GBG

Building trust in a digital world

Annual Report and Accounts
2022

We are GBG

We are in business to build trust in a digital world. Whoever you are, wherever you are, we believe in a world where you can transact online with confidence.

As one of the world's most trusted digital identity specialists, we work with the best data, the best technology and the best people. We make it possible for businesses to balance the growing need for frictionless digital customer experience with the increasing risk of fraud and financial crime.

In an increasingly data-driven economy and society, the trends driving our long-term growth are clear and the global opportunity facing us remains greater than ever before.

About this report
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GBG Annual Report and Accounts 2022

Financial highlights

Revenue[1]
£242.5m
(2021: £217.7m)

Operating profit
£23.4m
(2021: £35.5m)

Adjusted operating profit[2]
£58.8m
(2021: £57.9m)

Adjusted operating profit margin[2]
24.3%
(2021: 26.6%)

Profit before tax
£21.7m
(2021: £34.3m)

Adjusted diluted earnings per share (restated)[2]
20.2p
(2021: 22.4p)

Diluted earnings per share
6.9p
(2021: 13.5p)

Final dividend per share
3.81p
(2021: 3.40p)

Operational highlights

- Strong financial results with record revenue of £242.5m (up 11.4% vs. FY21) and adjusted operating profit of £58.8m (up 1.6% vs. FY21)
- High customer advocacy scores alongside record team member engagement
- Organic investment has focused on our data and solution portfolio, securing new customers and extending our geographic reach
- Geographic expansion into the Philippines, Thailand and Vietnam alongside the bolt-on acquisition of Cloudcheck in New Zealand
- Accelerated our strategic progress with the acquisition of Acuant, a leading US identity verification and identity fraud prevention business

1 FY22 reported revenue impacted by the deferred revenue 'haircut' acquisition accounting adjustment
2 These measures are defined on pages 184 to 187 to the accounts

Contents

Strategic report

Our business at a glance 02
Chairman's statement 04
Building trust in a digital world 08
Our solutions 10
Creating a leader in the global digital identity market 12
Market review 14
Our impact 16
The state of digital identity 18
Environmental, social & governance statement 20
Section 172 statement 30
Chief Executive's review 36
Key performance indicators 40
Financial review 42
Principal risks & uncertainties 48
Emerging risks 58
Viability statement 59

Governance

Letter from the Chairman 60
Board of Directors 62
Corporate governance statement 64
Audit & Risk Committee report 72
Remuneration Committee report 78
Remuneration policy 82
Annual report on remuneration 85
Nomination Committee report 90
ESG Committee report 92
Directors' report 94
Directors' responsibility statement 97

Financial statements

Independent auditor's report 98
Consolidated statement of profit or loss 107
Consolidated statement of comprehensive income 108
Consolidated statement of changes in equity 109
Consolidated balance sheet 110
Consolidated cash flow statement 111
Notes to the consolidated financial statements 112
Company balance sheet 171
Company statement of changes in equity 172
Notes to the Company accounts 173
Non-GAAP measures 184
Company information & advisors 188

Our business at a glance

We are experts in digital location, identity verification and fraud prevention software. We enable fast, simple and compliant onboarding with reduced risk of fraud for many of the world's leading organisations who put their trust in our technology and data.

Total FY22 revenue

£242.5m

FY22 revenue by geography

USA	UK	APAC	Europe	Rest of World
36%	34%	16%	11%	3%

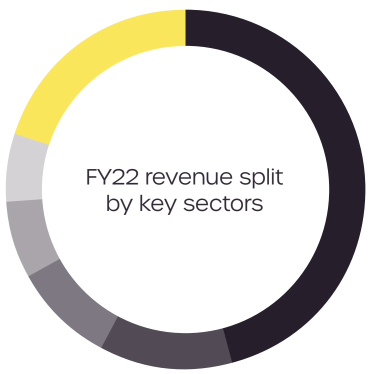
Revenue generated from international customers is now 66% of the Group, up from 31% in FY17.

Building trust across business

From onboarding to in-life, we help businesses build trust at every stage of the customer lifecycle. We serve small start-ups to many of the world's biggest and fastest-growing brands with our global platform of digital location, identity and fraud and compliance solutions.

Over the last five years, we have diversified both geographically and by sector. From international banks to tech giants, automotive manufacturers to fast fashion retailers, we partner with our customers as they set the agenda for the future of business.

Read more on pages 08 and 09



Financial services:	46%
Retail:	12%
Gaming:	9%
Technology:	7%
Public sector:	6%
Other:	20%

(inc. professional services, utilities and telecoms, travel and leisure sub-sectors)

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GBG has a diversified offering across three core solutions:

Location

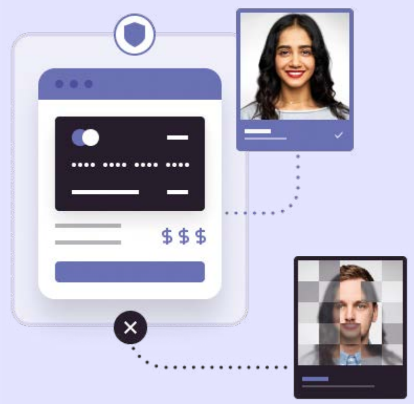
Powered by the most accurate global location intelligence data sourced from a range of worldwide data banks updated daily, our Loqate solutions are used millions of times a day by businesses of all sizes in all sectors. We provide address verification, real-time address lookup, validation and data enhancement and maintenance solutions. We aim to connect every business in the world to every customer in the world.

Segment revenue

£66.3m

27% of Group revenue

Identity



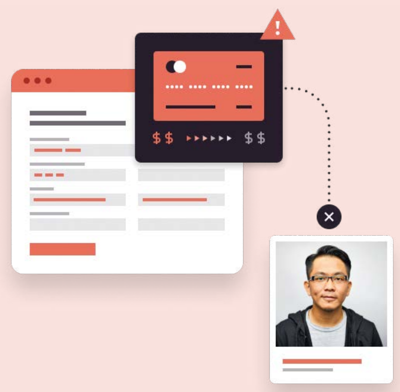
We keep businesses safe by providing secure, smooth onboarding. Our fully configurable digital identity verification solutions build trusted relationships with brands, through document and data verification. We can verify and authenticate the identity of much of the world's population, anywhere in the world, helping businesses welcome more good customers while reducing digital identity fraud.

Segment revenue

£142.8m

59% of Group revenue

Fraud



Protecting businesses and brand reputations while reducing losses from financial crime, our end-to-end fraud and compliance solutions deliver real-time protection and regulatory compliance. We help businesses know their customers and screen out fraudulent transactions, preventing application fraud and detecting and preventing money laundering activity while maintaining a frictionless digital customer experience.

Segment revenue

£33.3m

14% of Group revenue

Read more on pages 10 and 11

Why GBG?

We are at the forefront of the fast-growing and global digital identity sector
Our powerful solutions are at the forefront of a fast-growing market driven by increased eCommerce, regulation and fraud.

Our data infrastructure and technology are best in class; we are experts in data intelligence
Our proprietary technology provides fast, resilient and consistent analysis of consumer identity attributes worldwide. Our global breadth and depth of data and knowledge give us a market-leading advantage.

We have a compelling strategy to deliver long-term sustainable growth
Strategic investment continues to expand our capability and geographic coverage, creating convergence and cross-selling opportunities. The business has grown through mergers and acquisitions with 15 transactions since 2011.

Our people and culture underpin our success
Globally we now have 1,250+ team members who embody our expertise throughout our network of talented local teams and close customer relationships.

Attractive financial model and a strong balance sheet
Our subscription model drives profitable and cash generative growth underpinning our strong balance sheet, which provides scope for ongoing investment and a progressive dividend policy.

Chairman's statement

"

I am pleased to report that GBG has achieved strong financial results again this year, with record revenue and adjusted operating profit ahead of original market expectations. We have also made important strategic progress through the acquisitions of Acuant and Cloudcheck. GBG now has more talent and expertise than ever before to execute on the attractive long-term market opportunity through accelerating our global expansion and technology roadmap.

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Our excellent customer advocacy and record team member engagement scores demonstrate why we are a trusted partner and supplier to many great organisations around the world. We continue to be confident, despite the current macroeconomic uncertainties, in the strength and resilience of our diversified business to deliver sustainable growth underpinned by our strong, cash generative model.

Purpose, strategy and progress

GBG's purpose is to build trust in a digital world with a vision where everyone can transact online with confidence. We see it as our mission to act as a force for good in the expanding digital marketplace. Our solutions are used millions of times each day to keep individuals and businesses safe. We improve trust, increase efficiency and prevent bad actors from causing loss and distress. Embedding sustainability in our strategy is fundamental to our success and we are committed to a holistic approach that takes account of all stakeholders in our decisions.

We have a track record in developing and scaling innovative solutions; our customers trust those solutions because of our competitive advantage in data software, technology and people. This year we have achieved significant strategic progress throughout the business, allowing us to capitalise on the structural growth in our markets. Organic investment has focused on our data sources and solution portfolio, helping to secure new customers and extending our geographic reach.

In November 2021 we acquired Acuant, a leading US identity verification and identity fraud prevention business. This transaction strengthens our competitive differentiation, materially increases our US presence and primes GBG for accelerated global expansion. We are able to leverage the knowledge and experience developed following 13 successful acquisitions in the last 10 years prior to Acuant, which will ensure that integration risk is well managed and the full benefits of the combination are realised.

Our strong operating margins and cash generation mean that we can pursue geographic and sector expansion as well as continued product and technology development. In January 2022 we completed the bolt-on acquisition of Cloudcheck, a New Zealand-based identity verification and anti-money laundering provider. This demonstrates how GBG can combine its international data, solutions and expertise with local capabilities to expand at pace regionally.

These strategic actions will allow GBG to capture significant long-term value for shareholders. We have created a leader in data, document and biometric-driven identity verification with combined FY22 pro forma revenue of £273.8 million. Our Location, Identity and Fraud segments all benefit from expanding total addressable markets. This includes the identity verification and adjacent identity fraud markets which industry analysts forecast to reach an estimated $25 billion[1] by 2025.

Our highly engaged team

Our people bring the global expertise and passion responsible for GBG's ongoing success with record levels of team engagement achieved throughout the business this year. We are committed to providing an inclusive and supportive environment to enable all of our team members to grow, develop and fulfil their potential. Positive change is being made to improve our diversity and inclusion, well-being and professional development. These changes reflect our desire to innovate working practices for our team members.

Our 2022 AGM

For the second year running GBG will host its Annual General Meeting as a hybrid meeting. Shareholders are encouraged to attend either virtually or in person.

The AGM will be held at our Chester office on 28 July 2022 at 10.00am (BST) and all directors will be present. To connect virtually shareholders will need to register for a live audio link. Shareholders can participate in the meeting using this link with the ability to listen live to the meeting, ask questions and vote.

Read more in our Notice of AGM

1 Source: Markets and Markets - Identity Verification Market and Fraud Detection and Prevention Market Reports (2020 - 2021)

GBG Annual Report and Accounts 2022

Chairman's statement continued

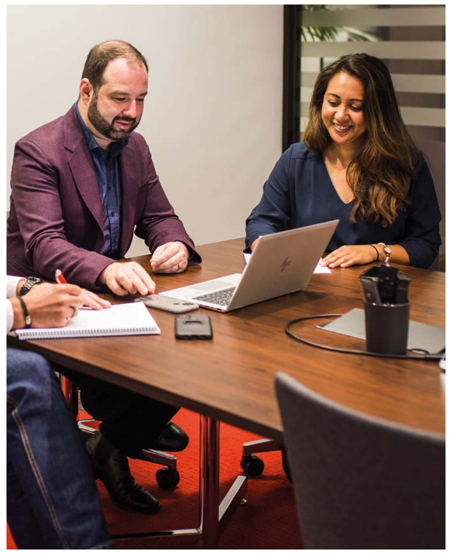
The team has delivered our strong results despite a backdrop of fast-evolving macroeconomic challenges, such as the continued impact of the Covid-19 pandemic and the effects of rising inflationary pressures on our team members and customers alike. We do not expect any direct impact from the war in Ukraine. Our sympathies are with the Ukrainian people afflicted by this conflict and we are proud to support charities sending help to the country and its displaced citizens in Europe and the UK.

Governance

On 1 November 2021 we welcomed Bhavneet (Bhav) Singh to the Board as an independent Non-Executive Director. Bhav has over 25 years of experience leading successful digital businesses through ambitious periods of growth and transformational change. His experience managing international expansion is highly applicable to GBG's strategic priorities and the Board is already benefiting from his sector expertise and global perspective.

Our solutions have an important contribution to society, establishing trust between our customers, consumers and citizens, preventing fraud, enabling compliance and verifying locations to reduce climate emissions from failed or repeated deliveries. Recognising its ongoing significance to GBG, the Board formed an Environmental, Social and Governance ('ESG') Committee during the year. This committee will provide oversight of the strategy, targets and investments we make. In particular, the UN's COP26 climate summit demonstrated the need for ambitious action to reduce global emissions. At GBG we are committed to reducing our climate impact with a near-term plan to become carbon neutral in our own operations by FY23.

> **"** In summary, it has been a very good year. The business has performed strongly and the team has made significant progress against our priorities. We are well-positioned to continue delivering the critical digital identity solutions that enable our customers to be safe and successful.



Financial performance

Our financial performance this year was ahead of original market expectations. Revenue increased 11.4% to £242.5 million (2021: £217.7 million), which represented growth on an organic constant currency basis of 10.6%. The level of growth is pleasing given the substantial one-off benefit in the prior year relating to the US government's stimulus programme. Adjusting for this, underlying growth was 15.5%. Adjusted operating profit increased by 1.6% to £58.8 million (2021: £57.9 million). On a statutory basis, operating profit decreased to £23.4 million (2021: £35.5 million), principally due to the increase in amortisation of acquired intangibles and exceptional costs related to the acquisition of Acuant.

Strong cash generation enabled the Group to repay £30.1 million ($40.2 million) of the £157 million ($210 million) of debt financing drawn in November 2021 to finance the Acuant acquisition. The Group's net debt position at the year end was £107.0 million. We expect that our ongoing ability to generate good levels of cash will allow net debt to reduce further during FY23.

AGM and dividend

We plan to host GBG's AGM 2022 as a hybrid meeting on 28 July 2022 at 10.00am (BST). Shareholders are encouraged to attend virtually. The meeting will be held at our Chester office using a live audio link. Shareholders can participate in the meeting using this link with the ability to listen live to the meeting, ask questions and vote, although there will be the possibility to attend in person. Further details will be provided in the Notice of AGM.

The Board would like to reiterate the Group's progressive dividend policy. This ongoing commitment to delivering increased returns to shareholders is supported by our confidence that GBG is well-positioned for the future. The Board will propose a final dividend of 3.81 pence per share to shareholders at the AGM in July. If approved, it will represent the fourteenth consecutive year of dividend growth.

Closing remarks

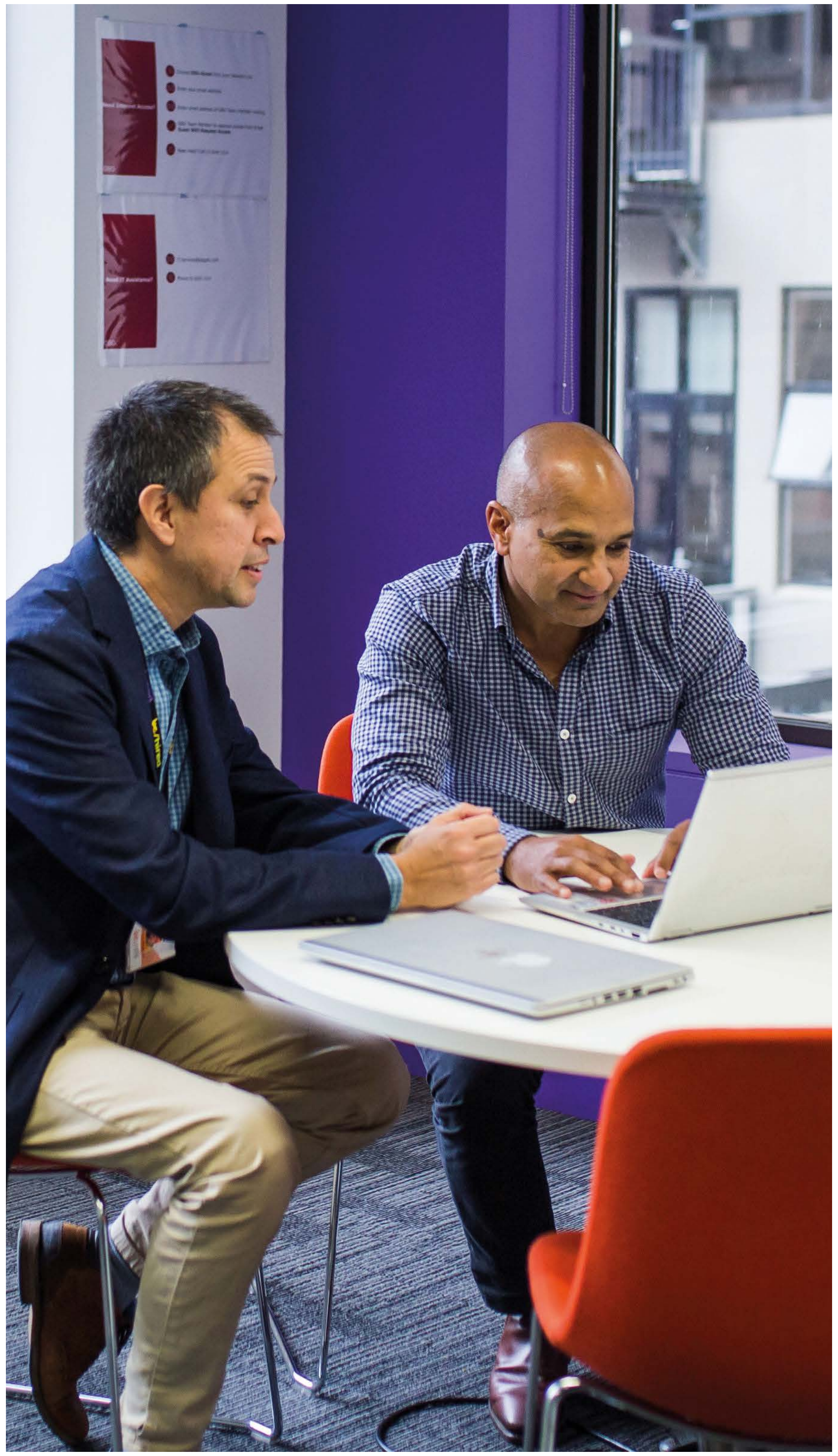
In summary, it has been a very good year. The business has performed strongly and the team has made significant progress against our priorities. We are well-positioned to continue delivering the critical digital identity solutions that enable our customers to be safe and successful.

On a personal note, I have talked with my colleagues on the Board concerning my intention to retire from this great business during the first half of the current financial year. It has been a genuine privilege to be the Chairman of GBG as the company has grown to become the largest pure-play identity software solutions provider on the public markets. It is, however, now time to hand on the baton after twelve enjoyable and successful years.

On behalf of the Board, I take this final opportunity to extend my appreciation to our customers and shareholders for their ongoing support. To the GBG team, I express my sincere thanks for your hard work and contribution to the business. I know that you will continue to work effectively for our customers, our communities and our shareholders.

David Rasche
Chairman

22 June 2022



GBG Annual Report and Accounts 2022

Building trust in a digital world

What we do

From onboarding to in-life, our global platform of digital location, identity, and fraud and compliance solutions helps businesses build trust at every stage of the customer lifecycle. Our world-class data and proprietary technology welcome more good customers, streamline compliance and prevent fraud.

Our strengths

World-class data, technology and trust experts

Customer lifecycle
Covering the full customer lifecycle, building trust from onboarding new customers to monitoring in-life activity.

Capabilities
Standalone or layered capabilities to address multiple customer channels and touchpoints.

World-class solutions
Market-leading global address and identity data, document library and tampering detection technology.

Global reach
Worldwide location and identity verification of anyone, anywhere in seconds.

Business benefits

We work with businesses worldwide to build customer relationships based on trust.

Onboarding
- Enhances customer experience, reducing friction with real-time verification
- Improves customer onboarding speed, verifying more genuine customers
- Streamlines KYC and AML compliance processes
- Prevents fraud at application and origination

In-life
- Monitors and analyses 'normal' transaction behaviour continuously
- Detects and quantifies risk of suspicious activity with unparalleled fraud intelligence
- Builds, verifies, monitors and re-uses digital identities with AI and machine learning
- Visualises links between people, places and businesses for investigation

Our strategy

Our strategy is designed to deliver long-term, sustainable growth in a dynamic and growing global industry. We will fulfil our purpose of 'building trust in a digital world' by executing against six priorities to deliver for all our stakeholders.

Build

Build markets

Grow globally, serving customers in new and existing sectors and geographies.

- Growing in new and existing geographies where there is demand for location, identity and fraud solutions
- Targeting new sectors where market and regulatory drivers create the value, volume and speed of opportunity
- Serving small, medium and large customers with appropriately packaged solutions for their needs

Build differentiation

Create unique data insights and innovative technology solutions to serve evolving customer needs.

- Creating unique data insights by combining the data we ingest, process and create
- Building innovative propositions with best-in-class technology and unique data to serve the needs that competitors can't
- Launching next-generation products using cloud-native, secure and scalable infrastructure

Build once

Drive single platform experience and digital go-to-market strategy across the globe.

- Enabling customers to access solutions through a single platform experience with intelligent orchestration
- Building capabilities that can be re-used across all products globally
- Giving customers a choice of self-serve, low-code and no-code products

Trust

Customer trust

Proactively pursue the best customer experience with cross-selling and up-selling opportunities that best suit their needs.

- Actively listening and responding to customer feedback, ensuring our customers are completely satisfied
- Proactively making our customer experience the best that it can be
- Focusing on getting, growing and keeping customers with solutions that suit their evolving needs

Team trust

Recruit and retain the best, most engaged and diverse team members, trusting each other to deliver together.

- Empowering and engaging our team in our purpose, vision and strategy
- Retaining, developing and attracting talent to support our growing needs
- Ensuring GBG is a diverse and inclusive workplace, so we can genuinely be ourselves

Investor trust

Deliver shareholder value through a well-diversified business, resilient operating model and a focus on cash generation.

- Achieving low-mid teens revenue growth year-on-year to deliver sustainable results that benefit all stakeholders
- Maintaining profitability while re-investing to deliver our strategy
- Executing the integration of Acuant to accelerate our platform strategy and create synergies

GBG Annual Report and Accounts 2022

Our solutions

Thousands of businesses of all sizes trust GBG solutions to onboard and deliver to more customers while reducing the risk of fraud.

Digital economy

In today's digital-first economy, consumers and businesses are increasingly moving online. The pace of this digital transformation has significantly accelerated through the COVID-19 pandemic as the way we live, work and transact with each other has changed.

In this context, increased digital adoption is elevating the importance of digital identity to a level greater than ever before and digital identities are fast becoming the foundation of internet-mediated transactions and a data-driven economy and society. Businesses both big and small increasingly need to have digital identity at the core of their go-to-market strategy. We believe GBG's solutions enable our customers to adapt to this change, building their businesses while transacting safely online and, as businesses increasingly rely on digital identity, there is a clear opportunity for GBG to serve customers across our three segments of Location, Identity and Fraud.

Solution convergence

We develop best-in-class point solutions and orchestrate these to deliver global digital location, identity and fraud and compliance solutions for our customers in this growing digital economy. As digital identity becomes central to building and maintaining trusted customer relationships, the ability to consistently prove and reauthenticate identity seamlessly will become more important as our customers respond to increasingly complex threats.

In this space, business needs and our diversified offering across three core solution areas begin to converge, presenting a clear structural growth opportunity for GBG. Identity verification, proving that an identity exists; identity authentication, corroboration of a person's claim to a customer identity; reauthentication of an identity previously established with a business; and online fraud detection of malicious or anomalous activity are all moments in the same customer relationship. As the lines between GBG's core solutions begin to blur, there is a long-term strategic opportunity to serve customers through a single platform wherever they operate.

Read more about our business model and strategy on pages 08 and 09.

Location

Address verification powered by the most accurate global location data, delivering exceptional experiences to every customer, wherever they are located.

Our range of location verification solutions helps businesses worldwide reach every customer. Our technology gives businesses the ability to verify customer addresses at the point of capture, with simple and easy-to-integrate address validation. As well as ensuring high-quality location data capture, our data cleansing software helps businesses maintain existing customer records in bulk using batch processing, eliminating the need for manual updates and unnecessary admin.

Our products are used by leading brands across a range of industries delivering benefits throughout organisations, such as:

- global customer reach
- exceptional customer experiences
- improved conversion rates
- higher delivery success rates
- enhanced data quality

Differentiators

We focus on sourcing the most complete location data from over 250 countries and territories. We deliver an easy-to-use API for eCommerce, powerful search options for address lookups and IP and URL restriction capabilities for those brands who need to control access. We also offer email and phone validation which can boost customer onboarding.

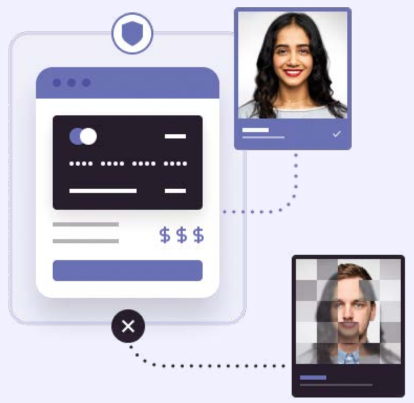
Advancing

- Increasing cloud agnostic deployment options for our Address Verify solution
- Parsing data with machine learning to match and standardise addresses for improved verification rates
- Testing new CRM and eCommerce integrations, increasing our global reach

Revenue

£66.3m

5.9% Consumption
93.1% Subscription
1.0% other



Identity

We verify and authenticate the identity of much of the world's population, anywhere in the world, helping businesses welcome good customers and root out fraudsters.

Our digital identity solutions help businesses worldwide know and trust the prospective customers who come their way. In today's digital-first economy, businesses need to be sure that the people they're dealing with are who they say they are. We provide fast, secure customer onboarding to pass more good customers, helping businesses maintain full regulatory compliance and prevent fraud.

Regardless of industry or location, our document and data verification solutions can be implemented quickly, balancing compliance with a swift and smooth customer experience. This includes:

- enhanced customer onboarding
- complete identity proofing
- identity fraud protection
- global regulatory compliance

Differentiators

Our technology has data at its core, layering global data sources to meet all compliance and risk levels. Businesses can configure our solutions to manage their onboarding journey, balancing their compliance and fraud prevention needs.

While we operate globally, our local experts understand the identity, privacy and regulatory differences that pertain to their markets, ensuring our customers get the best advice wherever they do business.

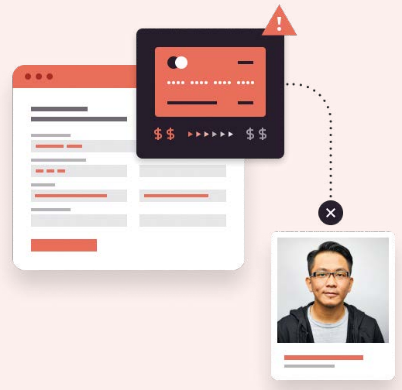
Advancing

- Using alternative data sources (mobile, social, device and behaviour) to verify 'thin file' consumers and authenticate verified identities
- Layering data sources to boost match rates and deliver more 'good' customers
- Working closely with regulatory bodies to shape our product roadmaps

Revenue

£142.8m

76.9% Consumption
18.0% Subscription
5.1% other



Fraud

In a digital-first economy, our end-to-end fraud and compliance solutions enable fast and accurate decisions across the customer journey.

We help our customers orchestrate a multi-layered defence against the evolving and increasingly complex threat of fraud, maintain comprehensive regulatory compliance and deliver secure and frictionless digital customer experiences.

With real-time decisioning, our advanced capabilities prevent fraud losses at the point of application, detect and prevent payment and transaction fraud, detect and prevent money laundering activity and meet global regulatory requirements. We ensure our customers can easily adapt to evolving risks and changing compliance needs worldwide, focusing on growth without sacrificing safety or security. This includes:

- Know Your Customer (KYC) checks
- accelerated customer onboarding
- ensuring regulatory compliance
- reducing fraud loss and false positives

Differentiators

We address risk and help businesses eliminate fraud across the complete customer lifecycle of application, onboarding and transaction. This means we understand and can quickly react to new and emerging trends in financial crime. Our global customer reach and depth of sectoral expertise ensures we provide our customers with solutions to high- and low-tech fraud typologies prevalent in different markets.

Advancing

- Building a next-generation fraud platform for modular, agile response to financial crime
- Deploying machine learning to increase the detection and accuracy rates of fraud solutions
- Extending global network capability to enable fraud detection and sharing across our customer base

Revenue

£33.3m

4.5% Consumption
74.4% Subscription
21.1% other

Creating a leader in the global digital identity market

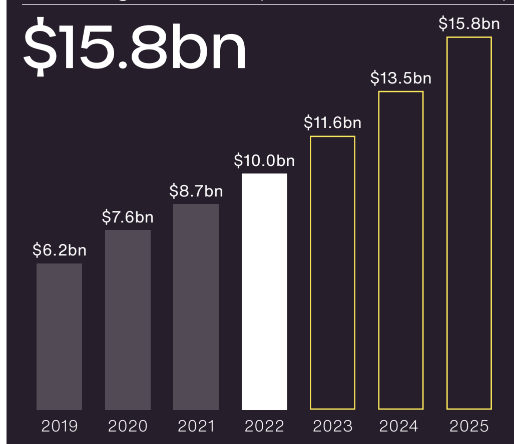
In November 2021, we announced the acquisition of Acuant, a leading US identity verification and Know Your Customer compliance provider. The combination of our two businesses is a complementary and powerful one. Together we are creating a global leader in identity verification as well as strengthening our capability to capitalise on the adjacent, emerging and fast-growing identity fraud market.

Large, fast-growing global markets

GBG's acquisition of Acuant strengthens our offering in the large, fast-growing and global identity verification and identity fraud markets. We can now offer our solutions to a range of sectors that need to trust an identity, whether driven by managing compliance, reducing the cost of fraud or improving customer experience at the point of purchase.

Value of global identity verification market by 2025

$15.8bn

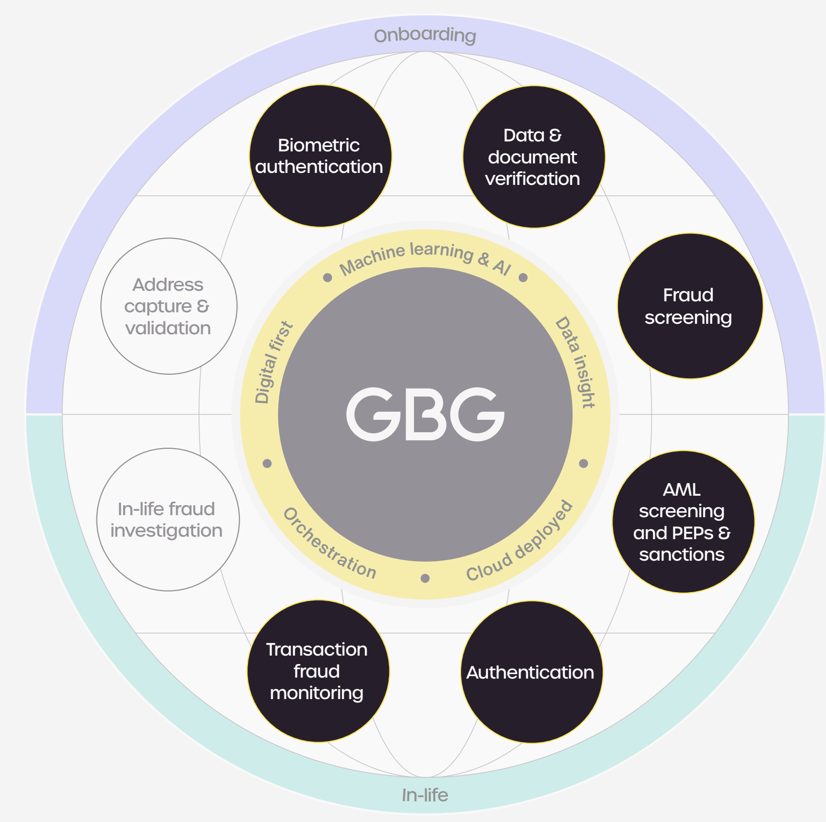


Value of the adjacent global Identity fraud market

$9.6bn

One of the fastest growing adjacent markets to identity verification with a forecast CAGR of 15.8% between 2020-25

Source: Markets and Markets Identity Verification, and Fraud Detection and Prevention Reports (2020-2021)



Accelerating our data, product and technology ambitions

Acuant brings key roadmap accelerators:

- Adds an industry-leading no-code identity verification solution to our portfolio
- Brings a market-ready SaaS solution to our existing on-premise fraud detection products
- Increases the GBG document library with greater coverage in the US and other markets, enabling quicker access to new markets via documents and biometrics
- Accelerates our platform strategy with advanced customer interfaces, data capabilities, and cloud-based technology
- Acuant's approach to big data and the use of customer data will accelerate our work exploring digital identity insights

GBG Annual Report and Accounts 2022

acuant a GBG company

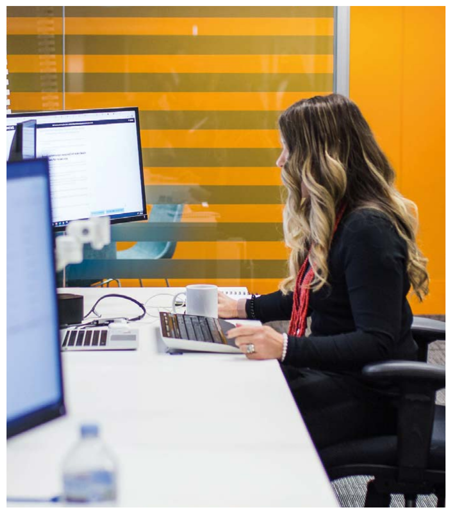
Accelerating our strategy

We have worked in partnership over several years and Acuant has built a product suite that naturally complements our existing solutions. We are pleased to welcome a team of over 200 identity and fraud experts to GBG, bringing common values and a closely aligned culture that supports our purpose to build trust in the digital world.

Acuant immediately extends the market reach of our highly successful IDology business in the strategically important North American market. It brings a complementary customer base of over 1,000 customers that creates clear cross-selling opportunities and increased exposure to sectors such as government, healthcare and automotive.

In April 2022, we announced that IDology and Acuant are uniting under the leadership of Christina Luttrell (previously IDology CEO) to create the largest pure-play identity verification and fraud prevention provider in the Americas, encompassing the USA, Canada, and Central and South America.

We will increase our scale as we rollout a combined portfolio of identity and fraud solutions globally and accelerate our product and technology capability. Over the medium term we expect Acuant to accelerate the growth of the enlarged GBG business, driven by higher rates of growth in its subscription revenues as we build on the substantial market opportunity. Acuant's operating profit margins are similar to GBG's and going forward the enlarged Group operating margin target will increase to 23-24% as the full benefits of the combination are realised.



Behind the acquisition

Given the fragmented market in which we operate, acquisitions have been a core part of our strategy to grow GBG. We have a proven track record of delivering shareholder value, executing 15 acquisitions and one investment over the last 10 years, including Acuant and Cloudcheck, a smaller bolt-on acquisition in New Zealand, during FY22.

Responsibility for approving a transaction is taken by our Board, which assesses M&A opportunities in the context of how they contribute to our strategy. Our M&A team and external financial advisors support the Board throughout an acquisition to ensure any opportunity delivers acceptable financial returns.

Our M&A strategy focuses on acquisitions that bring a range of benefits. This includes geographic expansion, customer growth and diversification, or data and technological capabilities to deliver sustainable growth. Acuant brings a powerful combination of those benefits and capabilities which is entirely consistent with our M&A strategy. Our Board unanimously approved the transaction reflecting the strategic importance of the acquisition.

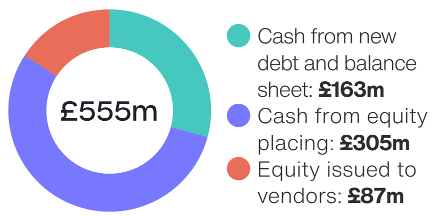
Financing

Typically, we will look to finance acquisitions through a mix of cash, debt and equity. This approach maintains GBG's prudent and efficient capital allocation while incentivising key talent.

The equity placing related to the Acuant acquisition raised gross proceeds of approximately £300 million from existing and new institutional shareholders in addition to a retail offer for individual shareholders which raised gross proceeds of approximately £5 million.

Purchase price for Acuant

Funded by:



The timeline

Prior to 2021
GBG partners with Acuant for five years, consuming some Acuant technology and building relationships with the management team.

March 2021
Acuant granted the latest in a line of 30+ digital identity verification patents.

May 2021
Acuant continues to build its trusted identity platform and global position in the digital identity market with the bolt-on acquisition of Hello Soda.

August 2021
- GBG begins exclusive discussions with Acuant's private equity partner.
- GBG conducts a due diligence process, including several GBG and Acuant executive team meetings to ensure strategic and cultural fit.

November 2021
GBG announces the acquisition of Acuant and related equity placing. The transaction closes November 29 2021.

March 2022
- GBG and Acuant complete a discovery phase and execute a detailed integration plan.
- Joint marketing sessions with Acuant and IDology customers highlight the power of our combined teams.

April 2022
- GBG IDology & Acuant teams unite to create the largest pure-play identity verification provider in the Americas.
- A Global Products Group is established to accelerate market leadership. It brings together our product roadmaps globally to support regional deployment of global products alongside local solutions.

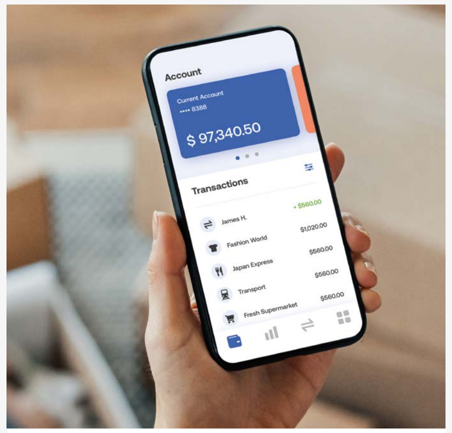
GBG Annual Report and Accounts 2022

Market review

Consumer demand, industry regulation and increasing fraud continue to drive the need for robust solutions across our key markets and sectors.

Sector / Description / Market indicators / Building trust

Financial services



The scale and complexity of this highly regulated sector, confidential customer data and high-value products put building trust at a premium.

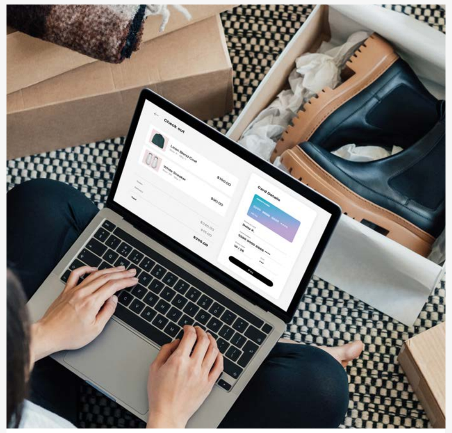
62%

Forecasts predict that **financial services will account for close to 62%** of digital identity verification spend by 2026[1].

The rapid adoption of digital services has created fundamental changes in the financial services industry. Consumers expect a safe and seamless experience whether opening a new account, applying for credit, making a payment or trading in cryptocurrency.

Neobanks and challenger banks are expected to grow globally at 53.4% CAGR to 2030[2] and users of Buy Now, Pay Later ('BNPL') products are growing at an estimated 70-80% in the UK[3] alone. Meanwhile, stringent and complex regulation continues to drive the compliance-led need for robust Know Your Customer (KYC) and anti-money laundering (AML) solutions and ongoing screening and monitoring of transactions. With cryptocurrencies, BNPL and others under increasing regulatory scrutiny, digital identity verification and fraud prevention are more important than ever before to power a consumer experience that is both swift and secure.

Retail



eCommerce and convenience continue to drive online retail transactions, creating demand for fast and secure checkout experiences and accurate deliveries from consumers and business.

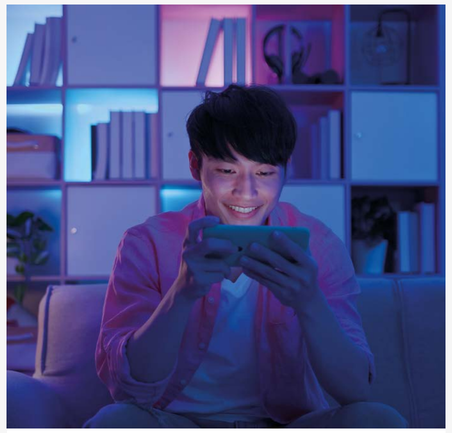
71%

71% of consumers are now **more reliant on online retail** for their purchases compared to before the pandemic[4].

The line between high street and home delivery continues to blur with the value of online retail sales in the United Kingdom alone increasing by more than 60% in the last three years from £75 billion in 2019 to £120 billion in 2021[5].

Bad data and poor customer experience can both negatively impact a digital retailer's bottom line and brand reputation. From confirming the identity of a customer to ensuring delivery addresses and bank account details are 100% correct, retailers need to trust who and where consumers are to detect fraud, improve conversion rates and reduce failed deliveries. Big online retailers need to flag and prevent suspicious transactions at checkout and require real-time address verification to ensure fewer failed deliveries, improved on-time delivery rates and trusted data in retail systems.

Gaming



Online casinos, sports betting and other operators boomed during lockdown and continue to grow, with player protection and affordability both imperative.

17.4%

Mobile is predicted to be the **fastest-growing** online gaming platform, at a CAGR of 17.4% from 2020 to 2025[6].

Increased popularity during the pandemic, smartphone adoption and the rise of digital payments have all spurred the increase in iGaming operators and expansion into new regulated markets.

More mature markets in the UK, Europe and Australia, are now being joined by newcomers in Asia and the Americas, with iGaming Ontario ('iGO'), Canada, the latest to launch. In most countries, online gambling is governed by heavily regulated frameworks with licensed operators obliged to comply with AML and KYC regulations that require the protection of vulnerable and underage players as well as protection from fraud.

Operators want to onboard more players online at pace and continue to seek out trusted identity verification solutions; solutions that automate worldwide data and document checks and offer data solutions for eligibility and affordability.

Technology

Digital business transformation continues to drive a big technology sector and a lucrative network of data and technology specialisms.

11.5%

Enterprise software spend will grow fastest at 11.5% as **worldwide IT spending is projected to total $4.5tn** in 2022[7].

As digital transformation continues to be a brand imperative, digital technology initiatives remain a top strategic priority for business. Technology companies are at the forefront of innovation in this space. From the tech giants to the smallest start-ups, software solutions, such as AdTech, CRM, HRM, MDM and payment processing can all be bought in from application providers.

This diverse ecosystem of tech companies continues to support a thriving network of partnerships among data and technology specialisms. GBG's digital identity, location and fraud expertise makes us a trusted partner in this ecosystem, cleansing, formatting and parsing location data, verifying identities and monitoring transactions within these distributed platforms supporting business transformation.

Public sector

Despite rapid advances in digital delivery during the pandemic, online services for citizens still run on trusted tech know-how delivered by the private sector.

84%

Roughly 84% of the world's countries provide their citizens with access to at least one **online transactional service**[8].

Digital identity systems have increasingly become the gatekeepers that allow citizens to access and interact with public sector systems, border controls and healthcare services. Verification and authentication solutions increase ease of use, accessibility and security. Yet, despite the rapid development of e-government during the pandemic, governments still have some distance to travel before they will be able to deliver a fully digital and wholly inclusive citizen service.

In this context, the public sector continues to partner with data and technology trust experts to prove and protect citizens' identities, prevent fraud, and provide low-friction access to critical services. These data-driven trust frameworks are central to ongoing digital transformation efforts in public sector processes.

Footnotes

1. Juniper Research, Digital identity verification spend to exceed $16.7 billion globally in 2026, fuelled by remote onboarding
2. Grand View Research, Market Analysis Report 2022
3. Bain & Company, Buy Now, Pay Later in the UK Report 2021
4. Loqate, Responding to the Rise, 2021
5. Statista, E-commerce in the United Kingdom, 2022
6. The Business Research Company, Online Gambling Market 2022
7. Gartner Forecasts Worldwide IT Spending to Exceed $4 Trillion in 2022
8. United Nations, E-Government Survey 2020

Our impact

We work with businesses worldwide to help them build customer relationships based on trust

We serve organisations all across the globe. We work with start-ups to some of the world's best-known businesses, including US eCommerce giants, Asia's biggest banks and European household brands. Our unique combination of digital location, identity and fraud and compliance solutions cover the full customer lifecycle, from the smooth onboarding of new customers to monitoring in-life activity for fraud. With over 1,250 GBG trust experts working across the Americas, APAC and EMEA, our customers benefit from our unrivalled experience, market-leading technical capabilities and deep local knowledge wherever they operate in the world.

In FY22, we welcomed new customers from across financial services, technology, gaming, retail and the public sector, including ASICS, E.ON, HarperCollins, JetBlue Airways, AXA and Nintendo.

Charlotte Tilbury

This award-winning luxury beauty and skincare brand is partnering with us to offer an exceptional and reliable online shopping experience to its growing community of customers around the world.

The challenge

The dramatic shift to eCommerce during the pandemic meant Charlotte Tilbury had to quickly adapt its online shopping experience to ensure not only that it was easy and efficient, but exceptional; communicating the high quality that the brand has become known for. The business needed to manage surging website traffic and protect its high conversion rates, while still delivering an effortless customer experience.

The solution

Our technology ensures Charlotte Tilbury's customers can checkout easily and efficiently whilst providing a guarantee that data input is accurate. GBG's Loqate Address Capture solution helps customers purchasing a product on the Charlotte Tilbury website to quickly and accurately enter their address data.

Our Address Verification software then verifies and formats this customer data, ensuring it works for Charlotte Tilbury's couriers in the markets in which the company operates. This process delivers efficient online order fulfilment and assures products consistently arrive on time and to the right customer location.

The impact

GBG helps Charlotte Tilbury deliver an online shopping experience that reflects the reputation for quality and luxury that the brand has successfully built. Our solutions ensure a smooth customer checkout process and keep cart abandonment to a minimum. This in turn has had a significant impact on conversion rates and streamlined back-end processes within Charlotte Tilbury's warehouses.

- Reduced checkout abandonment rates and maintained high conversion rates
- Outstanding experience for online customers consistent with the efficiency of shopping in-store
- Customers have confidence that orders will arrive on time and to the right location
- Back-end processes within Charlotte Tilbury's warehouses have been streamlined

Secure Medical

Secure Medical provides telemedicine services including online prescription fulfilment. Partnering with GBG, the company delivers a safe, swift and compliant patient onboarding experience while preventing identity fraud.

The challenge

The number of US adults who rely on virtual healthcare services like Secure Medical to obtain important prescriptions has continued to rise following the global pandemic; it is important that these medical prescriptions arrive promptly and into the right patient's hands. The challenge for Secure Medical's onboarding process is to ensure that new customer identities are verified and validated without delay, before engaging with the company's network of contracted physicians or a prescription centre.

The solution

Our IDology ExpectID Identity Verification solution enables Secure Medical to digitally verify patient identities during onboarding, avoiding the submission of identity documents that delay consultation with a physician or the fulfilment of a prescription.

When a patient signs up to Secure Medical, our solution works in the background in real time, analysing multiple identity attributes using thousands of data sources to be sure an individual is who they say they are. The solution verifies and protects the patient's identity while maintaining individual patient privacy during onboarding and when processing prescription orders.

The impact

At the heart of Secure Medical's digital service to its customers is the ability to correctly match patients with prescriptions. GBG ensures the right Secure Medical patients get the right prescription quickly. The company maintains compliance with industry regulations, protects its contracted physicians and prevents the use of identity fraud using stolen identity data.

- Secure Medical can be confident its patients are who they say they are
- Patients are onboarded and consult with a physician quickly
- Compliance with industry regulations is consistently met
- Identity fraud is significantly reduced

AmBank

One of Malaysia's biggest retail banks is partnering with GBG to safeguard customer transactions and ensure regulatory risk compliance, using our enterprise-level fraud risk management solution.

The challenge

With a growing digital customer base and suite of digital banking services, AmBank needed to maintain its excellent customer experience while safeguarding against fraud. With dated and siloed fraud protection infrastructure, however, the bank needed to upgrade to an enterprise-level fraud risk management solution that complied with Malaysia's new Risk Management in Technology regulations governing all financial institutions.

The solution

The bank's high volume of transactions are monitored continuously for suspicious activities by GBG Predator, providing real-time fraud detection and prevention. Meanwhile, GBG Predator and our technology partner Group IB's Secure Bank solution together provide an augmented endpoint protection against cyber threats including bots, malware, and high-risk devices. As AmBank continues to grow, these solutions can quickly be applied to all new digital channels and retail banking products.

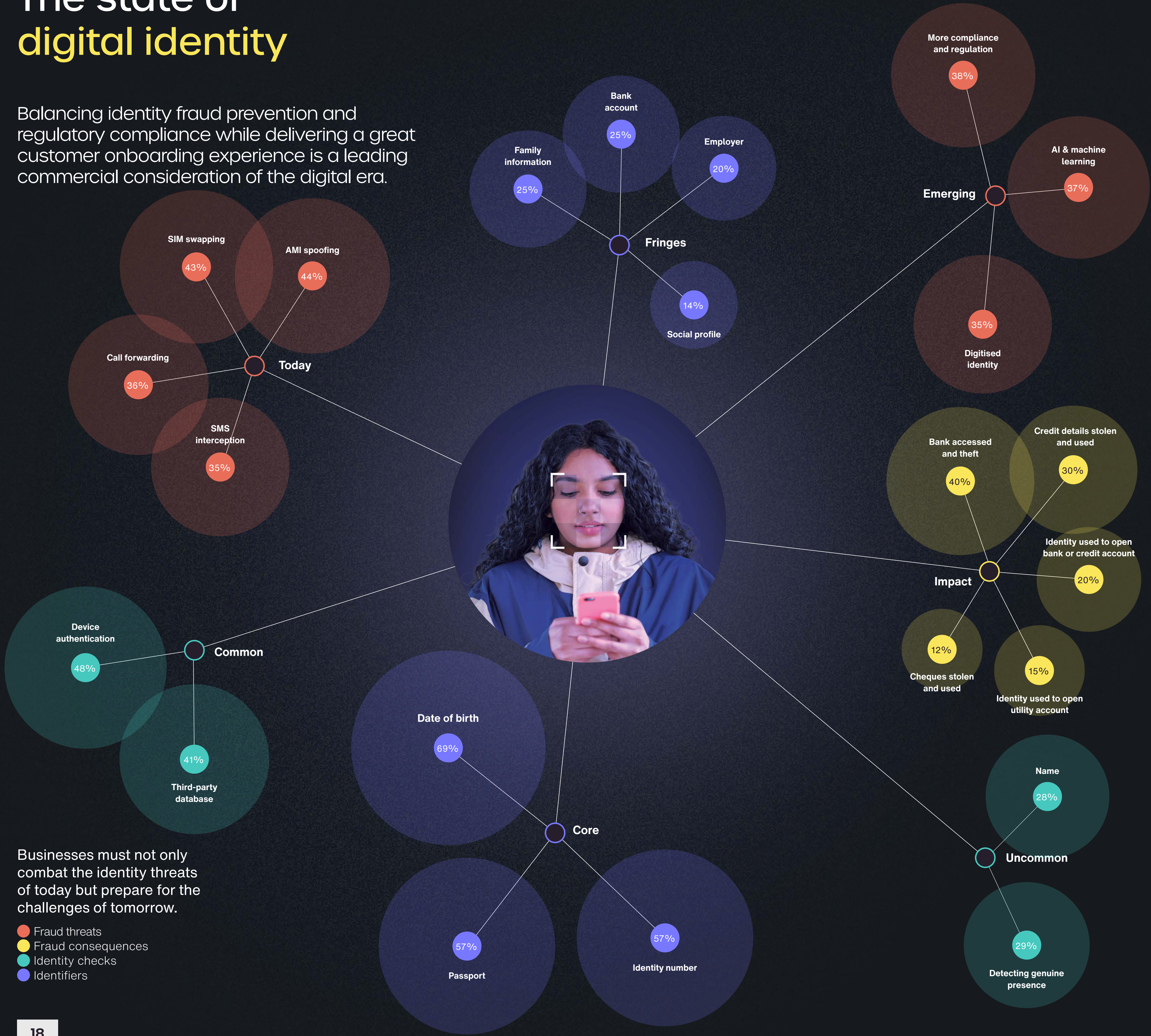
The impact

GBG has helped AmBank improve its detection of unusual or suspicious transaction patterns and endpoint threats, safeguarding against complex fraud and protecting its customers in real-time, while meeting regulatory requirements for financial institutions. Moreover, AmBank is achieving this higher accuracy in fraud detection while minimising false positives, enhancing the seamless online transaction experience between the bank and its customers and strengthening digital trust.

- Higher accuracy in fraud detection with false positives at a single digit
- Improved detection of high-risk transactions resulting in a reduction of fraud losses
- Seamless digital banking experience and enhanced AmBank customer satisfaction
- Full compliance with Malaysia's Risk Management in Technology policy

The state of digital identity

Balancing identity fraud prevention and regulatory compliance while delivering a great customer onboarding experience is a leading commercial consideration of the digital era.



Businesses must not only combat the identity threats of today but prepare for the challenges of tomorrow.

The great switch

The modern consumer demands a smooth onboarding experience and expects to be able to transact online securely. With people accessing goods and services online more than ever before, consumers have put convenience at the core of their buying behaviours.

The consumers we surveyed in **The State of Digital Identity 2022** will no longer stand for poor, confusing or time-consuming digital services – they are now more than happy to ditch a brand for a new provider. Our research reveals during the past 12 months many consumers have decided it's time for a change and we have entered the age of 'The Great Switch'.

Simple and secure onboarding

As the battle for new customers heats up, having an onboarding process that lets them sail through and sign up is crucial. But sceptical consumers revealed there's some way to go. More than a quarter (28%) said they'd abandoned signing up for a new online account because it took too long, while around one in eight (12%) stated they didn't complete registration because it was too difficult.

We asked consumers to rate the importance of factors when opening a new account online.

These factors were rated 'extremely important'

- Secure: **57%**
- Easy: **31%**
- Quick: **22%**

Businesses recognise they have more to do in providing both a frictionless experience and protection against fraud. When asked to rate their success at striking the right balance, on a scale from zero to 10 - with the top mark considered a friction-free approach - companies gave themselves an average mark of just six. If businesses want to protect their brand and continue to grow, they must do more to improve that onboarding experience.

A major reason many businesses do not deliver a satisfying onboarding operation is that they're failing to balance the twin challenges of delivering a frictionless experience while simultaneously continuing to prevent fraud. Consumers, however, feel strongly about both these factors when opening a new online account. This problem is amplified as identity fraud continues to rise. Nearly one-in-ten consumers have been victims in the past 12 months. Yet almost a third of businesses still don't use an identity verification service.

Business fortune or failure

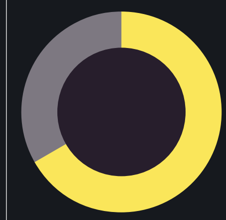
Getting this wrong can cost businesses thousands, if not millions. According to digital marketing agency WebFX, the average small and medium-sized business spends between $9,000 and $10,000 on pay per click every month driving customers to their websites. Larger businesses spend more. In our experience, however, 80% of those leads are lost if a business asks a consumer to complete a manual onboarding process.

The modern consumer is more than happy to walk away from a poor experience or process. And, with the onboarding experience often the first interaction a customer has with a brand, this will not only lead to lost custom in the short term but could also damage a brand in the long term.

This change in their behaviour is already altering the way businesses operate, with many decision-makers realising that people will not forgive a brand for a poor customer experience. Indeed, many brands are now competing with their rivals to ensure switching is as simple as possible. Challenger banks, for example, are making it possible to ditch a high street bank and join them in just a few clicks.

