

GB GROUP PLC
("GBG", the "Group" or the "Company")

FULL YEAR RESULTS FOR THE YEAR ENDED 31 MARCH 2023

GB Group plc (AIM: GBG), the experts in digital location, identity verification and fraud prevention software, announces its audited results for the year ended 31 March 2023.

Chris Clark, CEO, commented:

"GBG continued to make important strategic progress and operational improvements that will have long-term benefits; however, we were impacted by unexpectedly deep post-pandemic corrections in some end markets. These corrections were largely felt in the internet economy, notably by cryptocurrency and fintech customers primarily in our Identity business in the Americas, as flagged in our February trading update.

Looking ahead to FY24, since our update in February, there has been no material change in market conditions. Uncertainty remains; however, we still expect some gradual revenue acceleration in the latter part of the year. The Board is confident that GBG will deliver its FY24 profit expectations assisted by a group-wide focus on efficiency. The business is well-placed to benefit from structural growth, including the increasing proliferation and sophistication of fraud through the advent of generative AI, capitalising on the breadth of its capabilities and global reach to deliver our mid-term growth targets."

Financials	FY23	FY22
Statutory revenue	£278.8m	£242.5m
Pro forma constant currency revenue ¹	£279.8m	£269.9m
Adjusted operating profit ¹	£59.8m	£58.8m
Adjusted operating margin ¹	21.5%	24.3%
Operating (loss)/profit ²	(£112.4)m	£23.4m
(Loss)/profit before tax	(£118.8)m	£21.7m
Adjusted diluted earnings per share ³	16.4p	20.2p
Diluted (loss)/earnings per share	(47.5)p	6.9p
Net assets	£694.1m	£787.1m
Net debt ¹	(£105.9)m	(£107.0)m
Final dividend per share	4.00p	3.81p

Notes: ¹Defined within note 20 to the Full Year Results. ²Exceptional costs of (£127.2)m include a (£122.2)m non-cash goodwill impairment charge following the Group's annual impairment review, as explained further within the financial review and note 7 to the Full Year Results. ³ Defined within note 9 to the Full Year Results.

Financial summary

- Statutory revenue growth of 15.0% as a result of prior year acquisitions and despite tough comparators driven by the US stimulus project and exceptional cryptocurrency volumes in the prior year
- Pro forma revenue of £279.8 million up 3.7% on an organic constant currency basis reflects:
 - Double-digit growth in both Location and Fraud segments
 - Challenging post-pandemic conditions in the internet economy within Identity
- 94% of revenue from subscription and consumption models and strong customer retention demonstrates the attractiveness and repeatability of our cash-generative model
- Adjusted operating profit up 1.7% to £59.8 million, representing an adjusted operating profit margin of 21.5%. Within this, gains on foreign exchange were £3 million
- Reflecting the macro challenges in the last year, the annual impairment review resulted in a non-cash exceptional goodwill impairment charge of £122.2 million against our Identity business in the Americas, which is formed of our IDology and Acuant acquisitions
- Net debt of £105.9 million as at 31 March 2023 (FY22: £107.0 million) despite a negative £8.6 million retranslation impact since FY22; focused on cash generation to further reduce our debt during FY24
- The Board recommends a final dividend per ordinary share of 4.00p, up 5%

Important strategic progress; well-positioned for the future

Addressing the convergence of identity and fraud, while driving efficiency through simplification:

- Prioritised product and technology investment, and simplified our portfolio to meet the rapidly changing market needs which has enabled GBG to accelerate product innovation
 - Mobile Fraud signals in EMEA, Fraud Alerts and Compliance platform in APAC and AI-powered anti-tampering technology
- Entering markets at pace, winning new opportunities and building our pipeline, which includes our expanding Southeast Asia footprint driven by growing demand for identity fraud solutions
- Enhanced capabilities and breadth: Documents and biometrics portfolio now powered by one library with 8,000 documents; expanded Multi Bureau to cover Australia and Canada, and GBG GO, our no-code platform is resonating with customers, who require expertise to manage onboarding at speed
- Continued to enhance our Location intelligence products with customers now benefitting from the release of our latest AI-powered address capture/verify solutions to increase match rates
- Acuant integration complete. IDology is now our primary go-to-market identity brand in the Americas, our differentiated capabilities in biometrics, document and data offer a powerful, combined solution and the combined team have secured over 100 cross-sell/up-sell opportunities
- We are proud recipients of Gallup's 2023 Exceptional Workplace Award, reflecting our commitment to prioritising team engagement and embedding it within our business strategy
- Progress on our ESG strategy; achieved carbon neutral operations this year and set an ambition to become a carbon net zero business by 2045
- Capital Market's event in January articulated how GBG is uniquely positioned to capitalise on the long-term growth opportunity

Today's results presentation

Management will be hosting a results presentation webcast this morning at 09:00am for sell-side analysts and institutional investors. The webcast can be accessed via our website www.gbqplc.com/en/investors or directly at https://brrmedia.news/GBG_FY23. Playback will be available along with the presentation materials shortly following the event.

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About GBG

We are the experts in digital location, identity and managing fraud risk and compliance. Helping organisations across the globe eliminate customer friction and fraud from their digital experiences. GBG develop and deliver address verification, digital identity, fraud risk and compliance software to businesses globally.

Through the combination of the latest technology, the most accurate data and our unrivalled expertise, GBG helps organisations ranging from start-ups to the largest consumer and technology brands in the world deliver seamless experiences, so their customers can transact online with greater confidence.

To find out more about how we help our customers establish trust with their customers visit www.gbqplc.com and follow us on LinkedIn and Twitter @gbqplc.

Chief Executive Officer's review

GBG has a clear purpose, to build trust in a digital world, enabling individuals and businesses to transact online with confidence in the growing digital marketplace. We are at the forefront of the global market for location intelligence, identity verification and fraud prevention. These markets are converging and have strong structural growth drivers such as digital acceleration, eCommerce adoption, increased regulation and the rising industrialisation of digital fraud across sectors. The rapid development of artificial intelligence (AI) has further reinforced the need for customers to adopt multi-layered identity solutions to combat bad actors exploiting these emerging technologies to the detriment of consumers.

The global identity market has seen significant macro uncertainty and GBG has not been immune, with the challenging post-pandemic conditions for the internet economy, cryptocurrency and fintech customers in particular, primarily impacting our identity business in the Americas. Overall, GBG has demonstrated resilience, with growth in revenue and a strong adjusted operating profit margin for FY23, despite, as previously indicated, tough comparators driven by the US stimulus project and exceptional cryptocurrency volumes.

Importantly, against this backdrop, GBG has maintained its leading market positions and its strong customer relationships. We have continued to win new logos, accelerated up-sell and cross-sell and maintained excellent customer retention rates. At the same time we have driven simplification and efficiency within the business. GBG's performance this year is in no small part due to the dedication of our 1,250+ global team. Their commitment and expertise, working tirelessly in partnership with our valued customers, have enabled GBG to navigate the present and evolving macro uncertainty and deliver important strategic progress and operational improvements to enable the Group to achieve its medium-term growth and profitability plans.

Important strategic progress with our product and technology portfolio

The need to detect and prevent fraud is critically important to our customers, who rely on GBG millions of times each day to increase efficiency, prevent bad actors, and to ensure they know their end customers are who they say they are, with technological shifts such as the advent of generative AI only accelerating the risk involved with operating in the digital world. Our established reputation and relationships as a trusted industry specialist mean GBG is well-positioned as one of the world's leading experts in digital identity to help customers navigate these changes, delivering our multi-layered approach underpinned by our leading combination of data, technologies, and people.

A recent study by identity and security specialists, KuppingerCole, noted the convergence of identity and fraud across the full customer lifecycle, recognising GBG as a market leader in fraud prevention. This year we have focused on deploying our technological capabilities globally, simplifying and rationalising our portfolio to deliver innovation locally that responds effectively to rapidly changing market dynamics. This includes Mobile Fraud Signals in EMEA, while in APAC we extended the fraud monitoring capabilities acquired with Acuant via the GBG Compliance Platform and launched GBG Fraud Alerts. The innovative nature of our solutions supports entry into new markets with growing demand for identity fraud services. Opportunities in Thailand, Vietnam and the Philippines demonstrate our expanding footprint in Southeast Asia, where we are providing fraud data-sharing consortiums to enable customers to combat suspicious transactions effectively.

Our market-leading breadth of capability is a key differentiator in a customer's decision to work with GBG. The integration of the comprehensive document library built by Acuant has upgraded our global documents and biometrics capability to cover 8,000 identity documents, underpinned by AI tampering detection to counter increasing sophistication in counterfeit documents. We are also leveraging our global data partnerships, we have launched our Multi Bureau product in Australia and Canada to build on its success in delivering higher match rates to EMEA customers. As we evolve, we will remain an expert partner that is easy to work with. The launch of the GBG GO platform enables customers to orchestrate their identity services quickly via a no-code platform. This is resonating with customers, and we are already working with multi-brand gaming operators such as OX and Jumpman to reduce their risk and maximise customer conversion.

We have continued to expand our broader capabilities in Location, with customers now benefitting from the release of our latest AI-powered address capture/verify solutions, which include AI-parsing capability. This has increased our ability to understand address data with an increased match-rate performance of up to 19% in some markets. Location has also successfully upgraded its digital-first capabilities, developing a next-generation customer experience that we can replicate globally following its initial launch in the Americas. Location's progress this year reinforces the strength of our location intelligence products, which have been recognised by a product leadership award from industry experts, Frost & Sullivan, who highlighted our ability to handle address data more efficiently and accurately than our peers.

Well-positioned for the future

GBG has continued to evolve its go-to-market activities, concentrating on profitable growth through up-selling and cross-selling the breadth of our portfolio, while driving enduring value through our commercial approach, developing solutions bundles to elevate the customer experience. We are enhancing GBG's longer-term competitiveness with product and technology investment in areas to deliver the highest returns, alongside operational efficiency initiatives. This includes reviews of our office footprint in light of hybrid working, marketing activities, the creation of a single global customer support framework and active headcount management.

One of the key activities undertaken this year has been the integration of Acuant with our existing Identity business, IDology, to form the largest pure-play identity verification provider in the Americas. We are well-positioned to navigate the short-term headwinds in our largest region, with the work to achieve the anticipated products and technology benefits of this combination continuing at pace. We delivered £5 million of planned synergy benefits in the last year, with a runway of enduring benefit to the Group over the medium to long term that reflects the strategic nature of the acquisition.

GBG's go-to-market approach in the Americas has evolved as we capitalise on the increased scale generated by bringing the two businesses together. Beginning April 2023, IDology is the primary go-to-market brand for our identity solutions in this region. This will amplify our voice in a large and fragmented market and leverage our combined capabilities to deliver a unique multifaceted approach in documents & biometrics and data, augmented by the latest machine learning and AI innovations. This is underpinned by a unified sales structure, led by a newly established Chief Revenue Officer role for the Americas, to execute on our priority to capture cross-sell, with over 100 opportunities with new and existing customers secured to date.

