



GBG

# Results presentation

For the six months ended 30 September 2022

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CEO

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# Introduction to GBG

November / December '22

investor roadshow



# Who is GBG

We are one of the largest pure-play identity software solution providers

In a fast-evolving industry, we have 30+ years of experience in location intelligence, identity verification and fraud & compliance management. Our business is focused around 3 complementary solutions: Location, Identity and Fraud, and these capabilities are increasingly converging over time to meet those end-to-end digital requirements from our customers to help good consumers and stop bad actors.



# GBG's purpose: Build trust in a digital world

Our vision: To create a world where everyone can transact online with confidence

Investing in the future of identity underpinned by trust to deliver long-term sustainable growth



## Build Markets

Growth by regions, sectors and cross-sell will support our customers to onboard more clients globally and locally, with multiple use-cases



## Build Differentiation

Our leadership in data, product and technology creates a differentiated offering that enables customers to include and onboard more clients while tackling complex fraud



## Build Once

Bringing our global products and capabilities together to provide the best experience for customers through one intelligent orchestration layer backed by analytics

Building **trust** in a digital world

# Differentiating through world-class data, technology and trust experts

## Our competitive strength

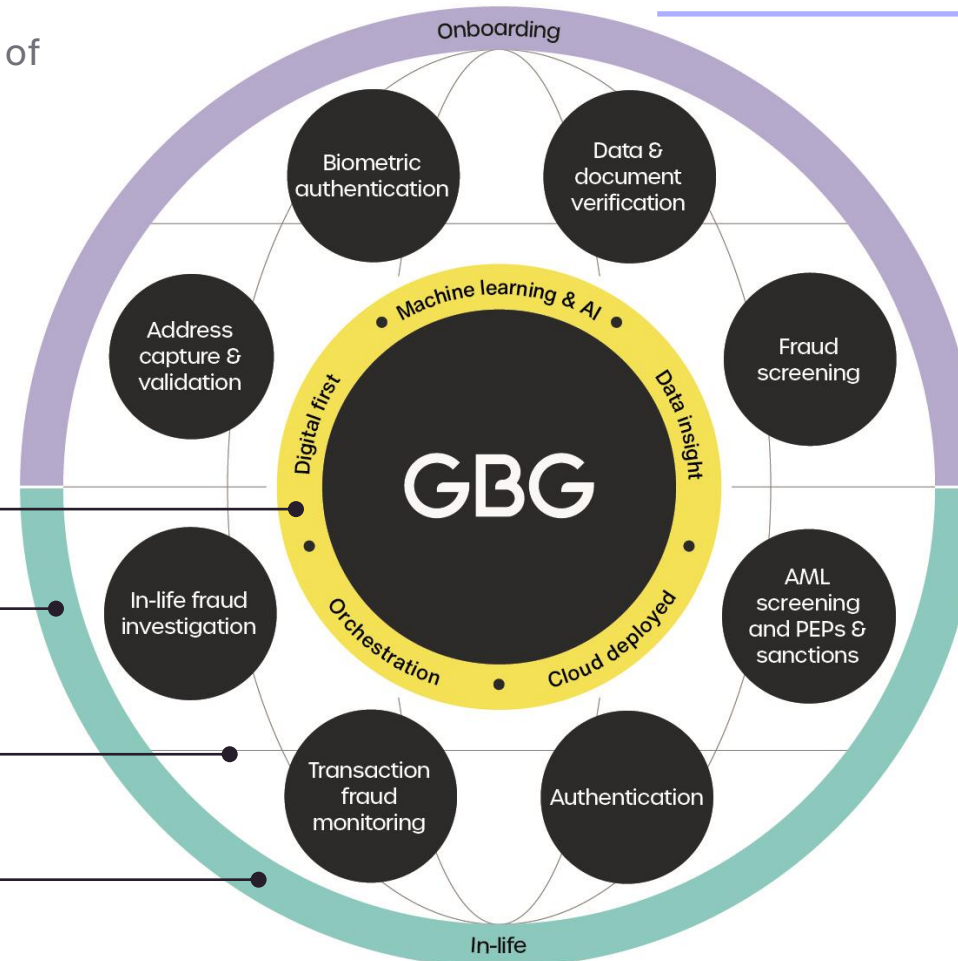
We can provide trust at every step of the customer journey

Market-leading global identity, location and fraud solutions

Global reach, local approach

Standalone or layered capabilities

Cover the customer lifecycle



### Onboarding

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

### In-life

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

# Industry leaders choose GBG

## Internet economy

Meta

Square

lyft

Google

venmo

Betterment

ebay

## Retail & ecommerce

amazon

Etsy

COSTCO  
WHOLESALE

taskrabbit

THE HOME  
DEPOT

Sainsbury's

## Banking

BARCLAYS

FIS

FIRST  
HORIZON.

BBVA

ncino.

APITURE

Goldman  
Sachs

citibank

DISCOVER  
NETWORK

METRO  
BANK

## Finance

H&R BLOCK

intuit  
turbotax.

LIBERTYTAX

TaxAct.

## Lending & payments

green  
dot

fiserv.

TSYS

incomm

NETSPEND

Klarna.

