Building trust in a digital world

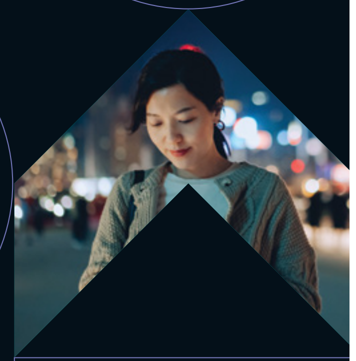
Annual Report and Accounts
2023

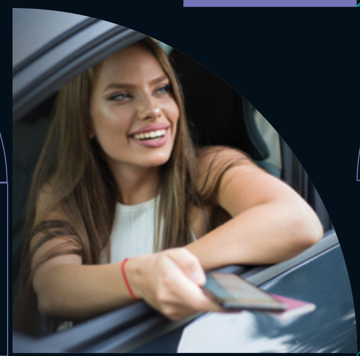
GBG

Who we are

We are in business to build trust in a digital world.

We believe in a world where everyone can transact online with confidence.





FY23 Summary

Over the last financial year, the macroeconomic challenges facing consumers and businesses have been well-publicised. While GBG continued to make important strategic progress and operational improvements that will have long-term benefits, we were also impacted by unexpectedly deep post-pandemic corrections in some end markets. These corrections were largely felt in the internet economy, notably cryptocurrency and fintech customers.

Looking ahead, as our enhanced location, identity and fraud capabilities continue to come together to build trust across the customer lifecycle, GBG is well-placed to benefit from the structural growth drivers in its markets, capitalising on the breadth of its capabilities and global reach to deliver the mid-term growth targets we have set. This report presents how we help to build trust for businesses across diverse sectors around the world, showcasing how our data and technology are removing digital barriers to enable customer due diligence without compromising the consumer experience.

Revenue

£278.8m

(FY22: £242.5m)

Adjusted operating profit[1]

£59.8m

(FY22: £58.8m)

Operating (loss)/profit[2]

(£112.4)m

(FY22: £23.4m)

Adjusted operating profit margin[1]

21.5%

(FY22: 24.3%)

Adjusted diluted earnings per share[1]

16.4p

(FY22: 20.2p)

Final dividend per share

4.00p

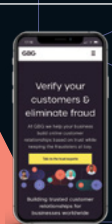
(FY22: 3.81p)

1. These measures are defined on pages 179 to 181 to the accounts
2. Exceptional costs of £127.2 million include a £122.2 million non-cash goodwill impairment charge as explained further within the financial review on page 41 and in note 7 to the accounts

Building with the best

As one of the world's largest and most trusted digital identity specialists, we work with the best data, the best technology and the best people to deliver market-leading location, identity and fraud prevention solutions. As the digital interface to our global economy and societies continues to drive structural change, we have an enduring opportunity to build markets, build differentiation and, most importantly, build trust in our digital world.

Read more about how our strategy is creating a safer digital world on page 6.



Discover more at gbgplc.com

Contents

GBG at a glance

We enable fast, simple and compliant transactions with reduced risk of fraud for many of the world's leading organisations who put their trust in our data and technology.

Business without borders

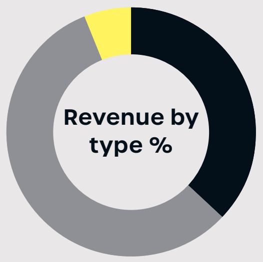
Any business can trade globally; the digital world has no limits. This creates enormous opportunities but also presents new threats and challenges. By bringing our data expertise and world-class technology to bear on digital barriers, like trust, speed and accuracy, we help deliver frictionless customer experiences and complete customer due diligence to business.

We serve organisations from small start ups to the worlds biggest and fastest-growing brands. From customer onboarding to in-life transactions, we offer these organisations a unique combination of standalone and layered capabilities, helping to build trust across the customer lifecycle. Every day, millions of people around the world interact with our solutions without even knowing it.

As the leading global experts in digital identity, we are at the forefront of a fast-growing but fragmented global industry. In an increasingly data-driven economy and society, our global portfolio of location intelligence, identity verification and fraud prevention solutions is uniquely positioned with capabilities that will drive competitive advantage and diversification to deliver profitable growth over the long term.

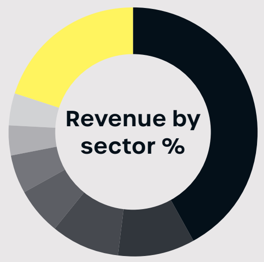
Revenue	Global team members	Countries we serve
£278.8m	1,250+	70+

High levels of repeatable revenue



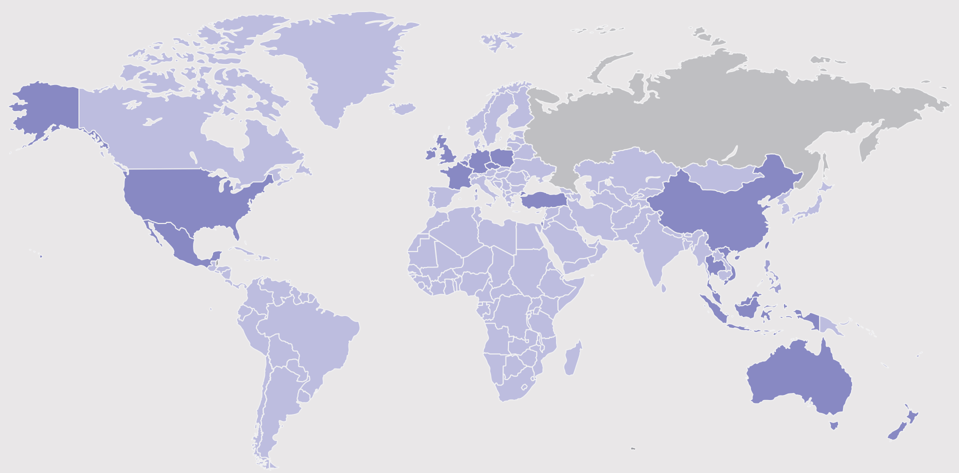
Consumption/transaction	37%
Subscription-based	57%
Services & hardware	6%

A diversified sector mix



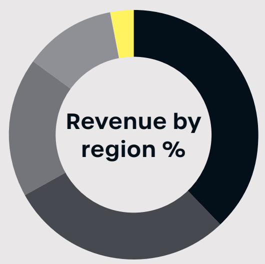
Financial services	42%
Retail	10%
Gaming	9%
Technology	6%
Public sector	5%
Prof. services	4%
Travel	4%
Other*	20%

A global business generating >70% of its revenues internationally



GBG in-country presence

Regional coverage



USA	39%
UK	29%
APAC	18%
Europe	12%
Rest of World	2%

* Includes channel partners, utilities & telecoms and automotives

Our market-leading solutions work together to build trust across the complete customer lifecycle.

Location

Revenue

£76.9m

28% of revenue

In the online world, every millisecond matters. Consumer tolerance for poor digital experience is low; we all choose whoever gives us what we want with the least hassle and the least delay. Our address capture and verification capabilities are delivering for organisations of all sizes and sectors around the world. We provide faster, easier input for improved consumer experience, enhanced data quality, higher delivery accuracy and increased conversion rates to support a range of sectors.

Read more about our location solutions on pages 10 and 11.

Identity

Revenue

£162.7m

58% of revenue

Digital identity is the key to unlocking customer trust for successful brands, removing barriers to easy onboarding, swift transactions and business growth. Our global data coverage, document and biometric identity-proofing technology deliver identity verification in seconds. We offer businesses global reach and local regulatory expertise, industry-leading customer due diligence and an ongoing defence against identity fraud via low-code, no-code, API and on-premise solutions.

Read more about our identity solutions on pages 12 to 15.

Fraud

Revenue

£39.2m

14% of revenue

Protecting business and brand reputation from bad actors begins at onboarding. We help businesses take a proactive approach to fighting fraud while maintaining a frictionless digital customer experience. Our end-to-end fraud risk management solutions screen for sanctioned people and places, preventing money laundering activity and delivering regulatory compliance. As transactions occur our solutions detect fraud signals, delivering fast and accurate decisions with real-time protection against complex and constantly evolving financial crimes.

Read more about our fraud and compliance solutions on pages 16 and 17.

Why invest in GBG

A global leader in our markets

We operate in the large, highly fragmented markets of location intelligence, identity and identity fraud. These markets are supported by strong structural drivers signalling future growth through economic cycles.

- At the forefront of the fast-growing and global digital identity, identity fraud and location sectors
- Experts in data with world-class technology
- A large global customer base – large enterprises to SMEs
- Our people and culture underpin our success
- An attractive, cash-generative financial model
- Focused on delivering long-term sustainable growth

Chair's statement

A business uniquely positioned for growth

I am pleased to deliver my first statement as the Chair of GBG's Board and I do so with a strong sense of our purpose and vision. I have joined GBG at an exciting time. It is clear that the business has the ambition and capabilities to execute on the structural growth opportunities in global and highly attractive markets. While GBG has been impacted by macro factors this year, important strategic progress has been delivered, including Acuant's integration following its acquisition last year, which supports the continued acceleration of our global product and technology roadmap. This is underpinned by the talent, passion and culture of the team. I have been struck in my first 10 months by the determination of our people to achieve GBG's potential and deliver fantastic products and solutions for our customers.

I would also like to take this opportunity to extend the Board's sincere thanks to David Rasche, who stood down as Chairman after 12 years, and to Nick Brown, who retired as Group Managing Director and Board member after 16 years. They have both made significant contributions as GBG has developed into a global leader in location, identity and fraud prevention software. As we look to the future, I am excited to work alongside my Board colleagues to support GBG's management team in the next phase of the business's development.

Board development and governance

As Chair, my role is to ensure our governance both challenges and supports decision-making to enable GBG to achieve its potential. The governance policies we follow as a Board have enabled the Group to pursue its strategy at pace, while managing risk appropriately. The approach we take as a Board to our wide range of responsibilities is set out in my introduction to the Governance section on pages 60 and 61 of this report.

The outcome of the FY23 Board Evaluation highlighted that GBG has an aligned, cohesive and trusting Board which promotes open discussion. I am grateful to the Non-Executive Directors who have spent significant amounts of time dedicated to GBG. They have brought strategic thoughtfulness, constructive challenge and independence as they have supported the management team, notably in September 2022 when the business was subject to a possible takeover, along with other Board matters considered throughout the year.

Our highly engaged people

Our people focus is to nurture the digital identity industry's best and most engaged team, empowered and proud to deliver on GBG's purpose. We recognise that our team's commitment, professionalism, and desire to succeed creates a strong and differentiated culture. This year has seen unprecedented macroeconomic pressures such as rising energy costs and high inflation, but we have remained focused on our ongoing progress, which reflects the commitment and effort of our team.

I am pleased to report GBG has received the prestigious Gallup Exceptional Workplace Award in 2023, one of a select number of companies chosen worldwide. This award recognises how we place our global team at the heart of our strategy. This approach has created a strong and engaged culture throughout the business, with our latest Gallup survey indicating 93% of our people recommend GBG as a great place to work.

Scaling up our ESG action

The Board is mindful of the importance environmental, social and governance (ESG) matters have to all stakeholders. As we are a business that enables our customers to operate safely and compliantly in the digital world, ESG underpins what we do. At Board level, we maintain oversight through our ESG Committee around what we provide to our customers, our people and our impact on the planet. We aim to continually move our credentials forward. This year we scaled up our action, becoming carbon neutral in our operations and we have set out an ambition to become a carbon net zero business by 2045, as well as disclosing our climate-related risks and opportunities within this report for the first time.

Financial performance

GBG has displayed resilience this year despite the difficult macro environment, with double digit growth in both our Location and Fraud segments, however, performance was impacted in certain parts of our business, particularly our identity business in the Americas. This reflects the unexpectedly deep post-pandemic slowdown in volumes related to the internet economy, in particular cryptocurrency and fintech customers.

GBG statutory revenue of £278.8 million (FY22: £242.5 million), represents growth of 15.0%. Adjusted operating profit was £59.8 million (FY22: £58.8 million), representing a margin of 21.5%. On a statutory basis, there was an operating loss of £112.4 million (FY22: profit of £23.4 million), principally due to a goodwill impairment charge of £122.2 million and an increase in the amortisation of acquired intangibles to £42.8 million (FY22: £24.7 million). The Group's net debt at 31 March 2023 was £105.9 million (FY22: £107.0 million). We expect that GBG's cash generation will address the Group's short-term priority to reduce our net debt during FY24. More detail on performance is provided in pages 38 to 43 of this report. Looking ahead, we will maintain a balanced approach to capital allocation that will enable sustainable growth and the achievement of our mid-term financial targets, underpinned by a strong balance sheet and a focus on cash generation.

A progressive dividend

The Board's confidence in the Group is reflected in our progressive dividend policy. This year we are recommending a final dividend of 4.00 pence per share, a rise of 5% on the previous year. If approved, this would represent the 16th consecutive year GBG has increased its dividend. Subject to shareholder approval at our Annual General Meeting, it will be paid on 3 August 2023 to shareholders on our register by 23 June 2023.

Summary

The Board remains confident in the long-term opportunity for GBG, it has a strong financial position, wealth of talent and resources and the flexibility to drive sustainable organic growth over the medium term. Despite some near-term issues impacting growth, GBG is a high-quality business, and we are excited by the opportunities now and into the future to deliver value for all our stakeholders.

I finish by taking this opportunity on behalf of the whole Board to give our thanks to GBG's people for their continued dedication, hard work and all they do for this Company as they deliver on our clear purpose, to build trust in a digital world.

Richard Longdon,
Chair
14 June 2023

In conversation with Richard Longdon

About Richard

Richard joined as non-executive Chair of GBG in September 2022, having held a number of non-executive director and chair roles following a highly successful career in the technology sector. He spent 33 years with AVEVA Group, where he was Chief Executive Officer for 17 years. Richard's global leadership experience will enable him to lead our Board through the next stages of GBG's evolution. In particular, he will lead the Board as they continue supporting our executive management team to execute on the business's strategy as one of the leaders in the global identity market.

"I have joined GBG at an exciting time. It is clear that the business has the ambition and capabilities to execute on the structural growth opportunities in global and highly attractive markets.

Q. What has been your key priority since you took over the Chair role in September 2022?

A. I firmly believe that having a strong sense of the purpose and values of the business are intrinsic to the successful running of the Board and governance of the Company. Since I started as Chair in September 2022, I have prioritised getting to know GBG's team members, our market position and engaged with our stakeholders more broadly, such as our partners and investors. All these interactions have reinforced the exciting opportunity that lies ahead for GBG.

Q. How would you describe the culture at GBG and how will it evolve?

A. I have been impressed by the depth of expertise within the team and the culture of the business. It is clear to me that we have the talent and desire within the whole team to deliver excellent results for customers. This means there is a strong culture of doing the right thing as we strive to build trust in the digital world. This culture of trust has underpinned the success of GBG over many years, and the importance of development and oversight of the Company's culture remains high upon the Board's agenda. In FY23 we formalised our "Trust(ed)" behaviours framework, which will help maintain our corporate culture as we continue to grow as a global business.

Q. ESG matters are increasingly important to all businesses, what priorities have been on the Board's agenda over the past year?

A. We take our wider stakeholder and social responsibilities seriously, and the Board is committed to developing our sustainable and ethical practices. This year we formalised our ESG strategy, this involved surveying our stakeholders to ensure we respond appropriately to what is important to them and impactful to our business. You can read more about our Environment, Everyone and Ethics strategy on pages 18 and 19. At Board level we maintain oversight through the ESG Committee, ensuring we achieve progress towards our stretching targets, which includes our ambition to become a carbon net zero business by 2045.

Q. What excites you about the future for GBG?

A. I am delighted to have joined GBG at this stage in its development, the business sits at the forefront of a large, growing and deeply fragmented market with strong structural trends. Our strategic progress over the last few years means we have more data and product and technology capabilities than ever to lead in these markets. Our well-attended capital markets event held in January 2023 articulated GBG's strategy, demonstrating why our differentiated and integrated capabilities across location, identity and fraud enable GBG to win in the markets we serve. The event captured exactly why the Board is confident that GBG is uniquely positioned to drive sustainable, profitable growth over the medium term, with a team relentlessly focused on delivering upon our vast potential.

Our 2023 AGM

GBG will host its Annual General Meeting on 20 July 2023 as a physical Annual General Meeting at which shareholders can attend in person to participate in the meeting, ask questions and vote. This will be held at our registered office address in Chester at 10:00a.m. (BST) and all Directors will be present.

As you will note in the Notice of AGM alongside this Annual Report, we are putting 12 resolutions to vote at our 2023 AGM. We consider the resolutions being proposed at the AGM are in the best interests of both the Company and the shareholders as a whole. We ask our shareholders to support these resolutions, your Board of Directors, and various other business matters on which you are asked to vote.

Read more in our Notice of AGM.

Building trust in a digital world

The acceleration of the digital economy creates enormous opportunities, but also new threats and challenges, and these represent strong structural growth drivers for our business. Our strategy is designed to deliver long-term, sustainable growth in a dynamic and growing global industry.

Global growth strategy

Build markets

We target new and existing geographies, where market drivers create value, volume and speed of opportunity. We are pursuing organic growth in our regions, this includes expansion of our footprint in Europe, Southeast Asia and initial activity in Latin America. Where appropriate, we will consider inorganic activity to accelerate our growth as part of our disciplined approach to capital allocation.

The scale of the financial services market and the cost of fraud, coupled with regulation and ongoing innovation continue to ensure long-term growth opportunities in financial services and all sub-sectors. We also foresee secular growth in gaming as markets liberalise and will continue to grow sector diversity in retail, technology, public sector and healthcare.

Build differentiation

We build differentiation and drive growth by offering unique data insights, layered with innovative trust-building technologies that meet our customers' evolving needs in the digital economy. We aim to achieve this by targeting our response to the demands of consumer experience and business challenges in the face of continued digitalisation, increasing online fraud and regulation.

Build once

We are bringing our global portfolio of market-leading identity, fraud and location intelligence solutions increasingly into alignment with shared technology. In doing so, we make it easier for customers to consume more capabilities by offering end-to-end orchestration of solutions across the complete customer lifecycle.

The trust we build begins with the people and partnerships that are essential to our success: our customers, our team and our investors.