Looking ahead, there is a compelling opportunity to build our markets, capitalising on cross-sell and upsell opportunities throughout GBG as we expand use cases with existing customers, as well as capturing new business as we move into new sectors and geographies. High customer satisfaction and net promoter score higher than our industry benchmarks demonstrate our focus on delivering for the customer. Over 1,275 responses to our Voice of Customer programme this year provide relevant and actionable feedback which we apply to build differentiation through our products, technology and data. This is reflected in the enhanced solutions we bring to market that offer proprietary data insights to serve customers' evolving needs.

Trading performance

Group revenue and adjusted operating profit were in line with the trading update released on 20 April 2023. Our statutory revenue of £278.8 million (FY22: £242.5 million) increased by 15.0%. The contribution from prior year acquisitions more than offset the tough prior period comparative that includes the unusually high and non-repeating transaction volumes driven by the US stimulus project and cryptocurrency trading customers.

On a pro forma basis, constant currency revenue growth was 3.7%. This fully adjusts for the impact of the two prior year acquisitions, including the associated FY23 deferred revenue haircut adjustment. It also adjusts for £4.2 million of revenue from US stimulus customers in the prior period and the full £15.4 million impact from the year-on-year decline in cryptocurrency customer revenues, which was 1.8% of Group revenue in FY23, having stabilised at a run rate of around 1% going forward. Our Location and Fraud segments performed strongly, delivering double-digit growth, however, overall growth was impacted by the post-pandemic reduction in demand experienced in the internet economy, primarily within our Identity business in the Americas.

Adjusted operating profit increased by 1.7% to £59.8 million, representing an adjusted operating profit margin of 21.5%. Throughout the year, we have maintained discipline around cost and overall headcount, proactively managing our resources to ensure ongoing investment in the business aligns with our medium-term guidance for growth and profitability. On a statutory basis, there was an operating loss of £112.4 million (FY22: profit of £23.4 million), principally due to the FY23 goodwill impairment charge of £122.2 million following the annual impairment review and higher charge for amortisation of acquired intangibles.

The Group's net debt position at the year-end was £105.9 million (FY22: £107.0 million), despite a negative £8.6 million retranslation impact since FY22 from the conversion of US dollar-denominated debt into pound sterling. We will continue to use GBG's ongoing ability to generate good levels of cash to further reduce our net debt over the coming year.

The Board remains committed to a progressive dividend policy that provides consistent reliable cash returns to investors as part of our balanced approach to capital allocation. Based on its ongoing confidence that the business is well-placed for the future, the Board has recommended a final dividend per share of 4.00 pence (FY22: 3.81 pence per share), which represents a year-on-year increase of 5.0%.

Location (28% of Group revenue)

Location delivered a strong performance with revenue growth of 11.7% on a constant currency basis to £76.9 million driven by our international expansion in Europe, Americas and APAC, despite softer demand in some sectors. We more than offset these lower transactional volumes with effective up-sell and cross-sell campaigns, proactive pricing strategies and new business in increasingly diversified sectors. This approach yielded positive growth to demonstrate the resilience of Location's business model. We also expanded our existing partnership with IBM, extending our long-standing relationship with a new agreement.

Our new business pipeline has seen wins across sectors and regions. Notable new retail customers include Inditex (owner of Zara), Converse and Clarks, while the trend of manufacturers transitioning to direct-to-consumer sales continues with Scentsy in North America, DeLonghi in Italy and Teufel Audio in Germany. We have also continued to diversify through our new customer acquisition. By building on the Group's strength in financial services and gaming, we are now delivering our Location capabilities to customers such as Credit One, Klarna, Lloyds Bank and Bet365 to help meet their regulatory needs and improve transaction effectiveness.

Identity (58% of Group revenue)

	FY23	FY22	Change
	£m	£m	%
Statutory revenue	162.7	142.8	13.9%
Acquisitions/disposals	-	31.4	-
Full year-on-year decline in cryptocurrency customer revenue	-	(15.4)	-
Revenue related to US stimulus work	-	(4.2)	-
Constant currency adjustment	-	12.3	-
Unwind of deferred revenue haircut and other	1.0	-	-
Pro forma constant currency revenue	163.7	166.9	(1.9%)

Identity's statutory revenue increased to £162.7 million as a result of the acquisitions of Acuant and Cloudcheck in FY22. On a pro forma constant currency basis, revenue declined by 1.9%, which adjusts for the slowdown in volume from cryptocurrency customers and the non-repeat of the US stimulus work. This reduction, as previously announced, largely reflects the specific impact of lower volumes from internet economy customers, who benefitted significantly from pandemic-related changes in consumer behaviour, particularly in the Americas. The uncertainty also led to an incremental lengthening of sales cycles and project delays. The trends in this region influenced the assumptions used for the annual impairment review, which resulted in an exceptional non-cash impairment charge of £122.2 million, with more detail provided in the financial review.

Outside the Americas, Identity demonstrated resilience through greater sector diversity as EMEA and APAC achieved combined constant currency pro forma organic growth of 9.1%. We are also pleased that, regardless of the overall volume reduction, our customer retention rate remains strong. New customer acquisition continues to contribute to underlying growth, driven by structural opportunities in sectors such as gaming, financial services and the public sector. We demonstrated our ongoing strength in gaming; securing Bally's, Pollard, and NTD in the Americas and Australia; while securing new financial services customers such as Confidia, Mortgage Advice Bureau and Transamerica Lending. A number of additional law enforcement and local authority customers continue to indicate growing public sector demand.

As noted above, we completed the integration of our two businesses in the Americas, creating a strong foundation as our team moves forward as IDology. The team is focused on a number of cross-sell and up-sell revenue initiatives, with customers such as B2B Soft, ClickBank and Qolo among over 100 customers now gaining the benefit of the expanded capabilities we offer. We have also been encouraged by cross-sell in our EMEA and APAC regions for the GBG Compliance platform, with customers such as ZeusFX, Tazapay and BuddyBet being notable new logos selecting our SaaS-based solution for its international coverage.

Fraud (14% of Group revenue)

We continue to see an increasing convergence of fraud and identity which is driving the strong demand for our fraud prevention and detection solutions as customers look to deploy an integrated approach to respond to the fast-evolving threat landscape. Revenue of £39.2 million represents strong organic constant currency growth of 14.7% from success in securing new customers and renewals of agreements with large financial institutions, which demonstrate the importance of GBG's fraud prevention capabilities to customers in both APAC and EMEA. Our new customer pipeline reflects our expansion in Southeast Asia, in Malaysia with CTOS, Union Bank of the Philippines and Bank BJB in Indonesia, while in EMEA we secured Banque Marocaine. We continue to see use case expansion for our specialist fraud investigation capabilities within the UK Government's Department for Work & Pensions, in addition to a competitive win-back of Next, one of the UK's largest non-food retailers.

Recognition for our highly engaged team

Our success and ongoing progress is driven by our 1,250+ people delivering each day for our customers. They create an inclusive environment that supports our position as an employer of choice. We were delighted to have been recognised with Gallup's 2023 Exceptional Workplace Award. Of 57 companies awarded globally, GBG was one of only two companies headquartered in the UK to be selected.

The award reflects our commitment to prioritising team engagement, which we have placed at the heart of our business strategy. We measure this on an ongoing basis with the results consistently demonstrating the high levels of engagement in the organisation, with our latest Q12 survey reporting that 93% of our team members recommend GBG as a great place to work. While we have actively managed our headcount, we have continued to invest in our people. This year we have recognised 138 team members by awarding them with promotions for their contributions to the Group's performance.

Progress on Environment, Social & Governance (ESG)

At GBG, we are committed to driving positive change and ensuring that the needs of our stakeholders are reflected in our evolving ESG strategy. We have worked closely with our team, customers and investors to identify key areas for improvement, including business and data ethics, people development and inclusion, diversity and equality. We have embedded this feedback into our strategy and processes, as we strive to meet our targets to reduce our environmental impact and increase diversity within our business.

We are actively managing the environmental impact of our operations and solutions while continuing to drive growth and innovation across our business. This year we formalised our ESG strategy and approach to measure, communicate and enhance our impact. Having become carbon neutral in our operations during FY23, we have now set out a longer-term target to become a carbon net zero business by 2045, supported by a 42% reduction in our Scope 1 and 2 emissions over the next decade.

GBG's approach to data use is critical to building a more inclusive digital economy, with our recent Digital Identity Service Provider certification against the UK Government's trust framework being one such example of our commitment to data privacy and security. Following the UK's Information Commissioners Office 2018 audit of data in GBG's services conducted along with several companies, we have now received confirmation that formal engagement has closed. Our significant capabilities and expertise will enable us to continue applying the highest data privacy and protection standards in our operations as a key differentiator for our offering.

Outlook

In the year ahead, GBG will continue to evolve its go-to-market activities, concentrating on profitable growth through up-selling and cross-selling the breadth of our portfolio, driving enduring value through our commercial model as we implement solutions bundles to elevate the customer experience. We will also prioritise enhancing GBG's competitiveness over the longer term, focusing product and technology investment in areas that deliver the highest returns and implementing initiatives to increase our operational effectiveness.

Since our update in February, there has been no material change in market conditions. While uncertainty remains, we still expect some gradual revenue acceleration in the latter part of the year. The Board is confident that GBG will deliver its FY24 profit expectations assisted by a group-wide focus on efficiency. The business is well-placed to benefit from structural growth, capitalising on the breadth of its capabilities and global reach to deliver our mid-term targets.

GBG has a high-quality global customer base, engaged people and differentiated products. The business is well-positioned to capitalise on the significant potential in our markets with solutions that are crucial for customers to operate safely and efficiently in a digital world. Notwithstanding the current headwinds facing the business, the Board remains confident in the long-term opportunity for GBG as the world continues to build an ever-increasing business presence online.

Chris Clark

Chief Executive Officer

On behalf of the Board

14 June 2023

Financial review

In the year to 31 March 2023 (FY23), GBG's revenue and profit growth was lower than we had expected at the start of the year largely due to two significant external factors that emerged in the period. Firstly, significantly higher levels of cost inflation, which had an impact on interest rates and consumer confidence. Secondly, GBG was not alone in experiencing an impact during FY23 from adjustments to consumer behaviours following the end of the Covid-19 pandemic that caused some level of reversal of the large accelerating strides made in the digitalisation of the economy during the pandemic. Despite these factors that led to GBG falling short of our original financial expectations for FY23, we still recorded our highest ever level of revenue and adjusted operating profit.

Growth in the year included contributions from the Acuant and Cloudcheck businesses that were acquired during the prior year. This more than offset a tough prior period comparative that included a benefit from unusually high and non-repeating transaction volumes driven by the US stimulus project and cryptocurrency trading. Excluding this non-repeating revenue, the pro forma growth was 3.7% on a constant currency basis.