OPORTUN

wise

## Insurance

MassMutual

National Life  
Group\*

aetna

TRANSAMERICA

TIAA

Ameritas

## Gaming

FANDUEL

DRAFT  
KINGS

wynnBET

GOLDEN  
NUGGET

bet365

skyBET

POINTS  
BET

PokerStars

William HILL

# Strategic & operational review

Chris Clark - CEO





# H1 FY23 at a glance

## Strategic & operational summary

- Overall, excellent strategic and operational progress against long term growth strategy
- Volume impact from two specific end-market challenges impacting Identity
- New business wins, retention rates and pipeline continued to be strong across diversified sectors
- Acuant integration completed; focused on realising the benefits
- Acceleration of innovative product launches as our solutions come together
- Our people are key to our success, maintained our record customer and team engagement scores

## Financial summary

- Increase in reported revenue of 22.6% to £133.8m, helped by M&A in prior year
- Pro forma revenue growth of 10.4%, assisted by FX
  - Constant currency growth of 3.4%
- Adjusted operating profit of £28.1m, an adjusted operating margin of 21.0%.
  - Expect a higher margin in H2, when GBG traditionally has a higher revenue weighting
- Focused on maintaining a strong balance sheet - using cash generation to pay down debt

# Location

Validating accurate and reliable address data with minimum friction

## 1H FY23 underlying constant currency growth of 10.4%

- Successfully pursued cross-sell/up-sell initiatives
- Price increases and new business wins

## New customer wins

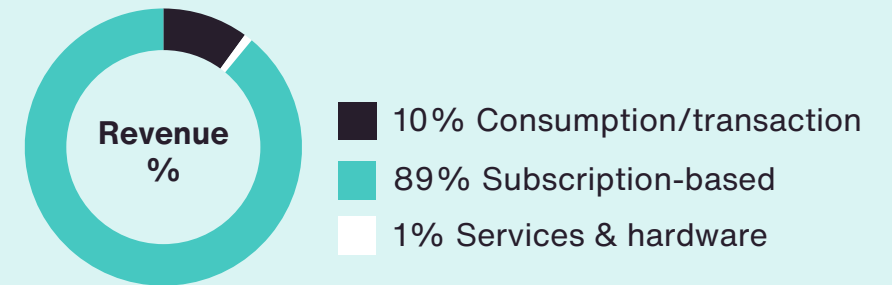
- A resilient business model demonstrated by new customer wins continued across multiple sectors
- Wins in financial services, ecommerce, gaming and manufacturing as the direct to consumer trend continues

## Product & technology update

- Latest location intelligence product exploits our data science capabilities with a AI Parsing engine that can improve match rates by up to 20%



**Revenue**  
**£34.4m** 25.5% of Group



# Identity

Building trust across all points of the identity verification and identity fraud customer journey

## 1H FY23 pro forma constant currency decline of 1.4% (Growth of 7.0% incl. FX)

- Tough comparatives from US stimulus and exceptional cryptocurrency activity
- Volume decline from cryptocurrency and internet-economy customers
- Outside of these areas, Identity's performance was resilient

## New wins and retention continue to be strong with cross-sell gaining momentum

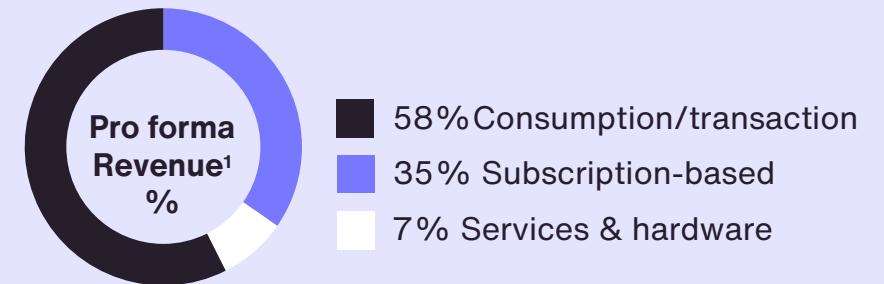
- New logos won from an increasingly strong pipeline of opportunities
- Targeting areas with structural growth opportunities such as North American gaming, US healthcare and digital transformation in financial services

## Product & technology update

- Bringing GBG's product and technologies together to create value
- Innovating and adding to our established market leading identity products
- Realising the benefits of Acuant; strengthening our identity fraud offering



Pro forma revenue<sup>1</sup>  
**£82.2m** 61% of Group



<sup>1</sup> Pro forma revenue adds back the £1.1 million deferred revenue 'haircut' acquisition accounting adjustment related to the purchase of Acuant

# Fraud

Offering protection against modern-day financial crimes such as identity, application and transaction fraud

## 1H FY23 underlying constant currency growth of 14.4%

- Strong organic growth driven by new customers and important renewals with existing financial services customers in both APAC and EMEA

## New customer wins

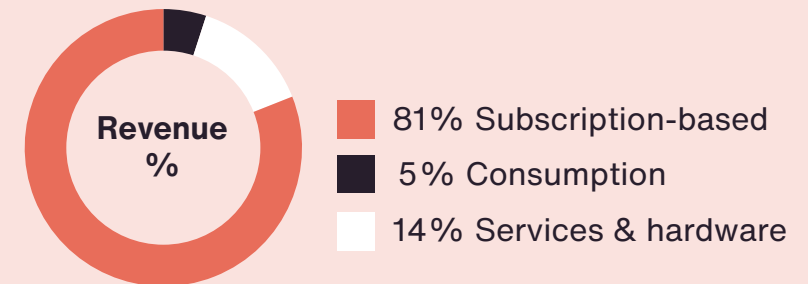
- Across multiple countries including Union Bank of the Philippines, PNB Malaysia, Banque Marocaine and the UK's Department for Work & Pensions