Customer trust

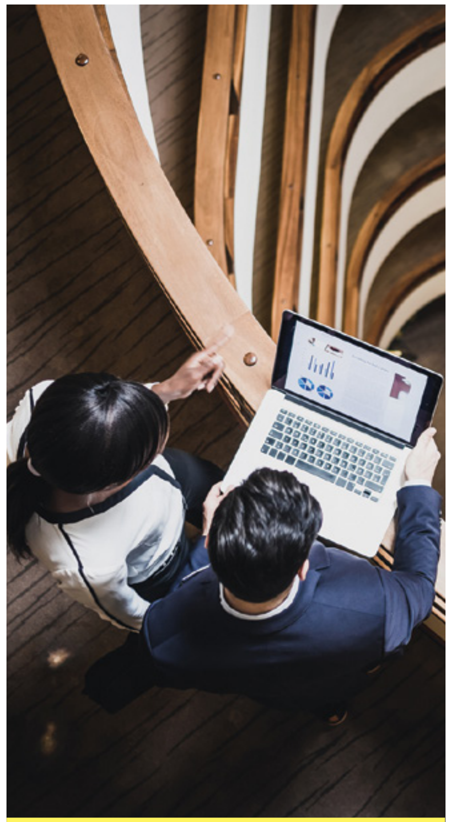
The confidence of our customers is fundamental to how we sustain and grow our business. With high retention rates comes more opportunities to upsell and cross-sell our capabilities, so we continue to elicit and act on feedback from our global customer base through our Voice of the Customer programme. This measures our Net Promotor Score, Customer Satisfaction, and Customer Effort Score. This year, we have received a record number of responses while maintaining high engagement scores.

Team trust

We put team engagement at the heart of our business strategy. Team trust is a key enabler for that strategy and a core differentiator for our business, ensuring that the best, most driven and diverse global workforce is inspired to develop and grow with us. We are proud to be recipients of the Gallup Exceptional Workplace Award 2023 and that 93% of team members would recommend GBG as a great place to work.

Investor trust

We work for the benefit of our investor community as we continue to execute our strategy and capitalise on the growth potential in our markets. We are committed to delivering a consistent and reliable cash return for shareholders as well as long-term shareholder value. Consequently, we take a disciplined approach to capital allocation, maintaining a progressive dividend balanced with the investment to deliver the Group's strategy both organically and via targeted acquisitions that enhance our capabilities.



Financial services

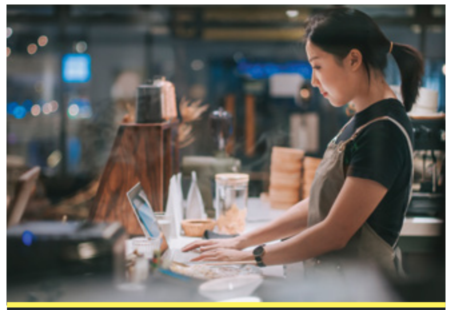
42% of Group revenue

Our products and solutions build trust across the breadth and complexity of this highly regulated sector in areas such as banking, pensions, wealth management and fintech.

Our unique Multi Bureau proposition is now available in the UK and Australian markets, using data from the largest bureaus to offer high levels of compliance while improving match rates.

The GBG compliance platform is now available in all markets to financial services customers to fight fraud and comply with AML regulations.

GBG GO delivers a smarter, faster and safer route to market for companies looking to implement a no-code customer due diligence solution.



Retail

10% of Group revenue

The convenience of eCommerce continues to drive demand for accurate, fast and secure online experiences from consumers and businesses while at the same time, retailers are feeling the pressure more than ever to prevent fraud.

Our next-generation Address Verify solution can serve upto 10,000 requests per second, delivering AI-powered data parsing and increased address match rates.

Leading online marketplaces choose GBG to verify sellers using international identity data, enabling them to grow in new markets successfully and safely.

This year saw Loqate Address Verify fully integrated into our CloudCheck solution, now serving our New Zealand retail customers with identity verification and location intelligence.

Gaming

9% of Group revenue

Online casinos, sports betting and other gaming operators continue to expand into new markets, with compliance, player protection and affordability key areas of focus.

GBG was one of the first identity providers to enter the newly regulated markets in Canada, winning business from 60% of the gaming brands who hold a iGaming Ontario licence.

We offer unique access to two of the main credit bureaus in Canada, helping gaming operators increase match rates and deliver compliance with Fintrac (stringent local regulation).

We continue to work with regulators, associations and charities to safeguard vulnerable players with automated age and affordability checks in a seamless onboarding experience.

Public sector

5% of Group revenue

An increasing number of public sector services are now provided online, placing importance on the need to create secure, non-intrusive relationships between individuals and public sector organisations.

GBG's Identify solution received the UK's Digital Identity and Attributes Trust Framework certification to provide digital identity verification as part of key government checks.

Working with channel partners to deliver document verification solutions for US border control at airports, with regulatory approval for deployment in Italian and Spanish airports.

As healthcare professionals and patients go digital, there is a need to use identity verification to establish high levels of trust, without slowing down critical healthcare processes.

Technology

6% of Group revenue

Ongoing digitalisation continues to underpin the long-term growth trends in this sector with its importance to wider society and the way individuals and businesses interact.

We partner with technology firms across diverse use cases, such as embedding our data and document identity verification solution within Proxyclick's visitor management software.

This year we extended and expanded our IBM partnership to provide address data cleansing and verification within the global IBM InfoSphere® QualityStage® platform.

Building trust in a digital world continued

From flexible identity and location verification solutions through to fraud monitoring and investigation, we combine worldwide data and document coverage, trusted technologies and local expertise to deliver a simple, safe and secure experience across the complete customer lifecycle.

Customer lifecycle

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

Capabilities

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

Industry-leading solutions

We offer industry-leading global address and identity data, document library and tampering detection technology augmented by innovative AI and machine learning.

Global reach

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

Data

The breadth and depth of global data access and unique data insights we offer across Location, Identity and Fraud deliver fast and accurate decisions for our customers.

Technology

Our powerful technologies marshal artificial intelligence and machine learning to deliver increased location intelligence, advanced identity verification and complex fraud detection.

People

Day in day out, our team of dedicated digital identity professionals is what drives us, delivering local expertise from around the world in one global business that makes a real difference.

Location

Validating accurate and reliable address data to ensure our customers can, with minimum friction, provide their products and services to the right people, in the right place.

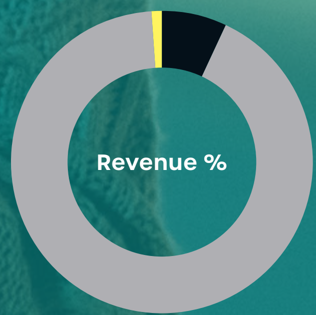
Address capture
Real-time address capture powered by premise-level location data.

Address verification
Verification, correction and enrichment of location data.

Location data
The most comprehensive premise-level location data in the world.

Helping every business in the world reach every customer in the world.

FY23 revenue
£76.9m
28% of Group Revenue



Consumption/transaction	8%
Subscription-based	91%
Services & hardware	1%

Delivering in the millisecond economy

From front-end experience to order fulfilment, we deliver speed and accuracy where it matters for business.

As one of the world's most trusted location data specialists, our address capture and verification capabilities deliver for businesses of all sizes and sectors. We provide fast, easy address input for improved consumer experience, enhanced data quality, higher delivery accuracy and increased conversion rates.

We go to market as a global solution offering local location intelligence, with in-country presence in the UK, Germany and the United States. With an international reach of over 245 countries and territories, 6,500 languages and the ability to handle more than 130 different address formats, our solutions offer scale and precision.

Starting this year with the launch of our next-generation address capture and verification solutions, we can now serve up to 10,000 location requests per second. This is a crucial distinction when managing eCommerce demand peaks such as Black Friday. Built on cloud-native technology, they are scalable, multi-platform solutions for business.

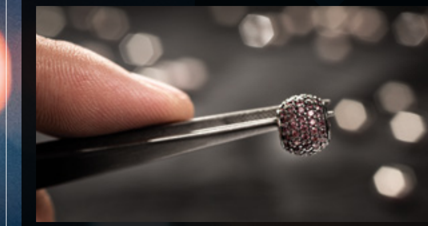
With no global addressing standard, AI powers our address parsing and verification capability, cutting through local complexity to match places our peers cannot reach. Launched this year, our AI Parsing engine currently serves 16 markets and will expand to 40+ markets over the next year. Its ability to handle non-address elements in both developed and hard-to-address markets delivers an average +7% boost to match rates – a key source of differentiation.

Our Location business model continues to evolve as we look to benefit from a range of partnership models, including reseller and OEM relationships. In FY23, we signed a partnership agreement with MapmyIndia to distribute our technology to its enterprise customers and extensive developer network operating throughout the Indian subcontinent.

Learn more at gbgplc.com

PANDORA

International commerce



Pandora is one of the world's largest jewellery brands. Its distinctive brand and contemporary products have been delighting consumers in more than 100 countries for over 40 years. As online shopping has grown in popularity, the business has successfully developed an eCommerce offering across its regions.

We partner with Pandora's online experience team to deliver address capture and verification capabilities, reducing friction and enhancing customer experience on its UK online store.

With the power and accuracy of these capabilities proven, we are now working to deliver the same smooth online checkout process to Pandora's US store. Following a successful proof-of-concept test on transactions in this market, Pandora achieved a 10-15% reduction in manual address corrections. This step change in location intelligence performance prompted Pandora to switch from its previous provider to the GBG solution.

Building on these successes, our partnership with Pandora is going global. Over time we will roll out our market-leading Loqate solution across their new eCommerce platform, meaning that over time we'll serve consumers with speed and accuracy across Asia-Pacific, Europe and the Middle East.

Hear from
Christian Schiøtt Drost, Digital Product Manager, Pandora

Identity

Our digital identity verification technology and breadth of data and documents build customer trust for successful businesses, removing barriers to onboarding, enabling in-life transactions and reducing time-consuming tasks for consumers.

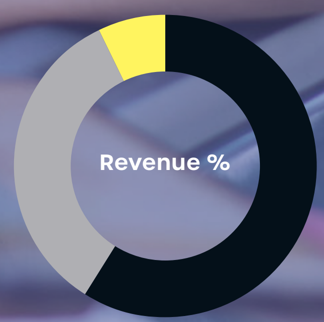
Data verification
100s of global data sources layering trusted consumer insights.

Document verification
1000s of global identity documents preventing identity fraud.

Biometric authentication
Complete biometric identity proofing in seconds.

We make it easy for businesses everywhere to identify customers and keep everyone safe from fraud.

FY23 revenue
£162.7m
58% of Group Revenue



Consumption/transaction	59%
Subscription-based	34%
Services & hardware	7%

Building end-to-end trust for business

As the leading expert in digital identity, we help businesses build trust across the complete consumer lifecycle, from onboarding to in-life transactions.

We work with hundreds of identity data suppliers globally, providing our customers with instant access to the breadth and depth of insight needed to determine trust. Every day, millions of consumers around the world interact with our trust-building portfolio of identity data and document verification technologies without ever knowing it.

The launch of Multi Bureau creates an innovative new approach to data-orientated identity verification. Searching across multiple credit bureaus is driving a double-digit boost to match rates and accelerated customer onboarding for our customers who can now access verified credit records across multiple bureaus in Australia, Canada and the UK for gold-standard due diligence.

The acquisition of Acuant increased our presence in the world's largest market, the United States and broadened our capabilities. We now offer a global library of 8,000 identity documents to power identity proofing and biometric authentication within an integrated global data and document portfolio. With minimal user interaction, robust software development kits and AI-powered tamper-proofing, verification is completed quickly and accurately to provide a strong digital defence against identity fraud.

We also extended omnichannel access to our award-winning identity-proofing technologies with the launch of GBG GO in the Americas. This no-code, cloud-based solution builds on the orchestration platform developed by Acuant, empowering businesses to create dynamic customer onboarding journeys that connect to the right checks at the right moment, reducing risk and maximizing customer conversion.

Across the consumer lifecycle, we continue to partner with our customers to ensure they can go to market with confidence, knowing their customers and growing their business at speed.

Learn more at gbgplc.com

ONTO
Electric car subscriptions
EMEA customer

Onto launched its electric car subscription service in 2018, which has now grown to become one of the largest fleet of electric cars in the UK with over 7,000 vehicles. Onto's mission is to offer an affordable, flexible and accessible way for people to drive electric and provide an all-inclusive, hassle-free service for subscribers.

We partner with Onto, integrating with its platform to deliver secure customer due diligence on documents and data behind a single API call, ultimately enhancing the experience of their subscribers.

When a customer requests a booking, they present their driving licence and submit a selfie. We securely authenticate and verify the customer's identity, checking their entitlement to drive and confirming the genuine presence of the licence-holder in as little as thirty seconds.

Simultaneously, our data verification solution feeds Onto with instant access to accurate, up-to-date affordability background checks, using personally identifiable information (PII) submitted by the customer, so the whole booking process is a simple, low-touch experience for everyone.

Hear from
Carenza Harvey, Senior Product Manager, Onto

Digital identity trends

What's putting digital identity at the heart of trusted transactions? We take a look at some of the digital trends and trust-building technologies that are driving due diligence across the customer lifecycle.

Structural change

In today's digital world, consumers, businesses, citizens and governments are increasingly interconnecting online. The pace of digital transformation in our lives has significantly accelerated over the last few years; particularly during the global pandemic, however the structural changes in the way we live, work and transact with each other are ongoing.

Digital-first behaviours formed during the pandemic mean that we are more comfortable operating online. People adopted mobile banking, remote working, digital payments, or tried online grocery for the first time, and these shifts in behaviour and consumption create an enduring opportunity to put digital identity at the centre of trusted transactions.

Fraud stays a step ahead

As fast as the digital world accelerates, fraud stays one step ahead. The same period has seen the rapid industrialisation of fraud and financial crime. Data breaches and the dark web put identities on sale and sophisticated fraud technologies lead to increasingly audacious attacks, victimising unsuspecting individuals all the way up to the biggest financial institutions.

As criminal methodologies have evolved and automated, the battle to beat fraud and limit losses begins at the first customer interaction and continues across the customer lifecycle. Businesses must increasingly take an integrated approach to fraud detection and prevention, building an end-to-end fabric of identity insights and ongoing transaction risk assessments that allows for a more holistic view of the changing risk level in any customer relationship.

360-degree view of digital identity

A holistic understanding of identity is essential to building trust in customers and transactions. Deterministic checks of identity data and documents, social security numbers and biometrics, now work alongside probabilistic checks of the metadata created by digital life. Is a mobile device omitting fraud signals, such as a recent SIM swap, for example, or is an email address 10 years or 10 minutes old?

A 360-degree view of digital identity is essential at onboarding and across the customer lifecycle to ensure an established relationship hasn't been compromised, and that this is still a good customer returning time and time again. Brands that get multi-factor digital identity right, layering active and passive checks, make life harder for fraudsters and easier for genuine customers, helping to speed up authentication and transactions.

Customer experience and due diligence

Speed and convenience matter as much as security for successful businesses building user experiences that inspire trust. Consumer tolerance for poor digital experience is low; in the millisecond economy, we choose whoever gives us what we want with the least hassle and the least possible delay. Recent research suggests 80% of consumers consider the experience a company provides to be as important as its product or service.

In a competitive digital economy where every click counts, providing an excellent customer experience with minimal friction matters. The countervailing needs of customer due diligence and convenience are increasingly served by automated identity and detection solutions. Orchestrated customer journeys that dynamically adjust to offer greater speed, greater scrutiny, and consumer choice for the type of identity checks are meeting these needs.

Regulation drives investment

Business investment in digital identity verification and fraud prevention are driven in large part by regulatory requirements. Differences between jurisdictions continue to create market preferences for identity and fraud solutions and compliance capabilities around the world.

Strong customer authentication requirements for eCommerce in Europe have led to focused investment in solutions helping to prevent card-not-present fraud. Similarly, AusPayNet's Card Not Present Framework in Australia and the risk-based authentication framework in Malaysia are driving investment in multi-factor authentication from APAC financial service providers.

Meanwhile, rigorous KYC regulations in Australia have led to enhanced customer due diligence and a strong focus on compliance solutions. By contrast, US businesses must comply with a comparatively weak identity construct and consequently synthetic identity fraud is a significant problem in that market that GBG can help to solve with its multi-layered identity verification solutions.

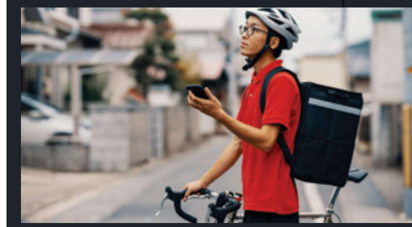
Reusable digital identity

While global standards for reusable digital identity remain a distant prospect, national digital identity ecosystems are beginning to emerge that regulate electronic proof of identity. As policymakers and digital identity verification technology providers continue to collaborate, it paves the way for the wider adoption of reusable digital identities, facilitating regulatory compliance and building confidence in online Identity verification.

In the United Kingdom, the launch of the Digital Identity & Attributes Trust Framework in 2022, set standards for digital identity verification technology, security and evidence within UK jurisdiction. The government-authorised framework provides organisations and individuals with the benefits of reliable and reusable certified digital IDs. GBG is a certified digital identity provider to the UK's trust framework and is pending accreditation assessment as a certified provider of Australia's Trusted Digital Identity Framework which aims to provide a reusable digital identity for simpler, safer and more secure identity verification online.

PAYFARE

Financial services
Americas customer



Payfare is a global fintech company providing digital banking plus instant access to earnings and payments for gig workers. Based in Ontario, Canada, Payfare serves the likes of Uber, Lyft, DoorDash and other businesses driving today's on-demand economy across North America.

We partner with Payfare to deliver data and document identity verification at customer onboarding with the same speed and reliability demanded of a digital bank promising instant pay. Together, we have optimised applications, increasing Payfare's auto pass rate by mid-single digits to avoid slow, resource-heavy manual processing.

Of course, security and speed both matter for financial services. Payfare can be confident of its customer due diligence, reducing fraud risk, meeting regulatory requirements and its own high standards of excellence, even as it continues to set the pace for digital banking services.

Over three years of rapid expansion with some of the world's biggest gig platforms, we have helped Payfare scale up, delivering 100% uptime with zero outages to meet the 24-hour service expectations of an always-on digital bank.

Hear from

Su Young Chun, Chief Compliance Officer & Head of Customer Support, Payfare Inc.

Fraud

Offering real-time protection and regulatory compliance protection against modern-day financial crimes, identifying and helping to prevent or pursue bad actors to avert crimes such as identity, application and transaction fraud.

Combating origination fraud

AI-powered screening for automatic onboarding or referral of customers.

In-life fraud investigation

Data mapping people and behaviours to deliver new insights.

We take a proactive approach to fighting fraud and delivering industry-leading due diligence.

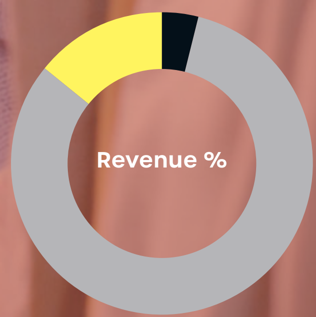
Transaction fraud monitoring

AI-powered detection and decisioning reducing fraud in real-time.