The Group responded proactively to the tough macroeconomic conditions, undertaking initiatives that will benefit our operational efficiency over the longer term, with the near-term outcome enabling an adjusted profit margin of 21.5% (FY22: 24.3%), despite the margin of the prior year having benefited from the non-repeating revenue mentioned above, but also in the face of higher cost inflation pressure. Excluding gains on foreign exchange partially offset by the impact of the FY23 deferred revenue haircut adjustment, the FY23 adjusted operating profit margin would have been 20.7% (FY22: 24.7%).

GBG's commercial model and resilient customer retention continues to support strong cash generation and good forward visibility due to our high levels of repeatable revenue, with 93.7% (FY22: 91.6%) of pro forma revenue coming from subscriptions or consumption. It is our commercial model that ensures that GBG's balance sheet remains strong and during FY23 we continued to focus on cash generation and repayment of the debt that we took on to facilitate the two acquisitions that we completed in FY22. By the end of the year GBG's net debt to EBITDA ratio was 1.68 times (FY22: 1.72 times).

We were pleased to obtain approval for the exercise of the first of the one-year extension options on the existing revolving credit facility. Extending the length of the facility through to July 2026 provides a platform to support investment in organic growth and potential future M&A activity.

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.

	FY23	FY22
	£'000	£'000
Revenue	278,810	242,480
Gross profit margin	71.0%	70.9%
Adjusted operating profit	59,817	58,839
Adjusted operating profit margin	21.5%	24.3%
Share-based payments	(2,313)	(6,171)
Amortisation of acquired intangibles	(42,758)	(24,735)
Impairment of goodwill	(122,225)	-
Other exceptional items	(4,950)	(4,526)
Operating (loss)/profit	(112,429)	23,407
Net finance costs	(6,401)	(1,754)
(Loss)/profit before tax	(118,830)	21,653
Total tax charge	(964)	(6,390)
(Loss)/profit for the year	(119,794)	15,263
Final dividend per share	4.00	3.81
Diluted (loss) / earnings per share (pence)	(47.5)	6.9
Adjusted diluted earnings per share (pence)	16.4	20.2

Revenue and gross margin

Total revenue growth in the year was 15.0% (FY22: 11.4%). On a pro forma basis, adjusting for the impact of acquisitions, disposals and non-repeating revenue and at constant foreign exchange rates, revenue growth was 3.7%. More detail on revenue performance in each of our operating segments is included in the Chief Executive Officer's Review.

	Statutory revenue £'000	Pre- acquisition /disposal Revenue £'000	Deferred Revenue Haircut £'000	Non- repeating revenue ¹ £'000	Pro forma Revenue £'000
FY23					
Subscription revenues:					
Consumption-based	45,427	-	-	-	45,427
Term-based	112,034	-	1,241	-	113,275
Total subscription revenues	157,461	-	1,241	-	158,702
Consumption	103,834	(219)	-	-	103,615
Other	17,515	-	-	-	17,515
Revenue	278,810	(219)	1,241	-	279,832
FY22					
Subscription revenues:					
Consumption-based	37,402	7,573	-	-	44,975
Term-based	76,465	14,781	1,381	-	92,627
Total subscription revenues	113,867	22,354	1,381	-	137,602
Consumption	115,212	(409)	-	(19,565)	95,238
Other	13,401	7,986	-	-	21,387
Revenue	242,480	29,931	1,381	(19,565)	254,227

¹Non-repeating revenue represents revenue from the US government's stimulus programme and exceptional cryptocurrency volume.

In total on a pro forma basis, 93.7% (FY22: 91.6%) of revenue came from the combination of subscriptions and consumption revenue models which is illustrated in the table above.

This mix of business models provides a strong foundation for investment and growth as subscription revenues (56.7%) provide greater forward visibility whilst the consumption revenues (37.0%) enable GBG to share in the future growth of our customers. In the current year, the statutory consumption revenues at constant currency have declined in absolute terms by 17% as well as on a relative basis (37.8% in FY22) due to the economic environment where underlying consumer demand has been lower in some of our key end markets.

Gross margin for the year of 71.0% (FY22: 70.9%) was consistent with the prior year.

Operating loss and cost management

On a statutory basis, there was an operating loss of £112.4 million (FY22: profit of £23.4 million), principally due to the FY23 goodwill impairment charge of £122.2 million and higher charge for amortisation of acquired intangibles (FY23: £42.8 million).

Adjusted operating profit was £59.8 million (FY22: £58.8 million), which represents a margin of 21.5% (FY22: 24.3%). The decrease in margin was expected as FY22 benefitted from the one-off revenue impacts, while the current period benefitted from an FX gain of £3 million.

During FY23, we undertook a number of initiatives and reviews designed to increase operational efficiency and enable sharper focus. In totality, these actions kept our adjusted operating cost increase over FY22, in pro forma constant currency terms, to just 2.5%, despite our investments in Technology and the higher inflationary environment. For example, we reviewed our office space requirements in light of our hybrid working patterns, combined our Identity go-to-market teams and brands in Americas and created a single global customer support framework. These initiatives facilitated a disciplined approach to cost control throughout the year, responding to the macro environment but also enabling GBG to increase investment into a number of key product development activities to ensure we maintain our competitive advantage and are positioned to achieve our short, medium and long term goals. Total spend on technology increased to £54.0m (FY22: £37.7m), which represents growth on a constant currency basis of 22.8% excluding the impact of prior year acquisitions.

Exceptional and normalised items

Amortisation of acquired intangibles

The charge for the year of £42.8 million (FY22: £24.7 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 acquisitions of Acuant (4 months only in FY22) and Cloudcheck (2 months only in FY22) in the prior year.

Share-based payments

During FY23 3.3 million (FY22: 1.9 million) new share option awards were granted to Directors and team members across the Group. This increase was due to the share price being comparatively lower in FY23 leading to a greater number of shares being awarded for any given value.

The charge for the year of £2.3 million (FY22: £6.2 million) has decreased due to a combination of the fair value of current year awards being lower as the Group's share price has fallen, and some prior year awards now not expected to vest in full due to performance conditions not being expected to be fully met.

Impairment of goodwill

As required under IFRS, the Group conducts an annual impairment review of goodwill and intangible assets. This review compares the carrying value on the Group's balance sheet of those assets against the present value of the future cashflows they are expected to generate.

As explained in more detail in the Chief Executive Officer's Review, the Group did not fully meet the financial objectives we set ourselves at the start of the year, primarily through the difficult trading conditions in our identity business in the Americas which represents the combination of the IDology and Acuant acquisitions. This group of cash-generating units (CGUs) was tested for impairment for the 30 September 2022 half-year review, based on the information at that time, and the conclusion was that there was no impairment under the base case or sensitised models.

However, as reported in the trading update in February 2023, the trends that had been impacting our identity business in the Americas continued into the second half of the year. Furthermore, we also saw incremental lengthening of sales cycles and project delays due to macro-economic uncertainty which impacted some customer contracts that had been included in the FY23 forecast. As a result, the cashflows used in the year-end impairment assessment were lower than those at the half-year, consequently, the outcome of the impairment review was a non-cash, exceptional impairment charge of £122.2 million, which represents approximately 19% of the pre-impairment carrying value of £644.1 million.

Other exceptional items

In addition to the goodwill impairment charge, other exceptional costs of £5.0 million (FY22: £4.5 million) were incurred by the Group in the year and have been detailed in note 5 to the accounts. Broadly, these exceptional charges arose either from our M&A activities in prior years or were incurred to enable our initiatives to achieve operational efficiency.

The most significant elements in the current year were: £2.8 million write-off of the intangible asset for the Acuant brand following the strategic decision to adopt IDology as our primary go-to-market Identity brand in the Americas; the exit costs for a limited number of team members which totalled £1.8m and were necessary as we streamlined some teams and delivered acquisition synergies; and acquisition integration costs of £1.1 million.

Exceptional items also contained contingent consideration adjustments related to acquisitions in prior years, where these adjustments needed to be reflected in the Consolidated Statement of Profit or loss. We released £2.8 million contingent consideration related to the Cloudcheck acquisition where the maximum earn-out targets were not achieved and we completed the final payment in respect of the IDology acquisition with an FY23 cost of £0.8 million. The majority of this cost was offset by interest income as detailed in note 6.

Net finance costs

The Group incurred net finance costs for the year of £6.4 million (FY22: £1.8 million). The increase is due to the interest payable on the loan that was drawn down to part fund the Acuant acquisition in November 2021. The interest rate on the loan is variable and the interest rates payable have continued to increase during FY23.

Taxation

The total tax charge of £1.0 million (FY22: £6.4 million) includes £12.9 million of current tax payable on the Group's taxable profits in the year (FY22: £12.1 million), offset by a deferred tax credit of £11.9 million (FY22: £5.7 million).

The statutory effective tax rate for the Group has decreased from 29.5% in FY22 to negative 0.8% in FY23. The majority of this decrease is due to the impairment of goodwill which is not deductible for tax purposes and greater amortisation on acquired intangibles in the United States which has a higher tax rate.

The adjusted effective tax rate, which excludes the impact of amortisation of acquired intangibles, share-based payments and exceptional items decreased from 22.1% to 21.3%.

Following the increase in the UK corporation tax rate from 19% to 25% from 1 April 2023, the Group expects its future adjusted effective tax rate to be within the range of 25% to 27%. However, the Group's future tax charge and effective tax rate could be affected by several factors which may be currently unknown, including the geographical split of future revenues and profits.

Earnings per share

Basic earnings per share decreased from 7.1 pence to a loss of 47.5 pence reflecting the goodwill impairment charge, higher interest expense and higher number of shares in issue following the issue of additional shares to fund the two prior year acquisitions.

Adjusted earnings (adjusted operating profit less net finance costs and adjusted tax) was £42.1 million (FY22: £44.5 million) resulting in an 18.7% decrease in adjusted diluted earnings per share from 20.2 pence to 16.4 pence.

The basic weighted average number of shares at 31 March 2023 increased to 252.2 million (FY22: 216.2 million), primarily due to the issue of 52.1 million shares to part fund the acquisition of Acuant in November 2021.

Deferred and accrued revenue

Deferred revenue at the end of the year decreased by 3.9% to £56.5 million (FY22: £58.8 million).

This balance principally consists of contracted license 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, FX rates and new business linearity within a reporting period.

Accrued revenue at the end of the year increased by £4.0 million to £7.6 million (FY22: £3.6 million). This increase was primarily due to timing differences with several larger contracts, mostly in the Fraud segment, signed or renewed during the year where the revenue recognition profile is different to the invoicing profile.

Cash flows

Group operating activities before tax payments and exceptional items generated £42.5 million of cash (FY22: £59.5 million) representing an Adjusted EBITDA to operating cash conversion ratio of 67.3% (FY22: 95.7%).

This decline reflects some specific non-recurring factors including:

- settlement of an acquired liability related to the prior year acquisitions that reduced cash without a similar EBITDA impact
- reported FX gains on the retranslation of intercompany balances, which improved EBITDA without a similar impact on cash
- bonus payments made during FY23 in respect of FY22 were higher than the bonus accruals at the FY23 year-end, which has a negative impact on cash conversion.

