Independent Auditor's Report to the members of GB Group PLC

Opinion

In our opinion:

- GB Group plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the GB Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise:

Group	Parent company
Consolidated balance sheet as at 31 March 2023	Company balance sheet as at 31 March 2023
Consolidated statement of profit and loss for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Related notes C1 to C24 to the financial statements including a summary of significant accounting policies
Consolidated statement of changes in equity for the year then ended	
Consolidated cash flow statement for the year then ended	
Related notes 1 to 35 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework"(United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- In conjunction with our walkthrough of the group's financial statement close process, we confirmed our understanding of management's going concern assessment process and we challenged management to ensure all key risk factors were considered in their assessment;
- We obtained and reviewed the going concern assessment prepared by management for the period to 30 September 2024, being the going concern assessment period. We assessed the financial forecasts of the group to consider its ability to continue to meet its liabilities as they fall due and remain in compliance with the covenants associated to the group's revolving credit facility;
- We obtained management's forecasts for the period to 30 September 2024 and performed tests over the appropriateness of the model, including the arithmetical accuracy, as well as the starting cash position as at 1 April 2023;
- We assessed past historical accuracy of management's forecasting;
- We evaluated management's assumptions applied in preparing the forecasts by corroborating to third party data and/or by assessing changes from the prior period and considering whether there was any indication of management bias, including consideration of any contrary evidence;
- Management has modelled two downside scenarios in their cash flow forecast in order to assess the impact of further decline in revenue on covenant compliance and liquidity position.
  We evaluated the headroom under management's downside scenarios, which formed the basis of management's conclusions regarding going concern;

- In addition to evaluating the two downside scenarios, we evaluated management's reverse stress testing on the forecast to understand how severe the downside scenario would have to be to result in a covenant breach and/or elimination of the liquidity headroom;
- We performed our own independent sensitivity analysis to assess the impact of changes in key assumptions, including revenue growth rates, cost savings and cash conversion rate;
- We confirmed the terms of the group's revolving credit facility by reference to the signed agreement noting expiry on 18 July 2026;
- We reperformed covenant calculations and assessed cash flow forecasts along with appropriate sensitivity analysis and reverse stress testing to assess current and projected covenant compliance by reference to the revolving credit facility agreement;
- We read board minutes for any inconsistencies with the risks considered in the going concern assessment;
- We assessed current trading performance by inspecting the April 2023 period end management accounts in addition to making inquiries of management to identify any issues with the group's current trading and profitability through to the date of our audit report;
- We enquired of management as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern and compared their response to our understanding from completion of our audit procedures; and
- We read the disclosures in the Annual Report and Accounts to confirm that they were consistent with our understanding of the going concern assessment that had been undertaken by the Directors and that they appropriately reflected the risks that had been considered and were in conformity with the relevant standards.

Our key observations:

- The Directors' assessment forecasts that the Group will maintain sufficient liquidity and remain compliant with financial covenants in respect of revolving credit facility throughout the going concern assessment period. This included two downside scenarios with severe but plausible declines in revenue across the group and increased inflationary impacts on overheads and interest rates.
- Under the two downside scenarios, the covenant compliance and liquidity position did not result in any risk to going concern.
- The forecasts were further adjusted to establish at what point a covenant breach would occur without further mitigating actions being taken by management. A covenant breach would occur before the available cash resources of the Group are fully exhausted and therefore the focus of the reverse stress test was on covenant compliance. In making this assessment, the forecasts had been updated to reflect a reduction in operating expenses by 13%, which is the level that is considered possible without causing significant disruption to business operations.
- It was noted that it would take a revenue decline of 18.0% for a covenant breach to occur. This breach would be at 30 September 2024, and it would take an EBITDA increase of £0.3m or reduction in net debt of £0.1m during the quarter to remedy this breach.
- Based on the prior year trading performance, performance in the period since the year end and through reference to external market data, a decline of 18.0% is considered by the Directors to be remote. If this became a possibility, then deeper cost cutting measures could be implemented in advance of a covenant breach such as not declaring and paying a final dividend or making further reductions in overheads among others.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 September 2024.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of five components and audit procedures on specific balances for a further six components. • The components where we performed full or specific audit procedures accounted for 94% of EBITDA adjusted for exceptional items, 99% of Revenue and 93% of Total assets.
Key audit matters	• Revenue recognition – cut-off around the year-end and significant new contractual arrangements • Valuation of goodwill and intangible assets of Identity Americas CGU Group.
Materiality	• Overall group materiality of £1.5m which represents 2.5% of EBITDA adjusted for exceptional items.

Independent Auditor's Report to the members of GB Group PLC continued

An overview of the scope of the parent company and group audits

Tailoring the scope

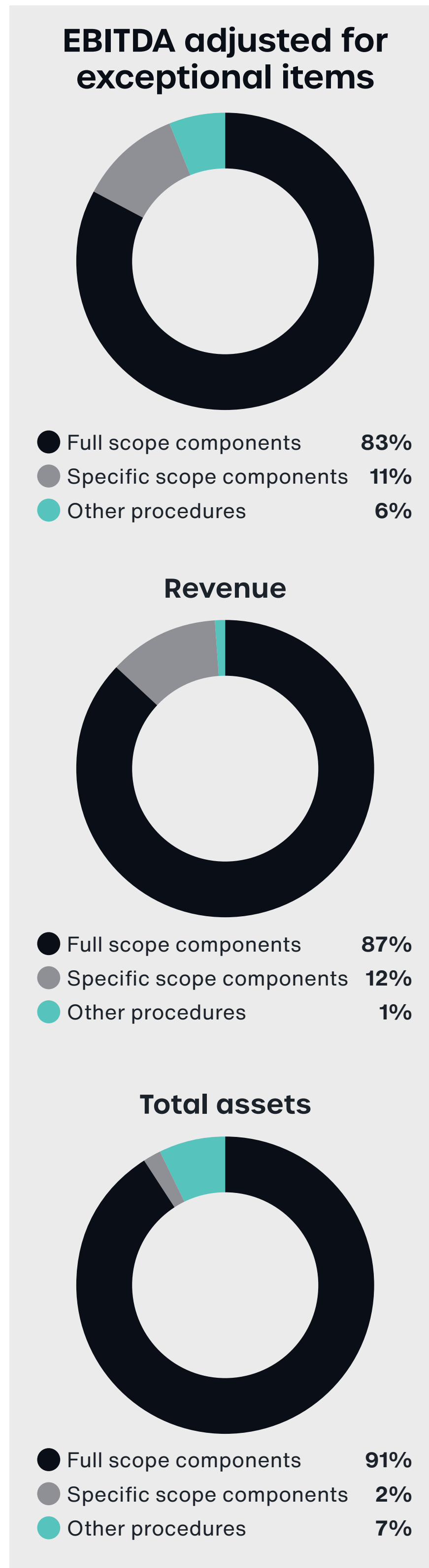
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, and changes in the business environment when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the twenty-eight reporting components of the Group, we selected eleven components, which represent the principal business units within the Group.

Of the eleven components selected, we performed an audit of the complete financial information of five components ("full scope components") which were selected based on their size or risk characteristics. For the remaining six components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 94% (2022: 93%) of the Group's EBITDA adjusted for exceptional items, 99% (2022: 98%) of the Group's revenue and 93% (2022: 100%) of the Group's total assets. For the current year, the full scope components contributed 83% (2022: 86%) of the Group's EBITDA adjusted for exceptional items, 87% (2022: 89%) of the Group's revenue and 91% (2022: 94%) of the Group's total assets. The specific scope component contributed 11% (2022: 7%) of the Group's EBITDA adjusted for exceptional items, 12% (2022: 9%) of the Group's revenue and 2% (2022: 6%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

The charts below illustrate the coverage obtained from the work performed by our audit teams.



Of the remaining seventeen components that together represent 6% of the EBITDA adjusted for exceptional items, none are individually greater than 1% of the EBITDA adjusted for exceptional items. For these components, we performed other procedures, including analytical reviews, testing of consolidation journals and intercompany eliminations, foreign currency translation recalculation procedures and obtaining bank confirmation letters for all bank accounts held to respond to any potential risks of material misstatement to the group financial statements.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the five full scope components, audit procedures were performed on three of these directly by the primary audit team and two by the component audit team. For the six specific scope components, audit procedures were performed on four of these directly by the primary team and two by the component team. For those audits performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers, attended planning and closing meetings and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at group level, gave us appropriate evidence for our opinion on the group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact the group. Given the nature of the business, the group's activities have a relatively small impact on the environment when compared to companies that operate in more resource intensive industries. The group has determined that the most significant future impacts from climate change on its operations will be from reducing the environmental impact of the business operations through management of energy, waste and greenhouse gas emissions. These are explained on pages 20 to 24 and form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

Our audit effort in considering the impact of climate change was focused on whether the effects of climate risks have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, being the impairment tests of cash generating units. We also challenged the Directors' considerations of climate change in their assessment of going concern and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the members of GB Group PLC continued

<table>
<tr><th>Risk</th><th>Our response to the risk</th><th>Key observations communicated to the Audit Committee</th></tr>
<tr><td>Revenue recognition – cut off around the year-end and significant new contractual arrangements
Refer to the Audit Committee Report (page 72); Accounting policies (pages 125 to 127); and Note 3 of the Consolidated Financial Statements (page 132).

The business has multiple revenue sources which can be grouped into two types of revenue stream: licence based (term-based subscription as per note 2 of the financial statements) and usage based (Transactions/consumption-based/subscription as per note 2 of the financial statements).

There is a risk that revenue is recorded incorrectly around the year-end date. This cut-off risk manifests itself through the risk of management override:
▪ by processing invalid journals to revenue as part of the year end financial statement close consolidation process; and
▪ within the processing of transactions if these are not in line with contractual arrangements (price, duration, classification) for licence based revenue or if inaccurate usage data/ costs are used in the recognition of usage based revenue around the year-end date.
This risk also manifests itself over significant new contracts as small changes in the terms and conditions can have a significant impact on the accounting for revenue.</td><td>Our audit procedures included:

Understanding the revenue recognition processes, including identification and walk through of management's key controls over revenue recognition, for licence based and usage based revenue streams.

Licence based
▪ For a sample of sales recognised in March and April 2023 we recalculated the revenue recognised by inspecting the licence price, duration and classification as per the signed customer contracts and agreeing completion of performance obligations to supporting documentation (such as the release of a license key).

Usage based
▪ For a sample of sales recognised in March and April 2023 we agreed sales prices to signed customer contracts and vouched usage data to usage reports
▪ We assessed the completeness and accuracy of the usage reports by vouching a sample to supplier invoices

Procedures across both revenue streams:
▪ For a sample of credit notes raised in March and April 2023, we assessed their impact on the value of revenue recognised and whether the revenue in the period was fairly stated
▪ In addition to testing transactions around the year end, we considered consolidation adjustments and agreed any material consolidation journals affecting revenue to supporting documentation to ensure they were valid
We identified key contracts across the group and considered and challenged whether revenue had been recognised correctly in accordance with IFRS 15 by considering performance obligations under each key contract and obtaining evidence of achievement of those obligations by the group</td><td>Revenue recognised at or near year-end has been properly accounted for, in all material respects, in accordance with the requirements of IFRS 15, Revenue from Contracts with Customers.

Revenue from significant new contractual arrangements has been recognised in accordance with IFRS 15.</td></tr>
</table>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of goodwill and intangible assets of Identity Americas CGU Group As at 31 March 2023 the Group has goodwill of £626m (FY22: £714m) and intangible assets of £225m (FY22: £256m). The total value of goodwill and intangibles assets allocated to the Identity Americas CGU Group was c. £644m (split as c.£487m on goodwill and c.£157m of Intangible assets). As outlined in Note 2, section 2.4, impairment of goodwill has been identified as a key source of estimation uncertainty. For the purposes of the year-end Group audit, the key risks and judgements lie within the sensitivity of management forecasts to key assumptions, specifically in relation to the Identity Americas CGU Group. The impairment assessment is particularly sensitive to the growth rates applied, as well as the perpetual growth rate, discount rates and long-term operating margin and cash flows for the Identity Americas CGU Group. Further details on the assumptions applied and the sensitivity to changes in those assumptions is provided in Note 16.	In order to derive an independent point of estimate of the cash flows in the model, our audit procedures included: ▪ Understanding the relevant controls around impairment identification processes, review and associated forecasts. ▪ Making inquiries of senior finance and operational management as to the basis for the underlying projections, as well as challenging the FY24 forecast and FY25 projected growth rate with the senior members of the management team and a sales team member of the Identity Americas CGU Group. ▪ Assessing the integrity of the impairment models through testing of the mechanical accuracy and evaluating the application of the input assumptions. ▪ Engaging with our valuation specialists to benchmark the discount rates and long-term growth rates applied to external macroeconomic and market data. This involved consideration of the impact of territory-specific risk adjustments to the discount rate and long-term growth rates versus the risk adjustments made to the underlying cash flows. ▪ Assessing evidence of historical forecasting accuracy and reviewing the latest customer pipeline. ▪ Understanding the impact of April 2024 actual performance on the cashflows, when comparing this to the forecasts used as part of management impairment analysis. ▪ Assessing the appropriateness of disclosures provided in the financial statements about the key source of estimation uncertainty, and the sensitivity analysis provided.	We are satisfied that the discount rate and long-term growth rate assumptions fall within our independently determined acceptable ranges. Whilst the forecasts remain sensitive to the changes in key assumptions pertaining to the Identity Americas CGU Group, management's year-end position, being an impairment loss of £122.2m does not appear unreasonable. We have also concluded that the related disclosures are appropriate.

In the prior year, there was a key audit matter for 'Accounting for business combinations – Acuant and Cloudcheck'. In the current year, this key audit matter is no longer considered to be applicable given the initial recognition and acquisition accounting took place during the financial year ended 31 March 2022.

In the current year we have included 'Valuation of goodwill and intangible assets of Identity Americas CGU Group' as a result of the increased risk of impairment of the goodwill and intangible assets.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £1,510,000 (2022: £1,280,000), which is 2.5% (2022: 5%) of EBITDA adjusted for exceptional items (2022: profit before tax and exceptional items).

We believe that EBITDA adjusted for exceptional items provides us with the most appropriate financial statement measure that is important to users of the financial statements. The basis used for materiality has changed from the prior year, given the Group is now operating at a loss before tax.

We determined materiality for the Parent Company to be £733,000 (2022: £1,930,000), which is 2.5% (2022: 5%) of EBITDA adjusted for exceptional items (2022: profit before tax and exceptional items). Materiality has decreased due to the change in materiality basis, to align the materiality basis to the Group materiality basis, being EBITDA adjusted for exceptional items.

Independent Auditor's Report to the members of GB Group PLC continued

Starting basis

EBITDA (£66,341,000)

Adjustments

Adjusting for expectional items of £127,175,000 to determine profit before tax and exceptional items

Materiality

Totals £60,834,000

Materiality of £1,510,000 (2.5% of materiality basis)

During the course of our audit, we reassessed initial materiality and the actual EBITDA adjusted for exceptional items was lower than the group's initial estimates used at the commencement of our year-end audit testing. However, whilst we updated for the initial consolidated results compared to planning (where the difference was significant), we did not change our materiality assessment at year end for the final actual results, as our procedures had been performed to a lower materiality and therefore no additional procedures were required.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2022: 50%) of our planning materiality, namely £755,000 (2022: £640,000). We have set performance materiality at this percentage due to our past experiences on the audit which indicated a higher risk of misstatements, both corrected and uncorrected.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £151,000 to £528,500 (2022: £128,000 to £480,000).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £75,500 (2022: £64,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report page 2 to 101, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 101, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to data protection and privacy, the financial reporting framework (International Accounting Standards in conformity with the requirements of Companies Act 2006), AIM rules and the relevant tax compliance regulations in the jurisdictions in which the group operates
- We understood how GB Group plc is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and papers provided to the Audit Committee, as well as observation in Audit Committee meetings and consideration of the results of our audit procedures across the group. We also obtained and reviewed the latest correspondence and closure letter received from the Information Commissioner's Office, the data industry regulator in the UK, to confirm that the group's ICO compliance audit, as referenced in note 32, had been completed
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by assessing the risk of fraud absent of controls, and then identifying controls which are in place at the entity level and whether the design of those controls is sufficient for the prevention and detection of fraud, utilising internal and external information to perform our fraud risk assessment. We considered the risk of fraud through management override and considered the design and implementation of controls at the financial statement level to prevent this, as well as incorporating data analytics across manual journal entries into our audit approach, which was designed to provide reasonable assurance that the financial statements were free from material fraud and error
- Where the risk was considered to be higher, including areas impacting Group key performance indicators or management remuneration, we performed audit procedures to address each identified fraud risk or other risk of material misstatement. These procedures included those on revenue recognition and valuation of goodwill and intangible assets of the Identity Americas CGU Group, detailed above, as well as testing manual journals. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business; enquiries of legal counsel and management and obtaining legal confirmations. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards and UK legislation
- Specific enquiries were made with the component teams to confirm any non-compliance with laws and regulations, and this was reported through their audit deliverables based on the procedures detailed in the previous paragraph. There were no significant instances of non-compliance with laws and regulations

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kate Jarman (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
14 June 2023

Consolidated statement of profit or loss

Year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Revenue	3,4	**278,810**	242,480
Cost of sales		**(80,994)**	(70,549)
Gross profit		**197,816**	171,931
Operating expenses		**(313,481)**	(148,192)
Net gain/(loss) on foreign exchange		**3,022**	(42)
Decrease/(increase) in expected credit losses of trade receivables		**214**	(290)
Operating (loss)/profit		**(112,429)**	23,407
Finance revenue	3,9	**636**	40
Finance costs	10	**(7,037)**	(1,794)
(Loss)/profit before tax		**(118,830)**	21,653
Income tax charge	11	**(964)**	(6,390)
(Loss)/profit for the year attributable to equity holders of the parent		**(119,794)**	15,263

	Note	2023 £'000	2022 £'000
Operating (loss)/profit		**(112,429)**	23,407
Amortisation of acquired intangibles	15	**42,758**	24,735
Equity-settled share-based payments	29	**2,313**	6,171
Exceptional items	7		
– impairment of goodwill		**122,225**	–
– other exceptional items		**4,950**	4,526
Adjusted operating profit		**59,817**	58,839

	Note	2023	2022
Earnings per share	13		
– basic earnings per share for the year		**(47.5p)**	7.1p
– diluted earnings per share for the year		**(47.5p)**	6.9p
– adjusted basic earnings per share for the year		**16.7p**	20.6p
– adjusted diluted earnings per share for the year		**16.4p**	20.2p

Consolidated statement of comprehensive income

Year ended 31 March 2023

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

Upon disposal of investments held at fair value through other comprehensive income or foreign operations, these elements of other comprehensive income will be recycled to the Consolidated statement of profit or loss.