Switchers' behaviour can therefore be a precious commodity for companies - but they must do everything they can to ensure it's not sacrificed through substandard service which swells the dropout rates that are such a problem for many brands. The ability of businesses to successfully tap into The Great Switch could mean the difference between fortune and failure in this new golden era of eCommerce.

Rapid digitalization means increased fraud



Two in every three businesses expect fraud to increase in 2022[1]

1 The State of Fraud 2022, Acuant

More online
Scan the QR code to read **The State of Digital Identity Report 2022**.

GBG Annual Report and Accounts 2022

Environmental, Social & Governance statement

At GBG we know that delivering positive ESG outcomes is fundamental to our success.

At GBG, we build solutions that protect individuals. Safeguarding our customers and their consumers from negative environmental and social impacts is at the heart of the solutions we offer.

Please read below for some of the ways we impact these outcomes.

- **Identity**

  Our identity solutions allow the verification of individuals' true identity to ensure they are who they say they are.

  Identifying that an individual is who they say they are prevents crimes, such as money laundering and identity fraud, which can have a hugely negative social and financial impact on the businesses and individuals it affects. It can also verify an individual's age to make sure that children are not exposed to potentially harmful products and services.

- **Location**

  Our location solutions validate accurate and reliable address data.

  Accurate and reliable address data ensures that our customers can get their products and services to the right people, in the right place. This is crucial in times of need. For healthcare services, for example, knowing that medication is reaching the right people, in the right place, is critical. Getting your customer's location right can also prevent failed and therefore repeated, deliveries, which saves additional and unnecessary fuel usage.

- **Fraud**

  Our fraud solutions offer defence against modern-day financial crimes.

  Our solutions can identify and therefore help prevent the bad actors, averting crimes such as identity, application and transaction fraud. This makes the digital world safer for everyone else.

We know that our team are the fundamental force behind delivering our strategy. That is why they remain our principal priority. A resilient and engaged team with access to training, benefits and progression will deliver exceptional results for our customers. This, in turn, benefits the business, which benefits the wider community and our investors. As a result, we are able to build trust in a digital world.

We have continued to grow the team through organic and inorganic growth and are delighted to have welcomed Acuant and Cloudcheck to the GBG team this year. They bring over 200 highly experienced professionals, as well as a shared vision, enabling trust in the digital economy. We listened to our new team members during the acquisition journey to understand their values so we could prioritise the most impactful opportunities. You can read more about this on page 26.

We formed an ESG Committee to ensure we have the people and governance in place for ESG to be central to our decision-making, which I am proud to chair. The Committee means that ESG considerations have Board-level oversight and involvement. This equips us to deliver on our ambitions and makes sure we are accountable for our commitments.

To make a meaningful change, we need to link our commitments to global action. In recognition of the urgency to drive global sustainable development and the business' duty to play its part, we aligned our ESG programme with the United Nations Sustainable Development Goals ('SDGs') in our 2021 Annual Report. With less than a decade left to deliver the SDGs, we are committed to continually improving our approach. We have prioritised the goals that are most relevant to our business and sphere of influence and you can see an update on our progress on page 22.

The UN Climate Change Conference in Glasgow (COP26) demonstrated the need for scaled up and ambitious action from governments, companies and individuals. At GBG we are committed to reducing our environmental impact. That is why we have set a target to be carbon neutral in our own operations by 2023. You can read more about this target and how we are planning on delivering it on page 29.

In the year ahead, one of our key priorities will be continuing to improve the collection and validation of our ESG-related data. We want to ensure that we maintain the same level of rigour in the ESG targets and metrics we set, as we do in all other areas of our organisation.

At GBG we know that delivering positive ESG outcomes is fundamental to our success. By identifying and preventing the bad actors, the solutions we offer address societal, environmental and regulatory issues. We look forward to continuing to scale up our action and impact, as well as increasing our ambition in the coming year.

Natalie Gammon
Chair of ESG Committee

22 June 2022

FY22 highlights

SUSTAINABLE DEVELOPMENT GOALS	**UN Sustainable Development Goals** We support the UN Sustainable Development Goals (SDGs). Please see the following pages for information on our contribution to the SDGs.
SLAVE-FREE ALLIANCE Working Towards a Slave-free Supply Chain Member	**Slave-Free Alliance** We became a member of the Slave-Free Alliance.
bsi ISO/IEC 27001 Information Security Management CERTIFIED IS 552579	**ISO 27001** We maintained ISO 27001 certification.
95%	of our team "would recommend GBG as a great place to work"[1].
ESG Committee	FY22 was our first year of ESG Committee meetings.

1 Please see page 27 for further details.

GBG Annual Report and Accounts 2022

Environmental, Social & Governance statement continued

The United Nations Sustainable Development Goals (SDGs) are “the blueprint to achieve a better and more sustainable future for all”[2]. To achieve the SDGs, we all need to act.

Last year we assessed which of the goals we could have the biggest impact on. Please find progress against those goals below, summarised under the key pillars of our ESG programme.

Our contributions to the UN SDGs

Our focus areas	FY22 progress	FY23 and longer-term objectives
Inclusion, diversity and equality Building a culture of inclusion, celebrating our diversity and creating fair and equal opportunities 5 Gender equality; 10 Reduced inequalities	• Set long-term gender and ethnicity targets • Launched our first global diversity data collection process • Expanded our Gender Pay Gap Report to represent our global team • Created our first women’s network, GALvanise • Continued to be a gold sponsor of Women in Identity’s research, the ID Code of Conduct	• Exceed 40% female representation across our global workforce and at a senior team level by 2026 • Continually increase participation in all areas of voluntary diversity data collection, especially ethnicity. We plan to use this data to publish a report on our team global ethnicity in 2023[3] • Be an early adopter of the Women in Identity Code of Conduct
People and policies Putting the structures in place to engage great people 4 Quality education; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure	• Our team spent 17,899 hours on formal training • 95% of our team “would recommend GBG as a great place to work”, achieving our objective to stay above 90% (2021: 91%)[4] • Invested over £540,000 in training and development • Launched our Work When and Where You Want Policy • Created a GBG mentoring programme, with over 100 participants	• Expand Progression@GBG across the Group – giving clarity to how to progress internally • Launch enhanced training on manager capability and confidence • Maintain employee satisfaction above 90%
Trust and responsibilities Delivering our purpose as a responsible business 16 Peace, justice and strong institutions	• Our solutions prevent and reduce financial crimes, making the digital world safer for everyone else • We enable financial inclusion by using multiple data sets, which are wider than traditional approaches • Maintained ISO 27001 accreditation • Formed a partnership with the Slave-Free Alliance • Expanded our Scope 1 and 2 greenhouse gas emissions to our global operations	• Continue to maintain a high level of data protection and security, including reacting to evolving threats • Review our practices to strengthen our commitment to preventing modern slavery in our supply chain • Achieve carbon neutrality by 2023 through energy management and high-quality offsetting • Broaden our Scope 3 greenhouse gas emissions measurement

2 https://www.un.org/sustainabledevelopment/sustainable-development-goals/
3 Please see page 26 for further details on our target setting.
4 Please see page 27 for further details

Stories from our solutions

Improving patient referrals

A key challenge for primary healthcare providers is ensuring that the referrals they make are the best choice for their patients. Inaccurate and incomplete address data can result in additional communication being needed, which can cause delays in treatment, or patients being referred to providers further from their home than necessary.

GBG’s Loqate address verification and geocoding can integrate into referral management systems to reduce this challenge. By automatically checking that incoming and existing addresses are accurate, we can reduce the administrative burden and lag times associated with incomplete referrals.

Our solution is also able to work with NextGate by Lyniate’s Enterprise Master Person Index to decrease duplicate records across healthcare systems. This ensures that there is one single record for each patient, minimising the need for a manual correction process and reducing the potential for errors.

This single record can then be used to calculate the distance from the patient’s address to the options of specialist healthcare providers and share this information with the patient’s doctor. This results in more accurate patient matching, saving unnecessary travel and therefore, time, money and energy.

Providing solutions for local authorities

GBG’s Trace and Investigate business unit works with around 50 local authorities to help prevent and detect fraudulent activity.

The solution offers use cases, such as helping housing authorities to find and locate rogue landlords, trading standards authorities to investigate criminal gangs selling counterfeit goods and waste enforcement teams to identify the sources of fly-tipping incidents.

We help to maintain the integrity of the solution by requiring individual users to input unique, user-specific credentials and accept data-use terms and conditions every time they access the secure web-based interface. They can then search the Investigate database. As well as protecting the way the solution can be used, it also ensures that data compliance and GDPR regulations are met.

The combination of contact, business, financial, open source and historical data – all searchable in one place – has proved a powerful asset for local authority fraud, compliance and debt tracing teams.

Preventing fraudulent applications

GBG partnered with CTOS IDGuard, South East Asia’s first fraud prevention bureau, to provide real-time automated alerts on potentially suspicious loan applications.

Powered by our fraud and financial crime solution, CTOS IDGuard is a pivotal fraud platform for the key members, who are from financial institutions in Malaysia. The initial participating group of banks prevented confirmed fraudulent credit applications that would have cost RM28 million (approx. £5 million) in the first 12 months (as of December 2021). Victims of fraud can suffer from devastating emotional and financial impacts, so preventing these types of crimes reduces wider negative social outcomes.

Over half of the alerts are due to applications made by fraudsters known by the syndicate. So, the fraud bureau is able to detect these threats by using the partnership to pool multiple data sets. As of December 2021, CTOS IDGuard saw an uplift in fraud detection of up to 30% for credit card applications.

Currently, GBG and CTOS IDGuard are progressing the fraud bureau by leveraging the Instinct Hub and GBG machine learning module to further reduce the false positive rate and improve the accuracy of fraud detection for its members.

GBG Annual Report and Accounts 2022

Environmental, Social & Governance statement continued

Governance underlines everything we do. This then supports our people, who then act to protect communities and the environment through our innovative solutions, our policies and our practices.

Governance

Corporate governance

We created our ESG Committee to reinforce our governance over ESG-related activities. The Committee represents the Board in defining our ESG strategy and makes sure we take a systematic approach to reviewing relevant practices and initiatives.

To support the ESG Committee in delivering our programme of work, we hired a full-time ESG Strategist and Programme Manager. By creating this role, we have bolstered our ability to develop, implement and communicate our ESG strategy and create clear responsibility for our activities.

The Board and its committees oversee and are ultimately responsible for ethical issues. We provide training as part of our Group learning management system, 'be/developed', which outlines how to apply an ethical framework to decision-making in the workplace.

This year we introduced ESG-linked targets in our Executive Directors' remuneration. The targets emphasise senior accountability for ESG and make sure that they consider ESG factors in business planning, priorities and decision-making.

We fully comply with the Quoted Companies Alliance Corporate Governance Code. For further information on our ESG Committee please see page 92 and on remuneration targets please see page 79.

Ethical practices and policies

This year, we updated our Code of Conduct to reaffirm our approach to professional and ethical standards. This makes sure that we continue to enable organisations to create trust with their customers, helping them mitigate ethical risk within their own businesses.

Our Code of Conduct defines what our team members can expect from us, and what we expect from every team member, third-party contract and agency, including (but not limited to) the following areas:

- Anti-corruption and anti-bribery
- Dignity at work
- ESG
- Health and safety
- Inclusion, diversity and equal opportunities
- Modern slavery
- The wellbeing of our team members

In addition, it ensures our team are familiar with the GBG Whistleblowing Policy. This policy outlines how to raise a concern confidentially to our external Whistleblowing Hotline, which is available 24/7 in local languages, without fear of reprisals. The policy applies to all individuals working at GBG (whether permanent, fixed-term, or temporary), consultants, contractors, volunteers, interns or any other person associated with GBG. You can find out more about our Whistleblowing procedures on page 76.

We have an open culture and seek to resolve most issues informally. When this isn't possible, however, we have a formal grievance procedure that supports all team members in resolving concerns.

Modern slavery

We recognise that all businesses have a key role to play in preventing all types of modern slavery in their own business and supply chains.

We have published a Modern Slavery Statement on our website. This statement sets out our commitment to improving our practices to ensure that slavery and human trafficking are not taking place in any part of our business or supply chain.

We circulate and share our Modern Slavery Statement with team members annually. We do this to make sure everyone understands the risks of modern slavery and human trafficking in our business and supply chain. In addition, we require all new starters to review and confirm their understanding of our Modern Slavery Statement as part of their online induction process.

This year we partnered with the Slave-Free Alliance to help us create and adapt the structures and processes needed to improve our approach systematically. Together we are performing a gap analysis to identify opportunities to strengthen our commitment and the strategy needed to deliver on these. Following the completion of this process, we will then set out a roadmap for improvement so we can maintain a thorough and proportionate approach that remains flexible to this evolving issue.

Bribery and corruption

Our Anti-Corruption and Anti-Bribery Policy sets out our responsibilities in observing and upholding a zero-tolerance position on bribery and corruption. The policy applies to all team members who work for GBG, including its subsidiary companies across all jurisdictions. We require all team members to read, understand and comply with the information contained within the policy.

Working with suppliers

We have a responsibility to protect and improve outcomes for people and the planet not only within our own operations but also within our supply chain.

This year we enhanced our vendor due diligence process to ensure we have the necessary information before deciding on a supplier or partner. This means that as well as stringent information security, data compliance checks, and financial stability checks, we also understand the ESG policies and activities they have in place. We continue to provide fair access to opportunities and equal treatment for all vendors during the selection process.

Data security and privacy

While we have always been committed to complying with applicable legislation and ensuring secure processing, we believe the ethical use of data goes beyond this.

Building trust with all stakeholders – individuals, our customers, suppliers, team members, investors and regulators – is of utmost important to us.

We have a global team of experts focused on privacy and data security. With individuals at the heart of what we do, our data and privacy experts work collaboratively with our commercial teams to find solutions that enable compliant, appropriately controlled business innovation and development that delivers real benefits.

Prior to any processing, we conduct robust privacy and information security due diligence on the third parties we engage with. We also carry out a detailed review of the activity involved to ensure we meet legal requirements and maintain high standards.

Internally we have a program known as 'be/compliant', which, at its simplest level, is based on four guiding principles:

1. We will ensure we know what we can do with data and, if unsure, we will ask
2. We will be clear about how we are going to use data
3. We will ensure we protect the data we hold or process
4. We will ensure compliance, both individually and as a team

We embed be/compliant into our business operations, utilising a number of mechanisms which includes training and awareness. We deliver global privacy and information security training for all GBG's team members annually, including part-time and contract team members. It is mandatory regardless of a person's role and it is also tracked to ensure completion.

IT Security

As well as maintaining the standards you would expect – ISO27001, Cyber Essentials Plus and PCI DSS compliance – we have also implemented a 24/7 security operations centre this year. The centre responds to any event or notification to uphold GBG's security posture. This means we have eyes and ears on the threats and threat actors that are most likely to impact our business.

We also maintain product and location-specific controls and certifications, such as Loqate Verify's ISO20243 certification or IDology's SOC Type II audit.

Our Cloud Security Posture Management now monitors 100% of our cloud accounts, alerting us to risks immediately and creating a security baseline across all our accounts.

We conduct external information security systems audits at least annually.

Maintaining the highest levels of privacy and security operations is fundamental to what we do.

GBG Annual Report and Accounts 2022

Environmental, Social & Governance statement continued

Social

Our solutions

One of the key ways we impact positive social outcomes is through our products and solutions. From identifying, preventing and investigating crimes to improving financial inclusion, societal benefits are inbuilt in our solutions.

Find out more about our solutions on pages 10 and 11

Our team members

We have a vision to have the best and most engaged team members in the industry. This year our team expanded to 1,056 through organic growth and to 1,276 including the Acuant and Cloudcheck acquisitions (2021: 1,024). Our team members span across 17 countries (2021: 14) and over 97% are permanent employees.

To make sure our new team members felt part of the GBG family, we brought them into our group policies and practices as quickly and smoothly as possible. We ran virtual sessions in FY22 with Acuant across the different locations to introduce the team to our people plan, be@GBG, including access and insight into our programmes and benefits (and will do so with Cloudcheck in FY23).

Inclusion, diversity and equality

Our be/yourself programme aims to support and promote an inclusive and diverse culture at GBG and encourage individuals to be their authentic selves at work.

The be/yourself programme is supported by our Inclusion, Diversity and Equality Policy. The policy communicates our team members' responsibility and rights to inclusion and equality, as well as clarifying our zero-tolerance towards discrimination.

Understanding our People initiative

We know that we can't manage what we haven't measured. That's why we launched Understanding our People, our first diversity data collection process. This voluntary process is a fundamental step in our diversity programme, be/yourself. It gives us the tools to measure and track the progress we are making and set our first diversity and inclusion targets.

We ran a series of internal communications across our global team on what data we wanted to collect, why it was important and what it would be used for. This helped our team understand and become comfortable with the process, which created a positive response.

So far, 37.3% of our workforce has responded to at least one of the categories, enabling us to start to set targets for gender and ethnicity across our workforce and wider leadership team.

Embedding our partnerships

Black Young Professionals ('BYP')

In 2020, Chris Clark made a public declaration of support to improve inclusion of Black people within the workplace by signing their open letter.

We engaged the BYP network to help us deliver on this commitment and scale up action on increasing representation of Black and Minority Ethnic people within our team.

To do this, BYP provides us with access to a community of talented and motivated young black professionals, across the UK and USA, through their job board.

Stonewall

We have launched a partnership with Stonewall, a charity dedicated to supporting members of allies of the LGBTQ+ community. This partnership is helping us understand and support our LGBTQ+ team members and encourage a culture of belonging and acceptance. To start, we have conducted a gap analysis of our current approach and policies to confirm good practice and to act on improvement areas. We will also be assessing our progress with our first UK workplace equality index submission this summer.

Diversity and inclusion objectives

GBG aims to exceed **40% female representation** across our **global workforce** and at a **senior team** level by 2026.

Across our whole workforce (including Acuant and Cloudcheck), 37% of our team identify as female and 63% identify as male. In our Executive Team plus their direct reports, 33% identify as female and 67% identify as male. The diversity of our recent acquisitions is not as strong as GBG's organic growth and so this will give us an additional challenge.

This target is of our organic growth and therefore does not include future acquisitions. We wanted to set targets for the senior team level, which is our Executive Leadership Team and their direct reports, to ensure that our key decision-makers also reflect a more diverse workforce.

Please see the 'Attracting and retaining talent' section on page 27 for some of the approaches we are taking to achieve this objective, alongside the partnerships outlined in this section.

GBG aims to continually **increase participation in all areas of our voluntary diversity data collection**, especially ethnicity. We plan to use this data to publish a **report on our team global ethnicity by 2023**.

We are planning to publish our Global Ethnicity Report alongside our Gender Pay Gap Report in 2023 and for this report to reflect our major global locations.

Our ESG Committee has oversight of our diversity and inclusion objectives.

Women in Identity

GBG is a gold sponsor of Women in Identity's flagship research, the ID Code of Conduct. This work seeks to define a set of guiding principles that will drive greater diversity and inclusion in the design and development of digital identity solutions.

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At GBG, we are proud of our rich tapestry of experiences, thoughts and backgrounds that make us who we are. Our be/yourself initiative is our commitment that we will all be treated as equals. As allies to one another, we will continue to support and celebrate our differences so that we can all feel empowered to be our authentic selves in the workplace.

James Miller
Chief People Officer

GBG has taken an active role in all areas of their work to date. A number of our product team members will provide input into the development of the key principles through their participation in the Code of Conduct Design Sprint. We are also committed to being an early adopter of the Code of Conduct and will formally commit to abiding by the principles via certification (upon release).

Alongside our work on improving the accessibility of our products via the GBG Design System (developed in-house by our User Experience Team), we are committed to ensuring that our products and services are designed for and can be used by the broadest possible consumer base.

Events and networks

To help embed the be/yourself philosophy in everything we do, our be/yourself champions network runs an engaging calendar of events, stories, blog posts and celebrations.

We are also excited to have launched our first GBG women's network, GALvanise. The network, launched on International Women's Day 2022, aims to support women within their career, focusing specifically on barriers facing women in technology and the workplace. GALvanise will help foster positive relationships between all genders in the workplace and encourage allyship, as well as address more general gender equality issues.

Training and reporting

All new starters receive an introduction to the be/yourself programme in their mandatory induction training. This year we also ran a number of live virtual sessions on the bystander effect. These sessions covered the importance of being an active bystander and several ways you can safely and effectively support others at work.

This new topic was supported by previous learning and training, such as: unconscious bias, microaggressions, conscious inclusion, and allyship vs advocacy. We required all managers to complete this training and encouraged everyone to attend the interactive sessions.

Gender pay gap

We continue to publish an annual Gender Pay Gap Report, available on our website at https://www.gbgplc.com/en/legal-and-regulatory/gender-pay-reports/. In our 2021 report, we expanded from reporting solely on the UK to representing our global team.

Attracting and retaining talent

One of our top priorities is to attract and retain a diverse workforce of great people. As an equal opportunity employer, we are committed to providing fair opportunities for everyone regardless of age, gender, race, religion, sexual orientation, parent status or disability.

This year we launched our Culture+ programme as a way of hiring equitably for a more equal GBG. The scheme asks hiring managers to look at the diversity of their teams, recognise gaps and work with the Talent Attraction Team to support them in hiring candidates who can help grow our culture.

Our Family Friendly Policy provides enhanced paid maternity leave, up to 10 paid 'keeping in touch' days for team members on maternity leave and offers added flexibility for all new parents (all genders) to support their families by returning to work part-time. We know that supporting our team members in their family lives ensures they get the support they need to create a smooth transition when they are ready to return to work.

We continue to offer apprenticeships to new starters and existing team members. In 2021/22, we had 11 team members undergoing training at a variety of levels and stages in their careers, which are progressing as planned. This year we started a partnership with QA, who offer technology and digital apprenticeships to help empower our team with the skills they need.

Our attrition rate has increased this year, from 9.9% in 2021 to 15.6% (including Acuant). While we know that average attrition rates have been increasing globally following the Covid-19 pandemic and we are not at levels reported elsewhere in the industry, this is an area we would like to improve on. We will aim to do so by listening to our team and taking appropriate action to make sure we continue to be an employer of choice.

Communication with team members

With our team expanding globally and with the introduction of our Work When and Where You Want Policy, effective internal communications have never been more vital.

These communications include:

- **be/connected –** our global intranet
- **Bi-weekly Business Update –** Chris Clark, our CEO, and James Miller, our Chief People Officer, host a bi-weekly update, inviting different guests to join to provide insight from across the business
- **In-Brief –** our bi-weekly all team newsletter provides key news stories from the business
- **InTouch –** a monthly managers' newsletter providing insight, support and news
- **InspireME Talks –** bi-monthly talks featuring internal and external speakers, who share insight into inspiring stories
- **Quarterly Check-ins –** an opportunity to discuss current expectations, growth and development within the business
- **Kick Off –** an annual team event where we discuss our business priorities for the coming year

Engagement and satisfaction

Every six months, we invite our team members to respond to a series of questions relating to workplace satisfaction, management quality and overall engagement. We are delighted that 95% of our team "would recommend GBG as a great place to work" (2021: 91%), with 93% of our team members responding (2021: 94%).

We have worked closely with Gallup, the global consultancy, to make sure we are following best practice. As a result, we will record Acuant responses separately for 12 months following the acquisition. We track the survey results over time to understand how it feels to be at GBG and empower our leaders and our teams to create an engaging environment that positively affects performance.

Another way of gauging the effectiveness of our culture is through our Glassdoor score, which is an anonymous public online employee-to-company review platform. We are seeing a steady increase in our year-on-year scores, from 4.0 in 2021 to 4.1 this financial year (2020: 3.8).

Environmental, Social & Governance statement continued

Work When and Where You Want Policy

As part of our commitment to our team and flexible working approach, we have created a Work When and Where You Want Policy. This policy gives our team members choice, empowers them and supports a balance in work and home life based on trust.

To find out more about the policy, please see page 35.

"When my mum was diagnosed with dementia, the Work When and Where You Want Policy allowed me to have the flexibility I needed to care for her. This meant that I could have precious time with her and that I was able to build my work schedule around my other responsibilities, knowing that my company was supporting me to do so."

Marina Bosley
Workplace Experience Manager, Europe

Training and development
We want everyone in our team to have access to opportunities to learn, develop their skills and grow their careers and progress. Through our training platform, be/developed, we offer a broad range of learning opportunities, which are updated regularly. The platform is available to all GBG team members, including part-time and contractors, who are also required to complete our mandated training courses.

Enhancing the leadership skills and confidence of managers can have a ripple effect across the business. Gallup estimated that team members who work for highly engaged managers are 59% more likely to be engaged than those who work for actively disengaged managers. While we have always offered our managers learning and development opportunities, in the coming year we commit to enhancing our offering to continue to improve manager capability and confidence.

In FY22, our team members were pursuing 40 external formal qualifications and training, accounting for 1,057 hours of activity.

This year we launched a global mentoring scheme. The scheme provides opportunities for both the mentor and the mentee to develop their career, broaden their network and increase their knowledge of what we do. We are delighted to already have over 54 active partnerships and over half of the mentees are female. So far, nearly a fifth of the mentees have progressed in their career since the scheme launched, either into new roles or via a promotion.

Recognition and incentives
We operate an annual Sharesave Plan, which affords all team members at GBG (except for China where there are challenges in respect of personal share ownership) the opportunity to share in the Group's performance.

To recognise their contribution, we awarded all our eligible team members share options in April 2021.

We continue to recognise success through our VOS ('Vision, Objectives, Strategies') Awards, to celebrate team members for their outstanding contribution to the business. We also reward our team members who have demonstrated consistently high performance through our Annual Incentive Scheme.

We want to ensure our team members are clear about expectations and feel supported to achieve them. We ask everyone to have quarterly check-ins with their manager to discuss progress, development and growth. It gives a structured opportunity to get feedback and have a conversation about professional development and gives managers a real-time understanding of what can be done to enhance and support their team.

Health and safety and wellbeing
We value the wellbeing of our team members above all else. Wellbeing at GBG covers five core areas shown above right.

We are continuing to release resources and run events and training, with the support of our wellbeing consultant, to give tools and techniques to our team members on staying mentally and physically fit.

1. Mental Fitness
2. Healthy Lifestyle
3. Social Engagement
4. Physical Fitness
5. Financial Stability

All team members globally have access to our Employee Assistance Programme ('EAP') to help get them the support they need. EAP grants team members access to confidential help with issues such as health, financial support, family matters or other problems which may lead to worry or anxiety.

We take our responsibility for health and safety very seriously and are committed to a programme of progressive improvement. Our Health and Safety Policy outlines our key standards, systems and procedures. We share guidance updates on health and safety with our team members regularly.

Society
We encourage our team members to be active citizens in their local communities through volunteering. One of the key ways we do this is through the GBG Challenge. In FY22, with the pandemic still an urgent and ongoing issue, we chose to continue supporting Covid-19 relief. The teams travelled (walking, running, cycling or otherwise) to collectively reach their goal distances to raise money for their local charity. In FY22 our team members raised £39,644.41, including donations matched by GBG.

Donating laptops
This year we started a project to donate our used laptops. Historically, when it was time for a laptop to be updated, we would replace it and send the old one to be recycled. Instead, we started to securely wipe and rebuild the laptops, with age-appropriate settings, so we could donate them to young carers. With so much of today's learning only accessible via technology, a laptop can be a crucial tool for students.

Environmental

Measuring our carbon footprint
We are excited to announce our commitment to be carbon neutral in our own operations by 2023. This means reducing our Scope 1 and 2 greenhouse gas emissions through energy management and efficiency measures and using high-quality offsetting solutions to counteract the remaining emissions.

We also wanted to set a longer-term target to ensure that we are improving our efficiency as we grow. Therefore, we have also set a target of reducing our Scope 1 and 2 carbon intensity for revenue by 10% by FY25.

To make this happen, we've measured our global Scope 1 and 2 emissions, which you can see outlined to the right. This is the first time we've expanded this measurement to our global (not just UK) emissions.

This is the first step in our long-term carbon reduction process. We are planning to set further targets as we build on the measurement of our Scope 3 emissions and will report on our progress annually.

Energy and waste management
As we've been able to start returning to our global offices following the loosening of restrictions, we've reinvigorated our approach to equipping our team members with sustainable solutions to enable recycling and reducing waste. We've increased the information and guidance shared with our team to raise environmental awareness and highlight what they can do.

We operate a 'Cloud-first Policy' and will work with our providers to improve the measurement of the emissions of our activities, which will help support our future Scope 3 reporting.

Our offices also operate with light sensors and air conditioning and heating timers, as well as electrical sensors to minimise water usage. As we work towards reducing the intensity of our emissions, we are planning to seek out additional solutions.

Task Force for Climate-related Financial Disclosures
The recommendations of the Task Force for Climate-related Financial Disclosures ('TCFD') create a useful framework for companies to measure and mitigate their climate risk. Although TCFD-aligned reporting is not required of us until FY24, we plan to set up an internal working group in the coming year to develop our approach to the recommendations. We intend on disclosing our progress in next year's report.

		Tonnes CO_2e		
Source	**Location**	**FY2022**	FY2021	FY2020
Scope 1 (natural gas)	UK	**13**	36	55
	Rest of the world	**0**	0	0
	Total	**13**	36	55
Scope 2 (location-based purchased electricity)	UK	**89**	86	144
	Rest of the world	**200**	204	304
	Total	**289**	290	448
Intensity ratio for revenue (Scope 1 and 2 tCO_2e/£m revenue)		**1.25**	1.50	2.53
Scope 3 (reimbursed car travel)	UK	**46**	5	256
	Rest of the world	**2**	0	104
	Total	**48**	5	360
Total gross emissions	UK	**148**	127	455
	Rest of the world	**202**	204	408
	Total	**350**	331	763

This data has been prepared in line with the Greenhouse Gas Protocol. The footprint methodology conforms to ISO 14064-1 and the verification conforms to ISO 14064-3, with limited assurance from Clearstream Solutions. This year's reporting does not include Acuant and Cloudcheck.

In addition, in the last year we have enhanced our approach to data collection and are therefore re-reporting our historic figures to reflect this improved approach, as well as reporting our FY20 figures for the first time.

Section 172 statement

Maintaining strong relationships with our diverse stakeholder base is key to GBG's long-term success.

The GBG Board takes its responsibilities under section 172 of the Companies Act 2006 seriously; the Directors strive to act in the way that they consider, in good faith, would be most likely to promote the Company's success for the benefit of all our stakeholders. You can find more information on each of the statements and further detail on how the Directors engage with each stakeholder group in the corresponding section of this Annual Report.

The Board recognise the importance of engaging with stakeholders to help inform our strategy. They also acknowledge that every decision they make will not necessarily result in a positive outcome for all of our stakeholders.

The Board carefully considers key and material decisions regarding the likely consequences on all stakeholders and, where appropriate, they discuss these matters with the affected stakeholder group. This helps the Board to understand their views and factor their feedback into our decision process.

The business units and our central services teams regularly report to the Board about the strategy, performance and key decisions they've taken and on the regulatory environment in which GBG operates. This assures the Board that senior management consider stakeholder interests in decision-making and also that they consult the Board on matters and decisions that require its support and approval.

Stakeholders and how we have engaged

Investors

GBG has only one class of share in issue and investors benefit from the same rights as set out in GBG's Articles of Association.

Key areas of interest

- Financial performance
- Dividends
- Share price
- Strategy
- Business model
- ESG

How we have engaged

We actively engaged with our investors during the year, including the live webcast presentation and Q&As for our full and half-year results and the Annual General Meeting.

At our 2021 AGM we invited shareholders and their duly appointed representatives to participate remotely via live audiocast. This gave our shareholders confidence that they could engage with the business of the meeting without physical attendance.

During the year, we launched an updated investor website that reflects our refreshed brand and features new site content. The new content helps our investors understand more about our business and view the latest announcements and associated materials, including playback of recent results presentation webcasts.

We also engage with institutional investors across the UK, US and Europe throughout the year. Senior management supported by Investor Relations, conducts group and one-to-one meetings on investor roadshows and at conferences hosted by various banks. During the year we appointed a dedicated investor relations senior manager, expanding our capacity to manage our investor relations programme effectively and engage with existing and potential investors as the business grows.

These discussions cover a wide range of topics, including financial performance, strategy, outlook and governance matters.

Senior management conducted a deal roadshow ahead of the equity placing to finance the Acuant acquisition in mid-November. Engagement with 39 institutional investors covered the strategic rationale, background, financials and structure of the deal. Investor feedback demonstrated support for the acquisition and was taken into account by the Board when reaching its unanimous decision to proceed with the transaction.

People

Our people are key to our success and we want them to be successful both as individuals and team members. We are very proud of the culture we have across the Group and the way that our team members work and collaborate together. Their cooperation creates a unique environment in GBG and our colleagues continue overwhelmingly to recommend GBG as a great place to work.

Key areas of interest

- Safe working environment
- Development and progression
- Competitive remuneration
- Diversity and inclusion
- Environmental footprint
- Clear policies

How we have engaged

We promote a culture of honesty, integrity trust and respect. We support this culture by engaging with our team members through:

- regular employment engagement surveys; 95% of our team "would recommend GBG as a great place to work", this is a 4% increase from the previous year
- quarterly awards for outstanding performance in supporting our core values
- annual kick-off seminars to provide in-depth detail of our strategy and objectives and to thank our team members for exceptional performance
- encouraging and supporting a range of team building events

Although for much of the year we were limited by travel restrictions in place as a result of Covid-19, in recent months our Board and Executive Team have been travelling to our offices to meet team members face-to-face.

We hope to continue this over the next financial year.

Chris Clark, CEO, also hosts bi-weekly virtual live business updates across the Group, ensuring that all team members globally are kept up to date with how the business is performing and any key changes they need to know about. Team members also have the opportunity to ask the CEO any questions they may have. We believe this approach promotes transparency throughout the Group. Attendance and active participation are both consistently high, with our team members citing it as a valuable way of obtaining key information on GBG's performance, mission and strategy.

In July 2021, we implemented a "work when and where you want" policy, which enables our team members to work flexibly and which has been extremely well received. Please see page 35 for further details.

We support a number of initiatives and activities that focus on the health and wellbeing of our people: diversity and inclusion; personal development opportunities and charitable activities within the communities where we work.

We recognise the challenge that rising prices are having on our people and their families and as a result a pay increase equivalent to 5% is to be awarded with effect from 1 April 2022 for all eligible team members. In some markets we have also added to benefits such as holiday entitlement, to ensure we remain competitive and fair to our team.

In September 2021 we launched our Share Plans Portal which enables team members to view, exercise and sell their shares. We also established an electronic Global Nominee Service for all team members participating in share options.

Customers

We build strong lasting relationships with our customers. We spend considerable time understanding their needs and views, listening to how we can improve our products for them. GBG has thousands of customers of all sizes, across the world, so our global approach with local expertise is valued by customers, as we understand complex regulation in different markets that will impact them.

Key areas of interest

- Relationship management
- Product quality
- Product availability
- Product cost

How we have engaged

We run a continuous Voice of the Customer programme throughout the year to gain feedback from customers on how well we are performing in our overall relationship with them. Each piece of feedback is read and acted on, while we measure customer loyalty through the net promoter score (NPS). Each customer has a dedicated account manager as their main point of contact and the account manager proactively engages with the customer throughout the year. As part of the programme we lead innovation workshops to gain more in-depth insight, and action feedback as part of an ongoing action plan.

GBG Annual Report and Accounts 2022

Section 172 statement continued

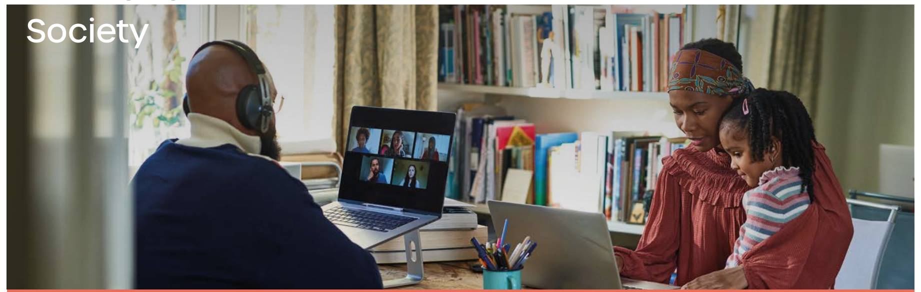
Stakeholders and how we have engaged continued

Customers continued

All customers have access to our 24/7 helpdesk should they need support, which is available via multiple channels including live chat. Support queries are all logged via relationship management systems, and escalated to be resolved where necessary. As well as our continuous Voice of the Customer programme, we gain feedback on their helpdesk experience via an automated survey, to continuously improve the service.

Throughout the year we regularly engage with customers through marketing activities including thought leadership webinars and 'customer lab' sessions, where customers get to discuss relevant industry topics with peers. As restrictions eased throughout this year (locally dependent), we were able to meet more customers face-to-face, including at industry exhibitions and hospitality events.

Society



GBG's products and services benefit society by building trust in a digital world. Put simply, we help GBG's customers to onboard their own customers safely and securely, reducing online friction, enabling them to comply with their regulatory requirements and to reduce fraud.

We engage with the communities where we operate by supporting local and international charities. We raise funds and encourage team members to volunteer and participate in activities that support these local causes.

We operate a 'reduce, reuse and recycle' policy across all our offices. This includes technology and office consumables. To conserve energy, we have installed light sensors as well as air conditioning and heating timers in our offices. We actively promote video conferencing for team meetings to reduce unnecessary travel between offices.

Key areas of interest

- Social and ethical impact
- ESG
- Supporting communities in which we work
- Diversity and inclusion

How we have engaged

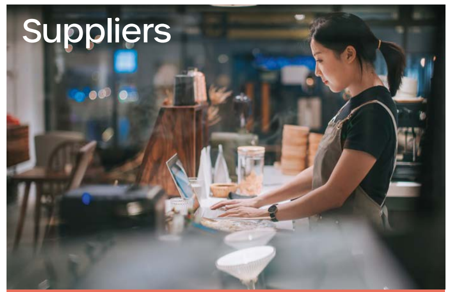
During the Covid-19 pandemic, digital services have become even more critical to the UK economy, with GBG's research indicating significant increases in the number of people who have opened new accounts online in the past 12 months. GBG's products and services enable individuals to access online services safely and securely.

With increased online traffic, email volumes and working from home, fraudsters have become ever more opportunistic in targeting vulnerabilities for both businesses and consumers. As such, data enabled fraud detection and prevention services, such as those provided by GBG have become important. These enable retailers, financial services institutions and other online service providers to give frictionless onboarding for customers whilst also protecting against fraud. This has delivered significant public benefits during the pandemic in helping sustain the economy by making online transactions safe and secure whilst also protecting against bad actors.

Last year we aligned our Environmental, Social and Governance (ESG) programme with the United Nations Sustainability Development Goals. We also established an ESG Committee this year to formulate our ESG framework and set realistic Group-level targets. This year, in order to support the integration of ESG considerations into our long-term strategy, we have appointed a dedicated ESG Strategist and Programme Manager. For further details please see our ESG Committee Report on pages 92 to 93.

Each year, we support the GBG Challenge, a global event where team members across all our locations globally complete some form of challenge in order to raise money for their chosen charity.

Suppliers



There is a direct correlation between the way we interact with our key suppliers and the quality of the product and services we deliver to our customers. Alongside looking for new suppliers to enhance our business and to provide resilience, we also recognise the importance of our existing supplier relationships. Developing these long-term relationships builds trust and support within a partnership environment.

Key areas of interest

- Social and ethical impact
- Payment practices
- Develop and maintain longstanding relationships

How we have engaged

Our key suppliers provide us with data and technology. To ensure that our suppliers meet our and our customers' expectations, we conduct a rigorous supplier due diligence process. This includes an assessment of their privacy compliance, information security standards and, where relevant, the quality of the data they provide to us.

During the year, we appointed a dedicated Procurement Manager to design, own and communicate Group-wide procurement policies to be followed throughout the procurement lifecycle. Our dedicated procurement team focuses on developing and managing our relationship with suppliers.

In January 2022 the Board approved our updated Code of Conduct. The Code reflects our consideration of our suppliers' social, ethical and environmental credentials during our sourcing process. The updated Code is used as part of the procurement process for new suppliers to set the tone with regards to the standards we expect from them.

Governments and regulators

Compliance with laws and regulations, especially in relation to data privacy, accounting standards, health & safety and governance, are key focus areas for the business. We actively engage with regulators as and when required.

Key areas of interest

- Compliance
- Maintaining good relationships with regulators

How we have engaged

We engage with our data regulators and governmental departments, including the UK Department for Digital, Culture, Media and Sport ('DCMS'), through a range of industry consultations, trade association memberships and conferences.

This year, we engaged with the DCMS as part of the UK Digital Identity and Attributes Trust Framework. We also responded to the UK government's Data Strategy Consultation.

We engaged with the Kommission für Jugendmedienschutz in Germany when applying for approval of our age verification products.

In Australia we participated in consultations on the Digital Identity Framework and proposed new Australia Privacy Law.

We have interacted with the UK Information Commissioner's Office on an ongoing basis throughout the year and have an open and collaborative relationship with them.

Banks

We actively engage with our bankers to secure optimum rates and terms, while also providing them with information about the Group's prospects and governance. By doing this, we continue to secure long-term relationships, built on trust and mutual benefit.

Key areas of interest

- Low risk
- Ability to repay loans

How we have engaged

During the year, we ran a competitive tender across our banking syndicate to refinance existing facilities and provide funding for the Acuant acquisition.

Based on the relationships we have developed and regular engagement, each of the banks were supportive and entered into the tender for the new facility. The decision was made to change one of the members of the banking syndicate to ensure we received the optimum rates and terms for the benefit of the Group.

Section 172 statement continued

Key Decisions made in accordance with s172 Companies Act 2006

During the year, the Board has made a wide range of decisions. With each decision, it has focused on what would most likely contribute to the Company's success, thus benefiting its members as a whole, while paying careful attention to the factors set out in section 172 of the Companies Act 2006. Below, we have set out a number of decisions which demonstrate how the Board have exercised this duty and considered the views of different stakeholder groups:

Acuant acquisition Connected stakeholders: 1 2 3 7	The combination of our two businesses is a complementary and powerful one. Together, we are creating a global leader in identity verification as well as strengthening our capability to capitalise on the adjacent, emerging and fast-growing identify fraud market. The US is the largest and most strategic market for location, identity and fraud services. The combination of GBG and Acuant strengthens the breadth of our technology portfolio. We are now able to support our current customers in new ways in growth geographies such as APAC and Europe, where we already have a strong footprint.	The Board was unanimous in believing this acquisition would significantly benefit the Company and therefore was in the strategic and long-term interests of all our stakeholders, notably our team members, customers and investors. **People** – Bringing GBG and Acuant together creates a global leader in biometric and automated document verification. **Customers** – The acquisition enables GBG to expand further in the US – the world's largest and most strategically important market. Our existing customers will benefit from a combined product portfolio and we are primed to support potential customers via accelerated expansion into APAC and other new geographies over time. **Investors** – The Board agreed that acquiring Acuant would be accretive to the Group's organic revenue growth and EBIT margins through increased operating leverage, increasing shareholder value alongside strong cash performance. Given our longstanding relationship with Acuant, we were able to enter exclusive talks to buy the business from its previous owners and conduct extensive due diligence, thus maximising our potential to deliver future success. Having initially approved the transaction, the Board was disappointed that the placing of new equity share capital to fund the acquisition required a 17% discount. When it became clear that this was necessary in order to raise the additional capital, the Board met along with our key advisors to discuss whether the transaction should proceed. The Board agreed unanimously that the proposed transaction and equity placing remained in the best long-term interests of shareholders, a decision that was validated by some of our largest shareholders. The Board were mindful of including retail shareholders given the size of the equity placing and used the PrimaryBid platform to give retail holders a chance to participate. **Banks** – To provide funding for the Acuant acquisition we ran a competitive tender across our banking syndicate, to refinance existing facilities. Having such strong relationships with each of the banks meant that they were all supportive and were keen to work with us in order to provide the new facility. The strength of our engagement meant that we received the optimum rates and terms for the benefit of the Group.

Stakeholders

1 Investors
2 People
3 Customers
4 Communities
5 Suppliers
6 Governments and regulators
7 Banks

Slave Free Alliance Connected stakeholders: 2 5	This year, we became a member of the Slave Free-Alliance ('SFA'), a not-for-profit social enterprise launched and wholly owned by Hope for Justice. The SFA and its members' vision is to live in a world free from slavery. All profits are reinvested into Hope for Justice's global work preventing exploitation, rescuing victims of modern slavery, restoring lives and reforming society. Membership gives us access to a range of services designed to help find and prevent cases of Modern Slavery in our supply chain – including site assessments, crisis response, investigation, training, online resources, and technical consultations.	In the financial year SFA conducted a gap analysis to identify areas where we could improve our processes and training. We will now work together to establish our formalised modern slavery strategy. The programme is to be rolled out over the next three years. **People** – Our membership will help us to protect temporary and permanent team members during the recruitment process and employment. The gap analysis has also highlighted areas where we can improve team members' awareness of modern slavery by introducing formalised training sessions. **Suppliers** – Improving our supplier risk assessment and supplier engagement process. Our membership has helped us identify any suppliers who may require an additional level of due diligence.
Work When and Where You Want Connected stakeholders: 2 3 5	For GBG, there is no longer such a thing as the typical 9-5 workday. We are a global business where there are different requirements to attend team/customer meetings in different time zones. Work has moved from 'somewhere you go' to 'something you do'. The time you work and the place you work in have become less relevant and what is considered standard practice differs between location.	**People** – In July 2021 we introduced our 'Work When and Where You Want Policy' policy to enable our team members to balance work and home life by having the choice and flexibility to work in a way that suits them. **Customers and Suppliers** – Our flexible policy enables team members to meet the needs of our customers and suppliers such as attending meetings in different time zones across the globe.

Chief Executive's review

> "I am proud of the team's performance this year, their focus on delivering critical digital identity solutions with a great customer experience underpin GBG's strong financial results. Our strong customer advocacy and record team engagement scores highlight the huge contribution each team member makes towards achieving our success and delivering on the considerable potential in our markets.

I am proud of the team's performance this year, their focus on delivering critical digital identity solutions with a great customer experience underpins GBG's strong financial results. Our excellent customer advocacy and record team engagement scores highlight each team member's huge contribution towards achieving our success and delivering on the considerable potential in our markets. The acquisition of Acuant marks a powerful and complementary addition to GBG, accelerating our strategic progress and strengthening our leadership position in the identity verification and fraud markets.

Our strategy for sustainable growth

GBG is at the forefront of fast-growing global markets in location intelligence, identity verification and fraud prevention, underpinned by powerful long-term structural drivers. Our solutions enable our customers to quickly respond to the adoption of digital commerce, increased regulatory demands and the growing risk of digital fraud in their sectors.

Our strategy to deliver long-term sustainable growth is unchanged and built upon six key strategic priorities with a clear purpose to build trust in a digital world:

- **Build Markets:** Continue to grow in our existing markets and identify demand in new markets to increase our geographic and sector reach.
- **Build Differentiation:** Increase our competitive advantage by continuously innovating; enhancing our solutions and data. In particular, we will use the data we ingest, process or create to develop proprietary insights.
- **Build Once:** Accelerate our vision for a single platform experience by leveraging global solutions and capabilities. Core technology will be interoperable across products and regions for a consistent user experience.
- **Customer Trust:** Listen and respond to customer feedback to ensure satisfaction. We will get, keep and grow our customers, identifying cross-selling and up-selling opportunities that best suit their needs and by being easy to work with.
- **Team Trust:** Nurture the industry's best and most engaged team, empowered and proud to deliver on our purpose. We will retain, develop and attract talent by making GBG a diverse and inclusive place to work.
- **Investor Trust:** Deliver shareholder value through a well-diversified business, resilient operating model and a focus on cash generation.

Significant strategic progress

We have delivered significant strategic progress this year, advancing our technology and data insights in our core solution areas of location intelligence, identity verification and fraud prevention. Our sustainable business model, comprising both subscription and consumption revenue streams, continues to deliver the strong cash generation required to fund organic investment and acquisition opportunities as they arise and to increase the pace of our go-to-market initiatives.

This year we also pursued growth in APAC through organic expansion into the Philippines, Thailand and Vietnam and the bolt-on acquisition of Cloudcheck in New Zealand, where it is a leader in identity verification. Investment has been maintained in our products, data and technology. This enables innovation to drive the scale, flexibility and compliance required to help our customers onboard new consumers quickly and securely across the regions and sectors we serve.

Acuant is a strategically compelling acquisition that will enhance our ability to help our global customers address the ever-increasing challenges of the digital world. Progress on integration has been pleasing and continues at pace, with our Acuant and IDology teams in the Americas combining to form the largest pure-play identity verification provider throughout the region. We now have the scale and breadth of offering to lead and win in North America, the biggest and most strategically important market for our solutions.

We are confident that this acquisition will deliver significant value to GBG over the medium term. This is underpinned by the excellent progress to date from our teams on the integration. We will realise at least £5 million of synergy benefits in FY23, with £3 million already identified and implemented alongside a strong sales pipeline of cross-selling opportunities where we expect to derive revenue synergies.

The formation of our Global Products Group brings together Acuant and GBG's identity verification and fraud prevention roadmaps as we execute on the strategic benefits of the acquisition. This combination creates an opportunity to accelerate our data, product and platform strategy by approximately two years as we focus on developing a consistent global experience for current and future customers. We will also build on our proprietary document and data verification knowledge as well as expand our automated fraud detection capabilities. For instance, offering the market's largest, continuously updated identity document library and accelerating the development of a best of breed cloud-based fraud prevention solution for release in the second half of FY23.

Customers and growth

GBG's revenue in FY22 was £242.5 million which represents constant currency organic growth for the year of 10.6%. This was a good result given the substantial one-off benefit related to the US government's stimulus programme in the prior year; excluding this, underlying growth was 15.5%. With high net retention of revenue, existing customers accounted for two-thirds of growth, with new business driven by initiatives undertaken to expand our sectors and geographic presence across our segments.

Location's growth of 12.7% was driven by demand for our solutions supporting the ongoing consumer shift to greater online activity and structural tailwinds as brands adopt direct-to-consumer strategies. New customer wins this year include ASICS, HarperCollins and JetBlue Airways which demonstrate the broad market opportunity.

Chief Executive's review continued

"

GBG has a large and diverse customer base, a strong product portfolio and a highly skilled team offering global reach with local expertise. When combined with our strong margins and cash flows, we believe the business is well-positioned to successfully achieve its strategic and financial objectives in the medium term.

Identity delivered growth of 8.5% across all regions. Adjusting for the one-off benefit impact of the US stimulus programme, this was 17.1%. Our identity verification capabilities were chosen by customers for an increasing number of digital transformation projects, while our frictionless and efficient user experience makes us the partner of choice for many fintech customers. New customers won include Hymans Robertson, St James's Place, Nintendo and CUNA Mutual.

Our acquisition of Acuant positions GBG to deliver a wider scope of identity verification and identity fraud solutions to our customers and partners than ever before. The experience and track record from prior acquisitions is proving valuable in helping generate a strong cross-selling pipeline. North America has the most opportunities in the short term, with many already being converted between existing customers for document verification and compliance solutions.

As anticipated, with on-premise deployment activity resuming, our Fraud segment experienced strong year-on-year growth of 15.7%. New multi-year contracts were secured in APAC with Bank Simpanan Nasional (Malaysia), Bank BTPN (Indonesia) and FE Credit (Vietnam) in addition to E.ON and AXA in Europe. We also continued to see high renewal rates, which demonstrates our strong customer retention.

The acceleration of digital commerce continues to be of net benefit to GBG's customers. This year we continued to expand our sales reach and marketing activity across our direct, digital-first and partnership channels to market. This means we are well placed to capture the growth opportunity from new sectors, geographic expansion and further customer development during FY23.

Advancing our solutions

We provide end-to-end coverage of the customer identity lifecycle, from onboarding to in-life management, offering standalone or layered capabilities to address multiple customer channels and touchpoints. Differentiated location intelligence, identity verification and fraud and compliance solutions drive competitive advantage for GBG as we increasingly combine capabilities to be delivered through resilient and secure global platforms.

Digital identities have never been so complex and we have continued to innovate and advance solutions to address customer challenges throughout the year. In the US, ExpectID Flex API enables enterprise businesses to utilise IDology's full portfolio of verification solutions through the customer journey while ProID offers an advanced data and document solution to SME clients in Europe. The launch of Mobile Signal Intelligence in Europe expands our identity fraud capability, integrating mobile network operator data to more easily verify customers during a transaction and combat growing levels of origination fraud. In APAC, we have developed a low and no code option version of our GreenID platform for faster onboarding of new customers.

Location released the latest generation of the industry's most advanced type-ahead address capture solution, adding machine learning and predictive addressing capability to effectively self-learn 'hard-to-find' locations. The benefits to businesses in a digital-first economy are clear as more activity moves online, ensuring an improved customer experience, reduced shopping cart abandonment and reduced failed deliveries.

Our fraud prevention portfolio has evolved with the successful integration of the Investigate platform. The full breadth and depth of GBG data now available within the platform offers a leading fraud and investigation capability. A broad range of use cases has secured significant new customer wins in sectors such as insurance, financial services and utilities alongside existing customer upgrades.

Our reputation continues to grow in an expanding market, attracting industry recognition and demonstrating our strategic progress as a business. In their 2022-2026 industry forecast, Juniper Research recognises GBG as an established leader in global digital identity, while Gartner names GBG as a Representative Vendor in the 2022 Gartner® Market Guide for Identity Proofing and Affirmation[1].

Our team

Every day we build, collaborate and partner to create a safer digital world. It is the energy and expertise of our team that takes GBG to new heights and we are proud of our people and the culture we create together. Empowering and engaging our people remains a key priority for the Board and Executive Team.

We invest considerable time each year developing GBG's culture and improving our team member experience. This is shaped by our absolute commitment to reducing inequality, broadening diversity and facilitating inclusion. We are committed to ongoing investment in our 'be/yourself' programme and family-friendly initiatives. This includes our 'Work When and Where You Want Policy' that offers our team the flexibility to manage their work-life balance.

Our culture is a key differentiator enabling GBG to retain talent and successfully execute our hiring plans. We are now a team of 1,276 people, up from 1,024 last year, with new joiners welcomed through the Acuant and Cloudcheck acquisitions among those coming into the business. Our senior team has also evolved. Christina Luttrell (previously IDology CEO) now leads our combined teams in the Americas and Yossi Zekri (previously Acuant CEO) joins our Executive Team and will lead our newly formed Global Products Group.

1 Source: Gartner "Market Guide for Identity Proofing and Affirmation," Akif Khan, 2 March 2022.

We believe our investment in people makes a real difference to business performance. Our recent record team engagement score reflects this, putting us in the top quartile of global companies surveyed by Gallup. Importantly, 95% of our team "recommend GBG as a great place to work". This is a fantastic endorsement as we aim to become an employer of choice in a highly competitive marketplace for talent.

Sustainability

Safeguarding the current and future needs of our customers and their consumers from negative environmental and social impacts is at the heart of GBG's offering. We balance fraud prevention, regulatory compliance and great user experience to help our customers establish trust in their digital services. Our broad portfolio is continually evolving across our three segments to help our customers address the societal, environmental and regulatory challenges they face.

Alongside the benefits our products and solutions offer, we have also invested in other areas to build on our environment, society and governance (ESG) impact. Examples include the launch of our first women's network, a mentoring scheme with over 100 participating team members and working in partnership with the Slave-Free Alliance to ensure that no exploitation of vulnerable people occurs in our business and supply chain. In addition, we recruited our first ESG strategist & programme manager as we scale up our positive action, which includes stretching targets to reduce our climate impact and increase our diversity.

We take pride in our ethical approach to data throughout the Group. This ranges from our internal practices to the advice and solutions provided to customers. As we have communicated previously, the Information Commissioner's Office (the data industry regulator in the UK) announced in November 2018 that it was conducting audits on a number of companies, including GBG, to understand the use of data in their services. We continue to work collaboratively with the Commissioner's Office as it strives to improve privacy compliance and we will keep investors informed of any material developments.