## Product & technology update

- Developed fraud data sharing consortiums in APAC that leverage our Americas experience



**Revenue**  
**£18.3m** 13.5% of Group



# Financial review

David Ward, CFO



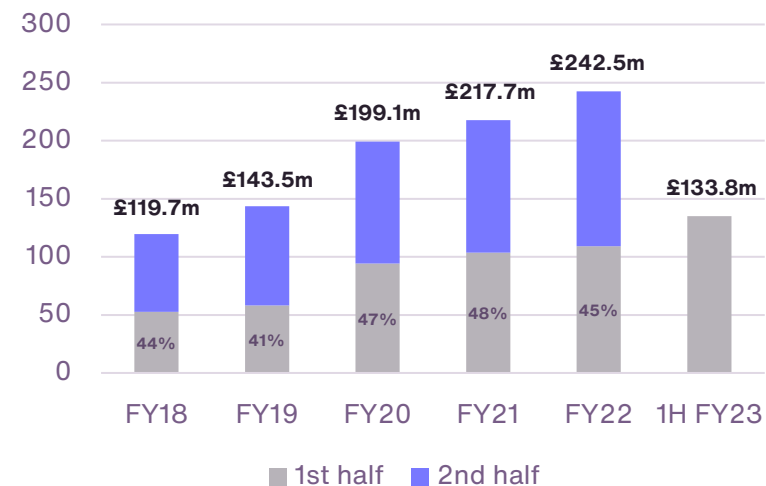
# Financial performance

GBG grew reported revenue and adjusted operating profit. Our cash generative model supporting ongoing investment in the business and the repayment of the debt

<p><b>£133.8m</b></p> <p><b>Reported group revenue</b></p> <p>Reported growth <b>+22.6%</b></p>	<p><b>£134.9m</b></p> <p><b>Pro forma revenue<sup>1</sup></b></p> <p>Underlying growth of <b>+10.4%</b> includes <b>7.0%</b> FX impact</p>	<p><b>£28.1m</b></p> <p><b>Adjusted operating profit.</b></p> <p>Margin of <b>21.0%</b> Growth <b>+1.0%</b></p>
<p><b>93.3%</b></p> <p><b>Subscription and transaction revenue</b></p> <p><b>19.5%</b> pro forma growth in subscription-based revenues vs. 1H FY22</p>	<p><b>£132.6m</b></p> <p><b>Net debt as at 30 September 2022</b></p> <p>Increase since 31 March primarily reflects a <b>£22.3m USD</b> retranslation impact</p>	

## A track record in reported revenue growth

- Driven by a mix of organic growth and acquisitions
- Revenue traditionally second half weighted



# Group income statement

	1H FY23	1H FY22	Growth	31 March 2022
Six months to 30 Sept	£m	£m		£m
Reported revenue	<b>133.8</b>	<b>109.2</b>	<b>+22.6%</b>	<b>242.5</b>
Cost of sales	<b>(38.7)</b>	(32.3)		(70.6)
Gross profit	<b>95.1</b>	76.9		171.9
<b>Gross profit %</b>	<b>71.1%</b>	70.5%		70.9%
Operating expenses	<b>(73.7)</b>	(48.5)	<b>+51.7%</b>	(112.8)
FX gains/(losses)	<b>6.2</b>	(0.2)		(0.0)
Decrease/(increase) in ECL	<b>0.5</b>	(0.4)		(0.3)
Adjusted operating profit <sup>1</sup>	<b>28.1</b>	<b>27.8</b>	<b>+1.0%</b>	<b>58.8</b>
<b>Adjusted operating margin %<sup>1</sup></b>	<b>21.0%</b>	<b>25.5%</b>		<b>24.3%</b>
Share-based payments	<b>(2.8)</b>	(3.9)		(6.2)
Amortisation of acquired intangibles	<b>(21.3)</b>	(8.6)		(24.7)
Exceptional items	<b>(1.5)</b>	(0.5)		(4.5)
Operating profit	<b>2.5</b>	14.8	<b>(83.0)%</b>	23.4
Net finance costs	<b>(2.5)</b>	(0.4)		(1.7)
(Loss) / Profit before tax	<b>(0.0)</b>	14.4	<b>(100.2)%</b>	21.7
Tax charge	<b>(0.7)</b>	(3.2)		(6.4)
(Loss) / Profit after tax	<b>(0.7)</b>	11.2	<b>(106.7)%</b>	15.3

- 10.4% pro forma underlying growth; 3.4% on a pro forma constant currency basis
- Change in sales mix has increased the Gross profit %
- Higher OPEX due to acquisitions (28%) FX translation effect (8%), salary inflation (~6.5%) plus effect of investments deployed in 2H of FY22
- Higher amortisation of acquired intangibles primarily relates to the prior year acquisitions of Acuant and Cloudcheck
- Finance costs increased due to the interest on the loan drawn down to part-fund the Acuant acquisition
- 26.4% adjusted effective tax rate (1H FY22: 22.1%)