Consolidated statement of changes in equity

Year ended 31 March 2023

	Note			Other reserves						
	Note	Equity share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Treasury shares £'000	Total other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2021		4,908	267,627	9,918	3	(16,606)	–	(6,685)	98,406	364,256
Profit for the period		–	–	–	–	–	–	–	15,263	15,263
Other comprehensive income		–	–	–	–	18,029	–	18,029	–	18,029
Total comprehensive (expense)/income for the period		–	–	–	–	18,029	–	18,029	15,263	33,292
Issue of share capital	22	1,389	299,142	90,081	–	–	–	90,081	–	390,612
Share-based payments	29	–	–	–	–	–	–	–	6,171	6,171
Tax on share options		–	–	–	–	–	–	–	(498)	(498)
Share forfeiture refund	22	–	–	–	–	–	–	–	(29)	(29)
Equity dividend	12	–	–	–	–	–	–	–	(6,677)	(6,677)
Balance at 31 March 2022		6,297	566,769	99,999	3	1,423	–	101,425	112,636	787,127
Loss for the period		–	–	–	–	–	–	–	**(119,794)**	**(119,794)**
Other comprehensive income		–	–	–	–	**35,060**	–	**35,060**	**700**	**35,760**
Total comprehensive (expense)/income for the period		–	–	–	–	**35,060**	–	**35,060**	**(119,094)**	**(84,034)**
Issue of share capital	22	**14**	**812**	-	–	–	–	–	–	**826**
Investment in own shares	30	–	–	–	–	–	**(2,500)**	**(2,500)**	–	**(2,500)**
Cost of employee benefit trust shares issued to employees	30	–	–	–	–	–	**1,426**	**1,426**	**(1,417)**	**9**
Share-based payments	29	–	–	–	–	–	–	–	**2,313**	**2,313**
Tax on share options		–	–	–	–	–	–	–	**(143)**	**(143)**
Net share forfeiture receipt	22	–	–	–	–	–	–	–	**146**	**146**
Equity dividend	12	–	–	–	–	–	–	–	**(9,600)**	**(9,600)**
Balance at 31 March 2023		**6,311**	**567,581**	**99,999**	**3**	**36,483**	**(1,074)**	**135,411**	**(15,159)**	**694,144**

Consolidated balance sheet
As at 31 March 2023

	Note	2023 £'000	Restated[1] 2022 £'000
ASSETS			
Non-current assets			
Goodwill	14	**626,394**	713,946
Other intangible assets	15	**224,834**	255,747
Property, plant and equipment	17	**3,752**	4,601
Right-of-use assets	18	**1,449**	2,742
Investments	19	**3,026**	2,326
Deferred tax asset	11	**793**	695
Trade and other receivables	20	**4,305**	–
		864,553	980,057
Current assets			
Inventories		**2,619**	1,196
Trade and other receivables	20	**65,313**	69,626
Current tax		**1,083**	7,804
Cash and short-term deposits	21	**21,552**	22,302
		90,567	100,928
Total assets		**955,120**	1,080,985
EQUITY AND LIABILITIES			
Capital and reserves			
Equity share capital	22,30	**6,311**	6,297
Share premium	22,30	**567,581**	566,769
Other reserves	30	**135,411**	101,425
Retained earnings		**(15,159)**	112,636
Total equity attributable to equity holders of the Parent		**694,144**	787,127
Non-current liabilities			
Loans	23	**126,411**	128,226
Lease liabilities	24	**524**	1,529
Provisions	26	**792**	866
Deferred revenue		**1,492**	1,805
Contingent consideration	35	**–**	1,920
Deferred tax liability	11	**34,986**	43,674
		164,205	178,020
Current liabilities			
Lease liabilities	24	**1,242**	1,842
Trade and other payables	25	**37,312**	49,615
Deferred revenue		**55,015**	57,018
Contingent consideration	35	**1,237**	5,856
Current tax		**1,965**	1,507
		96,771	115,838
Total liabilities		**260,976**	293,858
Total equity and liabilities		**955,120**	1,080,985

1. The prior year has been restated for a reclassification of deferred tax balances (see note 11c) and a measurement period adjustment (see note 34)

Approved by the Board on 14 June 2023

C G Clark
Director

D M Ward
Director

Registered in England number 2415211

Consolidated cash flow statement

Year ended 31 March 2023

	Note	**2023 £'000**	2022 £'000
Group (loss)/profit before tax:		**(118,830)**	21,653
Adjustments to reconcile Group loss/profit before tax to net cash flows			
Finance revenue	9	**(636)**	(40)
Finance costs	10	**7,037**	1,794
Depreciation of plant and equipment	17	**1,771**	1,531
Depreciation of right-of-use assets	18	**1,491**	1,593
Amortisation of intangible assets	15	**42,826**	24,968
Impairment of goodwill & intangible assets	14,15	**125,022**	–
Loss on disposal of plant and equipment and intangible assets		**379**	34
Loss on disposal of businesses	7	**113**	330
Fair value adjustment on contingent consideration		**(1,660)**	188
Unrealised gain on foreign exchange on intercompany loans		**(3,512)**	–
Share-based payments	29	**2,313**	6,171
Increase in inventories		**(1,448)**	(27)
Decrease in provisions		**(47)**	(169)
Increase in trade and other receivables		**(20)**	(3,967)
(Decrease)/increase in trade and other payables		**(16,229)**	2,197
Cash generated from operations		**38,570**	56,256
Income tax paid		**(4,263)**	(11,610)
Net cash generated from operating activities		**34,307**	44,646
Cash flows used in investing activities			
Acquisition of subsidiaries, net of cash acquired	34,35	**(4,991)**	(460,383)
Purchase of plant and equipment	17	**(968)**	(1,611)
Purchase of software	15	**(57)**	(120)
Proceeds from disposal of plant and equipment		**79**	–
Net outflow from disposal of businesses		**(18)**	(101)
Interest received		**569**	10
Net cash flows used in investing activities		**(5,386)**	(462,205)
Cash flows used in financing activities			
Finance costs paid		**(6,426)**	(1,383)
Proceeds from issue of shares	22	**826**	305,997
Purchase of shares by Employee Benefit Trust	30	**(2,500)**	–
Share issue costs	22	**–**	(5,780)
Proceeds/(refund) from share forfeiture	22	**146**	(29)
Proceeds from new borrowings, net of arrangement fee	23	**12,000**	155,591
Repayment of borrowings	23	**(22,394)**	(30,073)
Repayment of lease liabilities	24	**(2,062)**	(1,969)
Dividends paid to equity shareholders	12	**(9,600)**	(6,677)
Net cash flows used in financing activities		**(30,010)**	415,677
Net decrease in cash and cash equivalents		**(1,089)**	(1,882)
Effect of exchange rates on cash and cash equivalents		**339**	3,049
Cash and cash equivalents at the beginning of the period		**22,302**	21,135
Cash and cash equivalents at the end of the period	21	**21,552**	22,302

Notes to the consolidated financial statements

1. Corporate information

GB Group plc ('the Company') and its subsidiaries (together 'the Group') provide identity data intelligence products and services helping organisations recognise and verify all elements of an individual's identity at key interactions in their business processes. The nature of the Group's operations and its principal activities are set out in the Financial Review.

The Company is a public company limited by shares incorporated in the United Kingdom and is listed on the London Stock Exchange with its ordinary shares traded on the Alternative Investment Market. The Company registration number is 02415211. The address of its registered office is The Foundation, Herons Way, Chester Business Park, Chester, CH4 9GB. A list of the investments in subsidiaries, including the name, country of incorporation, registered office address and proportion of ownership interest, is given in note 19.

These consolidated financial statements have been approved for issue by the Board of Directors on 14 June 2023.

The Company's financial statements are included in the consolidated financial statements of GB Group plc. As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented.

The Company, GB Group plc, is the ultimate group company of the consolidated group.

2. Accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards, as applied in accordance with the provisions of the Companies Act 2006. The Company has taken advantage of section 408 of the Companies Act 2006 not to present the Parent Company profit and loss account. The financial statements have been prepared under the historical cost convention, modified in respect of the revaluation of financial assets and liabilities at fair value. A summary of the significant accounting policies is set out below.

The accounting policies that follow set out those policies that apply in preparing the financial statements for the year ended 31 March 2023 and the Group and Company have applied the same policies throughout the year.

The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). Refer to note C2.1 for further details.

In preparing the consolidated financial statements, management has considered the impact of climate change, particularly in the context of the financial statements as a whole, in addition to disclosures in the Strategic Report this year. This included an assessment of the impact on the carrying value of non-current assets and the impact on forecasts used in the impairment review and the assessments of going concern and longer-term viability.

These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to 30 September 2024 nor the viability of the Group over the next five years.

In reporting financial information, the Group presents Alternative Performance Measures ('APMs') which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information to reflect the underlying business and enable more meaningful comparison over time. A glossary on pages 179 and 181 provides a comprehensive list of APMs that the Group uses, including an explanation of how they are calculated, why they are used and how they can be reconciled to a statutory measure where relevant.

2.2 Going concern

The assessment of going concern relies heavily on the ability to forecast future cashflows over the going concern assessment period which covered the period through to 30 September 2024. Although GBG has a robust budgeting and forecasting process, the continued economic uncertainty caused by the macroeconomic environment means that additional sensitivities and analysis have been applied to test the going concern assumption under a range of downside and stress test scenarios. The following steps have been undertaken to allow the Directors to conclude on the appropriateness of the going concern assumption:

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 of 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 would be taken in the event of these stress test scenarios

f) Conclude upon the going concern assumption

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.2 Going concern continued

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

The potential scenarios which could lead to GBG not being a going concern, which remain unchanged from the prior year-end are considered to be:

- Not having sufficient cash to meet our liabilities as they fall due and therefore not being able to provide services to our customers, pay our employees or meet financing obligations
- A non-remedied breach of the financial covenants within the Group revolving credit facility ('RCF') agreement (detailed in note 23). Under the terms of the agreement this would lead to the outstanding balance becoming due for immediate repayment. These covenants are:
  - Leverage – consolidated net borrowings (outstanding loans and contingent consideration liability less current cash balance) as a multiple of Adjusted EBITDA for the last 12 months (adjusted to deduct depreciation of right-of-use assets and lease liability interest), assessed quarterly in arrears, must not exceed 3.00:1.00
  - Interest cover – Adjusted EBITDA (adjusted to deduct depreciation of right-of-use assets and lease liability interest) for the past 12 months as a multiple of consolidated net finance charges (excluding lease liability interest), for the last 12 months, assessed quarterly in arrears, must not fall below 4.00:1.00

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

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

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

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

As a global company, GBG operates in different countries and therefore is less exposed if particular countries are impacted at different rates. The breakdown of our revenue by country is shown in note 4. The Group has no operations or active suppliers in Russia, Belarus or Ukraine and business was suspended with the small number of customers who were incorporated in Russia in the previous year. There is no exposure to Russian customers in the current year.

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

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

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

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

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

2. Accounting policies continued

2.2 Going concern continued

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

Liquidity

	31 March 2023 £'000	31 March 2022 £'000	Variance £'000
Operating cashflow before tax and exceptional items paid	**42,504**	59,532	(17,028)
Adjusted EBITDA	**63,147**	62,196	951
Cash conversion %	**67.3%**	95.7%	(28.4%)
Cash (note 21)	**21,552**	22,302	(750)
Loans (excluding unamortised loan fees) (note 23)	**(127,470)**	(129,254)	1,784
Net (debt)/cash	**(105,918)**	(106,952)	1,034
Leverage	**1.68**	1.72	(0.04)

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

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

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

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

At 31 March 2023 the Group was in a net current liabilities position of £6.2 million (2022: net current liabilities of £14.9 million). However, within current liabilities is deferred revenue of £55.0 million (2022: £57.0 million) which represents a liability to provide a future service rather than a direct cash liability. Whilst there is a cash cost to providing these services (principally related to data costs or employee wages) these costs would be lower than the value of the deferred revenue liability, and will unwind over the course of the year rather than being a liability settled on demand. On this basis the net current liabilities position is not considered to be a risk from a going concern perspective.

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.2 Going concern continued

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

The annual budget setting process utilises a detailed bottom-up approach which is then subject to review and challenge by the Executive Team and Board of Directors. Management use both the internal and external information available in addition to their industry knowledge to produce the base case forecast. Management note that analysts' forecasts published after the trading update in April 2023 estimate an overall revenue growth in the year to 31 March 2024 due to the impact of organic growth. These estimates range from growth of 2.9% to 6.9%, with the consensus position being growth of 5.2% which would be revenue of £293.4 million on a constant currency basis. The budget for the year to 31 March 2024 is within the range of the analyst estimates.

This budget showed continued significant headroom in the covenant compliance tests and sufficient liquidity to maintain operations. The budget model was then adjusted to reflect realistic downside scenarios, including increases in costs, interest rates as well as reduced revenue growth both on an overall Group basis and specific to certain areas of the business. Under these downside scenarios, the covenant compliance and liquidity position did not result in any risk to going concern. Relative to the budget produced by management there have not been any adverse variances in the overall trading performance since the year end.

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

The budget model was then further adjusted to establish at what point a covenant breach would occur without further mitigating actions being taken by management. A covenant breach would occur before the available cash resources of the Group are fully exhausted and therefore the focus of the reverse stress test was on covenant compliance. In making this assessment it was assumed that management had reduced operating expenses by 13% which is the level that is considered possible without causing significant disruption to business operations. These savings would primarily be linked to people costs, including reductions in discretionary bonus payments and budgeted recruitment, as well as reductions in marketing and technology spend.

With a 13% operating expenses saving introduced in Q2 of FY24 it would take a revenue decline of 18.0% for a covenant breach (leverage) to occur. This breach would be as at 30 September 2024 although even at this point it would only take an Adjusted EBITDA increase of £300k or reduction in net debt of £100k during the quarter to remedy this breach.

Based on the prior year trading performance, performance in the period since the year end and through reference to external market data, a decline of anywhere near 18.0% is considered by the Directors to be remote. If this became even a possibility, then deeper cost cutting measures would be implemented well in advance of a covenant breach as well as consideration of a range of other mitigation actions detailed in the next section.

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

In the very remote event of the reverse stress test case scenario above occurring, there would be a breach of covenants on 30 September 2024 unless further mitigation steps were taken, the principal steps below would be taken (prior to the breach taking place) to avoid such a breach occurring:

- Take similar cash conservation measures to those that were implemented in the early stages of the pandemic in FY21 such as not declaring and paying a final dividend
- Make deeper cuts to overheads, primarily within the sales function if the market opportunities had declined to this extent. It would only take a reduction of less than 1% of overheads (based on the 31 March 2023 level) to increase Adjusted EBITDA to remedy a covenant breach of £300k
- Request a delay to UK corporation tax, employment tax or sales tax payments under the HMRC 'Time to Pay' scheme. In the year to 31 March 2023 corporation tax payments averaged £500k per quarter, employment tax payments (including employee taxes) were approximately £1.5 million per month and sales tax payments were £1.5 to £2.0 million per quarter
- Request a covenant waiver or covenant reset from our bank syndicate. The business would still be Adjusted EBITDA positive on a rolling 12-month basis at this point and the Directors believe they would have a reasonable expectation of achieving a temporary covenant waiver from the banks if needed
- Raise cash through an equity placing. Under the Articles of Association GBG has the right to raise cash through an equity placing up to 10% of its market valuation at the date of the placing
- Disposal of part of the business

f) Conclude upon the going concern assumption

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

2. Accounting policies continued

2.3 Significant accounting policies

The Group and Company financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March each year.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations

The Group uses the acquisition method of accounting to account for business combinations of entities not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as a financial liability within the scope of IFRS 9 'Financial Instruments: Recognition and Measurement' is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

If a business combination is achieved in stages, the acquisition date fair value of the Group's previously held investment in the acquiree is remeasured to fair value at the acquisition date with any resultant gain or loss recognised through profit or loss.

Employee Benefit Trust (EBT)

The Group established an EBT (The GB Group Employee Benefit Trust) on 10 May 2022 to enable shares to be bought in the market to satisfy the demand from share awards under the Group's employee share plans. The EBT is a separately administered trust and is funded by loans from Group companies. The assets of the trust comprise shares in GB Group plc and cash balances. The Group recognises the assets and liabilities of the trust in the Consolidated Financial Statements and shares held by the trust are recorded at cost as treasury shares as a deduction from shareholders' equity.

Consideration received for the sale of shares held by the trust is recognised in equity, with any difference between the proceeds from the sale and the original cost being taken to retained earnings.

As at 31 March 2023, the EBT held 260,939 shares in the Company.

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Foreign currencies – consolidation

The Group's consolidated financial statements are presented in pounds Sterling, which is also the Parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. On consolidation, the assets and liabilities of foreign operations are translated into pounds Sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates for the period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Foreign currencies – transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised within operating expenses as part of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ('CGU's) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the Consolidated Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only on assets other than goodwill if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated to write off cost less estimated residual value based on prices prevailing at the balance sheet date on a straight-line basis over the estimated useful life of each asset as follows:

Plant and equipment – over 3 to 10 years

Freehold buildings – over 50 years

Freehold land is not depreciated

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

2. Accounting policies continued

2.3 Significant accounting policies continued

Property, plant and equipment continued

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Consolidated Statement of Profit or Loss in the year the item is derecognised.

Residual values and estimated remaining lives are reviewed annually.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Intangible assets

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill already carried in the balance sheet at 1 April 2004 or relating to acquisitions after that date is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the CGU expected to benefit from the synergies. Impairment is determined by assessing the recoverable amount of the CGU, including the related goodwill. Where the recoverable amount of the CGU is less than the carrying amount, including goodwill, an impairment loss is recognised in the Consolidated Statement of Profit or Loss. The carrying amount of goodwill allocated to a CGU is taken into account when determining the gain or loss on disposal of the unit, or an operation within it. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the availability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised on a straight-line basis over 2 to 4 years.

Acquired intangibles

Separately identifiable intangible assets such as patent fees, licence fees, trademarks and customer lists and relationships are capitalised on the balance sheet only when the value can be measured reliably, or the intangible asset is purchased as part of the acquisition of a business. Such intangible assets are amortised over their useful economic lives on a straight-line basis.