Outlook

GBG addresses a broad range of large and expanding end markets all of which are adapting to structural drivers such as digitalisation and an ever-increasing need to protect against fraud. This plays to GBG's strength and will bring further opportunity for the Group. The Board is excited by the long runway of sustainable growth opportunities and our unique ability to capitalise on these given the significant strategic progress of the last few years and additional capability presented by the acquisition of Acuant.

As demonstrated by our ability to adapt to the challenges of the pandemic over the last two years, we have a resilient and adaptable business model and we are used to navigating macroeconomic uncertainty. In FY23 we will continue to manage the business tightly through the current climate of rising inflation and interest rates.

We have previously communicated that we did benefit in the first quarter of last year from particularly high transaction volumes, partly driven by the US Covid-19 stimulus project and new entrants into the crypto currency market, which gave us a fast start to FY22 and will be a tough comparative for the first half of FY23. However, taking the year as a whole, the business is well-positioned to successfully achieve its strategic and financial objectives in FY23. Our teams will continue to move at pace with the Acuant integration and we are confident in our ability to deliver the committed financial synergies.

Chris Clark
Chief Executive Officer

22 June 2022

GBG Annual Report and Accounts 2022

Key performance indicators

The Board monitors the Group's progress against its strategic objectives and the financial performance of the Group's operations on a regular basis. Performance is assessed against the strategy and budget using financial and non-financial measures.

The following details the principal Key Performance Indicators ('KPIs') used by the Group, giving the basis of calculation and the source of the underlying data. A summary of performance against these KPIs is given below. Non-Statutory measures are defined within the last note to the financial statements.

The Group uses the following primary measures to assess the performance of the Group.

Financial

- **Revenue and Organic Revenue Growth at Constant Currency**
  Revenue and revenue growth are used for internal performance analysis to assess the execution of our strategies. Organic growth is also measured, although the term 'organic' is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies. Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions (until the date of their anniversary) and disposed businesses that will be reported at each reporting interval. Organic growth is measured on a constant currency basis to remove the impact of changes in exchange rates.
- **Adjusted Operating Profit**
  This is used for internal performance analysis and to assess the execution of our strategies. Management believe that this adjusted measure is an appropriate metric to understand the underlying performance of the Group.
- **Adjusted EBITDA**
  This is used for internal performance analysis to assess the execution of our strategies. Management believe that this adjusted measure is an appropriate metric to understand the underlying performance of the Group.
- **Earnings per Share**
  Earnings per share is calculated as basic earnings per share from continuing operations on both an adjusted and unadjusted basis.
- **Earnings per Share Growth**
  This is calculated as the growth in year-on-year earnings per share on both an adjusted and unadjusted basis.
- **Net Cash/Debt**
  This is calculated as cash and cash equivalent balances less outstanding external loans. Unamortised loan arrangement fees are netted against the loan balance in the financial statements but are excluded from the calculation of net cash/debt.
- **Cash Conversion**
  This is calculated as cash generated from operations in the Consolidated Cash Flow Statement, adjusted to exclude cash payments for exceptional items, as a percentage of Adjusted EBITDA.
- **Deferred Revenue**
  Deferred revenue, which is included in our Consolidated Balance Sheet within Trade and Other Payables, is the amount of invoiced business in excess of the amount recognised as revenue. This is an important internal measure for the business and represents the amount that we will record as revenue in our Consolidated Statement of Profit or Loss in future periods. Trends may vary as business conditions change.

Non-Financial

- **Employee Engagement**
  Team member engagement is a key focus area for the business in order to retain and grow what we believe is some of the best talent in our industry. This is measured twice a year through a group wide employee survey conducted through an external provider.

Performance against KPIs

A summary of the Group's progress in achieving its objectives, as measured against KPIs, is set out opposite. Non-Statutory measures are defined on pages 184 to 187.

	2022	2021
Revenue Growth	**11.4%**	9.3%
Organic Revenue Growth at Constant Currency	**10.6%**	12.1%
Organic Revenue Growth	**8.8%**	12.1%
Fraud Organic Growth at Constant Currency	**15.7%**	(27.4%)
Identity Organic Growth at Constant Currency	**8.5%**	28.5%
Location Organic Growth at Constant Currency	**12.7%**	10.5%
Recurring Revenue %		
– Subscription Revenues %	**46.3%**	43.6%
– Consumption Revenues %	**47.5%**	51.1%
Adjusted Operating Profit (£'000)	**58,839**	57,896
Adjusted Operating Profit %	**24.3%**	26.6%
Adjusted EBITDA (£'000)	**62,196**	61,410
Adjusted EBITDA %	**25.6%**	28.2%
Earnings per Share – Basic	**7.1p**	13.8p
Earnings per Share – Adjusted Basic (Restated)	**20.6p**	22.8p
Earnings per Share Growth – Basic	**(48.6%)**	56.8%
Earnings per Share Growth – Adjusted Basic (Restated)	**(9.6%)**	17.5%
Net (Debt)/Cash (£'000)	**(106,952)**	21,135
Cash Conversion %	**95.7%**	119.5%
Deferred Revenue (£'000)	**58,823**	42,843
Employee Engagement	**95%**	91%

Financial review

> "In GBG's financial year 2022 we delivered record revenue and adjusted operating profit at a level that exceeded market expectations. In November 2021 we also completed the acquisition of Acuant, the largest in GBG's history, which firmly positions the enlarged Group as a global leader in identity and fraud solutions – particularly in the strategically important North American market.

Principal Activities and Business Review

The principal activity of GB Group plc ('GBG') and its subsidiaries (together 'the Group') is the provision of identity data intelligence services. GBG helps organisations simply, safely and securely transact with their customers. Through the application of our proprietary software technology, our vision is to help create a world where everyone can transact online with confidence and build trust in a digital world.

The performance of the Group is reported by segment, reflecting how we run the business and the economic characteristics of each segment. There are three reportable segments, Location, Identity and Fraud.

The Group results are set out in the Consolidated Statement of Profit or Loss and explained in this Financial Review. A review of the Group's business and future development is contained in the Chairman's Statement, the Chief Executive's Statement and in this Financial Review.

In GBG's financial year 2022 we delivered revenue and adjusted operating profit at a level that exceeded market expectations. In November 2021 we also completed the acquisition of Acuant, the largest in GBG's history, which firmly positions the enlarged Group as a global leader in identity and fraud solutions – particularly in the strategically important North American market.

In the prior year the level of revenue growth was influenced by non-recurring revenue linked to the US Government's Covid-19 stimulus package. This created a tough revenue comparator and therefore to still achieve organic growth at constant currency of 10.6% was a significant achievement. Excluding this non-recurring revenue, the growth would have been 15.5%.

	2022 £'000	2021 £'000	Change £'000	Change %
Revenue	**242,480**	217,659	24,821	11.4%
Gross profit margin	**70.9%**	70.1%	0.8%	1.1%
Adjusted operating profit	**58,839**	57,896	943	1.6%
Adjusted operating profit margin	**24.3%**	26.6%	(2.3%)	(8.6%)
Share-based payments charge	**(6,171)**	(5,170)	1,001	19.4%
Amortisation of acquired intangibles	**(24,735)**	(17,671)	7,064	40.0%
Operating profit before exceptional items	**27,933**	35,055	(7,122)	(20.3%)
Exceptional items	**(4,526)**	448	(4,974)	–
Operating profit	**23,407**	35,503	(12,096)	(34.1%)
Net finance costs	**(1,754)**	(1,240)	514	41.5%
Profit before tax	**21,653**	34,263	(12,610)	(36.8%)
Total tax charge	**(6,390)**	(7,385)	(995)	(13.5%)
Profit for the year	**15,263**	26,878	(11,615)	(43.2%)
Proposed final dividend per share	**3.81**	3.40	0.41	12.1%
Basic earnings per share (pence)	**7.1**	13.8	(6.7)	(48.6%)
Adjusted basic earnings per share (pence) – restated	**20.6**	22.8	(2.2)	(9.6%)

As expected, the adjusted operating profit margin has decreased relative to the prior year. The margin last year benefited from the non-recurring revenue mentioned above, but also from the temporary cost-saving measures implemented at the start of the Covid-19 pandemic such as pay and recruitment freezes. In the second half of the prior year and continuing throughout the current year, these temporary measures were removed and we returned to a focus on investing in our team and technology to enable future growth.

Throughout the pandemic we have been supported by our strong balance sheet. This is a result of the level of recurring revenue (over 46% of FY22 revenue came from subscriptions and a further 48% from consumption) giving predictability, repeatability and continued strong cash conversion, demonstrating our ability to turn revenue and profits into cash quickly.

This strength supported GBG in obtaining favourable commercial terms on the refinancing of our Revolving Credit Facility ('RCF') to part fund the Acuant acquisition – extending the length of the facility through to July 2025 provides a platform to support future growth.

The Group uses adjusted figures as key performance indicators in addition to those reported under UK-adopted International Financial Reporting Standards and in accordance with standards issued by IFRIC. Adjusted figures exclude certain non-operational or exceptional items, which is consistent with prior year treatments. Adjusted measures are marked as such when used and are explained on pages 184 to 187.

GBG Annual Report and Accounts 2022

Financial review continued

Revenue and gross margin

Total revenue growth in the year was 11.4% (FY21: 9.3%). On an organic basis, adjusting for the impact of acquisitions and disposals in the past twelve months, revenue growth was 8.8% (FY21: 12.1%). This result was negatively impacted by movements in exchange rates, particularly the higher GBP:USD relative to 2021. On a constant currency basis, the organic revenue growth was 10.6% (FY21: 12.1%) which we consider to be a significant achievement given the tough comparator.

More detail on revenue performance in each of our operating segments is included in the CEO Review.

The FY22 revenue includes four months of revenue from Acuant and two months of revenue from the acquisition of Cloudcheck. As required by IFRS 3 (Business Combinations), the revenue for Acuant includes a negative adjustment of £1.4 million related to the restatement to fair value of the acquired deferred revenue balance (commonly known as the deferred revenue 'haircut'). We have presented a pro forma revenue measure that includes pre-acquisition revenue from Acuant (eight months) and Cloudcheck (ten months) so that both have 12 months included. In addition, we have adjusted for the deferred revenue haircut adjustment explained above to present revenue on a normalised basis.

In total, 94% (pro forma 91%) of revenue came from the combination of subscriptions and consumption revenue models. On a pro forma basis 49% of revenue came from subscription agreements.

Term-based subscriptions increased by 12.8% driven by recovery in the Fraud segment while consumption revenue, which is predominantly in the Identity segment, grew by 9.6%. Excluding the revenue from the US stimulus project, consumption revenue increased by 19.6%.

Gross margin for the year was 70.9% (FY21: 70.1%) and increased due to a change in the sales mix, such as growth in the higher-margin Fraud segment relative to the prior year.

Operating profit and cost management

Adjusted operating profit was £58.8 million (FY21: £57.9 million), which represents a margin of 24.3% (FY21: 26.6%). The decrease in margin was expected as the FY21 level was influenced by the cost-saving measures taken at the start of the Covid-19 pandemic. In FY22, on an organic basis, expenditure increased on people costs as we reintroduced salary increases and grew headcount. We also increased investment in R&D and technology in addition to increasing spend on marketing activities.

On a statutory basis, operating profit decreased to £23.4 million (FY21: £35.5 million), principally due to the increase in amortisation of acquired intangibles and exceptional costs related to the acquisition of Acuant explained below.

Exceptional and normalised items

Amortisation of acquired intangibles

The charge for the year of £24.7 million (FY21: £17.7 million) represents the non-cash cost of amortising separately identifiable intangible assets including technology-based assets and customer relationships that were acquired through business combinations.

The increased charge in the year is due to the full-year impact of the acquisition of HooYu in the prior year and more significantly the current year acquisitions of Acuant and Cloudcheck.

Share-based payments

During FY22 1.9 million (FY21: 1.8 million) new share option awards were granted to Directors and team members across the Group. This included 258,000 related to an award of 300 share options to each team member in April 2021 which will vest provided those employees are still in employment in April 2023. This was both to reward the team for their performance during the pandemic, but also supports our ambition to retain team members given the current competitive recruitment market.

The charge for the year of £6.2 million (FY21: £5.2 million) has increased as this was the first year in which there has been a full 12-month charge for three LTIP awards (2019, 2020 and 2021).

Exceptional items

Exceptional costs of £4.5 million (FY21: exceptional income of £0.4 million) were incurred by the Group in the year and have been detailed in note 7 to the accounts.

The most significant elements in the current year were acquisition related with legal & professional fees, integration costs and related team member reorganisations resulting in expenditure of £7.1 million (FY21: £1.3 million). This was offset by a gain of £3.1 million on a foreign currency forward contract put in place to fix the rate at which the equity placing funds for the Acuant acquisition were converted from GBP to USD.

	Total revenue £'000	Pre-acquisition / disposal revenue £'000	Deferred revenue haircut £'000	Pro forma revenue £'000
Subscription revenues:				
Consumption-based	**35,830**	5,848	–	41,678
Term-based	**76,465**	14,781	1,381	92,627
Total subscription revenues	**112,295**	**20,629**	**1,381**	**134,305**
Consumption	**115,212**	(409)	–	114,803
Other	**14,973**	9,711	–	24,684
Revenue	**242,480**	**29,931**	**1,381**	**273,792**

In the prior year the exceptional income arose from the £1.4 million gain on disposal of the Employ & Comply and Marketing Services businesses. In the current year there was a cost of £0.3 million related to the finalisation of those disposals.

Net finance costs

The Group incurred net finance costs for the year of £1.8 million (FY21: £1.2 million). The increase is due to the interest payable on the loan drawn down to part fund the Acuant acquisition in November 2021. The interest rate on the loan is variable and we expect the interest rate payable to increase in FY23. As noted in the cash flows section below, we expect to mitigate this increase by continuing to reduce the outstanding loan balance.

Taxation

The total tax charge of £6.4 million (FY21: £7.4 million) includes £12.1 million of current tax payable on the Group's profits in the year (2021: £12.4 million), offset by a deferred tax credit of £5.7 million (FY21: £5.0 million).

The reported effective tax rate for the Group has increased from 21.6% in 2021 to 29.5% in 2022. The majority of this increase is due to non-deductible costs related to acquisitions.

The adjusted effective tax rate, which excludes the impact of amortisation of acquired intangibles, share-based payments and exceptional items increased from 21.5% to 22.1%.

Earnings per share

Basic earnings per share decreased by 48.6% from 13.8 pence to 7.1 pence reflecting the lower operating profit and higher number of shares in issue.

Since the 31 March 2021 financial statements were produced, the Group has decided to amend the adjusted earnings per share calculation so that an adjusted tax charge is used rather than the full reported tax charge. The calculation of the adjusted tax charge is consistent with the calculation of adjusted operating profit and therefore excludes the impact on tax of amortisation of acquired intangibles, equity-settled share-based payments and exceptional items.

"At the AGM, the Board of Directors will propose a final ordinary dividend of 3.81 pence per share (2021: 3.40 pence), amounting to £9.6 million (2021: £6.7 million).

This has resulted in a restatement of the comparative figures for the year to 31 March 2021. The impact was a decrease to adjusted basic earnings per share for the period and adjusted diluted earnings per share for the period of 2.4p and 2.4p respectively. Adjusted earnings (adjusted operating profit less net finance costs and adjusted tax) was £44.5 million (2021 restated: £44.5 million) resulting in a 9.6% decrease in adjusted basic earnings per share from 22.8 pence to 20.6 pence.

The basic weighted average number of shares at 31 March 2022 increased to 216.2 million (FY21: 195.2 million), primarily due to the issue of 52.1 million shares to part fund the acquisition of Acuant in November 2021.

Deferred revenue

Deferred revenue at the end of the year increased by 37.3% to £58.8 million (2021: £42.8 million). Excluding the year-end deferred revenue balance for Acuant the increase was 21.2%.

This balance principally consists of contracted licence revenues and profits that are payable up front but recognised over time as the Group's revenue recognition criteria are met.

The deferred revenue balance does not represent the total contract value of any future unbilled annual or multi-year, non-cancellable agreements as the Group more typically invoices customers in annual or quarterly instalments. Deferred revenue is determined by several factors, including seasonality, the compounding effects of renewals, invoice duration, invoice timing and new business linearity within a reporting period.

Cash flows

In November 2021 the Group refinanced its RCF, increasing the facility to £175 million (from £110 million) and extending the expiry to July 2025 (from February 2023). £157 million ($210 million) of this facility was drawn down to part fund the Acuant acquisition.

GBG Annual Report and Accounts 2022

Financial review continued

Group operating activities before tax payments and exceptional items generated £59.5 million of cash and cash equivalents (FY21: £73.4 million) representing Adjusted EBITDA to cash conversion ratio of 95.7% (FY21: 119.5%). This strong operating cash flow and cash conversion is ahead of pre-pandemic levels and enabled £30.1 million to be repaid against the RCF in the four months since the Acuant acquisition.

Dividend

At the AGM, the Board of Directors will propose a final ordinary dividend of 3.81 pence per share (FY21: 3.40 pence), amounting to £9.6 million (FY21: £6.7 million).

If approved, this will be paid on 3 August 2022 to ordinary shareholders on the register on 24 June 2022. The Group continues to operate a Dividend Reinvestment Plan, allowing eligible shareholders to reinvest their dividends into GBG shares.

Acquisitions and synergy benefits

In November 2021 we announced the acquisition of Acuant for a purchase price of $736 million (£555 million). The purchase price was funded through cash of £305 million raised through a new equity placing, £157 million from a drawdown against the new RCF and £87 million issued as new GBG shares to the sellers.

Since the acquisition we have been successfully executing against our 100 and 200 day integration plans and our teams have made excellent progress in realising at least £5 million of synergy benefits for FY23, with £3 million already identified and implemented.

In January 2022 we announced the acquisition of Cloudcheck, a leading New Zealand based provider of identity verification services, for an initial NZ$20 million (£10.0 million). The purchase price was funded through $12 million (£6.7 million) of cash which came from existing cash resources, and the issue of $8 million (£3.4 million) of new GBG shares to the sellers.

Contingent upon Cloudcheck's revenue growth, a further payment of up to NZ$4 million (£2 million) in cash may become payable at the conclusion of the financial year ending 31 March 2023; then another NZ$4 million (£2 million) in cash at the conclusion of the financial year ending 31 March 2024.

> "Our strong operating cash flow and cash conversion has enabled £30.1 million to be repaid against the revolving credit facility in the four months since the Acuant acquisition.

Further information regarding the acquisitions have been detailed in note 34.

Treasury Policy and Financial Risk

The Group's treasury operation is managed by a Treasury Committee within formally defined policies and reviewed by the Board. The Treasury Committee meets on a regular basis to review cash flow forecasts, covenant compliance, exposure to interest rate and foreign currency movements and make recommendations to the Board based on these reviews.

The Treasury Committee receives weekly cash information to monitor liquidity across the Group and ensure that significant cash outflows, such as the acquisition payments, dividends and loan repayments, could be made without exposing the Group to undue risk.

The Group finances its activities principally with cash, short-term deposits and borrowings but has the ability to draw down up to £46 million of further funding from a revolving credit facility that is in place. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operating activities. Surplus funds of the Group are used to repay the RCF, whilst ensuring that a suitable operational level of cash is retained.

The Group is exposed to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk which are described in note 27 to the accounts. It is not the Group's policy to engage in speculative activity or to use complex financial instruments.

Approved by the Board on 22 June 2022

David Ward
Chief Financial Officer

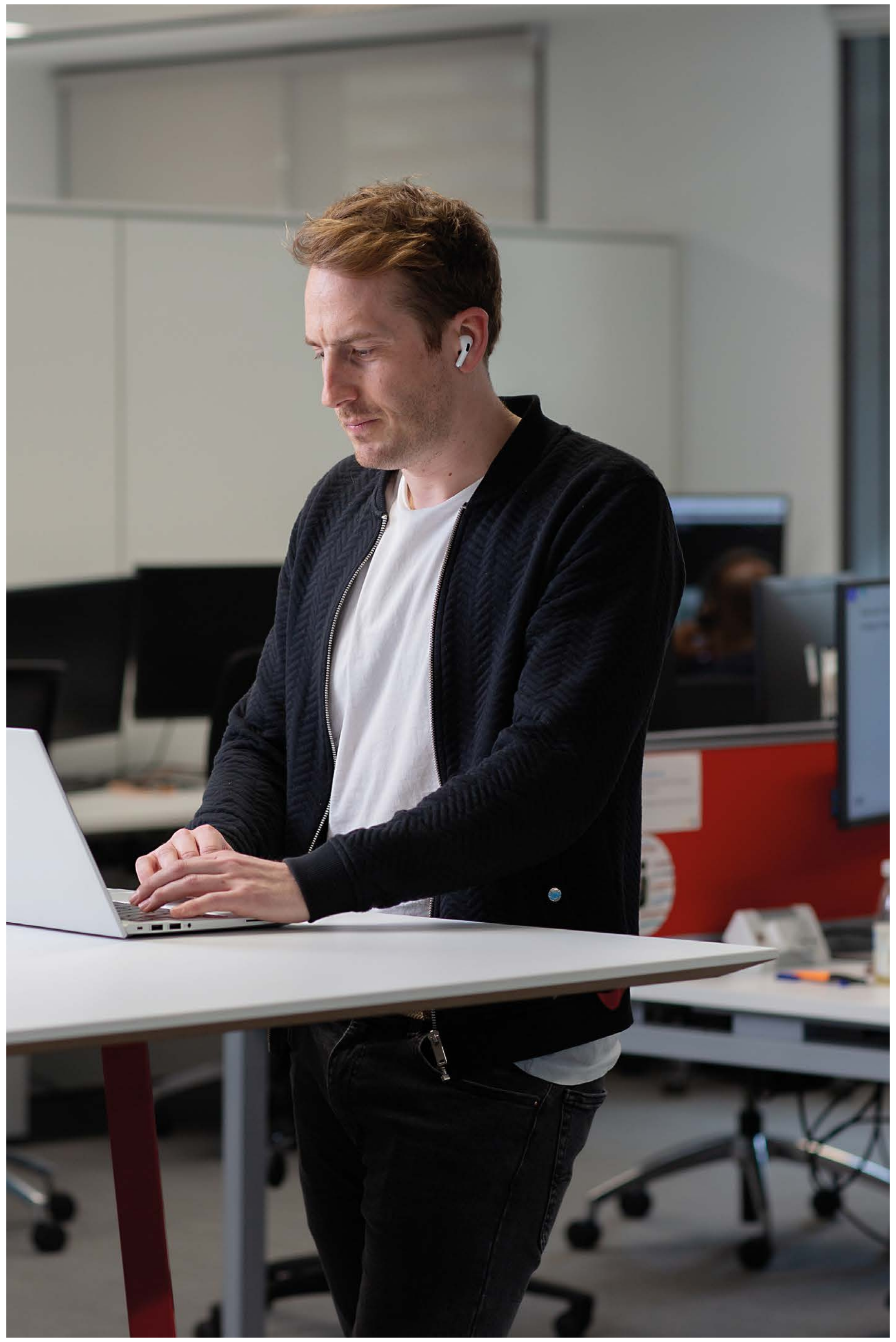
22 June 2022

GBG Annual Report and Accounts 2022

Principal risks & uncertainties

Risk management overview

GBG has an enterprise-wide risk management approach which is described in the GBG Risk Management Framework document. This Board-owned framework sets the standards and expectations of how risks are identified and managed within GBG.



The risk framework has been developed in line with external best practice and incorporates feedback from an internal audit review conducted by BDO LLP.

Taking risk management seriously, and following the framework, enables GBG to achieve its strategic objectives and helps us continue to build a sustainable business that delivers long-term stakeholder value.

GBG recognises that, to be successful, risks need to be identified and managed. This means creating the right risk culture; one where team members feel able to raise risk concerns and have access to the right mechanisms to consistently identify, assess and report risks.

GBG's risk strategy is aligned to the safe achievement of business objectives

Our risk strategy is to embed risk management within business processes and make sure everyone understands their role when it comes to managing risk.

Significant progress has been made to mature GBG's risk management capabilities

During the reporting period, GBG conducted a company-wide review, with business workshops, of all risks. This resulted in the creation of risk registers across all GBG business areas, which we refresh regularly in line with our standardised risk assessment approach.

We categorise risks in line with a risk taxonomy, which enables us to regularly report our risk profile to the Board's Audit & Risk Committee. These processes are led by a new, dedicated risk manager and include expert input from specialist risk teams as well as the views of the executive management team.

This work extends to newly acquired parts of GBG, including Acuant where, as a result of the recent acquisition and in line with all major acquisitions, there is a need to consider integration risks, and the impact of the acquisition on existing risks.

GBG will continue to invest in risk expertise and resources

GBG's risk management capabilities will continue to be matured in line with the growth of the business, so management can focus on the key risks and control issues. To make this happen, the Audit & Risk Committee oversee an ongoing risk management programme which is driving GBG's continuous risk management approach.

GBG's Chief Regulation Officer ('CRO') is accountable for delivering the risk programme. The CRO regularly provides updates to the Executive Team and the Audit & Risk Committee on progress with developing GBG's Risk Management Framework, as well as providing an independent view on what the top risks are in GBG.

GBG's risk programme incorporates the recommendations for improvements and developments to risk management processes which were identified through internal audit review.

The programme has delivered the new Risk Management Framework, enhanced risk reporting, risk and control registers across GBG and risk framework training for all team members about their role in managing risk.

We have also refreshed the top risks throughout the year, considering material business changes and external factors like economic and political risks. We have highlighted these top risks in the key risk section of this report.

External risk environment

The impacts of global disruption on the GBG business, its customers and team members are monitored closely.

Unexpected external events highlight the importance of robust incident management processes and skilled specialist teams who can identify potential weaknesses and close any gaps. While GBG hasn't experienced any significant issues, we continue to proactively manage any GBG impacts arising from Russia's invasion of Ukraine and the ongoing Covid-19 pandemic.

Russia's invasion of Ukraine

As the situation in Ukraine evolves, GBG is continually monitoring and reviewing its technology and operations to mitigate against any risks that may emerge.

An internal incident team conducted a thorough review of the risks for GBG and confirmed to the Board that the direct impacts were very low. GBG has no active customers or suppliers and no operations or team members in Russia, Ukraine or Belarus.

The Group supported team members who were impacted, and made sure that information security controls remained robust and internal and external communication requirements were dealt with.

We recognise that there will be continued political and economic impacts and the situation will continue to require close tracking.

Coronavirus ('Covid-19')

As the impacts of the pandemic continue to be felt across the globe, GBG continues to track developments and consider the impacts on our team members, customers and the Group's risks.

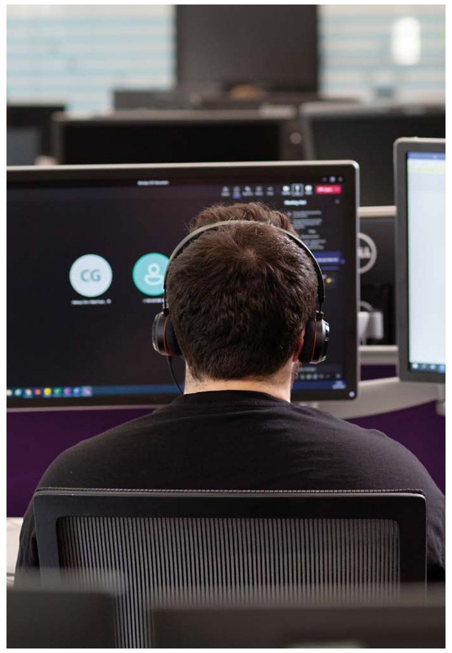
In a global business like GBG, an approach of local leadership provides team members with the advice and support they need to feel comfortable working through this pandemic, and there haven't been any operational issues.

The Board, and the Audit & Risk Committee, are aware that the impacts of Covid-19 could still have an adverse impact on business performance. As such GBG's 'Covid Team', led by the Executive Team members, continue to actively monitor and manage the situation. The Board continues to receive regular updates from the CEO, which confirms that the Group continues to demonstrate financial and operational resilience to the effects of the pandemic.

GBG continues to manage a diverse commercial portfolio so its future is not overly reliant upon sectors or customers that may suffer from the long-term effects of the pandemic.

Internally, we continue to focus on the health and wellbeing of team members, maintaining controls while team members work remotely.

While the long-term outlook for the effects of Covid-19 remains somewhat uncertain, the progress being made with vaccination programmes and new ways of working means the position seems to be improving. However, particularly given the global nature of our business whereby the situation can be inconsistent, we continue to monitor the situation and potential exposures closely.



GBG Annual Report and Accounts 2022

Principal risks & uncertainties continued

Key elements of GBG's Risk Management Framework

The Board owns GBG's Risk Management Framework. It reviews the framework at least once a year, or where there are significant changes to the risk profile, business strategy, risk appetite and/or desired risk culture. The framework is based on accepted best practice and its implementation is supported by risk processes and risk guidance.

The key elements of the risk framework are as follows:

Roles and responsibilities

The Board
GBG's Board has overall responsibility for GBG's Risk Management Framework, as well as setting risk appetite and expectations for a positive proactive risk management culture. The Board's risk strategy is embedded in GBG's objectives and strategic aims as we proactively seek to identify, measure and report the risks that exist as a natural consequence of doing business.

The Board reviews the recommendations made to it by the Audit & Risk Committee and oversees strategic risk through our strategic planning cycle.

During the year, the Board was also updated on a range of risk topics that they oversee. These have included:

- monitoring and reviewing Group strategy
- new product and technology strategy updates
- acquisitions
- Covid-19 actions
- going concern reviews
- information security matters
- people initiatives
- relationships with investors
- remuneration matters
- succession planning
- governance and regulatory developments

Audit & Risk Committee
The Committee meets to assess and monitor progress with managing GBG's key risks. The Committee has responsibility to review the effectiveness of the GBG Risk Management Framework and make recommendations to the Board about any changes that may be required. The Committee also oversees and approves the external and internal audit plans.

The Executive Team
As well as owning GBG's key risks, the Executive Team are responsible for promoting a culture in which risk management is used proactively, enables innovation and is owned by everyone. The Executive Team review and monitor how much risk GBG is willing to tolerate (its risk appetite, as approved by the Board) and have accountability to manage and monitor the risks applicable to each business unit.

Collectively the team also make up our Crisis Management Team response and provide strategic direction and leadership in the event of a major risk issue occurring.

Specialist risk management teams
Specialist teams in information security, compliance, legal and risk are responsible for helping everyone at GBG understand their role in the identification, assessment and escalation of risks and issues. These teams continue to grow in line with the GBG's growth and risk profile.

Internal and external auditors
The Group's internal and external auditors are responsible for reviewing and assessing the Group's risk management and internal controls process and reporting their findings and recommendations to the Audit & Risk Committee.

BDO LLP were appointed to provide GBG with an outsourced internal audit arrangement. Reviews of cyber security controls, risk management framework, procurement and financial controls processes have been completed to date and the findings and recommendations are being monitored and closed out to agreed timescales.

Risk culture

Our risk culture has a significant impact on our ability to manage risk and helps make sure we do not allow activity which is at odds with our risk appetite. GBG's Executive Team is responsible for establishing, communicating and promoting the Board's expected risk culture, which aligns with GBG's strategy, objectives and risk management principles.

Risk strategy

GBG's risk strategy is embedded within the Company's objectives and strategic aims. GBG's risk strategy is to proactively identify, measure and report the risks that exist as a natural consequence of doing business. The customer is at the heart of our decisions as we seek to innovate our products and remain competitive.

GBG's risk management strategy includes investing in appropriate levels of control to keep GBG secure, support sustainable business growth and minimise losses.

Risk appetite

At GBG, risk appetite is defined as 'the amount and type of risk that we are prepared to seek, accept or tolerate'. The risk appetite framework is built around the principle of setting risk appetite in line with business strategy and aligned to controlling key risks. The Board approves appetite statements at least once a year. These statements are then translated into policy and process. We use key risk indicators to measure performance against agreed thresholds.

Risk policies

GBG's policy framework set the standards and expectations that must be observed when working across the various jurisdictions where we do business. Policies align with the top risks and, where necessary, team members are required to attest to having read and understood the policy.

Risk training

All team members participate in regular training on key risk topics, e.g. privacy and information security. Everyone is reminded routinely of the importance of their role in managing risk at GBG. Where it is felt necessary, GBG uses tests to make sure team members understood what they have learned and are meeting regulatory expectations. Those involved in specialised risk roles have budget allocated to make sure they stay on top of new developments and remain competent to fulfil their role.

Risk controls

As part of the risk assessment processes, risk control measures are put in place. Key controls are documented against the key risks and tested to ensure they provide adequate protection. Key controls include:

- Financial Controls - to make sure management information is relevant, timely, reliable and compliant with the applicable laws and regulations and controls for the approval of capital expenditure
- Strategic Planning Controls - to make sure GBG regularly reviews budgeting, strategic plans and business performance against the strategic plan, which is closely monitored by the Executive Team and Board
- Operational Risk Controls - to make sure GBG controls key operational risks and reports performance, e.g. cyber security, operational resilience and technology
- Conduct Risk Controls - to make sure GBG remains compliant with applicable laws and regulations and maintains a strong reputation
- Privacy Risk Controls - to make sure GBG collects, processes and analyses data in a way that complies with data privacy legislation

Risk incident management

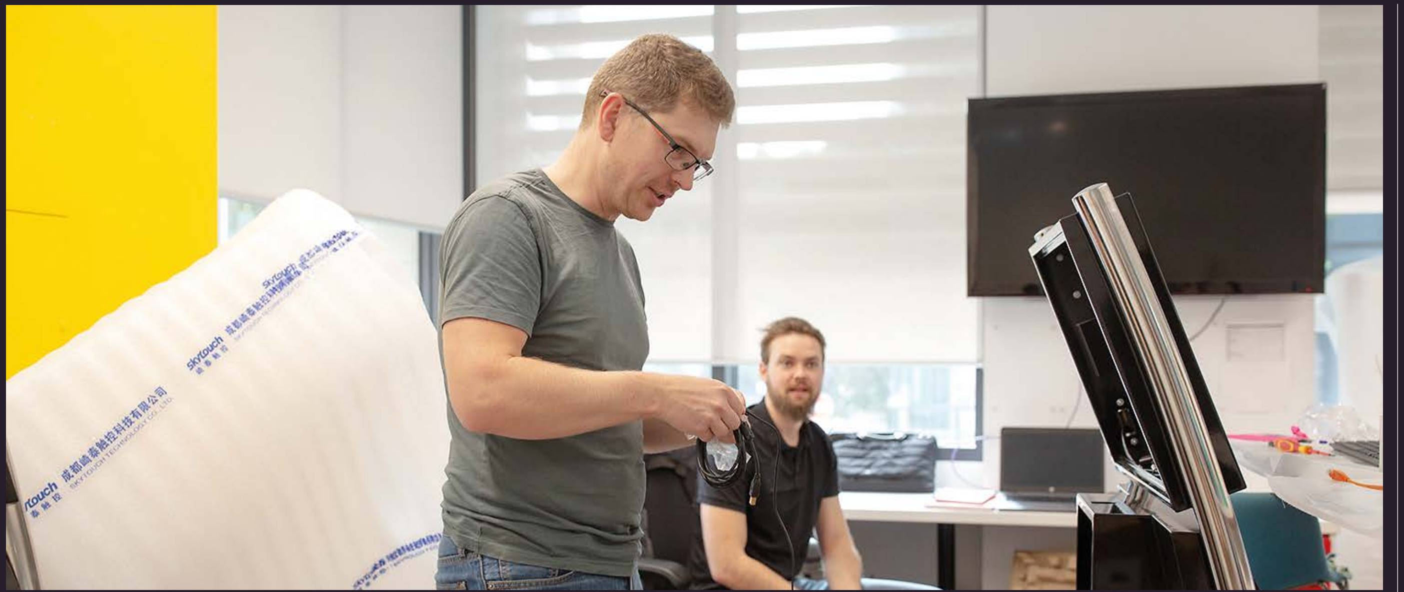
Capturing, evaluating and learning from incidents that occur through the course of doing business helps us to highlight any inadequacies in controls. We have mechanisms in place to report and manage internal and external events which impact or could impact the Company adversely.

We have put detailed business continuity plans, disaster recovery plans and incident management processes in place so we can make sure we react swiftly where necessary. We test plans periodically.

We closely monitor levels of business disruption and these remain low. We quickly identify issues that might impact service and bring them under control.

GBG Annual Report and Accounts 2022

Principal risks & uncertainties continued



GBG risk profile

GBG's risk profile remains stable and top risks remain under control

Like all businesses, GBG faces a number of risks and uncertainties. Our goal is to make sure that identified risks are managed within acceptable levels. As well as good judgement, GBG applies a methodical and consistent process, which we think increases the chances of identifying and managing risk successfully.

GBG uses a "bottom up" approach to identifying risks by conducting risk assessment workshops covering each of GBG's business units and central services functions.

The output from the risk assessment workshops creates risk registers, which set out all risks applicable to GBG globally.

The Executive Team then conducts a "top down" review to validate the workshop findings and to ratify the risk register. This enables further consideration of more strategic risks. This process is conducted annually and refreshed regularly to make sure risks arising from business changes are captured, e.g. the acquisition of Acuant.

The stability of the risk profile is evidenced by low levels of business disruption and no actual material reputation, legal or financial impacts because of risks occurring.

GBG risk appetite and primary risks

GBG have identified five inherent categories of risk which we seek to manage. Using these categories helps ensure full coverage of the more detailed risks that make up the GBG risk profile.

GBG's five primary risk categories:

1. Operational risks - Risks that affect GBG's ability to execute our strategy.

Risk Appetite Statement:
GBG has minimal appetite for operational disruption which adversely impacts our customers or reputation. We have low appetite for financial loss arising from inadequate systems, process, people or external events. We implement appropriate levels of control to maintain operational resilience while growing sustainably.

2. Financial risks - Risks relating to financial reporting, valuation, market, liquidity and credit risks.

Risk Appetite Statement:
We maintain a prudent liquidity profile to make sure we meet our long-term commitments and a balance sheet structure that limits reliance on potentially volatile sources of funding. We aim to deliver high-quality consistent earnings and have low appetite for earnings shocks.

3. Conduct risks - Risks relating to GBG's legal and regulatory compliance.

Risk Appetite Statement:
We aim to comply with all relevant regulation and laws in the jurisdictions within which we operate. We seek to maintain robust governance arrangements and meet ethical and societal expectations including transparent tax behaviour.

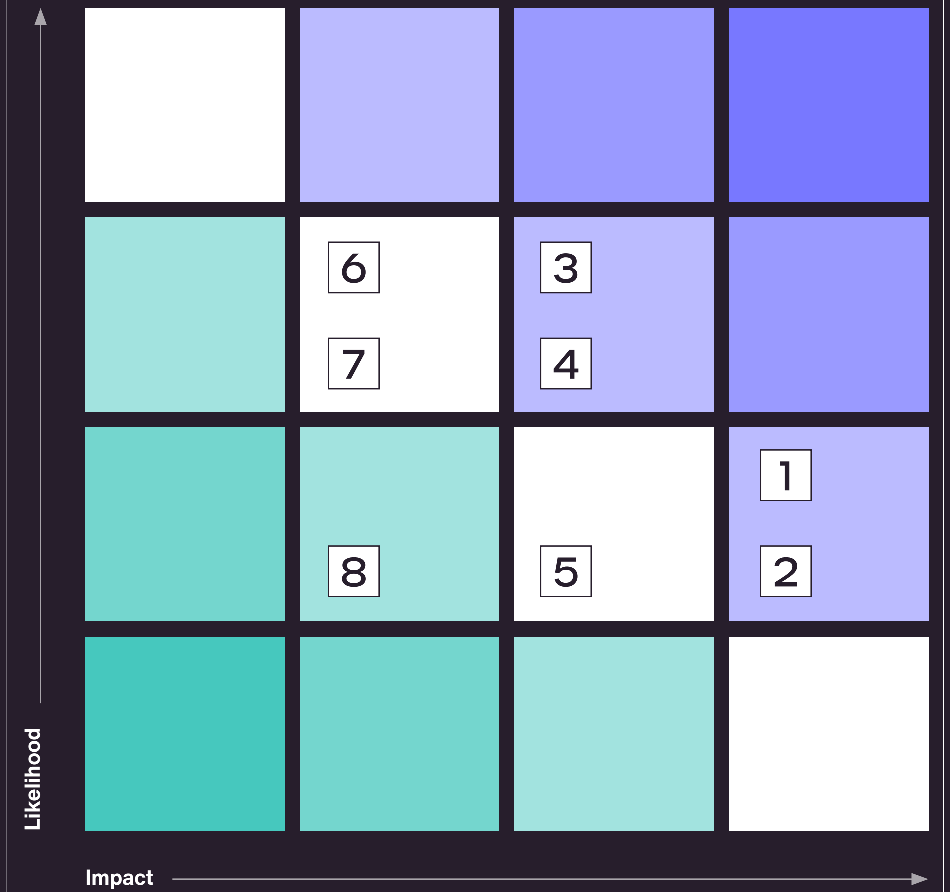
4. Privacy risks - Risks relating to failure to prepare for privacy changes which impact the business.

Risk Appetite Statement:
We expect to meet all relevant privacy rules and regulations in the countries within which GBG operates. We have no appetite for major breaches.

5. Strategic risks - Risks that affect or are created by GBG's strategic objectives.

Risk Appetite Statement:
We maintain appetite for organic and inorganic growth from complementary, diverse sources with palatable return on investment. We offer our products at prices which appropriately balance risk, growth and reward.

Risk heatmap



1. Information security
Page 54
2. Integration
Page 54
3. Operational resilience
Page 55
4. Competition
Page 55
5. People
Page 56
6. Compliance
Page 56
7. Technology
Page 57
8. Third-party risk
Page 57

GBG's top risks

Aligned to our primary risk categories the top, more specific, residual risks are set out below together with a summary of the control measures and mitigations. We review these risks constantly, because we recognise the need for vigilance in identifying developing threats, including external changes.

The treatment of reputational risk

Everyone at GBG recognises reputational risk is an ever-present risk. The Board never underestimates the potential effects on GBG's good name and reputation. While the following risks do not include reputational damage, this is because it is treated as an overarching consideration in assessing all risks.

See our risk heatmap shown left.

GBG Annual Report and Accounts 2022

Principal risks & uncertainties continued

Risk	Mitigation	Progress
1 **Information security** **The threat of cyber-attacks breaching our controls, resulting in the potential loss or compromise in the confidentiality, integrity and/or availability of GBG information assets.** GBG recognises there are many different information security risks, but cyber-attack risk continues to be the main threat to the Group's strategy. The inherent risk remains significant. As a custodian (Controller/Processor) of client identity data for some of the largest organisations in the world, GBG aims to set the highest standards of information security.	Any breaches of information security are reported and investigated, with appropriate corrective actions implemented. All team members receive information security training and must comply with this and all associated information security policies. We have adopted Information Security Policy & Standards that provide our Company with a common baseline set of information security controls that need to be in place to protect GBG information assets wherever they are being used. We use threat intelligence to better inform our risk position. GBG meets and maintains the requirements of ISO 27001 and PCI-DSS globally and aligns to other best practises where appropriate. We regularly assess the risk level of all GBG's critical suppliers. We have invested extensively in preventative and detective controls and continuously test the effectiveness of these controls.	The Group has continually strengthened its information security capabilities during the year as part of our ongoing cyber strategy. This means investing further in systems and controls, as well as expertise, in respect of threat and vulnerability assessment. We perform cyber simulation tests to assess the effectiveness of management response. The most recent test was positive, and learnings are incorporated into process updates. During the year, GBG has continued to use external certifications and standards to benchmark our defences. This work extends to all newly acquired or expanding business areas.
2 **Integration** **Risk of failing to integrate businesses including the newly acquired Acuant business and deliver on benefits.**	We conducted detailed due diligence before confirming the acquisition. Any areas identified for further review have since been closed into detailed workstream plans. No major concerns were identified. Since the acquisition was announced, robust executive-level programme governance has been in place. This activity is led by experienced programme management resources who, together with the Executive Team, have put in plans to manage risks, track benefits and ensure a clear integration plan, centred on clear strategy. Regular updates are shared with the Board, who oversee the integration programme.	The discovery phase of programme integration has completed. We have created a new regional business, 'GBG Americas'. This business will advance the combining of resources, so we can deliver for our customers and maintain our strong reputation. We have created global teams to support the product development and operations for GBG's global product portfolio. The progress of the integration creates the opportunity to expand the provision of Acuant services into other core GBG regions (EMEA and APAC).

Risk	Mitigation	Progress
3 **Operational resilience** **Risk of unplanned interruption impacting our ability to deliver critical operations.** We rely upon IT systems, suppliers and people to maintain continuity of our service. There is a risk that service could be disrupted if an internal or external incident occurred.	GBG recognises the importance of maintaining service availability to our customers, therefore we have comprehensive Information Technology Service Management ('ITSM') processes in place over all services in GBG plc. Our ITSM framework is aligned with the Information Technology Infrastructure Library ('ITIL') framework. As such, GBG has detailed policies, processes and procedures in place covering incident and problem management, change management, access management, capacity management and risk management among others. GBG operates full lifecycle ITSM. This is, naturally, subject to continuous improvement plans.	Service availability performance continues to be very strong. GBG has ISO27001 certification, which requires regular audits of our information security management systems and controls. No major issues have been identified. GBG has set up global business continuity policies and procedures, as well as disaster recovery plans, backups and data centre provisions. Our plans for further migration to cloud-based solutions will strengthen our controls further.
4 **Competition** **We operate in a highly competitive market. We recognise there is a risk of being undercut on price, reducing margins, or competitors introducing new products which would make GBG uncompetitive.** Linked to this is the risk that we fail to respond to meet opportunities when they arise or we see unexpected shifts in customer or market demand.	We work to identify and manage trends, threats and opportunities, as we pursue a business strategy that seeks to build a strong reputation in the industry and ensure a sustainable future. We track the following factors proactively, and incorporate them in our thorough strategic planning lifecycle; • increased competition • changes in the markets in which we operate • regulatory changes limiting or opening up sources of data • the political stability within the countries where we do business Business development and product teams track established and market disruptor competitors. This information influences our go-to-market strategy, and we have increased our focus on data sourcing, product innovations, product marketing and pricing to support this. We continue to enhance our product portfolio, focusing on innovation through a mix of: • internal development • partnering • acquisition and investment • strategic recruitment We maintain a strong focus on our core target markets within UK, EMEA, Europe, North America and APAC and work with partners to extend our reach.	Our acquisition strategy has enabled geographic and market expansion, as well as enhanced product capabilities to increase competitive advantage in key markets. The acquisition of Acuant in November 2021 was the latest in a line of strategic decisions designed to bring complementary and differentiated features to our Company and our customers. We are always on the lookout for future acquisition opportunities to further develop our strategic aims – always striving to differentiate ourselves from the competition.

GBG Annual Report and Accounts 2022

Principal risks & uncertainties continued

Risk	Mitigation	Progress
5 **People** **There is a risk that GBG fails to attract and retain top talent in a highly competitive market, resulting in key skills gaps and/or reducing our ability to grow.** Over the past year, we have seen an increase in attrition as pandemic lock-downs have eased. Like many organisations, we recognise that we operate in a competitive market. We have team members with skills and expertise which are attractive to many of our competitors. Not having, or having access to, the right people could impact our business opportunities adversely.	We continue to invest in our team members' growth and development. We offer competitive total reward packages, which we regularly benchmark and review. We have strategies we can use if we need to retain top talent. We monitor attrition rates, vacancy levels and employee engagement levels by location and business function to make sure we have corrective actions in place.	GBG's 'Work When and Where You Want Policy' empowers all our team to work as flexibly as they require. This enables strong work/life balance by providing choice and flexibility to work in a way that suits. The impact of this policy has been positive for recruitment and employee advocacy. The GBG annual team member survey of people engagement continues to demonstrate high levels of engagement right across the Group. In a recent Gallup employee engagement survey 95% of team members said they would recommend GBG as a great place to work. We also monitor the Board's effectiveness and skill set and recruit additional members where necessary. This helps us to: • make sure we have effective succession on the Board • supplement the Board's skill set • maintain strong, independent directors
6 **Compliance** **Risk of GBG global products and services being non-compliant with privacy rules and regulations.** We recognise the importance of complying with rules and regulations across all the jurisdictions where we do business. Internationally, privacy compliance rules and regulations are increasing for companies like ours that control and process data. Data subjects are also becoming more aware of their rights. For GBG, privacy compliance is one of our top inherent risks. This is because of: • the global nature of our business • our use of customer and supplier data to provide our services • the changing nature of our business as we seek to innovate and grow This risk recognises it's important to have appropriate controls in place to make sure we comply today, that we comply with changes to rules and regulations and that we maintain a positive relationship with regulators.	GBG has a dedicated legal and privacy team who, led by the CRO, are collectively responsible for monitoring changes to legislation and ensuring privacy compliance controls are in place and effective. We continue to invest in this area and we have increased the number and skills levels of the respective teams in the past year. We have access to an extensive and global range of external professional advisors, and we have an internal global network of data protection/privacy experts. These experts work with business teams to make sure team members comply with regulatory obligations associated with data protection and privacy legislation. We also monitor these processes to make sure all team members complete the necessary training. We will continue to invest in training team members in relation to data handling and privacy best practices.	As reported in previous periods, in November 2018, the Information Commissioner's Office, the data industry regulator in the UK, announced that it was conducting audits on several companies to understand the use of data in their services. GBG was included in this review and continues to engage positively with the Commissioner as this nears conclusion. We will keep the market informed of any material developments.

Risk	Mitigation	Progress
7 **Technology** **Risk of loss, disruption or damage because of the failure of IT systems.** Our technology supports service continuity and our team members. It also strengthens our ability to develop our products so we can stay competitive and reliable.	Our product and technology teams use methods, tools and skills that reinforce best-practice development approaches. Our technology development roadmap makes sure we maintain our systems, optimise performance and carefully implement end of life management. As part of product lifecycle management, we have increased our focus on product retirement, to make sure we focus our development resources on the activities that drive growth.	We continue to invest in modernising our customer-facing platforms so we can achieve greater scale and reach. We have implemented new front-end platforms for location and fraud and a new back-end platform for identity. We have also improved our product platforms and we're investing in business support systems that help the business scale. We are also focused on integrating our newly acquired businesses (including Acuant). This will help us drive synergies, insights and collaboration across the businesses to maximise value from our acquisitions.
8 **Third-party risk** **Risk of loss because of failure to onboard or manage a third-party relationship appropriately.** It's the nature of our business to secure data and infrastructure from third-party suppliers and partners.	We maintain a list of our most critical suppliers. This helps us make sure we have robust contract, performance and relationship management in place. When we start a relationship, we perform due diligence to make sure we understand and mitigate key risks. We have put regular supplier relationship management in place to assess performance and make sure issues like supplier's business continuity and risk management plans are in line with our policy expectations.	Recognising the potential risk associated with poor supplier performance, the Risk and Audit Committee requested an internal audit review. • we have adopted internal audit's recommendations to make sure any risks are fully mitigated. This included: • creating a Group procurement team • standardising the procurement process • increasing automation • improving the efficiency of the due diligence process while addressing risks

Emerging risks

Our risk landscape continues to evolve. Our assessment of the top risks highlighted in this year's report recognises this fact. We continually scan the horizon for regulatory developments, market trends and changes in customer expectations. It is our ability to identify, assess and respond to these changes that will ensure the sustainability of our business.

Our risk profile work monitors for risks like customer concentration, compliance with local governance expectations, environmental changes, societal trends, external economic factors like the impact of inflation and change execution to make sure we are staying within appetite. When necessary, we conduct reviews to make sure our strategy is aligned to developments. Increasingly, we see a role for GBG to guide our customers through changes and trends we have identified by helping them with their business plans.

Covid-19 and Russia's invasion of Ukraine have highlighted the need to carefully consider responses to potentially major events, to have robust incident management responses and to track the subsequent developments for impacts on GBG.

Viability statement

Our business model and strategic priorities are key to the Board's assessment of the Group's prospects and determination about whether the Group can continue in operation and meet liabilities as they fall due. We continuously review these alongside forecasts and budgets to have a clear view, so far as is possible, on the Group's viability over the medium term.

The Board's assessment of viability is influenced by the business' current and projected performance against financial and non-financial KPIs and an analysis of principal risks within the Group's risk assessment framework.

In particular, the assessment includes consideration of, and recent recovery from the pandemic, the impact of the external economic environment, the impact of any Merger & Acquisition activity and the regulatory agenda.

Management currently forecasts a variety of different time horizons relevant to assessing our prospects as part of the business planning process and capital investment cycle. We use a detailed bottom-up budget model to forecast for a period of one-year in advance and a top-down model for a period of five years.

We use a five-year timeline when considering viability, because we believe it's difficult to forecast across the entire Group for a period longer than this with any significant level of certainty.

The principal risks and uncertainties that affect the Board's assessment of the Group's viability in this period are operational, conduct, strategic, privacy and financial risks. The Board considers the key mitigants:

- GBG's operations being spread across diverse sectors and increasingly global presence in politically and economically stable markets
- a history of limited business disruption or major incidents due to investment in commensurate controls
- strong cash reserves and access to pools of liquidity
- continued strong customer demand for GBG's innovative and reliable products
- Board-approved prudent risk appetite
- being well placed to manage regulatory change

Based on the actions available to them, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment. We acknowledge that this assessment is subject to uncertainties outside of our control and accordingly, the viability of the Group cannot be guaranteed. Although the RCF facility is due to expire in July 2025, there are two one-year extension options (subject to further bank approval) and so the RCF facility would need to be extended, refinanced or repaid in full during the viability period. Based on current forecasts we would expect to have fully repaid the current outstanding RCF facility within the viability period.

Going concern

The Group's business activities, together with the factors likely to affect our future development, performance and position are set out in the Chief Executive's Review on pages 36 to 39. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review in pages 42 to 47. Full details of the Group's going concern assessment is set out in note 2.2 in the consolidated financial statements.

Following consideration of the budget, downside and stress test scenarios, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence beyond the assessment period which covers through to 30 September 2023. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

GBG Annual Report and Accounts 2022

Letter from the Chairman

Inside this section

Letter from the Chairman	60
Board of Directors	62
Corporate governance statement	64
Audit & Risk Committee report	72
Remuneration Committee report	78
Remuneration policy	82
Annual Report on remuneration	85
Nomination Committee report	90
ESG Committee report	92
Directors' report	94
Directors' responsibility statement	97

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During the year we welcomed Bhavneet (Bhav) Singh to the Board, in the role of Independent Non-Executive Director. Bhav brings a wealth of experience to GBG, both in regard to his experience as the Founder and CEO of Sandbox, as well as his previous work on expanding growth into the international marketplace, particularly in emerging markets.

Dear Shareholder

GBG is accountable to its shareholders for ensuring high standards of governance and compliance are maintained. GBG has adopted the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') as the basis of our governance framework and we're fully committed to its principles. GBG has adopted the QCA Code as it takes key elements of good governance and applies them in a manner which is workable for the different needs of a growing company. In this Corporate Governance Statement, we will report how we have complied in all respects with the QCA Code. GBG's Corporate Governance Statement is available on our website at https://www.gbgplc.com/en/investors/.

As Chairman it is my responsibility, working with my fellow Board members, to make sure we follow the highest standards of corporate governance we can and manage the Board in the best interests of our many stakeholders. It is also my responsibility to communicate regularly with shareholders and ensure that the Board is made aware of any shareholder concerns in a timely manner.

As a Board we prioritise corporate governance and believe that in doing so, we are able to build a successful and sustainable business, which reflects the long-term interests of all our stakeholders. Our commitment to corporate governance and promoting a culture of honesty, transparency and respect has enabled us to build a healthy corporate culture throughout the Group. We are committed to responsible and ethical practices when we make business decisions, whether at Board level or in day-to-day operations. This is particularly important to us as an acquisitive business. As we acquire more global companies, such as our recent acquisitions of Acuant and Cloudcheck, we recognise that we need to maintain and monitor our culture across our international organisation which, of course, includes maintaining our high standards of governance. As a result of our focus on governance, throughout the Group, we have achieved an MSCI ESG rating of A.

