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GB GROUP PLC

("GBG", "Group" or the "Company")

Preliminary results for the year ended 31 March 2022

Strong financial results and significant strategic progress

GB Group plc (AIM: GBG), the experts in digital location, identity verification and fraud software, today announces its unaudited results for the year ended 31 March 2022.

Financial highlights

	2022	2021	% change[2]
Revenue	£242.5m[1]	£217.7m	11.4%
Adjusted[3] operating profit	£58.8m	£57.9m	1.6%
Adjusted[3] operating profit margin	24.3%	26.6%	n/a
Profit before tax	£21.7m	£34.3m	(36.8)%
Diluted earnings per share	6.9p	13.5p	(48.9)%
Adjusted[3] diluted earnings per share (restated)	20.2p	22.4p	(9.8)%
Deferred revenue balance	£58.8m	£42.8m	37.3%
Net assets	£787.1m	£364.3m	116.1%
Net (debt)/cash	(£107.0)m	£21.1m	n/a
Final dividend per share	3.81p	3.4p	12.1%

Chris Clark, CEO, commented:

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

Summary

Strong financial results

- Revenue increased 11.4% to £242.5 million, which represented growth on an organic constant currency basis of 10.6%[4].
  - Underlying growth was 15.5%, excluding the substantial one-off benefit related to the US stimulus in the prior year.
- Growth across all segments underpinned by subscription and consumption revenue of £227.5 million (94% of total). Combined with growth in the deferred revenue balance and strong customer retention, this provides good forward revenue visibility.
- Adjusted operating profits up 1.6% to £58.8 million with an adjusted operating margin of 24.3% (2021: 26.6%), reflecting investment in the business and the unwinding of prior year cost-saving measures taken during the Covid-19 pandemic.
- Strong cash generation enabled repayment of £30.1 million ($40.2 million) of the £157 million ($210 million) of debt drawn to finance the Acuant acquisition. Year-end net debt of £(107.0) million expected to reduce further during FY23.
- Proposed final dividend of 3.81 pence (2021:3.40 pence) reflects our ongoing commitment to delivering increased returns to shareholders.

Summary (continued)

Accelerating our strategic progress

- Completed the acquisition of Acuant to create a leader in identity verification and identity fraud prevention with FY22 pro forma[5] revenue of £273.8 million.
- Integration has progressed well and is on track:
  - Acuant and IDology teams have combined to form the largest pure-play identity verification provider in the US, the world's largest identity market.
  - £3 million already implemented towards £5 million of FY23 synergy target plus a strong pipeline of cross-selling opportunities to derive revenue synergies.
- Organic investment has focused on our data and solution portfolio, securing new customers and extending our geographic reach. This includes the bolt-on acquisition of Cloudcheck, a leader in New Zealand's identity verification market.
- Benefiting from expanding total addressable markets; Identity verification and adjacent identity fraud markets expected to reach $25 billion[6] by 2025.

Advancing our solutions

- Enhanced identity releases - ExpectID Flex API for US enterprise customers, ProID for SMEs in EMEA and low/no-code version of our GreenID platform in APAC.
- Location released the latest generation of its advanced address capture solution.
- Evolved our fraud portfolio with the successful Investigate platform integration.

Our highly engaged team

- Grew our team to over 1,250 people during the year, including team members joining through the Acuant and Cloudcheck acquisitions.
- Record team engagement: 95% 'recommend GBG as a great place to work'.

Setting new targets to increase our diversity and reduce our climate impact

- Our solutions make an important contribution to society, safeguarding customers and consumers is at the heart of our proposition.
- Setting new targets to increase our diversity and reduce our climate change impact including a target to be carbon neutral in our own operations by the end of FY23.

Confident in the outlook

- The Board is excited by the long runway of sustainable growth opportunities and our unique ability to capitalise on these given the significant strategic progress of the last few years and additional capability presented by the acquisition of Acuant.
- As demonstrated by our ability to adapt to the challenges of the pandemic over the last two years, we have a resilient and adaptable business model and we are used to navigating macroeconomic uncertainty.
- In FY23 we will continue to manage the business tightly through the current climate of rising inflation and interest rates.
- Well-positioned to successfully achieve our strategic and financial objectives in FY23.

Chair succession

- We have announced today the appointment of Richard Longdon as a Non-Executive Director and Chair with effect from 1 September 2022. This will allow for a managed and orderly transition from the current Chair, David Rasche, who will step down from the Board on 30 September 2022.

Notes:
[1] *FY22 reported revenue impacted by the deferred revenue 'haircut' acquisition accounting adjustment*
[2] *Growth percentages are calculated with reference to the actual unrounded figures in the primary financial statements and so might not tie directly to the rounded figures in the table if recalculated*
[3] Adjusted metrics are calculated before amortisation of intangible assets, share-based payments and exceptional items. Adjusted earnings per share also includes the tax effects of these adjustments.
[4] *After adjusting for the effects of currency translation, acquisitions and the businesses divested in the prior year*
[5] *Pro forma includes a full 12 months of GBG, Acuant and Cloudcheck*
[6] *Source: Markets and Markets Identity Verification, and Fraud Detection and Prevention Reports (2020-2021)*

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Results presentation

Management will be hosting a results presentation webcast this morning at 9:00am for sell-side analysts and institutional investors.

The link to join the event is available on the investor section of our website. The webcast will also be available on-demand along with the presentation materials after the event. Website link: https://www.gbgplc.com/en/investors/

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 develops and delivers digital identity, address verification, fraud prevention 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.gbgplc.com and follow us on LinkedIn and Twitter @gbgplc.

Chairman's Statement

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

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

Purpose, strategy and progress

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

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

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

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

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

Our highly engaged team

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

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

Governance

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

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

Financial performance

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

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

AGM and dividend

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

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

Closing remarks

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

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

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

David Rasche
Chairman

Chief Executive Review

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

Our strategy for sustainable growth

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

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

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

Significant strategic progress

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

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

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

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

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

Customers and growth

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

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

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

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

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

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

Advancing our solutions

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

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

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

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

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

Our team

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

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

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

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

Sustainability

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

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

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

Outlook

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

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

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

Chris Clark
Chief Executive Officer

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

Finance Review

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

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

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

Throughout the pandemic we have been supported by our strong balance sheet. This is a result of the level of recurring revenue (over 46% of FY22 revenue came from subscriptions and a further 48% from consumption) giving predictability, repeatability and continued strong cash conversion, demonstrating our ability to turn revenue and profits into cash quickly. This strength supported GBG in obtaining favourable commercial terms on the refinancing of our Revolving Credit Facility ('RCF') to part fund the Acuant acquisition – extending the length of the facility through to July 2025 provides a platform to support future growth.

The Group uses adjusted figures as key performance indicators in addition to those reported 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.

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

Revenue and gross margin

Total revenue growth in the year was 11.4% (FY21: 9.3%). On an organic basis, adjusting for the impact of acquisitions and disposals in the past twelve months, revenue growth was 8.7% (FY21: 12.1%). This result was negatively impacted by movements in exchange rates, particularly the higher GBP:USD relative to 2021. On a constant currency basis, the organic revenue growth was 10.6% (FY21: 12.1%) which we consider to be a significant achievement given the tough comparator.