FY23 revenue

£39.2m

14% of Group Revenue



Consumption/transaction	4%
Subscription-based	82%
Services & hardware	14%

Creating a safer digital world

Our fraud prevention solutions protect businesses against complex financial crime while helping to provide a frictionless experience across the customer lifecycle. From onboarding to in-life transaction monitoring, our end-to-end fraud and compliance solutions deliver real-time insights, building trust and strengthening brand reputation.

Our market-leading fraud risk management platform protects some of the largest banks and financial services institutions across Asia-Pacific and Europe through application and transaction fraud monitoring solutions. We continue to expand into Southeast Asia, taking advantage of favourable market conditions to move into the Philippines, Thailand and Vietnam over the last eighteen months.

We are leveraging our consortium fraud capabilities from the Americas with increasing deployment across Asia, most recently in the Philippines. This is helping our customers fight fraud more effectively with cross-industry intelligence and real-time alerts. As we look to the future, we will enhance fraud prevention across Asia-Pacific with the launch of our next-generation financial crime studio; AI-powered detection of new and sophisticated patterns of fraud combined with huge scale in transaction volumes.

Cyberattacks continue to drive identity fraud and market demand for solutions that signal data theft. Following large data breaches in Australia last year, we accelerated the launch of GBG Alerts, a market-first proposition that flags exposed personal information for re-authentication, protecting both consumers and our customers from fraud. Following initial success, businesses are reporting a significant uplift in identity fraud detection as a direct result.

We also maintain a powerful fraud investigation capability in the United Kingdom which enables our customers to identify connections between people, places and businesses; uncovering hidden connections to offer a better understanding of people and behaviours. Our powerful matching algorithms now serve both public and private sectors; tracing individuals, understanding relationships and detecting complex financial crime.

Learn more at gbgplc.com

AMP

Financial services

APAC customer

AMP Bank provides customers with home loans, deposit and transaction accounts in Australia. It has a long history of helping customers save, invest and achieve their financial goals, and has undergone a rapid digital transformation in the last decade.

We partner with AMP to provide a complete platform of digital identity verification and compliance risk management; onboarding customers securely and monitoring customer transactions across channels to protect both AMP's business and customers from financial crime.

But partnering is not just about bringing a product to a problem. As experts in global digital identity, we can leverage our global insights and expertise from other regions such as the Americas, to work alongside AMP and deliver fraud and compliance solutions prepared for new and emerging fraud threats.

Following the Optus data breach in 2022 which left as many as 10 million customer accounts in Australia exposed, we worked with organisations such as AMP and the Australian Government's Document Verification Service to help manage the increased risk of identity theft. This included an extra, mandatory re-authentication step for exposed identities in transactions and the introduction of GBG Alerts, a market-first in Australia, that shares real-time intelligence of possible fraud between companies.

Hear from

Michelle Reinisch, Business Management & Financial Crime Director, AMP Bank

Environmental, Social and Governance

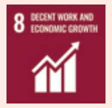
Our ESG Strategy

Our ESG Strategy – Environment, Everyone & Ethics – reinforces our commitment to embed a sustainable and ethical approach in everything we do. It represents what makes us unique and gives us the framework to drive action on the most impactful and important areas.

Our purpose is to build trust in a digital world, we want to be the partner of choice for businesses who want to interact with their customers safely, securely and sustainably. We embody this through the benefits our solutions have, our operations and the way we interact with our partners and team members.

We are proud to continue our support for the United Nations Sustainable Development Goals (SDG's) and have aligned our strategy with the areas we can influence the most.

> Our ESG Strategy demonstrates our continued focus on driving improvements across our operations and the solutions we offer. The Environment, Everyone & Ethics pillars provide us with a stakeholder-driven framework to measure, communicate and enhance our impact.
>
> Natalie Gammon, Chair of the ESG Committee

Pillars	Environment	Everyone	Ethics
Focus	Reducing and improving our impact on the planet.	Ensuring that our team has the support and resources they need to grow their skills, build diverse teams and protect our environment and society.	Having clear oversight and responsibilities for transparent ESG reporting and effective ESG risk management.
UN SDGs supported			
Goal	To achieve our Group strategic priorities without impacting the planet for future generations.	To have a diverse team of the best and most engaged global team members in the industry.	To have the principles, people and policies in place to have a sustainable and ethical approach to everything we do.
Targets	• Net zero by 2045 • Reduce our Scope 1 and 2 emissions by 42% in 10 years • Run two climate-related scenarios and disclose in our FY24 Annual Report	• Exceed 40% female representation by 2026 (global workforce and senior leaders level) • Continually increase participation in our voluntary diversity data collection	• Put the ethical use of data at the heart of everything we do • Incorporate the role our industry plays in building a better world in our thought leadership

Our approach

During the last year we conducted a materiality assessment to gather input from our global team members, as well as our largest customers and investors, asking what matters most to them and to gain their views on how we should prioritise our approach. We created a long list of potential factors we should consider, with insight from ESG-related frameworks, standards, and guidance, and then narrowed these down to the factors we can have the most impact on and are most relevant to our business.

We asked our key stakeholders to rate each factor by importance to them and by impact on our business's future success. We wanted to consider both internal and external views because we know that every one of our stakeholders contributes to the success of our overall strategy. The scores were amalgamated and the averages were plotted against importance and impact. Please see the top six factors listed below.

Data ethics, privacy and IT security

Human capital development

Business ethics

Inclusion, diversity and equality

Corporate governance

Occupational health and safety and wellbeing

We also collected qualitative comments from participants to get a deeper understanding of our stakeholders' needs. This is why climate change and greenhouse gas emissions, and waste and resource management are also a key priority for us.

We then used this feedback, as well as discussions with our team members, Executive Team and ESG Committee, to create the three pillars of our strategy: Environment, Everyone and Ethics.

How will we deliver on our targets?

We plan to deliver on our strategic targets through our ESG programme, be/sustainable, in the following ways:

Environment

- Procuring renewable energy for our workspaces
- Raising team members' awareness on climate change and the impact of their actions
- Engaging with our value chain to encourage improved measurement and reduction of greenhouse gas emissions
- Using the recommendations of the Taskforce on Climate-related Financial Disclosures to conduct scenario analysis on our business

Everyone

- Embedding our Culture+ initiative within our hiring and development (see page 26 for further details)
- Using mentoring and training to support the gender and ethnicity balance and development of our workforce
- Encouraging diversity data awareness and participation
- Building diversity considerations into our succession and workforce planning
- Creating a purposeful culture where our team members are engaged, recognised and rewarded

Ethics

- Continuing to embed our approach to putting ethical data considerations at the heart of our processes, procedures and decisions. Read about our approach to data ethics, privacy and security on pages 30 and 31
- Ensuring that positive ESG outcomes continue to be central to our products and solutions, as well as the way we communicate

Recognition

MSCI ESG RATINGS A

'A' rating in the MSCI ESG Ratings assessment

Rated MORNINGSTAR SUSTAINALYTICS

Assessed to be at 'Low Risk' of experiencing material financial impacts from ESG factors by Sustainalytics

GALLUP EXCEPTIONAL WORKPLACE AWARD

Winner of the 2023 Gallup Exceptional Workplace Award

bsi. ISO/IEC 27001 Information Security Management

We maintained ISO 27001 certification

SLAVE-FREE ALLIANCE Working Towards a Slave-free Supply Chain Member

Continued our membership with the Slave-Free Alliance

93%

of team members recommend GBG as a 'great place to work'

Environmental, Social and Governance continued

Stories from our solutions:

RLDatix and GBG combine forces to support accurate and efficient community healthcare

Demand for smart solutions for community healthcare is stronger than ever as the UK continues to face an increasing ageing population. Historically, many healthcare providers have used paper-based services for their clinician scheduling. This method involves an enormous administrative burden, which can be exacerbated by inaccurate data and result in an inefficient approach to scheduling.

Allocate eCommunity, from RLDatix, is an employee scheduling and workforce planning tool for community healthcare providers. Partnering with GBG has provided a solution to the challenge of deploying staff to the correct location, in the most efficient way.

Our location solution verifies and standardises address data in Allocate eCommunity's planning tool to ensure their customers know exactly where their patients are located. This allows healthcare providers to assign the right staff member to the patient, finding the match that fits the location, coupled with the skills needed.

The geocoding solution is then able to accurately measure the distance between locations, enabling the system to show estimated travel time between patients. This means that the schedule can be created to reflect the most effective route between appointments, maximising the time they spend with their patients over time on the road.

Together, Allocate eCommunity and GBG are able to provide digital, real-time information to allow for a more responsive approach to patient needs, improve employee's productivity and experience, and save travel costs.

Environment

Our net zero target

Due to the nature of our business, we have less impact than other organisations but we still seek to protect the environment where we can.

We are delighted to launch our ambition to be net zero by 2045. This ambition includes a near-term target of reducing our Scope 1 and 2 emissions by 42%[1] in 10 years[2], to align with the latest climate science, and was signed off by our ESG Committee.

We have also delivered on our goal to be carbon neutral in our operations, which we achieved by looking for ways to reduce our Scope 1 and 2 emissions and offsetting the remaining. We invested in several offsetting projects local to our team members, with projects in Australia, Indonesia and the US this year.

We are liaising with the landlords of our leased workspaces to understand whether they are using renewable energy to enable us to release our first market-based Scope 2 measurement, which you can see on page 24. We are in the process of reviewing and consolidating our workspaces, where appropriate, to keep our energy usage as efficient and low as possible and are using renewable energy usage as one of the criteria for new workspace decisions.

Measuring our market-based emissions also allowed us to measure the intensity ratio of our Scope 1 and 2 emissions against our revenue more effectively. Our actions, coupled with the improved measurement, has enabled our intensity ratio to decrease from 1.55 in FY22 (location-based emissions) to 0.96 this year, achieving our target of a 10% reduction by FY25 early[3].

We have also increased our team member awareness on environmental-related issues and actions they can take with the creation of our 'be/sustainable hub'. be/sustainable is how we describe our ESG programme internally, in line with our other employee GBG brands. The hub contains blogs and resources to help develop our team's knowledge and be part of the change needed. We will continue to encourage team behavioural changes to help reduce our emissions.

1. Based on the FY22 baseline you can find on page 24, including the former Acuant business and Cloudcheck
2. Close of FY32 (ten years from our FY22 baseline)
3. The intensity ratio for location-based emissions against revenue for FY23 is 1.31, also achieving our target of a 10% reduction from our FY22 emissions intensity ratio

We have always sought to refurbish and reuse our IT hardware so that it can be used by other team members and therefore reduce waste during its lifespan, as well as donating our used laptops, where possible, to charity.

Our response to the TCFD recommendations

The recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD') create a useful framework for companies to measure and mitigate their climate risk. Although TCFD-aligned reporting is not required of us until FY24, we recognise how crucial the management of climate-related risks and opportunities are and so we have decided to start disclosing this year. We chose to focus on setting the foundations for reporting and embedding our governance and processes. We have, therefore, not run climate-related scenarios this year but plan to do so next year.

We are a global business, with team members, customers, suppliers, and wider stakeholders based across the world.

With rising global temperatures and sea levels and increasing frequency of acute weather events, climate change is a real risk that we are all facing today.

Governance

The Board's oversight of climate-related risks and opportunities

Our Board has overall responsibility for our ESG programme, its activities and targets, which is maintained through regular review of recommendations made by its Committees. Our ESG Committee meets to assess and monitor progress against our ESG strategy, KPIs (which now includes our net zero ambition), and policies. The Committee is scheduled to meet three times a year, where progress, future plans and evolving regulation is discussed. You can read this year's ESG Committee report on pages 96 to 97. Our Audit & Risk Committee regularly monitors the principal risks and uncertainties identified by our risk assessment processes, along with the strategies developed and the actions we have taken to mitigate them.

Management's role in assessing and managing climate-related risks and opportunities

This year we set up a Business Risk Committee to facilitate Executive focus on the management of our key non-financial risks and issues and make sure that they are being managed in line with Board risk appetite. The Committee is chaired by the Chief Regulation Officer, or Chief Financial Officer in their absence, and is attended by representatives from governance, risk, HR, finance, and information technology, privacy and security. Going forward, the Committee will review any changes to top climate-related risks and opportunities and make recommendations, as appropriate, to the ESG Committee.

Strategy

Climate-related risks and opportunities identified over the short, medium, and long term

Examples of the risks and opportunities identified are listed below, grouped by the time horizon we expect they will have the most impact. Our short-term timeline reflects the five-year financial forecast model we maintain. We then we chose longer timelines to reflect the long-term nature of climate-related risks and opportunities.

Short term (0-5 years)

- Risk of failure to comply with transitional climate change policy and legislation in all relevant regions, including enhanced emissions reporting, which could cause increased costs, operationally and through the potential for fines
- Risk of failing to take, or being perceived as failing to take, sufficient climate action, which could result in reputational damage causing loss of, and difficulty in attracting, new customers, team members and investors
- Opportunity to continually enhance our approach to business risk through improved understanding of our climate-related risks and opportunities

Medium term (5-10 years)

- Risk of acute weather events causing disruption to our team's abilities to carry out their responsibilities, to our workspaces, equipment and to our supply chain. The impact of this could be disruption to our business operations in affected regions
- Risk of the introduction of climate-related taxation, such as a carbon tax, raising costs
- Opportunity for improved energy efficiency lowering costs in our operations and supply chain

Long term (10+ years)

- Risk of chronic physical changes causing disruption to our team's ability to carry out their responsibilities (i.e. through climate migration). The impact of this could be an inability to maintain business operations in certain regions, as well as impact on team member wellbeing
- Risk of the need to invest in carbon removals increasing costs
- Opportunity to evolve our solutions in line with changing customer needs and demand

Environmental, Social and Governance continued

The impact of climate-related risks and opportunities on our businesses, strategy, and financial planning

Our strategic goal is to be the global leader in digital identity verification and identity fraud. We want to be the partner of choice for businesses who want to interact with their customers safely, securely, and sustainably.

To do this, we need to ensure that our business and our solutions have the ability to withstand climate-related risks and that we can maximise on climate-related opportunities. Our Group strategy is built around six key priorities:

- Build markets
- Build differentiation
- Build once
- Customer trust
- Team trust
- Investor trust

By focusing on building differentiation and ensuring we build once, we reduce the need for duplication. Coupled with our 'Cloud-first policy', where we are moving away from physical storage, this helps us to improve the energy efficiency of our activities.

Our ESG Strategy (which you can read about on pages 18 and 19) was created to support the Group strategy in achieving these priorities. We set the goal for the Environment pillar of our ESG Strategy to be 'achieving our Group strategic priorities without impacting the planet for future generations'. This means building within the constraints of the planet's natural resources by reducing and improving our effect on the planet. By doing this, we also build trust with our customers, team members and investors.

We have assessed our climate-related risks and, while we do not view them as financially material to our business at the current time, we are continuing to track and review these as the risks, opportunities and our business evolves.

The resilience of our strategy, taking into consideration different climate-related scenarios, including 2 degrees or lower

As this is our first year of reporting against the TCFD recommendations, we decided to focus on getting the right oversight and responsibilities in place, embedding climate into our risk management approach and setting our net zero ambition. We are planning to run climate scenarios in FY24 to ensure that we can report in full alignment with the TCFD recommendations.

Risk management

The process for identifying and assessing climate-related risks

GBG uses a "bottom up, top down" approach to identifying risk. We start by conducting "bottom up" risk assessment workshops, covering each of GBG's business units and central services functions. The output from the risk assessment workshops creates risk registers, where we have a specific 'ESG' subcategory, under 'Strategic' as described in the GBG Risk Taxonomy.

A "top down" review of the top risks is conducted by the Audit & Risk Committee to validate the workshop findings and to ratify the risk register.

This process is refreshed regularly and on any material event occurring which is likely to result in GBG being subject to new or additional risks.

This is overseen by our ESG Committee, with sponsorship by our ESG Committee Chair and Executive ownership by our Chief People Officer. Independent review and challenge is provided by Risk Management.

The risk and opportunities are assessed against likelihood and impact against a risk matrix. Climate-related risks and opportunities are assessed against the short-, medium-, and long-term timelines described under 'Strategy'. Impact is measured by considering the risk impact on our reputation, operation, regulation, information, and finances.

The process for managing climate-related risks

Each risk is given a Risk Owner, who is the person primarily responsible for managing and mitigating that risk. Where a risk response is required it is documented in the risk register and kept under evaluation to ensure it remains appropriate.

Where risks are considered out of appetite or where control weaknesses have been identified by internal or external sources, action plans are documented, owned and time bound.

How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

As outlined above, our climate-related risks and opportunities are integrated into our Group Risk Management process and follow the same process. This means that climate-related risks and opportunities follow the same "bottom up, top down" risk identification and assessment approach, have an Executive Owner, Non-Executive Sponsor, dedicated Executive-level Panel and oversight from the Board. As well as independent review from Risk Management.

Metrics and targets

The metrics used to assess climate-related risks and opportunities in line with strategy and risk management process

We measure and report on our emissions annually and track our Scope 1 and 2 absolute emissions and intensity ratio for revenue. You can find this information on the following page. This year we also conducted a Scope 3 screening and are reporting our related emissions for the first time. We aim to work with our suppliers to enhance the accuracy of this data going forward.

Executive Directors' annual bonuses are earned based on the achievement of a range of financial and non-financial targets, which include maintaining focus on ESG improvements and communication.

Disclosure of Scope 1, Scope 2 and Scope 3 greenhouse (GHG) emissions and the related risks

Please see the table on page 24. For FY22, we have stated the emissions as reported last year and then with the businesses acquired. This enables us to set an accurate baseline for our net zero ambition and corresponding target.

We have seen a large increase in our employee commuting figures due to changing to a more comprehensive methodology for calculating emissions from working remotely.

The targets used to manage climate-related risks and opportunities and performance against targets

We have set an ambition to be net zero by 2045, alongside a target of a 42% reduction of our Scope 1 and 2 emissions in ten years from an FY22 baseline. We are measuring net zero as an, at least, 90% absolute reduction in our Scope 1, 2 and 3 emissions.

We also set a target last year to reduce our emissions intensity against revenue by 10% by FY25, which we have achieved early.

You can read more about our environmental targets and progress on page 20. We will monitor and report on our performance at least annually.