We work hard to make sure that all of the Group's businesses (whether newly acquired or longstanding) are in step with our strategy, people processes and Risk Management Framework. We do this through strategy workshops, training and by involving managers in our risk assessments. This approach means our Executive Team can report to the Board on progress and identify any issues that need addressing. You can find more information on our culture and Group policies in our Environmental, Social and Governance ("ESG") Statement on pages 20 to 29.

My retirement from the Board

Having served on the Board for almost 12 years I have been considering, for some time, stepping down as Chairman. I supported the establishment of a Special Nomination Committee (led by Liz Catchpole as Senior Independent Director) to begin the search for my successor.

The Board instructed the Special Nomination Committee to begin the search for a new Independent Non-Executive Chair. It was important to the Board that they find someone who would provide the best possible leadership for the Company whilst maintaining the right balance of skills, experience, independence and objectivity. Following a rigorous search process, as detailed in the Nomination Committee Report on page 90, the Board was unanimous in its support for appointing Richard Longdon, to replace me as Chairman. Richard will be appointed with effect from 1 September 2022 and in accordance with governance best practice his appointment will be put to shareholder vote at the 2022 AGM.

Richard has enjoyed a highly successful career in the technology sector, having spent 33 years with AVEVA Group where he was Chief Executive Officer for 17 years along with a number of non-executive director roles since. I am confident that the experience he has will enable him to lead the Board through the next stages of the Company's growth and assist management in shaping the future strategy for the business. I intend to ensure a smooth transition by remaining an active member of the Board until 30 September 2022.

Board & Committees

During the year we welcomed Bhavneet (Bhav) Singh to the Board, in the role of Independent Non-Executive Director. Bhav brings a wealth of experience to GBG, both in regard to his experience as the Founder and CEO of Sandbox, as well as his previous work on expanding growth into the international marketplace, particularly in emerging markets. Bhav has also been appointed as a member of all Board Committees. We look forward to the expertise and different perspective that Bhav will bring to these roles.

Last year we also established an ESG Committee, chaired by Natalie Gammon. The Committee meets at least three times a year. The creation of our ESG Committee reinforces our governance over ESG-related activities and will allow us to communicate the positive work that has been achieved.

During the year the Board was externally evaluated by BoardClic. Page 69 provides additional detail on the evaluation they conducted. Feedback from BoardClic's evaluation of the Board was positive, they highlighted that GBG had a well-functioning Board with a clear focus on strategy.

A year of significant growth

This last year, the Board and the wider GBG team have continued to steer the business through the ongoing Covid-19 pandemic as well as looking ahead. Page 65 contains a summary of the matters the Board has dealt with during the year.

Although it has been another exceptionally challenging year for world economies and the future remains uncertain, the Board continues to take decisions that create long-term sustainable value for our stakeholders, while supporting the wider GBG team in delivering the Groups' strategy.

The strategic acquisitions of both Acuant and Cloudcheck have increased our global reach in digital identity and fraud prevention technology, and combine our strengths in a way that matches our ambition to deliver world-class technology. It has also allowed us to further expand into the US, the world's largest and most strategically important market for our services. This in turn helps us to achieve our goal of consistent growth.

Risk Management Framework

Over this financial year, we have made significant progress in making our Risk Management Framework more mature, in line with the growth of the business. We have focused on creating the right risk culture and ensuring team members understand their role in the management of risk. The Board has also refreshed our top risks during the year, considering material business changes such as recent acquisitions and the evolving market within which GBG operates. For further information please see our Principal Risks & Uncertainties on pages 48 to 57.

GBG's long-term sustainability

At GBG, we pride ourselves on being able to provide sustainable, long-term value to shareholders and to engage effectively with all stakeholders. From global expansion into the North American market with the acquisition of Acuant to making sure the necessary measures were taken to secure GBG's financial stability throughout the pandemic, the Board is constantly making decisions that put long-term sustainable and profitable growth as a priority.

We also appreciate that sustainability calls for us to be an involved local community member. We continue to do this globally, through our fundraising, donation and active participation in a variety of charitable projects.

Talent development is also a key factor of our sustainable long-term approach. Our mentoring scheme gives team members the chance to gain experience and knowledge from more senior team members, so that they're ready to lead GBG into the future.

You can find more information on our long-term sustainability in our Environmental, Social and Governance ("ESG") Statement on pages 20 to 29 and in our Section 172 Statement on pages 30 to 35.

Annual General Meeting ('AGM')

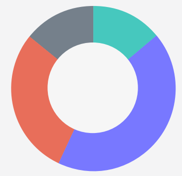
The AGM is an important event that gives shareholders the opportunity to engage with our Board. Last year we committed to provide all shareholders with access to a 'hybrid' AGM utilising the benefits of technology to enhance the effectiveness of our AGM in a virtual world.

Board highlights

Relevant experience

Diversity

Tenure



This year we will once again conduct a 'hybrid' AGM to enable us to engage with all shareholders who would like to attend, either in person or virtually.

You can find more information about this in our Notice of AGM.

If shareholders have any questions or concerns regarding the AGM, we encourage you to send an email ahead of the meeting to GBG's Governance Team (Governance@gbgplc.com) who will endeavour to respond promptly.

David Rasche
Chairman

GBG Annual Report and Accounts 2022

Board of Directors

Committee key

- A Audit & Risk Committee
- R Remuneration Committee
- N Nomination Committee
- E ESG Committee

- ● Member
- ● Chair

David Rasche

Chairman

Appointed: September 2010

David has close to 50 years' IT industry experience with over 40 years at Board level in the software and services sectors. He was the founder of SSP Holdings Limited, which became one of the largest specialist insurance software houses in the world. David has chaired and advised businesses in both the public and private markets and has overseen numerous acquisitions and disposals over the last 30 years. He is a strong believer in lifelong learning, has a diploma in company direction and is the longest serving member of the Vistage executive learning organisation in the UK. David invests in and mentors some smaller technology businesses and is Chairman to Chatta, a learning software company. He also chairs a family property and investment company and a family charitable trust. He was Yorkshire Business Leader of the Year in 2008 and the Grant Thornton QCA Chairman of the Year in 2009. In March 2020, David won The Sunday Times FTSE AIM Non-Executive Director Award in recognition of his stewardship and contribution at GBG.

Chris Clark

Chief Executive

Appointed: April 2017

Before joining GBG Chris was Managing Director at Experian for five years where he was responsible for the UK & EMEA. Experian gave Chris first-hand knowledge of the Identity Data Intelligence market. Chris previously worked at BT for 20 years, running several technology businesses across the globe. Chris has lived and worked in the USA, Europe and Asia, as well as the UK, and has significant international experience. Chris has a passion for, and a strong track record of, team member engagement and customer focus.

Liz Catchpole

Senior Independent Non-Executive Director

Appointed: September 2017

Liz is an Independent Non-Executive Director and Chair of the Audit Committee at Investec Wealth & Investment where she is also a member of the Risk, Remuneration and Nomination Committees and Independent Non-Executive Chair of the architectural and design practice TP Bennett. Liz has over 20 years of executive Board level experience gained primarily in the insurance, business services and property sectors. Liz has previously held Non-Executive positions at FTSE listed bwin.party, British Gas, Bournemouth Water, The University of Law and Be Living Holdings (formerly Willmott Residential). Her career started in insurance with a subsidiary of GE Capital where she worked for almost 17 years. Liz is a chartered certified accountant and holds an MBA from Cranfield University.

Natalie Gammon

Independent Non-Executive Director

Appointed: November 2019

Natalie is an Independent Member of the Audit Committee of the National Trust and also undertakes an advisory role at a number of technology start-ups. Natalie has over 20 years of global technology, commercial and operational experience with a demonstrable track record of successful digital, strategic and transformational change programmes in both private equity and blue-chip companies. Natalie was previously Chief Cloud Officer for Finastra and more recently held a Non-Executive position at Masthaven Bank, where she was also a member of the Audit, Risk, Remuneration and Nomination Committees.

Bhav Singh

Independent Non-Executive Director

Appointed: November 2021

Bhav has over 25 years experience leading successful digital and media businesses through ambitious periods of growth and transformational change. He is the founder and CEO of Sandbox & Co, a digital learning company that he has helped to grow, both organically and through acquisition. His previous Executive experience at Viacom and Pearson, demonstrates his success in scaling businesses in emerging markets. Additionally, Bhav is a member of the World Economic Forum, as a Young Global Leader.

David Ward

Chief Financial Officer

Appointed: July 2021

Prior to joining GBG, David held the position of Finance Director and Company Secretary at AVEVA Group plc where he led the Finance function and Legal and Commercial Operations Teams. He was heavily involved in the M&A and integration that lifted AVEVA to the FTSE 100. David trained as a Chartered Accountant with Ernst & Young where he spent 14 years. He holds a bachelor's degree in Economics and Accounting and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Nick Brown

Group Managing Director

Appointed: April 2017

Nick has been a member of GBG's Executive Team since joining the business in 2007. Nick is currently responsible for managing the operating businesses of GBG on a global basis. Prior to joining GBG Nick held senior management positions at Sage plc, Microsoft UK and Fujitsu Services in the UK.

Annabelle Burton

Group Company Secretary

Appointed: March 2021

Annabelle has over 17 years experience in governance, compliance and company law. Annabelle originally joined GBG's Governance Team in 2007 and has held a number of roles since this time both within GBG and externally. Annabelle has a passion for governance and a pragmatic approach to how the Governance Team supports the wider business, she is a Fellow of the Chartered Governance Institute (FCG) and holds a law degree (LLB). Annabelle is secretary to all Committees.

GBG Annual Report and Accounts 2022

Corporate Governance statement

The Board's responsibility to safeguard and enhance long-term shareholder value is supported by a robust governance framework.

The Board

Chair
Responsible for leadership of the Board, making sure that no individual or group dominates.


David Rasche
Chair and
Non-Executive Director

Executive Directors
Day-to-day responsibility for the operational management of our activities.


Chris Clark
Chief Executive Officer


David Ward
Chief Financial Officer


Nick Brown
Group Managing Director

Non-Executive Directors
Bringing independent and objective judgement to Board decisions. Holding senior management to account.


Liz Catchpole
Senior Independent Non-Executive Director


Natalie Gammon
Independent Non-Executive Director


Bhav Singh
Independent Non-Executive Director

Audit & Risk Committee
Role: oversees the Company's financial reporting and risk management processes.

Membership:
Liz Catchpole – Chair
Natalie Gammon
Bhav Singh

Nomination Committee
Role: assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any Committees of the Board.

Membership:
David Rasche – Chair
Chris Clark
Liz Catchpole
Natalie Gammon
Bhav Singh

Remuneration Committee
Role: determining and agreeing the broad policy for the remuneration of the Executive Directors, Chair and other senior executives.

Membership:
Natalie Gammon – Chair
Liz Catchpole
Bhav Singh

ESG Committee
Role: defines the Company's strategy relating to ESG matters and ensure the strategy remains effective and up to date, making regular recommendations to the Board.

Membership:
Natalie Gammon – Chair
Liz Catchpole
Bhav Singh
David Rasche
Chris Clark
David Ward
Nick Brown
James Miller (Chief People Officer)

Executive Team
Role: to set Group strategy and develop the operational performance of the Group.

Membership: the Executive Team has representation from all areas of the business and is chaired by the CEO.

A reminder of our strategy
- Build markets
- Build differentiators
- Build once
- Customer trust
- Team trust
- Investor trust

	Summary of Board Activity	Further information	Strategic link
Governance	Reviewed developments to Corporate Governance reporting and made necessary changes	Corporate Governance Statement page 71	
	Conducted an external evaluation of the Board, Directors and Committees	Corporate Governance Statement page 69	
	Approved our 2021 Modern Slavery Statement	ESG Statement page 25	
	Received an update on AIM obligations and market from our nominated adviser	Corporate Governance Statement page 71	
	Reviewed the Board, Executive Team and Committees' Terms of Reference	Corporate Governance Statement page 70	
	Reviewed and updated of all Governance policies	ESG Statement pages 24 and 25	
People	Considered and approved the appointment of Bhav Singh to the Board	Nomination Committee Report page 90	
	Discussed and approved developments to the Share Save Plan to offer more inclusivity and encourage more take-up from team members	Remuneration Committee Report page 78	
	Discussed the results of our annual employee engagement survey (Q12) and put in place action plans to deal with any issues we identified	Corporate Governance Statement page 70	
	Discussed the findings of our 2021 Gender Pay Gap Report	Corporate Governance Statement page 68	
	Reviewed team members' salary and holiday entitlement across the Group	Remuneration Committee report page 80	
Strategy	Held our annual strategy meeting to discuss our ongoing vision, the direction of our business and our strategic priorities	Corporate Governance Statement page 66	
	Received and reviewed regular reports from the Executive Team on progress against strategic objectives, as well as risk management and operational matters	Corporate Governance Statement page 68	
	Reviewed key risks that may threaten our strategy, such as cyber risk and data privacy. Considered possible risk exposure following the Russian invasion of Ukraine. Agreed response to key stakeholders impacted and made sure appropriate controls were in place	Corporate Governance Statement page 67	
	Held several in-depth discussions, including external independent advisors to discuss the strategic value of acquiring Acuant and Cloudcheck and implemented a plan to ensure successful integration into the Group	Corporate Governance Statement page 71	
Financial	Reviewed and approved the FY22/23 Budget	Corporate Governance Statement page 67	
	Considered the impact of Covid-19 on the going concern status of the Group and conducted various stress tests against a number of scenarios to test resilience of the Group cash forecasts	Note 2.2 page 111	
	Reviewed and approved the half and full-year announcements and the 2022 Annual Report and Accounts	Audit & Risk Committee report page 72	
	Approved LTIP, Share Match and Share Save schemes	Remuneration Committee report page 78	

GBG Annual Report and Accounts 2022

Corporate Governance statement continued

We have set out this year's statement using the ten principles from the QCA Code.

Deliver growth

Establish a strategy and business model which promote long-term value for shareholders

Our vision is to help create a world where everyone can transact online with confidence. Our purpose is to build trust in a digital world. Our strategy is to create and maintain unique online products and services that give our customers added value and are strong enough to let us create new markets and win new business. We achieve this by investing in people, business and product development and applying innovation, quality and excellence in everything we do.

Our strategy, business model and business operations are set out on pages 08 to 11. The Executive Team, led by the Chief Executive, is responsible for recommending the Group's strategy to the Board, based on the interests of our shareholders, customers, team members and other stakeholders. The Board is fully involved in discussing and developing our strategy and business model with the Executive Team before we implement it. The Executive Team is then responsible for putting the strategy into action and managing the day-to-day business.

As they follow our strategy and operational plans, the Executive and Management teams will usually face day-to-day challenges that we see as our principal risks and uncertainties. We have agreed on steps to mitigate them and we always look to follow these steps whenever the risks appear. You can find more details on our internal control and risk management process on pages 48 to 57.

We believe that we continue to add long-term value to our shareholders. During the year the Group completed two acquisitions including Acuant Inc in North America and Cloudcheck in New Zealand.

Our progressive dividend policy and share performance over the last five years are also indicators of long-term value for our shareholders. As we begin to look beyond Covid-19 and the measures that need to be taken because of it, we expect to continue our tradition of paying strong and consistent final dividends. The Chairman's Statement on page 04 and in the Directors' Report on page 94 contain further information on this financial year's dividend.

You can also see a total shareholder return graph in the Remuneration Committee Report on page 88.

Seek to understand and meet shareholder needs and expectations

As mentioned in the s.172 Statement on page 30 communication with shareholders is given high priority by the Board. Chris Clark (CEO), David Ward (CFO) and where appropriate, other members of the Board communicate regularly with institutional investors and sell-side research analysts through press releases, general presentations at the time of the release of the annual and interim results and additional meetings throughout the year. They use these opportunities to provide updates on any changes to our business, strategy, marketplace and acquisition pipeline. Understanding what investors and sell-side research analysts think about GBG and, in turn, helping them understand our business, is a key consideration as we take strategic decisions and allocate investment to drive the business forward. We tailor our communication based on whether we are speaking with new or longstanding investors and share feedback from these meetings with the Board. The Board considers this information to make sure there is a clear understanding of the views of shareholders.

As part of the acquisition of Acuant, Chris Clark and David Ward conducted an investor roadshow to build an appropriate level of institutional investor interest in participating in the £300 million placing of ordinary shares used to partially finance the acquisition. The roadshow meetings were held throughout the week leading up to the proposed acquisition and equity placing was announced on 19 November 2021. The objective was to provide an opportunity for a number of institutional investors in the UK, Europe and North America to meet with management, understand the transaction's strategic rationale, provide feedback and raise any questions or concerns they had. These conversations reinforced our understanding of investor expectations and the importance of GBG successfully executing this strategic acquisition.

The Board uses the AGM to communicate with private investors and welcomes their participation. All Directors attend the AGM and are available to answer shareholders' questions formally during the meeting or informally afterwards. Since 2021 GBG has held the AGM as a hybrid meeting to allow shareholders the option to attend in person or join via electronic means. This will give every shareholder better access to and easier communication with the Board of Directors.

Both the Chairman and Liz Catchpole (Senior Independent Director) are available to speak with shareholders to discuss governance or any other topic related to GBG that is important to them. You can send a meeting request to: investor.relations@gbgplc.com to arrange this.

Take into account wider stakeholder and social responsibilities and their implications for long-term success

Engaging with our stakeholders strengthens our relationships and helps us make better business decisions that deliver on our commitments. This allows us to create a long-term and sustainable business model. We take our wider stakeholder and social responsibilities seriously. That means maintaining effective working relationships with stakeholders including team members, partners, customers, suppliers and regulatory authorities. There is more detail on how we do this in our Directors' Report on page 94 and through our Section 172 Statement on page 30.

In our operations and working methods, we balance the needs of all of these stakeholder groups while still ensuring our success. We promote a culture of honesty, integrity, trust and respect. We expect all members of our team to operate in an ethical way, whether they are dealing with people inside or outside the business.

Our customers and suppliers are mainly long-term partners, so an important part of our culture is to establish and maintain relationships of trust. Our priority is to create a positive customer experience across our whole business, including our product experience, customer success management, professional services and helpdesk.

As part of our commitment to continually improve the GBG Customer Experience, we listen to customers across all business areas. Each year we welcome direct feedback from all our customers and in the last 12 months we have received over 2,000 pieces of feedback. As part of our Voice of the Customer programme, we use this feedback to drive material improvements that are evidenced in key metrics over time. We continue to use the feedback we receive to inform our strategy, product roadmap and customer interactions across all parts of the customer journey, making sure that the customer experience develops to meet the needs and requirements of all our customer base.

Embed effective risk management, considering both opportunities and threats, throughout the organisation

Risk management and controls

The Board and Group approach to risk is set out in the Principal Risks & Uncertainties report on pages 48 to 57 and the Audit & Risk Committee Report on pages 72 to 77.

The Board has overall responsibility for our approach to assessing risk, systems of internal control and our risk appetite. The Audit & Risk Committee is responsible for monitoring and reviewing how effective these systems are. These systems are designed to manage risks rather than eliminate them. They provide reasonable but not absolute assurance against material misstatement or loss and flag any new material risks to the Board.

The Board believes risk assessment and control, with an acceptable risk/reward profile, are fundamental to achieving our corporate objectives. We confirm that there is an ongoing process to identify, evaluate and manage the significant risks the Group faces and the effectiveness of related controls.

Budgets

For the FY23 financial year, GBG completed its annual, comprehensive budgeting process which the Board has reviewed, challenged and approved. The Executive Directors will provide regular updates on performance against this Budget and any updates to the forecast results, ensuring communication of vital information that may have an impact on forecast.

The Board has conducted a rigorous and in-depth assessment of GBG's financial position and outlook and has adopted the going concern principle in preparing these financial statements, as described in note 2.2 of the accounts.

Insurance

Each year, we carry out an extensive insurance renewal programme across the Group. This allows us to review the sums we insure and what type of cover we have, assessing whether current cover is still suitable for a company of our size operating in our current industry. We consider the insurance we have to be comprehensive against claims or action that could be taken against either GBG or its Directors because of their roles.

Maintain a dynamic management framework

Maintain the Board as a well-functioning, balanced team led by the Chair

As at 31 March 2022, the Board was made up of the Non-Executive Chairman David Rasche, three Executive Directors, Chris Clark, David Ward and Nick Brown, plus three Non-Executive Directors, Liz Catchpole, Natalie Gammon and Bhav Singh.

In compliance with the QCA Code, the Board determines independence. In the Board's opinion, Liz, Natalie and Bhav are independent in both character and judgement, in addition, they have all served less than 10 years. The Board have considered David Rasche's length of service and remain confident that he is still independent in character and judgement, in line with best practice he has been subject to annual re-election since his tenure reached nine years. Further to the announcement that GBG will be appointing a new Chair, who will be joining the Board on 1 September 2022, this will be David's last annual re-election. Information about the process for selecting a new Chair can be found in the Nomination Committee Report on pages 90 to 91.

The Executive Directors all work full time for the Group. We also ensure that our Non-Executive Directors do not have an excessive number of directorships so they can contribute an appropriate amount of time to GBG. The Non-Executive Directors are expected to commit a minimum of 20 days per year to Company activities. This is alongside other commitments outside of GBG, a summary of which appears in their biographies on pages 62 to 63.

Corporate Governance statement continued

In accordance with our Articles of Association all Directors retire by rotation and are subject to re-election by shareholders at least once every three years. Non-Executive Directors who have served on the Board for nine years or more, will be subject to annual re-election. Currently this only applies to David Rasche. To see which Directors have been put forward for re-election at the 2022 AGM, please go to the Directors' Report on pages 94 to 96 and the Notice of AGM. The service agreements for each of the Directors are available from our registered office in Chester and on our website.

The Board has a formal schedule of matters reserved for it to decide on, which is available on our website.

The Non-Executive Directors have also met during the year without the Executive Directors and Chair being present.

The Board met on 13 occasions during the financial year. Following the easing of government restrictions in the UK, these have been held both virtually and in person. A summary of attendance is shown in the table (above right). In addition, with regards to the transaction formalities for both of the acquisitions made during the year, meetings were held by a transaction committee, being a sub-committee of the Board consisting of four Board members. These meetings have not been included in the Board attendance figures, and a total of four transaction committee meetings were held during the financial year.

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Directors' biographies can be found on pages 62 to 63. These outline their experience and skills, along with their Committee memberships. The Board and Nomination Committee are satisfied that the Board composition currently has the right balance of experience, skills, independence and expertise to deliver the Company's strategy. In terms of diversity, the Board are satisfied that positive steps have been taken in recent years to address this, with the Board including two female members and five male members as well as welcoming its first Director from a minority ethnic background.

Board meeting attendance

Member	Attendance
David Rasche	13/13
Chris Clark	13/13
David Ward*	10/10
Dave Wilson**	3/3
Nick Brown	13/13
Liz Catchpole***	12/13
Natalie Gammon	13/13
Bhav Singh****	5/5

* David Ward was appointed to the Board on 1 July 2021; his attendance is based on the number of meetings he has attended since his appointment as Director. Prior to his appointment David observed a number of Board meetings to ensure an orderly succession.

** Dave Wilson resigned from the Board effective 30 June 20201 and his attendance is calculated against the number of meetings he was eligible to attend prior to his resignation.

*** Due to the bereavement of an immediate family member Liz Catchpole was unable to attend one unscheduled Board meeting. In line with Board policy on unscheduled meetings, Liz reviewed the papers and provided her comments in advance of the meeting.

**** Bhav Singh was appointed to the Board on 1 November 2021, his attendance is based on the number of meetings he has attended since his appointment as Director.

Gender and diversity of ethnicity are important considerations as we attempt to create a cognitively diverse Board, appointed on merit and reflective of our business model and key stakeholders.

New Directors receive an induction on their appointment to the Board which covers the activities of the Group; and its key business and financial risks, the Terms of Reference of the Board, its Committees and the latest financial information about the Group. The Board ensures that they keep their skills up to date, which includes (but is not limited to) roles and experience with other boards and organisations as well as formal training. They are made aware of accounting, governance and regulatory changes via papers and presentations to the Board. An annual review of compliance with the AIM Rules is also provided by GBG's Nominated Advisor (NOMAD). All Directors have full access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

In addition, the Company Secretary will ensure that the Directors are supplied with information in a timely manner in a form and of a quality appropriate to enable them to discharge their duties. Throughout the year, Board members receive regular business updates and have full access to the Company Secretary and external advisors. Each member of the Board is accountable for maintaining their skills and furthering their knowledge and experience,

Liz Catchpole holds the Senior Independent Director role (the 'SID') to support the Chairman in his role; to act as an intermediary for other Non-Executive Directors when necessary and to give shareholders another channel of communication to the Board. All Directors are able to seek independent professional advice on the Group's affairs, at the Group's expense, though no Director did so this year.

Led by the SID, the Non-Executive Directors meet without the Chair at least once a year to appraise the Chair's performance.

Board evaluation 2022

Stakeholders key

1 Investors
2 People
3 Customers
4 Communities
5 Suppliers
6 Governments and regulators
7 Banks

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Evaluations

This year, we carried out an external review of the GBG Board, utilising the services of BoardClic, who conducted a full and thorough independent evaluation which included both an online questionnaire and individually tailored interviews with each Board member. It provided the Board with the opportunity to provide their own feedback on a number of areas such as Board structure, functionality, objectives, meetings (including the quality of information presented at such meetings) administration and the Committees. The Directors and Company Secretary were first asked to complete an online questionnaire, evaluating the effectiveness of the Board, its Committees, and the Chairman. BoardClic used their responses to create a personalised interview for each participant, which then probed more deeply into certain areas. After the results of the interview were collected, BoardClic created a report for the Chairman which was then discussed by the Board as a whole.

Feedback from BoardClic's evaluation of the GBG Board was positive, it highlighted:

- GBG's excellence in maintaining a well-functioning Board
- trust between the Board and senior management
- a clear vision of what is expected from stakeholders and effective engagement mechanisms between the Board and the wider GBG family

The Board has used the results to develop an action plan to further improve and monitor these developments throughout the year.

The Chair also regularly meets with the Chief Executive Officer and the other Directors outside of the Board meetings to discuss progress and performance of the Group and the Board. In addition to this, the Board as a whole maintain ongoing communications throughout the year, between formal meetings.

Areas of focus for 2022

Future strategy Connected stakeholders: 1 2 3 7	Successful integration of the recent acquisitions (Acuant and Cloudcheck) will be a focus, alongside reviewing and updating GBG's strategy accordingly. The Board to continue to assess potential M&A opportunities, product and technology innovation and entering new geographies and sectors. Read more on page 66
Talent Connected stakeholders: 2 3	Prioritise retention of key talent and assessing that the right level of incentives are in place. This includes reviewing existing incentive schemes and making any changes where appropriate. Read more on page 27
Board composition and sector knowledge Connected stakeholders: 1 2	Non-Executive Directors continue to gain insight into operational matters. To continue to assess and discuss the composition of the Board and what expertise may be required in future. Read more on page 68
Chair succession Connected stakeholders: 1 2 6	The Board acknowledge that David Rasche's length of tenure means that finding a suitable successor is important. Finding someone who can steer the Company through its next period of growth will be key. Read more on page 90

Progress on findings on 2021 evaluation

Continuing to work towards effective management succession Connected stakeholders: 1 2 6	The appointment of David Ward on 1 July 2021 was a success and allowed for a clean and effective transition from our previous CFO, Dave Wilson. Read more on page 71
Improving Board composition and balance Connected stakeholders: 1 2 6	The appointment of Bhav Singh on 1 November 2021 returns us to the position of having a majority of independent Directors as well as bringing experience of international growth to the Board. His appointment also enhances the diversity of our Board composition. Read more on page 90

GBG Annual Report and Accounts 2022

Corporate Governance statement continued

Appointments to the Board
The Nomination Committee is responsible for evaluating candidates and recommending appointments considering the right balance of skills, knowledge and experience. We assess whether or not to use recruitment consultants on a case-by-case basis. New Directors receive a formal induction covering guidance about the workings of the Board and its Committees. New Directors also meet with senior managers of the Group for detailed information and presentations on Group strategy, products and services.

Promote a corporate culture that is based on ethical values and behaviours
The Board embraces its role in setting the high standard for corporate culture at GBG which focuses on ensuring the delivery of long-term value to shareholders whilst stressing the vital importance of engaging effectively with relevant stakeholders.

GBG's vision is to build trust in a digital world; we make life easy for people who have good intentions and difficult for those that don't. Recruiting and retaining the best and most engaged team members, who understand the needs of all of our stakeholders is vital to our success.

Our culture is about how we choose to behave and the way we are encouraged to behave. The GBG culture is created by the actions of over 1,200 people every day. Our culture lives in how we show up and the environment that we create together. It shines through everyone from the members of Board to the very latest team member to arrive. Our culture is a shared view of what we stand for as a company and a mutual commitment to each other, expressed in every action we take. To manage GBG effectively, we need a positive, effective culture. GBG's Executive Team is responsible for establishing, communicating and promoting a culture that aligns with GBG's strategy and objectives. Team members are expected to be open and candid when discussing issues, to take ownership and do the right thing for our customers, shareholders, and one another.

We expect all members of our team to operate in an ethical way, whether they are dealing with people inside or outside the business. GBG does not accept behaviour that goes against this, or that could damage our reputation.

Our vision is to have 'the best and most engaged people' because we understand the link between highly engaged people and results. We have clear strategies for how to achieve this objective and each year our Annual Report aims to demonstrate what we are doing to make it happen. We run an engagement survey twice a year (the Q12 survey) to give all team members a voice and allow us to identify, listen and respond to any feedback that might affect engagement. Following the Q12 results, all senior managers and Executive Team members must champion action plans in each of their areas for any improvements that need to happen. More information on the results of this year's Q12 surveys can be found on in our ESG Statement on pages 20 to 29.

The Board and Executive Team communicates with team members regularly to keep them informed about how the business is performing through our global intranet platform 'be/connected'. This platform also lets team members share news stories and access learning resources and general information about GBG.

Chris Clark, CEO, also hosts bi-weekly virtual live business updates across the Group, ensuring that all team members are kept up to date with how the business is performing and any key changes they need to know about. Team members also have the opportunity to ask the CEO any questions they may have. We believe this approach promotes transparency throughout the Group and encourages engagement which is echoed as part of the feedback we received from our recent Q12.

More information on our culture can be found in our ESG Statement on page 27.

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board
Our Board believes that good corporate governance is essential for building a successful and sustainable business in the long-term interests of all our stakeholders. The Board has a robust management framework, as illustrated below, with clearly defined responsibilities, it sets the direction for the Group through a formal schedule of matters reserved for it to decide on.

There is a clear separation of the roles of Chief Executive Officer and Non-Executive Chairman:

- The Chair is responsible for overseeing the running of the Board, making sure that no individual or group dominates the Board's decision-making and seeing that Non-Executive Directors are properly briefed. The Chair is responsible for corporate governance overall and chairs the Nomination Committee
- The Chief Executive Officer is responsible for implementing the strategy of the Board and managing day-to-day business activities
- The Company Secretary is responsible for making sure the Board follows its procedures and complies with rules and regulations

We agree on a calendar of Board meetings and key matters for discussion at the beginning of each year. The Board holds ten meetings a year with the caveat that should any urgent business arise, the Board would make themselves available for a meeting.

Board papers are usually circulated securely via our Board Intelligence portal five business days before each meeting. This allows for sufficient reading time and any necessary clarifications ahead of the meeting. The Board will continue with a combination of virtual and in person meetings as we believe a 'hybrid model' will prove the most effective system going forward.

The Board has established Audit & Risk, Remuneration and Nomination Committees with formally delegated duties and responsibilities. You can find the Terms of Reference for each on our website. For a summary of their work during the year ended 31 March 2022, please see each individual report.

As mentioned previously, last year we established an ESG Committee, chaired by Natalie Gammon. Our ESG initiatives have also been strengthened by the recent appointment of our ESG Strategist and Programme Manager and the continued development of the be/yourself initiative. For further information on this, please see page 24.

Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders
It is the Chair's responsibility to:

- communicate with shareholders and make sure that the Board is made aware of any concerns in a timely manner
- make sure members of the Board, particularly the Non-Executive Directors, understand major shareholders' views
- make sure the Board keeps its integrity and effectiveness

It is very important for us to communicate regularly with our various stakeholder groups in a clear, fair and accurate way. We do this through regular announcement and update statements to the London Stock Exchange and through our website, particularly the investors section, where you can register for emails about our future announcements. You can read our historical financial reports and AGM Notices on our website. We announce the results of voting on all AGM resolutions shortly after the AGM itself. We also post a more detailed analysis of voting at General Meetings on our website. This includes any actions we would propose to take, in situations where more than 20% of shareholders voted against a resolution. Shareholders are encouraged to arrange meetings with the Board should they wish to address any specific matters.

Our ability to communicate effectively with shareholders can be demonstrated this year with the CFO transition. As part of our commitment to give our investors greater insight into the CFO succession process (that took place during the FY21 financial year) David Ward, prior to being officially appointed as a Director, joined Chris Clark and Dave Wilson (departing CFO & COO) in the full-year investor roadshow in June 2021. This meant that David Ward was introduced to GBG's largest investors alongside Dave Wilson with assurances on how a smooth handover would be achieved.

> **Our vision is to have 'the best and most engaged people' because we understand the link between highly engaged people and results. We have clear strategies for how to achieve this objective and each year our Annual Report aims to demonstrate what we are doing to make it happen.**

In November 2022, we announced the acquisition of Acuant, a leading US Identity Verification and Identity Fraud prevention business. The acquisition involved an equity share placing and as part of the process, Chris Clark (CEO) and David Ward (CFO) conducted a virtual roadshow to engage with 39 new and existing institutional holders on the strategic rationale of the deal ahead of the equity share placing. The Board was also mindful of including private investors within the equity share placing and provided access via a retail offering on the PrimaryBid platform, a practical solution to enable GBG to include private investors despite the short timeline of the process.

Communication with team members has also been greatly enhanced following the Covid-19 pandemic as we have continued the use of our bi-weekly live webinars. These give team members the opportunity to ask our CEO, Chris Clark, any questions they may have as well as allowing the CEO to communicate business updates with all team members effectively and succinctly. For example, the webinar that was held after the acquisition of Acuant allowed Chris to explain the immediate impact of the decision as well as how it fits into the wider GBG strategy.

Conflicts of interest
Under the Articles of Association, the Board has the authority to authorise any matter proposed to it including if there is a direct/indirect conflict of interest. Matters concerning this are subject to a strict adherence to the articles regulating such authorisations, including the exclusion of the Director in question as well as any other interested Director.

Advisors
GBG has regular contact with its advisors in order to ensure the success of its corporate governance regime. Our NOMAD, Peel Hunt, helps support the Board's development as well as providing advice on corporate governance and regulatory matters. We are also supported by Equiniti (registrars), Tulchan (financial PR), Squire Patton Boggs (corporate lawyers) and Ernst & Young (external auditors).

All Directors may receive independent professional advice at GBG's expense, if necessary, for the performance of their duties.

GBG Annual Report and Accounts 2022

Audit & Risk Committee report

Quick facts

Member	Attendance
Liz Catchpole	5/5
Natalie Gammon	5/5
Bhav Singh*	3/3

* Bhav joined the Company on 1 November 2021. His attendance is based on the number of meetings he was able to attend since joining the Committee.

Note: Two of the meetings held this year were timed to coincide with key dates in the Group's financial reporting and audit cycle. At the end of each of these meetings, the Committee met separately with the external auditors, without the Executive Directors or management being present.

By invitation, this year's Audit Committee meetings were attended by the Executive Directors, Company Secretary, external auditors, internal auditors and management as required.

- Liz Catchpole has chaired the committee since November 2017. She is a chartered certified accountant and is considered by the Board to have recent and relevant financial experience, including her current position as 'Chair' of the audit committees of another board in the financial services sector.
- All members of the Committee are Independent Non-Executive Directors and the Board is satisfied that the Committee as a whole has competence relevant to the sector.
- Representatives from EY and the Chief Regulation Officer each have time with the Committee and the Company Secretary to raise freely any concerns they may have without management being present.

Dear Shareholder

On behalf of your Board, I am pleased to present the Audit & Risk Committee Report for the year ended 31 March 2022.

Accounts that are fair, balanced and understandable

The Audit & Risk Committee is responsible for making sure the financial performance of the Group is properly prepared, reviewed and reported. Our role includes ensuring the integrity of the financial statements including examining documentation relating to the Annual Report, Interim Report, preliminary announcements and other related reports. We are responsible for reviewing internal control systems, risk management systems and the accounting principles, policies and practices adopted for preparing public financial information. We are satisfied that this Annual Report is fair, balanced and provides the information necessary for shareholders to assess the Group's position and performance, as well as its business model and strategy.

Role and responsibilities

The role of the Committee is set out in its Terms of Reference. These are reviewed annually and are available on the Group's website www.gbgplc.com/en/investors.

The Committee is responsible for providing oversight in the following areas:

- financial reporting, including reviewing the financial statements and other formal announcements and challenging and reviewing the significant judgements contained in these documents
- risk management and related controls and compliance
- monitoring the relationship with the external auditor and reviewing the effectiveness, scope, objectivity and independence of auditor
- approving the external auditor's remuneration and terms of engagement, including making recommendations regarding its reappointment
- internal audit, including agreeing the plan, findings and implementation of these findings
- ensuring whistleblowing processes are robust
- reporting to the Board on how the Committee has discharged its responsibilities throughout the year

The Audit Committee – membership and experience

The Audit Committee is appointed by the Board, and the members include myself as Chair, Natalie Gammon and Bhav Singh. We are all considered Independent Non-Executive Directors. Other members of the Board, along with senior management and the external audit partner, are regularly invited by the Chair to attend Committee meetings. The Board is confident that the Committee has sufficient recent financial experience, relevant to the sector in which the Group operates and appropriate access to company insight and professional advice. I am a Chartered Certified Accountant with an MBA and have chaired the audit committees of other boards, I also maintain an up-to-date understanding of financial and corporate governance best practice by attending regular training sessions. Natalie Gammon also serves on the audit committee of other companies and the Committee welcomed Bhav Singh as its newest member on 1 November 2021. If needed, the Committee can seek professional advice at the Company's expense, although we did not seek any such advice during the year.

Key activities considered during the year

Financial reporting

The Committee has reviewed and discussed with executive management and the external auditor, the audited consolidated financial statements in the FY22 Annual Report. The Committee also reviewed the half-year results.

Our rigorous challenges and discussions focused on:

- the quality, not just the acceptability, of the accounting principles
- the reasonableness of significant judgments and estimates
- the acquisition of Acuant and other acquisitions, including all financial disclosures
- risks and risk management

Significant issues

The Committee, external auditors, internal auditors and management considered the following issues as significant in relation to the financial statements.

Matters considered

Accounting for business combinations

This is an area requiring accounting judgement particularly around discount rates, tax rates, growth rates and attrition rates. In the current year, we engaged independent valuation specialists to prepare the valuation for the Acuant and Cloudcheck acquisitions. The Committee reviewed the reports prepared by the specialists and those of management and challenged the key assumptions against external evidence and the Committee's own market knowledge. The Committee was satisfied this area has been appropriately disclosed.

Revenue recognition

The Committee assessed management's analysis of contracts under IFRS 15 and, after challenge, concluded that revenue has been properly recorded in the period in accordance with accounting standards.

In the current year this review specifically also considered the appropriateness of the Acuant revenue recognition policies, which were considered appropriate.

Going concern

The Committee reviewed management's papers, scenario modelling and disclosures regarding going concern. The Committee was satisfied that it was appropriate to produce the accounts on a going concern basis.

Impairment of goodwill and intangible assets

The Committee reviewed management's papers and, after challenge, concluded that it agreed that the goodwill and intangible assets in the cash-generating units were supportable based on future cash flows, which were approved as part of the budget process.

External audit

Ernst & Young LLP ('EY') has audited the Group's accounts since 1993 and were reappointed in 2019 following a rigorous retender process. Although the Board and the Committee have been satisfied with EY's quality of service, independence and objectivity, following feedback from the Company's largest institutional shareholders it was decided that a competitive tender process should take place. It was agreed that the new audit firm would take over as external auditors for the audit of the year beginning 1 April 2023. Due to EY's length of tenure, it was decided that they should not be invited to participate in the selection process.

Due to the size and complexity of the Group, it was considered that audit firms outside top six audit firms would not have sufficient resource or global reach to perform the annual audit and were therefore ruled out of the tender process.

The Committee approved and oversaw a thorough tender process, including agreeing the timetable and preparing the tender document in accordance with the relevant requirements. Having carefully considered and followed the Financial Reporting Council ('FRC') guidance on audit tenders, we decided that the process should follow five stages set out on the next two pages.

GBG Annual Report and Accounts 2022

Audit & Risk Committee report continued

Stage 1

The Committee recommended the audit tender to the Board in March 2021 to take place in the next financial year. The successful firm's first year would be signing the audit opinion for the 12 months to 31 March 2024 which would allow a sufficient handover period with the incumbent auditor. The Committee agreed the timetable for the tender, the tender document, the tender shortlist and the key decision criteria for the recommendation it would make to the Board.

Stage 2

Before issuing the invitation to tender, David Ward, Chief Financial Officer, met with the proposed audit partner of each shortlisted firm. This provided an opportunity to assess each audit partner and their firm in terms of independence, international capability and experience.

Four firms were invited to tender, including two from outside the 'Big Four'. As noted previously, EY were not invited to participate and another of the Big Four was conflicted due to a material joint commercial offering between GBG and this firm in the US.

We sent each firm a list of proposal requirements and the evaluation criteria. The criteria included, but was not limited to, the audit quality record of the firm and lead partner, demonstration of a probing and challenging attitude, industry and geographic capability and coverage with GBG. We invited each firm to meet with me separately, as well as additional meetings with other members of GBG's management and Finance Team. Firms were also invited to a secure virtual data room where they could access information about GBG to help them understand the business (e.g. organisational charts), finance processes (e.g. consolidation workings and finance system overviews) and our policies on key accounting areas of judgement (e.g. revenue recognition).

Stage 3

Disappointingly, two of the firms declined to participate in the tender. This included one of the Big Four firms who stated that they did not have sufficient resources to take on another large audit and a non-Big Four firm who stated that they were not able to tender for work during their January – March 'busy period' as there was a focus on ensuring the audit quality of existing audits was maintained in this period. We challenged each of these firms on their decision as both had previously indicated a willingness to participate. This challenge included discussions with senior partners yet despite this escalation they were not willing to reverse their decision.

At this stage, it was considered whether it was appropriate to still proceed with the audit tender process given that there were only two audit firms remaining. However, reference was made to the FRC guidance that specifically states that 'many conflicts of interest arise which may make it difficult to identify more than two firms to be involved in the process' and 'the legal requirement is that at least two firms are presented to the full Board by the Audit Committee, with a justified preference for one firm'.

The remaining two firms submitted extensive written proposals in February 2022. We reviewed the proposals and it was agreed that both firms should be shortlisted for the next stage. The Chair of the Audit Committee met both audit partners.

Stage 4

We invited the final two firms to present to the Audit & Risk Committee in March 2022. The Committee then met to evaluate each firm using pre-agreed key decision criteria to reach its recommendation to the Board. To support this assessment a scorecard was developed with each firm marked on:

- Capability and competence (covering the audit partner, wider team and the firm's audit quality)
- Relationships and track record
- Service proposition (covering audit approach and value for money)
- Behaviour and deliverables (covering behaviour during the process and quality of the proposal document and oral presentation)

Stage 5

The Committee concluded that both firms taking part in stage four of the process demonstrated a high level of competence on all audit matters. The Committee recommended that PricewaterhouseCoopers LLP ('PwC') be appointed on the following basis:

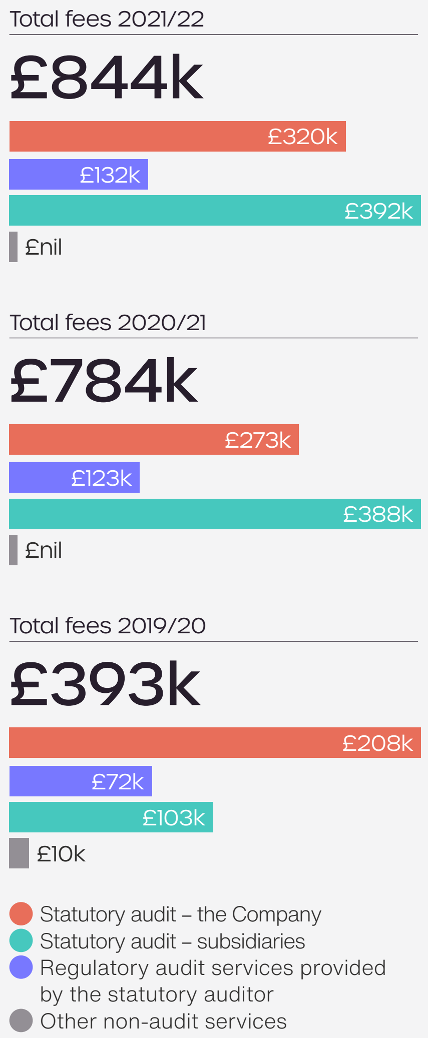
- Their proposed audit approach, specifically the balance between a substantive and controls-based audit, was more reflective of GBG's current control environment, especially following recent overseas acquisitions. Their proposal demonstrated an understanding of the need to evolve as IT systems and processes changed.
- PwC has the international coverage required as the Group continues to expand as well as partners and audit teams experienced in conducting global audits.
- The Committee was satisfied with PwC's audit quality results (taking into account the FRC's audit quality reports and open investigations). The firms were challenged on these results throughout the process and specifically during the oral presentations. The Committee was satisfied with the responses from PwC on their commitment to maintaining and improving audit quality.

During the year, we approved EY's terms of engagement, scope of work and the process for the interim review and the annual audit. We also reviewed, challenged and agreed the audit fee proposals and approval for non-audit services fees, tenure and audit partner rotation (based on best practice and professional standards within the United Kingdom). This financial year we have had a new EY senior audit partner, Kate Jarman, leading our audit. I have been in regular contact with EY during the year to discuss, amongst other things, progress of this year's audit and specific actions required in response to the Covid-19 pandemic and updating the progress of the audit tender. PwC will now begin a year of learning about the business and observing EY prior to beginning the audit from 1 April 2023.

GBG Annual Report and Accounts 2022

Audit & Risk Committee report continued

Comparison of audit fees



Non-audit services

The only non-audit services EY provided in the year were the review of the Group's half-year results and agreed upon procedures regarding covenant compliance in accordance with the Group's banking facilities and approval of the SAYE prospectus for Australian team members. EY did not perform any other non-audit services during the year. We do not expect EY to perform any non-audit services (except for those performed in FY22). We selected EY for these tasks as they would normally be performed by the Company's external auditor as detailed in note 6 to the financial statements.

Auditor independence

The Board ensures external advisors remain independent by having separate firms (non-EY) carrying out financial due diligence and general advice relating to acquisitions and tax matters.

The Committee has and will continue to assess the independence, tenure and quality of the external auditor at least once a year, in addition to requiring both verbal and written confirmation of the auditor's independence. EY has confirmed that there are no relationships between themselves and the Group that could have a bearing on their independence.

Whistleblowing policy

During the year we carried out an annual review of our whistleblowing policy to make sure it is still appropriate for a Group of our size and for the geographies in which we operate. We are satisfied that it is. Concerns can be raised through a variety of channels and anyone who wishes to raise a concern has access to GBG's confidential and independent whistleblowing helpline. We receive monthly reports from our external whistleblowing helpline provider and should an incident be raised, investigations are carried out independently with findings being reported directly to the Chair of the Audit & Risk Committee, who is the Group's whistleblowing officer. They are also formally reported to the Audit & Risk Committee. In this financial year two team member management issues were raised through the whistleblowing helpline (FY21: no instances). Both were fully investigated in line with our whistleblowing policy and dealt with appropriately. A full report was provided to the Audit & Risk Committee.

Internal audit

BDO LLP was appointed as the Group's internal auditors in 2020. Their role is providing the Committee and Management with assurance on the adequacy of the Group's internal control arrangements, including risk management and governance.

In their first year of working with us, BDO reviewed the Group's Risk Management Framework. The review identified a number of areas of good practice that the Group had already implemented as well as areas where the Group could look to improve. In September 2021 the Committee approved a revised Global Risk Framework, which has been communicated across GBG with supporting training and guidance. We have completed a full review of all the Group's risks; risk registers are in place across all business areas and are subject to regular review and challenge. This activity led to a refresh of the top risk profile which was discussed at the Committee and is now subject to regular risk reporting. For further information on our Risk Management Framework, see our Principal Risks & Uncertainties report on page 50.

This financial year BDO carried out an assessment of the Group's compliance with Market Abuse Regulation (MAR) and share award processes. The Company's policies, procedures and management of insider lists were reviewed as part of the assessment. The review highlighted several areas of good practice with regards to the arrangements in place to mitigate specific risk areas identified in relation to MAR compliance and the maintenance of insider list. It was also acknowledged that the process for maintaining share option awards and payment records was good. BDO's recommendations were discussed with the Group Company Secretary and Director of Finance Operations. The Committee remains satisfied that effective controls are in place.

The Committee maintained regular contact with BDO throughout the year to discuss progress and the status of our internal audit programme. In addition, the Committee has also met with BDO and the executive management team to review and challenge the reports produced by BDO and management's responses to BDO findings.

Internal control and risk management

The Board has overall responsibility for the Group's approach to assessing risk and systems of internal control and for monitoring how effective they are. There are limitations inherent in any system of internal control. The system is designed to manage risks rather than eliminate them. It provides only reasonable and not absolute assurance against material misstatement or loss. However, there is a robust ongoing process for identifying, evaluating and managing the principal and emerging risks the Group faces. In the financial year we also appointed our own dedicated risk manager to lead and monitor our risk processes.

For full details of our risk management and internal control systems and processes, please see our Principal Risks & Uncertainties report on pages 48 to 57.

Lara Clark, Chief Regulation Officer, worked alongside executive management and BDO to establish a risk programme which incorporated a roadmap plan of actions to address each of the review's findings. I am pleased to say that we have made positive progress against the roadmap and we continue to receive regular risk programme updates. We intend to continue to mature our risk management capabilities in line with the growth of the business.

Board-level reporting on risk management and internal control

This year, we have reviewed reports from the external and internal auditor and executive management relating to internal control, financial reporting, risks and risk management and presented those reports to the Board. This process is reviewed on a quarterly basis to make sure the risks included in the bi-annual reports are valid and relevant.

We have provided the Board with an independent assessment of the Group's financial position, accounting affairs and internal control systems.

Anti-tax evasion policy

The Group has in place a policy to uphold all relevant laws that counter tax evasion. This policy has been added to the Group's 'Code of Conduct' and published on our intranet. The policy is reviewed on an annual basis and updated as required. During the year a new Head of Tax role was approved to further strengthen our ability to ensure we are compliant with global tax regulations, particularly as the Group expands into new territories. The successful candidate joined GBG in June 2022.

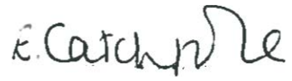
Future focus for Audit Committee

The key focus for the Committee in the year ahead will include:

- the Acuant acquisition accounting and integration into GBG, including impacts on financial reporting, risk management and internal controls. Our Executive Director Nick Brown is responsible for leading the integration project
- Following the external audit tender, PwC will shadow our current auditors EY during the FY23 audit. The Committee will oversee the handover to ensure a smooth transition
- Continuing the progress made on developing our Risk Management Framework
- The Committee will continue to plan and develop the internal audit programme and identify areas for review. The Risk Manager will lead this using co-sourced external support
- The Audit Committee will also be reviewing and considering UK governance changes proposed in the recent BEIS White Paper on Audit Reform

Annual Committee evaluation

The Committee's effectiveness was reviewed during the year as part of the annual review of the Board and its Committees. This financial year, BoardClic, an external board evaluator, carried out the review. Committee members felt that the Committee could be strengthened by the appointment of another member, this has since been addressed by the addition of Bhav Singh. I am pleased to report that the review concluded that the Committee continues to discharge its duties effectively. You can find further details on the external board evaluation on page 69 of the Corporate Governance Statement.



Liz Catchpole
Audit & Risk Committee Chair

22 June 2022

Remuneration Committee report

Quick facts

Member	Attendance
Natalie Gammon	3/3
Liz Catchpole	3/3
Bhav Singh*	2/2

* Bhav joined the Committee on 1 November 2021. His attendance is based on the number of meetings he was able to attend since appointment.

- Natalie Gammon has chaired the Committee since August 2020.
- All members of the Committee are Independent Non-Executive Directors. Attendance at Remuneration Committee meetings is set out above, and the relevant Directors' biographies can be found on pages 62 to 63.
- By invitation of the Committee, meetings are attended by the Chairman, the Executive Directors, the Company Secretary, the Chief People Officer and the external adviser to the Committee.
- No Director or other senior executive is involved in any decisions as to their own remuneration.
- The Committee is authorised to seek outside legal or other independent professional advice as it sees fit.

Information not subject to audit

This report is for the year ended 31 March 2022. It sets out the remuneration policy and the remuneration details for GBG's Executive and Non-Executive Directors. As an AIM-quoted company, we have to disclose this information to fulfil the requirements of AIM Rule 19. In accordance with AIM Rule 26, we comply with the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). While we are not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, we are committed to achieving both high governance standards and a simple and effective remuneration structure. The following information is unaudited except where stated.

Annual Statement from the Chair of the Remuneration Committee

Dear Shareholder

I am very pleased to present our Directors' Remuneration Report for the year ended 31 March 2022. In keeping with last year's structure, we have separated the report into three sections: the Annual Statement; the Directors' Remuneration Policy; and the Director's Annual Report on Remuneration, which describes how we have implemented the policy throughout the year and looks ahead to 2022-23. As in previous periods, we have presented the remuneration policy as a table to make it clear and simple, in line with best practice amongst AIM companies.

The Committee is primarily responsible for determining and recommending to the Board the policy for the Executive Directors' remuneration and employment terms. The Committee is also responsible for reviewing (and making recommendations to the Board about) share incentive plans and performance-related pay schemes and their associated targets, as well as employee benefit structures across the Group. In addition, the Committee also monitors remuneration structures below Board level and considers proposals and remuneration packages when bringing key talent into the Group.

It has been a transformative year within GBG. M&A is a core pillar of our strategy and we have a strong track record of execution having acquired and successfully integrated 15 companies since 2011. Each acquisition has continued the evolution of the Group from a UK-based customer data and marketing services organisation to a global leader in digital identity and identity fraud software solutions, supported by our international location intelligence business, which delivers superior customer experience as well as prevention of some types of fraud.

Our progress has further accelerated with the acquisition of Acuant on 29 November 2021. We firmly believe this will help the Group create sustainable long-term value. Additionally, the Group also completed the acquisition of Cloudcheck on 31 January 2022. This further complements our identity strategy in Australasia.

The remuneration policy is fundamental to the delivery of the Group's ongoing strategic objectives and provides key incentives and support for sustainable long-term value creation. We firmly believe that our remuneration policy effectively rewards and incentivises our Executive Team and senior management. It also makes sure we provide fair pay and promote all of our team members' wellbeing and engagement. We align our remuneration with the Group's strategic aims and consider how we distribute incentives across all GBG team members. In this way, we make certain that these incentives also create long-term value for our stakeholders.

The Committee will put an advisory resolution to shareholders at the 2022 Annual General Meeting ('AGM') to consider and approve this report. Shareholders considered a similar resolution at the 2021 AGM and supported it by 99.9% of the votes cast.

Committee composition

Bhav Singh was appointed to the Board and Remuneration Committee on 1 November 2021 following a rigorous appointment process using an external search firm. The appointment of Bhav increases the Committee's membership to three, all of which are Independent Non-Executive Directors.

The Committee at a glance

The Remuneration Committee held three meetings during the year. Please see the attendance table for further information.