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

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

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

In total, 94% (pro forma 91%) of revenue came from the combination of subscriptions and consumption revenue models. On a pro forma basis 49% of revenue came from subscription agreements. Term-based subscriptions increased by 12.8% driven by recovery in the Fraud segment while consumption revenue, which is predominantly in the Identity segment, grew by 9.6%. Excluding the revenue from the US stimulus project, consumption revenue increased by 19.6%.

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

Operating profit and cost management

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

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

Exceptional and normalised items

Amortisation of acquired intangibles
The charge for the year of £24.7 million (FY21: £17.7 million) represents the non-cash cost of amortising separately identifiable intangible assets including technology-based assets and customer relationships that were acquired through business combinations. The increased charge in the year is due to the full year impact of the acquisition of HooYu in the prior year and more significantly the current year acquisitions of Acuant and Cloudcheck.

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

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

Exceptional items
Exceptional costs of £4.5 million (FY21: exceptional income of £0.4 million) were incurred by the Group in the year and have been detailed in note 5 to the accounts.

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

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

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

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

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

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

Earnings per share

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

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

This has resulted in a restatement of the comparative figures for the year to 31 March 2021. The impact was a decrease to adjusted basic earnings per share for the period and adjusted diluted earnings per share for the period of 2.4p and 2.4p respectively.

Adjusted earnings (adjusted operating profit less net finance costs and adjusted tax) was £44.5 million (FY21 restated: £44.5 million) resulting in a 9.6% decrease in adjusted basic earnings per share from 22.8 pence to 20.6 pence.

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

Deferred revenue

Deferred revenue at the end of the year increased by 37.3% to £58.8 million (FY21: £42.8 million). Excluding the year-end deferred revenue balance for Acuant the increase was 21.2%.

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

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

Cash flows

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

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

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

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

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

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

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

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

Further information regarding the acquisitions have been detailed in note 9.

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

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

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

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

Approved by the Board on 15 June 2022

David Ward
CFO

Consolidated Statement of Profit or Loss

Year ended 31 March 2022

	Note	**2022 £'000**	2021 £'000
(Unaudited)			
Revenue	3,4	**242,480**	217,659
Cost of sales		**(70,549)**	(65,096)
Gross profit		**171,931**	152,563
Operating expenses		**(148,524)**	(117,060)
Group operating profit		**23,407**	35,503
Finance revenue		**40**	120
Finance costs		**(1,794)**	(1,360)
Profit before tax		**21,653**	34,263
Income tax charge	6	**(6,390)**	(7,385)
Profit for the year attributable to equity holders of the parent		**15,263**	26,878

Group operating profit		**23,407**	35,503
Amortisation of acquired intangibles		**24,735**	17,671
Equity-settled share-based payments		**6,171**	5,170
Exceptional items	5	**4,526**	(448)
Adjusted operating profit	15	**58,839**	57,896

Earnings per share	8		
- basic earnings per share for the year		**7.1p**	13.8p
- diluted earnings per share for the year		**6.9p**	13.5p

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

Consolidated Statement of Comprehensive Income

Year ended 31 March 2022

	2022	2021
	£'000	£'000
(Unaudited)		
Profit after tax for the period attributable to equity holders of the parent	**15,263**	26,878
Other comprehensive income:		
Exchange differences on retranslation of foreign operations (net of tax)	**18,029**	(20,559)
Total comprehensive income for the period attributable to equity holders of the parent	**33,292**	6,319

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

Consolidated Statement of Changes in Equity

Year ended 31 March 2022

(Unaudited)	Note	Equity share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020		**4,855**	**261,648**	**6,575**	**3**	**3,953**	**67,900**	**344,934**
Profit for the period		-	-	-	-	-	26,878	**26,878**
Other comprehensive income		-	-	-	-	(20,559)	-	**(20,559)**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**(20,559)**	**26,878**	**6,319**
Issue of share capital		53	5,979	3,343	-	-	-	**9,375**
Share-based payments		-	-	-	-	-	5,170	**5,170**
Tax on share options		-	-	-	-	-	1,700	**1,700**
Share forfeiture receipt		-	-	-	-	-	2,641	**2,641**
Equity dividend		-	-	-	-	-	(5,883)	**(5,883)**
Balance at 31 March 2021		**4,908**	**267,627**	**9,918**	**3**	**(16,606)**	**98,406**	**364,256**
Profit for the period		-	-	-	-	-	15,263	**15,263**
Other comprehensive income		-	-	-	-	18,029	-	**18,029**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**18,029**	**15,263**	**33,292**
Issue of share capital		1,389	299,142	90,081	-	-	-	**390,612**
Share-based payments		-	-	-	-	-	6,171	**6,171**
Tax on share options		-	-	-	-	-	(498)	**(498)**
Share forfeiture refund		-	-	-	-	-	(29)	**(29)**
Equity dividend	7	-	-	-	-	-	(6,677)	**(6,677)**
Balance at 31 March 2022		**6,297**	**566,769**	**99,999**	**3**	**1,423**	**112,636**	**787,127**

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

Consolidated Balance Sheet

As at 31 March 2022

(Unaudited)	**Note**	**2022**	2021
		£'000	£'000
Assets			
Non-current assets			
Goodwill		**713,631**	286,351
Other intangible assets		**255,930**	91,312
Property, plant and equipment		**4,601**	3,706
Right-of-use assets		**2,742**	3,231
Investments		**2,326**	2,288
Deferred tax asset		**21,860**	7,676
		1,001,090	394,564
Current assets			
Inventories		**1,196**	123
Trade and other receivables	10	**69,715**	58,617
Current tax		**7,804**	5,778
Cash and short-term deposits		**22,302**	21,135
		101,017	85,653
Total assets		**1,102,107**	480,217
Equity and liabilities			
Capital and reserves			
Equity share capital		**6,297**	4,908
Share premium		**566,769**	267,627
Merger reserve		**99,999**	9,918
Capital redemption reserve		**3**	3
Foreign currency translation reserve		**1,423**	(16,606)
Retained earnings		**112,636**	98,406
Total equity attributable to equity holders of the parent		**787,127**	364,256
Non-current liabilities			
Loans	11	**128,226**	-
Lease liabilities		**1,529**	2,286
Provisions		**866**	1,010
Deferred revenue		**1,805**	545
Contingent consideration		**1,920**	-
Deferred tax liability		**64,839**	22,120
		199,185	25,961
Current liabilities			
Lease liabilities		**1,842**	1,650
Trade and other payables	12	**49,572**	41,067
Deferred revenue		**57,018**	42,298
Contingent consideration		**5,856**	3,662
Current tax		**1,507**	1,323
		115,795	90,000
Total liabilities		**314,980**	115,961
Total equity and liabilities		**1,102,107**	480,217