Adjusted EBITDA (£m:%)

**£29.7m**  
22.2% margin

**1H FY22: £29.4m**  
26.9% margin

Adjusted diluted EPS

**7.3**  
pence

**1H FY22: 10.9**  
pence

# Group Balance Sheet

	1H FY23 As at 30 Sept 2022 £m	FY22 As at 31 March 2022 £m	Variance vs. FY22
Tangible assets	6.7	7.3	(0.6)
Intangible assets	1,096.5	971.9	124.6
Deferred tax assets	23.9	21.9	2.0
Non-current assets	1,127.1	1,001.1	126.0
Inventory	2.9	1.2	1.7
Receivables	61.7	69.7	(8.0)
Net Debt/Cash <sup>1</sup>	(131.7)	(105.9)	(25.8)
Deferred revenue	(58.2)	(58.8)	0.6
Current liabilities	(37.6)	(49.6)	12.0
Tax receivable/(payable)	6.5	6.3	0.2
Lease liability	(2.8)	(3.4)	0.6
Contingent consideration	(8.4)	(7.8)	(0.6)
Other non-current liabilities	(70.1)	(65.7)	(4.4)
Net assets	889.4	787.1	102.3
Capital and reserves	889.4	787.1	102.3

## Strong cash generation

### Debt leverage & borrowing:

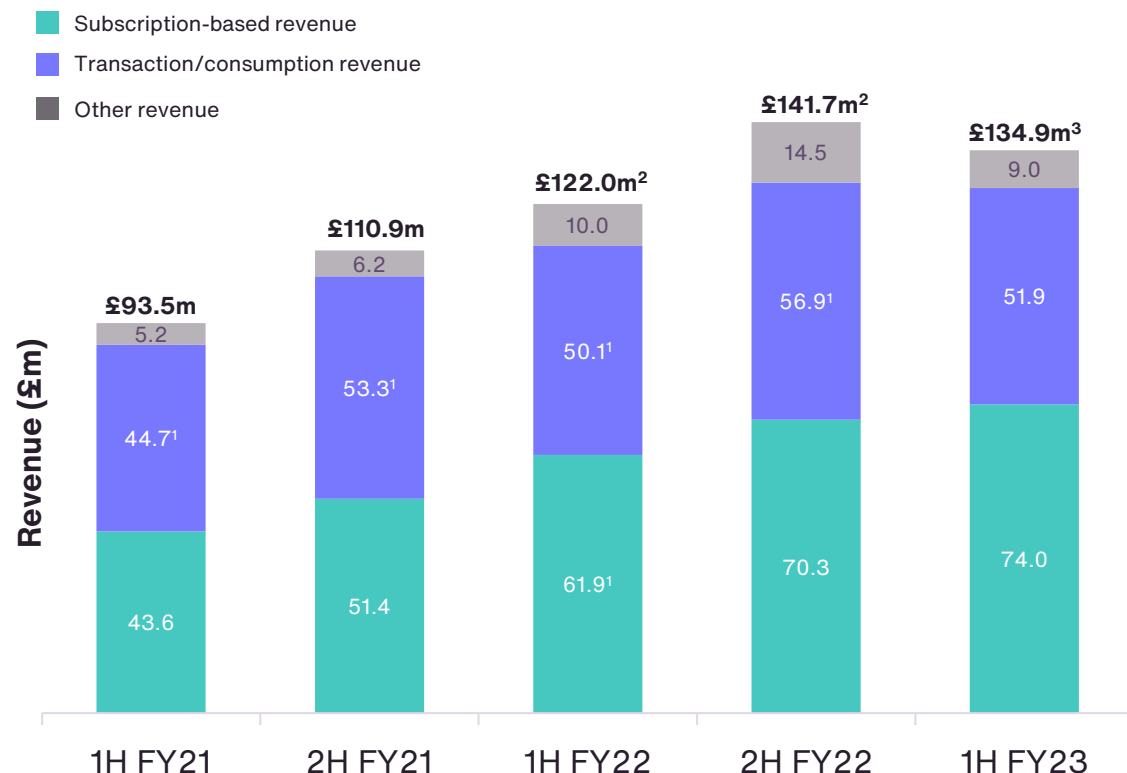
Net cash / debt analysis	30 Sept 22 £m	31 Mar 22 £m	30 Sept 21 £m
Cash	15.7	22.3	39.5
Debt <sup>1</sup>	(148.3)	(129.3)	
Net cash/(debt)	(132.6)	(107.0)	39.5
Leverage	2.12x	1.7x	Positive cash

- \$210 million of debt drawn from the Group's facility to part fund the acquisition of Acuant
  - Up to 30 Sept 2022, \$45 million repaid to date with an outstanding balance of \$165 million
- Net debt at 30 Sept 2022 increased to £132.6 million, primarily reflecting a £22.3 million retranslation impact since the year end
- Further repayments of \$6m have been made since 30 Sept 2022, resulting in a net debt position today of approximately £118m. Expect further paydown of debt in the second half
- Exercised a one-year extension option on the existing revolving credit facility - now does not expire until July 2026



# A business model delivering sustainable revenue and excellent cash generation

## GBG's revenue breakdown



**Note:**

<sup>1</sup> Adjusted for revenues related to the US stimulus project (ended December 2021) and exceptional cryptocurrency volumes