Separately identified intangible assets acquired in a business combination are initially recognised at their fair value. Intangible assets are subsequently stated at fair value or cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is recognised in the Consolidated Statement of Profit or Loss on a straight-line basis over the estimated useful life of the asset. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Estimated useful lives typically applied are as follows:

Software technology assets	– over 2 to 8 years
Brands and trademarks	– over 2 to 5 years
Non-compete agreements	– over 3 to 5 years
Customer relationships	– over 10 years

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Computer software licences

Acquired computer software licences comprise computer software licences purchased from third parties, and also the cost of internally developed software. Acquired computer software licences are initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software.

Costs associated with maintaining the computer software are recognised as an expense when incurred. Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Inventories

Inventories comprise identity scanning hardware that is available for sale to customers. These are valued at the lower of cost or net realisable value (net selling price less further costs to completion), after making due allowance for obsolete and slow-moving items. Cost is determined by the first in first out (‘FIFO’) cost method.

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently as measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through profit or loss

The Group only has financial assets falling into the first two categories above and as such has only included the policy for these two below.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (‘EIR’) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s financial assets at amortised cost includes trade receivables.

2. Accounting policies continued

2.3 Significant accounting policies continued

Financial assets continued

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 'Financial Instruments: Presentation' and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets
The Group recognises an allowance for expected credit losses ('ECLs') for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECL are a probability-weighted estimate of credit losses. An assessment of ECL is calculated using a provision matrix model to estimate the loss rates to be applied to each trade receivable category. ECL are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Trade and other receivables

Trade receivables, which generally have 14 to 60 day terms, are initially recognised at fair value, and at amortised cost thereafter. This results in their recognition and subsequent measurement at original invoice amount less an allowance for expected credit losses. The Group applies the simplified approach which requires expected lifetime losses to be recognised from the initial recognition of the receivables (as recognised in the impairment of financial assets section on the previous page).

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently recorded at amortised cost using the EIR method.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Consolidated Statement of Profit or Loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Dilapidation provisions

A dilapidation provision is recognised when there is an obligation to restore property to its original state at the end of the leasehold period. The provision is estimated as the cost of restoration at the balance sheet date, with the corresponding entry recognised in property plant and equipment. Depreciation is charged in line with the remaining leasehold period.

Pensions

The Group does not have a Group contributory pension scheme. Payments are made to individual private defined contribution pension arrangements. Contributions are charged in the Consolidated Statement of Profit or Loss as they become payable.

2. Accounting policies continued

2.3 Significant accounting policies continued

Revenue recognition

Revenue is stated net of value-added tax, rebates and discounts and after the elimination of intercompany transactions within the Group. The Group operates a number of different businesses offering a range of products and services and accordingly applies a variety of methods for revenue recognition, based on the principles set out in IFRS 15.

Revenue is recognised to represent the transfer of promised services to customers in a way that reflects the consideration expected to be received in return. Consideration from contracts with customers is allocated to performance obligations identified based on their standalone selling price and is recognised when those performance obligations are satisfied and the control of goods or services is transferred to the customer, either over time or at a point in time.

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract assets, contract liabilities, accrued income and deferred income) to recognise in the period, management are required to form a number of judgements and assumptions. These may include an assessment of the costs the Group incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised. These judgements are inherently subjective and may cover future events such as the achievement of contractual milestones. Please see Judgements – Revenue recognition below for further detail.

a) Term-based subscriptions

Revenue from term-based subscriptions is recognised when control is considered to have passed to the customer. Control can pass either at a point in time or over time depending on the performance obligations under the contract as further described below.

Web-service hosted software solutions

The performance obligation is to provide the customer a right to access the software throughout the subscription period for which revenue is recognised over the subscription period.

On-premise installation

The performance obligations can include the provision of a software subscription, data sets, updates to those data sets during the subscription period and support and maintenance. There also are instances where customers are provided a data set to use with their own software rather than the Group's.

The Group's software has no standalone value to the customer without the data as there is nothing upon which to apply the algorithms. The data file cannot be accessed outside of the software so has no standalone value (unless under the circumstance where it has been subscribed for use on the customer's system). As a result, the software and the data are considered one performance obligation as the customer cannot benefit from one without the other.

Customers are given a right-to-use the software and data as it exists at the point in time the subscription is granted, for which revenue is recognised at the point in time the customer can first use and benefit from it.

A proportion of the transaction price is allocated to the provision of data updates and support and maintenance, which are considered separate performance obligations. This is either based on the stand-alone selling price for those services or, where the Group does not have a history of stand-alone selling prices for a particular software subscription, a cost-plus mark-up approach is applied.

Data disk

The performance obligations can include the subscription to use specific data sets, updates to those data sets during the subscription period and support and maintenance.

The performance obligations over the period of the subscription are satisfied by the provision of disk files to the customer in the same format on a monthly basis to ensure that the customer has access to the most relevant information throughout the contract period. This meets the series guidance under IFRS 15 paragraph 22: "a promise to transfer to the customer a series of distinct goods or services that are substantially the same and that have the same pattern of transfer". Accordingly, the revenue for the full subscription period is recognised over the contractual term.

b) Consumption-based

A number of GBG SaaS solutions provide for the provision of consumed data intelligence services with customers paying only for the number of searches they perform. The performance obligation is to provide this check and revenue in respect of those solutions is recognised based on usage. Customers are either invoiced in arrears for searches performed ('consumption') or make a prepayment giving them the right to a specific number of searches ('consumption-based subscription').

Where customers make a prepayment, which entitles them to perform a specific number of transactions over an agreed contract period, once this period has expired any unused transactions are forfeited. Based on a review of historic forfeitures an estimate is made of the expected percentage of transactions that will remain unused over their contracted life. This percentage is applied such that revenue for expected forfeiture is recognised in proportion to the pattern of transactions performed by the customer.

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Revenue recognition continued

c) Other
Revenue from other revenue such as development charges, set up, support and maintenance fees are recognised over time by reference to the stage of completion. Whereas, hardware is recognised at a point in time on delivery. Stage of completion of the specific transaction is assessed on the basis of the actual services provided as a proportion of the total services to be provided. Where the services consist of the delivery of support and maintenance on software licence agreements, it is generally considered to be a separate performance obligation and revenue is recognised on a straight-line basis over the term of the support period.

d) Perpetual licences
Revenue is recognised at a point in time when the contract is agreed, and the software is made available to the customer. Customers are charged an initial or perpetual licence fee for on-premise or hosted software which is usually limited by a set number of users or seats. Initial and perpetual licences provide the customer with the right to use the software and are distinct from other services.

e) Contract assets and contract liabilities
Costs to obtain a contract in the Group typically include sales commissions and under IFRS 15 certain costs such as these are deferred as contract assets and are amortised on a systematic basis consistent with the pattern of transfer of the goods or services to which the asset relates. As a practical expedient, these costs are expensed if the amortisation period to which they relate is one year or less.

Where the Group completes performance obligations under a contract with a customer in advance of invoicing the customer, the value of the accrued revenue is initially recognised as a contract asset.

Any contract assets are disclosed within the trade and other receivables in the Consolidated Balance Sheet.

Where the Group receives a short-term prepayment or advance of consideration prior to completion of performance obligations under a contract with a customer, the value of the advance consideration received is initially recognised as a contract liability in liabilities. Revenue is subsequently recognised as the performance obligations are completed over the period of the contract (i.e. as control is passed to the customer). Contract liabilities are presented in deferred income within trade and other payables in the Consolidated Balance Sheet.

f) Principal versus agent
The Group has arrangements with some of its customers whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer.

The Group is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the Group has in establishing the price for the specified good or service, whether the Group has inventory risk and whether the Group bears the responsibility for fulfilling the promise to deliver the service or good. Where the Group is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

The Group acts as a principal if it controls a promised good or service before transferring that good or service to the customer. Where the Group is acting as a principal, revenue is recorded on a gross basis.

This assessment of control requires some judgement in particular in relation to certain service contracts. An example is the provision of certain employment screening services where the Group may be assessed to be agent or principal dependent upon the facts and circumstances of the arrangement and the nature of the services being delivered.

g) Contract modifications
Although infrequent, contracts may be modified for changes in contract terms or requirements. These modifications and amendments to contracts are always undertaken via an agreed formal process. Contract modifications exist when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Group's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

a) Prospectively as an additional separate contract
b) Prospectively as a termination of the existing contract and creation of a new contract
c) As part of the original contract using a cumulative catch up
d) As a combination of b) and c)

For contracts for which the Group has decided there is a series of distinct goods and services that are substantially the same and have the same pattern of transfer where revenue is recognised over time, the modification will always be treated under either a) or b). However, d) may arise when a contract has a part termination and a modification of the remaining performance obligations.

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes.

2. Accounting policies continued

2.3 Significant accounting policies continued

Revenue recognition continued

h) Interest income
Revenue is recognised as interest accrues using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

i) Presentation and disclosure requirements
The Group has disaggregated revenue recognised from contracts into contract type (Term-based subscription, Consumption-based subscription, Consumption and Other) as management believe this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. The Group has also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 4 for the disclosure on disaggregated revenue.

Operating profit
Operating profit is profits after amortisation of acquired intangibles, equity-settled share-based payments and exceptional items but before finance revenue, finance costs and tax.

Non-GAAP measures
The Group presents multiple non-GAAP measures throughout this Annual Report. They are not defined by IFRSs and therefore may not be directly comparable with similarly titled measures of other companies. They are not intended to be a substitute for, or superior to, GAAP measures. Additional information for all non-GAAP measures, including definitions, rationale for their presentation, and reconciliations from the closest IFRS measure, is provided in the Non-GAAP measures section on pages 179 to 181.

The main non-GAAP presentations are adjusted and pro forma results.

Adjusted results
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.

The Group presents the non-GAAP performance measure 'adjusted operating profit' on the face of the Consolidated Statement of Profit or Loss and it is reconciled to Operating Profit as required to be presented under the applicable accounting standards. The Directors believe that this alternative measure of profit provides a reliable and consistent measure of the Group's underlying performance.

Normalised items
These are recurring items which management considers could affect on the underlying results of the Group. These items relate to:

- amortisation of acquired intangibles; and
- equity-settled share-based payments charges.

Other types of recurring items may arise; however, no others were identified in either the current or prior year. Recurring items are adjusted each year irrespective of materiality to ensure consistent treatment.

Management consider these items to not reflect the underlying performance of the Group.

Exceptional items
The Group presents as exceptional items those significant items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance. Such items may include, but are not restricted to, significant acquisition, restructuring and integration related costs, adjustments to contingent consideration, profits or losses on disposal of businesses and significant impairment of assets. Exceptional costs are discussed further in note 7.

Redundancy costs are only classified within exceptional items if they are linked to a reorganisation of part of the business, including when as a result of a business integration.

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

Dividends
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Share-based payment transactions
Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.3 Significant accounting policies continued

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuation specialist using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GB Group plc ('market conditions') and non-vesting conditions, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Consolidated Statement of Profit or Loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting conditions were satisfied, provided that all other vesting conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised over the remainder of the new vesting period for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it was granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected in the computation of earnings per share (note 13).

Finance costs

Finance costs consist of interest and other costs that are incurred in connection with the borrowing of funds. Finance costs are expensed in the period in which they are incurred.

Finance costs also include the amortisation of bank loan arrangement fees, interest on long-service award liabilities and interest on lease liabilities.

Taxes

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred income tax

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- No provision is made where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination that at the time of the transaction affect neither accounting nor taxable profit
- No provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future
- Deferred tax assets are reviewed at each reporting date and are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted. In assessing their recoverability, the Group uses the same forecasts that have been used for the impairment and going concern assessments
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date
- Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset and where they relate to the same tax authority

2. Accounting policies continued

2.3 Significant accounting policies continued

New accounting standards and interpretations

The following standards and amendments were effective for periods beginning on or after 1 January 2022 and as such have been applied in these financial statements. The Group has not early adopted any other standard or interpretation that is issued but not yet effective.

The following standards and amendments had no impact on the financial statements of the Group:

- Annual Improvements to IFRS: 2018-2020 Cycle
- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

New accounting standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1: Disclosure of Accounting Policies – effective for annual reporting periods beginning on or after 1 January 2023
- Amendments to IAS 8: Definition of Accounting Estimates – effective for annual reporting periods beginning on or after 1 January 2023
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction – effective for annual reporting periods beginning on or after 1 January 2023
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current – effective for annual reporting periods beginning on or after 1 January 2024
- Amendments to IAS 1: Non-current Liabilities with Covenants – effective for annual reporting periods beginning on or after 1 January 2024

None of the amendments are expected to have a significant impact on the Group, however the Group will continue to consider these and any additional amendments, interpretations and new standards to identify the potential future impact.

2.4 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Group's accounting policies the following estimates and judgements made by management have the most significant effect on the amounts recognised in the financial statements:

Significant estimates

Impairment of goodwill

The Group and Company test annually whether goodwill has suffered any impairment in accordance with the accounting policy stated earlier in note 2.3. Determining whether goodwill is impaired requires an estimation of the value in use and/or the estimated recoverable amount of the asset derived from the business, or part of the business, CGU, to which the goodwill has been allocated. The value in use calculation requires an estimate of the present value of future cash flows expected to arise from the CGU, by applying an appropriate discount rate to the timing and amount of future cash flows.

Management are required to make judgements regarding the timing and amount of future cash flows applicable to the CGU, based on current budgets and forecasts, and extrapolated for an appropriate period taking into account growth rates and expected changes to sales and operating costs. In making these estimates management have assessed the sensitivity of the assets to a wider range of changes in the key inputs to consider if an impairment would arise within these ranges.

Management estimate the appropriate discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business or the individual CGU. An analysis of the Group goodwill and the assumptions used to test for impairment are set out in note 16.

Allowance for impairment losses on credit exposures

The Group applies the IFRS 9 simplified lifetime expected credit loss approach in calculating expected credit losses (ECL). Under this method ECL provisions are determined using a combination of historical experience and forward-looking information based on management judgement. In the year to 31 March 2023, management has reviewed the historical rate of bad debts compared to revenue, in the context of the expected credit loss provision against trade receivables. As a result of this assessment, and whilst still taking into account forward-looking information in the light of the current macroeconomic environment, management has determined it appropriate to change the loss rates applied to each aged category of trade receivables. In the year to 31 March 2023, this change of estimate had the effect of reducing the expected credit loss charge by £867,000, as set out in note 20.

An increase of 1% in all ECL rates would increase the provision for impairment of trade receivables by £528,000. A decrease of 1% across all ECL rates would reduce the provision for impairment of trade receivables by £528,000.

Notes to the consolidated financial statements continued

2. Accounting policies continued

2.4 Judgements and key sources of estimation uncertainty continued

Other estimates

Prior year measurement period adjustment

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

In the year to 31 March 2022, GBG completed the acquisitions of Acuant and Cloudcheck, and provisional values were reported in note 34 of the 2022 Annual Report. The measurement periods for these acquisitions ended during the year to 31 March 2023.

No further adjustments were identified to the provisional fair values in respect of the acquisition of Cloudcheck but the values for Acuant were revised in the year to 31 March 2023 following the receipt of additional information about facts and circumstances that existed at the acquisition date which adjusted the provisional acquisition date values. The revised fair values of identifiable assets acquired and liabilities assumed at the acquisition date are set out in note 34. The impact of the measurement period adjustments has been applied retrospectively, meaning that the financial position for the year to 31 March 2022 has been restated. There was no impact on the profit and loss for the year to 31 March 2022.

Probability of vesting of equity instruments granted in terms of share-based payment schemes

The cumulative expense recognised for the Group's share-based payment schemes reflects, in the opinion of the Directors, the number of equity instruments granted that will ultimately vest. At each reporting date, management adjusts the unvested equity instruments with the forfeited instruments. Management are of the opinion that this number, adjusted for future attrition rates, represents the most accurate estimate of the number of instruments that will ultimately vest.

If the number of equity instruments expected to vest decreased by 1%, the share-based payment expense would have been £135,000 lower during the year.

Judgements

Revenue recognition

For contracts with multiple components to be delivered, management may have to apply judgement to consider whether those promised goods and services are (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is determined, and the Group allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied. Because of the bespoke nature of some solutions, judgement is sometimes required to determine and estimate an appropriate standalone selling price.

Allocation of goodwill to cash generating units

During the year, the allocation of goodwill to cash generating units ('CGUs') following the Group's acquisitions of Acuant and Cloudcheck has been completed, as this remained unallocated at 31 March 2022.

As part of this process, judgement was required in determining that the existing CGUs, and the allocation of goodwill to groups of CGUs, remained appropriate in the context of the Group's evolving business model and shift to global product development. Following strategic and operational changes made during the period to how the business is managed, and performance is monitored for internal reporting purposes, a change has been made to combine the Location and Loqate CGUs into one Location operating segment, to split the VIX Verify CGU into Location – APAC and Identity – APAC and to combine the Fraud and Transactis CGUs into one Fraud operating segment. In addition, a number of the groups of CGUs, or operating segments, have been renamed which are detailed below.

Judgement was also required in the allocation of the unallocated goodwill to the Group's CGUs. The acquisition of Cloudcheck was a bolt-on acquisition for global identity services which provided an opportunity to expand within the APAC region. Goodwill arising on bolt-on acquisitions is combined with the goodwill in the existing groups of CGUs and is not considered separately for impairment purposes since acquisitions are quickly integrated. Cloudcheck has therefore been integrated into the Identity – APAC operating segment since this is the group of CGUs that is expected to benefit from the acquisition.

2. Accounting policies continued

2.4 Judgements and key sources of estimation uncertainty continued

Judgements continued

Allocation of goodwill to cash generating units continued

The integration of Acuant has continued to progress during the period and the goodwill has been allocated proportionally based on the increase in the cumulative return as a result of the acquisition by CGU using the forecasts that were available as at 30 September 2022. Following this exercise, Acuant has been allocated to the Identity – Americas, Identity – APAC and the Identity – EMEA operating segments on a proportional basis based on groups of CGUs that are expected to benefit from the acquisition.

