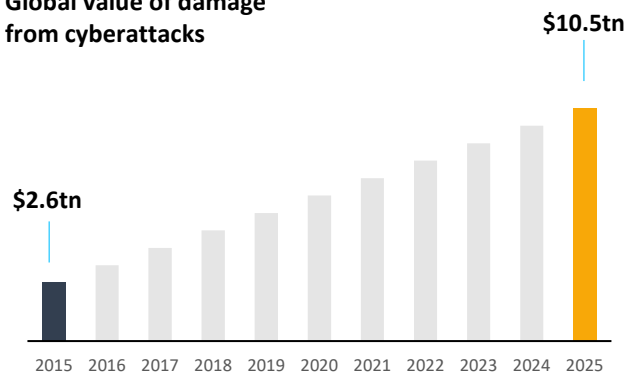


The Cybersecurity Sector

Digital Crime

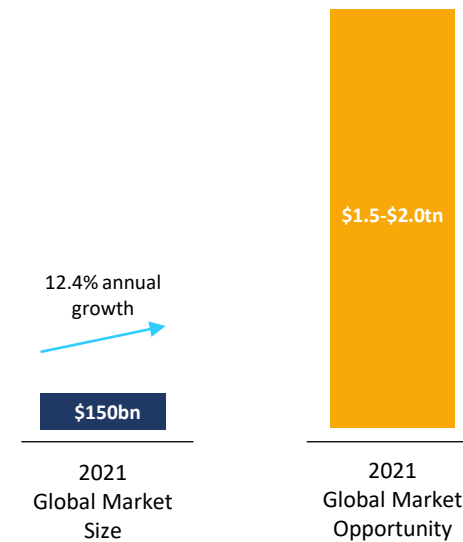
- As the digital economy grows, digital crime grows with it.
- Growth in number of devices and interactions drives growth in attack opportunities.
- “Cyberattacks are proliferating, causing trillions of dollars of damage every year. The cybersecurity industry has a chance to step up and seize the opportunity.”

Global value of damage from cyberattacks



Cybersecurity Market

- Cybersecurity growth is lagging digital crime growth, creating huge opportunities.
- Growing regulatory pressure for companies to protect their customers.
- “The current buyer climate may pose a unique moment in time for innovation in the cybersecurity industry.”

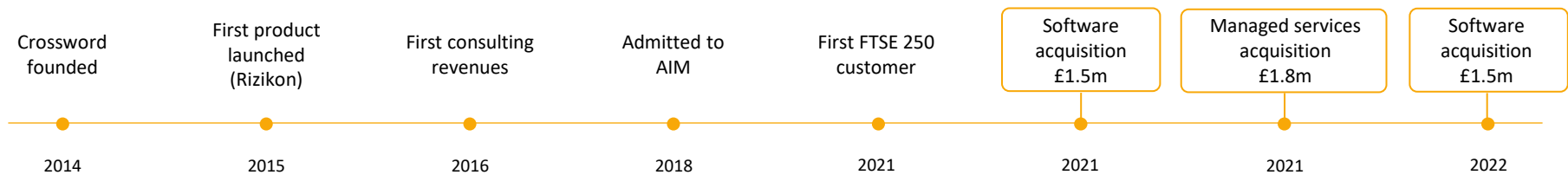
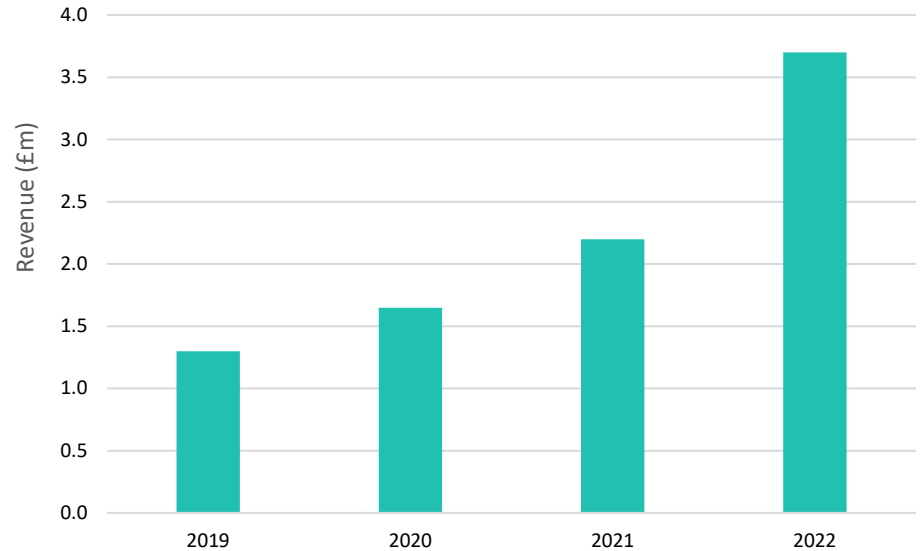