Normalising the cash conversion for the above would result in an Adjusted EBITDA to operating cash conversion of 86.9% and therefore more consistent with previous years and GBG's medium-term guidance.

During the year to 31 March 2023 net repayments against the RCF were £10.4 million, resulting in outstanding balances of \$149 million (FY22: \$170 million) and £7 million (FY22: £nil).

Overall, our net debt at 31 March 2023 decreased to £105.9 million. This was despite a negative £8.6 million retranslation impact from the conversion of the US dollar denominated debt into pound sterling, the £9.6 million

full year dividend payment, £2.5 million of GBG shares purchased for the new Employee Benefit Trust and a one-off payment of £2.3 million for an acquired liability related to the prior year acquisitions.

Further detailed analysis of this movement is included in the Consolidated Cash Flow Statement.

Post year-end further loan repayments of £6.6 million (£5 million and \$2 million) have been made.

Dividend

At the AGM, the Board of Directors will propose a final ordinary dividend of 4.00 pence per share (FY22: 3.81 pence), amounting to £10.1 million (FY22: £9.6 million). If approved, this will be paid on 3 August 2023 to ordinary shareholders whose names appear on the register of members at the close of business on 23 June 2023. The Group continues to operate a Dividend Reinvestment Plan, allowing eligible shareholders to reinvest their dividends into GBG shares.

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 £47.5 million of further funding from a committed revolving credit facility. 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. It is not the Group's policy to engage in speculative activity or to use complex financial instruments.

Silicon Valley Bank

In March 2023 members of the Treasury Committee and wider management team responded quickly to the collapse of Silicon Valley Bank (SVB) to minimise any potential risk and disruption to our customers, team members and operations.

SVB US were the primary day-to-day banking partner used by GBG's US businesses and SVB UK was one of five syndicate banks participating in the Group's revolving credit facility (RCF). Following the acquisition of SVB UK by HSBC, there is no change to the loan syndicate and SVB US have been replaced by HSBC in the US as our primary day-to-day banking partner.

Approved by the Board on 14 June 2023

David Ward

Chief Financial Officer

Consolidated Statement of Profit or Loss

Year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Revenue	3	278,810	242,480
Cost of sales		(80,994)	(70,549)
Gross profit		197,816	171,931
Operating expenses		(313,481)	(148,192)
Net gain/(loss) on foreign exchange		3,022	(42)
Decrease/(increase) in expected credit losses of trade receivables		214	(290)
Operating (loss)/profit		(112,429)	23,407
Finance revenue	6	636	40
Finance costs	7	(7,037)	(1,794)
(Loss)/profit before tax		(118,830)	21,653
Income tax charge	8	(964)	(6,390)
(Loss)/profit for the year attributable to equity holders of the parent		(119,794)	15,263

Operating (loss)/profit		(112,429)	23,407
Amortisation of acquired intangibles		42,758	24,735
Equity-settled share-based payments		2,313	6,171
Exceptional items:	5		
- impairment of goodwill		122,225	-
- other exceptional items		4,950	4,526
Adjusted operating profit	20	59,817	58,839

Earnings per share	9		
- basic earnings per share for the year		(47.5p)	7.1p
- diluted earnings per share for the year		(47.5p)	6.9p
- adjusted basic earnings per share for the year		16.7p	20.6p
- adjusted diluted earnings per share for the year		16.4p	20.2p

The accompanying notes are an integral part of this Consolidated Statement of Profit or Loss.

Consolidated Statement of Comprehensive Income

Year ended 31 March 2023

	2023 £'000	2022 £'000
(Loss)/profit after tax for the period attributable to equity holders of the parent	<u>(119,794)</u>	<u>15,263</u>
Other comprehensive income:		
Fair value movement on investments	700	-
Exchange differences on retranslation of foreign operations (net of tax)	<u>35,060</u>	<u>18,029</u>
Total comprehensive (expense)/income for the period attributable to equity holders of the parent	<u><u>(84,034)</u></u>	<u><u>33,292</u></u>

Upon disposal of investments held at fair value through other comprehensive income or a foreign operation, these elements of other comprehensive income will be recycled to the Consolidated Statement of Comprehensive Income.

The accompanying notes are an integral part of this Consolidated Statement of Comprehensive Income.

Consolidated Statement of Changes in Equity

Year ended 31 March 2023

	Note	Equity share capital £'000	Share premium £'000	Other reserves				Total other reserves £'000	Retained earnings £'000	Total equity £'000
				Merger reserve £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Treasury shares £'000			
Balance at 1 April 2021		4,908	267,627	9,918	3	(16,606)	-	(6,685)	98,406	364,256
Profit for the period		-	-	-	-	-	-	-	15,263	15,263
Other comprehensive income		-	-	-	-	18,029	-	18,029	-	18,029
Total comprehensive (expense)/income for the period		-	-	-	-	18,029	-	18,029	15,263	33,292
Issue of share capital		1,389	299,142	90,081	-	-	-	90,081	-	390,612
Share-based payments		-	-	-	-	-	-	-	6,171	6,171
Tax on share options		-	-	-	-	-	-	-	(498)	(498)
Share forfeiture refund		-	-	-	-	-	-	-	(29)	(29)
Equity dividend	10	-	-	-	-	-	-	-	(6,677)	(6,677)
Balance at 31 March 2022		6,297	566,769	99,999	3	1,423	-	101,425	112,636	787,127
Loss for the period		-	-	-	-	-	-	-	(119,794)	(119,794)
Other comprehensive income		-	-	-	-	35,060	-	35,060	700	35,760
Total comprehensive expense for the period		-	-	-	-	35,060	-	35,060	(119,094)	(84,034)
Issue of share capital		14	812	-	-	-	-	-	-	826
Investment in own shares		-	-	-	-	-	(2,500)	(2,500)	-	(2,500)
Cost of employee benefit trust shares issued to employees		-	-	-	-	-	1,426	1,426	(1,417)	9
Share-based payments		-	-	-	-	-	-	-	2,313	2,313
Tax on share options		-	-	-	-	-	-	-	(143)	(143)
Net share forfeiture receipt		-	-	-	-	-	-	-	146	146
Equity dividend	10	-	-	-	-	-	-	-	(9,600)	(9,600)
Balance at 31 March 2023		6,311	567,581	99,999	3	36,483	(1,074)	135,411	(15,159)	694,144

The accompanying notes are an integral part of this Consolidated Statement of Changes in Equity.

Consolidated Balance Sheet

As at 31 March 2023

	Note	2023 £'000	Restated ¹ 2022 £'000
Assets			
Non-current assets			
Goodwill	12	626,394	713,946
Other intangible assets	12	224,834	255,747
Property, plant and equipment	12	3,752	4,601
Right-of-use assets	12	1,449	2,742
Investments		3,026	2,326
Deferred tax asset	8	793	695
Trade and other receivables	14	4,305	-
		<u>864,553</u>	<u>980,057</u>
Current assets			
Inventories		2,619	1,196
Trade and other receivables	14	65,313	69,626
Current tax		1,083	7,804
Cash and short-term deposits		21,552	22,302
		<u>90,567</u>	<u>100,928</u>
Total assets		<u>955,120</u>	<u>1,080,985</u>
Equity and liabilities			
Capital and reserves			
Equity share capital		6,311	6,297
Share premium		567,581	566,769
Other reserves		135,411	101,425
Retained earnings		(15,159)	112,636
Total equity attributable to equity holders of the parent		<u>694,144</u>	<u>787,127</u>
Non-current liabilities			
Loans	16	126,411	128,226
Lease liabilities		524	1,529
Provisions		792	866
Deferred revenue		1,492	1,805
Contingent consideration	17	-	1,920
Deferred tax liability	8	34,986	43,674
		<u>164,205</u>	<u>178,020</u>
Current liabilities			
Lease liabilities		1,242	1,842
Trade and other payables	15	37,312	49,615
Deferred revenue		55,015	57,018
Contingent consideration	17	1,237	5,856
Current tax		1,965	1,507
		<u>96,771</u>	<u>115,838</u>
Total liabilities		<u>260,976</u>	<u>293,858</u>
Total equity and liabilities		<u>955,120</u>	<u>1,080,985</u>

¹ The prior year has been restated for a reclassification of deferred tax balances (see note 8c) and a measurement period adjustment (see note 11).

The accompanying notes are an integral part of this Consolidated Balance Sheet.

Approved by the Board on xx June 2023

C G Clark - Director

D M Ward - Director

Registered in England number 2415211

Consolidated Cash Flow Statement

Year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Group (loss)/profit before tax:		(118,830)	21,653
Adjustments to reconcile Group loss/profit before tax to net cash flows			
Finance revenue	6	(636)	(40)
Finance costs	7	7,037	1,794
Depreciation of plant and equipment	12	1,771	1,531
Depreciation of right-of-use assets	12	1,491	1,593
Amortisation of intangible assets	12	42,826	24,968
Impairment of goodwill and intangible assets	12	125,022	-
Loss on disposal of plant and equipment and intangible assets		379	34
Loss on disposal of businesses		113	330
Fair value adjustment on contingent consideration		(1,660)	188
Unrealised (gain)/loss on foreign exchange		(3,512)	-
Share-based payments		2,313	6,171
(Increase)/decrease in inventories		(1,448)	(27)
Decrease in provisions		(47)	(169)
Decrease/(increase) in trade and other receivables		(20)	(3,967)
(Decrease)/increase in trade and other payables		(16,229)	2,197
Cash generated from operations		38,570	56,256
Income tax paid		(4,263)	(11,610)
Net cash generated from operating activities		34,307	44,646
Cash flows used in investing activities			
Acquisition of subsidiaries, net of cash acquired	17	(4,991)	(460,383)
Purchase of plant and equipment	12	(968)	(1,611)
Purchase of software	12	(57)	(120)
Proceeds from disposal of plant and equipment		79	-
Net outflow from disposal of businesses		(18)	(101)
Interest received		569	10
Net cash flows used in investing activities		(5,386)	(462,205)
Cash flows used in financing activities			
Finance costs paid		(6,426)	(1,383)
Proceeds from issue of shares		826	305,997
Purchase of shares for Employee Benefit Trust		(2,500)	-
Share issue costs		-	(5,780)
Proceeds/(refund) from share forfeiture		146	(29)
Proceeds from new borrowings, net of arrangement fee	16	12,000	155,591
Repayment of borrowings	16	(22,394)	(30,073)
Repayment of lease liabilities		(2,062)	(1,969)
Dividends paid to equity shareholders	10	(9,600)	(6,677)
Net cash flows used in financing activities		(30,010)	415,677
Net decrease in cash and cash equivalents		(1,089)	(1,882)
Effect of exchange rates on cash and cash equivalents		339	3,049
Cash and cash equivalents at the beginning of the period		22,302	21,135
Cash and cash equivalents at the end of the period		21,552	22,302

The accompanying notes are an integral part of this Consolidated Cash Flow Statement.