The following table shows the allocation of goodwill and acquired intangibles assets by CGU:

Carrying amount of goodwill and acquired intangible assets allocated to CGUs

Revised Name	Name at 31 March 22 (if different)	**31 March[2] 2023 £'000**	Restated[1] 31 March 2022 £'000
Location Unit	–	**72,409**	66,717
N/A (Combined into Location Unit)	Loqate Unit	**–**	8,012
Location – APAC Unit	N/A (Split from VIX Verify Unit)	**2,950**	–
Identity – EMEA Unit	Identity Unit	**131,072**	36,723
Identity – APAC Unit	VIX Verify Unit	**101,727**	21,699
Identity – Americas	IDology Unit	**521,913**	215,194
Fraud – Investigate Unit	Fraud Unit	**6,429**	7,022
Fraud – APAC Unit	CAFS Unit	**14,660**	15,863
N/A (Combined into Fraud – Investigate Unit)	Transactis Unit	**–**	619
Unallocated			
N/A – Now Allocated	Acuant Unit	**–**	582,165
N/A – Now Allocated	Cloudcheck Unit	**–**	15,340
		851,160	969,354

1. For details of the prior year measurement period adjustment refer to note 34
2. The 2023 goodwill and acquired intangibles value is stated after impairment (see notes 14 to 16)

Hyperinflationary economies

The Turkish economy was designated as hyperinflationary for reporting periods ending on or after 30 June 2022. Judgement was required in determining that the application of IAS 29 'Financial Reporting in Hyperinflationary Economies' to the Group's Turkish subsidiary, which has a functional currency of Turkish Lira, did not have a material impact on the Consolidated Financial Statements. As a result, the adjustments required by IAS 29 from 1 April 2022 have not been reflected within the Consolidated Financial Statements.

Deferred tax assets (both judgement and estimate)

The amount of the deferred tax asset included in the balance sheet is firstly assessed against the value of deferred tax liabilities to see if the deferred tax asset can be fully or partly absorbed by an offsetting deferred tax liability. The level of deferred tax asset not offset by deferred tax liabilities is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In this scenario, a deferred tax asset is recognised when it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Recognition, therefore, involves management judgement regarding the prudent forecasting of future taxable profits of the business including considering appropriate levels of risk. At the balance sheet date, management has forecast that the Group would generate future taxable profits against which certain decelerated capital allowances, tax losses and other temporary differences could be relieved. Within that forecast, management considered the total amount of tax losses available across the Group and the relative restrictions in place for loss streaming and made a judgement not to recognise deferred tax assets on temporary differences of £15,880,000 (2022: £17,828,000). The carrying value of the recognised deferred tax asset at 31 March 2023 was £23,738,000 (2022: £21,860,000) and the unrecognised deferred tax asset at 31 March 2023 was £4,859,000 (2022: £6,136,000). Further details are contained in note 11.

Notes to the consolidated financial statements continued

3. Revenue

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

	2023 £'000	2022 £'000
Subscription revenues:		
Consumption-based	**45,427**	35,830
Term-based	**112,034**	76,465
Total subscription revenues	**157,461**	112,295
Consumption	**103,834**	115,212
Other	**17,515**	14,973
Revenue	**278,810**	242,480
Finance revenue	**636**	40
Total revenue	**279,446**	242,520

Significant changes in contract balances

Accrued income predominantly relate to software licence services, where revenue recognition for on-premise arrangements occurs as the solution is transferred to the customer, whereas the invoicing pattern is often annually over the contract period. Accrued income recognised during the year totalled £7,601,000 (2022: £3,793,000). The accrued income balance for work completed but not invoiced on satisfaction of a performance obligation, unwinds over the contract term. Accrued income is transferred to receivables when the right to consideration becomes unconditional, or conditional over the passage of time.

Revenue recognised in the year of £60,256,000 (2022: £42,298,000) was included in the opening deferred revenue liability.

4. Segmental information

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

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

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

4. Segmental information

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

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

Year ended 31 March 2022	Location £'000	(Represented) Identity[1] £'000	Fraud £'000	Other £'000	Total £'000
Subscription revenues:					
Transactions/consumption-based	18,648	17,843	911	–	35,830
Term-based	43,129	9,465	23,871	–	76,465
Total subscription revenues	61,777	27,308	24,782	–	113,867
Transactions/consumption-based	3,877	109,842	1,493	–	115,212
Other	675	5,646	7,042	38	13,401
Total revenue	66,329	142,796	33,317	38	242,480
Contribution	24,601	57,030	8,025	(106)	89,550
Central overheads					(30,379)
Foreign exchange gain/(loss)					(42)
Expected credit losses of trade receivables					(290)
Adjusted operating profit					58,839
Amortisation of acquired intangibles					(24,735)
Share-based payments charge					(6,171)
Exceptional items					(4,526)
Operating profit					23,407
Finance revenue					40
Finance costs					(1,794)
Income tax expense					(6,390)
Profit for the year					15,263

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

Notes to the consolidated financial statements continued

4. Segmental information continued

Geographical information

	Revenues from external customers		Non-current assets	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
United Kingdom	**81,561**	82,874	**112,753**	117,533
United States of America	**106,683**	87,996	**699,925**	807,092
Australia	**35,799**	27,501	**51,046**	54,559
Others	**54,767**	44,109	**36**	46
	278,810	242,480	**863,760**	979,230

The geographical revenue information above is based on the location of the customer.

Non-current assets for this purpose consist of plant and equipment and intangible assets and excludes deferred tax assets.

5. Operating (loss)/profit

This is stated after charging/(crediting):

	2023 £'000	Restated 2022 £'000
Research and development costs recognised as an operating expense	**20,176**	16,713
Other technology related costs recognised as an operating expense	**33,817**	20,942
Total technology related costs recognised as an operating expense	**53,993**	37,655
Depreciation of property, plant and equipment (note 17)	**1,771**	1,531
Depreciation of right-of-use assets (note 18)	**1,491**	1,593
Expense relating to short-term leases	**869**	558
Expense relating to low-value leases	**7**	6
(Profit/loss on disposal of plant and equipment	**(60)**	34
Amortisation of intangible assets (note 15)	**42,826**	24,968

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

The above information does not include exceptional items which have been disclosed in note 7.

6. Auditor's remuneration

	2023 £'000	2022 £'000
Audit of the Group's financial statements	**562**	320
Audit of subsidiaries	**294**	392
Total audit fees	**856**	712
Other fees to auditor – other assurance services	**229**	132
	1,085	844

Auditor's remuneration of £nil (2022: £128,000) has been included within exceptional items during the year since it was directly attributable to the acquisitions of Acuant and Cloudcheck (see note 7).

7. Exceptional items

	2023 £'000	2022 £'000
(a) Acquisition related costs	**(1,087)**	2,711
(b) Integration costs	**686**	422
(c) Costs associated with team member reorganisations	**1,813**	1,063
(d) Rationalisation of office locations	**391**	–
(e) Impairment of goodwill (note 14)	**122,225**	
(f) Impairment of intangibles (note 15)	**2,797**	–
(g) Loss on disposal of businesses	**113**	330
(h) Write off of cloud-based software	**237**	–
	127,175	4,526

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

- Legal and professional advisor costs directly attributable to the acquisition of Acuant and the possible offer by GTCR to acquire GBG of £573,000 (2022: £5,607,000). In the year to 31 March 2022, the costs related to the acquisitions of Acuant and Cloudcheck, as well as costs which were incurred as part of a potential acquisition
- Fair value adjustments to contingent consideration (see note 35). During the year, a fair value reassessment of the Cloudcheck contingent consideration was performed. Based on actual performance in the period following initial acquisition, it was determined that the performance criteria would not be met in full. As a result, £2,753,000 of the balance initially recognised at acquisition has been taken as a credit within exceptional items
- The contingent consideration in respect of the pre-acquisition tax losses within IDology Inc was also settled during the year with an additional charge to exceptional items of £806,000 representing the difference between the estimated and final amount due. £548,000 of this difference related to interest income received by the Group on the tax losses which has been recognised within interest income. However, as an amount equal to the interest income was payable to the sellers this cost has been recorded within exceptional items
- £92,000 received from the IDology escrow administrator to reimburse pre-acquisition liabilities paid for by the Group
- Foreign exchange movement on contingent consideration (see note 35). The contingent consideration liabilities related to IDology and Cloudcheck are based on the US Dollar and New Zealand dollar respectively. As a result, the liabilities were retranslated at the balance sheet date with a loss of £379,000 (2022: loss £157,000) being treated as an exceptional item

During the prior year, a foreign exchange forward contract was entered into to fix the value at which GBG could convert the GBP proceeds from the equity raise into USD to part fund the Acuant acquisition. On settlement of the forward contract a gain of £3,053,000 was recognised which was treated as an exceptional item.

(b) Integration costs have been incurred relating to the integration of Acuant and Cloudcheck. This principally relates to consultancy fees paid to advisors in running programmes to deliver revenue and cost synergies from the acquisitions, travel for specific integration meetings and the costs of additional other temporary resources required for the integration. To 31 March 2023, the Group expensed £686,000 (2022: £422,000) relating to the integration of Acuant and Cloudcheck. Costs are anticipated to continue into the year ended 31 March 2024. Due to the size and nature of acquisition and integration costs, management consider that they do not reflect the Group's trading performance and so are adjusted to ensure consistency between periods.

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

(d) During the year to 31 March 2023, a project has commenced to rationalise the Group's office locations. To 31 March 2023, the Group expensed £391,000 (2022: £nil) with £202,000 relating to the impairment of a right-of-use asset following the exit of a leased building. Due to the nature of these costs, management deem them to be exceptional in order to better reflect our underlying performance. Costs are anticipated to continue until the end of the year ended 31 March 2024.

(e) As part of the Group's annual impairment testing, it was identified that the goodwill allocated to the Identity - Americas group of CGUs was impaired and an impairment charge of £122,225,000 was recognised.

(f) During the year to 31 March 2023, as part of the continued integration of Acuant and simplification of our brands in the Amercias region, Acuant was rebranded as IDology. As a result, the value of the Acuant brand included within acquired intangibles was considered to be £nil and an impairment charge of £2,797,000 was recognised.

(g) During the year to 31 March 2021, the business disposed of its Marketing Services and Employ and Comply businesses which resulted in an overall profit on disposal. In the year to 31 March 2023, additional costs of £113,000 (2022: £330,000) were incurred in relation to the finalisation of the disposal of these businesses.

(h) During the year to 31 March 2023, a write off of cloud-based software of £237,000 has been recognised. A final agenda decision by the IFRS Interpretations Committee clarified that configuration or customisation costs from cloud computing arrangements do not usually meet the definition of intangible assets under IAS 38 'Intangible Assets' and therefore should not be capitalised. As a result, previously capitalised costs that did not satisfy the clarified recognition criteria were written off.

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

Notes to the consolidated financial statements continued

8. Team member costs and Directors’ emoluments

a) Team member costs (including Directors)

	2023 £’000	2022 £’000
Wages and salaries including commission and bonuses	98,819	79,515
Social security costs	8,530	7,666
Other pension costs	4,638	3,457
Share-based payments	2,313	5,028
	114,300	95,666

The average monthly number of team members during the year within each category was as follows:

	2023 No.	2022 No.
Technology	452	381
General and administration	189	169
Sales and marketing	639	548
	1,280	1,098

b) Directors’ emoluments

	2023 £’000	2022 £’000
Wages and salaries	1,828	1,919
Pension	–	–
Bonuses	–	1,473
	1,828	3,392
Aggregate gains made by Directors on the exercise of share options	795	3,167

The remuneration for the highest paid Director was as follows:

	2023 £’000	2022 £’000
Wages and salaries	636	606
Bonus	–	706
	636	1,312

The highest paid Director has reached the maximum level permitted for a personal pension plan and receives a direct payment in lieu of his pension entitlement, which was £92,665 (2022: £88,823). The number of share options granted during the year for the highest paid Director was 225,120 (2022: 222,662) and the number of share options exercised during the year was 185,748 (2022: 330,812).

9. Finance revenue

	2023 £'000	2022 £'000
Bank interest receivable	**16**	10
Interest income on multi-year contracts	**53**	30
Tax interest receivable	**567**	–
	636	40

10. Finance costs

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

11. Taxation

a) Tax on loss/profit

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

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

Notes to the consolidated financial statements continued

11. Taxation continued

b) Reconciliation of the total tax charge

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

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

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

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

c) Deferred tax

Deferred tax asset

The recognised and unrecognised potential deferred tax asset of the Group is as follows:

	Recognised		Unrecognised	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Decelerated capital allowances	**7,657**	7,613	**1,327**	1,296
Share options	**1,076**	1,963	**–**	–
Long service award	**292**	280	**–**	–
Accrued bonuses	**170**	1,413	**–**	–
Provision for bad debt	**291**	284	**–**	–
Interest	**4,448**	2,315	**–**	–
Other temporary differences	**2,814**	2,765	**–**	–
R&D capitalisation	**893**	–	**–**	–
Leases	**221**	371	**–**	–
Capital losses	**–**	–	**889**	564
Trading losses	**5,876**	4,856	**2,643**	4,276
	23,738	21,860	**4,859**	6,136

11. Taxation continued

c) Deferred tax continued

Deferred tax asset continued

The movement on the deferred tax asset of the Group, before the offset of balances within countries, is as follows:

	2023 £'000	2022 £'000
Opening balance	21,860	7,676
Acquired on acquisition	–	14,695
Foreign currency adjustments	931	309
Impact of change in tax rates	179	397
Origination and reversal of temporary differences	768	(1,217)
	23,738	21,860

The deferred tax asset has been recognised to the extent it is anticipated to be recoverable out of future taxable profits based on profit forecasts for the foreseeable future. The utilisation of the unrecognised deferred tax asset in future periods will reduce the future tax rate below the standard rate. The Group has unrecognised deductible temporary differences of £15,880,000 (2022: £17,828,000) and unrecognised capital losses of £3,804,000 (2022: £2,579,000). Refer to 11d below for details of movement in the year.

Deferred tax liability

The deferred tax liability of the Group is as follows:

	2023 £'000	2022 £'000
Intangible assets	57,643	63,466
Land and buildings	157	344
Leases	140	243
Accelerated capital allowances	(9)	786
	57,931	64,839

The movement on the deferred tax liability of the Group, before the offset of balances within countries, is as follows:

	2023 £'000	2022 £'000
Opening balance	64,839	22,120
Acquisitions	–	46,899
Foreign currency adjustments	3,768	1,199
Impact of change in tax rates	1,031	759
Origination and reversal of temporary differences	(11,707)	(6,138)
	57,931	64,839

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

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

Notes to the consolidated financial statements continued

11. Taxation continued

d) Tax losses

The Group has carried forward trading losses at 31 March 2023 of £55,737,066 (2022: £38,865,000). The principal reasons for the increase in the year are additional Federal and State taxable losses in the United States.

To the extent that these unrecognised losses are available for offset against future trading profits of the Group, it is expected that the future effective tax rate would be below the standard rate.

There were also capital losses carried forward at 31 March 2023 of £3,804,000 (2022: £2,259,000), which should be available for offset against future capital gains of the Group to the extent that they arise. The Group also has unrecognised deductible temporary differences of £15,880,000 (2022: £17,828,000).

e) Change in United States deferred tax rates

The tax rate applied in the calculation of deferred tax assets and liabilities in the United States has been updated to reflect changes in the States in which future taxable profits are forecast to arise, which impacts the blended effective State tax rate that will apply.

For IDology Inc the rate is 25.5% (2022: 24.7%), for Loqate Inc the rate is 25.3% (2022: 25.3%) and for Acuant Inc the rate is 25.1% (2022: 24.8%).

f) Future change in United Kingdom tax rate

On 3 March 2021, the UK Government announced that effective 1 April 2023 the UK corporation rate will increase from 19% to 25%. This change was substantively enacted on 24 May 2021 and therefore the UK deferred tax assets and liabilities have been adjusted to reflect the change of rate for the amounts expected to unwind after 1 April 2023. This resulted in an additional credit in the period of £25,000 (2022: £482,000 charge).

g) Unremitted earnings

The Group's foreign subsidiaries have unremitted earnings of £56,955,000 (2022: £33,528,000), resulting in temporary differences of £143,000 (2022: £29,000) that may be payable as withholding tax if dividends were declared. No deferred tax has been provided in respect of these differences since the timing of the reversals can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

12. Dividends paid and proposed

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

13. Earnings per ordinary share from continuing operations

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

Basic

Basic earnings per share is calculated by dividing the profit/loss 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/loss 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.

13. Earnings per ordinary share from continued operations continued

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

Adjusted

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

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

14. Goodwill

	2023 £'000	2022 £'000
Cost		
At 1 April – as reported	**714,100**	286,505
Additions – business combinations	**–**	413,200
Additions – measurement period[1]	**–**	315
Foreign currency adjustment	**34,656**	14,080
At 31 March – as restated[1]	**748,756**	714,100
Impairment		
At 1 April	**154**	154
Impairment (note 16)	**122,225**	–
Foreign currency adjustment	**(17)**	–
At 31 March	**122,362**	154
Net book value		
At 31 March – as restated[1]	**626,394**	713,946

1. For details of the prior year measurement period adjustment refer to note 34

Goodwill arose on the acquisition of GB Mailing Systems Limited, e-Ware Interactive Limited, Data Discoveries Holdings Limited, Capscan Parent Limited, DecTech Solutions Pty Ltd, CDMS Limited, Loqate Inc., ID Scan Biometrics Limited, Postcode Anywhere (Holdings) Limited, VIX Verify Global Pty Limited, IDology Inc, Investigate 2020 Limited, Acuant Intermediate Holding Corp and Verifi Identity Services Limited. Under UK-adopted international accounting standards, goodwill is not amortised and is tested annually for impairment (see note 16).