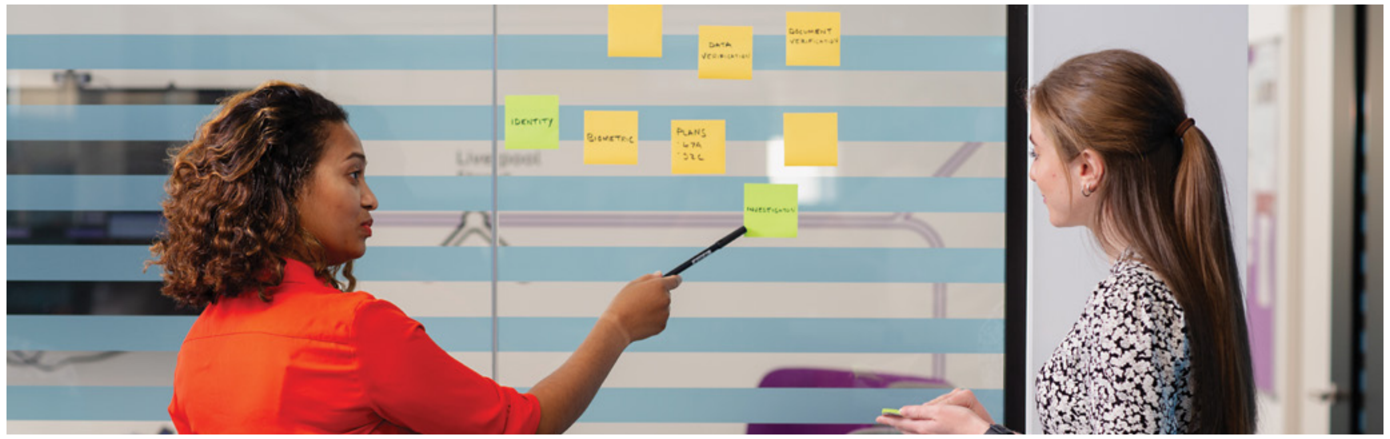
Environmental, Social and Governance continued

			Tonnes CO_2e			
Scope	**Source**	**Location**	**FY23**	**FY22** (including the former Acuant business and Cloudcheck)	**FY22** (without the former Acuant business and Cloudcheck, as reported in FY22)	**FY21**
Scope 1	Natural gas	UK	**15**	13	13	36
		Rest of the world	**–**	–	–	–
		Total	**15**	13	13	36
Scope 2	Location-based purchased electricity	UK	**127**	89	89	86
		Rest of the world	**223**	274	200	204
		Total	**350**	363	289	290
	Market-based purchased electricity[4]	UK	**48**			
		Rest of the world	**204**			
		Total	**252**			
Total Scope 1 and 2 (location-based)			**365**	376	302	326
Total Scope 1 and 2 (market-based)[4]			**267**			
Intensity ratio for revenue (Scope 1 and 2 tCO_2e/£m revenue)			**0.96**	1.55	1.25	1.5

		kWh
	Location	**FY23**
Energy consumption used to calculate the above emissions	UK	**402,398**
	Rest of the world	**379,181**

		Tonnes CO_2e	
Scope	**Source[5]**	**FY23**	FY22 (including Acuant and Cloudcheck)
Scope 3	1. Purchased good and services	**267**	426
	5. Waste generated in operations	**5**	0.3
	6. Business travel	**656**	375
	7. Employee commuting	**710**	112

4. This is the first year we have reported our market-based data, therefore our intensity ratio is now using market-based rather than location-based emissions. The intensity ratio for location-based emissions against revenue for FY23 is 1.31, also achieving our target of a 10% reduction from our FY22 emissions intensity ratio
5. Numbers relate to the Scope 3 category of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard



Everyone

Our solutions identify who our customers are transacting with. Our Chief Product Officer, Gus Tomlinson, outlines why this is so crucial:

> Under-age kids are getting access to gambling, alcohol, media content and adult sites, and also running up debts without fully understanding the consequences. There has been an increase in crimes of convenience as a result of the cost-of-living crisis with people using false information and fraudulent identities to apply for goods, credit and services.
>
> This stops if you get identity right at the first interaction. And that's why if you have a layered approach to onboarding you can put the right protection in place in proportion to the risk to an individual.

Our team members

We have a vision to have the best and most engaged team members in the industry. We have over 1,250 team members, which is a slight year-on-year decline (2022: 1,275). We have proactively managed our workforce to maximise the skills of available talent. This has created progression opportunities for our team and ensures we are delivering against our highest priority work, thereby avoiding the large-scale layoffs that have been experienced in other areas of our industry. Our team members span across 18 countries (2022: 17) and over 98% (2022: 97%) are permanent employees.

We are honoured to have been named as a winner of the 2023 Gallup Exceptional Workplace Award. We were recognised for placing team engagement at the centre of our business strategy and embedding engagement into our culture. Our employee experience is defined by our inclusive culture and how we show up every day, but, most importantly, placing our people at the heart of our decision making.

Chris Clark, our CEO, and James Miller, our Chief People Officer, host a live bi-weekly update to provide insight from across the business and answer questions submitted. This helps us maintain a transparent and open approach.

Sustainability Society

We have launched a Sustainability Society to empower our team members to drive action on sustainability at GBG. We have a communications channel for those who want to learn more where we post resources and thought pieces and a Working Group for those who want to take part in projects and contribute to resources.

Inclusion, diversity and equity

We believe it is important to promote an inclusive and diverse culture, representative of the markets and societies we serve around the world. We believe that a diverse workforce encourages innovation and widens our perspective, leading to a more successful, happier team and improved business outcomes. Through our be/yourself programme we commit to continuously improving our culture of inclusion and encouraging diversity within our organisation.

The programme has five key focus areas, each one sponsored by a member of the Executive Team who help to drive the programme, advocate in team meetings and to the Board and support the relevant training and resources:

- Age and experience
- Sexual identities
- Race, religion, nationality and location
- Gender
- Neurodiversity, accessibility and mental health

We have built a global network of be/yourself champions, team members who volunteer their support and lend their passion to our programme around the world. Together, our 50 champions create networking opportunities, manage events and listen to and support others.

Our targets

In FY22, we set two long-term targets focused on improving our diversity, which we have now included under the Everyone pillar of our ESG Strategy (you can read about these on pages 18 and 19). These targets were approved by our Executive Team and ESG Committee, who have oversight and receive regular updates on our progress.

Environmental, Social and Governance continued

We have seen a small increase in our overall female representation, which is 36.8% at the end of FY23 (2022: 36.7%, which was rounded to 37% last year). We have also seen female representation in our senior leaders (our Executive Team and their direct reports) increase to 41.9%, from 33.3% in FY22, which we are delighted exceeds our target of 40%.

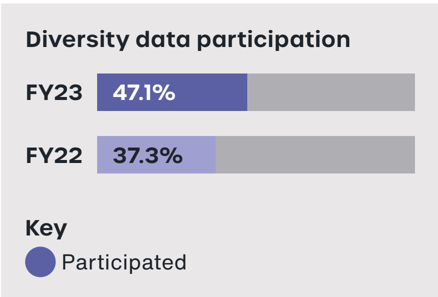
One of the ways we aim to make progress on our gender diversity is through Culture+, which is our way of hiring with an equitable approach. The initiative asks hiring managers to look at the diversity of their teams, recognise gaps and work with the Talent Attraction Team to support them in hiring candidates who can help grow our culture. We are using workforce planning activities to understand our global recruitment needs and to set corresponding recruitment diversity targets.

Culture+ also help us to consider new training and development opportunities and set our mentorship partnerships (you can read more about mentoring on page 28). Our Executive Team receive quarterly updates on the overall and their team's progress against the diversity targets, with the factors that have contributed to the change and the actions needed to continue to develop and improve.

Our second target is to increase participation in all areas of our voluntary diversity data collection, especially ethnicity, as well as delivering a report on our team global ethnicity by 2023. We are pleased to see our voluntary Group diversity data participation increase this year to 47.1% (2022: 37.3%).

We know that there is still work to do, so encouraging participation in this initiative is part of a permanent change in our processes. We have, therefore, built in a long-term communications strategy to provide information from when a candidate applies, through their onboarding and into the team member lifecycle. We did this to ensure all our team members understand and are clear about what data we are collecting, why we are collecting the data and how the data will be used long term. We have released specific communications with our newer acquisitions this year and run in-person sessions to build trust and confidence in our methods and purposes, so we hope to see participation increase as awareness and understanding grows.

We are strongly committed to protecting our team members' privacy. That's why, when we had to change our US human resources system, which covers our IDology team members, we wanted to ensure we had explicit consent for the diversity data we store. We therefore needed to remove and recollect this data, which has resulted in participation currently being lower than previous rates in this group, impacting our overall rates.

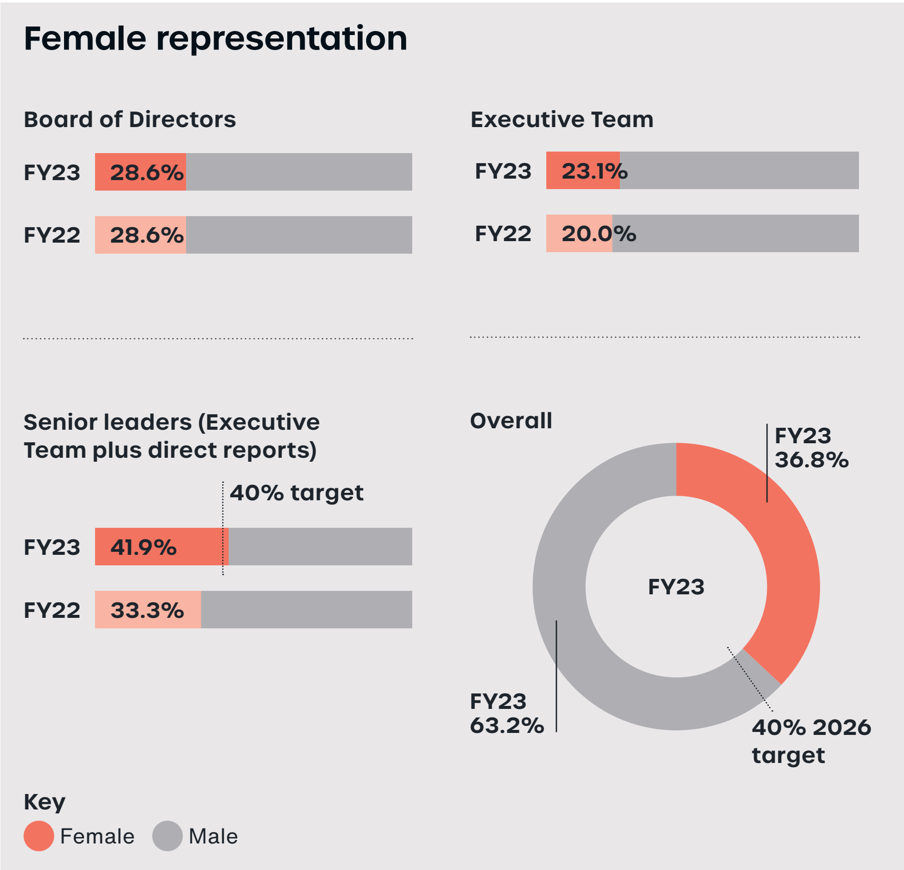


Partnerships

This year we formed a partnership with the Women in Tech Forum to help us drive action on our diversity targets. Our team members have already donated their time speaking at events to help educate and deepen learning and we also co-hosted an in-person event discussing current industry challenges women of colour continue to face and what steps they and allies can take to claim their space in the technology industry.

We also registered as a Disability Confident Committed employer to demonstrate our inclusion of our current and potential team members with disabilities.

We continued our partnership with Stonewall, a charity dedicated to supporting members of the LGBTQ+ community, by assessing our progress with our first UK workplace equality index, which we were pleased to be awarded a bronze award for. The index required us to conduct an extensive review of our practice and policies across the team member lifecycle through the lens of LGBTQ+ inclusion, with helpful guidance on areas we could continue to improve on.



"In a world where proving and trusting digital identities is central to how we live, work, socialise, buy, rent and borrow, no one should be left behind.

By using multiple data sources, not just financial data that prejudice against thin-file consumers, or by using alternative identity-proofing processes that don't discriminate against race, gender, age or ability, customer and citizen transactions can take place safely and inclusively for everyone.

Laura Barrowcliff, Head of Strategy and Customer Insight

Training and reporting

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

All new starters receive an introduction to the programme in their mandatory induction training and are automatically enrolled onto training on 'Unconscious Bias' and the 'Bystander Effect'.

We continue to publish our annual Gender Pay Gap Report, which is available on our website at www.gbgplc.com/en/legal-and-regulatory/gender-pay-reports/. In our 2021 report, we expanded from reporting solely on the UK to also reporting on the US, UK, Australia and Malaysia, which account for over 80% of our global headcount. We have continued to report on this expanded information this year.

Attracting and retaining talent

One of our top priorities is to attract and retain a diverse workforce of great people. A key way we do this is through our employee value proposition (EVP), which sets out five areas of our business which enable us to stand out:

- We make the world a safer place
- We trust each other and win together
- We are local experts in a global business
- We want you to be yourself
- We grow when you grow

Our EVP is prominent in our brand and gives potential team members, investors and customers a trusted view of our commitments and our dynamic culture.

Our team members embody this through our TRUSTED behaviours. Our behaviours are incorporated in our culture, from how we engage with our customers, how we manage and coach team member performance, to developing new skills, career progression and succession planning and recognition.

We incorporated this approach into our quarterly check-ins, which you can read more about on page 28 and created a series of communications to deep-dive into how our team members can bring these behaviours to life.

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

Engagement and satisfaction

Every six months we invite our team members to respond to a series of questions relating to workplace satisfaction, management quality and overall engagement. We partner with Gallup, the global consultancy, to ensure the anonymity of participants and to build trust in the process.

93% of our team "would recommend GBG as a great place to work" (2022: 95%), with 89% of our team members responding (2022: 93%) (including all GBG companies). While we recognise these results have seen a small decline, we are pleased so many of our team members continue to contribute and would recommend our organisation.

Team managers are accountable for sharing their team's results, facilitating effective action planning sessions with their teams, keeping the plans live and ensuring there is progress on engagement goals after each survey. We also track this performance over time and build longer-term actions into our overall engagement plans and request that team managers do so for their teams as well.

After its successful launch last year, we continue to offer our team members the choice to Work When and Where They Want. The policy empowers all our team members to work where they want, whether that's from the office, home, a holiday home, or even another country. They also have the flexibility to manage their day and week in a way that works for them and fits in with their personal and work priorities.

Environmental, Social and Governance continued

Our attrition rate has decreased this year to 9.0% (2022: 15.6%), which we are very pleased to see and we believe is, in part, due to our flexible approach and the work we do on understanding and responding to team feedback. We are also proud that this is far below industry levels, with Forbes quoting a 23% average industry average[6].

Training and development

This year we have commenced a comprehensive workforce planning exercise to ensure that we understand the roles we need now and plan for the ones we will need in the future. This included ensuring that we have a pipeline of diverse talent at multiple levels and that they can receive the development they need to grow with us.

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

In FY23, our team conducted a total of 19,965 hours of training (2022: 17,899). This year we also launched Lead@GBG, which is leadership training to empower today's leaders and give them the skills to support the leaders of the future.

Our team members were pursuing 80 external formal qualifications, degrees and certifications (2022: 40) in FY23.

After the success of our first global mentoring scheme last year, we decided to launch another cohort of partnerships. The scheme provides opportunities for both the mentor and the mentee to develop their career, broaden their network and increase their knowledge. All members of our Executive team are part of the programme. We are delighted to have 60 active partnerships and over half of the mentees are female. So far, 19% of the mentees have progressed in their career while in the programme.

We continue to offer apprenticeships to new starters and existing team members. In FY23 we had 10 team members undergoing training at a variety of levels and stages in their career (2022: 11).

"

Without the apprenticeship scheme and without GBG's willingness to take on the levy requirements when hiring me, I don't think I would have ever had the opportunity to do a Masters degree. The difference both my managers and I have seen in my confidence and knowledge has been significant.

Caroline Saunders, Information Security Compliance Analyst

Recognition and incentives

We operate an annual Sharesave Plan, which affords all team members globally, including part-time, at GBG[7], the opportunity to share in the Group's performance.

We also recognise and reward outstanding achievements and contributions to the business through the GBG awards. Every team member can nominate a colleague with awards attributed to three key areas aligned with our strategy: people; innovation; and customer. A winner for each category is selected quarterly and we also select overall winners at the end of the year, who all receive a prize for their contribution.

We have worked to improve access to variable rewards for all our team members, including non-sales, through role-based bonuses.

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

6. 'Spiking Attrition Impact On IT And Engineering Services' quotes post-COVID attrition among third-party IT and engineering service providers is currently 23% www.forbes.com/sites/peterbendorsamuel/2022/05/31/spiking-attrition-impact-on-it-and-engineering-services/?sh=772338a47c99
7. With the exception of China, Israel and countries with less than five team members, where we are unable to offer the Sharesave plan

Health and safety and wellbeing

We continued to release resources and run events and training this year in line with the five core wellbeing areas:

- Mental fitness
- Healthy lifestyle
- Social engagement
- Physical fitness
- Financial stability

For example, in recognition of the struggle rising costs can cause, we held InspireME talks in partnership with FinWELL on building a better relationship with money. This included strategies and tips on improving control of our personal finances and our wellbeing consultant hosted sessions on managing mental health during difficult financial times.

All team members globally have access to our Employee Assistance Programme ('EAP') to help get them the support they need. EAP grants team members access to confidential help with issues such as health, financial support, family matters or other problems which may lead to worry or anxiety. We take our responsibility for health and safety very seriously and are committed to a programme of progressive improvement.

Our Health and Safety Policy outlines our key standards, systems and procedures. We share guidance updates on health and safety with our team members regularly.

Society

We encourage our team members to be active citizens in their local communities through volunteering. One of the ways we do this is through the GBG Challenge, which, for over 17 years, has been a physically demanding challenge that our team members take part in to raise money for the year's chosen charity. In FY23, we raised money for the Disasters Emergency Committee's Ukraine Appeal and to reflect the urgent nature of the situation, we made our donations regularly throughout the year rather than waiting until the end of the year. We also ran a virtual challenge, which enabled those who couldn't take part in a challenge in person to set their own challenge, with the aim of travelling from our Chester, UK, office to Kyiv, Ukraine. In FY23 we raised £27,297.

Stories from our solutions:

Helping consumers discover and claim lost financial assets

This year we announced a partnership with Gretel, an online service reuniting consumers with lost and dormant accounts held in the UK for free. If there's a pension, bank or investment account that's been forgotten since the owner got married, moved house or moved jobs, our partnership enables it to be matched to a new name or current address.

Gretel estimates that there are nearly 20 million customer accounts with a combined value of over £50 billion that have been lost or forgotten in the UK alone. Our identity technology and access to millions of data records, can match consumers and reconnect them with their lost money.