Notes to the Accounts

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. Accounting policies have been applied consistently to all years presented unless otherwise stated.

The preliminary announcement covers the period from 1 April 2022 to 31 March 2023 and was approved by the Board on 14 June 2023. It is presented in Pounds Sterling (£) and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The financial information set out herein does not constitute the Company's statutory accounts for the years ended 31 March 2023 or 2022 but is derived from those accounts. The financial information has been prepared using accounting policies consistent with those set out in the annual report and accounts for the year ended 31 March 2023. Statutory accounts for 2022 have been delivered to the Registrar of Companies, and those for 2023 will be delivered in due course. The auditors have reported on those accounts; their report was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and did not contain any statements under Section 498(2) or (3) of the Companies Act 2006.

Non-GAAP Measures

The Group presents the non-GAAP performance measure 'adjusted operating profit' on the face of the Consolidated Statement of Profit or Loss. 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, distort the understanding of the performance for the year and the comparability between periods.

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 5.

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 considers these significant and/or non-recurring-items to be inherently not reflective of the future or underlying performance of the Group.

2. Going concern

The assessment of going concern relies heavily on the ability to forecast future cashflows over the going concern assessment period which covered the period through to 30 September 2024. 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:

- Understand what could cause GBG not to be a going concern
- Consider the current customer and sector position, liquidity status and availability of additional funding if required
- Board review and challenge of the budget including comparison against external data sources available and a potential downside scenario
- Perform reverse stress tests to assess under what circumstances going concern would become a risk – and assess the likelihood of whether they could occur
- Examine what mitigating actions would be taken in the event of these stress test scenarios
- Conclude upon the going concern assumption

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, which remain unchanged from the prior year-end 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 16). 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 and contingent consideration liability less current cash balance) as a multiple of Adjusted EBITDA for the last 12 months (adjusted to deduct depreciation of right-of-use assets and lease liability interest), assessed quarterly in arrears, must not exceed 3.00:1.00

- Interest cover – Adjusted EBITDA (adjusted to deduct depreciation of right-of-use assets and lease liability interest) as a multiple of consolidated net finance charges (excluding lease liability interest), for the last 12, assessed quarterly in arrears, must not fall below 4.00:1.00

As at 31 March 2023, the leverage ratio was 1.74:1.00 and the interest cover was 9.77 times.

b) Consider the current customer and sector position, liquidity status and availability of additional funding if required

The performance for the year is detailed in the Chief Executive Officer’s Review. Revenue growth has been impacted by macroeconomic uncertainty which has reduced transaction volumes in the Identity businesses, although Location and Fraud have continued to show strong growth.

The Group’s customers continue to operate in a range of different sectors which reduces the risk of a downturn in any particular sector being material to the Group. The financial services sector accounts for the largest percentage of GBG’s customers, particularly within the Identity and Fraud segments, and although there has been a downturn in transaction volumes during the period in some elements of this sector (e.g. cryptocurrency and online payments), other elements have been much more resilient and shown growth (e.g. traditional banking) and the overall diversification of the Group means that this does not result in a risk to the going concern assumption.

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 3 to the Full Year Results. The Group has no operations or active suppliers in Russia, Belarus or Ukraine and business was suspended with the small number of customers who were incorporated in Russia in the previous year. There is no exposure to Russian customers in the current year.

There are also macro dynamics supporting the increased use of GBG products and services, such as:

- The continued compliance requirements globally
- The ongoing existence of fraud globally, leading to increased cyber security risks and therefore demand for GBG anti-fraud solutions
- The continued digitalisation and rise of online versus physical transactions in both consumer and business to business settings
- The speed and quality of customer onboarding being a key differentiator, which is enhanced through the use of GBG’s software

As expected, the adjusted operating profit margin for the year declined relative to the comparative period as the prior year was positively impacted by the revenue from the US stimulus project and spike in cryptocurrency trading. This decline was further influenced by the underlying decline in transaction volumes in the Identity business during the year which has been reflected in our base case and range of potential downside scenarios. Despite an impairment being recognised for Identity – Americas group of CGUs, the impairment charge represents a non-cash transaction and therefore does not impact the liquidity or going concern assessment for the Group.

The Board of Directors is aware that there continues to be macroeconomic 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.

GBG is not reliant upon any one supplier to provide critical services to support either the services we provide to our customers or to our internal infrastructure. For these critical services, such as the provision of data and cloud hosting, 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.

Liquidity

	31 March 2023 £'000	31 March 2022 £'000	Variance £'000
Operating cashflow before tax and exceptional items paid	42,504	59,532	(17,028)
Adjusted EBITDA	63,147	62,196	951
Cash conversion %	67.3%	95.7%	(28.4%)
Cash	21,552	22,302	(750)
Loans (excluding unamortised loan fees) (note 16)	(127,470)	(129,254)	1,784
Net (Debt)/Cash	(105,918)	(106,952)	1,034
Leverage	1.68	1.72	(0.04)

At 31 March 2023 GBG was in a net debt position of £105.9 million (2022: £107.0 million), an improvement of £1.0 million since 31 March 2022. Net debt was adversely impacted by £8.6 million from the translation of the US dollar denominated debt into pound sterling due to the movement in exchange rates. Cashflow was negatively impacted by higher than expected increases in interest rates (Secured Overnight Financing Rate (SOFR)) increased by over 4% throughout the financial year) which has led to higher interest payments on the RCF facility.

In addition to the revenue (and adjusted operating profit) performance, the Group has continued to successfully convert this trading performance into cash. During the year to 31 March 2023, GBG’s operating cash to Adjusted EBITDA ratio (‘cash conversion’) was 67.3%, a decrease of 28.4% on the prior year. Whilst the reported level has declined there were some specific factors influencing this including the settlement of pre-acquisition non-recurring liabilities from acquisitions, intercompany FX gains and movements in bonus accruals. Adjusting for the above would result in an Adjusted EBITDA to operating cash conversion % of 86.9%. This demonstrates the continued ability of GBG to convert profit into cash.

The RCF facility has a maximum level of £175 million which could be drawn down for working capital purposes if required. As at 31 March 2023, the available undrawn facility was £47.5 million compared to £45.7 million at 31 March 2022.

Following bank approval in November 2022 for the exercise of the one-year extension on the facility it now does not expire until July 2026, with a further one-year extension available in September 2023 (subject to approval from the bank syndicate).

At 31 March 2023 the Group was in a net current liabilities position of £6.2 million (2022: net current liabilities of £14.9 million). However, within current liabilities is deferred revenue of £55.0 million (2022: £57.0 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 to 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 2023 estimate an overall revenue growth in the year to 31 March 2024 due to the impact of organic growth. These estimates range from growth of 2.9% to 6.9%, with the consensus position being growth of 5.2% which would be revenue of £293.4 million on a constant currency basis. The budget for the year to 31 March 2024 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 scenarios, including increases in costs, interest rates as well as reduced revenue growth both on an overall Group basis and specific to certain areas of the business. 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.

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 being taken by management. 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 13% which is the level that is considered possible without causing significant disruption to business operations. These savings would primarily be linked to people costs, including reductions in discretionary bonus payments and budgeted recruitment, net of any related redundancy costs.

With a 13% operating expenses saving introduced in Q2 of FY24 it would take a revenue decline of 18.0% for a covenant breach (leverage) to occur. This breach would be as at 30 September 2024 although even at this point it would only take an Adjusted EBITDA increase of £300k or reduction in net debt of £100k during the quarter 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 18.0% 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 very remote event of the reverse stress test case scenario above occurring, there would be a breach of covenants on 30 September 2024 unless further mitigation steps were taken. The principal steps below would be taken (prior to the breach taking place) to avoid such a breach occurring:

- Take similar cash conservation measures to those that were implemented in the early stages of the pandemic in FY21 such as not declaring a final dividend.
- 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 less than 1% of overheads (based on the 31 March 2023 level) to increase Adjusted EBITDA to remedy a covenant breach of £300k.
- 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 2023 corporation tax payments averaged £500k per quarter, employment tax payments (including employee taxes) were approximately £1.5 million per month and sales tax payments were £1.5 to £2.0 million per quarter.
- Request a covenant waiver or covenant reset from our bank syndicate. The business would still be Adjusted 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 and reverse stress test scenario, the Directors have a reasonable expectation that the Company 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.

The preliminary statement has been prepared on a consistent basis with the accounting policies set out in the last published financial statements for the year ended 31 March 2022. New standards and interpretations which came into force during the year did not have a significant impact on the Group's financial statements.

3. Segmental information

The Group's operating segments are internally reported to the Group's Chief Executive Officer as three reportable segments: Location, Identity and Fraud on the basis that they provide similar products and services. Included within 'Other' was the revenue and profit of the marketing services business disposed of in the year to 31 March 2021. Following this disposal, the remaining portion was incorporated within the Fraud operating segment.

'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.

Year ended 31 March 2023	Location £'000	Identity £'000	Fraud £'000	Total £'000
Subscription revenues:				
Transactions/consumption-based	16,809	27,427	1,191	45,427
Term-based	53,522	27,586	30,926	112,034
Total subscription revenues	70,331	55,013	32,117	157,461
Transactions/consumption-based	5,917	96,269	1,648	103,834
Other	642	11,447	5,426	17,515
Total revenue	76,890	162,729	39,191	278,810
Contribution	29,897	47,623	10,259	87,779
Central overheads				(31,198)
Foreign exchange gain				3,022
Expected credit losses of trade receivables				214
Adjusted operating profit				59,817
Amortisation of acquired intangibles				(42,758)
Share-based payments charge				(2,313)
Exceptional items				(127,175)
Operating loss				(112,429)
Finance revenue				636
Finance costs				(7,037)
Income tax expense				(964)
Loss for the year				(119,794)

Year ended 31 March 2022	Location £'000	(Represented) Identity ¹ £'000	Fraud £'000	Other £'000	Total £'000
Subscription revenues:					
Transactions/consumption-based	18,648	17,843	911	-	37,402
Term-based	43,129	9,465	23,871	-	76,465
Total subscription revenues	61,777	27,308	24,782	-	113,867
Transactions/consumption-based	3,877	109,842	1,493	-	115,212
Other	675	5,646	7,042	38	13,401
Total revenue	66,329	142,796	33,317	38	242,480
Contribution	24,601	57,030	8,025	(106)	89,550
Central overheads					(30,379)
Foreign exchange gain/(loss)					(42)
Expected credit losses of trade receivables					(290)
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

¹ To align the classification of revenue from FY22 acquisitions with how similar revenue is presented across the Group, FY22 revenue of £1,572,000 within the Identity segment has been reclassified from 'Other' to 'Transaction/consumption-based subscriptions'.