The Committee has discharged its responsibilities throughout the year by:

- considering and approving bonus measures & KPIs
- considering and approving Executive Directors' salaries and the Chair's fee
- approving Executive bonuses
- considering and approving share matching awards and exercises for Executive Directors
- reviewing and considering the Group's share plans, including the introduction of a performance share plan and a restricted share plan
- considering and approving the Save as You Earn Scheme
- reviewing and approving the Company's Gender Pay Gap Report
- considering and approving the addition of an ESG measure into the annual bonus scheme for Executive Directors
- reviewing remuneration arrangements for the wider workforce

Performance and decisions on remuneration taken during 2021-22

Introduction of an ESG KPI

In the financial year, the Remuneration Committee agreed to include a fourth KPI for Executive bonuses to maintain a focus on ESG improvements and communication, by:

- maintaining our MSCI 'AA Rating'
- agreeing targets and/or objectives based on the six UN SDGs
- using transparent communication to ensure all stakeholders clearly understand our ESG focus

The targets emphasise senior accountability for ESG and ensure that management considers ESG factors in business planning, priorities and decision-making. For the CEO the Committee agreed 7.5% of total maximum bonus would be linked to ESG targets and 5% of total maximum bonus for the other Executive Directors.

> The Remuneration policy is fundamental to the delivery of the Group's ongoing strategic objectives and provides key incentives and support for sustainable long-term value creation. We firmly believe that our remuneration policy effectively rewards and incentivises our Executive Team and Senior Management, as well as ensuring fair pay, wellbeing and engagement across all of our team members.

Company performance

GBG has experienced another strong year of transformational growth, with two successful strategic acquisitions, Acuant and Cloudcheck. GBG has continued to meet the Board's growth expectations throughout the year, with revenue increasing by 11.4% and organic growth of 10.6% on a constant currency basis.

Review of incentive arrangements for Executive Directors

Our current incentive arrangements for Executive Directors comprise the annual bonus and the Share Matching Plan ('SMP'). These plans were put in place to support the remuneration policy to provide competitive total reward subject to stretching performance targets that supports the business strategy without exposing shareholders to unreasonable levels of risk.

The Committee believes that the SMP has until now been a key part of the overall remuneration package. Following a review of market practice and the elements of our remuneration policy, we have decided to replace this plan with a more standard Performance Share Plan ('PSP') structure, with annual rolling awards subject to three-year performance conditions and without the specific link to annual bonus awards that is a feature of the SMP. The new PSP is aligned with majority market practice and therefore will ensure that the Company can attract and retain Executives with simpler, more market-familiar structures.

A remuneration benchmarking exercise was carried out to determine appropriate PSP award levels, based on practice within companies of a similar size to GBG, within the technology sector and the broader market. Based on this exercise, the Committee has determined that the normal annual PSP grant will be 225% of salary for CEO and 175% of salary for other Executive Directors. The first awards are intended to be made shortly after the 2022 AGM, and will be based on earnings per share ('EPS') and relative total shareholder return ('TSR') over a three-year period.

GBG Annual Report and Accounts 2022

Remuneration Committee **report** continued

All outstanding SMP awards will continue in operation based on their original terms and conditions.

No other changes to Executive Director rewards are planned other than an increase to base pay in line with the Group pay increase (of 5%) applicable to all eligible team members.

Annual bonus

In light of this year's strong performance and the Company meeting its targets, the CEO, CFO and the Group Managing Director earned annual bonuses for FY22 totalling 140%, 108% and 123 % of their respective salaries.

Dave Wilson's departure

Dave Wilson stepped down as a Director of the Company on 30 June 2021. Dave's services were available to the Company until 31 December 2021 ('End Date'). Up to and including the End Date, Dave's salary and benefits continued in the usual way. No bonus was paid to Dave in relation to FY22.

The Company treated Dave as a 'Good Leaver' under the rules of the its Share Matching Plan ('the Plan') granted in 2018, 2019 and 2020 ('the Awards'). Dave did not receive an award under the Plan for 2021. The Awards will vest at the normal vesting dates, subject to the Plan rules, achievement of the relevant performance conditions and shall, at the discretion of the Committee, be exercisable on the same basis as if Dave's employment had not terminated.

The Company did not make any additional payments to Dave.

> "Our reward philosophy (be/rewarded) is to ensure our team members are fairly rewarded for the contribution they make. In April 2021 we awarded 300 options over shares in GBG to all team members who were employed on this date.

Workforce and fair pay

Our reward philosophy (be/rewarded) is to make sure our team members are fairly rewarded for the contribution they make. In April 2021 we awarded options over 300 GBG shares to all team members who were employed on this date (excluding the Executive Team and Executive Directors). These share options will mature on 7 April 2023 provided that the option holder is still employed by GBG on this date. We have also continued to conduct market evaluation and pay benchmarking exercises, to make sure our pay practices are competitive and fair.

We recognise the challenge that rising prices are having on our people and their families and as a result a pay increase equivalent of 5% is to be awarded with effect from 1 April 2022 to all eligible team members. In some markets we have also added to benefits such as holiday entitlement, to make sure we remain competitive and fair to our team. During the year we also introduced a policy of ultra flexible working which has been well received by our team and sets us apart in a very competitive talent market. We hope that these measures will be sufficient to retain current team members and attract new employees.

We are also proposing to introduce a Restricted Share Plan ('RSP') at the 2022 AGM. The intention is that this plan will be operated primarily for incentivisation and retention purposes for selected team members below Board level.

Both PSP and RSP plans incorporate a 10% dilution limit, to be measured over a rolling 10-year period. They also include updated malus and clawback provisions, as well as general discretion provisions, in order to ensure the Committee has the ability to adjust outcomes, in exceptional circumstances, where it is appropriate to do so.

Shareholder engagement

During the 2021/22 financial year, we consulted with major shareholders in relation to a number of aspects of executive remuneration for the year ahead. The Committee continues to monitor closely the impact of Covid-19 on the business and wider economy in light of future developments.

Although the Company has not adopted the consultation processes outlined in the Corporate Governance Code, we welcome dialogue with shareholders and the Directors' Remuneration Report will be put to an advisory vote at the forthcoming 2022 AGM.

Committee evaluation

The Committee's performance was evaluated during the year with no areas of focus to report. Further information on this year's external evaluation can be found on page 69.

Looking forward to financial year 2022-2023

GBG has always recognised the need to report in an open and transparent manner and align with shareholder and stakeholder expectations. The policy table on pages 82 and 83 sets out how annual bonus and long-term incentives operate under the remuneration policy with some information on the historic parameters.

We hope that you will find this report to be informative and transparent and we look forward to receiving your support. We are committed to and encourage open dialogue with our shareholders and are pleased to hear feedback. You can find further information about how we engage with stakeholders in our Section 172 Statement on pages 30 to 35.

Natalie Gammon
Remuneration Committee Chair

22 June 2022

> "We are committed to and encourage open dialogue with our shareholders and are pleased to hear feedback on this report.

GBG Annual Report and Accounts 2022

Remuneration policy

Executive Director remuneration policy

Our remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement our business strategy to optimise long-term value for our stakeholders. It is our intention that this policy should conform to best-practice standards, continuing to apply these for FY23 and later years. We will continue to review these on an ongoing basis. The policy is based on the following key principles:

- The total reward level is competitive enough to attract and retain high-calibre executives
- Executives earn total incentive-based rewards by meeting demanding performance standards consistent with shareholder interests
- The Committee will structure incentive plans, performance measures and targets to operate soundly throughout the business cycle
- The Committee will prudently design long-term incentives, so these do not expose shareholders to unreasonable financial risk
- In considering the market positioning of reward elements, the Committee will consider the performance of the Group and of each Executive Director
- Reward practice will conform to best practice standards as far as reasonably practicable
- The importance of aligning the Company's strategy with its Corporate Sustainability Framework

When formulating the scale and structure of remuneration levels the Remuneration Committee considers market rates, drawn from external market data, for the remuneration level offered to directors of comparable type and seniority in other companies whose activities are similar to GBG. In addition, we also consider the pay and employment conditions of our team members when determining Directors' remuneration. Where appropriate we seek advice from external consultants and were advised by h2glenfern and PwC during the year. No Director was involved in deciding the level and composition of their own remuneration.

Each Executive Director's remuneration package consists of basic salary, bonus, share options, health and car benefits, prolonged disability insurance and pension contributions. We maintain an appropriate balance between the fixed and performance-related remuneration elements. The details of individual components of the remuneration packages and service contracts are outlined in the table to the right.

Bonus and share option awards to Executive Directors are subject to clawback and malus provisions. In addition, Executive Directors are required within five years of their appointment to build and subsequently maintain, a minimum level of share ownership in GBG shares. Details of the minimum shareholding policy are outlined in the table to the right.

This part of the report sets out the Executive Directors' remuneration policy. The table to the right details the policy on each element of remuneration and how it operates.

Elements and link to remuneration policy/strategy

Base salary
To attract and retain high-calibre executives.

Benefits
To provide an attractive package alongside basic salary to attract and retain executives.

Pensions
To provide market competitive arrangements.

Performance related bonus
To incentivise achievement of Company profit targets and other near-term strategic objectives.

Long-term incentives
To align executives to the interests of shareholders and to incentivise long-term financial performance.

Shareholding guideline
Incentivises executives to achieve the Company's long-term strategy and create sustainable stakeholder value.

Aligns with shareholder interests.

Read the table right for more information on these elements.

Key features/operation	Potential value	Performance metrics
Base salary – Reviewed annually, changes effective from 1 April. Executive Director's experience, responsibilities and performance taken into consideration. Performance is assessed both from an individual and business perspective.	Effective 1 April 2021: CEO salary: £504,300 CFO salary: £375,000* GMD salary: £294,175	None
Benefits – Benefits include but are not limited to private medical insurance and dental insurance. The Company provides cash in lieu of any car benefits.	The potential value of medical insurance benefits is limited by the terms of the policy.	None
Pensions – The Company contributes to executives' existing personal pension schemes. Cash payments in lieu of pension is available in the event an executive has exceeded their personal pension allowance.	CEO: 17.5% on basic salary CFO: 5% on basic salary GMD: 12.5% on basic salary	None
Performance related bonus – Based on performance against targets related to financial and individual KPIs agreed at the start of the year. No formal deferral requirement. Executives can re-invest up to 80% of their bonus in the Share Matching Plan. In the past, Executives have reinvested large proportions of their bonus in shares.	Payments capped at 150% of salary for the CEO and 130% of salary for the CFO, and GMD	EPS growth targets and non-financial KPIs aligned to strategic objectives. These include improving employee engagement, increasing GBG's Net Promoter Scores and increasing organic growth. For the executives the maximum pay-out for the EPS growth target objectives is currently 120% of base salary for the CEO and 110% of base salary CFO and GMD. The maximum pay-out for all executives for the individual KPIs is currently 22.5% of base salary for the CEO and 15% of base salary CFO and GMD. The maximum pay-out for all executives for maintaining ESG improvements is currently 7.5% of base salary for the CEO and 5% of base salary CFO and GMD.
Share Matching Plan – Participants may purchase shares up to a maximum aggregate value of 80% of the amount of their bonus and/or 20% of their annual salary ('Investment Shares'). All of these amounts are net of the employee's national insurance and income tax paid. In consideration, the Company grants an option to allot a number of matching shares in proportion to the Investment Shares acquired on a grossed up for income tax basis.	Matching shares awarded are capped at up to three times the number of Investment Shares purchased by the participant. For the year ended 31 March 2019: 2.0x matching rate was applied. For the year ended 31 March 2020: 2.0x matching rate was applied. For year ended 31 March 2021: 2.25x matching rate was applied. For year ended 31 March 2022: 2.25x matching rate was applied for the Executive Directors and a 3.0x matching rate for the CEO.	The EPS CAGR and Total Shareholder Return ('TSR') conditions detailed below are measured over three consecutive financial years. For the award made during the year ended 31 March 2019, 25% of the award will vest if 10% EPS CAGR is achieved with full vesting being applied where a level of 22.5% EPS CAGR is achieved. For the awards made during the year ended 31 March 2020, 25% of the award will vest if 10% EPS CAGR is achieved with full vesting being applied where a level of 17.5% EPS CAGR is achieved. For the awards made during the year ended 31 March 2021, two performance criteria (EPS CAGR and TSR) have been applied with 75% of the award being subject to the achievement of an EPS CAGR measure and 25% of the award being subject to the achievement of a TSR measure (against the FTSE250 as a peer group), as follows: • where EPS CAGR is a measure, 25% of this part of the award will vest if 8% EPS CAGR is achieved with full vesting being applied where a level of 15% EPS CAGR is achieved. • where TSR is a measure, 25% of this part of the award will vest where medium TSR performance is achieved with full vesting being applied where upper quartile performance is achieved. For the awards made during the year ended 31 March 2022 an absolute EPS threshold was applied. 50% of the award will vest if the Adjusted EPS target is achieved, with full vesting being applied only if EPS is a further 10% higher than the target.
Shareholding guideline – Target value to be achieved over five years: CEO – 200% of salary CFO – 200% of salary GMD – 200% of salary Until the shareholding guideline has been achieved, executives must retain at least half of vested LTIP awards beyond those needing to be sold to cover tax liabilities and exercise costs.	n/a	n/a

* On CFO joining the Company on 17 May 2021

Remuneration policy continued

Performance share plan ('PSP'):

We operate a PSP for all team members which we use for senior managers and key talent. When adopted, the Company stated that the awards were intended for team members below the level of Executive Director. No awards to Executive Directors have been made to date. Awards are subject to a three-year EPS performance condition and a TSR performance measure. Team members can be granted awards of nil cost options with an aggregate value on date of grant of up to 100% of base salary. The awards are subject to malus and clawback. As outlined on page 79 going forward the Company intends to amend the PSP to allow Executive Directors to participate.

Consideration of employment conditions elsewhere in the Group

The Committee considers pay and employment conditions of team members throughout the Group when determining Executive remuneration. The Committee considers the relationship between Executive Director rewards and broader changes to UK team members' remuneration. While the Company does not formally consult with team members as part of the process, the Board seeks feedback from employee surveys and takes a general view on employee remuneration into account when determining executive remuneration.

Shareholder consultation

We welcome dialogue with our shareholders over matters of remuneration. We also seek the views of our significant shareholders if and when it plans any major policy changes and decisions. The Chair of the Remuneration Committee is available for contact with institutional investors concerning the Company's approach to remuneration. The Annual Report on Remuneration will be put to an advisory vote at the coming AGM.

There are no special provisions for compensation in the event of loss of office. The Remuneration Committee considers the circumstances of individual cases of early termination and determines compensation payments accordingly.

Service contracts

The service contracts and letters of appointment of the Directors include the following terms:

	Date of contract	Unexpired term (months)* or rolling contract	Notice period (months)
Executive Directors			
Chris Clark	1 April 2017	Rolling contract	6
David Ward	27 January 2021	Rolling contract	6
Nick Brown	3 April 2017	Rolling contract	6
Non-Executive Directors			
David Rasche	1 September 2021	5	1
Liz Catchpole	1 September 2020	17	1
Natalie Gammon	19 November 2021	8	1
Bhav Singh	1 November 2021	8	1

* As at 31 March 2022

Non-Executive fees

Position	2021-22 Fee	2022-23 Fee
Non-Executive Chair	£149,000	£156,450
Non-Executive Director	£56,500	£59,325
Committee Chair	£10,000	£10,000
Senior Independent Director	£10,000	£10,000

"The Company welcomes dialogue with its shareholders over matters of remuneration and will seek the views of its significant shareholders if and when it plans any major policy changes and decisions.

Non-Executive Directors

The Chair and the other Non-Executive Directors' remuneration comprise only of fees. The Board approves the Chair's fee on the recommendation of the Remuneration Committee. The Board approved the other Non-Executives' fees on the recommendation of the Chair and CEO. The Non-Executive Directors are not involved in any decisions about their own remuneration. Non-Executive Directors receive a base fee and can earn extra fees for holding the position of Committee Chair or Senior Independent Director.

In the financial year the Committee approved the Non-Executive base fee increase with the standard percentage applied to our UK-based team members. The table above outlines the Non-Executive Directors' fees.

Annual Report on remuneration

Introduction

This Annual Report on Remuneration sets out information about the remuneration of the Directors of the Company, for the period ended 31 March 2022.

Information subject to audit

Directors' Remuneration

2022	Salaries/ fees £'000	Cash in lieu of benefits in kind £'000	Benefits in kind £'000	Bonuses £'000	Pension £'000	2022 Total £'000
Executives						
Chris Clark	504	100	2	706	–	**1,312**
Dave Wilson*	256	38	2	–	–	**296**
David Ward**	328	27	1	404	–	**760**
Nick Brown	294	49	2	363	–	**708**
Non-Executives						
David Rasche	149	–	–	–	–	**149**
Liz Catchpole	77	–	–	–	–	**77**
Natalie Gammon	67	–	–	–	–	**67**
Bhav Singh***	24	–	–	–	–	**24**

* Dave Wilson stepped down from the Board on 30 June 2021. He continued to receive salary and benefits up to 31 December 2021; for reporting purposes these are included in the figures above.

** David Ward joined GBG on 17 May 2021.

*** Bhav Singh joined the Board on 1 November 2021.

Directors' Remuneration

2021	Salaries/ fees £'000	Cash in lieu of benefits in kind £'000	Benefits in kind £'000	Bonuses £'000	Pension £'000	2021 Total £'000
Executives						
Chris Clark	504	100	2	723	–	**1,329**
Dave Wilson	294	14	2	363	37	**710**
Nick Brown	294	12	2	363	37	**708**
Non-Executives						
David Rasche	145	–	–	–	–	**145**
Liz Catchpole	70	–	–	–	–	**70**
Charmaine Carmichael*	26	–	–	–	–	**26**
Natalie Gammon	60	–	–	–	–	**60**

* Charmaine Carmichael left the Company on 30 August 2020.

Details of cash in lieu of benefits in kind and benefits in kind are disclosed above.

Note: All the Executive Directors have reached their maximum level permitted for a personal pension, and have received a direct payment in lieu of their pension entitlement. Chris Clark was £88,823 (2021: £88,253), Dave Wilson was £27,579 (2021: Nil), David Ward was £16,418 (2021: Nil) and Nick Brown was £36,772 (2021: Nil). These figure are included in the column entitled 'Cash in lieu of benefits in kind' in the Director's Remuneration table above.

Annual Report on remuneration continued

Information not subject to audit

Annual bonuses

As detailed earlier in this report, the Executive Directors have earned this bonus based on the Company's performance in the year ended 31 March 2022.

The details of the Executive Bonus Scheme 2021-22 are set out below and includes details of the annual bonus targets, threshold and maximum levels and the bonuses paid to each Executive Director. Bonuses were earned based on the achievement of a range of financial and non-financial targets as follows:

- EPS growth targets where the maximum pay-out for the achieving the target was capped at 120% of base salary for the CEO and 110% of base salary for the CFO and Group MD
- Achieving non-financial key performance indicators ('KPIs'), aligned to our strategic objectives and covering:
  - Improvements in employee engagement
  - Increasing GBG's Net Promoter Scores ('NPS')
  - Increasing level of organic growth
- Maintaining focus on ESG improvements and communication

The maximum bonus that the Executive Directors could earn for achieving these targets was capped at 30% of base salary.

	ESP Growth								Bonus awarded	
	Budget 24.08 per share	Max 26.30 per share	Achievement of KPIs %	Achievement of ESG %	Total max bonus %	EPS target achieved %	KPI target achieved %	ESG target achieved %	% of salary	£'000
Chris Clark	40%	120%	22.5%	7.5%	150%	120%	15%	5%	140%	706
David Ward	40%	110%	15%	5%	130%	110%	10%	3.33%	123.33%	404
Nick Brown	40%	110%	15%	5%	130%	110%	10%	3.33%	123.33%	363

* David Ward joined GBG on 17 May 2021, his bonus has been pro-rated accordingly

Long-term incentive awards – grants

Following the Executive Directors' investment in acquiring shares in the Group in 2021-22, Chris Clark, David Ward and Nick Brown received share matching awards of 222,662, 18,442 and 85,840 shares respectively on 6 July 2021. The amount of their investment was grossed up for income taxes and the match rate of 2.25x deemed investment applied. 75% of the share matching awards are subject to a three-year adjusted EPS compound annual growth performance condition and 25% to the TSR vesting requirements. The EPS element will vest on a sliding scale from 25% if 8% EPS CAGR is achieved over three consecutive financial years with full vesting being applied where a level of 15% EPS CAGR is achieved. In terms of the portion of the award subject to the TSR measure, 25% of the award vests at median performance against the peer group (FTSE250) and 100% of award vests at upper quartile, i.e. the 75th percentile.

Long-term incentive awards – vesting and exercises

As part of his recruitment package, Chris Clark, was awarded an option over 1,000,000 shares ('Incentive Option') on joining GBG on 1 April 2017. The exercise price of 293p was set as the closing share price on the day before his appointment. The award vests in three equal tranches three, four and five years from grant subject to an adjusted EPS compound annual growth rate with vesting commencing from zero at 16.25% and increasing on a straight-line basis to full vesting at 26.25%. We previously reported that based on GBG's EPS performance, 72.3% of this first tranche of Chris Clark's incentive option vested and was exercised on 8 July 2020. 71.01% of the second tranche has also vested and was exercised on 29 July 2021. At the time of this report and based on GBG's EPS performance, 30% of the third tranche of Chris Clark's incentive option has vested.

As part of David Ward's remuneration, he received an option over 150,000 ordinary shares in the capital of the Company as compensation to match the earnings and incentives forfeited on leaving his previous employer (the 'Compensatory Options'). The Compensatory Options were issued at an exercise price of 2.5 pence per ordinary share and will vest in equal tranches on the first, second and third anniversary from the Date of Grant provided he still holds the position of CFO of GBG on the respective dates. In addition, vesting of the second and third tranches will also be subject to achievement of EPS and TSR performance targets in line with the Group's objectives and beyond. The Compensatory Options are valid for a period of 12 months from the vesting date. In year one, these were not subject to performance conditions other than continued employment and vest on the anniversary of David joining GBG (17 May). 100% of the first tranche of David Ward's Compensatory Options has vested.

Chris Clark and Nick Brown received share matching awards of 128,853 and 125,376 shares respectively on 27 February 2019 following their investment in acquiring shares in the Group. The amount of their investment was grossed up for income taxes and the match rate of 1.75x deemed investment applied. The share matching awards were subject to a three-year adjusted EPS compound annual growth performance condition with vesting commencing from zero at 10% and increasing on a straight-line basis to full vesting at 22.5%. We previously reported that based on GBG's EPS performance, 73.72% of each award vested. We can confirm that Chris Clark and Nick Brown exercised these options on 29 July 2021.

Chris Clark and Nick Brown received share matching awards of 206,136 and 122,721 shares respectively on 27 September 2019 following their investment in acquiring shares in the Group. The amount of their investment was grossed up for income taxes and the match rate of 2.0x deemed investment applied. The share matching awards were subject to a three-year adjusted EPS compound annual growth performance condition with vesting commencing from zero at 10% and increasing on a straight-line basis to full vesting at 17.5%. At the time of this report, based on GBG's EPS performance, 41% of each award has vested.

Information subject to audit

Directors' interests in the Group's share option schemes

	Share Option Scheme	At 31 March 2021	Granted during financial year	Exercised during financial year	Lapsed during financial year	**At 31 March 2022**	Option exercise price (p)	Date exercisable
Chris Clark	SOS	666,667	–	236,066	97,266	**333,335**	293.00	2020-27
	SMP	128,853	–	94,746	34,107	**–**	2.50	2021-22
	SMP	206,136	–	–	–	**206,136**	2.50	2022-23
	SMP	173,267	–	–	–	**173,267**	2.50	2023-24
	SMP	–	222,662	–	–	**222,662**	2.50	2024-25
		1,174,923	222,662	330,812	131,373	**935,400**		
David Ward	LTIP	–	50,000	–	–	**50,000**	2.50	2022-23
	LTIP	–	50,000	–	–	**50,000**	2.50	2023-24
	LTIP	–	50,000	–	–	**50,000**	2.50	2024-25
	SMP	–	18,442	–	–	**18,442**	2.50	2024-25
		–	168,442	–	–	**168,442**		
Nick Brown	SMP	125,376	–	92,189	33,187	**–**	2.50	2021–22
	SMP	122,721	–	–	–	**122,721**	2.50	2022–23
	SMP	89,864	–	–	–	**89,864**	2.50	2023–24
	SMP	–	85,840	–	–	**85,840**	2.50	2024–25
		337,961	85,840	92,189	33,187	**298,425**		

Key:
SOS: Share option plans adopted in or prior to 2010
SMP: Share Matching Plan

Notes:
Share option scheme details are provided in relation to the Directors' interests in each share option scheme offered.

You can find further information about the general terms of the share option schemes we offer on pages 159 and 160 of this Annual Report and Accounts.

The aggregate gains made on the exercise of options during the year was £3,166,685 (2021: £2,611,658).

GBG Annual Report and Accounts 2022

Annual Report on remuneration continued

Information not subject to audit

At 31 March 2022, GBG's quoted share price on the London Stock Exchange was 552.0p and the lowest and highest prices during the year ended 31 March 2022 were 507.5p and 952.5p on 8 March 2022 and 10 September 2021, respectively.

Directors' interests

Set out below are the beneficial interests of the Directors and their families in the Group's share capital at the beginning and end of the year.

Ordinary shares of 2.5p	31 March 2022	1 April 2021
David Rasche	**731,536**	699,333
Chris Clark	**312,423**	278,601
David Ward	**24,000**	–
Dave Wilson	**142,009**	142,009
Nick Brown	**649,095**	575,085
Liz Catchpole	**20,665**	12,195
Natalie Gammon	**5,872**	5,872
Bhav Singh	**–**	–

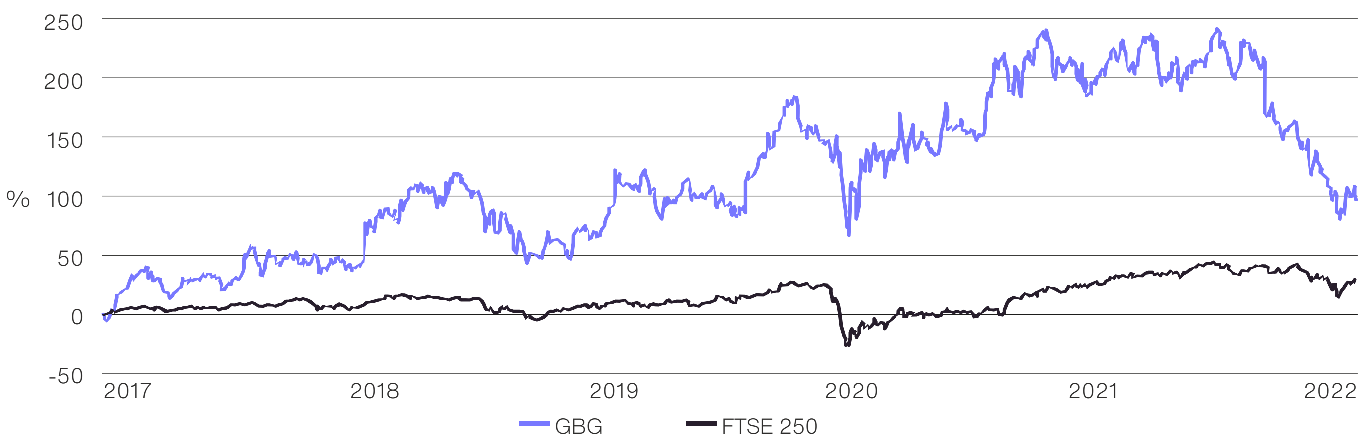
There have been no other changes to Directors' interests in the Group's shares from the end of the year to 14 June 2022. The Register of Directors' Interests contains full details of the Directors' interests in the Group's shares and is open to inspection.

In accordance with the calculations set out in GBG's Shareholding Policy, based on the closing share price at 15 June 2022 of 4.89p, the value of Chris Clark, Nick Brown and David Ward's shareholding represented 303%, 1,079% and 31% of their salaries. The CEO and GMD have exceeded the shareholding requirements applicable in 2021/22 of 200% of salary. As mentioned previously Executive Directors are expected to meet our shareholding guidelines within five years of appointment, David Ward has one year of service.

Total shareholder return graph

The graph below shows the percentage change in total shareholder return for each of the last five financial years compared to the FTSE 250.

The FTSE 250 was selected as it represents a broad equity index in which the Group can be compared against.



Remuneration in 2022-23

Salary	Executive salaries in the year commencing 1 April 2022 will increase by 5% in line with the standard increase applied to the majority of team members, which are as follows: CEO: £529,515 CFO: £393,750 Group Managing Director: £308,884 The Remuneration Committee will continue to monitor the remuneration of Executive Directors of other companies in the IT sector and other listed companies with similar market capitalisation to ensure that the Executive Directors remain sufficiently rewarded to promote long-term success.
Benefits	There will be no change to the Executive Directors' benefits for the year commencing 1 April 2022.
Annual bonus	We will operate the annual bonus for the year commencing 1 April 2022 within the policy disclosed in this report. The principles of bonus criteria which we will apply to each Executive Director during the year ending 31 March 2023 will be similar to those applied during the year ended 31 March 2022. We will not disclose the targets for the annual bonus for 2022-23 in this report as that information is deemed commercially sensitive and may be interpreted as forecast. That information will be disclosed retrospectively in the 2023 Annual Report.
Performance share plan ('PSP')	The Committee agreed to amend the PSP to allow Executive Directors to participate and to increase the aggregate value on date of grant up to 225% of salary (or 400% in exceptional circumstances). The Committee has recently completed a comprehensive review of the Company's incentive arrangements for senior management. Following this review, the Committee has concluded that the current structure of the long-term incentive arrangements for Executive Directors should be revised to align performance and reward more effectively with the Company's strategy and market practice. Therefore, it is proposed that the Company's Share Matching Plan will no longer be used. Instead, Executive Directors will be eligible to participate in the new GB Group Plc Performance Share Plan (the 'PSP'). This PSP removes the link to bonus and it is intended that annual awards will be granted with three-year rolling performance periods. It is intended that PSP Awards will take the form of nil cost options. A holding period may apply to any shares acquired pursuant to a PSP Award. Any such holding period would normally apply for two years from the date of vesting. Where a PSP Award has vested (or an option has been exercised), the Committee may apply clawback to all or a proportion of shares.
Restricted Share Plan (the 'RSP')	In addition, the Company intends to implement the GB Group Restricted Share Plan (the 'RSP'). The RSP's primary purpose is to incentivise and retain selected participants below Board level. In practice, it is intended that RSP Awards will take the form of conditional share awards, which will normally vest three years after the applicable grant date, subject to malice and the participant's continued employment with the Group. We will seek shareholder approval for the PSP and RSP under an ordinary resolution at the AGM.
Non-Executive Director Remuneration	NED fees were reviewed by the Board (excluding the Non-Executive Directors) during the year. Taking taken into account the substantial demands on NED time with significant acquisition discussions and reviews, as well as the additional governance required on all Committees and overall Board work, the base fees for GBG's three NEDs will be increased by the standard company rate of 5% to £59,325. The additional fees for the Committee Chairs and Senior Independent Director of £10,000 will remain the same. The Chair fee was also reviewed by the Remuneration Committee and it was determined that the outgoing Chair fee should be increased by the same rate, 5% to £156,450 per annum to the remainder of his tenure. As announced on 16 June 2022 we are appointing a new Chair to the Board 1 September 2022. The current Chair fee is towards the lower end of market practice for a company of our size and complexity reflecting our growth and development in recent years. To ensure that our Chair fee is fair, and enables us to attract an individual of the right calibre to Chair the Board through the next phase of our strategic evolution, the Committee determined that it was appropriate to set the fee for the incoming Chair at £200,000. This fee is more aligned with typical market practice for a company of our size and complexity.

Nomination Committee report

Quick facts

Member	Attendance
David Rasche	4/4
Chris Clark	4/4
Liz Catchpole	4/4
Natalie Gammon	4/4
Bhav Singh*	2/2

* Bhav joined the Company on 1 November 2021. His attendance is based on the number of meetings he was able to attend since joining the Committee.

The table above shows everyone who served on the Committee during this financial year. Bhav, having joined the Committee on 1 November 2021, has an attendance that reflects the number of meetings that he was able to attend since his appointment.

A number of meetings related to the succession plans for the Chair. In line with best practice, David Rasche did not chair the meeting when discussing the recruitment search for his successor.

- As Chair of the Board, David Rasche has chaired the Committee since September 2010
- A majority of the members of the Committee are Independent Non-Executive Directors
- The Company Secretary attends all meetings of the Committee. The Chief People Officer also regularly attends meetings and is responsible for engaging with executive search recruitment advisors
- Neither the Chairman nor the CEO would participate in the recruitment of their own successor

Dear Shareholder

On behalf of your Board, I am pleased to present the Nomination Committee Report for the year ended 31 March 2022.

Key responsibilities

The Committee's primary role and responsibilities are to:

- make sure that appropriate procedures are in place to nominate and select candidates for appointment to the Board, particularly in terms of the balance of the Board's skills, experience, independence, knowledge and diversity
- make recommendations to the Board about new appointments, re-electing Directors, succession planning and Board composition, particularly the benefits of diversity on the Board, including gender
- The Nomination Committee's Terms of Reference, including its role and the authority the Board delegates to it, are on the Group's website: www.gbgplc.com/en/investors

Succession

An integral part of the work of the Nomination Committee is to establish and maintain a stable leadership framework, to proactively manage changes and ensure there is clear alignment with the future leadership needs of the Company, both in terms of Executive and Non-Executive leadership. Ensuring the correct leaders are in place to enable the Company to continue to grow and meet its various obligations to its stakeholders is of paramount importance to the Nomination Committee.

Having served as Chairman for over 11 years, I have been considering the point at which I would step down from the Board, always on the basis that a suitable replacement could be found. Acknowledging that I could not be involved in selecting my own successor, the Board requested that a Special Nomination Committee ('SNC') be set up, led by Liz Catchpole as Senior Independent Director. The Board felt it was important that the SNC identify a successor who could lead the Board in the coming years and that this person would require some experience of the Company's sector along with extensive global operational experience. Further detail of the process followed by the SNC can be found on the following page.

Appointments to the Board

After writing to you last year about our new search for another Non-Executive Director, I am happy to say that we welcomed Bhavneet (Bhav) Singh to the Board in November 2021 as an Independent Non-Executive Director. Bhav brings over 25 years' experience leading significant growth and change within digital businesses, notably founding and being the CEO of Sandbox. He also has previous executive experience at Viacom and Pearson English. Bhav's knowledge and experience of international expansion and scaling businesses will make him a vital addition, not only to the Board, but to the Nomination, Audit & Risk, Remuneration and ESG Committees as well.

Bhav's appointment ensures we continue to make progress in becoming a more inclusive and diverse business – benefiting our people, our customers and our products. We know that a more diverse business makes us more innovative, more competitive and help us to perform better financially. A diverse leadership team is crucial to driving this forward.

As always, the Committee continues to monitor the balance of skills and experience on the Board as well as its independence, diversity and knowledge. We consider the Board to have good diversity of thought and an open culture which allows all Board members to express their opinions and challenge the executives constructively. We hope to continue this open culture.

Appointments to the Executive Team

Following the acquisition of Acuant, we welcomed Acuant's former President and Chief Executive Officer, Yossi Zekri, to the Executive Team. Recognising Yossi's skills and experience in successfully leading Acuant's product development, with effect from 1 April 2022, Yossi was appointed to lead GBG's Global Products Group. We look forward to the contributions Yossi and Acuant will make to the Group's overall success.

Chair succession process

Special Nomination Committee ('SNC') members:
Liz Catchpole (Chair),
Chris Clark (CEO),
James Miller (Chief People Officer)

The SNC agreed a scope and candidate profile and invited tenders from top-tier independent, external specialist executive recruitment consultants for this work. Following a thorough tender process GBG engaged Heidrick & Struggles to conduct the external search for a new Chair. Heidrick & Struggles is a global leader in assessment, recruitment and succession planning for boards of directors and had no connection with the Company other than providing this type of service. A detailed role and person specification was developed with input from all members of the Board, excluding David Rasche.

The SNC requested that a diverse longlist of candidates, in respect of gender, ethnicity and background, be produced. Following the longlist process an equally diverse shortlist was agreed. All of the shortlist candidates satisfied the requirements of the role specification including Board, sector and international experience.

A series of interviews were conducted by the SNC with the shortlisted candidates. A second refined shortlist was produced and the two final candidates met other Board members, including David Rasche, before a final decision was taken.

The SNC recommended to the Board that Richard Longdon be considered as Chair, to which the Board unanimously agreed. Richard will take up his appointment on 1 September 2022 and in line with governance best practice this will be put to shareholder vote at the 2022 AGM.

Further details on his background, qualifications and the experience he brings to the Board can be found in the Notice of AGM.

Board independence & balance

The Nomination Committee takes the independence of its Directors seriously and reviews such independence regularly. The Non-Executive Directors are measured against the standards set out in the QCA Code on Director independence. Despite having served for over nine years the Board does not consider this to impact my independence and they remain confident that I am independent in character and judgement. From a good governance perspective I have been reappointed annually since my tenure reached nine years, with the Directors confirming that they do not have any independence concerns.

We also believe that a balance of skills on the Board is vital in order to make sure that the Board performs to the highest standard. This can be seen in our recent appointment of Bhav Singh who brings a wealth of growth technology experience to the Board.

Diversity & inclusion

Diversity is important to us when we consider appointing someone new to the Board, or anywhere across the Group. We have reviewed our recruitment processes and implemented new strategies, to be inclusive of all existing team members and applicants. The Group's team members have a broad range of skills, backgrounds and experience, which reflects the diversity of talent available within our industry, the locations we operate in and the communities we serve.

We are committed to equal opportunities in every part of our business. We recruit, train and retain skilled and motivated people from a wide range of backgrounds and we provide equal opportunities for development and promotion to all team members based on merit. In line with this, we also promote a culture of openness, tolerance and respect in our business.

Looking to the future, we aim to continue increasing the number of women across all levels of our organisation. As a global business we always consider our success against our overall people diversity. As at 31 March 2022 women comprise 37% of our total workforce (2021: 37%), 20% of the Executive Leadership Team (2021: 20%) and 29% of our Board of Directors (2021: 33%) following the departure of Charmaine Carmichael in August 2020. It is important that we continue to push to achieve gender balance and we have set the target of achieving 40% female senior team members by 2025. For further information please see our ESG Statement on page 26.

We also saw the ethnic diversity of the Board increase, with 14% of Board Directors being from an ethnic minority. This demonstrates a positive step forward in our commitment to increase diversity at all levels of the business.

This year, we also saw the continued success of the 'be/yourself' programme centred on raising awareness and developing strategies to increase diversity across ethnicity, gender, age, neurodiversity, accessibility and sexual identities (LGBTQ+). The Champions of this campaign, our team member advocates, consistently produce excellent content to support each area and further educate other team members across GBG.

This supports our intentions of continuing to develop our inclusive culture, so we become known as an employer of choice for all talented individuals. To find out more information on this, please see our ESG Statement on pages 20 to 29.

Board & Committee evaluation

This year we conducted an external Board evaluation. Discussion of this can be found in the Corporate Governance Report on page 69.

ESG Committee

This year, we have also introduced our ESG Committee. The Nomination Committee recommended and approved the membership of the ESG Committee. Further information can be found in our ESG Committee Report on pages 92 to 93.

Talent development

GBG understands the value of developing our people into future leaders or experts, so talent management is a key part of the Committee's work. This ensures that we retain a diverse talent base that helps build our people's future capabilities so they can step into future leadership roles.

A key example of this commitment is our global mentoring scheme which allows our people to create new relationships, develop their skills/confidence and expand their networks across GBG. Senior team members use their knowledge and experience to coach the more junior members of GBG. The mentoring scheme has proved vital in developing talent in the business.

David Rasche
Nomination Committee Chair

22 June 2022

GBG Annual Report and Accounts 2022

ESG Committee report

Quick facts

Member	Attendance
Natalie Gammon	3/3
David Rasche	3/3
Liz Catchpole	3/3
Bhav Singh*	1/1
Chris Clark	3/3
David Ward	3/3
Nick Brown	3/3
James Miller (Chief People Officer)	3/3

* Bhav joined the Company on 1 November 2021. His attendance is based on the number of meetings he was able to attend since joining the Board.

- Natalie Gammon has chaired the Committee since it was established in July 2021. As Chair of the Remuneration Committee, it was felt that it was more efficient for there to be a clear link between the Remuneration and ESG Committees.
- Membership of the Committee is made up of the Board and the Chief People Officer.
- Other regular attendees at meetings are at the invitation of the Committee and include the ESG Strategist and Programme Manager, the Company Secretary and members of the Diversity and Inclusion Team. None of these attendees are members of the Committee.

Dear Shareholder

I was delighted to be asked to Chair our Board Sub-Committee on Environmental, Social and Governance ('ESG') matters. Our purpose is to build trust in a digital world between us, our customers and their consumers. It's important to us that the solutions we offer safeguard our customers and their consumers from negative environmental and social impacts. Recognising the significance of ESG within our business, we formalised our ESG Committee in July 2021 and I am pleased to introduce our first ESG Committee Report for the year ended 31 March 2022.

The Committee reviews its Terms of Reference annually and you can find them on the Group's website, www.gbgplc.com/en/investors.

The role of the Committee is to:

- review and monitor progress against our ESG targets
- oversee the development of and make recommendations to the Board about the Group's ESG strategy
- oversee the establishment of policies and codes of practice and make sure they're implemented effectively and to monitor and review them to make sure they stay relevant and effective, as needed
- identify the relevant ESG matters that do, or are likely to, affect the operation of the Group and/or its strategy
- make sure that the Group:
  - monitors and reviews current and emerging ESG trends and relevant international standards and legislative requirements
  - identifies how these trends, standards and requirements are likely to impact on the strategy, operations and reputation of the Group
  - determines whether and how these are incorporated into or reflected in the Group's ESG policies and objectives
  - set appropriate strategic goals, as well as shorter-term key performance indicators ('KPIs') and associated targets related to ESG matters and oversee the ongoing measurement and reporting of performance against those KPIs and targets
- work in conjunction with the Audit & Risk Committee to oversee the way ESG risks are identified and mitigated and how opportunities related to ESG matters are identified
- make recommendations to the Board in relation to the resourcing and funding needed for ESG-related activities and on behalf of the Board oversee the deployment and control of any resources and funds
- oversee the Group's engagement with its broader stakeholder community
- ensure that the Group provides appropriate information and is transparent regarding its ESG-related policies with the investment community, particularly ethical/socially conscious investment funds, in whatever way is most effective
- report to the Board on how the Committee has discharged its responsibilities throughout the year

Details of our ESG-related strategy, policies, activities and performance are presented on pages 20 to 29 of the Strategic Report.

Committee membership and attendance

The Committee's membership is made up of the Board and our Chief People Officer. We plan to meet three times a year. Other team members, such as our ESG Strategist & Programme Manager attend the Committee by invitation. Informal discussions with business leaders are also held throughout the year. We were pleased to welcome our new Non-Executive Director Bhav Singh to the Committee in November 2021. The Committee Chair shall report formally to the Board on its proceedings after each meeting.

The ESG Committee was formed during the year and held its first meeting in July 2021. Since its formation, the ESG Committee had held three meetings. Please see the attendance table for further information.

By invitation, this year's ESG Committee meetings were attended by the Company Secretary, ESG Strategist & Programme Manager and members of the Employee Experience Team.

Key activities considered during the year

- Reviewing the Group's diversity and inclusion and climate targets
- Reviewing progress against our contribution to the United Nations Sustainable Development Goals
- Increasing communication and awareness of our ESG commitments between team members
- Reviewing the Group's be/yourself initiative to champion the Company's diversity ambitions
- Overseeing the production of the ESG strategy, policies and practices for inclusion

Further information on the Company's diversity initiatives can be found on pages 26 and 27 of the Environmental, Social and Governance Statement.

Looking ahead

In FY23 our priority will be making progress against our ESG roadmap. This will include:

- engaging with our stakeholders to understand their expectations
- monitoring our progress against our diversity and inclusion and climate targets
- agreeing on additional metrics, where needed
- managing our approach to the recommendations of the Task Force on Climate-related Financial Disclosures

Natalie Gammon
Chair of the ESG Committee

22 June 2022

"Recognising the significance of ESG within our business, we formalised our ESG Committee in July 2021 and I am pleased to introduce our first ESG Committee Report.

GBG Annual Report and Accounts 2022

Directors' report

The Directors present their report, together with the audited accounts in relation to the Group activities for the year ended 31 March 2022.

In accordance with s414c of the Companies Act 2006, certain matters that would otherwise be required in the Directors' Report are included elsewhere in this document including, the Strategic Report (from pages 02 to 59), the Corporate Governance Statement (from pages 64 to 71) or as indicated in the table below. All of this information is incorporated into this report by reference.

Statutory information	Section	Page
Directors' interests	Remuneration Report	87
Directors' responsibility	Statement of Responsibilities	97
Employment policies and employee engagement	ESG Statement	26 to 28
Energy and carbon emissions	ESG Statement	29
Environmental reporting	ESG Statement	29
Employees with disabilities	ESG Statement	27
Risk management	Audit & Risk Committee Report	77
Risk appetite and principal risks	Principal Risks & Uncertainties	52
Viability statement	Viability statement	59
Going concern statement	Going concern statement	59
Significant related party agreements	Note 31 to the Accounts	162
Financial risk management	Note 27 to the Accounts	154

Financial results and dividends

The Group's financial results, risk management objectives and policies are discussed in the Financial Review on pages 42 to 47 and within note 27. The Directors have recommended a final ordinary dividend of 3.81 pence per share (2021: 3.40 pence per share) amounting to £9.6 million million (2021: £6.7 million). If approved by shareholders at the Annual General Meeting ('AGM'), the final dividend will be paid on 3 August 2022 to ordinary shareholders whose names were on the Register of Members on 24 June 2022. A Dividend Reinvestment Plan ('DRIP') will be offered, allowing eligible shareholders to reinvest their dividends into GBG shares. Further information regarding the DRIP is set out on page 188.

Substantial shareholders

In accordance with the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, we have been notified of the following interests in the ordinary share capital, representing 3% or more of our issued share capital. Details of substantial shareholders is regularly published and updated on our website.

The position as at 31 March 2022 is detailed in the substantial shareholder table.

Since 31 March 2022 to the date of release of this Annual Report and Accounts, we have not received any notifications from our shareholders in accordance with the Disclosure and Transparency Rules.

Substantial shareholder	No. of shares owned at 31 March 2022	Percentage of shares owned at 31 March 2022
Aegon Asset Management UK	13,946,120	5.54%
Octopus Investments	13,517,968	5.37%
Liontrust Sustainable Investments	11,959,873	4.75%
Ninety One	10,875,769	4.32%
AG Acuant Holdings LP	9,623,234	3.82%
BlackRock	8,597,390	3.41%
AXA Framlington Investment Managers	8,260,940	3.28%
abrdn	8,071,281	3.20%
Swedbank Robur	7,770,398	3.08%

Share capital

Details of the authorised and issued share capital of the Company and options over shares of the Company are set out in notes 22 and 29 to the financial statements.

Restrictions on transfers

We are not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and for voting rights. The only restrictions which may exist from time to time are those imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods) or pursuant to the internal policies of the Company whereby certain team members of the Company require the approval of the Company to deal in the Company's securities.

Ordinary shares

On a show of hands at a General Meeting of the Company, every holder of ordinary shares present in person and entitled to vote shall have one vote on each resolution and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The Notice of the General Meeting specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at the General Meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution is announced at the AGM and the results are released as an announcement after the meeting.

Articles of Association

The Company's Articles of Association may only be amended in accordance with the provisions of the Companies Act 2006 by a special resolution at a General Meeting of the shareholders. This year we are not recommending any changes.

Directors and their interests

Dave Wilson stepped down from the Board on 30 June 2021. David Ward joined the Board on 1 July 2021. Bhav Singh also joined the Board on 1 November 2021 as an Independent Non-Executive Director. Further information on his appointment can be found in the Nomination Committee Report. The Directors who have served during the year ended 31 March 2022 and details of their interests in the share capital and share options are set out in the Report on Directors' Remuneration on pages 85 to 89.

No Director had a material interest in any contract of significance, other than a service contract or contract for services, with the Company or any of its subsidiaries at any time during the year.

Directors and their powers

Full biographies of each Director as at the date of this report are set out on pages 62 to 63.

Directors are reappointed by ordinary resolution at a General Meeting of the shareholders. Once appointed by the Board, a Director must be reappointed by an ordinary resolution at the next General Meeting. In accordance with the Articles of Association, Bhav Singh, who was appointed to the Board on 1 November 2021, will, being eligible, stand for reappointment at the next AGM.

Directors who have held office for more than three years since their last appointment are eligible for re-election by rotation at the next AGM. In accordance with the Articles of Association, Nick Brown will be retiring by rotation and seeking reappointment by the Group's shareholders.

Any Non-Executive Director considered by the Board to be independent who has served on the Board for at least nine years or more will be subject to annual re-election. In 2022 this applies to David Rasche and he will be seeking re-election at this year's AGM.

The Directors confirm that, having conducted the Board performance evaluation process, Nick Brown and David Rasche continue to contribute effectively and demonstrate commitment to their roles. In addition, the Board has considered David Rasche's length of service and has always been satisfied that he remains independent in both character and judgement. Details of each Directors' notice periods and service agreements are detailed in the Report on Directors' Remuneration on pages 84.

As we announced on 16 June 2022, David will step down from the Board on 30 September 2022. This follows a rigorous process to find a suitable successor using an independent external search firm. Details of the process can be found in the Nomination Committee Report on pages 90 to 91.

Directors' indemnities

During the year and up to the date of approval of this Annual Report, the Company maintained third-party indemnification provisions for its Directors subject to the conditions set out in the Companies Act 2006. The Company also maintains Directors' and Officers' Liability Insurance which gives appropriate cover for legal action brought against its Directors.

Employee engagement

We continue to involve our team members in the future development of the business. Information is provided to team members through virtual briefing sessions, website and intranet 'be/connected,' which is continually updated. How we engage our team members and have due regard to their interests in considering principal decisions taken during the year are demonstrated in the Section 172 Statement on pages 34 and 35.

We are committed to the investment in our team at all levels to ensure a culture of continuous improvement. In order to attract and retain a high calibre of team members, we provide various benefit packages including share options schemes in order to align team members' interests with the long-term strategic objectives of the Group. We are committed to our equality and diversity polices and seek regular feedback and engagement from our workforce. Engaging with our workforce in this way allows GBG to retain its competitive advantage as ensuring our team members are composed of the most talented in their respective fields and allows us to maintain our impressive growth and results. This year, in direct response to team member feedback on increased flexibility we introduced our "Work When and Where You Want.", further details can be found in the ESG Statement on page 28.

Applications for employment by disabled persons are always fully considered, where the candidate's particular aptitudes and abilities adequately meet the requirements of the job. When existing team members become disabled every effort is made to ensure that their employment at GBG continues and they are supported appropriately, making physical or procedural adjustments where possible. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other team members.

Directors' report continued

Further information regarding our workforce policies and employee engagement can be found on pages 26 and 27 of the ESG Statement. Information regarding GBG's activities to promote diversity is contained within the Nomination Committee Report on page 91.

Change of control

Within the Group's revolving credit facility, the lender has the right to demand immediate payment of any outstanding balances upon a change of control of the Group following a takeover bid.

The Group does have an agreement with a data supplier which, if the Group were acquired by a competitor of that data supplier, would allow it to terminate its agreement with the Group. The data supplier would, however, continue to be bound to service arrangements with the Group's customers existing on the date of termination.

Upon a change of control, share options may be exercised within six months of the time when the change of control takes effect and any subsequent conditions at the offer process have been satisfied.

There are no agreements between the Group and its Directors or team members providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Proposed resolutions for the Annual General Meeting

Details of business to be conducted at this year's AGM to be held on 28 July 2022 contained in the Notice of the Annual General Meeting which will be communicated to shareholders separately. It is the opinion of the Directors that the passing of these resolutions are in the best interest of the shareholders.

Financial

The Group's financial risk management objectives and policies are discussed in the Financial Review on pages 42 to 47 and within note 27.

Research and development

Research and development activities continue to be a high priority with the development of new products and maintaining the technological excellence of existing products. During the year ended 31 March 2022, 34.6% (2021: 33.6%) of our team members were employed in research and development activities.

GBG understands the importance of using modern, innovative and effective technology in order to provide its services to the highest standards. We therefore place a great importance on investing in our technology and our ability to apply said technology in the best ways, ensuring that we keep our competitive advantage and are aware of changes in the technological landscape.

Auditor

A resolution proposing the appointment of Ernst & Young LLP as auditor to the Group will be put to the shareholders at the AGM. During the financial year we conducted a competitive tender process to appoint a new external auditor for the financial year beginning 1 April 2023. For further information please see pages 74 and 75 of the Audit & Risk Committee Report.

Directors' statement as to disclosure of information to auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 62 to 63. Having made enquiries of fellow Directors and of the Group's auditor, each Director confirms that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditor are unaware
- they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Energy and carbon emissions reporting

In accordance with Streamlined Energy & Carbon Reporting guidelines we are required to disclose the annual quantity of emissions, in tonnes of carbon dioxide equivalent. This year the data disclosed covers our Scope 1 and 2 global energy usage and reimbursed mileage in Scope 3. We set out details of our emissions on page 29 of the Strategic Report and include them as part of the Directors' Report disclosures.

Political donations

No political donations were made in the year (2021: £nil).

Health and safety

GBG has a formal Health and Safety Policy. It is the policy of the Group to consider the health and welfare of team members by maintaining a safe place and system of work as required by legislation in each of the countries where the Group operates.

Charitable donations

During the year, the GBG team has managed to raise over £28,000 for charity which has been given to a varied group of worthy causes such as Mind and The Trussell Trust.

Modern Slavery Statement

Our Modern Slavery Statement can be found on our website at: https://www.gbgplc.com/media/giwg5ckv/modern-slavery-statement-2021.pdf

Treasury policy

The Group's treasury policy aims to manage the Group's financial risk and to minimise the adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability and on the cash flows of the Group.

By Order of the Board

Annabelle Burton
Company Secretary

22 June 2022

GBG Annual Report and Accounts 2022

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable United Kingdom law regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 (IFRSs) and have also chosen to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select and apply accounting policies in accordance with accounting standard IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs (and in respect of the parent company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the group financial statements, state whether UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company and/or the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for taking such steps as are reasonable to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report and directors' remuneration report that comply with that law and those regulations.
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GBG Annual Report and Accounts 2022

Independent auditor's report

To the members of GB Group Plc

Opinion

In our opinion:

- GB Group plc's group financial statements and parent company financial statements (the 'financial statements') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of GB Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise:

Group	Parent company
Consolidated Statement of Profit or Loss for the year then ended	Company Balance Sheet as at 31 March 2022
Consolidated Statement of Comprehensive Income for the year then ended	Company Statement of Changes in Equity for the year then ended
Consolidated Statement of Changes in Equity for the year then ended	Related notes C1 to C23 to the financial statements including a summary of significant accounting policies
Consolidated Balance Sheet as at 31 March 2022	
Consolidated Cash Flow Statement for the year then ended	
Related notes 1 to 35 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- In conjunction with our walkthrough of the group's financial statement close process, we confirmed our understanding of management's going concern assessment process and also provided feedback to management to ensure all key risk factors were considered in their assessment;
- We obtained and reviewed the going concern assessment prepared by management for the period to 30 September 2023, being the going concern assessment period. We assessed the financial forecasts of the group to consider its ability to continue to meet its liabilities as they fall due and remain in compliance with the covenants associated to the group's revolving credit facility;
- We obtained management's forecasts for the period to 30 September 2023 and performed tests over the appropriateness of the model, including the arithmetical accuracy, as well as the starting cash position as at 1 April 2022;
- We assessed past historical accuracy of management's forecasting;
- We evaluated management's assumptions applied in preparing the forecasts by corroborating to third-party data and/or by assessing changes from the prior period and considering whether there was any indication of management bias, including consideration of any contrary evidence;
- Management has modelled a number of downside scenarios in their cash flow forecast in order to assess the impact of a decline in revenue on covenant compliance and liquidity position. We evaluated the headroom under management's downside scenarios, which formed the basis of management's conclusions regarding going concern;
- We evaluated management's reverse stress testing on the forecast to understand how severe the downside scenario would have to be to result in a covenant breach and/or elimination of the liquidity headroom;
- We performed our own independent sensitivity analysis to assess the impact of changes in key assumptions, including revenue growth rates, gross margin percentage and cash conversion rate;
- We confirmed the terms of the group's revolving credit facility by reference to the signed agreement, noting expiry on 18 July 2025;
- We reperformed covenant calculations and assessed cash flow forecasts along with appropriate sensitivity analysis and reverse stress testing to assess current and projected covenant compliance by reference to the revolving credit facility agreement;
- We read board minutes for any inconsistencies with the risks considered in the going concern assessment;
- We assessed current trading performance by inspecting the April 2022 period end management accounts in addition to making inquiries of management to identify any issues with the group's current trading and profitability through to the date of our audit report;
- We enquired of management as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern and compared their response to our understanding from completion of our audit procedures; and
- We read the disclosures in the Annual Report and Accounts to confirm that they were consistent with our understanding of the going concern assessment that had been undertaken by the directors and that they appropriately reflected the risks that had been considered and were in conformity with the relevant standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group and parent company's ability to continue as a going concern.