<sup>2</sup> 1H FY22 and 2H FY22 adjusted for the acquisitions of Acuant and Cloudcheck

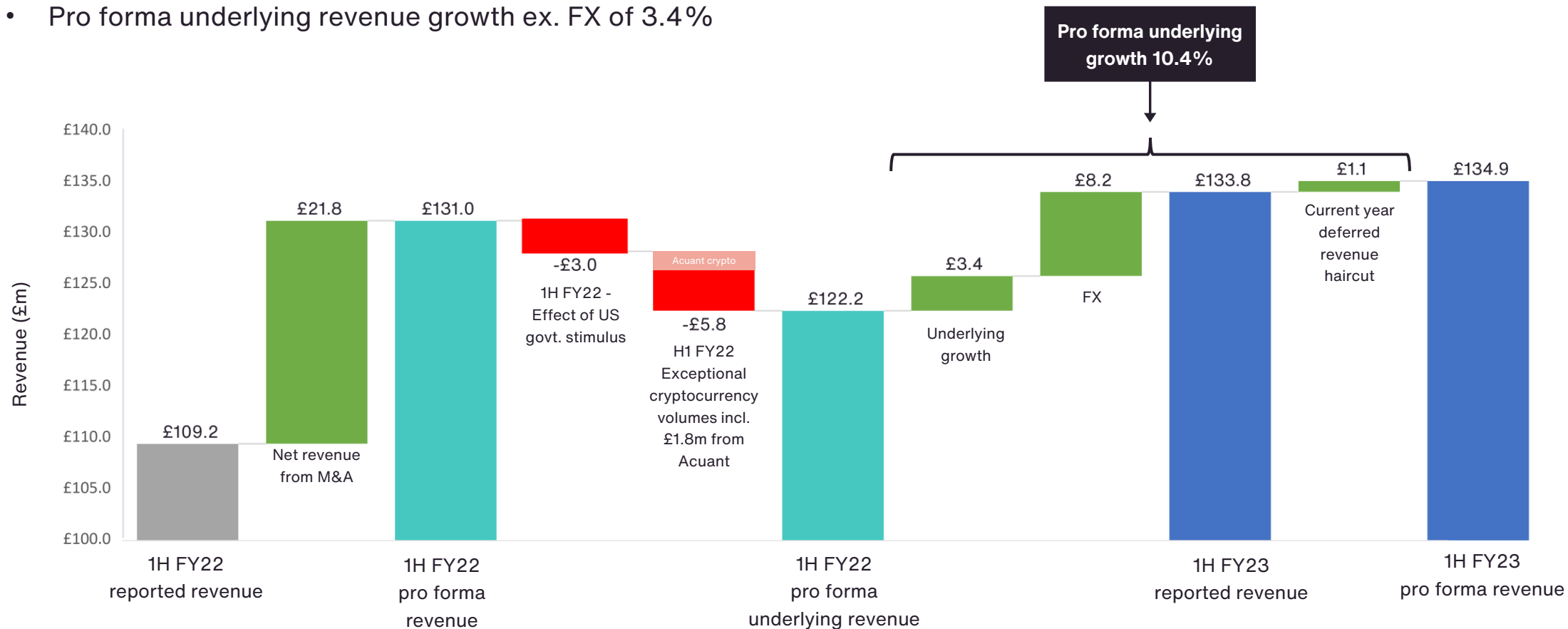
<sup>3</sup> 1HFY23 adds back £1.1m deferred revenue haircut

<p><b>54.9%</b> of 1H FY23 revenue is subscription- based</p>	<p><b>19.5%</b> pro forma growth in subscription- based revenue vs. 1H FY22</p>	<p><b>£58.2m</b> Deferred revenue balance</p>
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- Subscription and transaction/consumption revenue accounts for 93.3% of our total revenue (1H FY22: 92.4%)
- Total subscription revenue grew 19.5% on a pro forma underlying basis vs. 1H FY22 driven by growth in Location, Fraud and the higher proportion of subscription-based revenue from Acuant
  - Excluding cryptocurrency, Acuant's software subscription revenue increased 20.8%
- Transaction/consumption revenue grew 3.6% on a pro forma underlying basis vs. 1H FY22