4. Operating (loss)/profit

This is stated after charging/(crediting):	2023 £'000	Restated 2022 £'000
Research and development costs recognised as an operating expense	20,176	16,713
Other technology related costs recognised as an operating expense	33,817	20,942
Total technology related costs recognised as an operating expense	53,993	37,655
Depreciation of property, plant and equipment (note 12)	1,771	1,531
Depreciation of right-of-use assets (note 12)	1,491	1,593
Expense relating to short term leases	869	558
Expense relating to low value leases	7	6
(Profit)/loss on disposal of plant and equipment	(60)	34
Amortisation of intangible assets (note 12)	42,826	24,968

The prior year total technology related costs have been restated following a review of the allocation of costs within the acquired Acuant business to provide a consistent comparison with other Group technology costs. This resulted in an increase in research and development costs of £488,000 and other technology costs of £3,724,000. The restatement had no impact on operating expenses.

The above information does not include exceptional items which have been disclosed in note 5.

5. Exceptional items

	2023 £'000	2022 £'000
(a) Acquisition related costs	(1,087)	2,711
(b) Integration costs	686	422
(c) Costs associated with team member reorganisations	1,813	1,063
(d) Rationalisation of office locations	391	-
(e) Impairment of goodwill (note 12 & 13)	122,225	-
(f) Impairment of intangibles (note 13)	2,797	-
(g) Loss on disposal of businesses	113	330
(h) Write off of cloud-based software	237	-
	127,175	4,526

(a) Acquisition related credit of £1,087,000 (2022: £2,711,000 cost) includes:

- Legal and professional advisor costs directly attributable to the acquisition of Acuant and the possible offer by GTCR to acquire GBG of £573,000 (2022: £5,607,000). In the year to 31 March 2022, the costs related to the acquisitions of Acuant and Cloudcheck, as well as costs which were incurred as part of a potential acquisition.
 - Fair value adjustments to contingent consideration (see note 17). During the year, a fair value reassessment of the Cloudcheck contingent consideration was performed. Based on actual performance in the period following initial acquisition, it was determined that the performance criteria would not be met in full. As a result, £2,753,000 of the balance initially recognised at acquisition has been taken as a credit within exceptional items.
 - The contingent consideration in respect of the pre-acquisition tax losses within IDology Inc was also settled during the year with an additional charge to exceptional items of £806,000 representing the difference between the estimated and final amount due. £548,000 of this difference related to interest income received by the Group on the tax losses which has been recognised within interest income. However, as an amount equal to the interest income was payable to the sellers this cost has been recorded within exceptional items.
 - £92,000 received from the IDology escrow administrator to reimburse pre-acquisition liabilities paid for by the Group.
 - Foreign exchange movement on contingent consideration (see note 17). 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 £379,000 (2022: loss £157,000) being treated as an exceptional item.
 - During the prior 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 was recognised which has been treated as an exceptional item.
- (b) Integration costs have been incurred relating to the integration of Acuant and Cloudcheck. This principally relates 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. To 31 March 2023, the Group expensed £686,000 (2022: £422,000) relating to the integration of Acuant and Cloudcheck. Costs are anticipated to continue into the year ended 31 March 2024. 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.
- (c) 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.
- (d) During the year to 31 March 2023, a project has commenced to rationalise the Group's office locations. To 31 March 2023, the Group expensed £391,000 (2022: £nil) with £202,000 relating to the impairment of a right-of-use asset following the exit of a leased building. Due to the nature of these

costs, management deem them to be exceptional in order to better reflect our underlying performance. Costs are anticipated to continue until the end of the year ended 31 March 2024.

- (e) As part of the Group's annual impairment testing, it was identified that the goodwill allocated to the Identity - Americas group of CGUs was impaired and an impairment charge of £122,225,000 was recognised.
- (f) During the year to 31 March 2023, as part of the continued integration of Acuant and simplification of our brands in the Americas region, Acuant was rebranded as IDology. As a result, the value of the Acuant brand included within acquired intangibles was considered to be £nil and an impairment charge of £2,797,000 was recognised.
- (g) During the year to 31 March 2021, the business disposed of its Marketing Services and Employ and Comply businesses which resulted in an overall profit on disposal. In the year to 31 March 2023, additional costs of £113,000 (2022: £330,000) were incurred in relation to the finalisation of the disposal of these businesses.
- (h) During the year to 31 March 2023, a write off of cloud-based software of £237,000 has been recognised. A final agenda decision by the IFRS Interpretations Committee clarified that configuration or customisation costs from cloud computing arrangements do not usually meet the definition of intangible assets under IAS 38 Intangible Assets' and therefore should not be capitalised. As a result, previously capitalised costs that did not satisfy the clarified recognition criteria were written off.

The total cash net outflow during the year as a result of exceptional items was £3,934,000 (2022: £3,276,000 outflow). The tax impact of the exceptional items was a tax credit of £917,000 (2022: tax credit of £1,274,000).

6. Finance revenue

	2023 £'000	2022 £'000
Bank interest receivable	16	10
Interest income on multi-year contracts	53	30
Tax interest receivable	567	-
	<u>636</u>	<u>40</u>

7. Finance costs

	2023 £'000	2022 £'000
Bank interest payable	6,413	1,400
Interest on long service award	9	9
Amortisation of bank loan fees	326	252
Tax interest payable	14	-
Unwinding of discount on contingent consideration liability	165	-
Lease liability interest	110	133
	<u>7,037</u>	<u>1,794</u>

8. Taxation

a) Tax on loss/profit

The tax charge in the Consolidated Statement of Profit or Loss for the year is as follows:

	2023 £'000	2022 £'000
Current income tax		
UK corporation tax on loss/profit for the year	4,485	3,841
Amounts underprovided/(overprovided) in previous years	637	(387)
Foreign tax	7,754	8,681
	<u>12,876</u>	<u>12,135</u>
Deferred tax		
Origination and reversal of temporary differences	(12,539)	(7,154)
Amounts (overprovided)/underprovided in previous years	(225)	1,045
Impact of change in tax rates	852	364
	<u>(11,912)</u>	<u>(5,745)</u>
Tax charge in the Consolidated Statement of Profit or Loss	<u>964</u>	<u>6,390</u>

b) Reconciliation of the total tax charge

The loss/profit before tax multiplied by the standard rate of corporation tax in the UK would result in a tax charge as explained below:

	2023 £'000	2022 £'000
Consolidated (loss)/profit before tax	<u>(118,830)</u>	<u>21,653</u>
Consolidated profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	(22,578)	4,114
Effect of:		
Permanent differences ¹	31,813	753
Non-taxable income	(809)	(30)
Rate changes	775	364
Recognition of previously unrecognised deferred tax assets	(266)	(142)
Tax provision recognised	392	-
Adjustments in respect of prior years	412	657
Research and development incentives	(123)	(113)
Patent Box relief	(509)	(571)
Share option relief	518	623
Effect of higher taxes on overseas earnings	<u>(8,660)</u>	<u>735</u>
Total tax charge reported in the Consolidated Statement of Profit or Loss	<u>964</u>	<u>6,390</u>

1 £30,556,000 (2022: £Nil) of the permanent differences related to the impairment of goodwill which is not tax deductible.

The Group's reported effective tax rate for the year was (0.8%) (2022: 29.5%). After adjusting for the impact of amortisation of acquired intangibles, equity-settled share-based payments and exceptional items, the adjusted effective tax rate was 21.3% (2022: 22.1%). These measures are defined in the note 20.

c) Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and there is an intention to settle on a net basis, and to the same fiscal authority. To that effect, the prior year presentation of the deferred tax assets and deferred tax liabilities has been restated so that, in accordance with IAS 12, deferred tax assets and deferred tax liabilities arising in the same tax jurisdiction have been offset.

Analysed in the balance sheet, after offset of balances as:

	2023 £'000	Restated 2022 £'000
Deferred tax asset		
Pre-offset of balances	23,738	21,860
Offset of balances within countries	<u>(22,945)</u>	<u>(21,165)</u>
	<u>793</u>	<u>695</u>
Deferred tax liability		
Pre-offset of balances	57,931	64,839
Offset of balances within countries	<u>(22,945)</u>	<u>(21,165)</u>
	<u>34,986</u>	<u>43,674</u>

9. Earnings per ordinary share from continuing operations

	Basic 2023 pence per share	Basic 2022 pence per share	Diluted 2023 pence per share	Diluted 2022 pence per share
(Loss)/profit attributable to equity holders of the Company from continuing operations	<u>(47.5)</u>	<u>7.1</u>	<u>(47.5)</u>	<u>6.9</u>

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.

	2023 No.	2022 No.
Basic weighted average number of shares in issue	252,235,803	216,155,932
Basic weighted average number of shares held by the EBT	(269,104)	-
Dilutive effect of share options	5,030,313	4,339,614
Diluted weighted average number of shares in issue	<u>256,997,012</u>	<u>220,495,546</u>

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.

	2023 £'000	Basic 2023 pence per share	Diluted 2023 pence per share	2022 £'000	Basic 2022 pence per share	Diluted 2022 pence per share
Adjusted operating profit	59,817	23.7	23.3	58,839	27.2	26.7
Less net finance costs	(6,401)	(2.5)	(2.5)	(1,754)	(0.8)	(0.8)
Less adjusted tax	(11,354)	(4.5)	(4.4)	(12,587)	(5.8)	(5.7)
Adjusted earnings	<u>42,062</u>	<u>16.7</u>	<u>16.4</u>	<u>44,498</u>	<u>20.6</u>	<u>20.2</u>

10. Dividends paid and proposed

	2023 £'000	2022 £'000
<i>Declared and paid during the year</i>		
Final dividend for 2022 paid in July 2022: 3.81p (final dividend for 2021 paid in July 2021: 3.40p)	9,600	6,677
<i>Proposed for approval at AGM (not recognised as a liability at 31 March)</i>		
Final dividend for 2023: 4.00p (2022: 3.81p)	<u>10,098</u>	<u>9,596</u>

11. Acquisitions

There were no new business combinations within the year ended 31 March 2023.

In the year to 31 March 2022, GBG completed two acquisitions, the measurement periods for which end during the year to 31 March 2023.

Under IFRS 3 'Business Combinations' there is a measurement period of no longer than 12 months in which to finalise the valuation of the acquired assets and liabilities. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the acquirer shall also recognise additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. No further adjustments were identified to the provisional fair values in respect of the acquisition of Cloudcheck.

In respect of the acquisition of Acuant, adjustments to the provisional fair values were made during the measurement period, as follows:

- Reduce the fair value of purchased intangibles to £nil. This adjustment relates to the write-off of configuration and customisation costs for cloud-based software. A final agenda decision by the IFRS Interpretations Committee clarified that configuration or customisation costs from cloud computing arrangements do not usually meet the definition of intangible assets under IAS 38 Intangible Assets' and therefore should not be capitalised.
- Reduce trade and other receivables by £88,000 to £7,415,000 and increase trade and other payables by £43,000 to £21,213,000. The adjustments to trade and other receivables and trade and other payables relate to matters identified following balance sheet reviews which related to the pre-acquisition period, including an omitted accrual for professional services.

The overall impact of the measurement period adjustments was to increase goodwill by £315,000 to £408,043,000.