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

Consolidated Cash Flow Statement

Year ended 31 March 2022

(Unaudited)	**Note**	**2022** **£'000**	2021 £'000
Group profit before tax:		**21,653**	34,263
Adjustments to reconcile Group profit before tax to net cash flows			
Finance revenue		**(40)**	(120)
Finance costs		**1,794**	1,360
Depreciation of plant and equipment		**1,531**	1,433
Depreciation of right-of-use assets		**1,593**	1,838
Amortisation of intangible assets		**24,968**	17,914
Impairment of goodwill		**-**	154
Loss on disposal of plant and equipment and intangible assets		**34**	-
Loss/(profit) on disposal of businesses		**330**	(1,403)
Fair value adjustment on contingent consideration		**188**	245
Share-based payments		**6,171**	5,170
(Increase)/decrease in inventories		**(27)**	6
(Decrease)/increase in provisions		**(169)**	88
(Increase)/decrease in trade and other receivables		**(3,967)**	10,028
Increase in trade and other payables		**2,197**	1,655
Cash generated from operations		**56,256**	72,631
Income tax paid		**(11,610)**	(14,205)
Net cash generated from operating activities		**44,646**	58,426
Cash flows (used in)/from investing activities			
Acquisition of subsidiaries, net of cash acquired	9	**(460,383)**	(2,762)
Purchase of plant and equipment		**(1,611)**	(455)
Purchase of software		**(120)**	(283)
Net (outflow)/proceeds from disposal of businesses		**(101)**	5,307
Interest received		**10**	20
Net cash flows (used in)/from investing activities		**(462,205)**	1,827
Cash flows from/(used in) financing activities			
Finance costs paid		**(1,383)**	(1,231)
Proceeds from issue of shares		**305,997**	3,087
Share issue costs		**(5,780)**	-
(Refund)/proceeds from share forfeiture		**(29)**	2,641
Proceeds from new borrowings (net of arrangement fee)	11	**155,591**	-
Repayment of borrowings		**(30,073)**	(62,500)
Repayment of lease liabilities		**(1,969)**	(2,252)
Dividends paid to equity shareholders	7	**(6,677)**	(5,883)
Net cash flows from/(used in) financing activities		**415,677**	(66,138)
Net decrease in cash and cash equivalents		**(1,882)**	(5,885)
Effect of exchange rates on cash and cash equivalents		**3,049**	(479)
Cash and cash equivalents at the beginning of the period		**21,135**	27,499
Cash and cash equivalents at the end of the period		**22,302**	21,135

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

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 2021 to 31 March 2022 and was approved by the Board on 15 June 2022. It is presented in Pounds Sterling (£) and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

This report is based on accounts which are in the process of being audited and will be approved by the Board. Accordingly, the financial information for 2022 is unaudited and does not constitute the Group's statutory accounts for the years ended 31 March 2022 or 2021 within the meaning of Section 434 of the United Kingdom Companies Act 2006 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 2022.

The statutory accounts for the year ended 31 March 2022 will be finalised on the basis of the financial information presented by the Directors in these results and will be delivered to the Registrar of Companies following the AGM of GB Group plc. Ernst & Young LLP has confirmed to GB Group plc that at the present time they are not aware of any matters that may give rise to a modification to their audit report. The same accounting policies and methods of computation are followed as in the latest published audited accounts for the year ended 31 March 2021, which are available on the Group's website at https://www.gbgplc.com/en/investors/resources/reports-and-presentations/

Statutory accounts for 2021 have been delivered to the Registrar of Companies. 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.

The statutory accounts for the year ended 31 March 2022 are expected to be posted to shareholders in due course and will be delivered to the Registrar of Companies after they have been laid before the shareholders in a general meeting on 28 July 2022. Copies can be accessed at www.gbgplc.com. The registered number of GB Group plc is 2415211.

Non-GAAP Measures
The Group presents the non-GAAP performance measure 'adjusted operating profit' on the face of the Consolidated Income Statement. Adjusted operating profit is not defined by IFRSs and therefore may not be directly comparable with the adjusted operating profit measures of other companies.

The business is managed and measured on a day-to-day basis using adjusted results. To arrive at adjusted results, certain adjustments are made for normalised and exceptional items that are individually significant and which could, if included, not be reflective of the underlying performance of the Group for the year and the comparability between periods.

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

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 2023. Although GBG has a robust budgeting and forecasting process, the continued economic uncertainty caused by the macro-economic environment means that additional sensitivities and analysis have been applied to test the going concern assumption under a range of downside and stress test scenarios. The following steps have been undertaken to allow the Directors to conclude on the appropriateness of the going concern assumption:

a) Understand what could cause GBG not to be a going concern
b) Consider the current customer and sector position, liquidity status and availability of additional funding if required
c) Board review and challenge the budget including comparison against external data sources available and a potential downside scenario

d) Perform reverse stress tests to assess under what circumstances going concern would become a risk – and assess the likelihood of whether they could occur
e) Examine what mitigating actions could be taken in the event of these stress test scenarios
f) Conclude upon the going concern assumption

a) Understand what could cause GBG not to be a going concern

The potential scenarios which could lead to GBG not being a going concern are considered to be:

- Not having sufficient cash to meet our liabilities as they fall due and therefore not being able to provide services to our customers, pay our employees or meet financing obligations.
- A non-remedied breach of the financial covenants within the Group Revolving Credit Facility (RCF) agreement (detailed in note 11). Under the terms of the agreement this would lead to the outstanding balance becoming due for immediate repayment. These covenants are:
  - Leverage – consolidated net borrowings (outstanding loans less current cash balance) as a multiple of adjusted consolidated EBITDA for the last 12 months, assessed quarterly in arrears, must not exceed 3.00:1.00
  - Interest cover - adjusted consolidated EBITDA as a multiple of consolidated net finance charges, for the last 12 months, assessed quarterly in arrears, must not fall below 4.00:1.00

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

The market consensus forecast for the year to 31 March 2022 was a decline in revenue of 3.2% (£7 million). The actual performance was significantly ahead of this with revenue of £242.5 million, representing revenue growth of 11.4% (10.6% on an organic constant currency basis).

The Board of Directors are aware that there continues to be economic uncertainty, but the experience in the past year gives enhanced confidence to be able to forecast which of our products and services are positively or negatively impacted by global economic pressures and therefore what steps are needed to react to this. The overall performance has illustrated the relevance and importance of our products and services, even in a time of significant economic decline in many of our key markets.

During the prior year approximately 7% of revenue came from two customers in the United States who provided services directly related to Covid-19. As expected, the level of revenue from these customers decreased in the current year to represent only 2% of revenue. GBG does not have a high customer concentration risk since no individual customer generates more than 6% of Group revenue. The Group's customers operate in a range of different sectors which further reduces the risk of a downturn in any particular sector. The financial services sector accounts for the largest percentage of customers, particularly within the Fraud and Identity segments.

As a global company GBG operates in different countries and therefore is less exposed if particular countries are impacted at different rates. The Group has no operations or active suppliers in Russia, Belarus or Ukraine and we can confirm that business has been suspended with the small number of customers who are incorporated in Russia. Exposure to Russian customers is limited with combined revenue in the current year of less than 0.5% of Group revenue.

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

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

GBG is not reliant upon any one supplier to provide critical services either to support the services we provide to our customers or to our internal infrastructure. For these critical services, such as the provision of data, contingency plans exist in the event of a supplier failure to be able to move to an alternative supplier with minimal disruption to customers or to the wider business.