GBG Annual Report and Accounts 2022

Independent auditor's report continued

To the members of GB Group Plc

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of six components and audit procedures on specific balances for a further seven components. • The components where we performed full or specific audit procedures accounted for 93% of profit before tax and exceptional items, 98% of revenue and 100% of total assets.
Key audit matters	• Revenue recognition – cut off around the year-end and significant new contractual arrangements • Accounting for business combinations – Acuant and Cloudcheck
Materiality	• Overall group materiality of £1.31m which represents 5% of profit before tax and exceptional items.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls and changes in the business environment when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the twenty-eight reporting components of the group, we selected thirteen components, which represent the principal business units within the group.

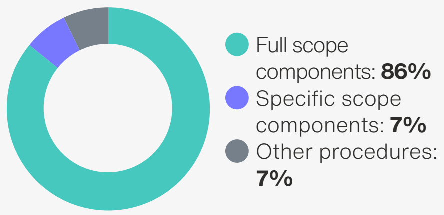
Of the thirteen components selected, we performed an audit of the complete financial information of six components ('full scope components') which were selected based on their size or risk characteristics. For the remaining seven components ('specific scope components'), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 93% (2021: 100%) of the group's profit before tax and exceptional items, 98% (2021: 99%) of the group's revenue and 100% (2021: 99%) of the group's total assets. For the current year, the full scope components contributed 86% (2021: 88%) of the group's profit before tax and exceptional items, 89% (2021: 88%) of the group's revenue and 94% (2021: 87%) of the group's total assets. The specific scope components contributed 7% (2021: 12%) of the group's profit before tax and exceptional items, 9% (2021: 11%) of the group's revenue and 6% (2021: 12%) of the group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the group.

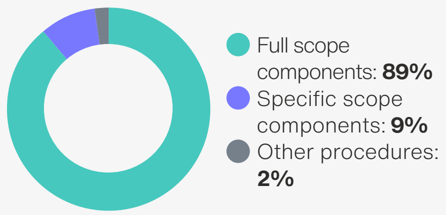
Of the remaining fifteen components that together represent 7% of the group's profit before tax and exceptional items, none are individually greater than 5% of the group's profit before tax and exceptional items. For these components, we performed other procedures, including analytical review procedures, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculation procedures to respond to any potential risks of material misstatement to the group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

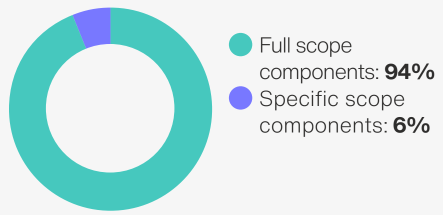
Profit before tax and exceptional items



Revenue



Total assets



Changes from the prior year

The key changes identified in the scoping for the current year relate to the acquisitions of Acuant and Cloudcheck, which took place during the financial year.

Involvement with component teams

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the six full scope components, audit procedures were performed on four of these directly by the primary audit team and two by the component audit team. Of the seven specific scope components, audit procedures were performed on four of these directly by the primary team and three by the component team. For those audits performed by component teams, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the group as a whole.

The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at group level, gave us appropriate evidence for our opinion on the group financial statements.

The Covid-19 outbreak and lockdown restrictions have continued across the group's financial year. As a result of these measures, the site visits were held virtually through the use of video or teleconferencing facilities, including meetings with local management. Close meetings for component teams were held via video conference in May 2022 with attendance from the primary team, including the senior statutory auditor. For all components, the year-end review of relevant audit work papers was facilitated by the EY electronic audit file platform, screen sharing or the provision of copies of work papers direct to the primary team. Based upon the above approach we are satisfied that we have been able to perform sufficient and appropriate oversight of our component teams.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact the group. Given the nature of the business, the group's activities have a relatively small impact on the environment when compared to companies that operate in more resource intensive industries. The group has determined that the most significant future impacts from climate change on its operations will be from reducing the environmental impact of the business operations through management of energy, waste and greenhouse gas emissions.

These are explained on pages 92 and 93, which form part of the "Other information", rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated. As disclosed in note 2 to the financial statements, in the group's view climate change does not represent a material estimation uncertainty.

Our audit effort in considering climate change was focused on whether the effects of climate risks have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, being the impairment tests of cash generating units. We also challenged the Directors' considerations of climate change in their assessment of going concern and associated disclosures.

Independent auditor's report continued

To the members of GB Group Plc

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition – cut off around the year-end and significant new contractual arrangements Refer to the Audit & Risk Committee Report (page 73); Accounting policies (page 123); and note 3 of the Consolidated Financial Statements (page 129) The business has multiple revenue sources which can be grouped into two types of revenue stream: licence based (term-based subscription as per note 2 of the financial statements) and usage based (transactions/consumption-based/ subscription as per note 2 of the financial statements). There is a risk that revenue is recorded incorrectly around the year-end date. This cut-off risk manifests itself through the risk of management override: - by processing invalid journals to revenue as part of the year-end financial statement close consolidation process; and - within the processing of transactions if these are not in line with contractual arrangements (price, duration, classification) for licence-based revenue or if inaccurate usage data/costs are used in the recognition of usage based revenue around the year-end date. This risk also manifests itself over significant new contracts as small changes in the terms and conditions can have a significant impact on the accounting for revenue.	Our audit procedures included: • Understanding the revenue recognition processes, including identification and walkthrough of management's key controls over revenue recognition, for licence-based and usage-based revenue streams. Licence based • For a sample of sales recognised in March and April 2022 we recalculated the revenue recognised by inspecting the licence price, duration and classification as per the signed customer contracts and agreeing completion of performance obligations to supporting documentation. Usage based • For a sample of sales recognised in March and April 2022 we agreed sales prices to signed customer contracts and vouched usage data to usage reports. • We assessed the completeness and accuracy of the usage reports by vouching a sample to supplier invoices. Procedures across both revenue streams: • For a sample of credit notes raised in March and April 2022, we assessed their impact on the value of revenue recognised and whether the revenue in the period was fairly stated. • In addition to testing transactions around the year end, we considered consolidation adjustments and agreed any material consolidation journals affecting revenue to supporting documentation to ensure they were valid. • We identified key contracts across the group and considered and challenged whether revenue had been recognised correctly in accordance with IFRS 15 by considering performance obligations under each key contract and obtaining evidence of achievement of those obligations by the group.	Revenue has been appropriately recorded in the period, in all material respects, in accordance with the requirements of IFRS 15, Revenue from Contracts with Customers.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Accounting for business combinations – Acuant and Cloudcheck Refer to the Audit & Risk Committee Report (page 73); Accounting policies (page 116); and Note 34 of the Consolidated Financial Statements (page 162). The group completed the acquisition of Acuant (consideration US$736m), the group's largest acquisition to date in terms of consideration, as well as the acquisition of Cloudcheck (consideration NZ$28m) in the year. Accounting for business combinations under IFRS 3 is considered complex and the purchase price allocation involves estimation on the part of management, in particular in the area of intangible asset valuation. There is a risk that the methodologies and assumptions underpinning the acquisition model, including discount rates, tax rates, growth rates and attrition levels, which are highly judgemental, lead to a material error in the acquisition accounting and specifically the purchase price allocation.	Our audit procedures included: • Inspection of the sale and purchase agreements for Acuant and Cloudcheck, corroborating consideration to external support and challenging key terms per the agreements to the accounting applied. • Understanding, assessing and evaluating the procedures and methodology applied by management's specialist in assisting management in the identification and valuation of intangible assets. • Critically assessing and challenging the appropriateness of the assumptions applied within the prospective financial information by comparing to sources, such as the financial due diligence reports and consistency with internal forecasts and prior year financial statements. • Engaging EY valuation experts to assess the appropriateness of the methodology applied for valuing intangible assets, calculating an internal rate of return for the transaction to compare against the discount rate used by management as well as assessing the appropriateness of the discount rate (risk-adjusted weighted average cost of capital, 'WACC') determined by management. • Performing audit procedures over the opening balance sheets for both Acuant and Cloudcheck. • Assessing the accounting policies of the acquired businesses to ensure compliance with IFRS and consistent with the policies of the group. • Reviewing the acquisition disclosures in the Annual Report and Accounts to ensure these are in compliance with the requirements of IFRS.	We have audited the acquisition accounting of both Acuant and Cloudcheck. We are satisfied that the purchase price allocation is materially correct and that the disclosures are complete and fairly stated in accordance with IFRS 3 Business Combinations.

GBG Annual Report and Accounts 2022

Independent auditor's report continued

To the members of GB Group Plc

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the group to be £1,309,000 (2021: £1,650,000), which is 5% (2021: 5%) of profit before tax and exceptional items. We believe that profit before tax and exceptional items provides us with the most appropriate financial statement measure that is important to users of the financial statements. Materiality has reduced year-on-year following the reduction in profit before tax and exceptional items.

We determined materiality for the parent company to be £1,930,000 (2021: £1,503,000), which is 5% (2021: 5%) of profit before tax and exceptional items. Materiality has reduced year-on-year following the reduction in profit before tax and exceptional items.

Starting basis	• Profit before tax £21,653,000
Adjustments	• Adjusting for exceptional items of £4,526,000 to determine profit before tax and exceptional items
Materiality	• Totals £26,179,000 • Materiality of £1,309,000 (5% of materiality basis)

During the course of our audit, we reassessed initial materiality and the actual profit before tax and exceptional items was higher than the group's initial estimates used in planning and at the commencement of our year-end audit testing. However, whilst we updated for the initial consolidated results compared to planning (where the difference was significant), we did not change our materiality assessment at year end for the final actual results, as our procedures had been performed to a lower materiality and therefore no additional procedures were required.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 50% (2021: 50%) of our planning materiality, namely £655,000 (2021: £837,000). We have set performance materiality at this percentage due to our past experience on the audit which indicated a higher risk of misstatements, both corrected and uncorrected.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £131,000 to £491,000 (2021: £165,000 to £537,000).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £65,000 (2021: £83,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on page 02 to 97, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 97, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report continued

To the members of GB Group Plc

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to data protection and privacy, the financial reporting framework (International Accounting Standards in conformity with the requirements of Companies Act 2006), AIM rules and the relevant tax compliance regulations in the jurisdictions in which the group operates.
- We understood how GB Group Plc is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and papers provided to the Audit Committee, as well as observation in Audit Committee meetings and consideration of the results of our audit procedures across the group. We also obtained and reviewed the latest correspondence received from the Information Commissioner's Office, the data industry regulator in the UK, to understand how the group is progressing with regards to the ongoing review, as referenced in Note 32.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by assessing the risk of fraud absent of controls, and then identifying controls which are in place at the entity level and whether the design of those controls is sufficient for the prevention and detection of fraud, utilising internal and external information to perform our fraud risk assessment. We considered the risk of fraud through management override and considered the design and implementation of controls at the financial statement level to prevent this, as well as incorporating data analytics across manual journal entries into our audit approach, which was designed to provide reasonable assurance that the financial statements were free from material fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business; enquiries of legal counsel and management and obtaining legal confirmations. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards and UK legislation.
- Specific enquiries were made with the component teams to confirm any non-compliance with laws and regulations, and this was reported through their audit deliverables based on the procedures detailed in the previous paragraph. There were no significant instances of non-compliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kate Jarman (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Leeds

22 June 2022

Consolidated statement of profit or loss

Year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Revenue	3, 4	**242,480**	217,659
Cost of sales		**(70,549)**	(65,096)
Gross profit		**171,931**	152,563
Operating expenses		**(148,524)**	(117,060)
Group operating profit		**23,407**	35,503
Finance revenue	3, 9	**40**	120
Finance costs	10	**(1,794)**	(1,360)
Profit before tax		**21,653**	34,263
Income tax charge	11	**(6,390)**	(7,385)
Profit for the year attributable to equity holders of the parent		**15,263**	26,878

	Note	2022 £'000	2021 £'000
Group operating profit		**23,407**	35,503
Amortisation of acquired intangibles	15	**24,735**	17,671
Equity-settled share-based payments	29	**6,171**	5,170
Exceptional items	7	**4,526**	(448)
Adjusted operating profit		**58,839**	57,896

	Note	2022	2021
Earnings per share	13		
– basic earnings per share for the year		**7.1p**	13.8p
– diluted earnings per share for the year		**6.9p**	13.5p

Consolidated statement of comprehensive income

Year ended 31 March 2022

	2022 £'000	2021 £'000
Profit after tax for the period attributable to equity holders of the parent	**15,263**	26,878
Other comprehensive income:		
Exchange differences on retranslation of foreign operations (net of tax)	**18,029**	(20,559)
Total comprehensive income for the period attributable to equity holders of the parent	**33,292**	6,319

Consolidated statement of changes in equity

Year ended 31 March 2022

	Note	Equity share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020		4,855	261,648	6,575	3	3,953	67,900	344,934
Profit for the period		–	–	–	–	–	26,878	26,878
Other comprehensive income		–	–	–	–	(20,559)	–	(20,559)
Total comprehensive income for the period		–	–	–	–	(20,559)	26,878	6,319
Issue of share capital	22	53	5,979	3,343	–	–	–	9,375
Share-based payments	29	–	–	–	–	–	5,170	5,170
Tax on share options		–	–	–	–	–	1,700	1,700
Share forfeiture receipt	22	–	–	–	–	–	2,641	2,641
Equity dividend	12	–	–	–	–	–	(5,883)	(5,883)
Balance at 31 March 2021		4,908	267,627	9,918	3	(16,606)	98,406	364,256
Profit for the period		**–**	**–**	**–**	**–**	**–**	**15,263**	**15,263**
Other comprehensive income		**–**	**–**	**–**	**–**	**18,029**	**–**	**18,029**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**18,029**	**15,263**	**33,292**
Issue of share capital	22	**1,389**	**299,142**	**90,081**	**–**	**–**	**–**	**390,612**
Share-based payments	29	**–**	**–**	**–**	**–**	**–**	**6,171**	**6,171**
Tax on share options		**–**	**–**	**–**	**–**	**–**	**(498)**	**(498)**
Share forfeiture refund	22	**–**	**–**	**–**	**–**	**–**	**(29)**	**(29)**
Equity dividend	12	**–**	**–**	**–**	**–**	**–**	**(6,677)**	**(6,677)**
Balance at 31 March 2022		**6,297**	**566,769**	**99,999**	**3**	**1,423**	**112,636**	**787,127**

Consolidated balance sheet

As at 31 March 2022

	Note	2022 £'000	2021 £'000
ASSETS			
Non-current assets			
Goodwill	14	**713,631**	286,351
Other intangible assets	15	**255,930**	91,312
Property, plant and equipment	17	**4,601**	3,706
Right-of-use assets	18	**2,742**	3,231
Investments	19	**2,326**	2,288
Deferred tax asset	11	**21,860**	7,676
		1,001,090	394,564
Current assets			
Inventories		**1,196**	123
Trade and other receivables	20	**69,715**	58,617
Current tax		**7,804**	5,778
Cash and short-term deposits	21	**22,302**	21,135
		101,017	85,653
Total assets		**1,102,107**	480,217
EQUITY AND LIABILITIES			
Capital and reserves			
Equity share capital	22,30	**6,297**	4,908
Share premium	22,30	**566,769**	267,627
Merger reserve	30	**99,999**	9,918
Capital redemption reserve	30	**3**	3
Foreign currency translation reserve	30	**1,423**	(16,606)
Retained earnings		**112,636**	98,406
Total equity attributable to equity holders of the parent		**787,127**	364,256
Non-current liabilities			
Loans	23	**128,226**	–
Lease liabilities	24	**1,529**	2,286
Provisions	26	**866**	1,010
Deferred revenue		**1,805**	545
Contingent consideration	35	**1,920**	–
Deferred tax liability	11	**64,839**	22,120
		199,185	25,961
Current liabilities			
Lease liabilities	24	**1,842**	1,650
Trade and other payables	25	**49,572**	41,067
Deferred revenue		**57,018**	42,298
Contingent consideration	35	**5,856**	3,662
Current tax		**1,507**	1,323
		115,795	90,000
Total liabilities		**314,980**	115,961
Total equity and liabilities		**1,102,107**	480,217

Approved by the Board on 22 June 2022

C G Clark
Director

D M Ward
Director

Registered in England number 2415211

Consolidated cash flow statement

Year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Group profit before tax:		**21,653**	34,263
Adjustments to reconcile Group profit before tax to net cash flows			
Finance revenue	9	**(40)**	(120)
Finance costs	10	**1,794**	1,360
Depreciation of plant and equipment	17	**1,531**	1,433
Depreciation of right-of-use assets	18	**1,593**	1,838
Amortisation of intangible assets	15	**24,968**	17,914
Impairment of goodwill	14	**–**	154
Loss on disposal of plant and equipment and intangible assets	5	**34**	–
Loss/(profit) on disposal of businesses	7	**330**	(1,403)
Fair value adjustment on contingent consideration	35	**188**	245
Share-based payments	29	**6,171**	5,170
(Increase)/decrease in inventories		**(27)**	6
(Decrease)/increase in provisions		**(169)**	88
(Increase)/decrease in trade and other receivables		**(3,967)**	10,028
Increase in trade and other payables		**2,197**	1,655
Cash generated from operations		**56,256**	72,631
Income tax paid		**(11,610)**	(14,205)
Net cash generated from operating activities		**44,646**	58,426
Cash flows (used in)/from investing activities			
Acquisition of subsidiaries, net of cash acquired	34,35	**(460,383)**	(2,762)
Purchase of plant and equipment	17	**(1,611)**	(455)
Purchase of software	15	**(120)**	(283)
Net (outflow)/proceeds from disposal of businesses	34	**(101)**	5,307
Interest received	9	**10**	20
Net cash flows (used in)/from investing activities		**(462,205)**	1,827
Cash flows from/(used in) financing activities			
Finance costs paid		**(1,383)**	(1,231)
Proceeds from issue of shares	22	**305,997**	3,087
Share issue costs	22	**(5,780)**	–
(Refund)/proceeds from share forfeiture	22	**(29)**	2,641
Proceeds from new borrowings (net of arrangement fee)	23	**155,591**	–
Repayment of borrowings	23	**(30,073)**	(62,500)
Repayment of lease liabilities	24	**(1,969)**	(2,252)
Dividends paid to equity shareholders	12	**(6,677)**	(5,883)
Net cash flows from/(used in) financing activities		**415,677**	(66,138)
Net decrease in cash and cash equivalents		**(1,882)**	(5,885)
Effect of exchange rates on cash and cash equivalents		**3,049**	(479)
Cash and cash equivalents at the beginning of the period		**21,135**	27,499
Cash and cash equivalents at the end of the period	21	**22,302**	21,135

Notes to the consolidated financial statements

1. Corporate information

GB Group plc ('the Company') and its subsidiaries (together 'the Group') provide identity data intelligence products and services helping organisations recognise and verify all elements of an individual's identity at key interactions in their business processes. The nature of the Group's operations and its principal activities are set out in the Business Model.

The Company is a public company limited by shares incorporated in the United Kingdom and is listed on the London Stock Exchange with its ordinary shares traded on the Alternative Investment Market. The company registration number is 02415211. The address of its registered office is The Foundation, Herons Way, Chester Business Park, Chester, CH4 9GB. A list of the investments in subsidiaries, including the name, country of incorporation, registered office address and proportion of ownership interest is given in note 19.

These consolidated financial statements have been approved for issue by the Board of Directors on 22 June 2022.

The Company's financial statements are included in the consolidated financial statements of GB Group plc. As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented.

The Company, GB Group plc, is the ultimate parent company of the consolidated group.

2. Accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards, as applied in accordance with the provisions of the Companies Act 2006. The Company has taken advantage of section 408 of the Companies Act 2006 not to present the parent company profit and loss account. The financial statements have been prepared under the historical cost convention, modified in respect of the revaluation of financial assets and liabilities at fair value. A summary of the significant accounting policies is set out below.

The accounting policies that follow set out those policies that apply in preparing the financial statements for the year ended 31 March 2022 and the Group and Company have applied the same policies throughout the year.

The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). Refer to note C2.1 for further details.

In preparing the consolidated financial statements, management has considered the impact of climate change, particularly in the context of the financial statements as a whole, in addition to disclosures in the Strategic Report this year. This included an assessment of the impact on the carrying value of non-current assets and the impact on forecasts used in the impairment review and the assessments of going concern and longer-term viability.

These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to 30 September 2023 nor the viability of the Group over the next five years.

In reporting financial information, the Group presents Alternative Performance Measures ('APMs') which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information to reflect the underlying business and enable more meaningful comparison over time. A glossary on pages 184 and 188 provides a comprehensive list of APMs that the Group uses, including an explanation of how they are calculated, why they are used and how they can be reconciled to a statutory measure where relevant.

2.2 Going concern

The assessment of going concern relies heavily on the ability to forecast future cash flows over the going concern assessment period which covered the period through to 30 September 2023. Although GBG has a robust budgeting and forecasting process, the continued economic uncertainty caused by the macroeconomic environment means that additional sensitivities and analysis have been applied to test the going concern assumption under a range of downside and stress test scenarios. The following steps have been undertaken to allow the Directors to conclude on the appropriateness of the going concern assumption:

a) Understand what could cause GBG not to be a going concern

b) Consider the current customer and sector position, liquidity status and availability of additional funding if required

c) Board review and challenge the budget including comparison against external data sources available and a potential downside scenario

d) Perform reverse stress tests to assess under what circumstances going concern would become a risk – and assess the likelihood of whether they could occur

e) Examine what mitigating actions could be taken in the event of these stress test scenarios

f) Conclude upon the going concern assumption

2. Accounting policies continued

2.2 Going concern continued

a) Understand what could cause GBG not to be a going concern

The potential scenarios which could lead to GBG not being a going concern are considered to be:

- Not having sufficient cash to meet our liabilities as they fall due and therefore not being able to provide services to our customers, pay our employees or meet financing obligations.
- A non-remedied breach of the financial covenants within the Group Revolving Credit Facility ('RCF') agreement (detailed in note 23). Under the terms of the agreement this would lead to the outstanding balance becoming due for immediate repayment. These covenants are:
  - Leverage – consolidated net borrowings (outstanding loans less current cash balance) as a multiple of adjusted consolidated EBITDA for the last 12 months, assessed quarterly in arrears, must not exceed 3.00:1.00
  - Interest cover – adjusted consolidated EBITDA as a multiple of consolidated net finance charges, for the last 12 months, assessed quarterly in arrears, must not fall below 4.00:1.00

b) Consider the current customer and sector position, liquidity status and availability of additional funding if required

The market consensus forecast for the year to 31 March 2022 was a decline in revenue of 3.2% (£7 million). The actual performance was significantly ahead of this with revenue of £242.5 million, representing revenue growth of 11.4% (10.6% on an organic constant currency basis).

The Board of Directors are aware that there continues to be economic uncertainty, but the experience in the past year gives enhanced confidence to be able to forecast which of our products and services are positively or negatively impacted by global economic pressures and therefore what steps are needed to react to this. The overall performance has illustrated the relevance and importance of our products and services, even in a time of significant economic decline in many of our key markets.

During the prior year approximately 7% of revenue came from two customers in the United States who provided services directly related to Covid-19. As expected, the level of revenue from these customers decreased in the current year to represent only 2% of revenue. GBG does not have a high customer concentration risk since no individual customer generates more than 6% of Group revenue. The Group's customers operate in a range of different sectors which further reduces the risk of a downturn in any particular sector. The financial services sector accounts for the largest percentage of customers, particularly within the Fraud and Identity segments.

As a global company GBG operates in different countries and therefore is less exposed if particular countries are impacted at different rates. The breakdown of our revenue by country is shown in note 4. The Group has no operations or active suppliers in Russia, Belarus or Ukraine and we can confirm that business has been suspended with the small number of customers who are incorporated in Russia. Exposure to Russian customers is limited with combined revenue in the current year of less than 0.5% of Group revenue.

There are also macro dynamics supporting the increased use of GBG products and services, such as:

- Continued compliance requirements globally
- The ongoing existence of fraud globally, leading to increased cyber security risks and therefore demand for GBG anti-fraud solutions
- Continued digitisation and rise of online versus physical transactions in both consumer and business-to-business settings
- Speed and quality of customer onboarding being a key differentiator, which is enhanced through the use of GBG's software

GBG is not reliant upon any one supplier to provide critical services either to support the services we provide to our customers or to our internal infrastructure. For these critical services, such as the provision of data, contingency plans exist in the event of a supplier failure to be able to move to an alternative supplier with minimal disruption to customers or to the wider business.

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.2 Going concern continued

b) Consider the current customer and sector position, liquidity status and availability of additional funding if required continued

Liquidity

	31 March 2022 £'000	31 March 2021 £'000	Variance £'000
Operating cash flow before tax and exceptional items paid	**59,532**	73,385	(13,853)
Adjusted EBITDA	**62,196**	61,410	786
Cash conversion %	**95.7%**	119.5%	(23.8%)
Cash and cash equivalents (note 21)	**22,302**	21,135	1,167
Loans (excluding unamortised loan fees) (note 23)	**(129,254)**	–	(129,254)
Net (Debt)/Cash	**(106,952)**	21,135	(128,087)
Leverage	**1.72**	Positive Cash	1.72

At 31 March 2022, GBG was in a net debt position of £107.0 million, a decline of £128.1 million since 31 March 2021 following the acquisition of Acuant where the RCF facility was refinanced and partially drawn down to fund the acquisition (see note 23).

During the year to 31 March 2022, GBG's operating cash to EBITDA ratio ('cash conversion') was 95.7%, a decrease of 23.8% on the prior year. The decrease in the cash conversion was partly attributable to cash receipts in the first half of the prior year related to large multi-year deals where the profit was recognised at the end of the year to 31 March 2020. Notwithstanding this, the current year level is a strong indicator of GBG's ability to convert profit into cash.

The refinanced RCF facility has a maximum level of £175 million which could be drawn down for working capital purposes if required. As at 31 March 2022, the available undrawn facility was £45.7 million. The expiry of this facility is not until July 2025 with two one-year extension options available (subject to approval from the bank syndicate).

At 31 March 2022 the Group was in a net current liabilities position of £14.8 million (2021: net current liabilities of £4.3 million). However, within current liabilities is deferred revenue of £57.0 million (2021: £42.3 million) which represents a liability to provide a future service rather than a direct cash liability. Whilst there is a cash cost to providing these services (principally related data costs or employee wages) these costs would be lower than the value of the deferred revenue liability, and will unwind over the course of the year rather than being a liability settled on demand. On this basis the net current liabilities position is not considered to be a risk from a going concern perspective.

c) Board review and challenge of the budget including comparison against external data sources available and a potential downside scenario

The annual budget setting process utilises a detailed bottom-up approach which is then subject to review and challenge by the Executive Team and Board of Directors. Management use both the internal and external information available in addition to their industry knowledge to produce the base case forecast.

Management note that analysts' forecasts published after the trading update in April 2022 estimate an overall revenue growth in the year to 31 March 2023 due to the impact of the acquired businesses and organic growth. These estimates range from growth of 23.0% to 32.0%, with the consensus position being growth of 26% which would be revenue of £299 million on a constant currency basis. The budget for the year to 31 March 2023 is within the range of the analyst estimates.

This budget showed continued significant headroom in the covenant compliance tests and sufficient liquidity to maintain operations. The budget model was then adjusted to reflect a realistic downside scenario by incorporating both reductions in revenue and increases in costs and interest rates. Under these downside scenarios, the covenant compliance and liquidity position did not result in any risk to going concern. Relative to the budget produced by management, there have not been any adverse variances in the overall trading performance since the year-end.

2. Accounting policies continued

2.2 Going concern continued

d) Perform reverse stress tests to assess under what circumstances going concern would become a risk – and assess the likelihood of whether they could occur

The budget model was then further adjusted to establish at what point a covenant breach would occur without further mitigating actions. A covenant breach would occur before the available cash resources of the Group are fully exhausted and therefore the focus of the reverse stress test was on covenant compliance. In making this assessment it was assumed that management had reduced operating expenses by 20% which is the level that is considered possible without causing significant disruption to business operations. These savings would primarily be linked to people costs, net of any related redundancy costs.

With a 20% operating expenses saving introduced in Q1 of FY23 it would take a revenue decline of 40% from acquired revenue and 18% from organic revenue for a covenant breach (leverage) to occur. This breach would be as at 30 September 2023 although even at this point it would only take an EBITDA increase of £200,000 to remedy this breach.

Based on the prior year trading performance, performance in the period since the year end and through reference to external market data a decline of anywhere near 18% in organic revenue is considered by the Directors to be remote. If this became even a possibility, then deeper cost cutting measures would be implemented well in advance of a covenant breach as well as consideration of a range of other mitigation actions detailed in the next section.

e) Look at what mitigating actions could be taken in the event of these reverse stress test scenarios

In the unlikely event of the reverse stress test case scenario above occurring, a breach of covenants would occur on 30 September 2023 unless further mitigation steps were taken. Detailed below are the principal steps that would be taken (prior to the breach taking place) to avoid such a breach occurring:

- Make deeper cuts to overheads, primarily within the sales function if the market opportunities had declined to this extent. It would only take a reduction of 1% of overheads (based on the 31 March 2022 level) to increase EBITDA to remedy a covenant breach of £200,000
- Take similar cash conservation measures to those that were implemented in the early stages of the pandemic in 2020. These included not declaring a final dividend, pay and recruitment freezes and a deferral of Director bonus payments
- Request a delay to UK Corporation Tax, Employment Tax or Sales Tax payments under the HMRC 'Time to Pay' scheme. In the year to 31 March 2022 Corporation Tax payments averaged £500,000 per quarter, Employment Tax payments (including employee taxes) were approximately £1.6 million per month and Sales Tax payments were £2.0 million per quarter
- Request a covenant waiver or covenant reset from our Bank Syndicate. Whilst this is not entirely within the Group's control, the business would still be EBITDA positive on a rolling 12-month basis at this point and the Directors believe they would have a reasonable expectation of achieving a temporary covenant waiver from the banks if needed
- Raise cash through an equity placing. Under the Articles of Association GBG has the right to raise cash through an equity placing up to 10% of its market valuation at the date of the placing
- Disposal of part of the business

f) Conclude upon the going concern assumption

Following consideration of the budget, reverse stress test scenarios and future outlook, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies

The Group and Company financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March each year.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ('OCI') are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations

The Group uses the acquisition method of accounting to account for business combinations of entities not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as a financial liability within the scope of IFRS 9 'Financial Instruments: Recognition and Measurement' is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

If a business combination is achieved in stages, the acquisition date fair value of the Group's previously held investment in the acquiree is remeasured to fair value at the acquisition date with any resultant gain or loss recognised through profit or loss.

2. Accounting policies continued

2.3 Significant accounting policies continued

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into pounds Sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates for the period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Foreign currencies

The Group's consolidated financial statements are presented in pounds Sterling, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ('CGU's) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the Consolidated Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only on assets other than goodwill if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated to write off cost less estimated residual value based on prices prevailing at the balance sheet date on a straight-line basis over the estimated useful life of each asset as follows:

Plant and equipment	– over 3 to 10 years
Freehold buildings	– over 50 years

Freehold land is not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Consolidated Statement of Profit or Loss in the year the item is derecognised.

Residual values and estimated remaining lives are reviewed annually.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Intangible assets

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill already carried in the balance sheet at 1 April 2004 or relating to acquisitions after that date is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the CGU expected to benefit from the synergies. Impairment is determined by assessing the recoverable amount of the CGU, including the related goodwill. Where the recoverable amount of the CGU is less than the carrying amount, including goodwill, an impairment loss is recognised in the Consolidated Statement of Profit or Loss. The carrying amount of goodwill allocated to a CGU is taken into account when determining the gain or loss on disposal of the unit, or an operation within it. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the availability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised on a straight-line basis over 2 to 4 years.

2. Accounting policies continued

2.3 Significant accounting policies continued

Acquired intangibles

Separately identifiable intangible assets such as patent fees, licence fees, trademarks and customer lists and relationships are capitalised on the balance sheet only when the value can be measured reliably, or the intangible asset is purchased as part of the acquisition of a business. Such intangible assets are amortised over their useful economic lives on a straight-line basis.

Separately identified intangible assets acquired in a business combination are initially recognised at their fair value. Intangible assets are subsequently stated at fair value or cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the asset. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Estimated useful lives typically applied are as follows:

Software technology assets	– over 2 to 8 years
Brands and trademarks	– over 2 to 5 years
Non-compete agreements	– over 3 to 5 years
Customer relationships	– over 10 years

Computer software licences

Acquired computer software licences comprise computer software licences purchased from third parties, and also the cost of internally developed software. Acquired computer software licences are initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software.

Costs associated with maintaining the computer software are recognised as an expense when incurred. Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Inventories

Inventories comprise identity scanning hardware that is available for sale to customers. These are valued at the lower of cost or net realisable value (net selling price less further costs to completion), after making due allowance for obsolete and slow moving items.

Cost is determined by the first in first out ('FIFO') cost method.

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently as measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component, or for which the Group has applied the practical expedient, are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Financial assets continued

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through profit or loss

The Group only has financial assets falling into the first two categories above and as such has only included the policy for these two below.

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate ('EIR') method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 'Financial Instruments: Presentation' and are not held for trading.

The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's Consolidated Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

2. Accounting policies continued

2.3 Significant accounting policies continued

Financial assets continued

Impairment of financial assets
The Group recognises an allowance for expected credit losses ('ECLs') for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group recognises loss allowances for ECL on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECLs are a probability-weighted estimate of credit losses. An assessment of ECL is calculated using a provision matrix model to estimate the loss rates to be applied to each trade receivable category. ECLs are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

As detailed in note 27, in previous years, an additional management overlay to the ECL calculation was applied to recognise the uncertainty over the ultimate impact of the Covid-19 pandemic.

Trade and other receivables
Trade receivables, which generally have 14 to 60-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. A provision is made against a trade receivable only when there is objective evidence that the Group may not be able to recover the entire amount due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of a provision for doubtful debts account. Impaired debts are derecognised when they are assessed as uncollectable.

Cash and short-term deposits
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

Borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit or Loss.

Trade and other payables
Trade and other payables are initially recognised at fair value and subsequently recorded at amortised cost using the EIR method.

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Consolidated Statement of Profit or Loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Dilapidation provisions

A dilapidation provision is recognised when there is an obligation to restore property to its original state at the end of the leasehold period. The provision is estimated as the cost of restoration at the balance sheet date, with the corresponding entry recognised in property plant and equipment. Depreciation is charged in line with the remaining leasehold period.

Pensions

The Group does not have a group contributory pension scheme. Payments are made to individual private defined contribution pension arrangements. Contributions are charged in the Consolidated Statement of Profit or Loss as they become payable.

2. Accounting policies continued

2.3 Significant accounting policies continued

Revenue recognition

During the year ended 31 March 2022, the Group has changed the presentation and disclosure of its fee types and revenue streams in order to disaggregate revenue recognised from contracts with customers into recurring and non-recurring revenue streams. Management believes that the revised disaggregation best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors and is therefore most relevant and useful to users of the accounts.

Aggregation as previously reported	Updated aggregation
Licence	Term-based subscription
Transactional	Consumption Consumption-based subscription
Services	Term-based subscription Consumption Consumption-based subscription Other

The Company's revenue recognition policy for each type of revenue is unchanged from the previous period. The description of those revenue recognition policies for each of the new revenue type descriptors is as follows:

Revenue is stated net of value-added tax, rebates and discounts and after the elimination of intercompany transactions within the Group. The Group operates a number of different businesses offering a range of products and services and accordingly applies a variety of methods for revenue recognition, based on the principles set out in IFRS 15.

Revenue is recognised to represent the transfer of promised services to customers in a way that reflects the consideration expected to be received in return. Consideration from contracts with customers is allocated to performance obligations identified based on their standalone selling price and is recognised when those performance obligations are satisfied and the control of goods or services is transferred to the customer, either over time or at a point in time.

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract assets, contract liabilities, accrued income and deferred income) to recognise in the period, management is required to form a number of judgements and assumptions. These may include an assessment of the costs the Group incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised. These judgements are inherently subjective and may cover future events such as the achievement of contractual milestones. Please see Judgements – Revenue Recognition below for further detail.

a) Term-based subscriptions (previously: software licences)

Revenue from term-based subscriptions is recognised when control is considered to have passed to the customer. Control can pass either at a point in time or over time depending on the performance obligations under the contract as further described below.

Web-service hosted software solutions

The performance obligation is to provide the customer a right to access the software throughout the subscription period for which revenue is recognised over the subscription period.

On-premise installation

The performance obligations can include the provision of a software subscription, data sets, updates to those data sets during the subscription period and support and maintenance. There also are instances where customers are provided a data set to use with their own software rather than the Group's.

The Group's software has no standalone value to the customer without the data as there is nothing upon which to apply the algorithms. The data file cannot be accessed outside of the software so has no standalone value (unless under the circumstance where it has been subscribed for use on the customer's system). As a result, the software and the data are considered one performance obligation as the customer cannot benefit from one without the other.

Customers are given a right-to-use the software and data as it exists at the point in time the subscription is granted, for which revenue is recognised at the point in time the customer can first use and benefit from it.

A proportion of the transaction price is allocated to the provision of data updates and support and maintenance, which are considered separate performance obligations. This is either based on the standalone selling price for those services or, where the Group does not have a history of standalone selling prices for a particular software subscription, a cost-plus mark-up approach is applied.

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Revenue recognition continued

a) Term-based subscriptions (previously: software licences) continued

Data disk

The performance obligations can include the subscription to use specific data sets, updates to those data sets during the subscription period and support and maintenance.

The performance obligations over the period of the subscription are satisfied by the provision of disk files to the customer in the same format on a monthly basis to ensure that the customer has access to the most relevant information throughout the contract period. This meets the series guidance under IFRS 15 paragraph 22: "a promise to transfer to the customer a series of distinct goods or services that are substantially the same and that have the same pattern of transfer". Accordingly, the revenue for the full subscription period is recognised over the contractual term.

b) Consumption (previously: transactional)

A number of GBG SaaS solutions provide for the provision of consumed data intelligence services with customers paying only for the number of searches they perform. The performance obligation is to provide this check and revenue in respect of those solutions is recognised based on usage. Customers are either invoiced in arrears for searches performed ('consumption') or make a prepayment giving them the right to a specific number of searches ('consumption-based subscription').

Where customers make a prepayment, which entitles them to perform a specific number of transactions over an agreed contract period, once this period has expired any unused transactions are forfeited. Based on a review of historic forfeitures, an estimate is made of the expected percentage of transactions that will remain unused over their contracted life. This percentage is applied such that revenue for expected forfeiture is recognised in proportion to the pattern of transactions performed by the customer.

c) Other (previously: rendering of services)

Other revenue such as development charges, set-up, hardware, support and maintenance fees are recognised over time by reference to the stage of completion. Stage of completion of the specific transaction is assessed on the basis of the actual services provided as a proportion of the total services to be provided. Where the services consist of the delivery of support and maintenance on software licence agreements, it is generally considered to be a separate performance obligation and revenue is recognised on a straight-line basis over the term of the support period.

d) Perpetual licences

Revenue is recognised at a point in time when the contract is agreed, and the software is made available to the customer. Customers are charged an initial or perpetual licence fee for on-premise or hosted software which is usually limited by a set number of users or seats. Initial and perpetual licences provide the customer with the right to use the software and are distinct from other services.

e) Contract assets and contract liabilities

Costs to obtain a contract in the Group typically include sales commissions and, under IFRS 15, certain costs such as these are deferred as Contract Assets and are amortised on a systematic basis consistent with the pattern of transfer of the goods or services to which the asset relates. As a practical expedient, these costs are expensed if the amortisation period to which they relate is one year or less.

Where the Group completes performance obligations under a contract with a customer in advance of invoicing the customer, the value of the accrued revenue is initially recognised as a contract asset.

Any contract assets are disclosed within the trade and other receivables in the Consolidated Balance Sheet.

Where the Group receives a short-term prepayment or advance of consideration prior to completion of performance obligations under a contract with a customer, the value of the advance consideration received is initially recognised as a contract liability in liabilities. Revenue is subsequently recognised as the performance obligations are completed over the period of the contract (i.e. as control is passed to the customer). Contract liabilities are presented in deferred income within trade and other payables in the Consolidated Balance Sheet.

2. Accounting policies continued

2.3 Significant accounting policies continued

Revenue recognition continued

f) Principal versus agent

The Group has arrangements with some of its customers whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer.

The Group is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the Group has in establishing the price for the specified good or service, whether the Group has inventory risk and whether the Group bears the responsibility for fulfilling the promise to deliver the service or good. Where the Group is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

The Group acts as a principal if it controls a promised good or service before transferring that good or service to the customer. Where the Group is acting as a principal, revenue is recorded on a gross basis.

This assessment of control requires some judgement in particular in relation to certain service contracts. An example is the provision of certain employment screening services where the Group may be assessed to be agent or principal dependent upon the facts and circumstances of the arrangement and the nature of the services being delivered.

g) Contract modifications

Although infrequent, contracts may be modified for changes in contract terms or requirements. These modifications and amendments to contracts are always undertaken via an agreed formal process. Contract modifications exist when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Group's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

a. Prospectively as an additional separate contract

b. Prospectively as a termination of the existing contract and creation of a new contract

c. As part of the original contract using a cumulative catch-up

d. As a combination of b) and c).

For contracts for which the Group has decided there is a series of distinct goods and services that are substantially the same and have the same pattern of transfer where revenue is recognised over time, the modification will always be treated under either a) or b). However, d) may arise when a contract has a part termination and a modification of the remaining performance obligations.

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes.

h) Interest income

Revenue is recognised as interest accrues using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

i) Presentation and disclosure requirements

The Group has disaggregated revenue recognised from contracts into contract type (Term-based subscription, Consumption-based subscription, Consumption and Other) as management believe this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. The Group has also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 4 for the disclosure on disaggregated revenue.

Operating Profit

Operating profit is profits after amortisation of acquired intangibles, equity-settled share-based payments and exceptional items but before finance revenue, finance costs and tax.

Non-GAAP Measures

The Group presents the non-GAAP performance measure 'adjusted operating profit' on the face of the Consolidated Income Statement. Adjusted operating profit is not defined by IFRSs and therefore may not be directly comparable with the adjusted operating profit measures of other companies.

The business is managed and measured on a day-to-day basis using adjusted results. To arrive at adjusted results, certain adjustments are made for normalised and exceptional items that are individually significant and which could, if included, not be reflective of the underlying performance of the Group for the year and the comparability between periods.

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Normalised items

These are recurring items which management considers could affect the underlying results of the Group.

These items relate to:

- amortisation of acquired intangibles; and
- equity-settled share-based payments charges.

Other types of recurring items may arise; however, no others were identified in either the current or prior year. Recurring items are adjusted each year irrespective of materiality to ensure consistent treatment.

Management consider these items to not reflect the underlying performance of the Group.

Exceptional items

The Group presents as exceptional items those significant items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance. Such items may include, but are not restricted to, significant acquisition, restructuring and integration-related costs, adjustments to contingent consideration, profits or losses on disposal of businesses and significant impairment of assets. Exceptional costs are discussed further in note 7.

Redundancy costs are only classified within exceptional items if they are linked to a reorganisation of part of the business, including when as a result of a business integration.

Management consider these significant and/or non-recurring-items to be inherently not reflective of the future or underlying performance of the Group.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Share-based payment transactions

Employees (including Executive Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuation specialist using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GB Group plc ('market conditions') and non-vesting conditions, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Consolidated Statement of Profit or Loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting conditions were satisfied, provided that all other vesting conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised over the remainder of the new vesting period for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it was granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected in the computation of earnings per share (note 13).

2. Accounting policies continued

2.3 Significant accounting policies continued

Finance costs

Finance costs consist of interest and other costs that are incurred in connection with the borrowing of funds. Finance costs are expensed in the period in which they are incurred.

Finance costs also include the amortisation of bank loan arrangement fees, interest on long-service award liabilities and interest on lease liabilities.

Taxes

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred income tax

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- No provision is made where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination that at the time of the transaction affects neither accounting nor taxable profit
- No provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future
- Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date

New accounting standards and interpretations

The following standards and amendments were effective for periods beginning on or after 1 January 2021 or 1 April 2021 and as such have been applied in these financial statements. The Group has not early adopted any other standard or interpretation that is issued but not yet effective.

The following standards and amendments had no impact on the financial statements of the Group:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendments to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021

New accounting standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current – effective for annual reporting periods beginning on or after 1 January 2023
- Reference to the Conceptual Framework – Amendments to IFRS 3 – effective for annual reporting periods beginning on or after 1 January 2022
- Annual Improvements 2018-2020
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

None of the amendments are expected to have a significant impact to the Group, however the Group will continue to consider these and any additional amendments, interpretations and new standards to identity potential future impact.

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.4 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Estimates

Impairment of goodwill

The Group and Company tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated earlier in note 2.3. Determining whether goodwill is impaired requires an estimation of the value in use and/or the estimated recoverable amount of the asset derived from the business, or part of the business, CGU, to which the goodwill has been allocated. The value in use calculation requires an estimate of the present value of future cash flows expected to arise from the CGU, by applying an appropriate discount rate to the timing and amount of future cash flows.

Management are required to make judgements regarding the timing and amount of future cash flows applicable to the CGU, based on current budgets and forecasts, and extrapolated for an appropriate period taking into account growth rates and expected changes to sales and operating costs. In making these estimates management have assessed the sensitivity of the assets to a wider range of changes in the key inputs to consider if an impairment would arise within these ranges.

Management estimate the appropriate discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business or the individual CGU.

An analysis of the Group goodwill and the assumptions used to test for impairment are set out in note 16. As explained in note 16, in the current period, management has determined that there are no reasonably possible changes to key assumptions in the impairment model that would result in the impairment of goodwill.

Allowance for impairment losses on credit exposures

The Group applies the IFRS 9 simplified lifetime expected credit loss approach in calculating expected credit losses ('ECL'). Under this method ECL provisions are determined using a combination of historical experience and forward-looking information based on management judgement. In the prior year, due to the Covid-19 pandemic the unprecedented economic uncertainty increased the likelihood of a higher level of ECL, but there was no historical comparative evidence to draw upon to build the impact of this pandemic into the normal ECL model used. The Group responded by calculating an additional level of provision to overlay the normal ECL calculation. This overlay was based on management estimates taking into account an analysis of trade receivables broken down into customer sectors, using internal and external forecasts to assess the sectors which were expected to see the biggest impact of the pandemic.

For the current year this additional overlay has been released as it is now over 24 months since the pandemic began, and the Group has not experienced any significant increase in credit losses during this period even after the cessation of the majority of government economic support packages, such as furlough in the UK. The past 24 months is considered to be a fair representation of the potential risk profile for the coming year due to the Covid-19 pandemic. The impact of the release of this overlay is detailed in note 20 and 27.

An increase of 100bps in all ECL rates would increase the provision for impairment of trade receivables by £596,000. A decrease of 100bps across all ECL rates would reduce the provision for impairment of trade receivables by £596,000.

Judgements

Revenue recognition

For contracts with multiple components to be delivered, management may have to apply judgement to consider whether those promised goods and services are (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is determined, and the Group allocates this to the identified performance obligations in proportion to their relative standalone selling prices and recognises revenue when (or as) those performance obligations are satisfied. Because of the bespoke nature of some solutions, judgement is sometimes required to determine and estimate an appropriate standalone selling price.

2. Accounting policies continued

2.4 Judgements and key sources of estimation uncertainty continued

Judgements continued

Deferred tax assets (both judgement and estimate)

The amount of the deferred tax asset included in the balance sheet of the Group is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. A deferred tax asset is recognised when it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Recognition, therefore, involves management judgement regarding the prudent forecasting of future taxable profits of the business including considering appropriate levels of risk.

At the balance sheet date, management has forecast that the Group would generate future taxable profits against which certain decelerated capital allowances, tax losses and other temporary differences could be relieved. Within that forecast, management considered the total amount of tax losses available across the Group and the relative restrictions in place for loss streaming and made a judgement not to recognise deferred tax assets on losses of £17,828,000 (2021: £13,705,000). The carrying value of the recognised deferred tax asset at 31 March 2022 was £21,049,000 (2021: £7,676,000) and the unrecognised deferred tax asset at 31 March 2022 was £4,840,000 (2021: £839,000). Further details are contained in note 11.

Valuation and asset lives of separately identifiable intangible assets (both judgement and estimate)

In accounting for acquisitions management are required to make judgements in relation to the identification of separately identifiable intangible assets and the methodologies used to fair value these assets. The key inputs used in the models require significant estimation and management are required to make judgements regarding the timing and amount of future cash flows applicable to the businesses being acquired as well as a suitable discount rate in order to calculate the present value.

Such estimates are based on current budgets and forecasts, extrapolated for an appropriate period taking into account growth rates and expected changes to selling prices and operating costs. During the year, the Group acquired Acuant and Cloudcheck and in valuing the separately identifiable intangible assets made specific judgements as to the value and useful lives of those assets. Judgements were made with reference to both historical indicators within the acquired business such as customer or technology lifecycles along with estimates of the impact on such lives that convergence of technology and relationships would have over time.

Future results are impacted by the amortisation periods adopted and changes to the estimated useful lives would result in different effects on the income statement. If the estimated useful lives of the intangible assets recognised on acquisition of Acuant and Cloudcheck were reduced by one year, the annual amortisation would increase by £3,357,000. If they were increased by one year, the annual amortisation would reduce by £2,573,000.

3. Revenue

Revenue disclosed in the Consolidated Statement of Profit or Loss is analysed as follows:

	2022 £'000	(Re-presented)[1] 2021 £'000
Subscription revenues:		
Consumption-based	**35,830**	32,750
Term-based	**76,465**	62,244
Total subscription revenues	**112,295**	94,994
Consumption	**115,212**	111,265
Other	**14,973**	11,400
Revenue	**242,480**	217,659
Finance revenue	**40**	120
Total revenue	**242,520**	217,779

1 As disclosed in note 2 and 4, during the current year, the Group has changed the presentation and disclosure of its fee types and revenue streams in order to disaggregate revenue recognised from contracts with customers into recurring and non-recurring revenue streams. As a result, the disaggregation of revenue has been re-presented from the previous year.

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

3. Revenue continued

Significant changes in contract balances

Contract assets predominantly relate to software licence services, where revenue recognition for on-premise arrangements occurs as the solution is transferred to the customer, whereas the invoicing pattern is often annually over the contract period. Contract assets recognised during the year totalled £3,793,000 (2021: £4,877,000). The contract asset balance for work completed but not invoiced on satisfaction of a performance obligation, unwinds over the contract term. Contract assets are transferred to receivables when the right to consideration becomes unconditional, or conditional over the passage of time.

Revenue recognised in the year of £42,298,000 (2021: £37,701,000) was included in the opening contract liability.

4. Segmental information

The Group's operating segments are internally reported to the Group's Chief Executive Officer as three operating segments: Location, Identity and Fraud. Included within 'Other' (previously disclosed as 'Unallocated' as at 31 March 2021) is the revenue and profit of the marketing services business (which was disposed of in January 2021).

'Central overheads' represents Group operating costs such as technology, compliance, finance, legal, people team, information security, premises, Directors' remuneration and PLC costs.

The measure of performance of those segments that is reported to the Group's Chief Executive Officer is adjusted operating profit, being profits before amortisation of acquired intangibles, equity-settled share-based payments, exceptional items, net finance costs and tax, as shown below.

Information on segment assets and liabilities is not regularly provided to the Group's Chief Executive Officer and is therefore not disclosed below.

The acquisitions of Acuant and Cloudcheck have been included within the Identity segment.

Changes to segmental analysis for 31 March 2022 disclosure

The implementation of a new group-wide finance system in the prior year has enabled transactions to be analysed in more detail internally. As a result, during the year to 31 March 2022, the presentation of the segmental information that is reported to the Group's Chief Executive Officer and the categories revenue is grouped into, has continued to evolve and has been updated to better reflect the nature of how customers consume our services. Note 2 'Revenue recognition' details how the previous categories used for the disaggregation of revenue, map to the new categories that have subsequently been adopted.

Previously the Group has presented an 'Unallocated' column in the segment disclosure, which represented both the revenue and profit of the Marketing Services business as well as Group operating costs. However, following the disposal of part of its Marketing Services division in the prior year, the Group has now incorporated the remaining portion of the Marketing Services division within the Fraud operating segment. Due to these changes in the presentation of the segmental analysis during the year ended 31 March 2022, the segmental information for the year ended 31 March 2021 has been re-presented on the same basis. The value that has been re-presented in the year to 31 March 2021 for revenue is £1,952,000. The disposed part of the Group's Marketing Services division for the year to 31 March 2021 is now disclosed within 'Other' and Group operating costs are disclosed within the 'Central overheads' line.

Historically a portion of Group operating costs were attributed to the operating segments using a variety of allocation methods. However, in order to better reflect the underlying trading performance of the operating segments without distortion from changes in corporate costs, from 1 April 2021 Group operating costs are no longer allocated and instead are included fully within 'Central overheads'. The removal of allocated Group operating costs from operating segment results ensures that performance is measured against costs that can be directly controlled or influenced by individual segments.

Due to the variety of allocation methods used historically, often at a granular transaction level, changes from analysing by cost centre to business unit, as well as the use of different systems across the Group at various times during the comparative periods, it was not practical to restate the prior periods (being the year ended 31 March 2021) to remove allocated Group operating costs out of the operating segment results. Had the prior year information been updated then the adjusted operating profit of the individual segments would have increased because fewer central overheads would have been allocated to them.

4. Segmental information continued

Changes to segmental analysis for 31 March 2022 disclosure continued

Year ended 31 March 2022	Location £'000	Identity £'000	Fraud £'000	Other £'000	Total £'000
Subscription revenues:					
Consumption-based	18,648	16,271	911	–	35,830
Term-based	43,129	9,465	23,871	–	76,465
Total subscription revenues	61,777	25,736	24,782	–	112,295
Consumption	3,877	109,842	1,493	–	115,212
Other	675	7,218	7,042	38	14,973
Total revenue	66,329	142,796	33,317	38	242,480
Contribution	24,601	57,030	8,025	(106)	89,550
Central overheads					(30,711)
Adjusted operating profit					58,839
Amortisation of acquired intangibles					(24,735)
Share-based payments charge					(6,171)
Exceptional items					(4,526)
Operating profit					23,407
Finance revenue					40
Finance costs					(1,794)
Income tax expense					(6,390)
Profit for the year					15,263

Year ended 31 March 2021	(Re-presented) Location £'000	(Re-presented) Identity £'000	(Re-presented) Fraud £'000	(Re-presented) Other £'000	Total £'000
Subscription revenues:					
Consumption-based	18,384	13,718	648	–	32,750
Term-based	37,399	4,938	19,907	–	62,244
Total subscription revenues	55,783	18,656	20,555	–	94,994
Consumption	2,970	107,173	1,122	–	111,265
Other	916	2,256	6,767	1,461	11,400
Total revenue	59,669	128,085	28,444	1,461	217,659
Contribution	19,472	47,746	5,332	(954)	71,596
Central overheads					(13,700)
Adjusted operating profit					57,896
Amortisation of acquired intangibles					(17,671)
Share-based payments charge					(5,170
Exceptional items					448
Operating profit					35,503
Finance revenue					120
Finance costs					(1,360)
Income tax expense					(7,385)
Profit for the year					26,878

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

4. Segmental information continued

Geographical information

	Revenues from external customers		Non-current assets	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
United Kingdom	**82,874**	77,302	**117,533**	123,338
United States of America	**87,996**	78,998	**807,092**	223,843
Australia	**27,501**	23,636	**54,559**	39,695
Others	**44,109**	37,723	**46**	12
	242,480	217,659	**979,230**	386,888

The geographical revenue information above is based on the location of the customer.