"

At a time when the cost of living in the UK is at its highest in 30 years, getting the £50 billion of dormant, lost and unclaimed money from savings, investments and pensions back into the hands of the consumer, where it belongs, is more important than ever before.

Duncan Stevens, Chief Executive of Gretel

"

Our identity data coupled with our technology unlocks the ability for Gretel to reunite lost assets with their owners. This is a great example of how our solutions can be used to power useful and timely innovation that has wider societal benefits.

Hattie Fancourt, Business Development Director of GBG

Environmental, Social and Governance continued

Ethics

Corporate governance

Our ESG Committee provides oversight for our ESG-related activities and represents the Board in defining our ESG strategy and making sure we take a systematic approach to reviewing relevant practices and initiatives. You can read the ESG Committee report on pages 96 and 97.

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

Our Executive Directors have ESG-linked targets in their remuneration to emphasise senior accountability and make sure that they consider ESG factors in business planning, priorities and decision making. You can read more about the criteria for Executive Director remuneration on page 81.

We fully comply with the Quoted Companies Alliance Corporate Governance Code.

Practices and policies

Please find an outline of some of the practices and policies we've adopted to ensure GBG is an ethical and sustainable place to work and that our partners can understand and align with our approach.

- Our Code of Conduct reaffirms our approach to professional and ethical standards. It provides clarity about what doing the right thing involves and explains how we can work in support of our Strategy, demonstrating to our stakeholders that GBG is a responsible business with strong values. We updated the Code this year to reflect our evolving approach to ESG and modern slavery
- Our Whistleblowing Policy outlines how to raise a concern confidentially to our external Whistleblowing Hotline, which is available 24/7 in local languages, without fear of reprisals. The policy applies to all individuals working at GBG (whether permanent, fixed-term, or temporary), consultants, contractors, volunteers, interns or any other person associated with GBG. You can find out more about our Whistleblowing procedures on page 76
- We have an open culture and seek to resolve most issues informally. When this isn't possible, however, we have a formal grievance procedure that supports all team members in escalating and resolving concerns
- Our Anti-Corruption and Anti-Bribery Policy sets out our responsibilities in observing and upholding a zero-tolerance position on bribery and corruption. The policy applies to all team members who work for GBG, including its subsidiary companies across all jurisdictions. We require all team members to read, understand and comply with, the information contained within the policy
- Our suppliers are an integral part of our operations and ambitions. The GBG Supplier Code of Conduct sets out our expectations of our full supply chain to ensure high standards are maintained and that our suppliers behave honestly, ethically, fairly and with integrity at all times

Modern slavery

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

We have published a Modern Slavery Statement on our website (www.gbgplc.com/en/legal-and-regulatory/). This statement sets out our commitment to improving our practices to ensure that modern slavery and human trafficking are not taking place in any part of our business operations or supply chain.

Our Modern Slavery Statement is available for all our team members on our intranet, 'be/connected', to make sure everyone understands the risks of modern slavery and human trafficking in our business and supply chain. In addition, we require all new starters to review and confirm their understanding of our Statement as part of their online induction process.

We have continued our partnership with the Slave-Free Alliance this year to help us create and adapt the structures and processes need to improve our approach. We have finalised our gap analysis process and are now working on making the improvements to the gaps in our business which have been identified. The first activities completed included a review of modern slavery provision within our policies. This enables us to provide clarity on the standards and expectations we have set, as we work together towards a world without modern slavery.

Data ethics, security and privacy

Throughout GBG, including at Board level, we have always been committed to implementing leading data protection standards to ensure we comply with applicable legislation and process data securely. We know, however, that this isn't enough – we believe that the ethical use of data goes beyond this. We support this by placing individuals at the heart of what we do, which gives the added benefit of building trust with all stakeholders: individuals, our customers, suppliers, team members, investors and regulators.

We have a global team of experts focused on privacy and data security who work collaboratively with our commercial teams to find solutions that deliver positive outcomes for individuals and our customers. Ethical use of data is an everyday effort, with robust processes and procedures to ensure processing is within the expectations of an individual, that involves minimisation in terms of collection, storage and purpose, plus timely notification where required.

Prior to any processing, we conduct robust privacy and information security due diligence on the third parties we engage with to ensure the operations of third parties are in line with our Company policy (linked below). We carry out a detailed review of the activity involved to ensure we meet legal requirements and maintain high standards.

Internally we have a programme known as 'be/compliant' helping every team member to deliver on our data ethics target. At its simplest level, be/compliant is based on four guiding principles:

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

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

You can find out more by reading about our Privacy Approach (www.gbgplc.com/en/legal-and-regulatory/privacy-approach) and our Privacy Policies (www.gbgplc.com/en/legal-and-regulatory/) on our website.

Cyber security

We've maintained our ISO27001 certification for our UK locations and for our Canberra, Australia office, as well as PCI DSS certification.

We also have a 24/7 security operations centre that responds to any event or notification to uphold GBG's security posture. This means we have eyes and ears on the threats and threat actors that pose a risk to our business.

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

We conduct external information security systems audits at least annually.

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

Stories from our solutions:

Enabling financial inclusion in the United States

The long-standing approach of opening a bank account by visiting a local branch to provide physical proof of identity is becoming a thing of the past. Today, digital identity verification provides a secure, efficient and flexible approach to reduce friction when onboarding consumers and businesses. This can support greater financial inclusion, especially given the number of individuals who are virtually invisible to the financial system. The use of real-time identification via non-documentary methods can empower regional and community financial institutions (FIs) to grow at scale and thrive by offering an intuitive user experience.

GBG is a trusted and integrated digital account opening partner for Alkami, a leading cloud-based digital banking solutions provider for banks and credit unions in the United States. GBG's digital identity solutions leverage data records such as electoral rolls or data from utility companies in addition to identity documents to enable Alkami's customer base to accurately verify their consumers and businesses' identities. Alternative data, such as IP address, email and phone number, provides an additional layer of understanding to identify suspicious or potentially fraudulent accounts, which can prevent financial crime such as identity theft and money laundering.

> GBG's solutions integrate into Alkami's platform to provide a frictionless approach for digital account opening. By leveraging innovative solutions that cater to the changing needs of society, we are making the financial system more accessible to all. Together, we are reshaping how banks and credit unions verify identities – allowing financial institutions to grow market share, acquire and retain hard-earned banking relationships, and compete successfully.

Har Rai Khalsa, Vice President, Digital Account Opening & Loan Origination, Alkami

Chief Executive Officer's review

Chris Clark

Chief Executive Officer

"GBG's performance this year is in no small part due to the dedication of our 1,250+ global team. Their commitment and expertise, working tirelessly in partnership with our valued customers, have enabled GBG to navigate the present and evolving macro uncertainty and deliver important strategic progress and operational improvements.

Overview

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

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

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

Important strategic progress with our product and technology portfolio

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

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

Our market-leading breadth of capability is a key differentiator in a customer's decision to work with GBG. The integration of the comprehensive document library built by Acuant has upgraded our global documents and biometrics capability to cover 8,000 identity documents, underpinned by AI tampering detection to counter increasing sophistication in counterfeit documents. We are also leveraging our global data partnerships, we have launched our Multi Bureau product in Australia and Canada to build on its success in delivering higher match rates to EMEA customers.

As we evolve, we will remain an expert partner that is easy to work with. The launch of the GBG GO platform enables customers to orchestrate their identity services quickly via a no-code platform. This is resonating with customers, and we are already working with multi-brand gaming such as OX and Jumpman to reduce their risk and maximise customer conversion.

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

Well-positioned for the future

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

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

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

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

Our focus on delivering for customers is key and we have achieved high customer satisfaction and net promoter scores higher than our industry benchmarks. Over 1,275 responses to our Voice of Customer programme this year provide relevant and actionable feedback which we apply to build differentiation through our products, technology and data. This is reflected in the enhanced solutions we bring to market that offer proprietary data insights to serve customers' evolving needs.

Trading performance

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

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

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

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

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

Chief Executive Officer's review continued

Location

28%
of Group revenue

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

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

Identity

58%
of Group revenue

Identity's statutory revenue increased to £162.7 million, as a result of the acquisitions of Acuant and Cloudcheck in FY22. On a pro forma constant currency basis, revenue declined by 1.9%, which adjusts for the slowdown in volume from cryptocurrency customers and the non-repeat of the US stimulus work. This reduction, as previously announced, largely reflects the specific impact of lower volumes from internet economy customers, who benefitted significantly from pandemic-related changes in consumer behaviour with a particular impact in the Americas.

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

The uncertainty also led to an incremental lengthening of sales cycles and project delays. The trends in this region influenced the assumptions used for the annual impairment review, which resulted in an exceptional non-cash impairment charge of £122.2 million, with more detail provided in the financial review.

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

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

Fraud

14%
of Group revenue

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

Recognition for our highly engaged team

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

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

> Looking ahead, there is a compelling opportunity to build our markets, capitalising on cross-sell and upsell opportunities throughout GBG as we expand use cases with existing customers, as well as capturing new business as we move into new sectors and geographies.

Progress on Environment, Social & Governance (ESG)

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

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

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

Outlook

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

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

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

Chris Clark
Chief Executive Officer
On behalf of the Board
14 June 2023

Key performance indicators

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

The following details the principal Key Performance Indicators ('KPIs') used by the Group, giving the basis of calculation and the source of the underlying data.

A summary of performance against these KPIs is set out opposite. Statutory measures are those taken directly from the Consolidated statement of profit or loss or Consolidated balance sheet. Non-Statutory measures are defined within the last note to the financial statements.

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

Financial

Revenue and pro forma/organic revenue growth at constant currency

Revenue and revenue growth are used for internal performance analysis to assess the execution of our strategies.

Pro forma and organic growth are also measured, although those terms are not defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies.

Pro forma growth is defined by the Group as year-on-year continuing revenue growth, after adjustments for the pre-acquisition/disposal revenue from acquisitions/disposals in the past twelve months and excluding non-underlying items.

Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions (until the date of their anniversary) and disposed businesses.

Pro forma and organic growth are measured on a constant currency basis to remove the impact of changes in exchange rates.

Adjusted operating profit

This is used for internal performance analysis and to assess the execution of our strategies. Management believe that this adjusted measure is an appropriate metric to understand the underlying performance of the Group.

Adjusted EBITDA

This is used for internal performance analysis and to assess the execution of our strategies. Management believe that this adjusted measure is an appropriate metric to understand the underlying performance of the Group.

Earnings per share

Earnings per share is calculated as diluted earnings per share from continuing operations on both an adjusted and unadjusted basis.

Earnings per share growth

This is calculated as the growth in year- on-year earnings per share on both an adjusted and unadjusted basis.

Net cash/debt

This is calculated as cash and cash equivalent balances less outstanding external loans. Unamortised loan arrangement fees are netted against the loan balance in the financial statements but are excluded from the calculation of net cash/debt.

Net 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. The ratio is a covenant within the Group's bank facility.

Cash conversion

This is calculated as cash generated from operations in the Consolidated Cash Flow Statement, adjusted to exclude cash payments for exceptional items, as a percentage of Adjusted EBITDA.

Deferred revenue

Deferred revenue, which is included in our Consolidated Balance Sheet within Trade and Other Payables, is the amount of invoiced business in excess of the amount recognised as revenue. This is an important internal measure for the business and represents the amount that we will record as revenue in our Consolidated Statement of Profit or Loss in future periods. Trends may vary as business conditions change.

Non-financial

Employee engagement

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

Performance against KPIs

A summary of the Group's progress in achieving its objectives, as measured against KPIs, is set out opposite. Non- Statutory measures are defined on pages 179 to 181.

	FY23	FY22
Revenue growth	**15.0%**	11.4%
Pro forma revenue growth at constant currency (FY22: organic)	**3.7%**	10.6%
Fraud pro forma growth at constant currency	**14.7%**	15.7%
Identity pro forma growth at constant currency (FY22: organic)	**(1.9%)**	8.5%
Location pro forma growth at constant currency	**11.7%**	12.7%
Recurring revenue (pro forma) %:		
– Subscription revenue %	**56.7%**	54.1%
– Consumption revenue %	**37.0%**	37.5%
Adjusted operating profit (£'000)	**59,817**	58,839
Adjusted operating profit %	**21.5%**	24.3%
Adjusted EBITDA (£'000)	**63,147**	62,196
Adjusted EBITDA %	**22.6%**	25.6%
Earnings per share – diluted	**(47.5p)**	6.9p
Earnings per share – adjusted diluted	**16.4p**	20.2p
Earnings per share growth – diluted	**(786.2%)**	(48.9%)
Earnings per share growth – adjusted diluted	**(18.7%)**	(9.8%)
Net (debt)/cash (£'000)	**(105,918)**	(106,952)
Net debt leverage (multiple of adjusted EBITDA)	**1.68**	1.72
Cash conversion %	**67.3%**	95.7%
Deferred revenue (£'000)	**56,507**	58,823
Employee engagement	**93%**	95%

Financial review

Principal activities and business review

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

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

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

The Group results are set out in the Consolidated statement of profit or loss and explained in this Financial Review. A review of the Group's business and future development is contained in the Chair's Statement, the Chief Executive Officer's Review and in this Financial Review.

The Group uses adjusted figures as key performance indicators in addition to those reported under UK-adopted International Financial Reporting Standards and in accordance with standards issued by IFRIC. Adjusted figures exclude certain non-operational or exceptional items, which is consistent with prior year treatments. Adjusted measures are marked as such when used and are explained on pages 179 to 181.

In the year to 31 March 2023 (FY23), GBG's revenue and profit growth was lower than we had expected at the start of the year largely due to two significant external factors that emerged in the period. Firstly, significantly higher levels of cost inflation, which had an impact on interest rates and consumer confidence.

Secondly, GBG was not alone in experiencing an impact during FY23 from adjustments to consumer behaviours following the end of the Covid-19 pandemic that caused some level of reversal of the large accelerating strides made in the digitalisation of the economy during the pandemic.

> The Group responded proactively to the tough macroeconomic conditions, undertaking initiatives that will benefit our operational efficiency over the longer term.

Despite these factors that led to GBG falling short of our original financial expectations for FY23, we still recorded our highest ever level of revenue and adjusted operating profit.

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

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

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

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

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

Financial review continued

Revenue and gross margin

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

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

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

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

	Statutory revenue £'000	Pre-acquisition /disposal revenue £'000	Deferred revenue haircut £'000	Non-repeating revenue[1] £'000	Pro forma revenue
2023					
Subscription revenues:					
Consumption-based	45,427	–	–	–	45,427
Term-based	112,034	–	1,241	–	113,275
Total subscription revenues	**157,461**	**–**	**1,241**	**–**	**158,702**
Consumption	103,834	(219)	–	–	103,615
Other	17,515	–	–	–	17,515
Revenue	**278,810**	**(219)**	**1,241**	**–**	**279,832**
2022					
Subscription revenues:					
Consumption-based	37,402	7,573	–	–	44,975
Term-based	76,465	14,781	1,381	–	92,627
Total subscription revenues	**113,867**	**22,354**	**1,381**	**–**	**137,602**
Consumption	115,212	(409)	–	(19,565)	95,238
Other	13,401	7,986	–	–	21,387
Revenue	**242,480**	**29,931**	**1,381**	**(19,565)**	**254,227**

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

Operating loss and cost management

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

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

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

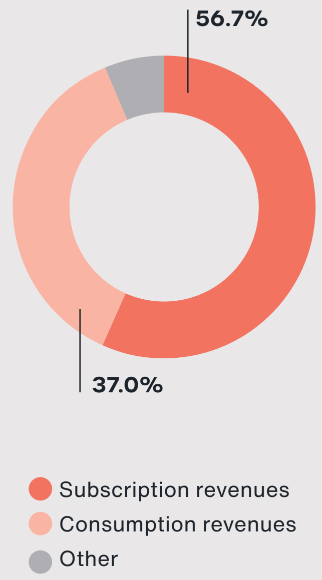
Exceptional and normalised items

Amortisation of acquired intangibles

The charge for the year of £42.8 million (FY22: £24.7 million) represents the non-cash cost of amortising separately identifiable intangible assets including technology-based assets and customer relationships that were acquired through business combinations.

The increased charge in the year is due to the full-year impact of the acquisitions of Acuant (4 months only in FY22) and Cloudcheck (2 months only in FY22) in the prior year.

Pro forma revenue by type



FY23 Revenue
£278.8m

FY23 Adjusted operating profit
£59.8m

Total revenue growth
15.0%

Pro forma constant currency revenue growth
3.7%

Share-based payments

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

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

Impairment of goodwill

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

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

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

Financial review continued

Other exceptional items

In addition to the goodwill impairment charge, other exceptional costs of £5.0 million (FY22: £4.5 million) were incurred by the Group in the year and have been detailed in note 7 to the accounts. Broadly, these exceptional charges arose either from our M&A activities in prior years or were incurred to enable our initiatives to achieve operational efficiency.

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

Exceptional items also contained contingent consideration adjustments related to acquisitions in prior years, where these adjustments needed to be reflected in the Consolidated statement of profit or loss. We released £2.8 million contingent consideration related to the Cloudcheck acquisition where the maximum earn-out targets were not achieved and we completed the final payment in respect of the IDology acquisition with an FY23 cost of £0.8 million. The majority of this cost was offset by interest income as detailed in note 9.

Net finance costs

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

Taxation

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

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

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

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

Earnings per share

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

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

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

Deferred and accrued revenue

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

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

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

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

Cash flows

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

This decline reflects some specific non-recurring factors including:

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

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

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

Overall, our net debt at 31 March 2023 decreased to £105.9 million. This was despite a negative £8.6 million retranslation impact from the conversion of the US dollar denominated debt into pound sterling, the £9.6 million full year dividend payment, £2.5 million of GBG shares purchased for the new Employee Benefit Trust and a one-off payment of £2.3 million for an acquired liability related to the prior year acquisitions.

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

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

Dividend

At the AGM, the Board of Directors will propose a final ordinary dividend of 4.00 pence per share (FY22: 3.81 pence), amounting to £10.1 million (FY22: £9.6 million).

If approved, this will be paid on 3 August 2023 to ordinary shareholders whose names appear on the register of members at the close of business on 23 June 2023. The Group continues to operate a Dividend Reinvestment Plan, allowing eligible shareholders to reinvest their dividends into GBG shares.

Treasury policy and financial risk

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

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

The Group finances its activities principally with cash, short-term deposits and borrowings but has the ability to draw down up to £47.5 million of further funding from a committed revolving credit facility. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operating activities. Surplus funds of the Group are used to repay the RCF, whilst ensuring that a suitable operational level of cash is retained.

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

> At the AGM, the Board of Directors will propose a final ordinary dividend of 4.00 pence per share (2022: 3.81 pence), amounting to £10.1 million (2022: £9.6 million).