Notes to the consolidated financial statements continued

15. Intangible assets

	Customer relationships £'000	Software technology £'000	Non-complete clauses £'000	Total acquired intangibles £'000	Purchased software £'000	Internally developed software £'000	Total £'000
Cost							
At 1 April 2021	109,716	34,949	5,088	149,753	1,754	1,212	152,719
Foreign currency adjustment	4,252	2,379	200	6,831	18	–	6,849
Additions – business combinations	51,524	132,890	–	184,414	193	–	184,607
Additions – purchased software	–	–	–	–	120	–	120
Disposals	–	–	–	–	(208)	(687)	(895)
Disposals – measurement period adjustment (note 34)	–	–	–	–	(183)	–	(183)
Disposals – measurement period adjustment (note 34)	–	–	–	–	(183)	–	(183)
At 31 March 2022 – as restated[1]	165,492	170,218	5,288	340,998	1,694	525	343,217
Foreign currency adjustment	**6,568**	**9,319**	**268**	**16,155**	**(20)**	**–**	**16,135**
Additions – purchased software	**–**	**–**	**–**	**–**	**57**	**–**	**57**
Disposals	**–**	**–**	**(401)**	**(401)**	**(1,201)**	**–**	**(1,602)**
At 31 March 2023	**172,060**	**179,537**	**5,155**	**356,752**	**530**	**525**	**357,807**
Amortisation and impairment							
At 1 April 2021	36,348	20,304	2,206	58,858	1,337	1,212	61,407
Foreign currency adjustment	1,211	667	119	1,997	(14)	–	1,983
Amortisation during the year	12,442	11,261	1,032	24,735	233	–	24,968
Disposals	–	–	–	–	(201)	(687)	(888)
At 31 March 2022	50,001	32,232	3,357	85,590	1,355	525	87,470
Foreign currency adjustment	**775**	**323**	**144**	**1,242**	**2**	**–**	**1,244**
Amortisation during the year	**17,083**	**24,533**	**1,142**	**42,758**	**68**	**–**	**42,826**
Impairment (note 7)	**–**	**2,797**	**–**	**2,797**	**–**	**–**	**2,797**
Disposals	**–**	**–**	**(401)**	**(401)**	**(963)**	**–**	**(1,364)**
At 31 March 2023	**67,859**	**59,885**	**4,242**	**131,986**	**462**	**525**	**132,973**
Net book value							
At 31 March 2023	**104,201**	**119,652**	**913**	**224,766**	**68**	–	**224,834**
At 31 March 2022 – as restated[1]	115,491	137,986	1,931	255,408	339	–	255,747
At 1 April 2021	73,368	14,645	2,882	90,895	417	–	91,312

1. For details of the prior year measurement period adjustment refer to note 34

15. Intangible assets continued

	Carrying value of customer relationship £'000	Remaining amortisation period Years	Carrying value of technology £'000	Remaining amortisation period Years
DecTech Solutions Pty Ltd	456	1.08	–	–
CDMS Limited	118	1.58	–	–
Loqate Inc	481	2.08	–	–
ID Scan Biometrics Limited	1,273	3.25	–	–
Postcode Anywhere (Holdings) Limited	10,153	4.08	–	–
VIX Verify Global Pty Limited	3,998	5.50	96	0.50
IDology Inc	39,810	5.83	2,771	0.83
Investigate 2020 Limited	–	–	2,541	2.75
Acuant Intermediate Holding Corp	45,243	8.67	112,978	4.88
Verifi Identity Services Limited	2,669	8.83	1,266	3.83
	104,201		119,652	

16. Impairment

Summary

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

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

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

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

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

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

Impairment review

Goodwill and intangible assets acquired through business combinations is allocated to the CGUs that are expected to benefit from that business combination and has been allocated for impairment testing purposes to seven groups of CGUs as follows:

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

Notes to the consolidated financial statements continued

16. Impairment continued

The allocation of previously unallocated goodwill to groups of CGUs and the changes made to previously reported groups of CGUs are outlined in note 2.

Where there are no indicators of impairment on the goodwill and acquired intangibles arising through business combinations made during the year, they are tested for impairment no later than the first anniversary following acquisition.

Carrying amount of goodwill and acquired intangible assets allocated to CGUs

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

1. For details of the prior year measurement period adjustment refer to note 34
2. 2023 goodwill value is stated after impairment

Key assumptions used in value in use calculations – Base Case

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

The Group prepares cash flow forecasts using:

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

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

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

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

16. Impairment continued

Key assumptions used in value in use calculations continued

The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the individual CGU. Growth rates reflect long-term growth rate prospects for the economy in which the CGU operates.

Revised name	Name at 31 March 2022 (if different)	**2023** Pre-tax discount rate %	**2023** Growth rate (in perpetuity) %	2022 Pre-tax discount rate %	2022 Growth rate (in perpetuity) %
Location Unit	–	**13.5%**	**2.0%**	12.3%	2.0%
Location – APAC Unit	N/A (Split from VIX Verify Unit)	**13.6%**	**3.6%**	n/a	n/a
Identity – EMEA Unit*	Identity Unit	**13.5%**	**2.0%**	12.3%	2.0%
Identity – APAC Unit*	VIX Verify Unit	**13.6%**	**3.6%**	14.3%	2.5%
Identity – Americas Unit*	IDology Unit	**12.3%**	**2.4%**	12.4%	2.0%
Fraud – Investigate Unit	Fraud Unit	**13.5%**	**2.0%**	12.3%	2.0%
Fraud – APAC Unit	CAFS Unit	**13.6%**	**3.6%**	14.3%	2.5%

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

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

Revised name	Name at 31 March 2022 (if different)	**2023** Base case[1] £'000	2022[2] Base case[1] £'000
Location Unit	–	**102,029**	122,106
Location – APAC Unit	N/A (Split from VIX Verify Unit)	**12,298**	n/a
Identity – EMEA Unit	Identity Unit	**32,301**	16,927
Identity – APAC Unit	VIX Verify Unit	**2,741**	14,933
Identity – Americas	IDology Unit	**(122,208)**	123,280
Fraud – Investigate Unit	Fraud Unit	**26,628**	33,740
Fraud – APAC Unit	CAFS Unit	**49,372**	18,921

1. The excess of the recoverable amount over the carrying amount of the CGU before applying sensitivities
2. The goodwill and acquired intangible assets in relation to the Acuant and Cloudcheck acquisitions remained unallocated to a CGU as at 31 March 2022 and therefore the prior year impairment assessment excluded these assets

The carrying value of the Identity – Americas group of CGUs has been reduced to its recoverable amount through recognition of an impairment charge of £122,225,0000 against goodwill. There is a difference of £17,000 to the negative headroom value in the above table due to the impairment charge being recorded in USD at an average FX rate in the income statement, whereas the table above is based on the closing FX rate. Further details of the reason for this impairment are in the summary section above and in the Financial Review on pages 41 to 42.

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

Notes to the consolidated financial statements continued

16. Impairment continued

Key assumptions used in value in use calculations – Sensitised case

The Group has considered the impact of changes in future cash flows and key assumptions on the base case value in use model, to create a sensitised value in use model. This has been included applying the cumulative impact of:

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

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

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

Revised name	Name at 31 March 2022 (if different)	2023 Sensitised[1] £'000	2022[2] Sensitised[1] £'000
Location Unit	–	**95,680**	101,303
Location – APAC Unit	N/A (Split from VIX Verify Unit)	**11,622**	n/a
Identity – EMEA Unit	Identity Unit	**23,337**	10,143
Identity – APAC Unit	VIX Verify Unit	**(2,776)**	8,838
Identity – Americas Unit	IDology Unit	**(157,506)**	61,508
Fraud – Investigate Unit	Fraud Unit	**25,445**	28,719
Fraud – APAC Unit	CAFS Unit	**46,517**	12,333

1. Headroom after adjusting future cash flows and key assumptions to create a sensitised value in use model
2. The goodwill and acquired intangible assets in relation to the Acuant and Cloudcheck acquisitions remained unallocated to a CGU as at 31 March 2022 and therefore the prior year impairment assessment excluded these assets

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

When considering goodwill impairment, the break-even rate at which headroom within each CGU is reduced to £nil, if all other assumptions remain unchanged, has also been considered.

Revised name	Name at 31 March 2022 (if different)	2023 Pre-tax discount rate	2023 Decrease in base case cashflows	2023 Revenue growth rate (2029 to 2032)	2022[1] Pre-tax discount rate	2022[1] Decrease in base case cashflows	2022[1] Revenue growth rate (2028 to 2032)
Location Unit	–	**28.7%**	**(58.0)%**	**n/a**	29.7%	(64.0)%	n/a
Location – APAC Unit	N/A (Split from VIX Verify Unit)	**48.6%**	**(80.0)%**	**n/a**	n/a	n/a	n/a
Identity – EMEA Unit	Identity Unit	**15.8%**	**(20.0)%**	**4.5%**	16.7%	(30.0)%	n/a
Identity – APAC Unit	VIX Verify Unit	**13.9%**	**(3.0)%**	**11.4%**	22.4%	(41.0)%	n/a
Identity – Americas Unit	IDology Unit	**n/a**	**n/a**	**n/a**	18.1%	(36.0)%	n/a
Fraud – Investigate Unit	Fraud Unit	**63.7%**	**(80.0)%**	**n/a**	66.5%	(82.0)%	n/a
Fraud – APAC Unit	CAFS Unit	**41.1%**	**(76.0)%**	**n/a**	27.6%	(53.0)%	n/a

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

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

17. Property, plant and equipment

	Property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2021	1,251	8,969	10,220
Additions	–	1,611	1,611
Acquired on acquisition	–	826	826
Disposals	–	(1,055)	(1,055)
Foreign currency adjustment	–	96	96
At 31 March 2022	1,251	10,447	11,698
Additions	**–**	**968**	**968**
Disposals	**–**	**(1,507)**	**(1,507)**
Foreign currency adjustment	**–**	**308**	**308**
At 31 March 2023	**1,251**	**10,216**	**11,467**
Depreciation and impairment			
At 1 April 2021	80	6,434	6,514
Provided during the year	19	1,512	1,531
Disposals	–	(1,021)	(1,021)
Foreign currency adjustment	–	73	73
At 31 March 2022	99	6,998	7,097
Provided during the year	**19**	**1,752**	**1,771**
Disposals	**–**	**(1,264)**	**(1,264)**
Foreign currency adjustment	**–**	**111**	**111**
At 31 March 2023	**118**	**7,597**	**7,715**
Net book value			
At 31 March 2023	**1,133**	**2,619**	**3,752**
At 31 March 2022	1,152	3,449	4,601
At 1 April 2021	1,171	2,535	3,706

Notes to the consolidated financial statements continued

18. Right-of-use assets

	Right-of-use assets £'000	Total £'000
Cost		
At 1 April 2021	8,914	8,914
Additions	245	245
Acquired on acquisition	892	892
Disposals	(1,454)	(1,454)
Foreign currency adjustment	222	222
At 31 March 2022	8,819	8,819
Additions	**420**	**420**
Disposals	**(2,234)**	**(2,234)**
Foreign currency adjustment	**148**	**148**
At 31 March 2023	**7,153**	**7,153**
Depreciation and impairment		
At 1 April 2021	5,683	5,683
Provided during the year	1,593	1,593
Disposals	(1,360)	(1,360)
Foreign currency adjustment	161	161
At 31 March 2022	6,077	6,077
Provided during the year	**1,491**	**1,491**
Impairment	**202**	**202**
Disposals	**(2,156)**	**(2,156)**
Foreign currency adjustment	**90**	**90**
At 31 March 2023	**5,704**	**5,704**
Net book value		
At 31 March 2023	**1,449**	**1,449**
At 31 March 2022	2,742	2,742
At 1 April 2021	3,231	3,231

The underlying class of assets and their net book values all relate to leasehold property.

19. Investments

	2023 £'000	2022 £'000
Cost		
At 1 April	**2,326**	2,288
Acquired on acquisition	**–**	38
Changes in fair value recognised in OCI	**700**	–
At 31 March	**3,026**	2,326

The above balance is split between investments held at fair value through other comprehensive income of £2,988,000 (2022: £2,288,000) and cost less provision for impairment of £38,000 (2022: £38,000).

During the year, a £700,000 gain on investments was recognised in OCI due to the fair value assessment of the investment in CredoLab Pte Ltd. See note 27 for details of how the fair value is determined.

The Group consists of a parent company, GB Group plc, incorporated in the UK, and a number of subsidiaries held directly or indirectly by GB Group plc, which are incorporated around the world, each contributing to the Group's profits, assets and cash flows.

Subsidiaries are accounted for using the cost model and the results of all subsidiaries have been consolidated in these financial statements. The Group holds 100% of the ordinary share capital of all investments as follows:

19. Investments continued

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
Capscan Parent Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Capscan Limited[1, 2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Citizensafe Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere Holdings Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (Europe) Limited[1, 2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (North America) Limited[1, 2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GBG (Australia) Holding Pty Ltd	100%	Australia	Level 7, 330 Collins Street, Melbourne, VIC 3000
GBG (Australia) Pty Ltd[1]	100%	Australia	Level 7, 330 Collins Street, Melbourne, VIC 3000
VIX Verify Global Pty Ltd[1]	100%	Australia	Level 7, 330 Collins Street, Melbourne, VIC 3000
GBG (Malaysia) Sdn Bhd[1]	100%	Malaysia	Level 7 Menara Millenium, Jalan Damanlela Pusat Bandar, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan
GBG (Europe) SL[1]	100%	Spain	08002-Barcelona, Edifici The Triangle, 4th Floor, Placa de Catalunya, Barcelona, Spain
迪安科[1]	100%	China	Room 1714, Building 4, China Investment Center, No.9 Guangan Road, Fengtai District, Beijing, China
Loqate Inc.[1]	100%	United States	3101 Park Boulevard, Palo Alto, CA 94306
Loqate Limited[1, 2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
IDology Inc.[1]	100%	United States	2018 Powers Ferry Road SE, Suite 720, Cobb, Atlanta, GA 30339
ID Scan Biometrics Limited[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
IDscan Research Bilisim Teknolojileri Sanayi Ve Ticaret Limited Sirketi[1]	100%	Turkey	Mersin Universitesi Çiftlikköy Kampüsü, Teknopark İdari Bina No: 106 Yenişehir – Mersin
UAB IDscan Biometrics R&D[1, 2]	100%	Lithuania	I.Kanto str. 18-4C, Kaunas LT-44296, Lithuania
GBG ANZ Pty Ltd[1]	100%	Australia	Level 7, 330 Collins Street, Melbourne, VIC 3000
GreenID Limited[1]	100%	New Zealand	Moore Stephens Markhams Wellington Limited, Level 11 Sovereign House, 34-42 Manners Street, Wellington 6011, New Zealand
Mastersoft Group Pty Ltd[1]	100%	Australia	Level 7, 330 Collins Street, Melbourne, VIC 3000
Mastersoft (NZ) Ltd[1]	100%	New Zealand	Moore Stephens Markhams Wellington Limited, Level 11 Sovereign House, 34-42 Manners Street, Wellington 6011, New Zealand
VIX Verify International Pty Ltd[1]	100%	Australia	Level 7, 330 Collins Street, Melbourne, VIC 3000
GBG (Singapore) Pte Ltd[1]	100%	Singapore	C/O S.S. Corporate Management Pte. Ltd, 138 Cecil Street, #12-01A Cecil Court, 069538 Singapore
VIX Verify SA (Pty) Ltd[1]	100%	South Africa	C/O Eversheds Sutherland, 3rd Floor, 54, Melrose Boulevard, Melrose Arch, Melrose North, 2196, Johannesburg, South Africa
PT Fraud Solutions Indonesia[1]	100%	Indonesia	Karinda Building, 2nd Floor, Suite 4, RT/RW.004/002, JL.Palmerah Selatan No. 30A, Kel. Gelora, Kec. Tanah Abang, Central Jakarta, Indonesia
Investigate 2020 Ltd[2]	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GBG (US) Holdings LLC	100%	United States	2018 Powers Ferry Road SE, Suite 720, Cobb, Atlanta, GA 30339

Notes to the consolidated financial statements continued

19. Investments continued

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
HS Thailand Ltd	100%	United Kingdom	3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT
Hello Soda (Thailand) Company Limited[1]	100%	Thailand	1108/31 Sukhumvit Road, Phrakanong, Klongtoey, Bangkok 10110, Thailand
Hello Soda Inc[1]	100%	United States	2018 Powers Ferry Road SE, Suite 720, Cobb, Atlanta, GA 30339
Acuant Inc[1]	100%	United States	2018 Powers Ferry Road SE, Suite 720, Cobb, Atlanta, GA 30339
Acuant Israel[1]	100%	Israel	Ha-Mefalsim St 12, Petah Tikva, Israel, 4951421
Acuant Mexico S de RL de CV[1]	100%	Mexico	Lago Alberto 442 Int 403 Suit 572 Col. ANAHUAC II SECCION
Verifi Identity Services Limited[1]	100%	New Zealand	Level 2, 48 High Street, Auckland, 1010, New Zealand
Verifi International Limited[1]	100%	New Zealand	Level 2, 48 High Street, Auckland, 1010, New Zealand

The following investments were placed into liquidation or merged with its parent company during the year:

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
Acuant UK Limited[1, 4]	100%	United Kingdom	C/O Mazars LLP, 1st Floor Two Chamberlain Square, Birmingham, B3 3AX
Data Discoveries Holdings Limited[2, 4]	100%	United Kingdom	C/O Mazars LLP, Restructuring Services, Capital Square 58 Morrison Street, Edinburgh, EH3 8BP
Data Discoveries Limited[1, 2, 4]	100%	United Kingdom	C/O Mazars LLP, Restructuring Services, Capital Square 58 Morrison Street, Edinburgh, EH3 8BP
Managed Analytics Limited[1, 2, 4]	100%	United Kingdom	C/O Mazars LLP, Restructuring Services, Capital Square 58 Morrison Street, Edinburgh, EH3 8BP
e-Ware Interactive Limited[2, 4]	100%	United Kingdom	C/O Mazars Llp, 1st Floor, Two Chamberlain Square, Birmingham, B3 3AX
GB Mailing Systems Limited[2, 4]	100%	United Kingdom	C/O Mazars Llp, 1st Floor, Two Chamberlain Square, Birmingham, B3 3AX
Farebase Limited[2, 4]	100%	United Kingdom	C/O Mazars Llp 1st Floor, Two Chamberlain Square, Birmingham, B3 3AX
TMG.tv Limited[2, 4]	100%	United Kingdom	C/O Mazars Llp 1st Floor, Two Chamberlain Square, Birmingham, B3 3AX
CRD (UK) Limited[2, 4]	100%	United Kingdom	C/O Mazars Llp 1st Floor, Two Chamberlain Square, Birmingham, B3 3AX
Transactis Limited[2, 4]	100%	United Kingdom	C/O Mazars Llp 1st Floor, Two Chamberlain Square, Birmingham, B3 3AX
Inkfish Services Limited[2, 4]	100%	United Kingdom	C/O Mazars Llp 1st Floor, Two Chamberlain Square, Birmingham, B3 3AX
Acuant Intermediate Holding Corp[1, 5]	100%	United States	2018 Powers Ferry Road SE, Suite 720, Cobb, Atlanta, GA 30339
Acuant Holding Corp[1, 5]	100%	United States	2018 Powers Ferry Road SE, Suite 720, Cobb, Atlanta, GA 30339
Looking Glass I Holdings Inc[1, 5]	100%	United States	2018 Powers Ferry Road SE, Suite 720, Cobb, Atlanta, GA 30339
IdentityMind Global Inc[1, 5]	100%	United States	2018 Powers Ferry Road SE, Suite 720, Cobb, Atlanta, GA 30339
Hello Soda International LLC[1, 5]	100%	United States	2018 Powers Ferry Road SE, Suite 720, Cobb, Atlanta, GA 30339

19. Investments continued

GB Group plc also hold branches in Dubai, Germany, Australia and New Zealand.