Non-current assets for this purpose consist of plant and equipment and intangible assets and excludes the deferred tax asset.

5. Operating profit

This is stated after charging/(crediting):

	2022 £'000	2021 £'000
Research and development costs recognised as an operating expense	**16,225**	14,970
Other technology related costs recognised as an operating expense	**17,218**	12,968
Total technology related costs recognised as an operating expense	**33,443**	27,938
Depreciation of property, plant and equipment (note 17)	**1,531**	1,433
Depreciation of right-of-use assets (note 18)	**1,593**	1,838
Expense relating to short-term leases	**558**	514
Expense relating to low-value leases	**6**	5
Expected credit losses of trade receivables (note 20)	**(209)**	25
Loss on disposal of plant and equipment and intangible assets	**34**	–
Amortisation of intangible assets (note 15)	**24,968**	17,914
Foreign exchange (gain)/loss	**42**	188

The above information does not include exceptional items which have been disclosed in note 7.

6. Auditor's remuneration

	2022 £'000	2021 £'000
Audit of the Group's financial statements	**320**	273
Audit of subsidiaries	**392**	388
Total audit fees	**712**	661
Other fees to auditor – other assurance services	**132**	123
	844	784

Auditor's remuneration of £128,000 (2021: £nil) has been included within exceptional items during the year since it was directly attributable to the acquisitions of Acuant and Cloudcheck (see note 7).

7. Exceptional items

	2022 £'000	2021 £'000
(a) Acquisition-related costs	**5,607**	862
(b) Gain on forward contracts linked to acquisitions	**(3,053)**	–
(c) Integration costs	**422**	–
(d) Costs associated with team member reorganisations	**1,063**	441
(e) Impairment of goodwill (note 14 & 34)	**–**	154
(f) Fair value adjustments to contingent consideration (note 35)	**–**	(50)
(g) Foreign exchange movement on contingent consideration (note 35)	**157**	(452)
(h) Loss/(profit) on disposal of businesses (note 34)	**330**	(1,403)
	4,526	(448)

(a) Acquisition-related costs of £5,607,000 (2021: £862,000) include legal and professional advisor costs directly attributable to the acquisitions of Acuant and Cloudcheck detailed in note 34, as well as costs which were incurred as part of a potential acquisition. In the prior year, the costs related to the acquisition of HooYu Investigate and the investment in Credolabs.

(b) During the year, a foreign exchange forward contract was entered into to fix the value at which GBG could convert the GBP proceeds from the equity raise into USD to part fund the Acuant acquisition. On settlement of the forward contract a gain of £3,053,000 (2021: £nil) was recognised which has been treated as an exceptional item. Due to the size and nature of this gain, management considers that it would not reflect the Group's underlying business performance.

(c) Integration costs were incurred relating to the integration of Acuant and Cloudcheck. This principally related to consultancy fees paid to advisors in running programmes to deliver revenue and cost synergies from the acquisitions, travel for specific integration meetings and the costs of additional other temporary resources required for the integration. Future costs of integrating Acuant and Cloudcheck will primarily relate to the alignment of global systems and business operations. To 31 March 2022, the Group expensed £422,000 (2021: £nil) relating to the integration of Acuant and Cloudcheck and it is expected that these costs will continue into the next year.

Due to the size and nature of acquisition and integration costs, management consider that they do not reflect the Group's trading performance and so are adjusted to ensure consistency between periods.

(d) Costs associated with team member reorganisations relate to exit costs of personnel leaving the business on an involuntary basis, either as a result of integrating acquisitions or due to reorganisations within our operating divisions. Due to the nature of these costs, management deem them to be exceptional in order to better reflect our underlying performance. Exit costs outside of these circumstances are treated as an operating expense.

(e) During the prior year £79,000 was recognised as an impairment expense relating to the goodwill in the e-Ware Interactive cash-generating unit, and £75,000 relating to the goodwill in the Transactis cash-generating unit. Refer to note 14 for further details.

(f) In the year to 31 March 2021, adjustments were made to the contingent consideration previously recognised as due to the sellers of IDology due to an unrecognised payroll tax credit in the State of Georgia of £747,000. The Group agreed to settle this liability with the sellers early, in exchange for a reduction of £50,000 in the amount payable.

(g) The contingent consideration liabilities related to IDology and Cloudcheck are based on the US dollar and New Zealand dollar respectively. As a result, the liabilities were retranslated at the balance sheet date with a loss of £157,000 (2021: gain £452,000) being treated as an exceptional item.

(h) During the prior year, the business disposed of its Marketing Services and Employ and Comply businesses which resulted in an overall profit on disposal. The profit recognised on disposal of Employ and Comply was £2,578,000. The loss on disposal of Marketing Services was £1,175,000. Refer to note 34 for further details. In the year to 31 March 2022, additional costs of £330,000 were incurred in relation to the finalisation of the disposal of these businesses.

The total cash net outflow during the year as a result of exceptional items was £3,276,000 (2021: £4,556,000 inflow). The tax impact of the exceptional items was a tax credit of £1,274,000 (2021: tax charge of £818,000).

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

8. Team member costs and Directors' emoluments

a) Team member costs (including Directors)

	2022 £'000	2021 £'000
Wages and salaries including commission and bonuses	**79,515**	69,301
Social security costs	**7,666**	6,140
Other pension costs	**3,457**	2,799
Share-based payments	**5,028**	5,170
	95,666	83,410

The average monthly number of team members during the year within each category was as follows:

	2022 No.	2021 No.
Technology	**381**	352
General and administration	**169**	135
Sales and marketing	**548**	560
	1,098	1,047

b) Directors' emoluments

	2022 £'000	2021 £'000
Wages and salaries	**1,919**	1,526
Pension	**–**	74
Bonuses	**1,473**	1,448
	3,392	3,048
Aggregate gains made by Directors on the exercise of share options	**3,167**	2,611

All Directors have now reached the maximum level permitted for a personal pension plan and therefore receive a direct payment in lieu of their pension entitlement.

The remuneration for the highest paid Director was as follows:

	2022 £'000	2021 £'000
Wages and salaries	**606**	606
Bonus	**706**	723
	1,312	1,329

The highest paid Director has reached the maximum level permitted for a personal pension plan and receives a direct payment in lieu of his pension entitlement, which was £88,823 (2021: £88,253). The number of share options granted during the year for the highest paid Director was 222,662 (2021: 173,267) and the number of share options exercised during the year was 330,812 (2021: 241,000).

9. Finance revenue

	2022 £'000	2021 £'000
Bank interest receivable	**10**	20
Interest income on multi-year contracts	**30**	100
	40	120

10. Finance costs

	2022 £'000	2021 £'000
Bank interest payable	**1,400**	957
Interest on long service award	**9**	12
Amortisation of bank loan fees	**252**	193
Lease liability interest	**133**	198
	1,794	1,360

11. Taxation

a) Tax on profit

The tax charge in the Consolidated Statement of Profit or Loss for the year is as follows:

	2022 £'000	2021 £'000
Current income tax		
UK corporation tax on profit for the year	**3,841**	3,841
Amounts overprovided in previous years	**(387)**	(388)
Foreign tax	**8,681**	8,958
	12,135	12,411
Deferred tax		
Origination and reversal of temporary differences	**(7,154)**	(5,217)
Amounts underprovided in previous years	**1,045**	311
Impact of change in tax rates	**364**	(120)
	(5,745)	(5,026)
Tax charge in the Consolidated Statement of Profit or Loss	**6,390**	7,385

Notes to the consolidated financial statements continued

11. Taxation continued

b) Reconciliation of the total tax charge

The profit before tax multiplied by the standard rate of corporation tax in the UK would result in a tax charge as explained below:

	2022 £'000	2021 £'000
Consolidated profit before tax	**21,653**	34,263
Consolidated profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	**4,114**	6,510
Effect of:		
Permanent differences	**753**	157
Non-taxable income	**(30)**	–
Rate changes	**364**	(100)
Recognition of previously unrecognised deferred tax assets	**(142)**	(261)
Disposal of businesses	**–**	480
Adjustments in respect of prior years	**657**	(77)
Research and development incentives	**(113)**	(69)
Patent Box relief	**(571)**	(579)
Share option relief	**623**	39
Effect of higher taxes on overseas earnings	**735**	1,285
Total tax charge reported in the Consolidated Statement of Profit or Loss	**6,390**	7,385

The Group's reported effective tax rate for the year was 29.5% (2021: 21.6%). After adjusting for the impact of amortisation of acquired intangibles, equity-settled share-based payments and exceptional items, the adjusted effective tax rate was 22.1% (2021: 21.5%). These measures are defined in the non-GAAP measures section on pages 184 to 187.

c) Deferred tax

Deferred tax asset

The recognised and unrecognised potential deferred tax asset of the Group is as follows:

	Recognised		Unrecognised	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Decelerated capital allowances	**7,613**	1,278	**1,296**	–
Share options	**1,963**	3,112	**–**	–
Long service award	**280**	273	**–**	–
Accrued bonuses	**1,413**	558	**–**	–
Provision for bad debt	**284**	189	**–**	–
Interest	**2,315**	–	**–**	–
Other temporary differences	**2,765**	1,888	**–**	–
Leases	**371**	228	**–**	–
Capital losses	**–**	–	**564**	429
Trading losses	**4,856**	150	**4,276**	410
	21,860	7,676	**6,136**	839

11. Taxation continued

c) Deferred tax continued

Deferred tax asset continued

The movement on the deferred tax asset of the Group is as follows:

	2022 £'000	2021 £'000
Opening balance	**7,676**	6,294
Acquired on acquisition	**14,695**	–
Foreign currency adjustments	**309**	83
Impact of change in tax rates	**397**	–
Origination and reversal of temporary differences	**(1,217)**	1,299
	21,860	7,676

The deferred tax asset has been recognised to the extent it is anticipated to be recoverable out of future taxable profits based on profit forecasts for the foreseeable future. The utilisation of the unrecognised deferred tax asset in future periods will reduce the future tax rate below the standard rate. The Group has unrecognised deductible temporary differences of £17,828,000 (2021: £2,914,000) and unrecognised capital losses of £2,579,000 (2021: £2,257,000). Refer to 11d below for details of movement in the year.

Deferred tax liability

The deferred tax liability of the Group is as follows:

	2022 £'000	2021 £'000
Intangible assets	**63,466**	21,518
Land and buildings	**344**	159
Leases	**243**	183
Accelerated capital allowances	**786**	260
	64,839	22,120

The movement on the deferred tax liability of the Group is as follows:

	2022 £'000	2021 £'000
Opening balance	**22,120**	27,155
Acquired on acquisition	**46,899**	1,000
Foreign currency adjustments	**1,199**	(1,532)
Origination and reversal of temporary differences	**(6,138)**	(4,398)
Impact of change in tax rates	**759**	(105)
	64,839	22,120

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

11. Taxation continued

d) Tax losses

The Group has carried forward trading losses at 31 March 2022 of £38,865,000 (2021: £2,914,000). The principal reasons for the increase in the year are:

- Losses from entities acquired during the year of £22,433,000
- In the prior year, a provisional 80% reduction (£11,574,000) was applied to the losses related to the Marketing Services business following the disposal of part of the business. This was subject to final assessment as part of the submission of the UK tax return which was completed during the year. Following this assessment, it was concluded that the reduction was not required and so this has been removed in the current year.

To the extent that these unrecognised losses are available for offset against future trading profits of the Group, it is expected that the future effective tax rate would be below the standard rate.

There were also capital losses carried forward at 31 March 2022 of £2,257,000 (2021: £2,257,000), which should be available for offset against future capital gains of the Group to the extent that they arise.

The Group also has unrecognised deductible temporary differences of £5,184,000 (2021: £nil)

e) Change in United States deferred tax rates

The tax rate applied in the calculation of deferred tax assets and liabilities in the United States has been updated to reflect changes in the States in which future taxable profits are forecast to arise, which impacts the blended effective State tax rate that will apply.

For IDology Inc the rate is 24.7% (2021: 24.9%), for Loqate Inc the rate is 25.3% (2021: 25.8%) and for Acuant Inc the rate is 24.8%.

f) Future change in United Kingdom tax rate

On 3 March 2021, the UK Government announced that effective 1 April 2023 the UK corporation rate will increase from 19% to 25%. This change was substantively enacted on 24 May 2021 and therefore the UK deferred tax assets and liabilities have been adjusted to reflect the change of rate for the amounts expected to unwind after 1 April 2023. This resulted in an additional charge in the period of £482,000.

g) Unremitted earnings

The Group's foreign subsidiaries have unremitted earnings of £33,528,000 (2021: £31,150,000), resulting in temporary differences of £29,000 (2021: £21,000) that may be payable as withholding tax if dividends were declared. No deferred tax has been provided in respect of these differences since the timing of the reversals can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

12. Dividends paid and proposed

	2022 £'000	2021 £'000
Declared and paid during the year Final dividend for 2021 paid in July 2021: 3.40p (interim dividend for 2021 paid in January 2021: 3.00p)	**6,677**	5,885
Proposed for approval at AGM (not recognised as a liability at 31 March) Final dividend for 2022: 3.81p (2021: 3.40p)	**9,596**	6,674

£nil (2021: £2,000) was received during the year relating to dividends paid on forfeited shares. The total net cash impact of dividends during the year was therefore £6,677,000 (2021: £5,883,000).

13. Earnings per ordinary share from continuing operations

	Basic 2022 pence per share	Basic 2021 pence per share	**Diluted 2022 pence per share**	Diluted 2021 pence per share
Profit attributable to equity holders of the Company from continuing operations	**7.1**	13.8	**6.9**	13.5

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company from continuing operations by the basic weighted average number of ordinary shares in issue during the year.

Diluted

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders from continuing operations by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2022 No.	2021 No.
Basic weighted average number of shares in issue	**216,155,932**	195,224,730
Dilutive effect of share options	**4,339,614**	3,281,173
Diluted weighted average number of shares in issue	**220,495,546**	198,505,903

Adjusted

Adjusted earnings per share is defined as adjusted operating profit less net finance costs and adjusted tax divided by the basic weighted average number of ordinary shares of the Company.

	2022 £'000	**Basic 2022 pence per share**	**Diluted 2022 pence per share**	2021 £'000	Restated[1] Basic 2021 pence per share	Diluted 2021 pence per share
Adjusted operating profit	**58,839**	**27.2**	**26.7**	57,896	29.7	29.2
Less net finance costs	**(1,754)**	**(0.8)**	**(0.8)**	(1,240)	(0.6)	(0.6)
Less adjusted tax	**(12,587)**	**(5.8)**	**(5.7)**	(12,175)	(6.3)	(6.2)
Adjusted earnings	**44,498**	**20.6**	**20.2**	44,481	22.8	22.4

1 Since the 31 March 2021 financial statements were produced, the Group has decided to amend the adjusted earnings per share calculation so that an adjusted tax charge is used rather than the full reported tax charge. The calculation of the adjusted tax charge is consistent with the calculation of adjusted operating profit and therefore excludes the impact on tax of amortisation of acquired intangibles, equity-settled share-based payments and exceptional items.

This has resulted in a restatement of the comparative figures for the year to 31 March 2021.

The impact of the prior year restatement on the year to 31 March 2021 was a decrease to adjusted earnings of £4,790,000 and a decrease to adjusted basic earnings per share for the period and adjusted diluted earnings per share for the period of 2.4p and 2.4p respectively.

Notes to the consolidated financial statements continued

14. Goodwill

	2022 £'000	2021 £'000
Cost		
At 1 April	**286,505**	303,262
Additions – business combinations (note 34)	**413,200**	141
Sale of business disposals	**–**	(2,529)
Foreign currency adjustment	**14,080**	(14,369)
At 31 March	**713,785**	286,505
Impairment		
At 1 April	**154**	–
Impairment	**–**	154
At 31 March	**154**	154
Net book value		
At 31 March	**713,631**	286,351

Goodwill arose on the acquisition of GB Mailing Systems Limited, e-Ware Interactive Limited, Data Discoveries Holdings Limited, Capscan Parent Limited, DecTech Solutions Pty Ltd, CDMS Limited, Loqate Inc., ID Scan Biometrics Limited, Postcode Anywhere (Holdings) Limited, VIX Verify Global Pty Limited, IDology Inc, Investigate 2020 Limited, Acuant Intermediate Holding Corp and Verifi Identity Services Limited. Under UK-adopted international accounting standards, goodwill is not amortised and is tested annually for impairment (see below).

The impairment of £154,000 during the prior year ended 31 March 2021 is in respect of:

- £75,000 for the Transactis CGU. Following the disposal of part of the Marketing Services business detailed in note 34, the future cash flows from the remaining part of the Marketing Services business were not sufficient to support the carrying value of the acquired goodwill.
- £79,000 for the e-Ware Interactive CGU. The remaining value in use was based on the single remaining customer from that acquisition. During the prior year this customer cancelled their contract and as a result the full amount of goodwill in the Group was impaired.

15. Intangible assets

	Customer relationships £'000	Software technology £'000	Non-compete clauses £'000	Total acquired intangibles £'000	Purchased software £'000	Internally developed software £'000	Total £'000
Cost							
At 1 April 2020	120,135	33,175	4,877	158,187	2,178	1,212	161,577
Foreign currency adjustment	(5,577)	(1,400)	(434)	(7,411)	(2)	–	(7,413)
Additions – business combinations (note 34)	–	4,620	645	5,265	–	–	5,265
Additions – purchased software	–	–	–	–	283	–	283
Disposals (other than sale of businesses)	–	–	–	–	(705)	–	(705)
Sale of business disposals	(4,842)	(1,446)	–	(6,288)	–	–	(6,288)
At 31 March 2021	109,716	34,949	5,088	149,753	1,754	1,212	152,719
Foreign currency adjustment	**4,252**	**2,379**	**200**	**6,831**	**18**	**–**	**6,849**
Additions – business combinations (note 34)	**51,524**	**132,890**	**–**	**184,414**	**193**	**–**	**184,607**
Additions – purchased software	**–**	**–**	**–**	**–**	**120**	**–**	**120**
Disposals (other than sale of businesses)	**–**	**–**	**–**	**–**	**(208)**	**(687)**	**(895)**
At 31 March 2022	**165,492**	**170,218**	**5,288**	**340,998**	**1,877**	**525**	**343,400**
Amortisation and impairment							
At 1 April 2020	28,824	17,071	1,425	47,320	1,802	1,212	50,334
Foreign currency adjustment	(783)	(391)	(138)	(1,312)	(3)	–	(1,315)
Amortisation during the year	11,682	5,070	919	17,671	243	–	17,914
Disposals (other than sale of businesses)	–	–	–	–	(705)	–	(705)
Sale of business disposals	(3,375)	(1,446)	–	(4,821)	–	–	(4,821)
At 31 March 2021	36,348	20,304	2,206	58,858	1,337	1,212	61,407
Foreign currency adjustment	**1,211**	**667**	**119**	**1,997**	**(14)**	**–**	**1,983**
Amortisation during the year	**12,442**	**11,261**	**1,032**	**24,735**	**233**	**–**	**24,968**
Disposals (other than sale of businesses)	**–**	**–**	**–**	**–**	**(201)**	**(687)**	**(888)**
At 31 March 2022	**50,001**	**32,232**	**3,357**	**85,590**	**1,355**	**525**	**87,470**
Net book value							
At 31 March 2022	**115,491**	**137,986**	**1,931**	**255,408**	**522**	**–**	**255,930**
At 31 March 2021	73,368	14,645	2,882	90,895	417	–	91,312
At 1 April 2020	91,311	16,104	3,452	110,867	376	–	111,243

Notes to the consolidated financial statements continued

15. Intangible assets continued

	Carrying value of customer relationship £'000	Remaining amortisation period Years	Carrying value of technology £'000	Remaining amortisation period Years
DecTech Solutions Pty Ltd	921	2.08	–	–
CDMS Limited	192	2.58	–	–
Loqate Inc	668	3.08	–	–
ID Scan Biometrics Limited	1,665	4.25	–	–
Postcode Anywhere (Holdings) Limited	12,639	5.08	96	0.08
VIX Verify Global Pty Limited	4,969	6.50	346	1.50
IDology Inc	43,854	6.83	5,734	1.83
Investigate 2020 Limited	–	–	3,465	3.75
Acuant Intermediate Holding Corp	47,457	9.67	126,667	5.88
Verifi Identity Services Limited	3,126	9.83	1,678	4.83
	115,491		137,986	

16. Impairment

Goodwill and intangible assets acquired through business combinations is allocated to the CGUs that are expected to benefit from that business combination and has been allocated for impairment testing purposes to eight CGUs as follows:

- Location CGU (represented by the Location operating segment excluding the Loqate Unit)
- Identity CGU (represented by the Identity operating segment excluding the IDology Unit, VIX Verify Unit, Acuant Unit and Cloudcheck Unit)
- Fraud CGU (represented by the Fraud operating segment excluding the CAFs Unit)
- Loqate CGU (part of the Location operating segment)
- VIX Verify CGU (part of the Identity operating segment)
- IDology CGU (part of the Identity operating segment)
- CAFs CGU (part of the Fraud operating segment)
- Transactis CGU (included in Other operating segment)

Where there are no indicators of impairment on the goodwill and acquired intangibles arising through business combinations made during the year, they are tested for impairment no later than the first anniversary following acquisition.

16. Impairment continued

Carrying amount of goodwill and acquired intangible assets allocated to CGUs

	2022			2021		
	Goodwill £'000	Acquired intangibles £'000	Total £'000	Goodwill £'000	Acquired intangibles £'000	Total £'000
Location Unit	53,992	12,725	66,717	53,992	16,643	70,635
Identity Unit	35,058	1,665	36,723	35,058	2,056	37,114
Fraud Unit	3,181	3,841	7,022	3,181	4,990	8,171
Loqate Unit	7,333	679	8,012	7,002	844	7,846
VIX Verify Unit	16,385	5,314	21,699	15,859	6,118	21,977
IDology Unit	164,051	51,143	215,194	156,371	58,656	215,027
CAFS Unit	14,941	922	15,863	14,461	1,321	15,782
Transactis Unit	427	192	619	427	267	694
Acuant Unit *	407,728	174,122	581,850	–	–	–
Cloudcheck Unit *	10,535	4,805	15,340	–	–	–
	713,631	255,408	969,039	286,351	90,895	377,246

* The goodwill and acquired intangible assets in relation to the Acuant and Cloudcheck acquisitions made during the year remains unallocated to a CGU at 31 March 2022. Management will formalise the allocation to a specific CGU in the forthcoming financial year once the integration of the acquisitions and associated allocation of overheads and synergies across the Group are finalised. The unallocated goodwill has been reviewed for impairment indicators by comparison of forecasts used to determine the purchase price to actual results and revised forecasts as at 31 March 2022. No impairment indicators were identified. Both acquisitions will be formally tested for impairment on the first anniversary following acquisition.

Key assumptions used in value in use calculations

The Group prepares cash flow forecasts using budgets and forecasts approved by the Directors covering a five-year period and an appropriate extrapolation of cash flows beyond this using a long-term average growth rate. The long-term average growth rate is not greater than the average long-term retail growth rate in the territory where the CGU is based UK – 2.0%; USA – 2.0%; Australia – 2.5% (2021: UK – 1.9%; USA – 2.2%; Australia – 3.0%).

The key assumptions for value in use calculations are those regarding the forecast cash flows, discount rates and growth rates. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the individual CGU. Growth rates reflect long-term growth rate prospects for the economy in which the CGU operates.

	2022		2021	
	Pre-tax discount rate %	Growth rate (in perpetuity) %	Pre-tax discount rate %	Growth rate (in perpetuity) %
Location Unit	12.3%	2.0%	11.1%	1.9%
Identity Unit	12.3%	2.0%	11.1%	1.9%
Fraud Unit	12.3%	2.0%	11.1%	1.9%
Loqate Unit	12.4%	2.0%	12.0%	2.2%
VIX Verify Unit	14.3%	2.5%	13.7%	3.0%
IDology Unit	12.4%	2.0%	12.0%	2.2%
CAFs Unit	14.3%	2.5%	13.7%	3.0%
Transactis Unit	12.3%	–	11.1%	–

Notes to the consolidated financial statements continued

16. Impairment continued

Key assumptions used in value in use calculations continued

The Group has considered the impact of changes in future cash flows and key assumptions on the base case value in use model, to create a sensitised value in use model. This has been included applying the cumulative impact of:

- Increasing pre-tax discount rates by 50bps, to reflect potential increases in government bond yields and associated risk-free rates
- Decreasing long-term growth rates by 50bps, to reflect a worse than predicted long-term global economic outlook
- Increasing foreign exchange rates by 0.10, to reflect a worse than predicted depreciation in GBP; and
- Restricting year-on-year operating profit margin by 5%, to reflect the risk that future operational growth and efficiency improvements are not achieved

It was concluded that the sensitised value in use model does not result in impairment.

The headroom (i.e. the excess of the value of discounted future cash flows over the carrying amount of the CGU) under both the base case and sensitised worst-case scenario is below:

	2022		2021	
	Base case[1] £'000	**Sensitised[2] £'000**	Base case[1] £'000	Sensitised[2] £'000
Location Unit	**122,106**	**101,303**	203,725	173,378
Identity Unit	**16,927**	**10,143**	148,690	123,150
Fraud Unit	**33,740**	**28,719**	56,117	47,476
Loqate Unit	**21,488**	**14,973**	50,085	39,221
VIX Verify Unit	**14,933**	**8,838**	22,629	15,224
IDology Unit	**123,280**	**61,508**	57,487	6,422
CAFs Unit	**18,921**	**12,333**	14,976	9,696
Transactis Unit	**762**	**682**	–	–

1 The excess of the recoverable amount over the carrying amount of the CGU before applying sensitivities
2 Headroom after adjusting future cash flows and key assumptions to create a sensitised 'worst-case' value in use model

When considering goodwill impairment, the break-even rate at which headroom within each CGU is reduced to £nil, if all other assumptions remain unchanged, has also been considered. This has been included for illustrative purposes and does not reflect a reasonably foreseeable change in assumptions:

	2022			2021		
	Pre-tax discount rate	**Forecast profit/(loss) margins**	**Foreign exchange rates**	Pre-tax discount rate	Forecast profit/(loss) margins	Foreign exchange rates
Location Unit	**29.7%**	**(64.0)%**	**n/a**	36.6%	(74.0)%	n/a
Identity Unit	**16.7%**	**(30.0)%**	**n/a**	46.9%	(80.0)%	n/a
Fraud Unit	**66.5%**	**(82.0)%**	**n/a**	75.2%	(87.0)%	n/a
Loqate Unit	**40.1%**	**(73.0)%**	**2.46**	79.4%	(86.0)%	10.04
VIX Verify Unit	**22.4%**	**(41.0)%**	**2.82**	24.6%	(51.0)%	3.63
IDology Unit	**18.1%**	**(36.0)%**	**2.13**	14.5%	(21.0)%	1.72
CAFs Unit	**27.6%**	**(53.0)%**	**2.78**	22.4%	(49.0)%	3.49
Transactis Unit	**88.7%**	**(55.0)%**	**n/a**	n/a	n/a	n/a

The Directors do not believe that any reasonably possible changes in the value of the key assumptions noted above would cause the CGU carrying amount to exceed its recoverable amount.

17. Property, plant and equipment

	Property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2020	1,251	9,219	10,470
Additions	–	455	455
Disposals (other than sale of businesses)	–	(145)	(145)
Sale of business disposals	–	(514)	(514)
Foreign currency adjustment	–	(46)	(46)
At 31 March 2021	1,251	8,969	10,220
Additions	**–**	**1,611**	**1,611**
Acquired on acquisition	**–**	**826**	**826**
Disposals (other than sale of businesses)	**–**	**(1,055)**	**(1,055)**
Foreign currency adjustment	**–**	**96**	**96**
At 31 March 2022	**1,251**	**10,447**	**11,698**
Depreciation and impairment			
At 1 April 2020	61	5,756	5,817
Provided during the year	19	1,414	1,433
Disposals (other than sale of businesses)	–	(145)	(145)
Sale of business disposals	–	(504)	(504)
Foreign currency adjustment	–	(87)	(87)
At 31 March 2021	80	6,434	6,514
Provided during the year	**19**	**1,512**	**1,531**
Disposals (other than sale of businesses)	**–**	**(1,021)**	**(1,021)**
Foreign currency adjustment	**–**	**73**	**73**
At 31 March 2022	**99**	**6,998**	**7,097**
Net book value			
At 31 March 2022	**1,152**	**3,449**	**4,601**
At 31 March 2021	1,171	2,535	3,706
At 1 April 2020	1,190	3,463	4,653

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

18. Right-of-use assets

	Right-of-use assets £'000	Total £'000
Cost		
At 1 April 2020	10,117	10,117
Additions	504	504
Disposals (other than sale of business)	(912)	(912)
Sale of business disposals	(704)	(704)
Foreign currency adjustment	(91)	(91)
At 31 March 2021	8,914	8,914
Additions	**245**	**245**
Acquired on acquisition	**892**	**892**
Disposals (other than sale of business)	**(1,454)**	**(1,454)**
Foreign currency adjustment	**222**	**222**
At 31 March 2022	**8,819**	**8,819**
Depreciation and impairment		
At 1 April 2020	5,350	5,350
Provided during the year	1,838	1,838
Disposals (other than sale of businesses)	(910)	(910)
Sale of business disposals	(444)	(444)
Foreign currency adjustment	(151)	(151)
At 31 March 2021	5,683	5,683
Provided during the year	**1,593**	**1,593**
Disposals (other than sale of businesses)	**(1,360)**	**(1,360)**
Foreign currency adjustment	**161**	**161**
At 31 March 2022	**6,077**	**6,077**
Net book value		
At 31 March 2022	**2,742**	**2,742**
At 31 March 2021	3,231	3,231
At 1 April 2020	4,767	4,767

The underlying class of assets and their net book values are leasehold property £2,732,000 (2021: £3,216,000) and equipment £10,000 (2021: £15,000).

19. Investments

	2022 £'000	2021 £'000
Cost		
At 1 April	**2,288**	–
Acquisition of investment	**–**	2,288
Acquired on acquisition	**38**	–
At 31 March	**2,326**	2,288

The Group consists of a parent company, GB Group plc, incorporated in the UK, and a number of subsidiaries held directly or indirectly by GB Group plc, which are incorporated around the world, each contributing to the Group's profits, assets and cash flows.

19. Investments continued

Subsidiaries are accounted for using the cost model and the results of all subsidiaries have been consolidated in these financial statements. The Group holds 100% of the ordinary share capital of all investments as follows:

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
Capscan Parent Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Capscan Limited[1, 2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Data Discoveries Holdings Limited[2]	100%	United Kingdom	Titanium 1, King's Inch Place, Renfrew, Scotland, PA4 8WF
Data Discoveries Limited[1, 2]	100%	United Kingdom	Titanium 1, King's Inch Place, Renfrew, Scotland, PA4 8WF
Managed Analytics Limited[1, 2]	100%	United Kingdom	Titanium 1, King's Inch Place, Renfrew, Scotland, PA4 8WF
e-Ware Interactive Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GB Mailing Systems Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Citizensafe Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Farebase Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
TMG.tv Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
CRD (UK) Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (Holdings) Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (Europe) Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (North America) Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GBG (Australia) Holding Pty Ltd	100%	Australia	Acclime Australia, 58 Gipps Street, Collingwood, VIC 3066
GBG (Australia) Pty Ltd[1]	100%	Australia	Acclime Australia, 58 Gipps Street, Collingwood, VIC 3066
VIX Verify Global Pty Ltd[1]	100%	Australia	Acclime Australia, 58 Gipps Street, Collingwood, VIC 3066
GBG (Malaysia) Sdn Bhd[1]	100%	Malaysia	Level 7 Menara Millenium, Jalan Damanlela Pusat Bandar, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan
GBG (Europe) SL[1]	100%	Spain	08002-Barcelona, Edifici The Triangle, 4th Floor, Placa de Catalunya, Barcelona
迪安科[1]	100%	China	Room 1714, Building 4, China Investment Center, No.9 Guangan Road, Fengtai District, Beijing
Loqate Inc.	100%	United States	805 Veterans Blvd Ste 305, Redwood City CA 94063
Loqate Limited[1, 2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
IDology Inc.	100%	United States	900 Old Roswell Lakes, Parkway, Suite 310, Roswell, Georgia 30076
ID Scan Biometrics Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
IDscan Research Bilisim Teknolojileri Sanayi Ve Ticaret Limited Sirketi	100%	Turkey	Mersin Universitesi Çiftlikköy Kampüsü, Teknopark İdari Bina No: 106 Yenişehir – Mersin
UAB IDscan Biometrics R&D[2]	100%	Lithuania	Kauno m. Kauno m. I. Kanto g. 18-4B
Transactis Limited[1, 2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Inkfish Limited[1, 2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GBG ANZ Pty Ltd[1]	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

19. Investments continued

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
GreenID Limited[1]	100%	New Zealand	Moore Stephens Markhams Wellington Limited, Level 11 Sovereign House, 34-42 Manners Street, Wellington 6011
Mastersoft Group Pty Ltd[1]	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066
Mastersoft (New Zealand) Ltd[1]	100%	New Zealand	Moore Stephens Markhams Wellington Limited, Level 11 Sovereign House, 34-42 Manners Street, Wellington 6011
VIX Verify International Pty Ltd[1]	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066
GBG (Singapore) Pte Ltd	100%	Singapore	C/O S.S. Corporate Management Pte. Ltd, 138 Cecil Street, #12-01A Cecil Court, 069538
VIX Verify SA (Pty) Ltd[1]	100%	South Africa	C/O Eversheds Sutherland, 3rd Floor, 54, Melrose Boulevard, Melrose Arch, Melrose North, 2196, Johannesburg
PT Fraud Solutions Indonesia[1]	100%	Indonesia	Karinda Building, 2nd Floor, Suite 4, RT/RW.004/002, JL.Palmerah Selatan No. 30A, Kel. Gelora, Kec. Tanah Abang, Central Jakarta
Investigate 2020 Ltd[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GBG (US) Holdings LLC	100%	United States	Corporation Trust Center, 1209 Orange Street, Wilmington, 19801, Delaware
Acuant Intermediate Holding Corp[1]	100%	United States	Corporation Trust Center, 1209 Orange Street, Wilmington, 19801, Delaware
Acuant Holding Corp[1]	100%	United States	Corporation Trust Center, 1209 Orange Street, Wilmington, 19801, Delaware
Looking Glass I Holdings Inc[1]	100%	United States	Corporation Trust Center, 1209 Orange Street, Wilmington, 19801, Delaware
Acuant UK Limited[1]	100%	United Kingdom	3rd Floor 1 Ashley Road, Altrincham, Cheshire, WA14 2DT
HS Thailand UK Ltd[1]	100%	United Kingdom	3rd Floor 1 Ashley Road, Altrincham, Cheshire, WA14 2DT
Hello Soda (Thailand) Company Limited[1]	100%	Thailand	1108/31 Sukhumvit Road, Phrakanong, Klongtoey, Bangkok 10110,
Hello Soda Inc[1]	100%	United States	National Registered Agent Inc, Corporation Trust Centre, 1209 Orange Street, Wilmington DE 19801
Hello Soda International LLC[1]	100%	United States	6080 Center Drive, Suite 850, Los Angeles, California
Acuant Inc[1]	100%	United States	Corporation Trust Center, 1209 Orange Street, Wilmington, 19801, Delaware
Acuant Israel[1]	100%	Israel	Ha-Mefalsim St 12, Petah Tikva, 4951421
IdentityMind Global Inc[1]	100%	United States	Corporation Trust Center, 1209 Orange St DE
Acuant Mexico S de RL de CV[1]	100%	Mexico	Lago Alberto 442 Int 403 Suit 572 Col. ANAHUAC II SECCION
Verifi Identity Services Limited[1]	100%	New Zealand	Level 2, 48 High Street, Auckland, 1010
Verifi International Limited[1]	100%	New Zealand	Level 2, 48 High Street, Auckland, 1010

GB Group plc also hold branches in Dubai, Germany, Australia and New Zealand.

Under section 479A of the Companies Act 2006, the Group is claiming exemption from audit for the subsidiary company - Investigate 2020 Ltd. The parent undertaking, GB Group plc, registered number 02415211 guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year (being the period ended 31 August 2021). The guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

19. Investments continued

The Company accounts for its non-listed equity investments as financial instruments designated at fair value through OCI. The Company holds the following non-listed equity investments:

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
Payfone Inc.[1, 3]	0.32%	United States	215 Park Avenue South New York, NY, 10003
CredoLab Pte Ltd	10.53%	Singapore	111 North Bridge Road #08-18, Peninsula Plaza, 179098
Zenoo Ltd[1]	1.00%	United Kingdom	C/O Azets, Compass House, Vision Park, Histon, Cambridge, Cambridgeshire, CB24 9AD

1 held indirectly
2 dormant companies
3 held at zero value

20. Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	**59,557**	48,883
Allowance for unrecoverable amounts	**(3,968)**	(3,600)
Net trade receivables	**55,589**	45,283
Prepayments	**10,561**	8,211
Accrued income	**3,565**	5,123
	69,715	58,617

Expected credit loss allowance for trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit loses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. The provision rates are based on days past due, historical information relating to counterparty default rates and external credit ratings where available. The historic loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers, such as inflation, interest rates and economic growth rates. The following table provides an analysis of the Group's credit risk exposure on trade receivables using a provision matrix to measure expected credit losses.

	Trade receivables					
	Days past due					
31 March 2022	Current £'000	< 30 days £'000	31 – 60 days £'000	61 – 90 days £'000	> 90 days £'000	Total £'000
Gross carrying amount	33,818	15,233	3,862	1,787	4,857	59,557
Expected credit loss	(614)	(322)	(162)	(106)	(2,764)	(3,968)
Net carrying amount	**33,204**	**14,911**	**3,700**	**1,681**	**2,093**	**55,589**
% of total	**60%**	**27%**	**7%**	**3%**	**3%**	**100%**

Notes to the consolidated financial statements continued

20. Trade and other receivables continued

Expected credit loss allowance for trade receivables continued

31 March 2021	Current £'000	< 30 days £'000	31 – 60 days £'000	61 – 90 days £'000	> 90 days £'000	Total £'000
	Trade receivables – Days past due					
Gross carrying amount	30,280	9,125	3,246	1,269	4,963	48,883
Expected credit loss	(338)	(338)	(188)	(128)	(2,608)	(3,600)
Net carrying amount	29,942	8,787	3,058	1,141	2,355	45,283
% of total	66%	19%	7%	3%	5%	100%

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2022 £'000	2021 £'000
Balance at 1 April	**3,600**	4,065
On acquisition	**935**	–
Increase in provision	**1,896**	1,924
Covid-19 provision	**(757)**	28
Write-offs	**(409)**	(512)
Release	**(1,348)**	(1,927)
Foreign exchange	**51**	22
	3,968	3,600

The amount disclosed in note 5 of £209,000 credit (2021: £25,000 charge), relates to the increase in provision, movement of the Covid-19 provision and the amount released in the year.

Sensitivities

A change in the expected credit loss percentage applied to each ageing category of 1% would increase/decrease the overall provision by £596,000 (2021: £489,000) at the year-end.

21. Cash

	2022 £'000	2021 £'000
Cash at bank and in hand	**22,302**	21,135

Cash at bank earns interest at floating rates based on daily bank deposit rates.

22. Equity share capital

	2022 £'000	2021 £'000
Authorised		
251,869,601 (2021: 196,303,554) ordinary shares of 2.5p each	**6,297**	4,908
Issued		
Allotted, called up and fully paid	**6,297**	4,908
Share premium	**566,769**	267,627
	573,066	272,535

	2022 No.	2021 No.
Number of shares in issue at 1 April	**196,303,554**	194,193,861
Issued on placing	**42,068,965**	–
Issued in relation to acquisition of subsidiary	**12,586,127**	446,784
Issued in relation to acquisition of financial instrument	**–**	321,882
Issued on exercise of share options	**910,955**	1,341,027
Number of shares in issue at 31 March	**251,869,601**	196,303,554

	2022			2021		
	Share capital £'000	**Share premium £'000**	**Total £'000**	Share capital £'000	Share premium £'000	Total £'000
Number of shares issued at 1 April	**4,908**	**267,627**	**272,535**	4,855	261,648	266,503
Consideration in exchange for acquisition of financial instrument	**–**	**–**	**–**	8	2,280	2,288
Consideration in exchange for acquisition of subsidiary	**1,366**	**298,168**	**299,534**	11	646	657
Consideration received on exercise of share options	**23**	**974**	**997**	34	3,053	3,087
Number of shares in issue at 31 March	**6,297**	**566,769**	**573,066**	4,908	267,627	272,535

During the year to 31 March 2022, the Acuant acquisition was part funded by the issue of 54,074,324 shares in the Company. 42,068,965 shares were issued through an equity placing to raise £305,000,000 to fund the cash consideration and 12,005,359 shares were issued as share consideration directly to the sellers. Please refer to note 34 for details. The costs associated with the issue of shares in the year was £5,780,000. In addition to the £299,519,000 recognised within share capital and share premium, in accordance with the requirements of section 612 of the Companies Act 2006, £86,739,000 has been recognised within the merger relief reserve.

During the year to 31 March 2022, the Cloudcheck acquisition was part funded by the issue of 580,768 shares in the Company. Please refer to note 34 for details. The costs associated with the issue of shares in the year was £nil. In addition to the £15,000 recognised within share capital, in accordance with the requirements of section 612 of the Companies Act 2006, £3,342,000 has been recognised within the merger relief reserve.

During the year to 31 March 2021, an investment was made into CredoLab Pte Ltd by the Group (and Company) and the consideration was in the form of 321,882 shares in the Company.

During the year to 31 March 2021, the HooYu acquisition was funded by the issue of 446,784 shares in the Company. Please refer to note 34 for details. In addition to the £657,000 recognised within share capital and share premium, in accordance with the requirements of section 612 of the Companies Act 2006, £3,343,000 has been recognised within the merger relief reserve.

Notes to the consolidated financial statements continued

22. Equity share capital continued

Share forfeiture

Under Article 43 of GBG's Articles of Association if, for a period of at least 12 years, the Company has been unable to trace a shareholder and dividends have remained uncashed, the shares will be forfeited. Those shares become an asset of the Company and can be sold on the open market, with the net proceeds being "employed in the business of the Company or invested in such investments as the Board may think fit".

Following an extensive exercise in conjunction with the Company's Registrar to trace missing shareholders, in December 2020 338,217 shares in the Company were forfeited and subsequently sold on the open market. This resulted in a cash receipt of £2,578,000 net of fees and commissions related to the forfeiture programme.

In addition, unclaimed dividends related to the forfeited shares totalling £63,000 were repaid to the Company.

Both the receipt from the sale of the forfeited shares and the unclaimed dividends were recognised directly in retained earnings, totalling £2,641,000.

During the year to 31 March 2022, a number of late claims have been received in relation to previous forfeited shares and unclaimed dividends. As a result, share forfeiture refunds totalling £29,000 have been paid.

23. Loans

Bank loans

On 18 November 2021, the Group refinanced its existing revolving credit facility and the total was increased to a £175,000,000 multi-currency facility. This facility is due to expire in July 2025 with two one-year extension options. Total fees paid in relation to the extension were £1,157,000 which included an arrangement fee of £1,122,000.

On 22 November 2021, the Group drew down $210,220,000 (£156,748,000) against the new facility in order to part fund the acquisition of Acuant (see note 34). Subsequent to this drawdown repayments totalling $40,220,000 (£30,106,000) have been made prior to 31 March 2022.

During the year to 31 March 2021, loan arrangement fees on the previous revolving credit facility were reclassified to prepayments due to the loan value being £nil at 31 March 2021 and the net position was therefore an asset rather than a liability. In the year to 31 March 2022 loan arrangement fees have been netted off the loan balance.

The debt bears an interest rate of Sterling Overnight Index Average ('SONIA') for British Pound Sterling drawdowns or Secured Overnight Financing Rate ('SOFR') for United States Dollar drawdowns plus a margin of between 1.6% and 2.4% depending on the Group's current leverage position.

The loan is secured by a fixed and floating charge over the assets of the Group.

	2022 £'000	2021 £'000
Opening bank loan	–	62,139
New borrowings	156,748	–
Loan arrangement fee	(1,157)	
Repayment of borrowings	(30,073)	(62,500)
Loan fees paid for extension	–	(193)
Amortisation of loan fees	129	193
Foreign currency translation adjustment	2,579	–
Reclassification of loan fees to prepayments	–	361
Closing bank loan	128,226	–
Analysed as:		
Amounts falling due within 12 months	–	–
Amounts falling due after one year	128,226	–
	128,226	–
Analysed as:		
Bank loans	129,254	–
Unamortised loan fees	(1,028)	–
	128,226	–

24. Lease liabilities

	2022 £'000	2021 £'000
At 1 April	3,936	5,725
Additions	236	504
Acquired on acquisition	971	–
Sale of business disposals	–	(291)
Accretion of interest	127	198
Repayments	(1,969)	(2,252)
Foreign currency adjustment	70	52
At 31 March	3,371	3,936
Analysed as:		
Amounts falling due within 12 months	1,842	1,650
Amounts falling due after one year	1,529	2,286
	3,371	3,936

25. Trade and other payables

	2022 £'000	2021 £'000
Trade payables	10,558	6,345
Other taxes and social security costs	4,785	4,202
Accruals	34,229	30,520
	49,572	41,067

26. Provisions

	2022 £'000	2021 £'000
Provisions can be analysed as follows:		
Dilapidation provision (see below)	345	404
Long service award (see below)	521	606
	866	1,010
Dilapidation provision		
At 1 April	404	465
Disposed as part of businesses	–	(111)
Provided in year	–	45
Utilised in year	(10)	–
Released in year	(50)	–
Foreign exchange adjustment	1	5
Closing balance	345	404

This provision relates to the estimated cost of restoration work required upon termination of leasehold property agreements. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. During the year, dilapidation charges were agreed on a property that was exited in the previous year and the remaining provision was released. The timing of the outflows is not expected to occur in the following 12 months and as such has been disclosed as a non-current liability. The Group do not expect the final payments to differ materially from those amounts provided.

Notes to the consolidated financial statements continued

26. Provisions continued

Long service award

The Group provides long service awards, providing employees with a benefit after they attain a set period of service with the Group, for example 10 or 20 years. For these benefits, IAS 19 requires a liability to be held on the Group's balance sheet.

	2022 £'000	2021 £'000
At 1 April	606	551
Service cost	85	89
Benefits taken	(52)	(4)
Actuarial gain during the year	(127)	(42)
Net interest charge	9	12
At 31 March	521	606

The following table lists the inputs to the valuation of the long service award for the years ended 31 March 2022 and 31 March 2021.

	2022	2021
Discount rate (%)	2.6	1.5
Salary increases (%)	4.4	3.7
Employee turnover (% probability of leaving depending on age)	2 – 20%	2 – 20%

27. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk, liquidity risk and capital management. The Group's overall risk management programme considers the unpredictability of financial markets and seeks to reduce potential adverse effects on the Group's financial performance. With the exception of the one-off foreign exchange forward contract that was entered into to fix the rate at which part of the consideration for the acquisition was paid (see note 34), the Group does not currently use derivative financial instruments to hedge foreign exchange exposures.

Credit risk

Credit risk is managed on a Group basis except for credit risk relating to accounts receivable balances which each entity is responsible for managing. Credit risk arises from cash and cash equivalents, as well as credit exposures from outstanding customer receivables. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. For those sales considered higher risk, the Group operates a policy of cash in advance of delivery. The Group regularly monitors its exposure to bad debts in order to minimise exposure. Credit risk from cash and cash equivalents is managed via banking with well-established banks with a strong credit rating.

Covid-19 assessment

The single largest impact on the Group's credit risk profile over the last two years was the Covid-19 pandemic. Given the uncertainty over the ultimate impact on credit risk because of continued government stimulus and protection packages, and how government strategies would evolve on these protection packages, it was not considered possible to fully reflect the anticipated economic impacts in the underlying assumptions in a mechanistic approach. The Group therefore responded by calculating an additional level of provision to overlay the normal ECL calculation. This overlay was based on management judgement taking into account an analysis of trade receivables broken down into customer sectors, using internal and external forecasts to assess the sectors which were likely to see the biggest impact of the pandemic, and comparing cash receipts received in the past twelve months for customers in these sectors against pre-pandemic historical averages.

In the current year, this additional overlay of £757,000 has been released as, it is now over 24 months since the pandemic began, and the Group has not experienced any significant increase in credit losses during this period even after the cessation of the majority of government economic support packages, such as furlough in the UK. The past 24 months is considered to be a fair representation of the potential risk profile for the coming year due to the Covid-19 pandemic.

The maximum exposure to credit risk at the reporting dates is the carrying value of each class of financial assets as disclosed in note 20.

27. Financial instruments and risk management continued

Foreign currency risk

The Group's foreign currency exposure arises from:

- Transactions (sales/purchases) denominated in foreign currencies;
- Monetary items (mainly cash receivables and borrowings) denominated in foreign currencies; and
- Investments in foreign operations, whose net assets are exposed to foreign currency translation.

The Group has currency exposure on its investments in foreign operations in the United States of America. In terms of sensitivities, the effect on equity of a 10% increase in the US Dollar and Sterling exchange rate would be an increase in equity of £4,477,000 (2021: £1,117,000 decrease). The effect on equity of a 10% decrease in the US Dollar and Sterling exchange rate would be a decrease of £5,472,000 (2021: £914,000 increase).

The Group has currency exposure on its investments in foreign operations in Australia. In terms of sensitivities, the effect on equity of a 10% increase in the Australian Dollar and Sterling exchange rate would be a decrease of £5,621,000 (2021: £6,044,000 decrease). The effect on equity of a 10% decrease in the Australian Dollar and Sterling exchange rate would be an increase of £6,870,000 (2021: £4,945,000 increase).

Due to the acquisition of Cloudcheck during the year, the Group now has currency exposure on its investments in foreign operations in New Zealand. In terms of sensitivities, the effect on equity of a 10% increase in the New Zealand Dollar and Sterling exchange rate would be a decrease of £86,000. The effect on equity of a 10% decrease in the New Zealand Dollar and Sterling exchange rate would be an increase of £105,000.

The exposure to transactional foreign exchange risk within each company is monitored and managed at both an entity and a Group level. The following table demonstrates the sensitivity of the Group's foreign currency exposure on the net monetary position at 31 March 2022:

Foreign currency exposure – Group	USD rate[1]	EUR rate[1]	AUD rate[1]	MYR rate[1]	CNY rate[1]	NZD rate[1]
Change in rate	**+10%**	**+10%**	**+10%**	**+10%**	**+10%**	**+10%**
Effect on profit before tax (£000s)	**392**	**14**	**(51)**	**(21)**	**(18)**	**(143)**
Change in rate	**–10%**	**–10%**	**–10%**	**–10%**	**–10%**	**–10%**
Effect on profit before tax (£000s)	**(478)**	**(17)**	**62**	**25**	**21**	**175**

1 USD = United States Dollar, EUR = Euro, AUD = Australian Dollar, MYR = Malaysian Ringgit, CNY = Chinese Yuan, NZD = New Zealand Dollar

The Group's exposure to foreign currency changes for all other currencies is not material.

Cash flow interest rate risk

The Group has financial assets and liabilities, which are exposed to changes in market interest rates. Changes in interest rates impact primarily on deposits and loans by changing their future cash flows (variable rate). Management does not currently have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group does not use hedging instruments to minimise its exposure. However, at the time of taking new loans or borrowings, management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity. In terms of sensitivities, the effect on profit before taxation of an increase/decrease in the basis points on floating rate borrowings of 25 bps would be £323,000 (2021: £nil following the full repayment of loan facilities).

Notes to the consolidated financial statements continued

27. Financial instruments and risk management continued

Liquidity risk

Cash flow forecasting is performed on a Group basis by the monitoring of rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs and surplus funds are placed on deposit and available at very short notice. The maturity date of the Group's loans are disclosed in note 23.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and includes contractual interest payments:

Year ended 31 March 2022	On demand £'000	Less than 12 months £'000	1 to 5 years £'000	Total £'000
Loans (note 23)	–	–	128,226	128,226
Contingent consideration (note 35)	–	5,954	2,111	8,065
Lease liabilities (note 24)	–	1,930	1,589	3,519
Trade and other payables (note 25)	15,343	34,229	–	49,572
	15,343	42,113	131,926	189,382

Year ended 31 March 2021	On demand £'000	Less than 12 months £'000	1 to 5 years £'000	Total £'000
Loans (note 23)	–	–	–	–
Contingent consideration (note 35)	–	3,662	–	3,662
Lease liabilities (note 24)	–	1,650	2,286	3,936
Trade and other payables (note 25)	10,547	30,520	–	41,067
	10,547	35,832	2,286	48,665

The balances above represent the contractual undiscounted amounts , and therefore will differ from the amounts presented in the Statement of Financial Position (which are discounted) .

Capital management

The Group manages its capital structure in order to safeguard the going concern of the Group and maximise shareholder value.

The capital structure of the Group consists of debt, which includes loans disclosed in note 23, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Group may maintain or adjust its capital structure by adjusting the amount of dividend paid to shareholders, returning capital to shareholders, issuing new shares or selling assets to reduce debt.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowings in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

27. Financial instruments and risk management continued

Financial instruments: classification and measurement

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group at 31 March:

	2022			2021		
	Amortised cost £'000	Fair value through profit or loss £'000	Amortised cost £'000	Loans and receivables £'000	Fair value through profit or loss £'000	Fair value through OCI £'000
Financial assets:						
Investments	–	–	2,288	–	–	2,288
Trade and other receivables	55,589	–	–	45,283	–	–
Total current	55,589	–	2,288	45,283		2,288
Total	55,589	–	2,288	45,283	–	2,288
Financial liabilities:						
Lease liabilities	1,529	–	–	2,286	–	–
Loans	128,226	–	–	–	–	–
Contingent consideration	–	1,920	–	–	–	–
Total non-current	129,755	1,920	–	2,286	–	–
Trade and other payables	49,572	–	–	41,067	–	–
Lease liabilities	1,842	–	–	1,650	–	–
Loans	–	–	–	–	–	–
Contingent consideration	–	5,856	–	–	3,662	–
Total current	51,414	5,856	–	42,717	3,662	–
Total	181,169	7,776	–	45,003	3,662	–

All financial assets and liabilities have a carrying value that approximates to fair value. The Group does not have any derivative financial instruments at the year end. During the year, a foreign exchange forward contract was entered into to fix the rate at which part of the consideration for the Acuant acquisition (see note 34) was exchanged at. On settlement of the forward contract a gain of £3,053,000 was recognised in the Consolidated Statement of Profit and Loss (see note 7b).

Financial assets

Trade and other receivables exclude the value of any prepayments or accrued income. Trade and other payables exclude the value of deferred income.

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Trade receivables are non-interest bearing and are generally on 14 to 60-day terms.

Financial liabilities

The Group has a multi-currency revolving credit facility agreement expiring in July 2025, with two one-year extension options, which is subject to a limit of £175,000,000. The debt bears an interest rate of Sterling Overnight Index Average ('SONIA') for GBP drawdowns or Secured Overnight Financing Rate ('SOFR') for USD drawdowns plus a margin of between 1.6% and 2.4% depending on the Group's current leverage position.

The facilities are secured by way of an all asset debenture.

The Group is subject to a number of covenants in relation to its borrowings which, if breached, would result in loan balances becoming immediately repayable. These covenants specify certain maximum limits in terms of the following:

- Leverage
- Interest cover

At 31 March 2022 and 31 March 2021, the Group was not in breach of any bank covenants.