Silicon Valley Bank

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

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

Approved by the Board on 14 June 2023

David Ward
Chief Financial Officer
14 June 2023

Engaging with our stakeholders and Section 172

Stakeholder engagement is central to the formulation and execution of our strategy and, therefore, to the Group's success.

The Board considers the interests of our different stakeholders in all decisions but is mindful that the interests of different groups may compete, and decisions may not always lead to positive outcomes for all stakeholders. This section explains who GBG's stakeholders are, provides insight into how the Board engages with them, explains the actions or outcomes resulting from this engagement and points you to where you can read more about how our business is aligned to stakeholder interests.

Investors

How we have engaged

- live full and half-year results presentations and Q&A's (in-person in London and broadcast virtually);
- the Annual General Meeting;
- regularly updated Investor area on our website, www.gbgplc.com, providing information on the business, news, reports and presentations;
- one-to-one meetings between investors and the Chair and, where appropriate, the Committee Chairs;
- the CEO and CFO participate extensively in investor engagement, conducting investor roadshows at the full and half-year results announcements as well as attending investor conferences hosted by investment banks throughout the year. Feedback is regularly collected by our corporate brokers to provide to the Board following these activities;
- our proactive engagement programme involving our management team conducted over 200 meetings with existing and potential investors, supported by the Group's Investor Relations Senior Manager, with the Board again being updated frequently on these activities; and
- in January 2023, we held a well-attended Capital Markets Day covering the longer-term investment case for GBG. The event was hosted by our CEO and CFO involving senior management from across the business and an independent industry analyst. The event was held in-person in London but also well attended virtually. You can view the materials and watch a recording of the event online (www.gbgplc.com/en/investors/resources/capital-market-events/), read more on page 50.

What is important to this stakeholder group:

- financial performance;
- dividends;
- share price;
- strategy and business model; and
- ESG initiatives & performance.

Actions or outcomes resulting from our engagement:

- ongoing engagement supports good understanding of GBG's current strategy and investment case from the investment community

How our business positively impacts this stakeholder group:

- read about our strategic priority of 'Investor Trust' on page 6

People

How we have engaged

- visits to office locations to meet team members informally;
- bi-weekly live business updates hosted by the CEO and held at two different times of the day, to accommodate different time zones. Approximately two thirds of each session is given over to a live Q&A where team members can have questions answered by the CEO, the Chief People Officer or other Executive Team members;
- regular team member engagement surveys, the results of which are shared with the Board; and
- quarterly awards for outstanding performance, annual 'kick-off' seminars to provide team members with information on strategy and objectives and regular team building events. Key feedback from these activities is shared with the Board to celebrate exceptional performance and identify areas of improvement.

What is important to this stakeholder group:

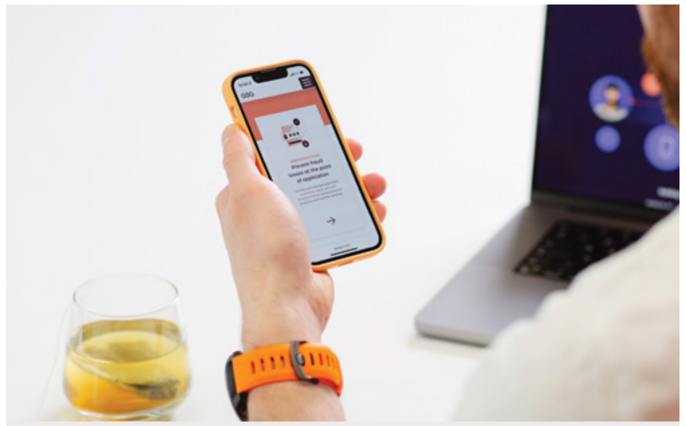
- safe working environment and flexible working;
- development and progression;
- competitive remuneration;
- diversity and inclusion;
- environmental footprint; and
- clear policies.

Actions or outcomes resulting from our engagement:

- engagement survey feedback is collated and management are given action points to address areas of improvement

How our business positively impacts this stakeholder group:

- read about our strategic priority of 'Team Trust' on page 6



Customers

How we have engaged

- a 'Voice of the Customer' programme, run throughout the year, to gain feedback on how well we are performing for our customers. The Board receives an update on the programme at every Board meeting;
- a 24/7 helpdesk, for all customers, is available via multiple channels, with an automated survey to gain feedback that can be used to improve the service; and
- marketing activities, thought leadership webinars and 'customer lab' sessions where customers can discuss topics with industry peers.

What is important to this stakeholder group:

- relationship management;
- product quality;
- product availability; and
- product cost.

Actions or outcomes resulting from our engagement:

- all 'Voice of the Customer' feedback is acted on by dedicated account managers

How our business positively impacts this stakeholder group:

- read about our strategy on page 6 and discover how our solutions are delivering for our customers on pages 10 to 17

Engaging with our stakeholders and Section 172 continued

Communities

How we have engaged

- hosting events to support diversity, equity and inclusion, such as our 'Women in Tech' events;
- conducting a materiality assessment, with responses fed back to the ESG Committee so that feedback can be embedded into our ESG strategy. You can read more on pages 18 and 19; and
- running fundraising events and charitable initiatives that raise money for charitable causes or provide practical help to local causes.

What is important to this stakeholder group:

- social and ethical impact;
- ESG;
- supporting the communities in which we work; and
- diversity and inclusion.

Actions or outcomes resulting from our engagement:

- activities designed to support charitable causes through fundraising and volunteering

How our business positively impacts this stakeholder group:

- read how our products and services enable individuals to access online services safely and securely on pages 10 to 17 and read our ESG Statement on pages 18 and 19

Suppliers

How we have engaged

- approving, annually, our supplier Code of Conduct, ensuring it continues to set the tone with regards to the standards we expect from them;
- onboarding due diligence for new suppliers including assessing privacy compliance and infosec standards, with the Board overseeing the expectations we place upon our suppliers; and
- a dedicated procurement team to develop strong relationships with our suppliers. The Board receive an update from the Procurement Team at least annually.

What is important to this stakeholder group:

- social and ethical impact;
- payment practices; and
- develop and maintain long-standing relationships.

Actions or outcomes resulting from our engagement:

- an established GBG Supplier Code of Conduct and procurement process means we have strong relationships with our suppliers

How our business positively impacts this stakeholder group:

- read about Ethics on pages 30 and 31

Government and Regulators

How we have engaged

- the Chair of the Audit and Risk Committee regularly attends events to understand areas of regulatory focus;
- industry consultations, with responses vetted and approved by the Board or a relevant Committee; and
- trade association memberships and conferences, with updates provided to the Board by the relevant area of the business attending.

What is important to this stakeholder group:

- compliance; and
- maintaining good relationships with regulators.

Actions or outcomes resulting from our engagement:

- through engagement with the UK Digital Identity and Attributes Trust Framework, GBG has gained certification to the Framework and you can read more on page 15

How our business positively impacts this stakeholder group:

- read about how our risk management (pages 51 to 59) and our governance processes (pages 64 to 71) ensure compliance with laws and regulations

Banks

How we have engaged

- regular meetings with our banking syndicate, to update them on our prospects and governance and to secure optimum rates and terms

What is important to this stakeholder group:

- well-managed risk; and
- ability to repay loans.

Actions or outcomes resulting from our engagement:

- the strength of our banking relationships and the confidence the banks have in GBG was illustrated by their approval, in November 2022, of a one-year extension to the termination date of our loan agreement to July 2026. The collapse of Silicon Valley Bank (SVB), in March 2023, further demonstrated the strength of our relationships. SVB was our main banking partner in the US and its collapse could have impacted the Group's ability to make and receive payments. Being part of a banking syndicate and our positive relationships with other banks within it, meant we were quickly able to appoint a new banking partner in the US. The same bank also absorbed SVB's part of our key credit facility

How our business positively impacts this stakeholder group:

- read about our financial performance (pages 38 to 43) and our risk management (pages 51 to 59)

Engaging with our stakeholders and Section 172 continued

In accordance with section 172 of the Companies Act 2006, the Board have a duty to act in a way they consider, in good faith, would be most likely to promote the success of the Company. This part of our report explains how the Board have had regard to the matters set out in section 172 when performing their duty.

This section is the Board's "section 172(1) statement" in accordance with section 414CZA of the Companies Act 2006.

The table below sets out the factors to which the Board should have regard when performing their duty under section 172 and points to other disclosures within this report that are relevant to each factor:

Section 172 Factor:	Where you can read more:
(a) the likely consequences of any decision in the long term	Business Model & Strategy – pages 8 and 9 CEO Statement – pages 32 to 35 KPIs and Financial Review – pages 36 to 43
(b) the interests of the company's employees	ESG Statement – Everyone – pages 25 to 29 Whistleblowing – page 76
(c) the need to foster the company's business relationships with suppliers, customers and others	Business Model & Strategy – pages 8 and 9 Solutions and Marketplace – pages 10 to 17 CEO Statement – pages 32 to 35
(d) the impact of the company's operations on the community and the environment	Solutions – pages 10 to 17 ESG Statement – Environment – pages 20 to 24
(e) the desirability of the company maintaining a reputation for high standards of business conduct	ESG Statement – Ethics – pages 30 and 31 Internal Controls – page 76 Sanctions and ABC – page 76
(f) the need to act fairly as between members of the company	Financial Review – Dividend Policy – pages 38 to 43 Annual General Meeting – page 5

The graphic below explains how the Board incorporate stakeholder interests into their decision making process and monitor the impact of key decisions:

Board Information

Stakeholder engagement activities are included in Board papers where appropriate, including regular updates on customer experience and people matters

Investor updates are provided to the Board quarterly, or more regularly if specific issues arise

Board proposals give information on the likely long-term impact of a course of action

Board Scrutiny & Discussion

The Chair ensures decision making is sufficiently informed by s172 factors

The Board challenges the quality of information presented and seeks assurance as required

The diverse skills and experience of the Directors help the Board, as a whole, make informed decisions which promote success

Board Decision & Monitoring

The Board receives updates on key decisions through papers or verbal updates

The decisions highlighted below have been included as examples of how the Board have had regard to the matters set out in section 172 when making decisions that impact our different stakeholder groups:

Introduction of a Restricted Share Plan ('RSP')

At the 2022 AGM, shareholders were asked to approve the introduction of a new Restricted Share Plan. Under the plan, executives below Board level can be granted share options that are not subject to performance conditions. Options granted under the RSP are coupled with a greater number of options granted under our Performance Share Plan ('PSP'), which are subject to performance conditions.

Why was this important to the Board?

This was an important decision for the Board, which required them to balance the interests of our team members (who need to be confident that incentive arrangements will provide reasonable return as we navigate a challenging macroeconomic climate), with the needs of shareholders (who need any incentive arrangements to challenge team members to produce growth).

Which s172 factors were at the heart of this decision?

(a) the likely consequences of any decision in the long term; and

(b) the interests of the company's employees.

Which stakeholder groups were impacted by this decision?

Investors and People.

Brand Alignment in the Americas

The acquisition of Acuant (covered in detail in last year's Report) significantly expanded the Group's opportunity in the Americas. To capitalise on this opportunity, the Board has taken the decision to align our brand proposition in the region, for our identity business, to "GBG IDology". This will allow us to maximise cross-selling opportunities, increase collaboration between team members and identify opportunities to streamline processes and, therefore, reduce costs.

Why was this important to the Board?

The Americas region and the successful implementation of the Acuant acquisition are key to the successful delivery of our strategy.

Which s172 factors were at the heart of this decision?

(a) the likely consequences of any decision in the long term;

(b) the interests of the company's employees; and

(c) the need to foster the company's business relationships with suppliers, customers and others.

Which stakeholder groups were impacted by this decision?

Investors, People, Customers and Suppliers.

Takeover Approach by GTCR

In September 2022, the Board was advised by GTCR that they were considering making a formal offer to acquire GBG's entire issued share capital. An approach such as this is not uncommon but news of the approach was leaked by an unknown source. This leak required both GBG and GTCR to comply with the strict timescales set out in the Takeover Code and meant that all shareholders, team members, customers and suppliers knew of and were interested in the approach.

Why was this important to the Board?

The Board, in responding to the approach, was obliged to comply with their Directors duties under the Companies Act 2006 and with Rule 3 of the Takeover Code by ensuring any offer was fair and reasonable and promoted the success of the Company for the benefit of shareholders. The Board also had to consider the interests of team members and all other stakeholder groups. The Board met 4 times within 6 weeks, receiving regular updates on internal activities required to be undertaken in response to the approach. Ultimately, no formal offer was made by GTCR. However, the Board's response and decisions during the period demonstrated their ability to balance the competing interests of all stakeholders.

Which s172 factors were at the heart of this decision?

(a) the likely consequences of any decision in the long term;

(b) the interests of the company's employees;

(c) the need to foster the company's business relationships with suppliers, customers and others;

(e) the desirability of the company maintaining a reputation for high standards of business conduct (in so far as compliance with the Takeover Code was an imperative); and

(f) the need to act fairly as between members of the company.

Which stakeholder groups were impacted by this decision?

Investors, People, Customers, Suppliers and Regulators.

Engaging with our stakeholders and Section 172 continued

Our capital markets event

We actively engage with investors throughout the year. Our capital markets event on 19 January 2023 provided one of the anchors to our engagement in FY23, articulating our strategy and refreshing investor understanding of our investment case over the mid-term.

Our capital markets event snapshot

260+
Attendees

5
Customer testimonials

8
Presentations from GBG senior management

Watch highlights video from the event and additional materials at

gbgplc.com/en/investors/resources/capital-market-events/

Reinforced GBG's market opportunity

- Discussed the positive structural tailwinds and themes driving our markets as we heard from Aite Novarica, an independent industry analyst
- Reiterated our strategy to deliver growth

Educated investors on how we differentiate

Remember most investors are generalists!

- Our strategy to deliver growth
- Driven by differentiated offering
- Data, technology & people

Brought GBG's business to life

Added weight and credibility to our investment case:

- Hearing and meeting from the wider senior management team
- Customer testimonials
- Held a number of product demonstrations including our recently launched GBG GO solution

Principal risks and uncertainties

Risk management overview

GBG has an enterprise-wide risk management approach which is described in the GBG Risk Management Framework document. This Board-owned framework sets the standards and expectations of how risks are identified and managed within GBG. The framework is in line with external best practice and updated at least annually.

Taking risk management seriously and following the processes described in the framework enable the safe delivery of business objectives and helps us to continue to build a sustainable business.

"GBG's risk strategy is aligned to GBG's purpose and the achievement of business objectives"

GBG risk strategy recognises that risks are a natural consequence of business activity and to be successful, need to be identified and managed.

Fundamental to GBG's risk strategy is the nurturing of a positive proactive risk management culture whereby team members feel able to raise risk concerns and have access to processes to consistently identify, assess, manage and report risks.

Wherever possible risk management is embedded within business processes and steps are taken to make sure everyone understands their role when it comes to managing risk.

"GBG's risk management capabilities continue to mature and embed"

The Audit and Risk Committee oversee an ongoing risk management programme which drives GBG's risk management approach.

GBG's Chief Regulation Officer ("CRO") is accountable for delivering the risk programme and supported in this role by GBG's Risk Manager.

The CRO, together with the Risk Manager, provide updates to the Executive Committee and Board Audit and Risk Committee on progress with developing GBG's risk management framework. Both the CRO and Risk Manager have direct access to the Chair of the Board and the Chair of the Audit and Risk Committee and attend the Committee to provide their independent view about the management of the top risks.

In this reporting period the risk programme has:

- delivered an updated risk management framework incorporating ESG;
- matured the risk policy framework;
- enhanced risk reporting;
- managed risk appetite;
- simplified incident reporting;
- improved risk training; and
- continued risk assessment activity.

GBG's key risks are reviewed throughout the year, considering control issues, business changes and external factors. The top risks are highlighted in the key risk section of this report.

External risk environment

The external risk environment is monitored closely. We seek to proactively manage any potential impacts arising from global events or uncertain economic conditions.

Russia's invasion of Ukraine

GBG's exposure to the impacted regions is negligible. However, recognising the potential for risk to arise from this conflict, technology and operations continued to be monitored and reviewed to mitigate against any risks that may emerge e.g. we have strengthened controls surrounding sanctions checking.

Coronavirus (Covid-19)

Recognising the social and economic impacts of the pandemic are still being felt across the globe, and could still impact business performance, regular updates continue to be provided to the Executive. These updates confirm the Group continues to demonstrate financial and operational resilience to the effects of the pandemic.

External Economic Conditions

During this reporting period the state of the global economy has created challenging conditions for our customers and our team members with resultant impacts on GBG's risks.

The impact of inflation, increasing interest rates, energy price increases and the 'cost of living crisis' on the supply chain and the real incomes of our global team members is closely monitored.

Direct action was taken to compensate team members on lower incomes to help alleviate some of the impacts. We continue to listen to team member feedback, benchmark reward packages, track external developments and may act if necessary, overall though the level of People risk has remained stable and attrition rates are reducing.

Customers' operating conditions have also been very challenging.

Particularly for our Identity customers these difficult conditions resulted in less transactional demand. This is especially true in sectors like cryptocurrency and for our internet economy customers, however, GBG continues to manage a diverse commercial portfolio and is not overly reliant upon specific sectors. As described in the Financial Review section on pages 38 to 43, the collapse of Silicon Valley Bank and subsequent issues surrounding the banking sector did not have any adverse impact on GBG.

Principal risks and uncertainties continued

GBG's Risk Management Framework:

The Board owned Risk Management Framework is reviewed at least once a year, or where there are significant changes to the risk profile. The framework is based on accepted best practice and its implementation is supported by risk processes and risk guidance.

The key elements of the risk framework are as follows:

Risk culture

Risk culture has a significant impact on GBG's ability to manage risk and helps make sure activity which is outside our risk appetite is not undertaken. GBG's Executive team is responsible for establishing, communicating and promoting the Board's expected risk culture, which aligns with GBG's strategy, objectives and risk management principles.

At GBG, a positive proactive risk management culture is expected and embedded within our values and behaviours.

Risk strategy and risk appetite

Risk strategy

GBG's risk strategy is embedded within the Company's objectives and strategic aims.

GBG's risk strategy is to proactively identify, measure and report the risks that exist as a natural consequence of doing business.

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

Risk appetite

At GBG, risk appetite is defined as 'the amount and type of risk that we are prepared to seek, accept or tolerate'.

The risk appetite framework is built around the principle of setting risk appetite in line with business strategy and aligned to controlling key risks.

The Board approves appetite statements which are then translated into policy and process. We use key risk indicators to measure risk appetite performance against agreed thresholds.