The Company accounts for its non-listed equity investments as financial instruments designated at fair value through OCI. The Company holds the following non-listed equity investments:

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
Prove Inc (formerly Payfone Inc.)[1, 3]	0.32%	United States	215 Park Avenue South New York, NY 10003 United States
CredoLab Pte Ltd	10.53%	Singapore	111 North Bridge Road #08-18, Peninsula Plaza, Singapore 179098
Zenoo Ltd[1]	1.00%	United Kingdom	C/O Azets, Compass House, Vision Park, Histon, Cambridge, Cambridgeshire, United Kingdom, CB24 9AD

1. Held indirectly
2. Dormant companies
3. Held at zero value
4. Placed into liquidation
5. Merged with its parent company

20. Trade and other receivables

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

1. For details of the prior year measurement period adjustment refer to note 34

Notes to the consolidated financial statements continued

20. Trade and other receivables continued

Expected credit loss allowance for trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. The provision rates are based on days past due, historical information relating to counterparty default rates and external credit ratings where available. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers, such as inflation, interest rates and economic growth rates. The following table provides an analysis of the Group's credit risk exposure on trade receivables using a provision matrix to measure expected credit losses.

	Trade receivables					
	Days past due					
31 March 2023	Current £'000	< 30 days £'000	31 – 60 days £'000	61 – 90 days £'000	> 90 days £'000	Total £'000
Gross carrying amount	30,112	12,375	3,712	1,603	5,090	52,892
Expected credit loss	(523)	(110)	(39)	(31)	(1,691)	(2,394)
Net carrying amount	29,589	12,265	3,673	1,572	3,399	50,498
% of total	59%	24%	7%	3%	7%	100%

	Trade receivables					
	Days past due					
31 March 2022	Current £'000	< 30 days £'000	31 – 60 days £'000	61 – 90 days £'000	> 90 days £'000	Total £'000
Gross carrying amount	33,818	15,233	3,862	1,787	4,857	59,557
Expected credit loss	(614)	(322)	(162)	(106)	(2,764)	(3,968)
Net carrying amount	33,204	14,911	3,700	1,681	2,093	55,589
% of total	60%	27%	7%	3%	3%	100%

The expected credit loss disclosed above includes both expected credit loss and credit note provisions.

Set out below is the movement in the allowance for expected credit losses of trade receivables and credit note provisions:

	2023 £'000	2022 £'000
Balance at 1 April	3,968	3,600
On acquisition	–	935
(Decrease)/increase in provision	(542)	1,896
Covid-19 provision	–	(757)
Write-offs	(366)	(409)
Release	(707)	(1,348)
Foreign exchange	41	51
	2,394	3,968

Sensitivities

A change in the expected credit loss percentage applied to each ageing category of 1% would increase/decrease the overall provision by £528,000 (2022: £596,000) at the year-end.

21. Cash

	2023 £'000	2022 £'000
Cash at bank and in hand	21,552	22,302

£279,000 (2022: £367,000) of cash at bank and in hand is considered to be restricted as it is held by the Commonwealth Bank of Australia for the purposes of the bank guarantee over GBG offices in Australia.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

22. Equity share capital

	2023 £'000	2022 £'000
Authorised		
252,454,882 (2022: 251,869,601) ordinary shares of 2.5p each	6,311	6,297
Issued		
Allotted, called up and fully paid	6,311	6,297
Share premium	567,581	566,769
	573,892	573,066

	2023 No.	2022 No.
Number of shares in issue at 1 April	251,869,601	196,303,554
Issued on placing	–	42,068,965
Issued in relation to acquisition of subsidiary	–	12,586,127
Issued on exercise of share options	585,281	910,955
Number of shares in issue at 31 March	252,454,882	251,869,601

	2023			2022		
	Share capital £'000	Share premium £'000	Total £'000	Share capital £'000	Share premium £'000	Total £'000
1 April	6,297	566,769	573,066	4,908	267,627	272,535
Consideration in exchange for acquisition of subsidiary	–	–	–	1,366	298,168	299,534
Consideration received on exercise of share options	14	812	826	23	974	997
Number of shares in issue at 31 March	6,311	567,581	573,892	6,297	566,769	573,066

Share forfeiture

Under Article 43 of GBG's Articles of Association if, for a period of at least 12 years, the Company has been unable to trace a shareholder and dividends have remained uncashed, the shares will be forfeited. Those shares become an asset of the Company and can be sold on the open market, with the net proceeds being "employed in the business of the Company or invested in such investments as the Board may think fit".

Following an extensive exercise in conjunction with the Company's Registrar to trace missing shareholders, in March 2023 47,765 shares in the Company were forfeited and subsequently sold on the open market. This resulted in a cash receipt of £136,000 net of fees and commissions related to the forfeiture programme. In addition, unclaimed dividends related to the forfeited shares totalling £14,000 were repaid to the Company.

Both the receipt from the sale of the forfeited shares and the unclaimed dividends have been recognised directly in retained earnings, totalling £150,000.

During the year to 31 March 2023, a number of late claims have been received in relation to previous forfeited shares and unclaimed dividends. As a result, share forfeiture refunds totalling £4,000 have been paid (2022: £29,000).

Notes to the consolidated financial statements continued

23. Loans

Bank loans

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

The facility was due to expire in July 2025 but on 18 November 2022, the Group exercised the first of the one-year extension options on the existing revolving credit facility so that the facility is now due to expire in July 2026. A further arrangement fee of £357,000 was payable for this extension. Loan arrangement fees have been netted off the loan balance. A second one-year extension option can be exercised in November 2023, subject to bank approval.

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

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

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

24. Lease liabilities

	2023 £'000	2022 £'000
At 1 April	**3,371**	3,936
Additions	**523**	236
Acquired on acquisition	**–**	971
Disposals	**(201)**	–
Accretion of interest	**110**	127
Payments	**(2,062)**	(1,969)
Foreign currency adjustment	**25**	70
At 31 March	**1,766**	3,371
Analysed as:		
Amounts falling due within 12 months	**1,242**	1,842
Amounts falling due after one year	**524**	1,529
	1,766	3,371

25. Trade and other payables

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

1. For details of the prior year measurement period adjustment refer to note 34

26. Provisions

	2023 £'000	2022 £'000
Provisions can be analysed as follows:		
Dilapidation provision (see below)	**342**	345
Long service award (see below)	**450**	521
	792	866
Dilapidation provision		
At 1 April	**345**	404
Provided in year	**40**	–
Utilised in year	**(41)**	(10)
Released in year	**–**	(50)
Foreign exchange adjustment	**(2)**	1
At 31 March	**342**	345

This provision relates to the estimated cost of restoration work required upon termination of leasehold property agreements. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. The timing of the outflows is not expected to occur in the following 12 months and as such has been disclosed as a non-current liability. The Group do not expect the final payments to differ materially from those amounts provided.

Notes to the consolidated financial statements continued

26. Provisions continued

Long service award

The Group provides long service awards, providing employees with a benefit after they attain a set period of service with the Group, for example 10 or 20 years. For these benefits, IAS 19 requires a liability to be held on the Group's balance sheet.

	2023 £'000	2022 £'000
At 1 April	**521**	606
Service cost	**64**	85
Benefits taken	**(59)**	(52)
Actuarial gain during the year	**(85)**	(127)
Net interest charge	**9**	9
At 31 March	**450**	521

The following table lists the inputs to the valuation of the long service award for the years ended 31 March 2023 and 31 March 2022.

	2023	2022
Discount rate (%)	**4.8**	2.6
Salary increases (%)	**3.8**	4.4
Employee turnover (% probability of leaving depending on age)	**2 – 23%**	2 – 23%

27. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk, liquidity risk and capital management. The Group's overall risk management programme considers the unpredictability of financial markets and seeks to reduce potential adverse effects on the Group's financial performance. The Group does not currently use derivative financial instruments to hedge foreign exchange exposures.

Credit risk

Credit risk is managed on a Group basis except for credit risk relating to accounts receivable balances which each entity is responsible for managing. Credit risk arises from cash and cash equivalents, as well as credit exposures from outstanding customer receivables. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. For those sales considered higher risk, the Group operates a policy of cash in advance of delivery. The Group regularly monitors its exposure to bad debts in order to minimise exposure. Credit risk from cash and cash equivalents is managed via banking with well-established banks with a strong credit rating.

The maximum exposure to credit risk at the reporting dates is the carrying value of each class of financial assets as disclosed in note 20.

Foreign currency risk

The Group's foreign currency exposure arises from:

- Transactions (sales/purchases) denominated in foreign currencies;
- Monetary items (mainly cash receivables and borrowings) denominated in foreign currencies; and
- Investments in foreign operations, whose net assets are exposed to foreign currency translation.

The Group has currency exposure on its investments in foreign operations in the United States of America. In terms of sensitivities, the effect on equity of a 10% increase in the US Dollar and Sterling exchange rate would be an increase in equity of £8,561,000 (2022: £5,975,000 increase). The effect on equity of a 10% decrease in the US Dollar and Sterling exchange rate would be a decrease of £10,464,000 (2022: £7,302,000 decrease).

The Group has currency exposure on its investments in foreign operations in Australia. In terms of sensitivities, the effect on equity of a 10% increase in the Australian Dollar and Sterling exchange rate would be a decrease of £5,135,000 (2022: £5,639,000 decrease). The effect on equity of a 10% decrease in the Australian Dollar and Sterling exchange rate would be an increase of £6,276,000 (2022: £6,892,000 increase).

The Group has currency exposure on its investments in foreign operations in New Zealand. In terms of sensitivities, the effect on equity of a 10% increase in the New Zealand Dollar and Sterling exchange rate would be a decrease of £94,000 (2022: £86,000 decrease). The effect on equity of a 10% decrease in the New Zealand Dollar and Sterling exchange rate would be an increase of £114,000 (2022: £105,000 increase).

27. Financial instruments and risk management continued

Foreign currency risk continued

The exposure to transactional foreign exchange risk within each company is monitored and managed at both an entity and a Group level. The following table demonstrates the sensitivity of the Group's foreign currency exposure on the net monetary position at 31 March 2023:

Foreign currency exposure – Group	USD rate	EUR rate	AUD rate	MYR rate	CNY rate	NZD rate
Change in rate	+10%	+10%	+10%	+10%	+10%	+10%
Effect on profit before tax (£000s)	487	56	117	(90)	32	(146)
Change in rate	–10%	–10%	–10%	–10%	–10%	–10%
Effect on profit before tax (£000s)	(595)	(69)	(143)	110	(39)	178

The Group's exposure to foreign currency changes for all other currencies is not material.

Cash flow interest rate risk

The Group has financial assets and liabilities, which are exposed to changes in market interest rates. Changes in interest rates impact primarily on deposits and loans by changing their future cash flows (variable rate). Management does not currently have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group does not use hedging instruments to minimise its exposure. However, at the time of taking new loans or borrowings, management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity. In terms of sensitivities, the effect on profit before taxation of an increase/decrease in the basis points on floating rate borrowings of 25 basis points would be £326,000 (2022: £311,000).

Liquidity risk

Cash flow forecasting is performed on a Group basis by the monitoring of rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs and surplus funds are placed on deposit and available at very short notice. The maturity date of the Group's loans are disclosed in note 23.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and includes contractual interest payments:

Year ended 31 March 2023	On demand £'000	Less than 12 months £'000	1 to 5 years £'000	Total £'000
Loans (note 23)	–	–	126,411	126,411
Contingent consideration (note 35)	–	1,237	–	1,237
Lease liabilities (note 24)	–	1,291	549	1,840
Trade and other payables (note 25)	15,423	21,889	–	37,312
	15,423	24,417	126,960	166,800

Year ended 31 March 2022	On demand £'000	Less than 12 months £'000	1 to 5 years £'000	Total £'000
Loans (note 23)	–	–	128,226	128,226
Contingent consideration (note 35)	–	5,954	2,111	8,065
Lease liabilities (note 24)	–	1,930	1,589	3,519
Trade and other payables (note 25)	15,343	34,229	–	49,572
	15,343	42,113	131,296	189,382

The balances above represent the contractual undiscounted amounts, and therefore will differ from the amounts presented in the statement of financial position (which are discounted).

Notes to the consolidated financial statements continued

27. Financial instruments and risk management continued

Capital management

The Group manages its capital structure in order to safeguard the going concern of the Group and maximise shareholder value. The capital structure of the Group consists of debt, which includes loans disclosed in note 23, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Group may maintain or adjust its capital structure by adjusting the amount of dividend paid to shareholders, returning capital to shareholders, issuing new shares or selling assets to reduce debt.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowings in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

Financial instruments: classification and measurement

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group at 31 March:

	2023			2022		
	Loans and receivables £'000	Fair value through profit or loss £'000	Fair value through OCI £'000	Loans and receivables £'000	Fair value through profit or loss £'000	Fair value through OCI £'000
Financial assets:						
Investments	–	–	2,988	–	–	2,288
Trade and other receivables	50,498	–	–	55,589	–	–
Total current	50,498	–	2,988	55,589	–	2,288
Total	50,498	–	2,988	55,589	–	2,288
Financial liabilities:						
Lease liabilities	524	–	–	1,529	–	–
Loans	126,411	–	–	128,226	–	–
Contingent consideration	–	–	–	–	1,920	–
Total non-current	126,935	–	–	129,755	1,920	–
Trade and other payables	37,312	–	–	49,572	–	–
Lease liabilities	1,242	–	–	1,842	–	–
Loans	–	–	–	–	–	–
Contingent consideration	–	1,237	–	–	5,856	–
Total current	38,554	1,237	–	51,414	5,856	–
Total	165,489	1,237	–	181,169	7,776	–

All financial assets and liabilities have a carrying value that approximates to fair value. The Group does not have any derivative financial instruments at the year end. During the prior year, a foreign exchange forward contract was entered into to fix the rate at which part of the consideration for the Acuant acquisition was exchanged at. On settlement of the forward contract a gain of £3,053,000 was recognised in the Consolidated Statement of Profit and Loss (see note 7a).

Financial assets

Trade and other receivables exclude the value of any prepayments or accrued income. Trade and other payables exclude the value of deferred income.

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Trade receivables are non-interest bearing and are generally on 14- to 60-day terms.

27. Financial instruments and risk management continued

Financial liabilities

The Group has a multi-currency revolving credit facility agreement expiring in July 2026, with a one-year extension option, which is subject to a limit of £175,000,000. The debt bears an interest rate of Sterling Overnight Index Average (SONIA) for GBP drawdowns or Secured Overnight Financing Rate (SOFR) for USD drawdowns plus a margin of between 1.6% and 2.4% depending on the Group's current leverage position.

The facilities are secured by way of an all asset debenture.

The Group is subject to a number of covenants in relation to its borrowings which, if breached, would result in loan balances becoming immediately repayable. These covenants specify certain maximum limits in terms of the following:

- Leverage
- Interest cover

At 31 March 2023 and 31 March 2022, the Group was not in breach of any bank covenants.

Financial liabilities: interest bearing loans and borrowings

	Interest rate %	Maturity	**2023 £'000**	2022 £'000
Non-current interest-bearing loans and borrowings				
£175,000,000 multi-currency revolving credit facility	Variable[1]	July 2026	**126,411**	128,226
Total non-current interest-bearing loans and borrowings			**126,411**	128,226
Total interest-bearing loans and borrowings			**126,411**	128,226

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

Fair values of financial assets and liabilities

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For financial instruments that are recognised at the fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At 31 March 2023	**Valuation technique**	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial asset at fair value through other comprehensive income	**Market-based approach**				
Investment in CredoLab Pte Ltd (note 19)		**–**	**–**	**2,988**	**2,988**
Financial liability at fair value through profit and loss					
Contingent consideration (note 35)	**Present value of expected future cash flow**	**–**	**–**	**1,237**	**1,237**

Notes to the consolidated financial statements continued

27. Financial instruments and risk management continued

Fair values of financial assets and liabilities continued

At 31 March 2022	Valuation technique	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial asset at fair value through other comprehensive income Investment in CredoLab Pte Ltd (note 19)	Market-based approach	–	–	2,288	2,288
Financial liability at fair value through profit and loss					
Contingent consideration (note 35)	Present value of expected future cash flow	–	–	7,776	7,776

The fair value of non-listed equity investments is determined using the market-based approach. Factors considered include movement in exchange rates, similar share transactions and revenue performance.

The fair value of contingent consideration is estimated having been determined from management's estimates of the range of outcomes to certain future forecasts and their estimated respective likelihoods. The contractual cash flows are therefore based on future trading activity, which is estimated based on latest forecasts.

28. Changes in liabilities arising from financing activities

	1 April 2022 £'000	Cash flows £'000	Foreign exchange movement £'000	Other movement £'000	New leases £'000	31 March 2023 £'000
Current liabilities						
Interest bearing loans	–	–	–	–	–	–
Lease liabilities	1,842	(2,062)	–	1,462	–	1,242
Non-current liabilities						
Interest bearing loans	128,226	(10,394)	8,611	(32)	–	126,411
Lease liabilities	1,529	–	26	(1,554)	523	524
Total liabilities arising from financing activities	131,597	(12,456)	8,637	(124)	523	128,177

Other movement in interest bearing loans represents additional loan fees paid during the year and amortisation of those loan fees.

Other movement in lease liabilities includes interest, disposals and the reclassification of non-current lease liabilities to current lease liabilities.

	1 April 2021 £'000	Cash flows £'000	Foreign exchange movement £'000	Other movement £'000	New leases £'000	31 March 2022 £'000
Current liabilities						
Interest bearing loans	–	–	–	–	–	–
Lease liabilities	1,650	(1,969)	–	2,161	–	1,842
Non-current liabilities						
Interest bearing loans	–	125,518	2,579	129	–	128,226
Lease liabilities	2,286	–	70	(2,034)	1,207	1,529
Total liabilities arising from financing activities	3,936	123,549	2,649	256	1,207	131,597

Other movement in interest bearing loans represents additional loan fees paid during the year and amortisation of those loan fees.

Other movement in lease liabilities includes interest, disposals and the reclassification of non-current lease liabilities to current lease liabilities.

29. Share-based payments

The Group operates Executive Share Option Schemes under which Executive Directors, managers and team members of the Company are granted options over shares. The charge recognised from equity-settled share-based payments in respect of employee services received during the year is £2,313,000 (2022: £6,171,000).