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

27. Financial instruments and risk management continued

Financial liabilities: interest-bearing loans and borrowings

	Interest rate %	Maturity	2022 £'000	2021 £'000
Non-current interest-bearing loans and borrowings				
£175,000,000 multi-currency revolving credit facility	Variable[1]	July 2025	**128,226**	–
£110,000,000 revolving credit facility[2]	LIBOR + 1.5	Feb 2023	**–**	–
Total non-current interest-bearing loans and borrowings			**128,226**	–
Total interest-bearing loans and borrowing			**128,226**	–

1 The debt bears an interest rate of Sterling Overnight Index Average ('SONIA') for GBP drawdowns or Secured Overnight Financing Rate ('SOFR') for USD drawdowns plus a margin of between 1.6% and 2.4% depending on the Group's current leverage position.

2 As disclosed in note 23, on 18 November 2021, the Group refinanced its existing £110,000,000 revolving credit facility and the total facility was increased to a £175,000,000 multi-currency facility.

Fair values of financial assets and liabilities

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For financial instruments that are recognised at the fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At 31 March 2022	Valuation technique	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial asset at fair value through other comprehensive income					
Investment in CredoLab Pte Ltd (note 19)	**Income approach**	**–**	**–**	**2,288**	**2,288**
Financial liability at fair value through profit and loss					
Contingent consideration (note 35)	**Present value of expected future cash flow**	**–**	**–**	**7,776**	**7,776**

At 31 March 2021	Valuation technique	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial asset at fair value through other comprehensive income					
Investment in CredoLab Pte Ltd (note 19)	Income approach	–	–	2,288	2,288
Financial liability at fair value through profit and loss					
Contingent consideration (note 35)	Present value of expected future cash flow	–	–	3,662	3,662

28. Changes in liabilities arising from financing activities

	1 April 2021 £'000	Cash flows £'000	Foreign exchange movement £'000	Other movement £'000	New leases £'000	31 March 2022 £'000
Current liabilities						
Interest-bearing loans	**–**	**–**	**–**	**–**	**–**	**–**
Lease liabilities	**1,650**	**(1,969)**	**–**	**2,161**	**–**	**1,842**
Non-current liabilities						
Interest-bearing loans	**–**	**125,518**	**2,579**	**129**	**–**	**128,226**
Lease liabilities	**2,286**	**–**	**70**	**(2,034)**	**1,207**	**1,529**
Total liabilities arising from financing activities	**3,936**	**123,549**	**2,649**	**256**	**1,207**	**131,597**

Other movement in interest-bearing loans represents amortisation of loan arrangement fees.

Other movement in lease liabilities includes interest, disposals and the reclassification of non-current lease liabilities to current lease liabilities.

	1 April 2020 £'000	Cash flows £'000	Foreign exchange movement £'000	Other movement £'000	New leases £'000	31 March 2021 £'000
Current liabilities						
Interest-bearing loans	–	–	–	–	–	–
Lease liabilities	2,012	(2,252)	–	1,890	–	1,650
Non-current liabilities						
Interest-bearing loans	62,139	(62,500)	–	361	–	–
Lease liabilities	3,713	–	52	(1,983)	504	2,286
Total liabilities arising from financing activities	67,864	(64,752)	52	268	504	3,936

Other movement in interest-bearing loans represents additional loan fees paid during the year and amortisation of those loan fees.

Other movement in lease liabilities includes interest, disposals and the reclassification of non-current lease liabilities to current lease liabilities.

29. Share-based payments

The Group operates Executive Share Option Schemes under which Executive Directors, managers and team members of the Company are granted options over shares. The charge recognised from equity-settled share-based payments in respect of employee services received during the year is £6,171,000 (2021: £5,170,000).

Executive share option scheme

Options are granted to Executive Directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The options vest on the third anniversary of the grant subject to the Company's earnings per share ('EPS') growth being greater than the growth of the Retail Prices Index ('RPI') over a three-year period prior to the vesting date. There are no cash settlement alternatives.

Notes to the consolidated financial statements continued

29. Share-based payments continued

Share Matching Plan

In the year ended 31 March 2012, the Remuneration Committee introduced the Share Matching Plan. Participants who invest a proportion of their annual cash bonus in GBG shares can receive up to a multiple of their original investment in GBG shares, calculated on a pre-tax basis. Any matching is conditional upon achieving pre-determined Adjusted EPS growth targets set by the Remuneration Committee for the following three years. Share Matching Plan options will only become exercisable to the extent they have vested in accordance with the Adjusted EPS target.

For Share Matching Plan awards granted after 31 March 2020, 75% of the awards are subject to the Adjusted EPS growth targets.

The remaining 25% are subject to a Total Shareholder Return (TSR) measure against the peer group (FTSE250). 25% of the TSR element vests at the median performance against the peer group and 100% of award vests at upper quartile, i.e. the 75th percentile.

GBG Sharesave Scheme

The Group has a savings-related share option plan, under which employees save on a monthly basis, over a three or five-year period, towards the purchase of shares at a fixed price determined when the option is granted. This price is usually set at a 20% discount to the market price at the time of grant. The option must be exercised within six months of maturity of the savings contract, otherwise it lapses.

Performance Share Plan ('PSP')

The Group operates a PSP for all employees, but it is intended that awards are made to senior management team members below the Executive Director level. The plan was approved at the 2018 AGM. Awards are subject to a three-year EPS performance condition. Employees can be granted awards of £nil cost options with an aggregate value on date of grant of up to 100% of base salary. The awards are subject to malus and clawback.

For Performance Share Plan awards granted after 31 March 2020, 75% of the awards are subject to the Adjusted EPS growth targets. The remaining 25% are subject to a Total Shareholder Return (TSR) measure against the peer group (FTSE250). 25% of the TSR element vests at the median performance against the peer group and 100% of award vests at upper quartile, i.e. the 75th percentile.

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year.

	2022 No.	2022 WAEP	2021 No.	2021 WAEP
Outstanding as at 1 April	**5,060,450**	**162.23p**	5,005,487	175.77p
Granted during the year	**1,922,799**	**120.78p**	1,846,549	200.24p
Forfeited during the year	**(676,788)**	**204.54p**	(423,085)	256.94p
Cancelled during the year	**(35,503)**	**537.22p**	(23,197)	483.63p
Exercised during the year	**(919,320)**	**108.43p**[1]	(1,341,027)	230.72p[2]
Expired during the year	**–**	**–**	(4,277)	356.77p
Outstanding at 31 March	**5,351,638**	**148.50p**	5,060,450	162.23p
Exercisable at 31 March	**170,347**	**62.27p**	27,940	359.81p

1 The weighted average share price at the date of exercise for the options exercised was 827.14p
2 The weighted average share price at the date of exercise for the options exercised was 768.80p

For the shares outstanding as at 31 March 2022, the weighted average remaining contractual life is 5.0 years (2021: 5.3 years).

The weighted average fair value of options granted during the year was 686.29p (2021: 531.84p). The range of exercise prices for options outstanding at the end of the year was 2.5p-885.0p (2021: 2.5p-739.0p).

29. Share-based payments continued

Performance Share Plan ('PSP') continued

The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model for the years ended 31 March 2022 and 31 March 2021.

	2022	2021
Dividend yield (%)	**0.3 – 0.4**	0.3 – 0.6
Expected share price volatility (%)	**40**	30 – 40
Risk-free interest rate (%)	**0.0 – 0.3**	−0.1 – 1.1
Lapse rate (%)	**0 – 10.0**	0 – 10.0
Expected exercise behaviour	**See below**	See below
Expected life of option (years)	**1.0 - 5.1**	0.8 – 5.2
Exercise price (p)	**2.5 – 885.0**	2.50 – 739.0
Weighted average share price (p)	**827.14**	768.80

Other than the Matching Scheme, PSP and SAYE options, it is assumed that 50% of options will be exercised by participants as soon as they are 20% or more "in-the-money" (i.e. 120% of the exercise price) and the remaining 50% of options will be exercised gradually at the rate of 10% per annum each year they remain at or above the 20% "in-the-money".

For the Matching Scheme, PSP and SAYE options, it is assumed these are exercised at the earliest opportunity in full (i.e. Vesting Date) since the exercise price is a nominal amount and is therefore not expected to influence the timing of a participant's decision to exercise the options.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

30. Description of reserves

Equity share capital

The balance classified as share capital includes the nominal value on issue of the Company's equity share capital, comprising 2.5p ordinary shares.

Share premium

The balance classified as share premium includes the excess proceeds over the nominal amount received on the issue of the Company's equity share capital. Costs associated with the issue of new share capital have been offset against this balance.

Merger reserve

The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in the acquisition of GB Mailing Systems, Investigate 2020 Limited, Acuant Intermediate Holding Corp and Verifi Identity Services Limited by the issue of shares.

Capital redemption reserve

The balance classified as capital redemption reserve includes the nominal value of own shares purchased back by the Company and subsequently cancelled.

Other reserve

The balance represents the profit from the date of acquisition to the date of hive-up into the Company of ID Scan Biometrics Limited and Postcode Anywhere (Holdings) Limited, offset by amortisation of the identified intangibles and unwinding of the associated deferred tax liabilities.

Foreign currency translation reserve

The balance on the foreign currency translation reserve represents the accumulated balance on the translation of foreign subsidiaries previously recognised through other comprehensive income.

Notes to the consolidated financial statements continued

31. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

There were no other related party transactions entered into, or outstanding at 31 March 2022 or 31 March 2021.

Compensation of key management personnel (including Directors)

	2022 £'000	2021 £'000
Short-term employee benefits	3,392	2,974
Post-employment benefits	–	74
Fair value of share options awarded	2,633	2,862
	6,025	5,910

32. Contingent liability

The Information Commissioner's Office, the data industry regulator in the UK, announced in November 2018 that it was conducting audits on a number of companies to understand the use of data in their services. GBG was included in this review and has continued to actively engage with the Commissioner to continue to improve its privacy compliance. We will keep the market informed of any material developments.

33. Subsequent events

On 10 May 2022, The GB Group Employee Benefit Trust ('the Trust') was established. The purpose of this trust will be to acquire and hold a pool of shares to satisfy share awards under the Group's employee share plans.

34. Acquisitions and disposals

2022 Acquisitions

Acquisition of Acuant Intermediate Holding Corp

On 29 November 2021, GB Group plc acquired the entire share capital of Acuant Intermediate Holding Corp ('Acuant'), a leading US identity verification platform, for total consideration of £554,545,000. Consideration for the acquisition was £468,118,000 in cash and £87,039,000 in GB Group plc shares issued directly to the Acuant vendors. The cash consideration was funded £305,000,000 from an equity placing of 42,068,965 new ordinary shares in GB Group plc, a partial drawdown of £156,748,000 from the Group's renewed revolving credit facility, with the remaining balance being funded by existing cash resources.

The acquisition of Acuant increases GB Group plc's identity verification presence in North America, a key growth region for the Group, accelerates GBG's data, product and platform strategy and provides further customer and sector diversification. Following completion of the purchase, GB Group plc's investment in Acuant was immediately sold to GBG (USA) Holdings LLC at cost in exchange for share capital in GBG (USA) Holdings LLC. The Consolidated Statement of Profit or Loss includes the results for the four-month period since the acquisition of Acuant.

34. Acquisitions and disposals

2022 Acquisitions continued

Acquisition of Acuant Intermediate Holding Corp continued

The provisional fair value of the identifiable assets and liabilities of Acuant as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Assets	
Technology intellectual property	127,897
Customer relationships	48,594
Brand	3,390
Investments	38
Property, plant and equipment	823
Right-of-use assets	892
Purchased software	181
Deferred tax asset	14,695
Inventory	1,034
Trade and other receivables	7,503
Corporation tax receivable	847
Cash	13,733
Trade and other payables	(22,017)
Lease liability	(971)
Deferred tax liabilities	(45,581)
Total identifiable net assets at fair value	151,058
Goodwill arising on acquisition	403,487
Total purchase consideration transferred	554,545
Purchase consideration:	
Cash	468,118
Net working capital adjustment*	(612)
Share purchase	87,039
Total purchase consideration	554,545
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(5,195)
Net cash acquired with the subsidiary	13,733
Cash paid	(468,118)
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	(454,385)
Net cash outflow	(459,580)

* The net working capital adjustment was included within other receivables as at 31 March 2022.

Notes to the consolidated financial statements continued

34. Acquisitions and disposals continued

2022 Acquisitions continued

Acquisition of Acuant Intermediate Holding Corp continued

The fair value of the identifiable assets and liabilities set out above are considered provisional as, due to the size and complexity of the acquisition, in addition to completion being in the second half of the year, detailed analysis is still ongoing to agree the final values.

The fair value of the acquired trade receivables amounts to £5,769,000. The gross amount of trade receivables is £6,704,000 with a provision of £935,000.

There is no contingent or deferred consideration recognised as part of this business combination.

The excess of the fair value of the consideration paid over the fair value of the assets acquired is represented by technology related intangibles of £127,897,000, customer relationships intangibles of £48,594,000 and brand intangibles of £3,390,000; with residual goodwill arising of £403,487,000.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from Acuant due to their nature. These items include the capability for synergies from bringing the businesses together, combining propositions and capabilities that will help the business achieve accelerated consolidated growth from both cross-sell and up-sell. None of the goodwill is expected to be deductible for income tax purposes.

GB Group plc issued 12,005,359 ordinary shares as consideration for the business combination. Since the share consideration was subject to certain restrictions, the fair value of the shares was discounted to take into account the lack of marketability, which resulted in a fair value of £7.25 per share. The fair value of the consideration given was therefore £87,039,000. £300,000 of the total consideration was recognised within share capital with £86,739,000 recognised within the merger relief reserve in accordance with the requirements of section 612 of the Companies Act 2006.

Transaction costs of £5,195,000 were incurred and included within exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement. There were no directly attributable share issue costs recognised on this issue.

From the date of acquisition, Acuant contributed £12,304,000 of revenue (net of deferred revenue haircut) and £1,677,000 of loss to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue would have been £270,457,000 and profit before tax for the Group would have been £25,752,000.

Acquisition of Verifi Identity Services Limited

On 31 January 2022, GB Group plc acquired the entire share capital of Verifi Identity Services Limited ('Cloudcheck'), a New Zealand provider of identity verification software, for initial consideration of £10,048,000. Initial consideration for the acquisition was £6,691,000 in cash and £3,357,000 in GB Group plc shares issued directly to the Cloudcheck vendors. The cash consideration was funded by existing cash resources. The Consolidated Statement of Profit or Loss includes the results for the two-month period since the acquisition of Cloudcheck.

The acquisition of Cloudcheck increases GB Groups plc's identity verification presence in New Zealand and Australia, two markets where the Group currently provides fraud detection solutions to customers. Following completion of the purchase, GB Group plc's investment in Cloudcheck was immediately transferred to GBG (Australia) Holding Pty Limited who subsequently transferred this investment to GBG (Australia) Pty Limited at cost with the transaction being settled through intercompany accounts.

34. Acquisitions and disposals continued

2022 Acquisitions continued

Acquisition of Verifi Identity Services Limited continued

The fair value of the identifiable assets and liabilities of Cloudcheck as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Assets	
Technology intellectual property	1,535
Customer relationships	2,930
Brand	68
Property, plant and equipment	3
Purchased software	12
Trade and other receivables	404
Cash	693
Trade and other payables	(423)
Deferred tax liabilities	(1,269)
Total identifiable net assets at fair value	3,953
Goodwill arising on acquisition	9,713
Total purchase consideration transferred	13,666
Purchase consideration:	
Cash	6,691
Share purchase	3,357
Contingent consideration	3,618
Total purchase consideration	13,666
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(88)
Net cash acquired with the subsidiary	693
Cash paid	(6,691)
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	(5,998)
Net cash outflow	(6,086)

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

34. Acquisitions and disposals continued

2022 Acquisitions continued

Acquisition of Verifi Identity Services Limited continued

The fair value of the identifiable assets and liabilities set out above are considered provisional as completion was only two months prior to the year-end and so detailed analysis is still ongoing to agree the final values.

The fair value of the acquired trade receivables amounts to £398,000. The gross amount of trade receivables is £398,000 with a provision of £nil.

The contingent consideration is payable in stages based on revenue targets established with the vendor. The first stage of contingent consideration is linked to growth in revenue in the financial year ended 31 March 2023 and is payable in May 2023. The second stage of contingent consideration is linked to growth in revenue in the financial year ended 31 March 2024 and is payable in May 2024. The maximum amount payable is NZ$8,000,000.

The fair value measurement of the contingent consideration represents a Level 3 valuation due to unobservable inputs, which are not derived from market data. The key assumption within the forecast revenue is volume.

The excess of the fair value of the consideration paid over the fair value of the assets acquired is represented by technology related intangibles of £1,535,000, customer relationships intangibles of £2,930,000 and brand intangibles of £68,000; with residual goodwill arising of £9,713,000.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from Cloudcheck due to their nature. These items include the capability for synergies from bringing the businesses together, combining propositions and capabilities that will help the business achieve accelerated consolidated growth from both cross-sell and up-sell. None of the goodwill is expected to be deductible for income tax purposes.

GB Group plc issued 580,768 ordinary shares as consideration for the business combination. Since the share consideration was subject to certain restrictions, the fair value of the shares was discounted to take into account the lack of marketability, which resulted in a fair value of £5.78 per share. The fair value of the consideration given was therefore £3,357,000. £15,000 of the total consideration was recognised within share capital with £3,342,000 recognised within the merger relief reserve in accordance with the requirements of section 612 of the Companies Act 2006.

Transaction costs of £88,000 were incurred and included within exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement. There were no directly attributable share issue costs recognised on this issue.

From the date of acquisition, Cloudcheck contributed £340,000 of revenue and £140,000 of profit to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue would have been £244,891,000 and profit before tax for the Group would have been £22,717,000.

34. Acquisitions and disposals continued

2021 Acquisitions and disposals

Acquisition of Investigate 2020 Ltd

On 14 December 2020, GB Group plc acquired the entire share capital of Investigate 2020 Limited (HooYu Investigate) following a transfer of assets from HooYu Limited into HooYu Investigate. HooYu Investigate uses leading database and UX technologies to improve the productivity of an investigation process. The Investigate product complements GBG's existing Connexus portfolio. Consideration for the purchase was £4,000,000 in GB Group plc ('GBG') shares (446,784 new ordinary shares of 2.5p each). This consideration was assigned £3,352,675 for the shares of Investigate 2020 Limited and £647,325 to settle the loan due to HooYu Limited after the transfer of the assets from HooYu Limited into HooYu Investigate. Following completion of the purchase, the assets were immediately hived up into GB Group plc. The Consolidated Statement of Profit or Loss includes the results for the three-and-a-half-month period since the acquisition of Investigate 2020 Ltd.

The fair value of the identifiable assets and liabilities of HooYu Investigate as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Assets	
Technology intellectual property	4,620
Non-compete agreements	645
Hardware	3
Prepayments	20
Deferred income	(429)
Deferred tax liabilities	(1,000)
Total identifiable net assets at fair value	3,859
Goodwill arising on acquisition	141
Total purchase consideration transferred	4,000
Purchase consideration:	
Share purchase	3,353
Settlement of loan to HooYu Limited	647
Total purchase consideration	4,000
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(189)
Net cash acquired with the subsidiary	–
Cash paid	–
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	–
Net cash outflow	(189)

There is no contingent or deferred consideration recognised as part of this business combination.

GB Group plc issued 446,784 ordinary shares as consideration for the business combination. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was £8.953 per share. The fair value of the consideration given was therefore £4,000,000. £658,000 of the total consideration was recognised within share capital and share premium with £3,342,000 recognised within the merger relief reserve in accordance with the requirements of section 612 of the Companies Act 2006.

GBG Annual Report and Accounts 2022

Notes to the consolidated financial statements continued

34. Acquisitions and disposals continued

2021 Acquisitions and disposals continued

Acquisition of Investigate 2020 Ltd continued

Transaction costs of £189,000 were incurred and included within exceptional expenses. There were no directly attributable share issue costs recognised on this issue.

From the date of acquisition, HooYu Investigate contributed £249,000 of revenue and £303,000 of losses to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue would have been £218,406,000 and profit before tax for the Group would have been £33,344,000.

Disposal of Marketing Services

On 13 January 2021 GBG sold part of its Marketing Services division to HH Global Interactive Limited ('HHG'). The Marketing Services business has existed within GBG for nearly 20 years and was supplemented by the acquisition of the entire issued share capital of CDMS Limited, (trading as Transactis) in November 2014. Immediately upon acquisition the trade and assets of Transactis were hived-up into GB Group plc.

The current contracts within the Marketing Services were a combination of customers that stem either from pre-Transactis, were acquired in the Transactis acquisition or were won afterwards as part of the combined business. Post hive-up it was considered one business from an operational and go-to-market perspective.

Customer relationships that have been sold in the transaction totalling of £1,093,000 have been derecognised in the Group.

A goodwill balance of £502,000 in the Group was held in respect of the Marketing Services business. This has been fully assigned to the area of the business retained using a fair value approach. As detailed in note 14, this goodwill was impaired by £75,000 in the Group.

As this area of the business did not constitute a major line of business, single geographical area of operation, and was not part of a co-ordinated plan to dispose of a separate major line, the disposal has not been treated as a discontinued operation in line with IFRS 5.

The calculation of the loss on disposal has been detailed below.

	£'000
Consideration – cash	10
Migration costs[1]	(65)
Net proceeds/(payment)	(55)
Intangible assets disposed – customer relationship asset	1,093
Accruals	(11)
Net book value of assets and liabilities disposed	1,082
Transaction costs of the disposal – paid	38
Loss on disposal	(1,175)
Impairment of acquired goodwill	(75)

1 Migration costs were paid by the Group to the purchaser and as such have been included in the net payment amount.

Revenue of £1,075,000 (2020: £4,319,000) from the disposed Marketing Services business has been deducted from total Group revenue in the calculation of organic growth.

34. Acquisitions and disposals continued

Disposal of Employ and Comply

On 31 March 2021 GBG disposed of its Employ & Comply ('E&C') business to First Advantage Europe Limited ('FADV').

The E&C business was made up of three previous acquisitions that operated as one business:

- Advanced Checking Services Limited (acquired in 2011)
- tmg.tv Limited (acquired in 2012)
- CRD (UK) Limited (acquired in 2013)

E&C is included within the Identity operating segment in note 4.

The full amount of goodwill and intangibles related to the acquisitions that make up the E&C business has been disposed of.

As this area of the business did not constitute a major line of business, single geographical area of operation, and was not part of a co-ordinated plan to dispose of a separate major line, the disposal has not been treated as a discontinued operation in line with IFRS 5.

	£'000
Consideration – cash*	5,400
Net proceeds	5,400
Goodwill	2,529
Acquired intangible assets – customer relationship asset	374
Right-of-use assets	260
Plant and equipment	10
Prepayments	7
Deferred revenue	(76)
Dilapidation provision	(111)
Lease liability	(291)
Net book value of assets and liabilities disposed	2,702
Transaction costs of the disposal – accrued	120
Profit on disposal	2,578

* At 31 March 2021 the cash was held by our lawyers and was received into a GBG bank account on 1 April 2021. However, as the cash was held on behalf of GBG and that the disposal was completed on 31 March 2021 it is appropriate that the cash has been recognised as being received.

Revenue of £5,584,000 (2020: £6,739,000) from the disposed Employ and Comply business has been deducted from total Group revenue in the calculation of organic growth.

Notes to the consolidated financial statements continued

35. Contingent consideration

	2022 £'000	2021 £'000
At 1 April	**3,662**	6,179
Recognition on the acquisition of subsidiary undertakings[1 & 2]	**3,618**	747
Unwinding of discount[2]	**34**	–
Foreign exchange – unrealised[2]	**462**	(452)
Settlement discount (see note 7e)[2]	**–**	(50)
Settlement of consideration	**–**	(2,762)
At 31 March	**7,776**	3,662
Analysed as:		
Amounts falling due within 12 months	**5,856**	3,662
Amounts falling due after one year	**1,920**	–
At 31 March	**7,776**	3,662

1 The amount recognised on the acquisition of subsidiary undertakings in the year to 31 March 2022 is in respect of Cloudcheck (refer to note 34 for further details). Since the contingent consideration is payable in stages, it has been discounted to fair value on the acquisition date and subsequently unwound to profit and loss. The undiscounted value of the contingent consideration is £4,223,000. The amount recognised on acquisition of subsidiary undertakings in the year to 31 March 2021 is in respect of IDology (refer to note 7f for further details).

2 Included in Consolidated Cash Flow Statement within fair value adjustment on contingent consideration line totalling £188,000 (2021: £245,000). Since the contingent consideration in respect of Cloudcheck sits within a foreign subsidiary, £308,000 of the £462,000 foreign exchange movement has been recognised within the foreign currency translation reserve following the translation of foreign subsidiaries. The £188,000 therefore represents the unwinding of the discount of £34,000 and the remaining foreign exchange movement of £154,000.

The opening balance at 1 April 2020 and the closing balance at 31 March 2021 represented contingent consideration in respect to the pre-acquisition tax losses within IDology Inc. As and when GBG receives a cash benefit from these losses, either through a reduction in tax payments or through a tax refund, an amount equal to this cash benefit is due to the sellers.

The fair value of contingent consideration is estimated having been determined from management's estimates of the range of outcomes to certain future forecasts and their estimated respective likelihoods. The contractual cash flows are therefore based on future trading activity, which is estimated based on latest forecasts (Level 3 as defined by IFRS 13 – see note 27).

Company balance sheet

Year ended 31 March 2022

	Note	2022 £'000	2021 £'000
ASSETS			
Non-current assets			
Goodwill	C6	**99,858**	99,858
Intangible assets	C7	**18,535**	23,823
Property, plant and equipment	C8	**2,705**	2,752
Right-of-use assets	C9	**907**	1,277
Investments	C10	**711,903**	309,124
Deferred tax asset	C11	**2,562**	4,733
		836,470	441,567
Current assets			
Inventories		**175**	120
Trade and other receivables	C12	**42,577**	32,626
Cash and short-term deposits	C13	**4,703**	11,947
		47,455	44,693
Total assets		**883,925**	486,260
EQUITY AND LIABILITIES			
Capital and reserves			
Equity share capital	C14	**6,297**	4,908
Share premium		**566,769**	267,627
Merger reserve		**99,999**	9,918
Capital redemption reserve		**3**	3
Other reserves		**4,489**	4,489
Retained earnings		**130,938**	97,037
Total equity attributable to equity holders of the parent		**808,495**	383,982
Non-current liabilities			
External loans	C16	**–**	–
Intercompany loans	C16	**541**	9,825
Lease liabilities	C17	**602**	983
Deferred revenue		**718**	312
Provisions	C18	**683**	797
Deferred tax	C11	**4,449**	4,555
		6,993	16,472
Current liabilities			
Trade and other payables	C19	**26,102**	49,296
Deferred revenue		**36,672**	31,780
Lease liabilities	C17	**671**	704
Contingent consideration	C23	**3,842**	3,662
Current tax		**1,150**	364
		68,437	85,806
Total liabilities		**75,430**	102,278
Total equity and liabilities		**883,925**	486,260

During the year the Company made a profit of £34,934,000 (2021: £25,844,000).

Approved by the Board on 22 June 2022

C G Clark
Director

D M Ward
Director

Registered in England number 2415211

Company statement of changes in equity

Year ended 31 March 2022

	Note	Equity share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020		4,855	261,648	6,575	3	4,489	67,565	345,135
Profit for the period		–	–	–	–	–	25,844	25,844
Total comprehensive income for the period		–	–	–	–	–	25,844	25,844
Issue of share capital	C14	53	5,979	3,343	–	–	–	9,375
Share-based payments charge		–	–	–	–	–	5,170	5,170
Tax on share options		–	–	–	–	–	1,700	1,700
Share forfeiture receipt	C14	–	–	–	–	–	2,641	2,641
Equity dividend	C15	–	–	–	–	–	(5,883)	(5,883)
Balance at 31 March 2021		4,908	267,627	9,918	3	4,489	97,037	383,982
Profit for the period		**–**	**–**	**–**	**–**	**–**	**34,934**	**34,934**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**34,934**	**34,934**
Issue of share capital	C14	**1,389**	**299,142**	**90,081**	**–**	**–**	**–**	**390,612**
Share-based payments charge		**–**	**–**	**–**	**–**	**–**	**6,171**	**6,171**
Tax on share options		**–**	**–**	**–**	**–**	**–**	**(498)**	**(498)**
Share forfeiture refund	C14	**–**	**–**	**–**	**–**	**–**	**(29)**	**(29)**
Equity dividend	C15	**–**	**–**	**–**	**–**	**–**	**(6,677)**	**(6,677)**
Balance at 31 March 2022		**6,297**	**566,769**	**99,999**	**3**	**4,489**	**130,938**	**808,495**

Notes to the Company accounts

C1. Corporate information

GB Group plc ('the Company') provides identity data intelligence products and services helping organisations recognise and verify all elements of an individual's identity at key interactions in their business processes. The nature of the Company's operations and its principal activities are set out in the Financial Review.

The Company is a public company limited by shares incorporated in the United Kingdom and is listed on the London Stock Exchange with its ordinary shares traded on the Alternative Investment Market. The company registration number is 2415211. The address of its registered office is The Foundation, Herons Way, Chester Business Park, Chester, CH4 9GB. A list of the investments in subsidiaries, including the name, country of incorporation, registered office address and proportion of ownership interest is given in note 19.

These consolidated financial statements have been approved for issue by the Board of Directors on 22 June 2022.

The Company's financial statements are included in the consolidated financial statements of GB Group plc. As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented.

C2. Accounting policies

C2.1 Basis of preparation

The separate financial statements of the parent company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and in accordance with applicable accounting standards. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards, as applied in accordance with the provisions of the Companies Act 2006 ('Adopted IFRSs') with the exception of applying the true and fair override with regards to the non-amortisation of goodwill as required by IFRS 3. See note C6 for details of the impact of this departure. The Company has adopted FRS 101 for the first time within its financial statements and has taken advantage of the following disclosure exemptions.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the Consolidated Financial Statements of the Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of Assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 15 Revenue from Contracts with Customers in respect of disaggregation of revenue and performance obligations;
- Certain disclosures required by IFRS 2 Shared-based Payments in respect of equity-settled share-based payments;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

As disclosed in the accounting policies in note 2 of the consolidated financial statements, they have been prepared on a going concern basis under the historical cost convention, modified in respect of the revaluation of financial assets and liabilities at fair value.

GBG Annual Report and Accounts 2022

Notes to the Company accounts continued

C2. Accounting policies continued

C2.2 Significant accounting policies

The significant accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements with the exception of:

Investment in subsidiaries

Investments in subsidiaries are held at cost, less provision for impairment.

The accounting policies have been applied consistently throughout the year.

C2.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are the same for the Company as they are for the Group with the exception of the following:

Impairment of investments in subsidiary undertakings

The Company tests for impairment of investments where there are indicators that the carrying value exceeds the recoverable value.

In order to perform this assessment, management are required to make estimates regarding the timing and amount of future cash flows applicable to the subsidiary, based on current budgets and forecasts, and extrapolated for an appropriate period taking into account growth rates and expected changes to sales and operating costs. Management estimates the appropriate discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business. It is not considered that any impairment indicators existed at the balance sheet date.

For details of other judgements and key sources of estimation uncertainty in the preparation of the Company's financial statements, see pages 128 and 129 in the Group financial statements.

C3. Profit attributable to members of the parent company

The Company's profit for the financial year ended 31 March 2022 was £34,934,000 (2021: £25,844,000). As permitted by section 408 of Companies Act 2006, the profit and loss account of the parent company is not presented.

C4. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the Company and Group financial statements are disclosed in note 6 of the Consolidated Financial Statements for the Group.

C5. Team member costs and Directors' emoluments

a) Team member costs (including Directors)

	2022 £'000	2021 £'000
Wages and salaries including commission and bonuses	40,578	42,362
Social security costs	5,172	4,488
Other pension costs	1,618	1,509
Share-based payments	3,474	4,341
	50,842	52,700

C5. Team member costs and Directors' emoluments continued

a) Team member costs (including Directors) continued

The average monthly number of team members during the year within each category was as follows:

	2022 No.	Restated 2021 No.
Technology	149	176
General and administration	124	104
Sales and marketing	302	334
	575	614

The average monthly number of team members om 2021 has been restated at it previously included 84 team members in foreign subsidiaries who were fully recharged to the Company and previously included in the Company team members disclosure. The average monthly number of team members above now only includes those employed by the Company itself.

b) Directors' emoluments

The remuneration of Executive Directors for both the Company and the Group are disclosed in note 8 of the Consolidated Financial Statements for the Group.

C6. Goodwill

	2022 £'000	2021 £'000
Cost		
At 1 April	105,970	110,115
Additions – business combinations (note 34)	–	141
Sale of business disposals	–	(4,286)
At 31 March	105,970	105,970
Impairment		
At 1 April	6,112	–
Impairment	–	6,112
At 31 March	6,112	6,112
Net book value		
At 31 March	99,858	99,858

Goodwill arose on the acquisition of ID Scan Biometrics Limited, Postcode Anywhere (Holdings) Limited and Investigate 2020 Limited. Under FRS 101 goodwill is not amortised and is tested annually for impairment. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), which requires acquired goodwill to be written off over its useful economic life. As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

The impairment of £6,112,000 during the prior year ended 31 March 2021 is in respect of:

- £6,052,000 for the Transactis CGU. Following the disposal of part of the Marketing Services business detailed in note 34, the future cashflows from the remaining part of the Marketing Services business were not sufficient to support the carrying value of the Acquired Goodwill
- £60,000 for the e-Ware Interactive CGU. The remaining value in use was based on the single remaining customer from that acquisition. During the prior year this customer cancelled their contract and as a result the full amount of goodwill in the Company was impaired

GBG Annual Report and Accounts 2022

Notes to the Company accounts continued

C7. Intangible assets

	Customer relationships £'000	Software technology £'000	Non-compete clauses £'000	Total acquired intangibles £'000	Purchased software £'000	Internally developed software £'000	Total £'000
Cost							
At 1 April 2021	**26,024**	**12,438**	**912**	**39,374**	**1,700**	**1,794**	**42,868**
Additions – purchased software	**–**	**–**	**–**	**–**	**68**	**–**	**68**
Disposals (other than sale of businesses)	**–**	**–**	**–**	**–**	**(208)**	**(687)**	**(895)**
At 31 March 2022	**26,024**	**12,438**	**912**	**39,374**	**1,560**	**1,107**	**42,041**
Amortisation and impairment							
At 1 April 2021	**8,841**	**6,806**	**321**	**15,968**	**1,283**	**1,794**	**19,045**
Amortisation during the year	**2,879**	**2,071**	**215**	**5,165**	**189**	**–**	**5,354**
Disposals (other than sale of businesses)	**–**	**–**	**–**	**–**	**(206)**	**(687)**	**(893)**
At 31 March 2022	**11,720**	**8,877**	**536**	**21,133**	**1,266**	**1,107**	**23,506**
Net book value							
At 31 March 2022	**14,304**	**3,561**	**376**	**18,241**	**294**	**–**	**18,535**
At 1 April 2021	17,183	5,632	591	23,406	417	–	23,823

	Carrying value of customer relationship £'000	**Remaining amortisation period Years**	**Carrying value of technology £'000**	**Remaining amortisation period Years**
ID Scan Biometrics Limited	**1,664**	**4.25**	**–**	**–**
Postcode Anywhere (Holdings) Limited	**12,640**	**5.08**	**96**	**0.08**
Investgate 2020 Limited	**–**	**–**	**3,465**	**3.75**
	14,304		**3,561**	

C8. Property, plant and equipment

	Property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2021	**1,233**	**5,692**	**6,925**
Additions	**–**	**762**	**762**
Disposals (other than sale of businesses)	**–**	**(852)**	**(852)**
At 31 March 2022	**1,233**	**5,602**	**6,835**
Depreciation and impairment			
At 1 April 2021	**54**	**4,119**	**4,173**
Provided during the year	**19**	**789**	**808**
Disposals (other than sale of businesses)	**–**	**(851)**	**(851)**
At 31 March 2022	**73**	**4,057**	**4,130**
Net book value			
At 31 March 2022	**1,160**	**1,545**	**2,705**
At 31 March 2021	1,179	1,573	2,752

C9. Right-of-use assets

	Right of use assets £'000	Total £'000
Cost		
At 1 April 2021	**3,206**	**3,206**
Additions	**241**	**241**
Disposals	**(174)**	**(174)**
At 31 March 2022	**3,273**	**3,273**
Depreciation and impairment		
At 1 April 2021	**1,929**	**1,929**
Provided during the year	**527**	**527**
Disposals	**(90)**	**(90)**
At 31 March 2022	**2,366**	**2,366**
Net book value		
At 31 March 2022	**907**	**907**
At 31 March 2021	1,277	1,277

The underlying class of assets and their net book values all relate to leasehold property.

GBG Annual Report and Accounts 2022

Notes to the Company accounts continued

C10. Investments

	2022 £'000	2021 £'000
Cost		
At 1 April	**311,588**	305,947
Acquisition of subsidiary undertakings	**568,211**	3,353
Capital contribution to subsidiary undertakings	**10,048**	–
Subscription to new shares in subsidiary undertakings	**392,731**	–
Transfer of subsidiary undertakings	**(568,211)**	–
Acquisition of investment	**–**	2,288
At 31 March	**714,367**	311,588
Provision for impairment		
At 1 April	**2,464**	2,464
At 31 March	**2,464**	2,464
Net book value		
At 31 March	**711,903**	309,124

As detailed in note 34, during the year the Company acquired Acuant and Cloudcheck for a consideration of £554,545,000 and £13,666,000 respectively (combined £568,211,000).

The investments in Acuant and Cloudcheck were subsequently transferred to other subsidiary untertakings as follows:

- Acuant was transferred to GBG (US) Holdings LLC in exchange for new share capital of £392,731,000 with the remaining amount of £161,814,000 being settled through intercompany accounts.
- Cloudcheck was transferred to GBG (Australia) Holding Pty in exchange for a capital contribution of £10,048,000 in addition to the transfer of the contingent consideration liability of £3,618,000.

Details of the Company's subsidiary undertakings are set out in note 19 of the Consolidated Financial Statements for the Group.

C11. Taxation

a) Deferred tax

Deferred tax asset

The recognised and unrecognised potential deferred tax asset of the Company is as follows:

	Recognised		Unrecognised	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Decelerated capital allowances	**302**	1,279	**1,296**	–
Share options	**1,740**	3,041	**–**	–
Long service award	**96**	84	**–**	–
Provision for bad debt	**–**	83	**–**	–
Other temporary differences	**–**	101	**–**	–
Leases	**20**	–	**–**	–
Capital losses	**–**	–	**564**	429
Trading losses	**404**	145	**2,792**	405
	2,562	4,733	**4,652**	834

C11. Taxation continued

a) Deferred tax continued

Deferred tax asset continued

The movement on the deferred tax asset of the Company is as follows:

	2022 £'000	2021 £'000
Opening balance – as reported	**4,733**	3,867
Impact of changes in tax rates	**397**	–
Origination and reversal of temporary differences	**(2,568)**	866
	2,562	4,733

The deferred tax asset has been recognised to the extent it is anticipated to be recoverable out of future taxable profits based on profit forecasts for the foreseeable future. The utilisation of the unrecognised deferred tax asset in future periods will reduce the future tax rate below the standard rate. The Company has unrecognised deductible temporary differences of £11,892,000 (2021: £2,894,000) and unrecognised capital losses of £2,579,000 (2021: £2,257,000). The Company also has unrecognised deductible temporary differences of £5,184,000 (2021: £nil)

The deferred tax liability of the Company is as follows:

	2022 £'000	2021 £'000
Intangible assets	**4,314**	4,447
Land and buildings	**135**	108
	4,449	4,555

The movement on the deferred tax liability of the Company is as follows:

	2022 £'000	2021 £'000
Opening balance	**4,555**	4,474
Origination and reversal of temporary differences	**(985)**	(919)
Acquisition	**–**	1,000
Impact of change in tax rates	**879**	–
	4,449	4,555

C12. Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	**31,190**	30,716
Allowance for unrecoverable amounts	**(1,982)**	(3,165)
Net trade receivables	**29,208**	27,551
Amounts owed by subsidiary undertakings	**6,438**	–
Prepayments	**6,759**	4,573
Accrued income	**172**	502
	42,577	32,626

GBG Annual Report and Accounts 2022

Notes to the Company accounts continued

C13. Cash

	2022 £'000	2021 £'000
Cash at bank and in hand	**4,703**	11,947

Cash at bank earns interest at floating rates based on daily bank deposit rates.

C14. Equity share capital

Issued Ordinary Share Capital for both the Company and Group is disclosed in note 22 of the Consolidated Financial Statements for the Group.

C15. Dividends paid and proposed

	2022 £'000	2021 £'000
Declared and paid during the year		
Final dividend for 2021 paid in July 2021: 3.40p (interim dividend for 2021 paid in January 2021: 3.00p)	**6,677**	5,885
Proposed for approval at AGM (not recognised as a liability at 31 March)		
Final dividend for 2022: 3.81p (2021: 3.40p)	**9,596**	6,674

£nil (2021: £2,000) was received during the year relating to dividends paid on forfeited shares. The total net cash impact of dividends during the year was therefore £6,677,000 (2021: £5,883,000). See note 22 of the Consolidated Financial Statements for the Group for details of forfeited shares.

C16. Loans

Bank loans

The refinancing of the existing revolving credit facility is set out in note 23 in the Consolidated Financial Statements for the Group.

No drawdowns have been made by the Company during the year; however, total fees paid by the Company in relation to the extension were £1,157,000 which included an arrangement fee of £1,122,000.

During the year to 31 March 2022 and 31 March 2021, loan arrangement fees on the revolving credit facility have been reclassified to prepayments due to the loan value being £nil at 31 March 2022 and 31 March 2021 within the Company and the net position was therefore an asset rather than a liability.

	2022 £'000	2021 £'000
Opening bank loan	**–**	62,139
Repayment of borrowings	**–**	(62,500)
Loan fees paid for extension	**(1,157)**	(193)
Amortisation of loan fees	**129**	193
Foreign currency translation adjustment	**–**	–
Reclassification of loan fees to prepayments	**1,028**	361
Closing bank loan	**–**	–

C16. Loans continued

Intercompany loans

	2022 £'000	2021 £'000
Opening intercompany loan	**9,825**	4,156
New borrowings	**(9,284)**	5,669
Closing intercompany loan	**541**	9,825
Analysed as:		
Amounts falling due within one year	**–**	–
Amounts falling due within one to five years	**541**	9,825
Amounts falling due in more than five years	**–**	–
	541	9,825

Interest is charged on intercompany loans at a rate of between 3.0% and 4.0% per annum. The loans are unsecured, and repayable within two years.

C17. Lease liabilities

	2022 £'000	2021 £'000
At 1 April	**1,687**	2,682
Additions	**236**	–
Sale of business disposals	**–**	(291)
Accretion of interest	**55**	81
Repayments	**(705)**	(785)
Foreign currency adjustment	**–**	–
At 31 March	**1,273**	1,687
Analysed as:		
Amounts falling due within one year	**671**	704
Amounts falling due within one to five years	**602**	983
	1,273	1,687

Notes to the Company accounts continued

C18. Provisions

	2022 £'000	2021 £'000
Provisions can be analysed as follows:		
Dilapidation provision (see below)	**295**	355
Long service award (see below)	**388**	442
	683	797
Dilapidation provision		
At 1 April	**355**	421
Disposed as part of businesses	**–**	(111)
Provided in year	**–**	45
Utilised in year	**(10)**	–
Released in year	**(50)**	–
Closing balance	**295**	355

This provision relates to the estimated cost of restoration work required upon termination of leasehold property agreements. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. During the year, dilapidation charges were agreed on a property that was exited in the previous year and the remaining provision was released. The timing of the outflows is not expected to occur in the following 12 months and as such has been disclosed as a non-current liability. The Company does not expect the final payments to differ materially from those amounts provided.

Long service award

The Group provides long service awards, providing employees with a benefit after they attain a set period of service with the Group, for example 10 or 20 years. For these benefits, IAS 19 requires a liability to be held on the Group's balance sheet.

	2022 £'000	2021 £'000
At 1 April	**442**	422
Service cost	**60**	43
Benefits taken	**(47)**	(4)
Actuarial gain during the year	**(74)**	(28)
Net interest charge	**7**	9
At 31 March	**388**	442

The following table lists the inputs to the valuation of the long service award for the years ended 31 March 2022 and 31 March 2021.

	2022	2021
Discount rate (%)	**2.6**	1.5
Salary increases (%)	**4.4**	3.7
Employee turnover (% probability of leaving depending on age)	**2 – 20%**	2 – 20%

C19. Trade and other payables

	2022 £'000	2021 £'000
Trade payables	**3,993**	2,122
Amounts owed to subsidiary undertakings	**–**	23,124
Other taxes and social security costs	**2,981**	3,229
Accruals	**19,128**	20,821
	26,102	49,296

C20. Contingent liability

Contingent liabilities during the year are set out in note 32 in the Consolidated Financial Statements for the Group.

C21. Subsequent events

Subsequent events that require disclosure after 31 March 2022 are set out in note 33 in the Consolidated Financial Statements for the Group.

C22. Acquisitions and disposals

Acquisitions and Disposals during the current and prior year are set out in note 34 in the Consolidated Financial Statements for the Group.

C23. Contingent consideration

	2022 £'000	2021 £'000
At 1 April	**3,662**	6,179
Recognition on the acquisition of subsidiary undertakings[1]	**–**	747
Foreign exchange – unrealised	**180**	(452)
Settlement discount (see note 7f)	**–**	(50)
Settlement of consideration	**–**	(2,762)
At 31 March	**3,842**	3,662
Analysed as:		
Amounts falling due within 12 months	**3,842**	3,662
Amounts falling due after one year	**–**	–
At 31 March	**3,842**	3,662

1 The amount recognised on acquisition of subsidiary undertakings in the year to 31 March 2021 is in respect of IDology (refer to note 7f for further details).

The contingent consideration at 31 March 2022 is in respect to the pre-acquisition tax losses within IDology Inc. As and when GBG receives a cash benefit from these losses, either through a reduction in tax payments or through a tax refund, an amount equal to this cash benefit is due to the sellers.

Non-GAAP measures

Alternative performance measures

Management assesses the performance of the Group using a variety of alternative performance measures. In the discussion of the Group's reported operating results, alternative performance measures are presented to provide readers with additional financial information that is regularly reviewed by management. However, this additional information presented is not uniformly defined by all companies including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. Such measures are not defined under IFRS and are therefore termed 'non-GAAP' measures. These non-GAAP measures are not considered to be a substitute for or superior to IFRS measures and should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

The Group's income statement and segmental analysis separately identify trading results before certain items. The Directors believe that presentation of the Group's results in this way is relevant to an understanding of the Group's financial performance, as such items are identified by virtue of their size, nature or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and assists in providing a meaningful analysis of the trading results of the Group. In determining whether an event or transaction is presented separately, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Examples of charges or credits meeting the above definition, and which have been presented separately in the current and/or prior years include amortisation of acquired intangibles, share-based payment charges, acquisition-related costs and business restructuring programmes. In the event that other items meet the criteria, which are applied consistently from year to year, they are also presented separately.

The following are the key non-GAAP measures used by the Group:

Organic growth

Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions which are included only after the first anniversary following their purchase and disposed businesses. This enables measurement of performance on a comparable year-on-year basis without the impact of M&A activity.

Constant currency

Constant currency means that non-Pound Sterling revenue in the comparative period is translated at the same exchange rate applied to the current year non-Pound Sterling revenue. This therefore eliminates the impact of fluctuations in exchange rates on underlying performance and enables measurement of performance on a comparable year-on-year basis without the impact of foreign exchange movements.

	2022 £'000	2021 £'000	Growth %
Group revenue	**242,480**	217,659	11.4%
Revenue from acquisitions up to their first anniversary	**(13,213)**	–	(6.2)%
Revenue from disposals (see note 34)	**(38)**	(6,583)	3.5%
Organic revenue	**229,229**	211,076	8.6%
Constant currency adjustment	**–**	(3,897)	2.0%
Organic revenue at constant currency	**229,229**	207,179	10.6%

Normalised items

These are recurring items which management considers could affect the underlying results of the Group.

These include:

- amortisation of acquired intangibles; and
- share-based payment charges

Normalised items are excluded from statutory measures to determine adjusted results.

GBG Annual Report and Accounts 2022

Adjusted operating profit

Adjusted operating profit means operating profit before exceptional items and normalised items. Adjusted results allow for the comparison of results year-on-year without the potential impact of significant one-off items or items which do not relate to the underlying performance of the Group. Adjusted operating profit is a measure of the underlying profitability of the Group.

	2022 £'000	2021 £'000
Operating profit	**23,407**	35,503
Amortisation of acquired intangibles	**24,735**	17,671
Share-based payment charges	**6,171**	5,170
Exceptional items	**4,526**	(448)
Adjusted operating profit	**58,839**	57,896

Adjusted operating profit margin

Adjusted operating profit margin is calculated as adjusted operating profit as a percentage of revenue.

Adjusted tax

Adjusted tax means income tax charge before the tax impact of amortisation of acquired intangibles, share-based payment charges and exceptional items. This provides an indication of the ongoing tax rate across the Group.

	2022 £'000	2021 £'000
Income tax charge	**6,390**	7,385
Tax impact of amortisation of acquired intangibles	**5,082**	4,541
Tax impact of share-based payment charges	**218**	1,067
Tax impact of exceptional items	**897**	(818)
Adjusted tax	**12,587**	12,175

Adjusted effective tax rate

The adjusted effective tax rate means adjusted tax divided by adjusted earnings.

	2022			2021		
	Profit before tax £'000	**Income tax charge £'000**	**Effective tax rate %**	Profit before tax £'000	Income tax charge £'000	Effective tax rate %
Reported effective tax	**21,645**	**6,390**	**29.5%**	34,263	7,385	21.6%
Add back:						
Amortisation of acquired intangibles	**24,735**	**5,082**	**(4.8%)**	17,671	4,541	1.4%
Equity-settled shared-based payments	**6,171**	**218**	**(2.5%)**	5,170	1,067	(0.2%)
Exceptional items	**4,526**	**897**	**(0.1%)**	(448)	(818)	(1.3%)
Adjusted effective tax rate	**57,077**	**12,587**	**22.1%**	56,656	12,175	21.5%

GBG Annual Report and Accounts 2022

Non-GAAP measures continued

Adjusted EBITDA

Adjusted EBITDA means adjusted operating profit before depreciation and amortisation of non-acquired intangibles.

	2022 £'000	2021 £'000
Adjusted operating profit	**58,839**	57,896
Depreciation of property, plant and equipment	**1,531**	1,433
Depreciation of right-of-use assets	**1,593**	1,838
Amortisation of non-acquired intangibles	**233**	243
Adjusted EBITDA	**62,196**	61,410

Adjusted earnings per share ('Adjusted EPS')

Adjusted EPS represents adjusted earnings divided by a weighted average number of shares in issue and is disclosed to indicate the underlying profitability of the Group. Adjusted EPS is a measure of underlying earnings per share for the Group. Adjusted earnings represents adjusted operating profit less net finance costs and income tax charges. Refer to note 13 for calculations.

Net (debt)/cash

This is calculated as cash and cash equivalent balances less outstanding external loans. Unamortised loan arrangement fees are netted against the loan balance in the financial statements but are excluded from the calculation of net cash/debt. Lease liabilities following the implementation of IFRS 16 are also excluded from the calculation of net cash/debt since they are not considered to be indicative of how the Group finances the business. This is a measure of the strength of the Group's balance sheet.

	2022 £'000	2021 £'000
Cash and cash equivalents	**22,302**	21,135
Loans on balance sheet	**128,226**	(361)
Unamortised loan arrangement fees	**1,028**	361
External loans	**129,254**	–
Net (debt)/cash	**(106,952)**	21,135

Cash conversion %

This is calculated as cash generated from operations in the Consolidated Cash Flow Statement, adjusted to exclude cash payments in the year for exceptional items, as a percentage of adjusted operating profit. This measures how efficiently the Group's operating profit is converted into cash.

	2022 £'000	2021 £'000
Cash generated from operations before tax payments (from Consolidated Cash Flow Statement)	**56,256**	72,631
Opening unpaid exceptional items	**549**	–
Total exceptional items	**4,526**	(448)
Non-cash exceptional items	**(427)**	1,751
Closing unpaid exceptional items	**(1,372)**	(549)
Cash generated from operations before tax payments and exceptional items paid	**59,532**	73,385
Adjusted EBITDA	**62,196**	61,410
Cash conversion %	**95.7%**	119.5%

Debt leverage

This is calculated as the ratio of net (debt)/cash to adjusted operating profit. This demonstrates the Group's liquidity and its ability to pay off its incurred debt.

	2022 £'000	2021 £'000
Cash and cash equivalents	**22,302**	21,135
Loans on balance sheet	**128,226**	(361)
Unamortised loan arrangement fees	**1,028**	361
External loans	**129,254**	–
Net (debt)/cash	**(106,952)**	21,135
Adjusted EBITDA	**62,196**	57,896
Debt leverage	**1.72**	Positive cash

Pro forma revenue

This includes adjustments to reported revenue for the pre-acquisition/disposal revenue from acquisitions/disposals in the past twelve months in order to provide a more meaningful comparison to assess growth against in future periods. More specifically, the pre-acquisition revenue from 1 April 2021 to 29 November 2021 for Acuant and from 1 April 2021 to 31 January 2022 for Cloudcheck.

	2022 £'000
Reported revenue	**242,480**
Pre-acquisition/disposal revenue	**29,931**
Post-acquisition unwind of deferred revenue haircut[1] on Acuant	**1,381**
Pro forma revenue	**273,792**

1 As required by IFRS 3 (Business Combinations), the revenue for Acuant includes a negative adjustment of £1.4 million related to the restatement to fair value of the acquired revenue balance (commonly known as the deferred revenue 'haircut'). The deferred revenue haircut represents the cost of providing the deferred revenue service in the post-acquisition period.

Company information & advisors

Website

The Investors section of the Company's website, www.gbgplc.com/investors, contains detailed information on news, press releases, key financial information, annual and interim reports, share price information, dividends and key contact details. Our share price is also available on the London Stock Exchange website. The following information is a summary and readers are encouraged to view the website for more detailed information.

Dividend Reinvestment Plan ('DRIP')

The Company offers a Dividend Reinvestment Plan that enables shareholders to reinvest cash dividends into additional shares in the Company. Application forms can be obtained from Equiniti.

Share scams

Shareholders should be aware that fraudsters may try and use high pressure tactics to lure investors into share scams. Information on share scams can be found on the Financial Conduct Authority's website, www.fca.org.uk/scams.

Financial calendar 2022

Annual General Meeting	28 July 2022

Shareholder enquiries

GBG's registrar, Equiniti, can deal with any enquiries relating to your shareholding, such as a change of name or address or a replacement of a share certificate. Equiniti's Shareholder Contact Centre can be contacted by telephone on 0371 38 2365 (international callers: +44 (0)121 415 7161) between 8.30am and 5.30pm Monday to Friday, excluding public holidays in England and Wales. You can also access details of your shareholding and a range of other shareholder services by registering at www.shareview.co.uk.

Company Secretary & registered office

Annabelle Burton
GB Group plc
The Foundation, Herons Way
Chester Business Park
Chester
CH4 9GB
United Kingdom

Registered in England & Wales
Company Number: 2415211

T: +44 (0)1244 657333
E: enquiries@gbgplc.com
W: www.gbgplc.com

Nominated advisor and joint broker

Numis Securities Limited
45, Gresham Street,
London
EC2V 7BF

Joint broker

Barclays Bank plc
5 The North Colonnade,
Canary Wharf
London
E14 4BB

Auditor

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

Solicitors

Squire Patton Boggs (UK) LLP
1 Spinningfields
1 Hardman Square
Manchester
M3 3EB

Registrars

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

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The Foundation
Herons Way
Chester Business Park
Chester
CH4 9GB
United Kingdom

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