Crossword Cybersecurity



- Provides cybersecurity consulting and managed services and sells cybersecurity software. Customer base spans mostly mid-market companies and the public sector in the UK with recent success expanding internationally.
- Goal to build a high margin, high growth business of scale focused on increasing ARR. Portfolio approach pursued to:
 - broaden offering to customers;
 - create **cross-selling opportunities**; and
 - diversify risk and opportunity
- Employs 70 people across London, Poland, Oman and Singapore and has a presence in Bermuda, a major global reinsurance hub.

Crossword Revenue Growth



Crossword Services & Products

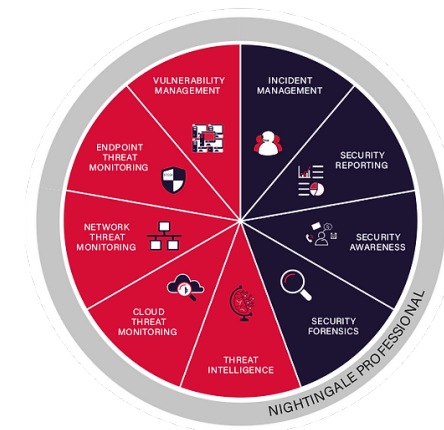


Consulting

- High quality consulting team including ex-Big Four, former military and blue chip system integrator backgrounds
- Worked with c.125 clients across multiple sectors, including Insurance, Financial Services, Nuclear & Tech
- Working for one of the world's largest, global S&P500 insurance brokers and several FTSE 250 companies
- Recurring revenue increases driven by vCISO services (virtual Chief Information Security Officer)
- Margin growth following achievement of critical mass

Managed Services

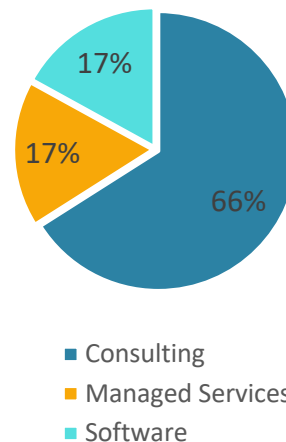
- Managed service offering covers a wide range of cybersecurity services
- AI-based network monitoring
- Combines threat intelligence and monitoring services



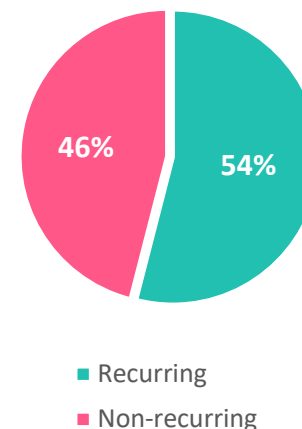
Software products

Stolen data search and analysis Brand: Trillion	Credential attack detection Brand: Arc	Supply chain risk management Brand: Rizikon
Identity verification Brand: Identiproof	Security as a Service Brand: Nightingale	

Revenue Split (FY 2022)