Executive Share Option Scheme

Options are granted to Executive Directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The options vest on the third anniversary of the grant subject to the Company's earnings per share ('EPS') growth being greater than the growth of the Retail Prices Index ('RPI') over a three-year period prior to the vesting date. There are no cash settlement alternatives.

Share Matching Plan

In the year ended 31 March 2012, the Remuneration Committee introduced the Share Matching Plan. Participants who invest a proportion of their annual cash bonus in GBG shares can receive up to a multiple of their original investment in GBG shares, calculated on a pre-tax basis. Any matching is conditional upon achieving pre-determined Adjusted EPS growth targets set by the Remuneration Committee for the following three years. Share Matching Plan options will only become exercisable to the extent they have vested in accordance with the Adjusted EPS target.

For Share Matching Plan awards granted after 31 March 2020, 75% of the awards are subject to the Adjusted EPS growth targets. The remaining 25% are subject to a Total Shareholder Return ('TSR') measure against the peer group (FTSE250). 25% of the TSR element vests at the median performance against the peer group and 100% of award vests at upper quartile, i.e. the 75th percentile.

GBG Sharesave Scheme

The Group has a savings-related share option plan, under which employees save on a monthly basis, over a three or five-year period, towards the purchase of shares at a fixed price determined when the option is granted. This price is usually set at a 20% discount to the market price at the time of grant. The option must be exercised within six months of maturity of the savings contract, otherwise it lapses.

Performance Share Plan ('PSP')

The Group operates a PSP for all employees, but it is intended that awards are made to senior management team members below the Executive Director level. The plan was approved at the 2018 AGM. Awards are subject to a three-year EPS performance condition. Employees can be granted awards with an aggregate value on date of grant of up to 100% of base salary. The awards are subject to malus and clawback.

In the year to 31 March 2023, the Remuneration Committee agreed to amend the PSP to allow Executive Directors to participate in the Share Plan and as a result, the Company's Share Matching Plan will no longer be used. The plan was approved at the 2022 AGM. Executive Directors can be granted awards of £nil cost options with an aggregate value on date of grant of up to 225% of base salary (or 400% in exceptional circumstances). The awards are subject to a two-year holding period from the date of vesting and malus and clawback.

For Performance Share Plan awards granted after 31 March 2020, 75% of the awards are subject to the Adjusted EPS growth targets. The remaining 25% are subject to a TSR measure against the peer group (FTSE 250). 25% of the TSR element vests at the median performance against the peer group and 100% of award vests at upper quartile, i.e. the 75th percentile.

Restricted Share Plan ('RSP')

In the year ended 31 March 2023, the Remuneration Committee introduced the RSP. The RSP's primary purpose is to incentivise and retain selected participants below Board level. The plan was approved at the 2022 AGM. Awards are subject to a three-year period of service. Employees can be granted awards with an aggregate value on date of grant of up to 100% of base salary. The awards are subject to malus and clawback.

Notes to the consolidated financial statements continued

29. Share-based payments continued

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year.

	2023 No.	2023 WAEP	2022 No.	2022 WAEP
Outstanding as at 1 April	**5,351,638**	**148.5p**	5,060,450	162.23p
Granted during the year	**3,331,870**	**83.64p**	1,922,799	120.78p
Forfeited during the year	**(1,123,447)**	**149.95p**	(676,788)	204.54p
Cancelled during the year	**(332,491)**	**554.15p**	(35,503)	537.22p
Exercised during the year	**(923,310)**	**90.41p**[1]	(919,320)	108.43p[2]
Outstanding at 31 March	**6,304,260**	**101.03p**	5,351,638	148.50p
Exercisable at 31 March	**321,299**	**206.35p**	170,347	62.27p

1. The weighted average share price at the date of exercise for the options exercised was 443.97p
2. The weighted average share price at the date of exercise for the options exercised was 827.14p

For the shares outstanding as at 31 March 2023, the weighted average remaining contractual life is 6.3 years (2022: 5.0 years).

The weighted average fair value of options granted during the year was 469.34p (2022: 686.29p). The range of exercise prices for options outstanding at the end of the year was 2.5p-885.0p (2022: 2.5p - 885.0p).

The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model for the years ended 31 March 2023 and 31 March 2022.

	2023	2022
Dividend yield (%)	**0.3 – 0.8**	0.3 – 0.4
Expected share price volatility (%)	**30 – 46**	40
Risk-free interest rate (%)	**0.0 – 3.0**	0.0 – 0.3
Lapse rate (%)	**0 – 10.0**	0 – 10.0
Expected exercise behaviour	**See below**	See below
Expected life of option (years)	**1.0 - 5.1**	1.0 – 5.1
Exercise price (p)	**2.50 – 885.0**	2.50 – 885.0
Weighted average share price (p)	**443.97**	827.14

Other than the Matching Scheme, PSP, RSP and SAYE options, it is assumed that 50% of options will be exercised by participants as soon as they are 20% or more "in-the-money" (i.e. 120% of the exercise price) and the remaining 50% of options will be exercised gradually at the rate of 10% per annum each year they remain at or above the 20% "in-the-money".

For the Matching Scheme, PSP and SAYE options, it is assumed these are exercised at the earliest opportunity in full (i.e. vesting date) since the exercise price is a nominal amount and is therefore not expected to influence the timing of a participant's decision to exercise the options.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

30. Description of reserves

Equity share capital

The balance classified as share capital includes the nominal value on issue of the Company's equity share capital, comprising 2.5p ordinary shares.

Share premium

The balance classified as share premium includes the excess proceeds over the nominal amount received on the issue of the Company's equity share capital. Costs associated with the issue of new share capital have been offset against this balance.

Merger reserve

The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in the acquisition of GB Mailing Systems, Investigate 2020 Limited, Acuant Intermediate Holding Corp and Verifi Identity Services Limited by the issue of shares.

Capital redemption reserve

The balance classified as capital redemption reserve includes the nominal value of own shares purchased back by the Company and subsequently cancelled.

Foreign currency translation reserve

The balance on the foreign currency translation reserve represents the accumulated balance on the translation of foreign subsidiaries previously recognised through other comprehensive income.

Treasury shares

The treasury share reserve represents the weighted average cost of the shares in GB Group plc purchased in the open market and held by The GB Group Employee Benefit Trust (EBT) to satisfy existing share options under the Group's long-term incentive plans. During the year, 607,333 shares (2022: nil) were purchased by the EBT at an average price of £4.12 (2022: £nil). 346,394 shares (2022: nil) with an attributable cost of £4.12 (2022: nil) were issued to employees in satisfying share options that were exercised.

	£'000
At 1 April 2022	**–**
Own shares purchased	**2,500**
Shares issued to employees	**(1,426)**
At 31 March 2023	**1,074**

31. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

There were no other related party transactions entered into, or outstanding at 31 March 2023 or 31 March 2022.

Compensation of Key Management Personnel (including Directors)

	2023 £'000	2022 £'000
Short-term employee benefits	**1,828**	3,392
Fair value of share options awarded	**1,555**	2,633
	3,383	6,025

Notes to the consolidated financial statements continued

32. Contingent liability (prior year only)

The Information Commissioner's Office, the data industry regulator in the UK, announced in November 2018 that it was conducting audits on a number of companies to understand the use of data in their services. GBG was included in this review and has engaged and worked with the ICO in order to address the recommendations that were made to improve privacy compliance. On 23 February 2023, GBG received official confirmation that their engagement had been formally closed.

33. Subsequent events

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

34. Acquisitions

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

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

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

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

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

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

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

35. Contingent consideration

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

1. Included in Consolidated Cash Flow Statement within fair value adjustment on contingent consideration line totalling £1,660,000 credit (2022: £188,000 debit). Since the contingent consideration in respect of Cloudcheck sits within a foreign subsidiary, the £234,000 foreign exchange movement includes a £145,000 credit that has been recognised within the foreign currency translation reserve following the translation of foreign subsidiaries. The £1,660,000 credit to exceptional items therefore represents the remaining foreign exchange movement of £379,000, the remeasurement of contingent consideration of £806,000 (less £92,000 received from the IDology escrow administrator in the prior year) and the credit for the partial release of Cloudcheck contingent consideration £2,753,000
2. Included in Consolidated Cash Flow Statement within the finance costs line totalling £7,037,000 (2022: £1,794,000)

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

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

The fair value of contingent consideration is estimated having been determined from management's estimates of the range of outcomes to certain future forecasts and their estimated respective likelihoods. The contractual cash flows are therefore based on future trading activity, which is estimated based on latest forecasts (Level 3 as defined by IFRS 13 – see note 27).

Company balance sheet

As at 31 March 2023

	Note	2023 £'000	Restated[1] 2022 £'000
ASSETS			
Non-current assets			
Goodwill	C6	**99,858**	99,858
Intangible assets	C7	**14,138**	18,535
Property, plant and equipment	C8	**2,163**	2,705
Right-of-use assets	C9	**440**	907
Investments	C10	**737,163**	711,903
Deferred tax asset	C11	**634**	405
		854,396	834,313
Current assets			
Inventories		**217**	175
Trade and other receivables	C12	**30,356**	42,577
Cash and short-term deposits	C13	**8,997**	4,703
		39,570	47,455
Total assets		**893,966**	881,768
EQUITY AND LIABILITIES			
Capital and reserves			
Equity share capital	C14	**6,311**	6,297
Share premium	C16	**567,581**	566,769
Merger reserve	C16	**99,999**	99,999
Capital redemption reserve	C16	**3**	3
Other reserves	C16	**4,489**	4,489
Retained earnings	C16	**128,017**	130,938
Total equity attributable to equity holders of the parent		**806,400**	808,495
Non-current liabilities			
External loans	C17	**5,941**	–
Intercompany loans	C17	**19,746**	541
Lease liabilities	C18	**87**	602
Deferred revenue		**540**	718
Provisions	C19	**638**	683
Deferred tax	C11	**2,530**	2,292
		29,482	4,836
Current liabilities			
Trade and other payables	C20	**21,449**	26,102
Deferred revenue		**34,575**	36,672
Lease liabilities	C18	**515**	671
Contingent consideration	C24	**–**	3,842
Current tax		**1,545**	1,150
		58,084	68,437
Total liabilities		**87,566**	73,273
Total equity and liabilities		**893,966**	881,768

1. The prior year has been restated for a reclassification of deferred tax balances (see note C11)

During the year the Company made a profit of £3,663,000 (2022: £34,934,000).

Approved by the Board on 14 June 2023

C G Clark
Director

D M Ward
Director

Registered in England number 2415211

Company statement of changes in equity
Year ended 31 March 2023

	Note	Equity share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2021		4,908	267,627	9,918	3	4,489	97,037	383,982
Profit for the period		–	–	–	–	–	34,934	34,934
Total comprehensive income for the period		–	–	–	–	–	34,934	34,934
Issue of share capital	C14	1,389	299,142	90,081	–	–	–	390,612
Share-based payments charge		–	–	–	–	–	6,171	6,171
Tax on share options		–	–	–	–	–	(498)	(498)
Share forfeiture refund	C14	–	–	–	–	–	(29)	(29)
Equity dividend	C15	–	–	–	–	–	(6,677)	(6,677)
Balance at 31 March 2022		6,297	566,769	99,999	3	4,489	130,938	808,495
Profit for the period		**–**	**–**	**–**	**–**	**–**	**3,663**	**3,663**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**	**700**	**700**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**4,363**	**4,363**
Issue of share capital	C14	**14**	**812**	**–**	**–**	**–**	**–**	**826**
Share-based payments charge		**–**	**–**	**–**	**–**	**–**	**2,313**	**2,313**
Tax on share options		**–**	**–**	**–**	**–**	**–**	**(143)**	**(143)**
Net share forfeiture receipt	C14	**–**	**–**	**–**	**–**	**–**	**146**	**146**
Equity dividend	C15	**–**	**–**	**–**	**–**	**–**	**(9,600)**	**(9,600)**
Balance at 31 March 2023		**6,311**	**567,581**	**99,999**	**3**	**4,489**	**128,017**	**806,400**

Notes to the Company accounts

C1. Corporate information

GB Group plc ('the Company') provides identity data intelligence products and services helping organisations recognise and verify all elements of an individual's identity at key interactions in their business processes. The nature of the Company's operations and its principal activities are set out in the Financial Review.

The Company is a public company limited by shares incorporated in the United Kingdom and is listed on the London Stock Exchange with its ordinary shares traded on the Alternative Investment Market. The Company registration number is 2415211. The address of its registered office is The Foundation, Herons Way, Chester Business Park, Chester, CH4 9GB. A list of the investments in subsidiaries, including the name, country of incorporation, registered office address and proportion of ownership interest is given in note 19.

These consolidated financial statements have been approved for issue by the Board of Directors on 14 June 2023.

The Company's financial statements are included in the consolidated financial statements of GB Group plc. As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented.

C2. Accounting policies

C2.1 Basis of preparation

The separate financial statements of the Parent Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and in accordance with applicable accounting standards. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards, as applied in accordance with the provisions of the Companies Act 2006 ('Adopted IFRSs') with the exception of applying the true and fair override with regards to the non-amortisation of goodwill as required by IFRS 3. See note C6 for details of the impact of this departure. The Company has taken advantage of the following disclosure exemptions:

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the Consolidated Financial Statements of the Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 15 Revenue from contracts with customers in respect of disaggregation of revenue and performance obligations;
- Certain disclosures required by IFRS 2 Shared-based payments in respect of equity settled share-based payments;
- Certain disclosures required by IFRS 3 Business combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 Fair value measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company financial statements have been prepared under the historical cost convention, modified in respect of the revaluation of financial assets and liabilities at fair value and are presented in pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated. As disclosed in the accounting policies in note 2 of the consolidated financial statements, they have been prepared on a going concern basis under the historical cost convention, modified in respect of the revaluation of financial assets and liabilities at fair value.

C2.2 Significant accounting policies

The significant accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements with the exception of:

Investments in subsidiaries

Investments in subsidiaries are held at cost, less provision for impairment.

The accounting policies have been applied consistently throughout the year.

C2. Accounting policies continued

C2.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are the same for the Company as they are for the Group with the exception of the following:

Impairment of investments in subsidiary undertakings

The Company tests for impairment of investments where there are indicators that the carrying value exceeds the recoverable value.

In order to perform this assessment, management are required to make estimates regarding the timing and amount of future cash flows applicable to the subsidiary, based on current budgets and forecasts, and extrapolated for an appropriate period taking into account growth rates and expected changes to sales and operating costs. Management estimate the appropriate discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business.

As noted in note 16 to the consolidated financial statements, the challenging macroeconomic conditions impacting our identity services in our Americas business suggested that an impairment indicator existed at the balance sheet date. There was not considered to be any impairment indicators at the balance sheet date for any other investments in subsidiary undertakings.

The key assumptions used in this assessment are also disclosed in note 16 which resulted in an impairment charge of £5,685,000 being recognised within exceptional items in the Company income statement (see note C10). Any additional adverse movement in the key assumptions at the balance sheet date would lead to a further impairment of investments. Applying the same changes in key assumptions from note 16 to create a sensitised scenario would lead to further impairment of £42,453,000.

For details of other judgements and key sources of estimation uncertainty in the preparation of the Company's financial statements, see pages 129 to 131 in the Group financial statements. The following are relevant to the Company: impairment of goodwill, allowance for impairment losses on credit exposures, revenue recognition, deferred tax assets and the probability of vesting of equity instruments granted in terms of share-based payment schemes.

C3. Profit attributable to members of the Parent Company

The Company's profit for the financial year ended 31 March 2023 was £3,663,000 (2022: £34,934,000). As permitted by Section 408 of Companies Act 2006, the profit and loss account of the Parent Company is not presented.

C4. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the Company and Group financial statements are disclosed in note 6 of the Consolidated Financial Statements for the Group.

C5. Team member costs and Directors' emoluments

a) Team member costs (including Directors)

	2023 £'000	2022 £'000
Wages and salaries including commission and bonuses	**42,506**	40,578
Social security costs	**5,530**	5,172
Other pension costs	**1,861**	1,618
Share-based payments	**1,139**	3,474
	51,036	50,842

The average monthly number of team members during the year within each category was as follows:

	2023 No.	2022 No.
Technology	**171**	149
General and administration	**129**	124
Sales and marketing	**312**	302
	612	575

b) Directors' emoluments

The remuneration of Executive Directors for both the Company and the Group are disclosed in note 8 of the Consolidated Financial Statements for the Group.

Notes to the Company accounts continued

C6. Goodwill

	2023 £'000	2022 £'000
Cost		
At 1 April	**105,970**	105,970
Additions – business combinations	**–**	–
At 31 March	**105,970**	105,970
Impairment		
At 1 April	**6,112**	6,112
Impairment	**–**	–
At 31 March	**6,112**	6,112
Net book value		
At 31 March	**99,858**	99,858

Goodwill arose on the acquisition of ID Scan Biometrics Limited, Postcode Anywhere (Holdings) Limited and Investigate 2020 Limited. Under FRS 101 goodwill is not amortised and is tested annually for impairment. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), which requires acquired goodwill to be written off over its useful economic life. As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

C7. Intangible assets

	Customer relationships £'000	Software technology £'000	Non-complete clauses £'000	Total acquired intangibles £'000	Purchased software £'000	Internally developed software £'000	Total £'000
Cost							
At 1 April 2022	**26,024**	**12,438**	**912**	**39,374**	**1,560**	**1,107**	**42,041**
Additions – business combinations	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Additions – purchased software	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Disposals	**–**	**–**	**(267)**	**(267)**	**(1,163)**	**–**	**(1,430)**
At 31 March 2023	**26,024**	**12,438**	**645**	**39,107**	**397**	**1,107**	**40,611**
Amortisation and impairment							
At 1 April 2022	**11,720**	**8,877**	**536**	**21,133**	**1,266**	**1,107**	**23,506**
Amortisation during the year	**2,878**	**1,020**	**215**	**4,113**	**49**	**–**	**4,162**
Impairment	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Disposals	**–**	**–**	**(267)**	**(267)**	**(928)**	**–**	**(1,195)**
At 31 March 2023	**14,598**	**9,897**	**484**	**24,979**	**387**	**1,107**	**26,473**
Net book value							
At 31 March 2023	**11,426**	**2,541**	**161**	**14,128**	**10**	**–**	**14,138**
At 1 April 2022	14,304	3,561	376	18,241	294	–	18,535

	Carrying value of customer relationship £'000	Remaining amortisation period Years	Carrying value of technology £'000	Remaining amortisation period Years
ID Scan Biometrics Limited	**1,273**	**3.25**	**–**	**–**
Postcode Anywhere (Holdings) Limited	**10,153**	**4.08**	**–**	**–**
Investigate 2020 Limited	**–**	**–**	**2,541**	**2.75**
	11,426		**2,541**	

C8. Property, plant and equipment

	Property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2022	**1,233**	**5,602**	**6,835**
Additions	**–**	**544**	**544**
Disposals	**–**	**(275)**	**(275)**
At 31 March 2023	**1,233**	**5,871**	**7,104**
Depreciation and impairment			
At 1 April 2022	**73**	**4,057**	**4,130**
Provided during the year	**19**	**886**	**905**
Disposals	**–**	**(94)**	**(94)**
At 31 March 2023	**92**	**4,849**	**4,941**
Net book value			
At 31 March 2023	**1,141**	**1,022**	**2,163**
At 31 March 2022	1,160	1,545	2,705

C9. Right-of-use assets

	Right-of-use assets £'000	Total £'000
Cost		
At 1 April 2022	**3,273**	**3,273**
Additions	**–**	**–**
Disposals	**–**	**–**
At 31 March 2023	**3,273**	**3,273**
Depreciation and impairment		
At 1 April 2022	**2,366**	**2,366**
Provided during the year	**467**	**467**
Disposals	**–**	**–**
At 31 March 2023	**2,833**	**2,833**
Net book value		
At 31 March 2023	**440**	**440**
At 31 March 2022	907	907

The underlying class of assets and their net book values all relate to leasehold property.