Liquidity

	31 March 2022 £'000	**31 March 2021 £'000**	**Variance £'000**
Operating cashflow before tax and exceptional items paid	59,532	73,385	(13,853)
Adjusted EBITDA	62,196	61,410	786
Cash conversion %	**95.7%**	**119.5%**	**(23.8%)**
Cash and cash equivalents	22,302	21,135	1,167
Loans (excluding unamortised loan fees) (note 11)	(129,254)	-	(129,254)
Net (Debt)/Cash	**(106,952)**	**21,135**	**(128,087)**
Leverage	**1.72**	**Positive Cash**	**1.72**

At 31 March 2022 GBG was in a net debt position of £107.0 million, a decline of £128.1 million since 31 March 2021 following the acquisition of Acuant where the RCF facility was refinanced and partially drawn down to fund the acquisition (see note 11).

During the year to 31 March 2022, GBG's operating cash to EBITDA ratio ('cash conversion') was 95.7%, a decrease of 23.8% on the prior year. The decrease in the cash conversion was partly attributable to cash receipts in the first half of the prior year related to large multi-year deals where the profit was recognised at the end of the year to 31 March 2020. Notwithstanding this, the current year level is a strong indicator of GBG's ability to convert profit into cash.

c) Board review and challenge of the budget including comparison against external data sources available and a potential downside scenario

The refinanced RCF facility has a maximum level of £175 million which could be drawn down for working capital purposes if required. As at 31 March 2022, the available undrawn facility was £45.7 million. The expiry of this facility is not until July 2025 with two one-year extension options available (subject to approval from the bank syndicate).

At 31 March 2022 the Group was in a net current liabilities position of £14.8 million (2021: net current liabilities of £4.3 million). However, within current liabilities is deferred revenue of £57.0 million (2021: £42.3 million) which represents a liability to provide a future service rather than a direct cash liability. Whilst there is a cash cost to providing these services (principally related data costs or employee wages) these costs would be lower than the value of the deferred revenue liability, and will unwind over the course of the year rather than being a liability settled on demand. On this basis the net current liabilities position is not considered to be a risk from a going concern perspective.

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 analyst's forecasts published after the trading update in April 2022 estimate an overall revenue growth in the year to 31 March 2023 due to the impact of the acquired businesses and organic growth. These estimates range from growth of 23.0% to 32.0%, with the consensus position being growth of 26% which would be revenue of £299 million on a constant currency basis. The budget for the year to 31 March 2023 is within the range of the analyst estimates.

This budget showed continued significant headroom in the covenant compliance tests and sufficient liquidity to maintain operations. The budget model was then adjusted to reflect a realistic downside scenario by incorporating both reductions in revenue and increases in costs and interest rates. Under these downside scenarios, the covenant compliance and liquidity position did not result in any risk to going concern. Relative to the budget produced by management, there have not been any adverse variances in the overall trading performance since the year-end.

d) Perform reverse stress tests to assess under what circumstances going concern would become a risk – and assess the likelihood of whether they could occur

The budget model was then further adjusted to establish at what point a covenant breach would occur without further mitigating actions. A covenant breach would occur before the available cash resources of the Group are fully exhausted and therefore the focus of the reverse stress test was on covenant compliance. In making this assessment it was assumed that management had reduced operating expenses by 20% which is the level that is considered possible without causing significant disruption to business operations. These savings would primarily be linked to people costs, net of any related redundancy costs.

With a 20% operating expenses saving introduced in Q1 of FY23 it would take a revenue decline of 40% from acquired revenue and 18% from organic revenue for a covenant breach (leverage) to occur. This breach would be as at 30 September 2023 although even at this point it would only take an EBITDA increase of £200,000 to remedy this breach.

Based on the prior year trading performance, performance in the period since the year end and through reference to external market data a decline of anywhere near 18% in organic revenue is considered by the Directors to be remote. If this became even a possibility, then deeper cost cutting measures would be implemented well in advance of a covenant breach as well as consideration of a range of other mitigation actions detailed in the next section.

e) Look at what mitigating actions could be taken in the event of these reverse stress test scenarios

In the unlikely event of the reverse stress test case scenario above occurring, a breach of covenants would occur on 30 September 2023 unless further mitigation steps were taken. Detailed below are the principal steps that would be taken (prior to the breach taking place) to avoid such a breach occurring:

- Make deeper cuts to overheads, primarily within the sales function if the market opportunities had declined to this extent. It would only take a reduction of 1% of overheads (based on the 31 March 2022 level) to increase EBITDA to remedy a covenant breach of £200,000
- Take similar cash conservation measures to those that were implemented in the early stages of the pandemic in 2020. These included not declaring a final dividend, pay and recruitment freezes and a deferral of director bonus payments
- Request a delay to UK Corporation Tax, Employment Tax or Sales Tax payments under the HMRC 'Time to Pay' scheme. In the year to 31 March 2022 Corporation Tax payments averaged £500,000 per quarter, Employment Tax payments (including employee taxes) were approximately £1.6 million per month and Sales Tax payments were £2.0 million per quarter
- Request a covenant waiver or covenant reset from our Bank Syndicate. Whilst this is not entirely within the Group's control, the business would still be EBITDA positive on a rolling 12-month basis at this point and the Directors believe they would have a reasonable expectation of achieving a temporary covenant waiver from the banks if needed
- Raise cash through an equity placing. Under the Articles of Association GBG has the right to raise cash through an equity placing up to 10% of its market valuation at the date of the placing
- Disposal of part of the business

f) Conclude upon the going concern assumption

Following consideration of the budget, reverse stress test scenarios and future outlook, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2. Accounting Policies

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 2021. New standards and interpretations which came into force during the year did not have a significant impact on the Group's financial statements.

3. Revenue

Revenue disclosed in the Consolidated Statement of Profit or Loss is analysed as follows:

	2022	(Re-presented)[1] 2021
	£'000	£'000
Subscription revenues:		
Consumption-based	**35,830**	32,750
Term-based	**76,465**	62,244
Total subscription revenues	**112,295**	94,994
Consumption	**115,212**	111,265
Other	**14,973**	11,400
Revenue	**242,480**	217,659
Finance revenue	**40**	120
Total revenue	**242,520**	217,779

[1] As disclosed in note 4, during the current year, the Group has changed the presentation and disclosure of its fee types and revenue streams in order to disaggregate revenue recognised from contracts with customers into recurring and non-recurring revenue streams. As a result, the disaggregation of revenue has been re-presented from the previous year.

4. Segmental Information

The Group's operating segments are internally reported to the Group's Chief Executive Officer as three operating segments: Location, Identity and Fraud. Included within 'Other' (previously disclosed as 'Unallocated' as at 31 March 2021) is the revenue and profit of the marketing services business (which was disposed in January 2021).

'Central overheads' represents group operating costs such as technology, compliance, finance, legal, people team, information security, premises, directors' remuneration and PLC costs.

The measure of performance of those segments that is reported to the Group's Chief Executive Officer is adjusted operating profit, being profits before amortisation of acquired intangibles, equity-settled share-based payments, exceptional items, net finance costs and tax, as shown below.

Information on segment assets and liabilities is not regularly provided to the Group's Chief Executive Officer and is therefore not disclosed below.

The acquisitions of Acuant and Cloudcheck have been included within the Identity segment.

Changes to Segmental Analysis for 31 March 2022 Disclosure

The implementation of a new group wide finance system in the prior year has enabled transactions to be analysed in more detail internally. As a result, during the year to 31 March 2022, the presentation of the segmental information that is reported to the Group's Chief Executive Officer and the categories revenue is grouped into, has continued to evolve and has been updated to better reflect the nature of how customers consume our services.