The impact of the measurement period adjustments has been applied retrospectively, meaning that the results and financial position for the year to 31 March 2022 have been restated.

12. Non-current assets

	Goodwill £'000	Other intangible assets £'000	Property, plant & equipment £'000	Right-of-use assets £'000
Cost				
At 1 April 2022 – as reported	713,785	343,400	11,698	8,819
Additions – measurement period ¹	315	-	-	-
Disposals – measurement period ¹	-	(183)	-	-
As at 1 April 2022 – as restated	714,100	343,217	11,698	8,819
Additions	-	57	968	420
Disposals	-	(1,602)	(1,507)	(2,234)
Foreign exchange adjustment	34,656	16,135	308	148
At 31 March 2023	748,756	357,807	11,467	7,153
Depreciation, impairment and amortisation				
At 1 April 2022	154	87,470	7,097	6,077
Charge for the period	-	42,826	1,771	1,491
Impairment (note 13)	122,225	2,797	-	202
Disposals	-	(1,364)	(1,264)	(2,156)
Foreign exchange adjustment	(17)	1,244	111	90
At 31 March 2023	122,362	132,973	7,715	5,704
Net book value				
At 31 March 2023	626,394	224,834	3,752	1,449
At 1 April 2022 – as restated ¹	713,946	255,747	4,601	2,742

¹ For details of the prior year measurement period adjustment refer to note 11.

13. Impairment

Summary

Following the completion of the annual impairment review detailed below, the carrying value of the Identity – Americas group of CGUs has been reduced to its recoverable amount through recognition of an impairment charge of £122,225,000 against goodwill. This charge is recognised within exceptional items in the Consolidated Statement of Profit or Loss.

This group of CGUs was tested for impairment for the 30 September 2022 half-year review, with the conclusion that there was no impairment and headroom of £141,414,000 under the base case assumptions. There was also no impairment under the sensitised assumptions. Within the base case was the judgement, based on the information available at that time, that the negative impact of the macro environment had peaked and therefore trading in H2 FY23 and going into FY24 would see a return to higher levels of growth.

However, as reported in the Trading Update in February 2023, the trends that had been impacting our end markets for identity services, most notably the challenging conditions for cryptocurrency and our internet economy customers continued into the second half of the year and given the relative concentration of these customers in our Americas business this is the region where we saw the most pronounced impact. We also saw incremental lengthening of sales cycles and project delays as a result of the macro-economic uncertainty which delayed some customer contracts that were included in the FY23 forecast.

In preparing the cashflows for the year-end impairment review, key changes to those used at the half-year were:

- the FY24 budget reflected the expectation that the macro challenges are likely to continue to restrain the growth at least until Q4 FY24
- the growth in FY25 was reduced by 2% to reflect increasing sales cycles
- growth rates from 2029 – 2032, which are based on industry growth rates, were reduced by 1% per year from the starting point of 14.7%. In the half-year review they remained flat during this period
- the discount rate remained unchanged at 12.3% but the long-term growth rate assumption in the United States decreased from 2.5% to 2.4%.

As a result of these changes the cashflows used in the year-end impairment assessment are lower than those at the half-year. Whilst our mid-long term expectations for the business remain unchanged, as the higher level of growth in these years is now being applied to lower earlier year cashflows it has had a material impact on the value in use calculation, resulting in the impairment charge.

Impairment review

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 seven groups of CGUs as follows:

- Location CGU (represented by the Location operating segment excluding the Location - APAC Unit)
- Location – APAC CGU (part of the Location operating segment)
- Identity – EMEA CGU (part of the Identity operating segment)
- Identity – APAC CGU (part of the Identity operating segment)
- Identity – Americas CGU (part of the Identity operating segment)
- Fraud – Investigate CGU (part of the Fraud operating segment)
- Fraud – APAC Unit (part of the Fraud 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.

Carrying Amount of Goodwill and Acquired Intangible Assets Allocated to CGUs

Revised Name	Name at 31 March 22 (if different)	2023			2022		Restated ¹ Total £'000
		Goodwill £'000	Acquired Intangibles £'000	Total £'000	Goodwill £'000	Acquired Intangibles £'000	
Location Unit	-	61,775	10,634	72,409	53,992	12,725	66,717
N/A (Combined into Location Unit)	Loqate Unit	-	-	-	7,333	679	8,012
Location – APAC Unit	N/A (Split from VIX Verify Unit)	2,336	614	2,950	-	-	-
Identity - EMEA Unit	Identity Unit	104,484	26,588	131,072	35,058	1,665	36,723
Identity – APAC Unit	VIX Verify Unit	75,325	26,402	101,727	16,385	5,314	21,699
Identity – Americas Unit ²	IDology Unit	364,662	157,251	521,913	164,051	51,143	215,194
Fraud - Investigate Unit	Fraud Unit	3,608	2,821	6,429	3,181	3,841	7,022
Fraud – APAC Unit	CAFS Unit	14,204	456	14,660	14,941	922	15,863
N/A (Combined into Fraud – Investigate Unit)	Transactis Unit	-	-	-	427	192	619
Unallocated							
N/A – Now Allocated	Acuant Unit	-	-	-	408,043	174,122	582,165
N/A – Now Allocated	Cloudcheck Unit	-	-	-	10,535	4,805	15,340
		626,394	224,766	851,160	713,946	255,408	969,354

¹ For details of the prior year measurement period adjustment refer to note 11.

² 2023 goodwill value is stated after impairment

Key Assumptions Used in Value in Use Calculations – Base Case

The key assumptions for value in use calculations are those regarding the forecast cash flows, discount rates and growth rates.

The Group prepares cash flow forecasts using:

- budgets and forecasts approved by the Directors covering a 5 year period;
- for the Identity segment, an appropriate extrapolation of cash flows is applied beyond this using a combination of industry analysis of market growth rates to 2032; and
- a long-term average growth rate is applied to perpetuity for the geographic market being assessed.

Forecast revenue growth rates, margins and cash flow conversion rates were based on past experience, industry market analysis and strategic opportunities specific to the group of CGUs being assessed.

For the Identity segment, it was considered that beyond the initial period covered by budgets and forecasts, it was most appropriate to include a further period of 4 years of growth rates that are higher than the long-term average growth rates for that particular region. This was determined on the basis of multiple pieces of industry and market research covering the Identity and Identity Fraud markets which support that, over this period, this market is expected to grow at a higher rate than the long-term growth rates of these geographic markets as a whole.

Beyond this forecast period, the long-term average growth rate is not greater than the average long-term retail growth rate in the territory where the group of CGUs is based UK – 2.0%; USA – 2.4%; Australia – 3.6% (2022: UK – 2.0%; USA – 2.0%; Australia – 2.5%).

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.

Revised Name	2023		2022	
	Pre-tax	Growth rate	Pre-tax	Growth rate
	Discount rate	(in perpetuity)	Discount rate	(in perpetuity)
	%	%	%	%
Location Unit	13.5%	2.0%	12.3%	2.0%
Location – APAC Unit	13.6%	3.6%	n/a	n/a
Identity - EMEA Unit*	13.5%	2.0%	12.3%	2.0%
Identity – APAC Unit*	13.6%	3.6%	14.3%	2.5%
Identity – Americas Unit*	12.3%	2.4%	12.4%	2.0%
Fraud - Investigate Unit	13.5%	2.0%	12.3%	2.0%
Fraud – APAC Unit	13.6%	3.6%	14.3%	2.5%

* For the year to 31 March 2023, the following revenue growth rates have been applied to the 4 year period from 1 April 2028 to 31 March 2032 for these groups of CGUs: Identity – EMEA 10.3%, Identity – APAC 12.5% and Identity – Americas 14.7%. These growth rates were applied consistently to Identity – EMEA and Identity – APAC but reduced by 1% per year to 2032 for Identity - Americas to account for the increased risk associated with these cash flows as the time horizon increases.

The headroom/(impairment) (i.e. the excess/(shortfall) of the value of discounted future cash flows over the carrying amount of the CGU) under the base case scenario was as follows:

Revised Name	2023	2022 ²
	Base Case ¹	Base Case ¹
	£'000	£'000
Location Unit	102,029	122,106
Location – APAC Unit	12,298	n/a
Identity - EMEA Unit	32,301	16,927
Identity – APAC Unit	2,741	14,933
Identity – Americas Unit	(122,208)	123,280
Fraud - Investigate Unit	26,628	33,740
Fraud – APAC Unit	49,372	18,921

¹ The excess of the recoverable amount over the carrying amount of the CGU before applying sensitivities

² The goodwill and acquired intangible assets in relation to the Acuant and Cloudcheck acquisitions remained unallocated to a CGU as at 31 March 2022 and therefore the prior year impairment assessment excluded these assets

The carrying value of the Identity – Americas group of CGUs has been reduced to its recoverable amount through recognition of an impairment charge of £122,225,000 against goodwill. There is a difference of £17,000 to the negative headroom value in the above table due to the impairment charge being recorded in USD at an average FX rate in the income statement, whereas the table above is based on the closing FX rate. Further details of the reason for this impairment are in the summary section above and in the Financial Review on page 9.

This charge is recognised within exceptional items in the Group income statement. Any additional adverse movement in the key assumptions at the balance sheet date would lead to a further impairment of goodwill.

Key Assumptions Used in Value in Use Calculations – Sensitised Case

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 25bps, to reflect potential increases in government bond yields and associated risk-free rates
- Decreasing average annual growth forecasts to between 2029 and 2032 by 50bps, to reflect the potential for a worse than predicted market outlook; and
- Decreasing long term growth rates by 25bps, to reflect a worse than predicted long term global economic outlook.

It was not deemed necessary to sensitise the operating margin of the CGU given the strategy for growth. Despite the forecast growth the unsensitised forecast cashflows do not assume any operating leverage which would increase operating profit margins. Management determined that should growth be slower than estimated then there was adequate headroom in the estimates of costs that operating margins could be preserved.

The headroom (i.e. the excess of the value of discounted future cash flows over the carrying amount of the CGU) under the sensitised scenario is below:

Revised Name	2023	2022 ²
	Sensitised ¹ £'000	Sensitised ¹ £'000
Location Unit	95,680	101,303
Location – APAC Unit	11,622	n/a
Identity - EMEA Unit	23,337	10,143
Identity – APAC Unit	(2,776)	8,838
Identity – Americas Unit	(157,506)	61,508
Fraud – Investigate Unit	25,445	28,719
Fraud – APAC Unit	46,517	12,333

¹ Headroom after adjusting future cash flows and key assumptions to create a sensitised value in use model

² The goodwill and acquired intangible assets in relation to the Acuant and Cloudcheck acquisitions remained unallocated to a CGU as at 31 March 2022 and therefore the prior year impairment assessment excluded these assets.

The sensitised scenario would lead to further impairment of £35,298,000 for Identity – Americas and an impairment charge of £2,776,000 for Identity – APAC. Therefore, a reasonably possible change in the value of the key assumptions could cause CGU Carrying amount to exceed its recoverable amount.

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.