Notes to the Company accounts continued

C10. Investments

	2023 £'000	2022 £'000
Cost		
At 1 April	714,367	311,588
Acquisition of subsidiary undertakings[6]	–	568,211
Capital contribution to subsidiary undertakings[1, 8]	283,364	10,048
Transfer of subsidiary undertakings[1, 6]	(246,146)	(568,211)
Subscription to new shares in subsidiary undertakings[3, 7]	7,824	392,731
Dividends received from subsidiary undertakings[2]	(6,973)	–
Changes in fair value recognised in OCI[4]	700	–
Disposal[3]	(7,824)	–
At 31 March	745,312	714,367
Provision for impairment		
At 1 April	2,464	2,464
Charge for the year[3, 5]	13,509	–
Disposal[3]	(7,824)	–
At 31 March	8,149	2,464
Net book value		
At 31 March	737,163	711,903

The above balance is split between investments held at fair value through other comprehensive income of £2,989,000 (2022: £2,289,000) and cost less provision for impairment of £734,174,000 (2022: £709,614,000).

During the current year:

- [1] A Group restructuring exercise was performed so that all US subsidiaries were under a common US holding company (GBG (US) Holdings LLC). This required the Company to transfer it's shareholding in IDology Inc and Loqate Inc to GBG (US) Holdings LLC in exchange for a capital contribution of £246,146,000. A separate intercompany loan with GBG (US) Holdings LLC was settled through a capital of contribution of £37,218,000 (combined £283,364,000)
- [2] Dividends were received from dormant subsidiaries of £6,973,000 prior to their liquidation and therefore the original investment was realised
- [3] The trade and assets of Acuant UK Limited were hived up into GB Group plc on 1 December 2022 and as part of this transaction, prior to the entity being placed in liquidation, an intercompany loan was settled in exchange for new share capital of £7,824,000. Due to the entity ceasing to trade and then being placed into liquidation, the investment was impaired and then disposed of
- [4] A £700,000 gain on investments was recognised in OCI due to the fair value assessment of the investment in CredoLab Pte Ltd. See note 19 of the Consolidated Financial Statements for the Group for more details
- [5] An impairment charge of £5,685,000 was recognised in respect of the investment in GBG (US) Holdings LLC

During the prior year:

- [6] The Company acquired Acuant and Cloudcheck for a consideration of £554,545,000 and £13,666,000 respectively (combined £568,211,000). The investments in Acuant and Cloudcheck were subsequently transferred to other subsidiary undertakings as follows:
  - [7] Acuant was transferred to GBG (US) Holdings LLC in exchange for new share capital of £392,731,000 with the remaining amount of £161,814,000 being settled through intercompany accounts
  - [8] Cloudcheck was transferred to GBG (Australia) Holding Pty in exchange for a capital contribution of £10,048,000 in addition to the transfer of the contingent consideration liability of £3,618,000

Details of the Company's subsidiary undertakings are set out in note 19 of the Consolidated Financial Statements for the Group.

C11. Taxation

Deferred tax

Deferred tax asset

The recognised and unrecognised potential deferred tax assets of the Company are as follows:

	Recognised		Unrecognised	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Decelerated capital allowances	**313**	302	**1,327**	1,296
Share options	**729**	1,740	**–**	–
Long service award	**96**	96	**–**	–
Other temporary differences	**(4)**	–	**–**	–
Leases	**–**	20	**–**	–
Capital losses	**–**	–	**564**	564
Trading losses	**633**	404	**2,643**	2,792
	1,767	2,562	**4,534**	4,652

The movement on the deferred tax asset of the Company, before offset of balances, is as follows:

	2023 £'000	2022 £'000
Opening balance – as reported	**2,562**	4,733
Impact of changes in tax	**(47)**	397
Origination and reversal of temporary differences	**(748)**	(2,568)
	1,767	2,562

The deferred tax asset has been recognised to the extent it is anticipated to be recoverable out of future taxable profits based on profit forecasts for the foreseeable future. The utilisation of the unrecognised deferred tax asset in future periods will reduce the future tax rate below the standard rate. The Company has unrecognised trading losses of £10,571,000 (2022: £11,892,000) and unrecognised capital losses of £2,257,000 (2022: £2,259,000). The Company also has unrecognised deductible temporary differences of £5,309,000 (2022: £5,184,000).

Deferred tax liability

The deferred tax liability of the Company is as follows:

	2023 £'000	2022 £'000
Intangible assets	**3,532**	4,314
Land and buildings	**131**	135
	3,663	4,449

The movement on the deferred tax liability of the Company, before offset of balances, is as follows:

	2023 £'000	2022 £'000
Opening balance	**4,449**	4,555
Origination and reversal of temporary differences	**(786)**	(985)
Impact of change in tax rates	**–**	879
	3,663	4,449

Notes to the Company accounts continued

C11. Taxation continued

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

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

	2023 £'000	Restated 2022 £'000
Deferred tax asset		
Pre-offset of balances	**1,767**	2,562
Offset of balances within countries	**(1,133)**	(2,157)
Per balance sheet	**634**	405
Deferred tax liability		
Pre-offset of balances	**3,663**	4,449
Offset of balances within countries	**(1,133)**	(2,157)
Per balance sheet	**2,530**	2,292

C12. Trade and other receivables

	2023 £'000	2022 £'000
Trade receivables	**25,210**	31,190
Allowance for unrecoverable amounts	**(1,002)**	(1,982)
Net trade receivables	**24,208**	29,208
Amounts owed to subsidiary undertakings	**–**	6,438
Prepayments	**5,686**	6,759
Accrued income	**462**	172
	30,356	42,577

C13. Cash

	2023 £'000	2022 £'000
Cash at bank and in hand	**8,997**	4,703

Cash at bank earns interest at floating rates based on daily bank deposit rates.

C14. Equity share capital

Issued ordinary share capital for both the Company and Group is disclosed in note 22 of the Consolidated Financial Statements for the Group.

C15. Dividends paid and proposed

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

C16. Description of reserves

Equity share capital

The balance classified as share capital includes the nominal value on issue of the Company's equity share capital, comprising 2.5p ordinary shares.

Share premium

The balance classified as share premium includes the excess proceeds over the nominal amount received on the issue of the Company's equity share capital. Costs associated with the issue of new share capital have been offset against this balance.

Merger reserve

The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in the acquisition of GB Mailing Systems, Investigate 2020 Limited, Acuant Intermediate Holding Corp and Verifi Identity Services Limited by the issue of shares.

Capital redemption reserve

The balance classified as capital redemption reserve includes the nominal value of own shares purchased back by the Company and subsequently cancelled.

Other reserve

The balance represents the profit from the date of acquisition to the date of hive-up into the Company of ID Scan Biometrics Limited and Postcode Anywhere (Holdings) Limited, offset by amortisation of the identified intangibles and unwinding of the associated deferred tax liabilities.

Notes to the Company accounts continued

C17. Loans

Bank loans

The details of the Group revolving credit facility are set out in note 23 in the Consolidated Financial Statements for the Group.

During the year to 31 March 2023, the Company drew down £12,000,000 and made repayments of £5,000,000 within the Group revolving credit facility. The outstanding balance on the loan facility at 31 March 2023 attributable to the Company was £7,000,000 (2022: £nil).

As disclosed in note 23 in the Consolidated Financial Statements for the Group, the facility was due to expire in July 2025 but on 18 November 2022, the Group exercised the first of the one-year extension options and a further arrangement fee of £358,000 was payable for this extension by the Company.

During the year to 31 March 2022, loan arrangement fees on the revolving credit facility were reclassified to prepayments due to the loan value being £nil at 31 March 2022 within the Company and the net position was therefore an asset rather than a liability. In the year to 31 March 2023 loan arrangement fees have been netted off the loan balance.

	2023 £'000	2022 £'000
Opening bank loan	**–**	–
New borrowings	**12,000**	–
Loan arrangement fee	**–**	(1,157)
Repayment of borrowings	**(5,000)**	–
Loan fees paid for extension	**(358)**	–
Amortisation of loan fees	**327**	129
Reclassification of loan fees (from)/to prepayments	**(1,028)**	1,028
Closing bank loan	**5,941**	–
Analysed as:		
Amounts falling due within one year	**–**	–
Amounts falling due within one to five years	**5,941**	–
Amounts falling due in more than five years	**–**	–
	5,941	–
Analysed as:		
Bank loans	**7,000**	–
Unamortised loan fees	**(1,059)**	–
	5,941	–

Intercompany loans

	2023 £'000	2022 £'000
Opening intercompany loans	**541**	9,825
Increase/(decrease) in borrowings	**19,205**	(9,284)
Closing intercompany loans	**19,746**	541
Analysed as:		
Amounts falling due within one year	**–**	–
Amounts falling due within one to five years	**19,746**	541
	19,746	541

Interest is charged on intercompany loans at a rate of between 6.5% and 7.0% per annum. The loans are unsecured, and repayable within two years.

C18. Lease liabilities

	2023 £'000	2022 £'000
At 1 April	**1,273**	1,687
Additions	**–**	236
Accretion of interest	**31**	55
Payments	**(702)**	(705)
At 31 March	**602**	1,273
Analysed as:		
Amounts falling due within one year	**515**	671
Amounts falling due within one to five years	**87**	602
	602	1,273

C19. Provisions

	2023 £'000	2022 £'000
Provisions can be analysed as follows:		
Dilapidation provision (see below)	**295**	295
Long service award (see below)	**343**	388
	638	683
Dilapidation provision		
At 1 April	**295**	355
Disposed as part of businesses	**–**	–
Provided in year	**–**	–
Utilised in year	**–**	(10)
Released in year	**–**	(50)
Closing balance	**295**	295

This provision relates to the estimated cost of restoration work required upon termination of leasehold property agreements. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. The timing of the outflows is not expected to occur in the following 12 months and as such has been disclosed as a non-current liability. The Company does not expect the final payments to differ materially from those amounts provided.

Long service award

The Group provides long service awards, providing employees with a benefit after they attain a set period of service with the Group, for example 10 or 20 years. For these benefits, IAS 19 requires a liability to be held on the Group's balance sheet.

	2023 £'000	2022 £'000
At 1 April	**388**	442
Service cost	**44**	60
Benefits taken	**(40)**	(47)
Actuarial gain during the year	**(59)**	(74)
Net interest charge	**10**	7
At 31 March	**343**	388

The following table lists the inputs to the valuation of the long service award for the years ended 31 March 2023 and 31 March 2022.

	2023	2022
Discount rate (%)	**4.8**	2.6
Salary increases (%)	**3.8**	4.4
Employee turnover (% probability of leaving depending on age)	**2 – 23%**	2 – 23%

Notes to the Company accounts continued

C20. Trade and other payables

	2023 £'000	2022 £'000
Trade payables	6,140	3,993
Amounts owed to subsidiary undertakings	632	–
Other taxes and social security costs	2,636	2,981
Accruals	12,041	19,128
	21,449	26,102

C21. Contingent liability (prior year only)

Contingent liabilities during the year are set out in note 32 in the Consolidated Financial Statements for the Group.

C22. Subsequent events

Post year-end further loan repayments of £5.0 million have been made.

C23. Acquisitions and disposals

Acquisitions and disposals during the year are set out in note 34 in the Consolidated Financial Statements for the Group.

C24. Contingent consideration

	2023 £'000	2022 £'000
At 1 April	3,842	3,662
Remeasurement of contingent consideration charged to profit or loss	806	–
Foreign exchange – unrealised	343	180
Settlement of consideration	(4,991)	–
At 31 March	–	3,842
Analysed as:		
Amounts falling due within 12 months	–	3,842
Amounts falling due after one year	–	–
At 31 March	–	3,842

The opening balance at 1 April 2022 related to the pre-acquisition tax assets within IDology Inc. A value equivalent to the cash benefit GBG received for these assets was payable to the sellers once the cash benefit had been received by GBG. In December 2022 IDology received the cash refund which was then paid to the sellers in January 2023. The difference of £405,000 between the estimated and actual cash benefit has been recognised within exceptional items. There are no further payments due in respect of the IDology acquisition.

Non-GAAP measures

Alternative performance measures

Management assess the performance of the Group using a variety of alternative performance measures. In the discussion of the Group's reported operating results, alternative performance measures are presented to provide readers with additional financial information that is regularly reviewed by management. However, this additional information presented is not uniformly defined by all companies including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. Such measures are not defined under IFRS and are therefore termed 'non-GAAP' measures. These non-GAAP measures are not considered to be a substitute for or superior to IFRS measures and should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

The Group's income statement and segmental analysis separately identify trading results before certain items. The Directors believe that presentation of the Group's results in this way is relevant to an understanding of the Group's financial performance, as such items are identified by virtue of their size, nature or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and assists in providing a meaningful analysis of the trading results of the Group. In determining whether an event or transaction is presented separately, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Examples of charges or credits meeting the above definition, and which have been presented separately in the current and/or prior years, include amortisation of acquired intangibles, share-based payments charges, acquisition related costs and business restructuring programmes. In the event that other items meet the criteria, which are applied consistently from year to year, they are also presented separately.

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

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

Constant currency

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

Pro forma revenue

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

	2023 £'000	2022 £'000	Growth %
Statutory revenue	**278,810**	242,480	15.0%
Pre-acquisition/disposal revenue	**–**	31,314	(13.2%)
Post-acquisition unwind of deferred revenue haircut[1] on Acuant	**1,241**	–	0.5%
Non-repeating revenue[2]	**(219)**	(19,565)	7.8%
Pro forma revenue	**279,832**	254,229	10.1%
Constant currency adjustment	**–**	15,665	(6.4%)
Pro forma revenue at constant currency	**279,832**	269,894	3.7%

1. The deferred revenue haircut represents the cost of providing the deferred revenue service in the post-acquisition period
2. Non-repeating revenue represents revenue from the US Government's stimulus programme and exceptional cryptocurrency volume

Normalised items

These are recurring items which management considers could affect the underlying results of the Group.

These include:

- amortisation of acquired intangibles; and
- share-based payment charges.

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

Non-GAAP measures continued

Adjusted operating profit

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

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

Adjusted operating profit margin

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

Adjusted EBITDA

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

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

Adjusted tax

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

Adjusted effective tax rate

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

	2023			2022		
	Loss 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	**(118,830)**	**964**	**(0.8%)**	21,653	6,390	29.5%
Add back:						
Amortisation of acquired intangibles	**42,758**	**9,463**	**(12.9%)**	24,735	5,082	(4.8%)
Equity-settled share-based payments	**2,313**	**10**	**(0.5%)**	6,171	218	(2.5%)
Exceptional items	**127,175**	**917**	**35.5%**	4,526	897	(0.2%)
Adjusted effective tax rate	**53,416**	**11,354**	**21.3%**	57,085	12,587	22.1%

Adjusted earnings per share ('Adjusted EPS')

Adjusted EPS represents adjusted earnings divided by a weighted average number of shares in issue and is disclosed to indicate the underlying profitability of the Group. Adjusted EPS is a measure of underlying earnings per share for the Group. Adjusted earnings represents adjusted operating profit less net finance costs and income tax charges. Refer to note 12 for calculation.

Net (debt)/cash

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

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

Debt leverage

This is calculated as the ratio of Net (Debt)/Cash to Adjusted EBITDA. This demonstrates the Group's liquidity and its ability to pay off its incurred debt.

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

Cash conversion %

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

	2023 £'000	2022 £'000
Cash generated from operations before tax payments (from Consolidated Cash Flow Statement)	**38,570**	56,256
Opening unpaid exceptional items	**1,372**	549
Total exceptional items	**127,175**	4,526
Non-cash exceptional items	**(123,362)**	(427)
Closing unpaid exceptional items	**(1,251)**	(1,372)
Cash generated from operations before tax payments and exceptional items paid	**42,504**	59,532
Adjusted EBITDA	**63,147**	62,196
Cash conversion %	**67.3%**	95.7%

Company information & advisors

Website

The Investors section of the Company's website, (www.gbgplc.com/investors), contains detailed information on news, press releases, key financial information, annual and interim reports, share price information, dividends and key contact details. Our share price is also available on the London Stock Exchange website. The following information is a summary and readers are encouraged to view the website for more detailed information.

Dividend Reinvestment Plan ('DRIP')

The Company offers a Dividend Reinvestment Plan that enables shareholders to reinvest cash dividends into additional shares in the Company. Application forms can be obtained from Equiniti.

Share scams

Shareholders should be aware that fraudsters may try and use high pressure tactics to lure investors into share scams. Information on share scams can be found on the Financial Conduct Authority's website, www.fca.org.uk/scams.

Financial calendar 2023

Annual General Meeting	20 July 2023
Dividend Ex-Div Date	22 June 2023
Dividend Record Date	23 June 2023
Dividend Payment Date	3 August 2023

Shareholder enquiries

GBG's registrar, Equiniti, can deal with any enquiries relating to your shareholding, such as a change of name or address or a replacement of a share certificate. Equiniti's Shareholder Contact Centre can be contacted on +44 (0) 371 384 2365. Lines are open from 8:30 a.m. to 5:30 p.m. (UK time), 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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