Previously the Group has presented an 'Unallocated' column in the segment disclosure, which represented both the revenue and profit of the Marketing Services business as well as group operating costs. However, following the disposal of part of its Marketing Services division in the prior year, the Group has now incorporated the remaining portion of the Marketing Services division within the Fraud operating segment. Due to these changes in the presentation of the segmental analysis during the year ended 31 March 2022, the segmental information for the year ended 31 March 2021 has been re-presented on the same basis. The value that has been re-presented in the year to 31 March 2021 for revenue is £1,952,000. The disposed part of the Group's Marketing Services division for the year to 31 March 2021 is now disclosed within 'Other' and group operating costs are disclosed within the 'Central overheads' line.

Historically a portion of group operating costs were attributed to the operating segments using a variety of allocation methods. However, in order to better reflect the underlying trading performance of the operating segments without distortion from changes in corporate costs, from 1 April 2021 group operating costs are no longer allocated and instead are included fully within 'Central overheads'. The removal of allocated group operating costs from operating segment results ensures that performance is measured against costs that can be directly controlled or influenced by individual segments.

Due to the variety of allocation methods used historically, often at a granular transaction level, changes from analysing by cost centre to business unit, as well as the use of different systems across the Group at various times during the comparative periods, it was not practical to restate the prior periods (being the year ended 31 March 2021) to remove allocated group operating costs out of the operating segment results. Had the prior year information been updated then the adjusted operating profit of the individual segments would have increased because fewer central overheads would have been allocated to them.

Year ended 31 March 2022	Location £'000	Identity £'000	Fraud £'000	Other £'000	Total £'000
Subscription revenues:					
Consumption-based	18,648	16,271	911	-	**35,830**
Term-based	43,129	9,465	23,871	-	**76,465**
Total subscription revenues	61,777	25,736	24,782	-	**112,295**
Consumption	3,877	109,842	1,493	-	**115,212**
Other	675	7,218	7,042	38	**14,973**
Total revenue	66,329	142,796	33,317	38	**242,480**
Contribution	**24,601**	**57,030**	**8,025**	**(106)**	**89,550**
Central overheads					**(30,711)**
Adjusted operating profit					**58,839**
Amortisation of acquired intangibles					**(24,735)**
Share-based payments charge					**(6,171)**
Exceptional items					**(4,526)**
Operating profit					**23,407**
Finance revenue					**40**
Finance costs					**(1,794)**
Income tax expense					**(6,390)**
Profit for the year					**15,263**

Year ended 31 March 2021	(Re-presented) Location £'000	(Re-presented) Identity £'000	(Re-presented) Fraud £'000	(Re-presented) Other £'000	Total £'000
Subscription revenues:					
Consumption-based	18,384	13,718	648	-	**32,750**
Term-based	37,399	4,938	19,907	-	**62,244**
Total subscription revenues	**55,783**	**18,656**	**20,555**	**-**	**94,994**
Consumption	2,970	107,173	1,122	-	**111,265**
Other	916	2,256	6,767	1,461	**11,400**
Total revenue	**59,669**	**128,085**	**28,444**	**1,461**	**217,659**
Contribution	**19,472**	**47,746**	**5,332**	**(954)**	**71,596**
Central overheads					**(13,700)**
Adjusted operating profit					**57,896**
Amortisation of acquired intangibles					**(17,671)**
Share-based payments charge					**(5,170)**
Exceptional items					**448**
Operating profit					**35,503**
Finance revenue					**120**
Finance costs					**(1,360)**
Income tax expense					**(7,385)**
Profit for the year					**26,878**

5. Exceptional Items

		2022 £'000	2021 £'000
(a)	Acquisition related costs	**5,607**	862
(b)	Gain on forward contracts linked to acquisitions	**(3,053)**	-
(c)	Integration costs	**422**	-
(d)	Costs associated with team member reorganisations	**1,063**	441
(e)	Impairment of goodwill	**-**	154
(f)	Fair value adjustments to contingent consideration	**-**	(50)
(g)	Foreign exchange movement on contingent consideration	**157**	(452)
(h)	Loss/(profit) on disposal of businesses	**330**	(1,403)
		4,526	(448)

(a) Acquisition related costs of £5,607,000 (2021: £862,000) include legal and professional advisor costs directly attributable to the acquisitions of Acuant and Cloudcheck detailed in note 9, as well as costs which were incurred as part of a potential acquisition. In the prior year, the costs related to the acquisition of HooYu Investigate and the investment in Credolabs.

(b) During the year, a foreign exchange forward contract was entered into to fix the value at which GBG could convert the GBP proceeds from the equity raise into USD to part fund the Acuant acquisition. On settlement of the forward contract a gain of £3,053,000 (2021: £nil) was recognised which has been treated as an exceptional item. Due to the size and nature of this gain, management considers that it would not reflect the Group's underlying business performance.

(c) Integration costs were incurred relating to the integration of Acuant and Cloudcheck. This principally related to consultancy fees paid to advisors in running programmes to deliver revenue and cost synergies from the acquisitions, travel for specific integration meetings and the costs of additional other temporary resources required for the integration. Future costs of integrating Acuant and Cloudcheck will primarily relate to the alignment of global systems and business operations. To 31 March 2022, the Group expensed £422,000 (2021: £nil) relating to the integration of Acuant and Cloudcheck and it is expected that these costs will continue into the next year.

Due to the size and nature of acquisition and integration costs, management consider that they do not reflect the Group's trading performance and so are adjusted to ensure consistency between periods.

(d) Costs associated with team member reorganisations relate to exit costs of personnel leaving the business on an involuntary basis, either as a result of integrating acquisitions or due to reorganisations within our operating divisions. Due to the nature of these costs, management deem them to be exceptional in order to better reflect our underlying performance. Exit costs outside of these circumstances are treated as an operating expense.

(e) During the prior year £79,000 was recognised as an impairment expense relating to the goodwill in the e-Ware Interactive cash generating unit, and £75,000 relating to the goodwill in the Transactis cash generating unit.

(f) In the year to 31 March 2021, adjustments were made to the contingent consideration previously recognised as due to the sellers of IDology due to an unrecognised payroll tax credit in the State of Georgia of £747,000. The Group agreed to settle this liability with the sellers early, in exchange for a reduction of £50,000 in the amount payable.

(g) The contingent consideration liabilities related to IDology and Cloudcheck are based on the US Dollar and New Zealand dollar respectively. As a result, the liabilities were retranslated at the balance sheet date with a loss of £157,000 (2021: gain £452,000) being treated as an exceptional item.

(h) During the prior year, the business disposed of its Marketing Services and Employ and Comply businesses which resulted in an overall profit on disposal. The profit recognised on disposal of Employ and Comply was £2,578,000. The loss on disposal of Marketing Services was £1,175,000. In the year to 31 March 2022, additional costs of £330,000 were incurred in relation to the finalisation of the disposal of these businesses.

The total cash net outflow during the year as a result of exceptional items was £2,720,000 outflow (2021: £4,556,000 inflow). The tax impact of the exceptional items was a tax credit of £1,274,000 (2021: tax charge of £818,000).