Revised Name	2023			2022 ¹		
	Pre-tax Discount rate	Decrease in Base Case Cashflows	Revenue Growth Rate (2029 to 2032)	Pre-tax Discount rate	Decrease in Base Case Cashflows	Revenue Growth Rate (2028 to 2032)
Location Unit	28.7%	(58.0)%	n/a	29.7%	(64.0)%	n/a
Location – APAC Unit	48.6%	(80.0)%	n/a	n/a	n/a	n/a
Identity - EMEA Unit	15.8%	(20.0)%	4.5%	16.7%	(30.0)%	n/a
Identity – APAC Unit	13.9%	(3.0)%	11.4%	22.4%	(41.0)%	n/a
Identity – Americas Unit	n/a	n/a	n/a	18.1%	(36.0)%	n/a
Fraud - Investigate Unit	63.7%	(80.0)%	n/a	66.5%	(82.0)%	n/a
Fraud – APAC Unit	41.1%	(76.0)%	n/a	27.6%	(53.0)%	n/a

¹ The goodwill and acquired intangible assets in relation to the Acuant and Cloudcheck acquisitions remained unallocated to a CGU as at 31 March 2022 and therefore the prior year impairment assessment excluded these assets

With the exception of the Identity – Americas and Identity – APAC groups of CGUs, the Directors do not believe that any reasonably possible changes in the value of the key assumptions noted above would cause a CGU carrying amount to exceed its recoverable amount.

14. Trade and other receivables

	2023	Restated ¹
	£'000	2022 £'000
Current		
Trade receivables	52,892	59,557
Allowance for unrecoverable amounts	(2,394)	(3,968)
Net trade receivables	50,498	55,589
Prepayments	10,818	10,472
Accrued income	3,997	3,565
	65,313	69,626
Non-current		
Prepayments	701	-
Accrued income	3,604	-
	4,305	-

¹ For details of the prior year measurement period adjustment refer to note 11.

15. Trade and Other Payables

	2023 £'000	Restated ¹ 2022 £'000
Trade payables	11,427	10,558
Other taxes and social security costs	3,996	4,785
Accruals	21,889	34,272
	<u>37,312</u>	<u>49,615</u>

¹ For details of the prior year measurement period adjustment refer to note 11.

16. Loans

Bank loans

During the year to 31 March 2023, the Group drew down an additional £12,000,000 and made repayments of \$21,000,000 (£17,394,000) and £5,000,000. The outstanding balance on the loan facility at 31 March 2023 was £127,470,000 (2022: £129,254,000) representing £7,000,000 in GBP (2022: £nil) and \$149,000,000 in USD (2022: \$170,000,000).

The facility was due to expire in July 2025 but on 18 November 2022, the Group exercised the first of the one-year extension options on the existing revolving credit facility so that the facility is now due to expire in July 2026. A further arrangement fee of £358,000 was payable for this extension. Loan arrangement fees have been netted off the loan balance. A second one-year extension option can be exercised in November 2023, subject to bank approval.

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 loan is secured by a fixed and floating charge over the assets of the Group.

	2023 £'000	2022 £'000
Opening bank loan	128,226	-
New borrowings	12,000	156,748
Loan arrangement fee	-	(1,157)
Loan fees paid for extension	(357)	-
Repayment of borrowings	(22,394)	(30,073)
Amortisation of loan fees	326	129
Foreign currency translation adjustment	8,610	2,579
Closing bank loan	<u>126,411</u>	<u>128,226</u>
Analysed as:		
Amounts falling due within 12 months	-	-
Amounts falling due after one year	126,411	128,226
	<u>126,411</u>	<u>128,226</u>
Analysed as:		
Bank loans	127,470	129,254
Unamortised loan fees	(1,059)	(1,028)
	<u>126,411</u>	<u>128,226</u>

17. Contingent consideration

	2023 £'000	2022 £'000
At 1 April	7,776	3,662
Recognition on the acquisition of subsidiary undertakings	-	3,618
Remeasurement of contingent consideration charged to profit or loss ¹	806	-
Unwinding of discount ²	165	34
Release of contingent consideration ¹	(2,753)	-
Foreign exchange – unrealised ¹	234	462
Settlement of consideration	(4,991)	-
At 31 March	<u>1,237</u>	<u>7,776</u>
Analysed as:		
Amounts falling due within 12 months	1,237	5,856
Amounts falling due after one year	-	1,920
At 31 March	<u>1,237</u>	<u>7,776</u>

¹ Included in Consolidated Cash Flow Statement within fair value adjustment on contingent consideration line totalling £1,660,000 credit (2022: £188,000 debit). Since the contingent consideration in respect of Cloudcheck sits within a foreign subsidiary, the £234,000 foreign exchange movement includes a £145,000 credit that has been recognised within the foreign currency translation reserve following the translation of foreign subsidiaries. The £1,660,000 credit to exceptional items therefore represents the remaining foreign exchange movement of £379,000, the remeasurement of contingent consideration of £806,000 (less £92,000 received from the IDology escrow administrator in the prior year) and the credit for the partial release of Cloudcheck contingent consideration £2,753,000.

² Included in Consolidated Cash Flow Statement within the finance costs line totalling £7,037,000 (2022: £1,794,000).

The opening balance at 1 April 2022 included £3,842,000 related to the pre-acquisition tax assets within IDology Inc. A value equivalent to the cash benefit GBG received for these assets was payable to the sellers once the cash benefit had been received by GBG. In December 2022, IDology received the cash refund which was subsequently paid to the sellers. There are no further payments due in respect of the IDology acquisition.

The remaining contingent consideration at 31 March 2023 is in respect of the acquisition of Cloudcheck during the year ended 31 March 2022. Since the contingent consideration is payable in stages, it was discounted to fair value on the acquisition date and subsequently unwound to profit and loss. During the year, a fair value reassessment of the Cloudcheck contingent consideration was performed. Based on actual performance in the period following initial acquisition, it was determined that the full performance criteria would not be met. As a result, £2,753,000 of the balance initially recognised at acquisition has been taken as a credit within exceptional items during the year.

18. Contingent liability (prior year only)

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 engaged and worked with the ICO in order to address the recommendations that were made to improve privacy compliance. On 23 February 2023, GBG received official confirmation that their engagement had been formally closed.

19. Subsequent events

Post year-end further loan repayments of £6.6 million (£5 million and \$2 million) have been made.

20. Alternative performance measures

Management assess 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 payments 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.

During the year, organic growth has been replaced with pro forma underlying revenue. As reported in the chief executive officer's review, there has been reduced demand from cryptocurrency exchange customers and internet-economy customers due to macro-economic factors. Therefore, presenting reported revenue adjusting for revenue from acquisitions/disposals in the past twelve months and excluding other non-underlying items is considered to provide a more effective comparison of the Group's trading performance from one period to the next.

The following are the key non-GAAP measures used by the Group:

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.

Pro forma underlying revenue

This includes adjustments to reported revenue for the pre-acquisition/disposal revenue from acquisitions/disposals in the past 12 months and is presented excluding non-underlying items. Underlying pro forma revenue is presented as we believe this provides both management and investors with useful additional information about the Group's performance and aids a more effective comparison of the Group's trading performance from one period to the next.

	2023	2022	Growth
	£'000	£'000	%
Reported revenue	278,810	242,480	15.0%
Pre-acquisition/disposal revenue	-	31,314	(13.2%)
Post-acquisition unwind of deferred revenue haircut ¹ on Acuant	1,241	-	0.5%
Non-repeating revenue ²	(219)	(19,565)	7.8%
Pro forma revenue	279,832	265,021	10.1%
Constant currency adjustment	-	15,665	(6.4%)
Pro forma revenue at constant currency	279,832	269,894	3.7%

¹ The deferred revenue haircut represents the cost of providing the deferred revenue service in the post-acquisition period.

² Non-repeating revenue represents revenue from the US Government's stimulus programme and exceptional cryptocurrency volume.

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.

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.

	2023	2022
	£'000	£'000
Operating (loss)/profit	(112,429)	23,407
Amortisation of acquired intangibles	42,758	24,735
Share-based payment charges	2,313	6,171
Exceptional items	127,175	4,526
Adjusted Operating Profit	59,817	58,839

Adjusted operating profit margin

Adjusted operating profit margin is calculated as adjusted operating profit as a percentage of revenue.

Adjusted EBITDA

Adjusted EBITDA means adjusted operating profit before depreciation and amortisation of non-acquired intangibles.

	2023 £'000	2022 £'000
Adjusted operating profit	59,817	58,839
Depreciation of property, plant and equipment	1,771	1,531
Depreciation of right-of-use assets	1,491	1,593
Amortisation of non-acquired intangibles	68	233
Adjusted EBITDA	63,147	62,196

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.

Adjusted effective tax rate

The adjusted effective tax rate means adjusted tax divided by adjusted earnings.

	2023 Loss before tax £'000	2023 Income tax charge £'000	Effective tax rate %	2022 Profit before tax £'000	2022 Income tax charge £'000	Effective tax rate %
Reported effective tax rate	(118,830)	964	(0.8%)	21,653	6,390	29.5%
Add back:						
Amortisation of acquired intangibles	42,758	9,463	(12.9%)	24,735	5,082	(4.8%)
Equity-settled share-based payments	2,313	10	(0.5%)	6,171	218	(2.5%)
Exceptional items	4,950	917	35.5%	4,526	897	(0.2%)
Adjusted effective tax rate	53,416	11,354	21.3%	57,085	12,587	22.1%

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 9 for calculation.

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.

	2023 £'000	2022 £'000
Cash and cash equivalents	21,552	22,302
Loans on balance sheet	126,411	128,226
Unamortised loan arrangement fees	1,059	1,028
External loans	127,470	129,254
Net (debt)/cash	(105,918)	(106,952)

Debt leverage

This is calculated as the ratio of net (debt)/cash to adjusted EBITDA. This demonstrates the Group's liquidity and its ability to pay off its incurred debt.

	2023 £'000	2022 £'000
Net (debt)/cash	(105,918)	(106,952)
Adjusted EBITDA	63,147	62,196
Debt leverage	1.68	1.72

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.

	2023	2022
	£'000	£'000
Cash generated from operations before tax payments (from Consolidated Cash Flow Statement)	38,570	56,256
Opening unpaid exceptional items	1,372	549
Total exceptional items	127,715	4,526
Non-cash exceptional items	(123,362)	(427)
Closing unpaid exceptional items	(1,251)	(1,372)
Cash generated from operations before tax payments and exceptional items paid	42,504	59,532
Adjusted EBITDA	63,147	62,196
Cash conversion %	67.3%	95.7%

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

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 2023

Annual General Meeting

20 July 2023

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.

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<p>Nominated Advisor and Joint Broker Numis Securities Limited 45 Gresham Street London EC2V 7BF</p> <p>Joint Broker Barclays Bank plc 5 The North Colonnade Canary Wharf London E14 4BB</p>	<p>Registrars Equiniti Aspect House Spencer Road Lancing West Sussex BN99 6DA</p>