# Group revenue bridge for 1H FY22 – 1H FY23

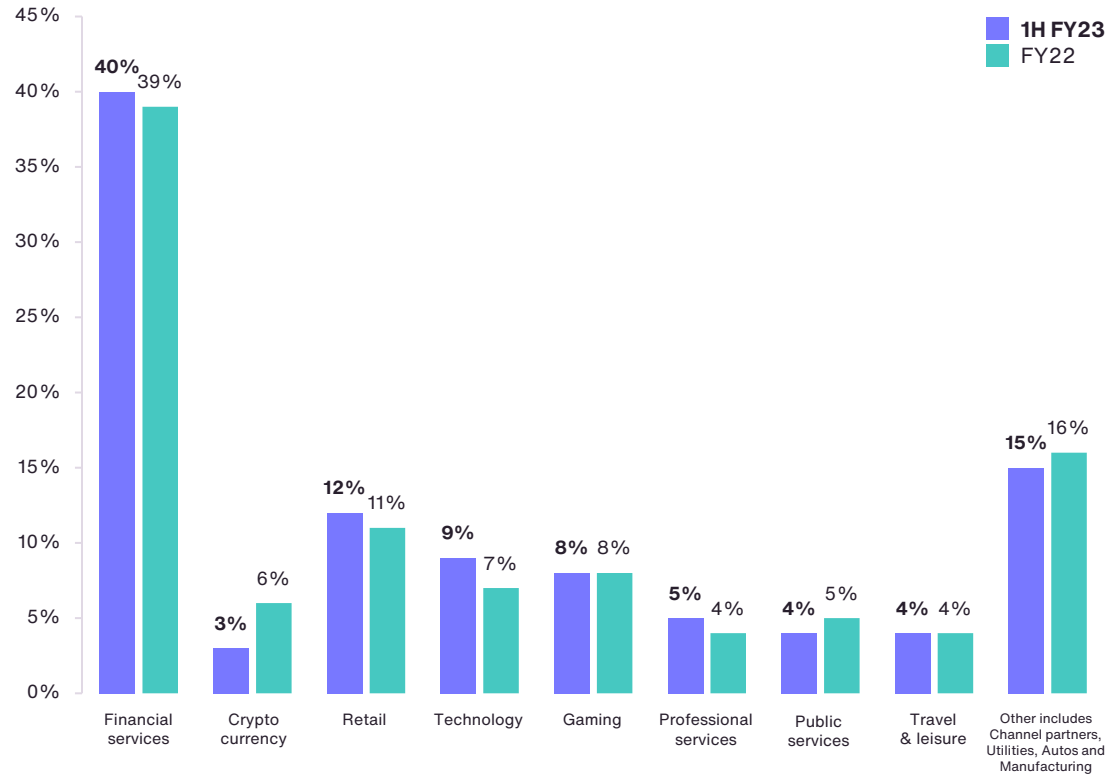
- Reported revenue growth of 22.6%
- Pro forma underlying revenue growth of 10.4%
- Pro forma underlying revenue growth ex. FX of 3.4%