6. Taxation

a) Tax on Profit

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

	2022 £'000	2021 £'000
Current income tax		
UK corporation tax on profit for the year	**3,841**	3,841
Amounts underprovided/(overprovided) in previous years	**(387)**	(388)
Foreign tax	**8,681**	8,958
	12,135	12,411
Deferred tax		
Origination and reversal of temporary differences	**(7,154)**	(5,217)
Amounts underprovided in previous years	**1,045**	311
Impact of change in tax rates	**364**	(120)
	(5,745)	(5,026)
Tax charge in the Consolidated Statement of Profit or Loss	**6,390**	7,385

b) Reconciliation of the Total Tax Charge

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

	2022 £'000	2021 £'000
Consolidated profit before tax	**21,653**	34,263
Consolidated profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	**4,114**	6,510
Effect of:		
Permanent differences	**753**	157
Non-taxable income	**(30)**	-
Rate changes	**364**	(100)
Recognition of previously unrecognised deferred tax assets	**(142)**	(261)
Disposal of businesses	-	480
Adjustments in respect of prior years	**657**	(77)
Research and development incentives	**(113)**	(69)
Patent Box relief	**(571)**	(579)
Share option relief	**623**	39
Effect of higher taxes on overseas earnings	**735**	1,285
Total tax charge reported in the Consolidated Statement of Profit or Loss	**6,390**	7,385

The Group's Reported Effective Tax Rate for the year was 29.5% (2021: 21.6%). After adjusting for the impact of amortisation of acquired intangibles, equity-settled share-based payments and exceptional items the Adjusted Effective Tax rate was 22.1% (2021: 21.5%). These measures are defined in note 15.

7. Dividends Paid and Proposed

	2022 £'000	2021 £'000
Declared and paid during the year		
Final dividend for 2021 paid in July 2021: 3.40p (interim dividend for 2021 paid in January 2021: 3.00p)	**6,677**	5,885
Proposed for approval at AGM (not recognised as a liability at 31 March)		
Final dividend for 2022: 3.81p (2021: 3.40p)	**9,596**	6,674

£nil (2021: £2,000) was received during the year relating to dividends paid on forfeited shares. The total net cash impact of dividends during the year was therefore £6,677,000 (2021: £5,883,000).

8. Earnings Per Ordinary Share from Continuing Operations

	Basic 2022 pence per share	Basic 2021 pence per share	Diluted 2022 pence per share	Diluted 2021 pence per share
Profit attributable to equity holders of the Company from continuing operations	**7.1**	**13.8**	6.9	13.5

Basic
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company from continuing operations by the basic weighted average number of ordinary shares in issue during the year.

Diluted
Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders from continuing operations by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2022 No.	2021 No.
Basic weighted average number of shares in issue	**216,155,932**	195,224,730
Dilutive effect of share options	**4,339,614**	3,281,173
Diluted weighted average number of shares in issue	**220,495,546**	198,505,903

Adjusted
Adjusted earnings per share is defined as adjusted operating profit less net finance costs and adjusted tax divided by the basic weighted average number of ordinary shares of the Company.

	2022 £'000	Basic 2022 pence per share	Diluted 2022 pence per share	2021 £'000	Restated[1] Basic 2021 pence per share	Diluted 2021 pence per share
Adjusted operating profit	**58,839**	**27.2**	**26.7**	57,896	29.7	29.2
Less net finance costs	**(1,754)**	**(0.8)**	**(0.8)**	(1,240)	(0.6)	(0.6)
Less adjusted tax	**(12,587)**	**(5.8)**	**(5.7)**	(12,175)	(6.3)	(6.2)
Adjusted earnings	**44,498**	**20.6**	**20.2**	44,481	22.8	22.4

[1] Since the 31 March 2021 financial statements were produced, the Group has decided to amend the adjusted earnings per share calculation so that an adjusted tax charge is used rather than the full reported tax charge. The calculation of the adjusted tax charge is consistent with the calculation of adjusted operating profit and therefore excludes the impact on tax of amortisation of acquired intangibles, equity-settled share-based payments and exceptional items. This has resulted in a restatement of the comparative figures for the year to 31 March 2021. The impact of the prior year restatement on the year to 31 March 2021 was a decrease to adjusted earnings of £4,790,000 and a decrease to adjusted basic earnings per share for the period and adjusted diluted earnings per share for the period of 2.4p and 2.4p respectively.

9. *2022 Acquisitions*

Acquisition of Acuant Intermediate Holding Corp

On 29 November 2021, GB Group plc acquired the entire share capital of Acuant Intermediate Holding Corp ("Acuant"), a leading US identity verification platform, for total consideration of £554,545,000. Consideration for the acquisition was £468,118,000 in cash and £87,039,000 in GB Group plc shares issued directly to the Acuant vendors. The cash consideration was funded £305,000,000 from an equity placing of 42,068,965 new ordinary shares in GB Group plc, a partial drawdown of £156,748,000 from the Group's renewed revolving credit facility, with the remaining balance being funded by existing cash resources.

The acquisition of Acuant increases GB Group plc's identity verification presence in North America, a key growth region for the Group, accelerates GBG's data, product and platform strategy and provides further customer and sector diversification. Following completion of the purchase, GB Group plc's investment in Acuant was immediately sold to GBG (USA) Holdings LLC at cost in exchange for share capital in GBG (USA) Holdings LLC. The Consolidated Statement of Profit or Loss includes the results for the four-month period since the acquisition of Acuant.

The provisional fair value of the identifiable assets and liabilities of Acuant as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Assets	
Technology intellectual property	127,897
Customer relationships	48,594
Brand	3,390
Investments	38
Property, plant and equipment	823
Right-of-use assets	892
Purchased software	181
Deferred tax asset	14,695
Inventory	1,034
Trade and other receivables	7,503
Corporation tax receivable	847
Cash	13,733
Trade and other payables	(22,017)
Lease liability	(971)
Deferred tax liabilities	(45,581)
Total identifiable net assets at fair value	**151,058**
Goodwill arising on acquisition	403,487
Total purchase consideration transferred	**554,545**
Purchase consideration:	
Cash	468,118
Net working capital adjustment*	(612)
Share purchase	87,039
Total purchase consideration	**554,545**
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(5,195)
Net cash acquired with the subsidiary	13,733
Cash paid	(468,118)
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	(454,385)
Net cash outflow	**(459,580)**

* The net working capital adjustment was included within other receivables as at 31 March 2022.

The fair value of the identifiable assets and liabilities set out above are considered provisional as, due to the size and complexity of the acquisition, in addition to completion being in the second half of the year, detailed analysis is still ongoing to agree the final values.

The fair value of the acquired trade receivables amounts to £5,769,000. The gross amount of trade receivables is £6,704,000 with a provision of £935,000.

There is no contingent or deferred consideration recognised as part of this business combination.

The excess of the fair value of the consideration paid over the fair value of the assets acquired is represented by technology related intangibles of £127,897,000, customer relationships intangibles of £48,594,000 and brand intangibles of £3,390,000; with residual goodwill arising of £403,487,000.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from Acuant due to their nature. These items include the capability for synergies from bringing the businesses together, combining propositions and capabilities that will help the business achieve accelerated consolidated growth from both cross-sell and up-sell. None of the goodwill is expected to be deductible for income tax purposes.