Roles and responsibilities

The Board

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

During the year, the Board is also updated on a range of risk topics. These have included:

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

Audit and Risk Committee

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

The Executive Committee

As well as owning GBG's key risks, the Executive committee members are responsible for promoting the Board's expected risk culture and reviewing and monitoring how much risk GBG is willing to tolerate (its risk appetite). Collectively the team also make up our Major Incident response team and provide strategic direction and leadership in the event of a major issue occurring.

Executive Risk Committee

This Executive Committee focuses on risk management performance, reviewing material new risks, key risk indicators, the root cause of any material incidents as well as tracking audit actions and assessing risk readiness for new product launches or significant change initiatives.

Specialist risk management teams

Specialist teams help manage GBG's key risks. In information security, compliance, legal and risk, experts are responsible for Group policy and help everyone at GBG understand their role in the identification, assessment and management of key risks and issues.

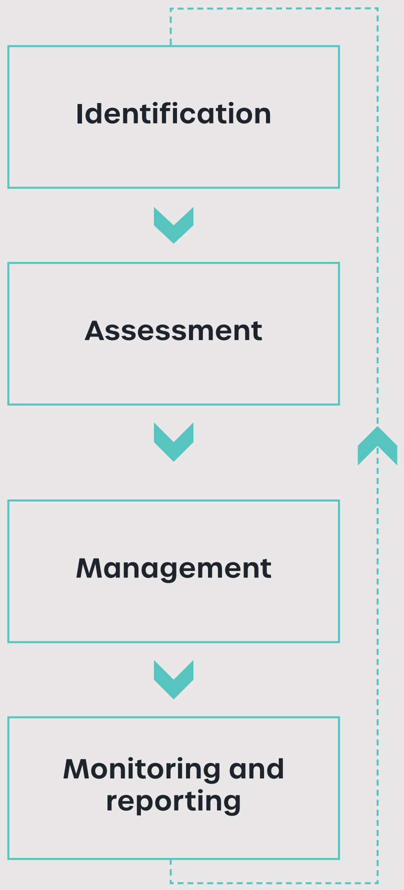
Auditors

The Group's internal audit functions, led by the risk manager, and external auditors are responsible for reviewing and assessing the Group's risk management and internal controls process and report findings and recommendations to the Audit & Risk Committee.

Actions arising from previously outsourced audits of cyber security, risk management, procurement and finance are completed.

In this reporting period GBG has not used an external firm for internal audits. GBG adopts the 'three lines model' and has internal audit capability. Audits are completed in line with the control of key risks using internal risk management or external auditors depending on which option is most appropriate.

Risk process



Risk controls

As part of the risk assessment processes, risk control measures are in place. Key controls are documented against the key risks and tested. Key controls include:

Financial

Financial Controls to make sure management information is relevant, timely, reliable and compliant and the controls for the approval of capital expenditure.

Strategic

Strategic Planning Controls to make sure GBG regularly reviews budgeting, strategic plans and business performance.

Operational

Operational Risk Controls to make sure GBG controls key operational risks and reports performance, e.g. cyber security and operational resilience.

Conduct

Conduct Risk Controls to make sure GBG remains compliant with applicable laws and regulations and maintains a strong reputation.

Privacy

Privacy Risk Controls to make sure GBG collects, processes and analyses data in a way that complies with data privacy legislation.

Risk policies

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

Risk training

All team members participate in regular training on key risk topics, e.g. privacy and information security. Everyone is reminded routinely of the importance of their role in managing risk in GBG. Where necessary, team members are required to pass tests to make sure they have understood what they have learnt and are meeting regulatory expectations.

Risk incident management

Capturing, evaluating and learning from incidents that occur through the course of doing business helps highlight and improve our controls. Mechanisms are in place to report and manage internal and external incidents which impact or could impact GBG adversely.

Business continuity, disaster recovery and incident management plans are in place and periodically tested.

We closely monitor levels of business disruption and these remain low. Where issues are identified, technology-designated people and processes are in place to bring them under control.

Principal risks and uncertainties continued

GBG risk profile

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

Like all businesses, GBG face risks and uncertainties. The goal is to make sure that identified risks are managed within acceptable levels.

Whilst the external economic environment has been difficult for our customers, with resultant impacts on GBG, the overall stability of the risk profile is evidenced by continued low levels of business disruption and very limited financial loss.

GBG uses a "bottom up" approach to identifying risks by conducting regular risk assessment reviews. The output from the risk assessment creates risk registers, which set out all risks applicable to GBG globally.

A "top down" review is led by the Executive members and the Audit & Risk committee to validate and ratify the risk profile. This enables further consideration of strategic risks.

GBG risk appetite and principal risks

Risks are assessed for likelihood and impact against different impact definitions which include the potential for financial or reputational damage. Controls are assessed and resultant residual risks are reported against primary risk categories:

- **Operational risks – The risks that affect GBG's ability to execute our strategy.**
  Risk Appetite Statement:
  GBG has minimal appetite for operational disruption which adversely impacts our customers or reputation. We have low appetite for financial loss arising from inadequate systems, process, people or external events. We implement appropriate levels of control to maintain operational resilience while growing sustainably
- **Financial risks – Risks relating to market, liquidity and credit risks.**
  Risk Appetite Statement:
  We maintain a prudent liquidity profile to make sure we meet our long-term commitments and a balance sheet structure that limits reliance on potentially volatile sources of funding. We aim to deliver high quality consistent earnings and have low appetite for earnings shocks
- **Conduct risks – Risks relating to GBG's legal and regulatory compliance.**
  Risk Appetite Statement:
  We aim to comply with all relevant regulation and laws in the jurisdictions within which we operate. We seek to maintain robust governance arrangements and meet ethical, environmental and societal expectations including transparent tax behaviour
- **Privacy risks – Risks relating to failure to prepare for privacy changes which impact the business.**
  Risk Appetite Statement:
  We expect to meet all relevant privacy rules and regulations in the countries within which GBG operates. We have no appetite for major breaches
- **Strategic risks – Risks that affect or are created by GBG's strategic objectives.**
  Risk Appetite Statement:
  We maintain appetite for organic and inorganic growth from complimentary, diverse sources with palatable Return on Investment assessing opportunities for the long term. We offer our products at prices which appropriately balance risk, growth and reward

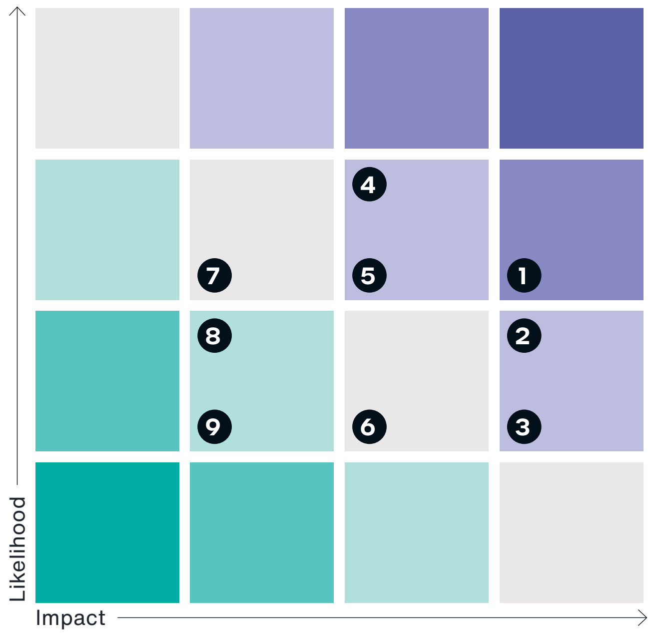
GBG's top risks

The risk profile has remained controlled. The Board have overseen some changes to GBG's top risks, notably:

Operational Resilience and Third Party risk no longer feature as top risks. Service availability performance continues to be very strong backed up by further successful migrations to cloud based solutions and internal audit actions relating to procurement and control over suppliers have been closed.

The latest top residual risks are set out below together with a summary of the control measures and mitigations.

Risk heatmap – GBG's top risks



1. Customer
2. Integration
3. Information Security
4. Competition
5. People
6. Financial
7. Technology Assets and Services
8. Legal
9. Privacy Compliance

Key
Increased Decreased Stable

Risk	Description	Mitigation	Progress
Customer 1	**Risk of a reduction in revenue from existing customers caused by external factors e.g. economic conditions.** Economic conditions are impacting key customers with resultant impact on the use of GBG services, particularly in demand for Identity verification.	Customer needs-based, innovative product development and adding additional value to existing customer integrations. Business plans focused on winning new business, retaining business, and broadening the range of products used by our existing customers. Cost control measures to make sure investment is correctly targeted, without compromising the need for ongoing investment in the business to support growth. Ongoing simplification of GBG's onboarding processes.	GBG recognise there are many factors that can have an adverse impact on customer experience resulting in a reduction in the use of GBG products and services. Performance indicators are in place to measure these factors and we proactively seek 'voice of customer' feedback so action can be taken on any weakness. GBG's focus remains strongly on customer retention, delivering on customer's service expectations and expanding our products and services to meet their needs.
Integration 2	**Risk of failing to integrate Acuant and deliver on benefits.**	Regular updates are shared with the Board, who oversee integration. Robust executive-level programme governance is in place to manage integration activities. This risk will be closed when Executive steering formally concludes. Following the acquisition of Acuant, we successfully brought the business together with our existing Identity business in the Americas, IDology, under one Regional CEO combining capabilities and enabling strong delivery for our customers and alignment of internal processes.	Expansion of services into other core GBG geographies (EMEA and APAC) is well underway. Sales teams are integrated into one team, aligned to "direct" and "partner" sales channels. Policies and processes in central functions are aligned e.g. People services, IT and legal.
Information Security 3	**The risk of cyberattacks breaching controls, resulting in the loss or compromise in the confidentiality, integrity and/or availability of GBG information assets.** As for all businesses the inherent risk of cyberattack is significant and continues to be treated as one of the main threats to the Group's strategy. As a custodian (Controller/Processor) of customer identity data for some of the largest organisations in the world, GBG aims to set the highest standards of information security.	GBG operates an Information Security Management System that provides a common baseline set of information security controls to protect GBG information assets wherever they are being used. Threat and vulnerability detection is in place to inform the risk position. All team members receive information security training and must comply with this and all associated information security policies. GBG meets and maintains international standards of certification including ISO27001, PCI-DSS and FedRAMP where appropriate. GBG regularly assess the risk level of all GBG's critical suppliers.	GBG successfully maintains external certifications and standards to benchmark controls. Further investment has been made in systems and expertise, notably in respect of threat and vulnerability management. Controls continue to be tested regularly and security event management remains strong as evidenced by no major incidents adversely impacting GBG during the reporting period.

Principal risks and uncertainties continued

Key
Increased Decreased Stable

Risk	Description	Mitigation	Progress
Competition 4 Stable	**Operating in a highly competitive market there is a risk of being undercut on price, reducing margins, or competitors introducing new products which would make GBG uncompetitive.** Linked to this is the risk that we fail to respond to meet opportunities when they arise, or we see unexpected shifts in customer or market demand.	GBG work to identify and manage trends, threats and opportunities, pursuing a business strategy that seeks to build a strong reputation in the industry and ensure a sustainable future. Competition factors are incorporated in a thorough strategic planning lifecycle, e.g.: Changes in competition, market trends, regulatory changes limiting or opening sources of data or creating market opportunity. Business development and product teams track competitors and this information influences the go-to-market strategy. We seek to organically differentiate product capability adding data and functionality and deliver end-to-end propositions for customers covering the Identity lifecycle. The product portfolio is continually enhanced, focusing on innovation through a mix of internal development, partnering, acquisition and investment and strategic recruitment. There remains strong focus on core target markets within UK, EMEA, Europe, North America and APAC working with partners to extend GBG's reach.	GBG's acquisition strategy and product development has enabled geographic and market expansion, increasing competitive advantage in key markets; scale is an advantage. The acquisition of Acuant has brought complementary and differentiated products and technology to GBG and GBG's customers. Acquisition opportunities are continually being considered to further develop GBG's strategic aims and differentiate GBG from the competition.
People 5 Stable	**There is a risk that GBG fails to attract and retain top talent in a highly competitive market, resulting in key skills gaps and/or reducing our ability to grow.** Like many organisations, GBG operates in a competitive market. GBG team members have skills and expertise which are attractive to many of our competitors. Losing team members or not having access to the right skills and expertise could adversely impact GBG.	Key metrics are in place to monitor attrition rates, vacancy levels and employee engagement levels by location and business function to make sure appropriate corrective actions are in place. GBG continues to invest in and offer opportunities for team members' growth and development and maintains a high level of focus on wellbeing. Total reward packages are competitive and regularly benchmarked and reviewed. Options are available to identify and retain top talent. GBG's 'work when and where you want' policy empowers all our team to work as flexibly as they require, enabling strong work/life balance by providing choice and flexibility to work in a way that suits. The Board's effectiveness and skill set is monitored, recruiting additional members where necessary. This helps with succession planning, supplementing the Board's skill set and ensures GBG maintain strong, independent Directors.	The GBG annual team member survey of people engagement continues to demonstrate high levels of engagement right across the Group with 93% of team members saying they would recommend GBG as a great place to work. Year-on-year attrition levels are reducing. Vacancies are closely managed to ensure the right team members are in the right roles to enable the individual's success and that of GBG. Inclusion and Diversity data collection is undertaken enabling action where required.

Risk	Description	Mitigation	Progress
Financial 6 Stable	**Risk of adverse impact because of losses arising from movements in market variables (including FX and interest rates) or loss through failures in credit management processes.** In the most extreme but much less likely case, this risk encompasses the potential threat that the business could at some point be unable to meet its payment obligations.	Financial Key Performance Indicators are in place for all measures of financial performance, including Net Debt, level of overdue receivables and leverage and interest cover under our RCF facility. These metrics are routinely reported to the Executive Committee and Board to enable decision-making and broken down by business unit and regionally. A Treasury Committee is in place to monitor and manage liquidity and funding, interest rate risk, foreign exchange (transaction and translation) counterparty credit risk and operational risk. Group cash balances are reported on a weekly basis to support cashflow forecasting. As set out in the going concern statement in note 2.2, in the event of a forecast liquidity issue the Group has a range of measures available to it to reduce cash outflows or access alternative sources of funding. The management of operational risk will include the segregation of sensitive duties, maintenance of accurate records, reconciliation of key records, and close supervision of financial risk management activities by the Treasury Committee and Board.	Financial risk remains well controlled. Financial risk KPI's remain within appetite and are monitored closely. In view of the external environment leading to volatile foreign exchange rates and increasing interest rates, coupled with more difficult trading conditions, the Board reviewed the overall risk and agreed that the risk remains relatively high but stable and under control. Detailed progress is covered in the financial sections of the Annual Report. In November 2022 the Group exercised the first of two one-year extension options on its debt facility, with expiry now not until July 2026.
Technology assets and services 7 Stable	**Risk of loss, disruption or damage because of the failure or inflexibility of IT systems or IT services.** Technology supports service continuity and team members. It strengthens GBG's ability to develop products to remain competitive and reliable.	Product and technology teams use methods, tools and skills that reinforce best-practice development approaches. The prioritised technology development roadmap makes sure systems are maintained, performance is optimised and end-of-life IT is carefully managed. Full lifecycle IT Service Management processes are in place including detailed procedures covering incident and problem management, change management, capacity management, access management and risk management.	Investment to modernise customer-facing platforms continues, enabling the achievement of greater scale and reach. Acuant IT integration is well-progressed enabling synergies, insights and collaboration across the businesses. New front-end platforms for the location business and fraud services and a new back-end platform for our identity solutions continue to be developed and embedded.

Principal risks and uncertainties continued

Key
Increased Decreased Stable

Risk	Description	Mitigation	Progress
Legal 8 Increased	**Risk of disruption or adverse impacts due to unenforceable contracts, lawsuits, adverse judgements or other legal/regulatory proceedings.** As GBG brand awareness increases in the US, there is potential for increases in US litigation.	GBG has a global legal team who are led by the Chief Regulation Officer. The legal team actively monitors emerging legal risks and new regulations, proactively advises on disputes and issues and regularly reviews GBG's contract templates to mitigate risk. GBG instructs external counsel in each jurisdiction in which it operates to supplement internal legal expertise, as necessary.	During the reporting period, the Board agreed that legal risk had increased in view of GBG's increased operations in the US, which is typically a more litigious jurisdiction, and as a result of the new US state privacy regulations which came into force in January 2023. GBG has conducted a review of the new US state privacy regulations applicable to its business and has made the necessary changes to its US privacy notices, website disclosures and contract templates.
Privacy compliance 9 Decreased	**Risk of GBG global products and services being non-compliant with privacy rules and regulations.** Internationally, privacy compliance rules and regulations continue to develop and data subjects are also becoming more aware of their rights. For GBG, privacy compliance is a top risk because of the global nature of the business, use of customer and supplier data to provide services and the changes to products and services as we seek to innovate and grow.	GBG has a robust privacy programme that applies globally across GBG. A dedicated legal and privacy global team is in place led by the Chief Regulation Officer and Data Protection Officer. Working with business areas, this team are collectively responsible for monitoring changes to legislation, ensuring privacy compliance in GBG is 'by design', making sure effective controls are in place and that business teams understand the regulatory obligations associated with data protection and privacy legislation. GBG also have access to a global range of external professional advisors, seek to maintain a positive relationship with regulators and undertake continuous monitoring to ensure processes are effective and team members comply with privacy programme requirements.	Internal privacy controls are well understood, embedded and robust. In February 2023 the Information Commissioner's Office, the data industry regulator in the UK, closed their audit of GBG (without requiring any further action) as part of the work they were undertaking on several companies to understand the use of data in their services. Data ethics and standards is a core element of GBG's ESG strategy. Investment in training will continue to ensure best practice is maintained in respect of data handling and privacy.

Emerging risks

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

In addition to the risks already reported in this year's annual report, risk profile work monitors for risks like customer concentration, compliance with governance expectations, environmental issues like climate change, and change risk to make sure we are staying within appetite.

Further consideration is given to the impacts of the external environment on GBG, GBG's customers and GBG's team members especially political instability and economic factors like inflation and interest rates.

When necessary, we conduct reviews to make sure our strategy is aligned to developments. Increasingly, we see a role for GBG to guide our customers through changes and trends we have identified that will impact their sectors by helping them with their business plans.

It is also important to plan for the unexpected too. News reports about cyberattacks on often well-known businesses are a frequent occurrence that GBG continues to take opportunities to learn from.

The ongoing implications of Russia's invasion of Ukraine, the potential for pandemic to return and the earthquakes impacting Turkey and Syria have highlighted the need to carefully consider responses to potentially major events, to have robust incident management responses and to track the subsequent developments for impacts on GBG.