Revenue Split



Customer Profile

Software Products

- Public Sector, Education, Critical National Infrastructure



Managed Services

- Insurance Companies, Fund Managers



Consulting

- Multinational, FTSE250
- Multiple sectors, very strong in Insurance



Clients

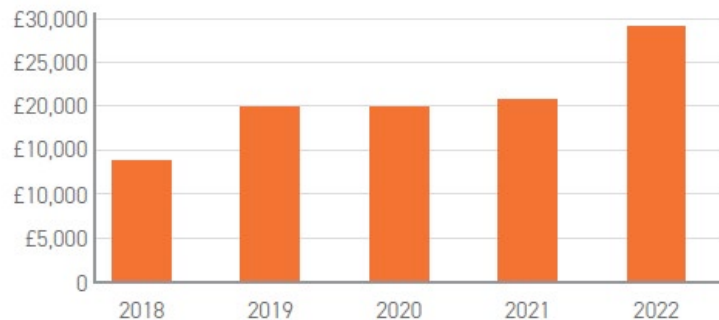
Select list of public sector and commercial customers



Growing the average product and consulting revenue per client

- Crossword’s increased investment in sales and marketing and products development is reaping results
- Average product and consulting revenue per client increased to £28.7k per client, up from £20.5k in 2021

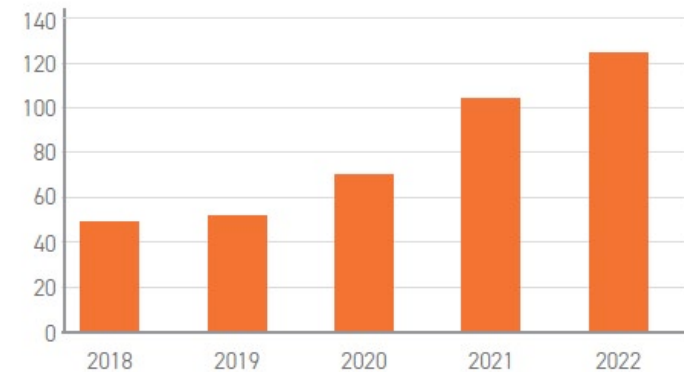
Average product and consulting revenue per client



Increasing number of clients

- Crossword’s consultants work with over 100 clients across multiple sectors, including insurance, professional services, financial services, nuclear energy and technology

Number of clients





Sales Process

Apply Crossword's sales discipline



Cross-sell

Increase cross-selling of Crossword products and services



Growth

Drive growth across the group



Revenue Profile

Clear focus on migration towards high-margin, recurring revenue



Contract Size

Pursue larger, higher-margin contract opportunities



International

Pursue international opportunities across the Company's international footprint

Establish Path to Profitability

Company achievements

Financial:

- 68% growth in 2022 revenue to £3.65m
- 55% organic revenue growth
- 54% recurring revenue in 2022
- 81% growth in ARR
- Successful oversubscribed £3.6m fundraiser in September 2022

Acquisitions:

- 3 successfully integrated acquisitions since May 2021
- Cross-selling of product and services from acquisitions into client base continues to increase

Products & Services

- 4 cybersecurity SaaS products & excellent cybersecurity Consulting delivery
- Successful completion of the Rizikon pilot with a global aerospace, defence and security company that has over 6,000 suppliers
- Launched new integrated Supply Chain Cyber practice in response to client demand and the substantial increase in supply chain cyber threat levels
- Engagement with FTSE 100, FTSE 250 & S&P 500 clients
- Local Omani team engaging with government agencies to support driving cybersecurity maturity across the Gulf
- Expansion into two new overseas jurisdictions in 2022
- Launch of Ransomware Readiness Assessment service in March 2023, helping organisations reduce their exposure to ransomware attacks



Company outlook

- Targeting revenue growth of circa 50% in 2023 to £6m
- Having invested significantly for rapid growth in 2022, the focus in 2023 is on establishing a clear path to profitability
- Increased emphasis on targeting larger clients that can make full use of Crossword's range of products and services