GB Group plc issued 12,005,359 ordinary shares as consideration for the business combination. Since the share consideration was subject to certain restrictions, the fair value of the shares was discounted to take into account the lack of marketability, which resulted in a fair value of £7.25 per share. The fair value of the consideration given was therefore £87,039,000. £300,000 of the total consideration was recognised within share capital with £86,739,000 recognised within the merger relief reserve in accordance with the requirements of section 612 of the Companies Act 2006.

Transaction costs of £5,195,000 were incurred and included within exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement. There were no directly attributable share issue costs recognised on this issue.

From the date of acquisition, Acuant contributed £12,304,000 of revenue (net of deferred revenue haircut) and £1,677,000 of loss to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue would have been £270,457,000 and profit before tax for the Group would have been £25,752,000.

Acquisition of Verifi Identity Services Limited

On 31 January 2022, GB Group plc acquired the entire share capital of Verifi Identity Services Limited ("Cloudcheck"), a New Zealand provider of identity verification software, for initial consideration of £10,048,000. Initial consideration for the acquisition was £6,691,000 in cash and £3,357,000 in GB Group plc shares issued directly to the Cloudcheck vendors. The cash consideration was funded by existing cash resources. The Consolidated Statement of Profit or Loss includes the results for the two-month period since the acquisition of Cloudcheck.

The acquisition of Cloudcheck increases GB Groups plc's identity verification presence in New Zealand and Australia, two markets where the Group currently provides fraud detection solutions to customers. Following completion of the purchase, GB Group plc's investment in Cloudcheck was immediately transferred to GBG (Australia) Holding Pty Limited who subsequently transferred this investment to GBG (Australia) Pty Limited at cost with the transaction being settled through intercompany accounts.

The provisional fair value of the identifiable assets and liabilities of Cloudcheck as at the date of acquisition was:

	Fair value recognised on acquisition £'000
Assets	
Technology intellectual property	1,535
Customer relationships	2,930
Brand	68
Property, plant and equipment	3
Purchased software	12
Trade and other receivables	404
Cash	693
Trade and other payables	(423)
Deferred tax liabilities	(1,269)
Total identifiable net assets at fair value	**3,953**
Goodwill arising on acquisition	9,713
Total purchase consideration transferred	**13,666**
Purchase consideration:	
Cash	6,691
Share purchase	3,357
Contingent consideration	3,618
Total purchase consideration	**13,666**
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(88)
Net cash acquired with the subsidiary	693
Cash paid	(6,691)
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	(5,998)
Net cash outflow	**(6,086)**

The fair value of the identifiable assets and liabilities set out above are considered provisional as completion was only two months prior to the year-end and so detailed analysis is still ongoing to agree the final values.

The fair value of the acquired trade receivables amounts to £398,000. The gross amount of trade receivables is £398,000 with a provision of £nil.

The contingent consideration is payable in stages based on revenue targets established with the vendor. The first stage of contingent consideration is linked to growth in revenue in the financial year ended 31 March 2023 and is payable in May 2023. The second stage of contingent consideration is linked to growth in revenue in the financial year ended 31 March 2024 and is payable in May 2024. The maximum amount payable is NZ$8,000,000.

The fair value measurement of the contingent consideration represents a level 3 valuation due to unobservable inputs, which are not derived from market data. The key assumption within the forecast revenue is volume.

The excess of the fair value of the consideration paid over the fair value of the assets acquired is represented by technology related intangibles of £1,535,000, customer relationships intangibles of £2,930,000 and brand intangibles of £68,000; with residual goodwill arising of £9,713,000.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from Cloudcheck due to their nature. These items include the capability for synergies from bringing the businesses together, combining propositions and capabilities that will help the business achieve accelerated consolidated growth from both cross-sell and up-sell. None of the goodwill is expected to be deductible for income tax purposes.

GB Group plc issued 580,768 ordinary shares as consideration for the business combination. Since the share consideration was subject to certain restrictions, the fair value of the shares was discounted to take into account the lack of marketability, which resulted in a fair value of £5.78 per share. The fair value of the consideration given was therefore £3,357,000. £15,000 of the total consideration was recognised within share capital with £3,342,000 recognised within the merger relief reserve in accordance with the requirements of section 612 of the Companies Act 2006.

Transaction costs of £88,000 were incurred and included within exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement. There were no directly attributable share issue costs recognised on this issue.

From the date of acquisition, Cloudcheck contributed £340,000 of revenue and £140,000 of profit to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue would have been £244,891,000 and profit before tax for the Group would have been £22,717,000.

10. Trade and Other Receivables

	2022	2021
	£'000	£'000
Trade receivables	**59,557**	48,883
Allowance for unrecoverable amounts	**(3,968)**	(3,600)
Net trade receivables	**55,589**	45,283
Prepayments	**10,561**	8,211
Accrued income	**3,565**	5,123
	69,715	58,617

11. Loans

Bank Loans

On 18 November 2021, the Group refinanced its existing revolving credit facility and the total was increased to a £175,000,000 multi-currency facility. This facility is due to expire in July 2025 with two one-year extension options. Total fees paid in relation to the extension were £1,157,000 which included an arrangement fee of £1,122,000.

On 22 November 2021, the Group drew down $210,220,000 (£156,748,000) against the new facility in order to part fund the acquisition of Acuant (see note 9). Subsequent to this drawdown repayments totalling $40,220,000 (£30,106,000) have been made prior to 31 March 2022.

During the year to 31 March 2021, loan arrangement fees on the previous revolving credit facility were reclassified to prepayments due to the loan value being £nil at 31 March 2021 and the net position was therefore an asset rather than a liability. In the year to 31 March 2022 loan arrangement fees have been netted off the loan balance.

The debt bears an interest rate of Sterling Overnight Index Average (SONIA) for British Pound Sterling drawdowns or Secured Overnight Financing Rate (SOFR) for US Dollar drawdowns plus a margin of between 1.6% and 2.4% depending on the Group's current leverage position.

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

	2022	2021
	£'000	£'000
Opening bank loan	**-**	62,139
New borrowings	**156,748**	-
Loan arrangement fee	**(1,157)**	
Repayment of borrowings	**(30,073)**	(62,500)
Loan fees paid for extension	**-**	(193)
Amortisation of loan fees	**129**	193
Foreign currency translation adjustment	**2,579**	-
Reclassification of loan fees to prepayments	**-**	361
Closing bank loan	**128,226**	-
Analysed as:		
Amounts falling due within 12 months	**-**	-
Amounts falling due after one year	**128,226**	-
	128,226	-
Analysed as:		
Bank loans	**129,254**	-
Unamortised loan fees	**(1,028)**	-

	128,226	-

12. Trade and Other Payables

	2022 **£'000**	2021 £'000
Trade payables	**10,558**	6,345
Other taxes and social security costs	**4,785**	4,202
Accruals	**34,229**	30,520
	49,572	41,067

13. Contingent Liability

The Information Commissioner's Office, the data industry regulator in the UK, announced in November 2018 that it was conducting audits on a number of companies to understand the use of data in their services. GBG was included in this review and has continued to actively engage and work with the Commissioner to continue to improve its privacy compliance. We will keep the market informed of any material developments.

14. Subsequent Events

On 10 May 2022, The GB Group Employee Benefit Trust ("the Trust") was established. The purpose of this trust will be to acquire and hold a pool of shares to satisfy share awards under the Group's employee share option schemes.

15. 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.