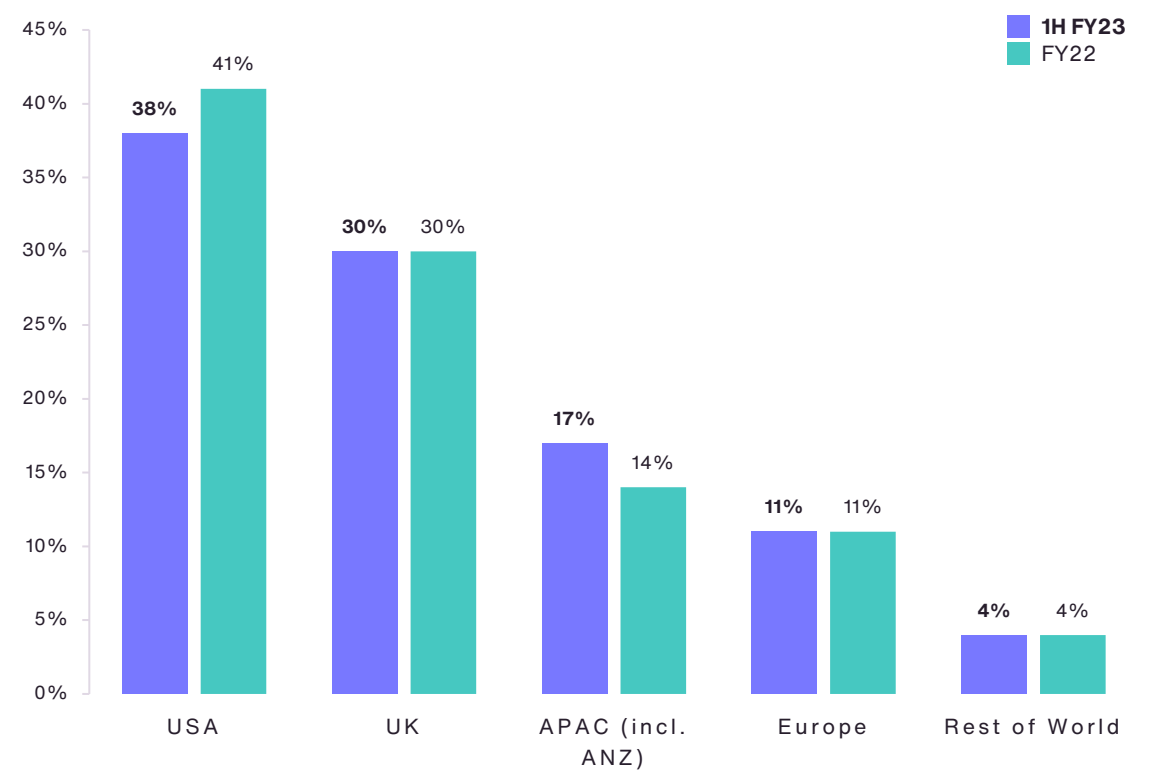
# A diversified revenue mix

We deliver our services across an ever-increasing number of sectors and regions

## Sector split

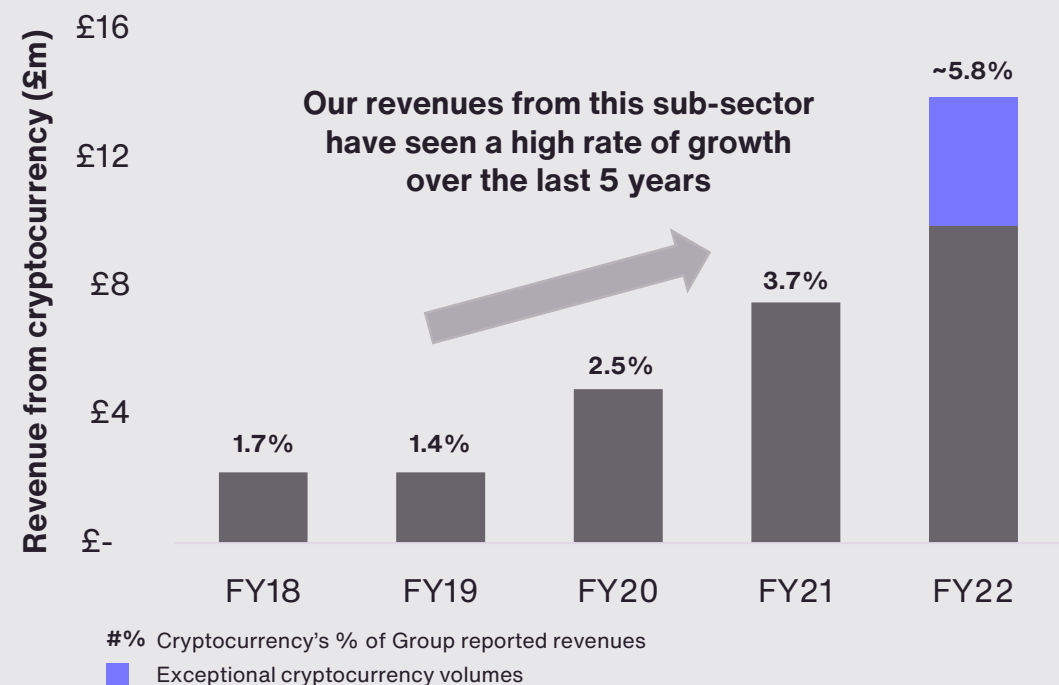


## Geographic spread



# Cryptocurrency volumes declined due to broader macroeconomic and market volatility

GBG's FY18-22 cryptocurrency revenues  
(excl. Acuant revenues)



- First half cryptocurrency volumes declined due to broader macroeconomic slowdown and market volatility

FY22-23 cryptocurrency revenues (incl. Acuant)

	£m	FY23	FY22	Decrease
1H Revenue		3.6	10.3*	6.7*
2H Revenue		~2.0	10.0	~8.0
Total		~5.6	20.3*	~14.7*

Note: \*Of which, £5.8million relates to exceptional cryptocurrency volumes

- Expect FY23 crypto revenue to be ~2% of Group revenues from ~6% during FY22
  - We expect the current lower volumes to persist through the second half of the year
  - The decline represents a 3% headwind to the Group's pro forma growth in FY23

# Summary & outlook

Chris Clark, CEO



# Summary

## First half performance

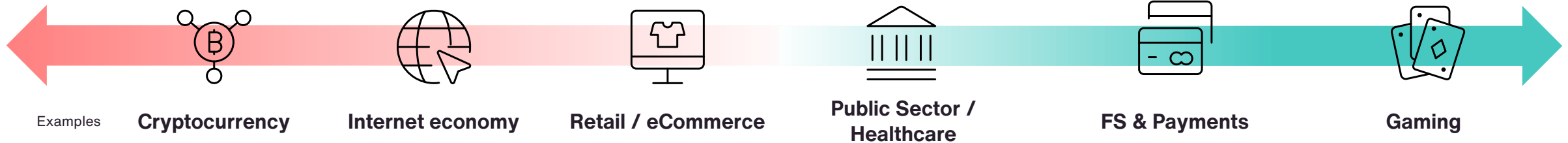
- Identity volumes impacted by the challenges in cryptocurrency and internet-economy customers, particularly the Americas
- Outside of these areas, the broader Identity business was more stable, despite the macroeconomic picture
- Location and Fraud achieved good growth

## Excellent strategic progress

- Drives a sustainable runway of growth over time
- We have a relentless focus to deliver against our long-term strategy
- Acuant integration completed; focused on realising the benefits

# Outlook

GBG is a diverse business to navigate the near-term macro uncertainties



- Start to the second half has been in line with our expectations
- Despite near-term macro uncertainties, GBG has the operational agility to focus on the areas with the strongest opportunities

- Expect mid-single digit pro forma constant currency revenue growth in the second half, in-line with market expectations
- Continue to benefit from foreign currency translation tailwinds that increased our first half reported revenue

- Expect a stronger second half margin, in line with market expectations
- Driven by revenue growth acceleration and due to our traditional second half weighting, strong pipeline and disciplined cost control

- The Board remains highly confident in the long-term opportunities ahead

# Differentiating through world-class data, technology and our trust experts

Our capital market's event on 19 January 2023 creates an exciting opportunity to discuss the long-term growth opportunities and how GBG is uniquely positioned to capture them:

- What customers need today and in the future
- Why GBG is well-positioned to lead our markets
- Bringing to life how we operate in local markets with our global technology and capabilities