FT 2022 Financials

Consolidated Financial Statements

for Crossword Cybersecurity PLC company number 08927013

Consolidated Statement of Comprehensive Income		12 Months ended	12 Months ended
		31st December	31st December
	Notes	2022	2021*
		£	£
Revenue	2	3,648,000	2,171,137
Cost of Sales	3	(2,755,662)	(1,631,384)
Other income	6	39,814	152,347
Gross Profit		<u>932,152</u>	<u>692,100</u>
Administrative expenses	3,4	(4,967,499)	(3,481,809)
Other operating expense	7	(304,457)	(104,124)
Finance income-bank interest income and foreign exchange		(1,569)	4,956
Finance costs-other interest expense	8	(395,762)	(220,545)
Gain on remeasurement of financial assets and liabilities	9	170,283	456,803
Loss for the year before taxation		<u>(4,566,852)</u>	<u>(2,652,619)</u>
Tax credit / (expense)	11	1,144,302	378,995
Loss for the Year		<u>(3,422,550)</u>	<u>(2,273,624)</u>
Other Comprehensive Income			
Items that may be reclassified to profit or loss:			
Foreign exchange translation Gain / (Loss)		1,782	(13,220)
Total Other Comprehensive Income		1,782	(13,220)
Total Comprehensive Loss		<u>(3,420,768)</u>	<u>(2,286,844)</u>
Loss for the period attributable to:			
Owners of the parent		(3,408,149)	(2,229,296)
Non-controlling interests		(14,401)	(44,328)
Total Loss for the Year		<u>(3,422,550)</u>	<u>(2,273,624)</u>
Total comprehensive loss for the period attributable to:			
Owners of the parent		(3,406,367)	(2,242,516)
Non-controlling interests		(14,401)	(44,328)
Total Comprehensive Loss		<u>(3,420,768)</u>	<u>(2,286,844)</u>
Loss Per Share (basic)	23	(0.04)	(0.03)
Loss Per Share (diluted)		(0.04)	(0.03)

All results are derived from continuing operations

* Restated (as per note1.2)

FT 2022 Financials

Statement of Financial Position as at 31 December		Group	Group	Company	Company
Notes	2022	2021	2022	2021	
	£	£	£	£	
Non-Current Assets					
Intangible assets	13	2,708,423	1,103,679	2,197,206	521,603
Tangible assets	14	45,039	5,460	-	-
Goodwill	15	875,277	875,277	-	-
Unlisted investment	16	456,834	456,834	456,834	456,834
Investments in subsidiaries	17	-	-	1,649,145	1,637,518
Intercompany receivable greater than one year		-	-	1,067,185	918,206
Total non-current assets		4,085,573	2,441,250	5,370,370	3,534,161
Current Assets					
Trade and other receivables	18	2,078,050	1,066,076	1,918,525	838,622
Current tax receivable		398,511	-	368,393	-
Cash and cash equivalents		2,077,771	3,373,062	1,746,530	3,106,817
Total current assets		4,554,332	4,439,138	4,033,448	3,945,439
Total Assets		8,639,905	6,880,388	9,403,818	7,479,600
EQUITY					
Attributable to the owners of the Company					
Share Capital	22	462,019	374,786	462,019	374,786
Share premium account	22	18,534,372	14,971,221	18,534,372	14,971,221
Convertible debt reserve		195,685	-	195,685	-
Equity reserve	24	370,762	240,310	370,762	240,310
Retained earnings		(15,235,500)	(11,827,351)	(14,127,624)	(10,800,700)
Translation of foreign operations		(13,210)	(14,992)	-	-
Attributable to owners of the parent		4,314,128	3,743,974	5,435,214	4,785,617
Non-controlling interests		(153,527)	(139,127)	-	-
Total equity		4,160,601	3,604,847	5,435,214	4,785,617
LIABILITIES					
Current Liabilities					
Trade and other payables	19	2,456,783	1,413,658	2,146,775	1,049,960
Other current liabilities	20	17,000	1,368,638	-	1,351,471
Total current liabilities		2,473,783	2,782,296	2,146,775	2,401,431
Long Term Liabilities					
Convertible loan notes	30	1,329,678	-	1,329,678	-
Bank loans		51,000	68,000	-	-
Other non-current liabilities	21	624,843	425,245	492,151	292,552
Total long term liabilities		2,005,521	493,245	1,821,829	292,552
Total Liabilities		4,479,304	3,275,541	3,968,604	2,693,983
Total Equity & Liabilities		8,639,905	6,880,388	9,403,818	7,479,600

The company's loss for the year was £3,326,925 (2021: £1,964,825).



Crossword Cybersecurity PLC 6th floor, 60 Gracechurch St, London, EC3V 0HR, UK