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

Organic Growth
Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions which are included only after the first anniversary following their purchase and disposed businesses. This enables measurement of performance on a comparable year-on-year basis without the impact of M&A activity.

Constant Currency
Constant currency means that non-Pound Sterling revenue in the comparative period is translated at the same exchange rate applied to the current year non-Pound Sterling revenue. This therefore eliminates the impact of fluctuations in exchange rates on underlying performance and enables measurement of performance on a comparable year-on-year basis without the impact of foreign exchange movements.

	2022 **£'000**	**2021** **£'000**	**Growth** **%**
Group revenue	**242,480**	217,659	11.4%
Revenue from acquisitions up to their first anniversary	**(13,213)**	-	(6.1)%
Revenue from disposals	**(38)**	(6,583)	3.5%
Organic revenue	**229,229**	211,076	8.6%
Constant currency adjustment	-	(3,897)	2.0%
Organic revenue at constant currency	**229,229**	207,179	10.6%

Normalised Items
These are recurring items which management considers could affect the underlying results of the Group.
These include:
- amortisation of acquired intangibles; and
- share-based payment charges

Normalised items are excluded from statutory measures to determine adjusted results.

Adjusted Operating Profit

Adjusted operating profit means operating profit before exceptional items and normalised items. Adjusted results allow for the comparison of results year-on-year without the potential impact of significant one-off items or items which do not relate to the underlying performance of the Group. Adjusted operating profit is a measure of the underlying profitability of the Group.

	2022 £'000	2021 £'000
Operating profit	**23,407**	35,503
Amortisation of acquired intangibles	**24,735**	17,671
Share-based payment charges	**6,171**	5,170
Exceptional items	**4,526**	(448)
Adjusted Operating Profit	**58,839**	57,896

Adjusted Operating Profit Margin

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

Adjusted Tax

Adjusted Tax means income tax charge before the tax impact of amortisation of acquired intangibles, share-based payment charges and exceptional items. This provides an indication of the ongoing tax rate across the Group.

	2022 £'000	2021 £'000
Income tax charge	**6,390**	7,385
Tax impact of amortisation of acquired intangibles	**5,082**	4,541
Tax impact of share-based payment charges	**218**	1,067
Tax impact of exceptional items	**897**	(818)
Adjusted Tax	**12,587**	12,175

Adjusted Effective Tax Rate

The Adjusted Effective Tax Rate means Adjusted Tax divided by Adjusted Earnings.

		2022			2021	
	Profit before tax £'000	**Income tax charge £'000**	**Effective tax rate %**	Profit before tax £'000	Income tax charge £'000	Effective tax rate %
Reported Effective Tax Rate	**21,645**	**6,390**	**29.5%**	34,263	7,385	21.6%
Add back:						
Amortisation of acquired intangibles	**24,735**	**5,082**	**(4.8%)**	17,671	4,541	1.4%
Equity-settled share-based payments	**6,171**	**218**	**(2.5%)**	5,170	1,067	(0.2%)
Exceptional items	**4,526**	**897**	**(0.1%)**	(448)	(818)	(1.3%)
Adjusted Effective Tax Rate	**57,077**	**12,587**	**22.1%**	56,656	12,175	21.5%

Adjusted EBITDA

Adjusted EBITDA means Adjusted Operating Profit before depreciation and amortisation of non-acquired intangibles.

	2022 £'000	2021 £'000
Adjusted Operating Profit	**58,839**	57,896
Depreciation of property, plant and equipment	**1,531**	1,433
Depreciation of right-of-use assets	**1,593**	1,838
Amortisation of non-acquired intangibles	**233**	243
Adjusted EBITDA	**62,196**	61,410

Adjusted Earnings Per Share ('Adjusted EPS')

Adjusted EPS represents adjusted earnings divided by a weighted average number of shares in issue and is disclosed to indicate the underlying profitability of the Group. Adjusted EPS is a measure of underlying earnings per share for the Group. Adjusted earnings represents Adjusted Operating Profit less net finance costs and income tax charges. Refer to note 8 for calculations.

Net (Debt)/Cash

This is calculated as cash and cash equivalent balances less outstanding external loans. Unamortised loan arrangement fees are netted against the loan balance in the financial statements but are excluded from the calculation of net cash/debt. Lease liabilities following the implementation of IFRS 16 are also excluded from the calculation of net cash/debt since they are not considered to be indicative of how the Group finances the business. This is a measure of the strength of the Group's balance sheet.

	2022 £'000	2021 £'000
Cash and cash equivalents	**22,302**	21,135
Loans on balance sheet	**128,226**	(361)
Unamortised loan arrangement fees	**1,028**	361
External Loans	**129,254**	-
Net (Debt)/Cash	**(106,952)**	21,135

Cash Conversion %

This is calculated as cash generated from operations in the Consolidated Cash Flow Statement, adjusted to exclude cash payments in the year for exceptional items, as a percentage of Adjusted operating profit. This measures how efficiently the Group's operating profit is converted into cash.

	2022 £'000	2021 £'000
Cash generated from operations before tax payments (from Consolidated Cash Flow Statement)	**56,256**	72,631
Opening unpaid exceptional items	**549**	-
Total exceptional items in the year	**4,526**	(448)
Non-cash exceptional items	**(427)**	1,751
Closing unpaid exceptional items	**(1,372)**	(549)
Cash generated from operations before tax payments and exceptional items paid	**59,532**	73,385
Adjusted EBITDA	**62,196**	61,410
Cash Conversion %	**95.7%**	119.5%

Debt Leverage

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

	2022 £'000	2021 £'000
Cash and cash equivalents	**22,302**	21,135
Loans on balance sheet	**128,226**	(361)
Unamortised loan arrangement fees	**1,028**	361
External Loans	**129,254**	-
Net (Debt)/Cash	**(106,952)**	21,135
Adjusted EBITDA	**62,196**	57,896
Debt Leverage	**1.72**	Positive cash

Pro forma revenue

This includes adjustments to reported revenue for the pre-acquisition/disposal revenue from acquisitions/disposals in the past twelve months in order to provide a more meaningful comparison to assess growth against in future periods. This includes the pre-acquisition revenue from 1 April 2021 to 29 November 2021 for Acuant and from 1 April 2021 to 31 January 2022 for Cloudcheck.

	2022 £'000
Reported revenue	**242,480**
Pre-acquisition/disposal revenue	**29,931**
Post-acquisition unwind of deferred revenue haircut[1] on Acuant	**1,381**
Pro forma revenue	**273,792**

[1] As required by IFRS 3 (Business Combinations, the revenue for Acuant includes a negative adjustment of £1.4m related to the restatement to fair value of the acquired deferred revenue balance (commonly known as the deferred revenue 'haircut'). The deferred revenue haircut represents the cost of providing the deferred revenue service in the post-acquisition period.

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 2022

Annual General Meeting	28 July 2022

Shareholder Enquiries
GBG's registrar, Equiniti, can deal with any enquiries relating to your shareholding, such as a change of name or address or a replacement of a share certificate. Equiniti's Shareholder Contact Centre can be contacted by telephone on 0371 38 2365 (international callers: +44 (0)121 415 7161) between 8.30am and 5.30pm Monday to Friday, excluding public holidays in England and Wales. You can also access details of your shareholding and a range of other shareholder services by registering at www.shareview.co.uk.

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