Q&A



# Appendices

# Cash flow

	1H FY23	1H FY22		31 March
Six months to 30 Sept	£m	£m	Variance	2022
				£m
<b>Adjusted EBITDA</b>	<b>29.7</b>	29.4	0.3	62.2
Working capital	<b>(11.9)</b>	4.0	(15.9)	(3.3)
<b>Adjusted Operating Cash Flow</b>	<b>17.8</b>	33.4	(15.6)	58.9
Exceptional costs paid	<b>(1.8)</b>	(0.7)	(1.1)	(3.3)
<b>Operating Cash Flow</b>	<b>16.0</b>	32.7	(16.7)	55.6
Tax paid	<b>(4.1)</b>	(6.7)	2.6	(11.6)
Interest	<b>(2.2)</b>	(0.3)	(1.9)	(1.4)
Dividend paid	<b>(9.6)</b>	(6.7)	(2.9)	(6.7)
Lease liability payments	<b>(1.1)</b>	(0.8)	(0.3)	(2.0)
Capex/development	<b>(0.6)</b>	(0.8)	0.2	(1.7)
Net share issue proceeds	<b>0.5</b>	0.9	(0.4)	306.0
Acquisitions/investments	-	-	-	(466.2)
Disposal costs	-	(0.1)	0.1	(0.1)
<b>Total Net Cash/(Debt) movement</b>	<b>(1.1)</b>	18.2	(19.3)	(128.1)
Opening Net Cash/(Debt) Balance	<b>(107.0)</b>	21.1	(128.1)	21.1
Non-cash effect of exchange rates	<b>(24.5)</b>	0.2	(24.7)	-
<b>Closing Net Cash/(Debt) Balance</b>	<b>(132.6)</b>	39.5	(172.1)	(107.0)

## Remain focused on cash generation:

- 70% (FY22: 96%) Adjusted EBITDA cash conversion ratio on 12m rolling basis with the decline related to specific non-recurring factors:
  - Settlement of an acquired liability related to PY acquisitions that reduced cash without a similar EBITDA impact
  - Reported FX gains on the retranslation of intercompany balances
- Adjusting for these results in cash conversion of 85%
- In November 2021, \$210 million of debt was drawn from the Group's revolving credit facility to part fund the acquisition of Acuant.
  - Up to 30 Sept 2022 - \$45 million repaid to date with an outstanding balance of \$165 million
  - Further repayments of \$6m have been made since 30 Sept 2022, resulting in a net debt position today of approximately £118m. Expect further paydown of debt in the second half

## Debt leverage & borrowing:

Net cash / debt analysis	30 Sept 22	31 Mar 22	30 Sept 21
	£m	£m	£m
Cash	15.7	22.3	39.5
Debt <sup>1</sup>	(148.3)	(129.3)	-
<b>Net cash/(debt)</b>	<b>(132.6)</b>	<b>(107.0)</b>	<b>39.5</b>
Leverage	2.12x	1.7x	Positive cash

# Modelling considerations for FY23 – Foreign Exchange

Currency (vs. GBP)	% of group revenue 1H FY23	Trading update – 20 Oct FX assumption	Impact of FX move
US Dollar	38%	1.16 (vs. spot 1.14)	A <b>3 cent</b> move in the average exchange rate for H2 will impact the: <ul style="list-style-type: none"><li>• Second half growth rate by approx. 1%</li><li>• Full year growth rate by approx. 0.5%</li></ul>

# Our purpose-led approach makes a difference

## Making progress towards our ambitions

### Our people

- 95% of our team “recommend GBG as a great place to work”
- Over 36% female representation with a target to exceed 40% by 2026
- Continue to invest in training to elevate the skills we need
- Work When and Where You Want Policy supports work and home life balance

### Environment

- Focused on reducing our impact on climate change
- By the end of FY23 we will be carbon neutral in our own operations by improving energy management and using high-quality offsets
- By the end of FY25 we will achieve a 10% reduction in carbon intensity for tCO2e against revenue in our own operations

### Data privacy & IT security

- Employing best-practice across GBG
- ISO 27001 accreditation
- Cyber Essentials Plus certification applied across the business
- Information security and data privacy training for our team;
- Dedicated data privacy team

### Ethics & governance

- A Board with robust governance structures; Code of Conduct and external whistleblowing
- Board ESG Committee shaping our strategy
- Recent ESG survey conducted with key stakeholders
- A member of the Slave-Free Alliance

Safeguarding our customers and their consumers from negative environmental and social impacts is at the heart of the solutions we offer



We contribute to the following UN SDGs:



Inclusion, diversity and equality



People and policies



Trust and Responsibilities

External recognition



# Acquisitions and investments

- 15 acquisitions and one investment since 2011 to accelerate our organic growth strategy
- Reputation as a credible, high integrity acquirer - each acquisition's strategy and integration is treated differently
- US market penetration enabled through several acquisitions
- Financing via a mix of a mix of cash, debt and equity
- Equity raised for Acuant, IDology, PCA Predict, IDscan, DecTech and Capscan

## Timeline



\* Loqate was an initial investment and later acquisition. \*\*CredoLab is an investment for equity stake.

● Technology      ● New Geography      ● New Customers      ● New Datasets

# Contact

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