Viability statement

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

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

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

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

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

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

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

Based on the actions available to them, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment. We acknowledge that this assessment is subject to uncertainties outside of our control and accordingly, the viability of the Group cannot be guaranteed. Although the RCF facility is due to expire in July 2026, there is a one-year extension option (subject to further bank approval) and so the RCF facility would need to be extended, refinanced or repaid in full during the viability period. Based on current forecasts we would expect to have fully repaid the current outstanding RCF facility within the viability period.

Going Concern

The Group's business activities, together with the factors likely to affect our future development, performance and position are set out in the Chief Executive's Review on pages 32 to 35. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 38 to 43. Full details of the Group's going concern assessment is set out in note 2.2 in the consolidated financial statements.

Following consideration of the budget, downside and stress test scenarios, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence beyond the assessment period which covers through to 30 September 2024. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Letter from the Chair

Inside this section

Dear Shareholder

It is a pleasure to write my first Chair's Governance Statement to you and I would like to begin by thanking David Rasche for his contribution to the governance at GBG from his appointment in 2010 to when he retired as Chairman, in September 2022.

The Corporate Governance Statement, that follows this letter, describes in more detail our current governance arrangements at GBG. This includes how we have applied the principles of the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') and how this, in turn, contributes to the delivery of the Company's strategy. I am pleased to report that there are no significant areas where GBG's governance structures and practices differ from the QCA Code expectations. A complete index of the disclosures required by the QCA Code can also be found on the Company's website at www.gbgplc.com/en/investors/.

A key element to the Board's leadership is that, in line with the QCA Code, the Board should understand and meet the needs and expectations of shareholders and wider stakeholders. Since I started at GBG I have been very keen to understand the views of our key shareholders and I have met with a number of our largest investors, both as part of my induction and at our capital markets event in January 2023. Those discussions have helped me, and my Board colleagues, understand what shareholders want to see happen for the Company.

This year the Non-Executive Directors have spent a significant amount of time dedicated to GBG and I am grateful for their commitment. They have provided constructive challenge, strategic guidance, offered specialist advice and have held management to account. I believe the Board and Committees contain an appropriate combination of skills, experience, and knowledge to be effective at fulfilling our responsibilities to shareholders and stakeholders. I was encouraged by the results of the annual Board evaluation, which showed year on year improvements in many areas and confirmed that we have an aligned, cohesive, trusting Board which promotes healthy discussion.

I have also been interested to learn more about the Company's stance on Environmental, Social and Governance ('ESG') matters. Significant progress has been made this year in providing greater focus on developing our ESG strategy in order to fulfil our longer-term ESG ambitions. More information on this is provided in the ESG Committee report from Natalie Gammon on pages 96 and 97. Natalie also describes, in her Remuneration Committee report, how Executive remuneration remains a topical matter that the Non-Executive Directors have discussed at length, to ensure our policies and practices support strategy and promote long-term sustainable success. Further detail can be found in the Remuneration report on pages 78 to 80.

In the Nomination Committee report, the Board evaluation process is discussed. In addition, our policy on recruitment, including diversity, and the process for recruiting myself as chair are covered in more detail, on pages 93 and 94.

Finally, the Audit and Risk Committee has been busy this year continuing to develop and consider the Company's Principal Risks and how the Company has mitigated these. Details are provided in Liz Catchpole's report on pages 72 to 77.

Board changes

As previously mentioned, after 12 years with GBG, David Rasche resigned as Chairman of the Board on 30 September 2022. In addition, Nick Brown retired from the Board on 31 March 2023. Nick joined GBG in 2007 and was appointed as an Executive Director and whilst he stepped down from his Board duties, he will continue to be available to the Company until 30 September 2023. The Board and I would like to extend our thanks to both David and Nick for their significant contribution during their time with GBG.

Annual General Meeting

This year, on 20 July 2023, we are to hold our Annual General Meeting at which shareholders can attend in person. We consider the AGM to be an important event in our calendar and a significant opportunity for the Board of Directors to engage with our shareholders so we do hope that shareholders will take this opportunity to join us and to engage and share their views with us. I look forward to meeting our retail shareholders at the AGM. If shareholders have any questions they would like to raise, we encourage you to send an email ahead of the meeting to GBG's Governance Team (Governance@gbgplc.com).

Richard Longdon
Chair
14 June 2023

Board highlights

Relevant experience

Diversity

Tenure

Annual General Meeting 2022 – Resolutions

At the 2022 Annual General Meeting, Resolutions 12 (Directors' Authority to Allot Shares), 13 (Disapplication of Pre-emption Rights – General) and 14 (Disapplication of Pre-emption Rights – Specific) each had less than 70% of votes cast in favour. At the time of the AGM the Board consulted and engaged with shareholders to understand and discuss their views with respect to their voting in respect of these resolutions.

While Resolutions 12–14, were considered routine practice for UK listed companies the Board was made aware that some investors voted against these resolutions primarily due to the acquisition of Acuant (November 2021) being funded through a cashbox placing. Through such placing, the Company was able to move at pace in order to raise the funds required to complete a strategically important acquisition. The Pre-Emption Group has, this year, updated its guidance and now allows the annual disapplication of pre-emption rights to include (1) 10 per cent of issued ordinary share capital to be issued on an unrestricted basis and (2) an additional 10 per cent of issued ordinary share capital to be used for either "an acquisition or specified capital investment".

Whilst the Board acknowledges the new guidance, the Board will only be seeking the renewal of the 5 per cent (unrestricted basis) plus five per cent (acquisition or capital investment) as it has in previous years at the forthcoming AGM. The views of all shareholders are important to the Company and the Board is committed to maintaining ongoing engagement with its shareholders. We plan to engage with shareholders again in advance of the 2023 AGM.

Board of Directors

Richard Longdon

Chair

Appointment date
September 2022

Experience and skills

Richard has had a highly successful career in the technology sector. He spent 33 years with AVEVA Group where he was Chief Executive Officer for 17 years and has held a number of non-executive director and chair roles since. Richard's previous non-executive positions with UK-listed businesses include roles as Chair of Ideagen Plc and Senior Independent Non-Executive board positions at Alfa Financial Plc and Fidessa Plc. He also works with businesses in the private markets, currently serving as Chair of Causeway Technologies Ltd and Rovco Ltd in addition to a Non-Executive Board advisor role with Ideagen Ltd. He has previously served as a non-executive chairman at Process Systems Enterprise Ltd and non-executive director at Prometheus Inc.

A N E R

Chris Clark

Chief Executive

Appointment date
April 2017

Experience and skills

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

N E

David Ward

Chief Financial Officer

Appointment date
July 2021

Experience and skills

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

E

Liz Catchpole

Senior Independent Non-Executive Director

Appointment date
September 2017

Experience and skills

Liz has over 20 years Executive board level experience. Her career started in insurance with a subsidiary of GE capital where she worked for 17 years and was then CFO of Swiss Re Life and Health. Liz has over 10 years non-executive board experience and is currently INED and Audit Chair at Investec Wealth; Independent Chairman of tp bennett, a U.K. architectural and design practice; INED and incoming Audit Chair at Asta,the leading third-party managing agent at Lloyd's of London. Liz has previously held a number of other non-executive appointments including FTSE listed bwin.party and British Gas, where she was also audit chair. Liz is a chartered certified accountant and holds an MBA from Cranfield University.

A R N E

Natalie Gammon

Non-Executive Director

Appointment date
November 2019

Experience and skills

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

A R N E

Bhav Singh

Non-Executive Director

Appointment date
November 2021

Experience and skills

Bhav Singh is the founder and Group CEO of Sandbox Group, a leading digital learning company. Prior to founding Sandbox in 2015, Bhav built and scaled high growth businesses as President & CEO of Pearson English and at Paramount Global (previously ViacomCBS) as Managing Director and EVP of the emerging markets group, Bhav has also held senior roles across digital, general management and business development with Manchester United, IMG and Discovery Communications. Bhav serves as Non-Executive Director, BBC Commercial and is a member of the World Economic Forum as a Young Global Leader.

A R N E

Annabelle Burton

Group Company Secretary

Appointment date
March 2021

Experience and skills

Annabelle has 20 years experience in governance, compliance and company law. Annabelle originally joined GBG's Governance Team in 2007 and has held a number of roles since this time both within GBG and externally. Annabelle has a passion for governance and a pragmatic approach to how the Governance Team supports the wider business, she is a Fellow of the Chartered Governance Institute (FCG) and holds a law degree (LLB). Annabelle is secretary to all Committees.

Committee key

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

Changes to the Board

Nick Brown

Outgoing Group Managing Director

Nick joined GBG in 2007, originally as a member of GBG's Executive Team and was appointed to the Board in April 2017. Nick was responsible for managing the operating businesses of GBG on a global basis.

Nick resigned from the Board on 31 March 2023.

E

David Rasche

Outgoing Chairman

David joined GBG as Chairman in September 2010. He has close to 50 years' IT industry experience with over 40 years at Board level in the software and services sector.

David resigned from the Board on 30 September 2022.

N E

Governance framework

GBG Governance Structure

Board

Main Board

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

Richard Longdon

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

Chris Clark
David Ward

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

Liz Catchpole
Natalie Gammon
Bhav Singh

INFORMING ↑ REPORTING ↓

Audit and Risk Committee
Oversees the Company's financial reporting and risk management processes.

pages 72 to 77

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

pages 92 to 95

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

pages 78 to 80

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

pages 96 and 97

INFORMING ↑ REPORTING ↓

The Executive Committee

Executive Committee

To set Group strategy and develop the operational performance of the Group.

Membership
The Executive Team has representation from all areas of the business and is chaired by the CEO. Details of membership can be found in the investor section of our website.

INFORMING ↑ REPORTING ↓

Business Risk Committee
A GBG Executive led non-financial risk committee that facilitates Executive focus on the management of GBG's key non-financial risks.

pages 52 to 53

Treasury Committee
A committee that manages GBG's financial risk to minimise the adverse effects of fluctuations in the financial markets, on the value of GBG's financial assets and liabilities.

page 43

Summary of Board activity

Build markets · Build differentiators · Build once · Customer trust · Team trust · Investor trust

Governance

- Reviewed developments to Corporate Governance reporting and made changes where required
- Conducted the annual evaluation of the Board and its Committees
- Approved our 2022 Modern Slavery Statement
- Received an update on AIM obligations and market from our nominated advisor
- Oversight of the formal tender process in respect of the change to GBG's nominated adviser and broker
- Reviewed and updated, where necessary, all Governance policies

People

- Considered and approved the Chair transition including approval of the appointment of Richard Longdon to the Board
- Discussed and approved new share option plans including performance share plan and restricted share plan
- Discussed the results of our annual employee engagement survey (Q12) and put in place action plans to deal with any issues we identified
- Discussed the findings of our 2023 Gender Pay Gap Report
- Consulted on wider workforce reward strategy

Strategy

- Held our annual Board strategy sessions to discuss our ongoing vision, the direction of our business and our strategic priorities
- Received and reviewed regular reports from the Executive Team on progress against strategic objectives, as well as risk management and operational matters
- Reviewed key risks that may threaten our strategy, such as cyber risk and data privacy. Considered possible risk exposure following the collapse of the Silicon Valley Bank. Agreed response to key stakeholders impacted and made sure appropriate controls were in place
- Managed a takeover approach by GTCR in September 2022. Considered risk to Group's strategy as well as balancing competing interests of all stakeholders

Financial

- Reviewed and approved the FY23/24 Budget
- Considered the impact of macro uncertainty on the going concern status of the Group and conducted various stress tests against a number of scenarios to test resilience of the Group cash forecasts
- Reviewed and approved the half- and full-year announcements and the 2023 Annual Report and Accounts
- Approved the quantum of shares to be used for the PSP, RSP and SAYE schemes

Corporate Governance statement

We have set out this year's statement using the 10 principles from the QCA Code.

	Principle	What we did in FY23
Deliver Growth	1. Establish a strategy and business model which promote long-term value for shareholders	The Board held a Board Strategy Day in November 2022 focused on the key priorities of its long-term growth strategy. It included presentations from all areas of the business, both commercial operations and internal functions.
Deliver Growth	2. Seek to understand and meet shareholder needs and expectations	At the time of the full-year and half-year results investor roadshows were held which included meetings and calls with shareholders and investors representing a significant proportion of the Group's issued share capital. Over the full-year around 200 meetings with investors have taken place. A Capital Markets Event was held in January 2023, attended by over 260 investors and sell-side analysts.
Deliver Growth	3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	The Board receive feedback on the twice-yearly employee engagement survey along with regular updates on progress against actions. In FY23 sustainability targets were agreed by the ESG Committee. We have received over 1200 pieces of customer feedback, as part of our Voice of the Customer programme.
Deliver Growth	4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	During the year the Board appointed GBG's Risk Manager to lead and co-ordinate our Internal Audit efforts. The Board approved the establishment of a new Executive Risk Committee (to sit beneath the Audit and Risk Committee), made up of key representatives from around the business.
Maintain a Dynamic Management Framework	5. Maintain the Board as a well functioning, balanced team led by the Chair	During the year, the Board welcomed Richard Longdon as non-executive Chair. His appointment brings a wealth of experience and skills to complement those already on the Board. The Board also considered Nick Brown's retirement from the Board, with effect from 31 March.
Maintain a Dynamic Management Framework	6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The Nomination Committee made its recommendation on the appointment of Richard Longdon based on skills, experience and knowledge that would complement the Board. A skills matrix is maintained, with regular assessment of what additional skills and experience would be beneficial.
Maintain a Dynamic Management Framework	7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	Following an externally facilitated review in FY22, the Board undertook a self-assessed effectiveness review in FY23 with notable strengths continuing to be identified together with some suggestions for continuous improvements. The Board completed all the material recommendations from the external review in FY22.
Maintain a Dynamic Management Framework	8. Promote a corporate culture that is based on ethical values and behaviours	The Board continued to embed culture and values globally. In FY23 we launched our new "Trust(ed)" behaviours to help continue to shape our corporate culture.
Maintain a Dynamic Management Framework	9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	The Board met 15 times formally in the year. The outcome of the board evaluation review was that the Board and its committees were all considered to be effective during the year.
Build Trust	10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Company published its full-year results in June 2022 and its half-year results in November 2022, both of which were followed by an investor roadshow. GBG held a Capital Markets Event in January 2023 which set out to investors, stakeholders and interested parties its strategy.

Principle 1 – Establish a strategy and business model which promote long-term value for shareholders

Our strategy is designed to deliver long-term, sustainable growth in a dynamic and growing global industry. Our business model is focused around six key priorities, which will enable us to deliver on our purpose of "building trust in a digital world". Our strategy, business model and business operations are set out in the Strategic Report on pages 1 to 59.

The Executive Team, led by the Chief Executive, is responsible for recommending the Group's strategy to the Board, based on the interests of our shareholders, customers, team members and other stakeholders. The Board is fully involved in discussing and developing our strategy and business model with the Executive Team before we implement it. The Executive Team is then responsible for putting the strategy into action and managing the day-to-day business. The Board ensures that the Group communicates its strategy to investors, team members and other stakeholders using appropriate methods of communication for each group.

We believe that we continue to add long-term value to our shareholders, demonstrated by our progressive dividend policy and despite short-term share price volatility, our focus on long-term strategic growth. The Directors' Report on pages 98 to 100 contains further information on this financial year's dividend and you can also see a total shareholder return graph in the Remuneration Committee Report on pages 78 to 80.

Principle 2 – Seek to understand and meet shareholder needs and expectations

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

In January 2023 we hosted a Capital Markets Event where investors and sell-side analysts could hear first-hand about our strategic progress over the last few years and our plans for the future. We used the session to demonstrate how our leading capabilities continue to evolve, hearing from customers who have had direct experience of GBG's products and services.

All shareholders are actively encouraged to participate in the AGM, which is attended by all Directors. For the past two years GBG has offered its shareholders the opportunity to either attend in person or join via electronic means. Whilst our intention was to give every shareholder better access to and easier communication with the Board of Directors, in reality we had very low attendance, last year for example there were five shareholders who attended in person and just one shareholder online. This year, when considering the costs involved in holding a hybrid meeting, we made a decision to revert to an in person meeting at our Chester office. We will keep this under review and seek to respond to feedback in this area, should a direct request be made to re-introduce a hybrid AGM then we will reconsider.

The executive Directors are primarily responsible for shareholder liaison, however, should you wish to contact any member of the Board you can email mail_investor@gbgplc.com to arrange this.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success

We take our wider stakeholder and social responsibilities seriously. Maintaining effective working relationships with all of our stakeholders, including team members, partners, customers, suppliers and regulatory authorities, is recognised as a way to strengthen our relationships and help us to make better business decisions. The Group has several policies in place, including our Code of Conduct, that guide our behaviours in relation to our stakeholders.

Our customers and suppliers are mainly long-term partners, so an important part of our culture is to establish and maintain relationships of trust. Our priority is to create a positive customer experience across our whole business, including our product experience, customer success management, professional services and helpdesk. As part of our commitment to continually improve the GBG Customer Experience, we listen to customers across all business areas. Each year we welcome direct feedback from all our customers and in the last 12 months we have received over 1200 pieces of feedback, as part of our Voice of the Customer programme. We use this feedback to drive material improvements that are evidenced in key metrics over time. The metrics we use include Net Promoter Score (NPS), Customer Satisfaction Score (CSAT) and Customer Effort Score (CES), the results have driven us to make improvements in the following areas: product functionality, data matching and also our central functions such as payments, billing and legal processes.

We continue to use the feedback, monitoring any trends, in order to help inform our strategy, product roadmap and customer interactions across all parts of the customer journey, making sure that the customer experience develops to meet the needs and requirements of all our customer base.

There is more detail on how we engage with our stakeholders on pages 44 to 50.

Corporate Governance statement continued

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board recognises its responsibility for determining the nature and extent of the principal risks the Group has to take to achieve its strategic objectives. GBG has an enterprise-wide risk management approach which is described in the Board owned Risk Management Framework. This framework sets the standards and expectations of how risks are identified and a managed at GBG. The overall risk strategy is to embed risk management within business processes and make sure everyone, across the whole Group, understands their role when it comes to managing risk.

The Audit & Risk Committee reviews the suitability and effectiveness of risk management processes and controls on behalf of the Board. Further details of the Group's approach to risk management, together with a full description of the key risks faced by the Group, are set out in pages 51 to 59.

In addition, the Board regularly conducts a rigorous and in-depth assessment of GBG's financial position. The Board actively challenges the annual budgeting process prior to approval. The Executive Directors will provide regular updates on performance against this Budget and any updates to the forecast results, ensuring communication of vital information that may have an impact on forecast.

Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chair

The Board is made up of the Non-Executive Chair, Richard Longdon, two Executive Directors, Chris Clark and David Ward, plus three Non-Executive Directors, Liz Catchpole, Natalie Gammon and Bhav Singh. In compliance with the QCA Code, the Board determines independence, in the Board's opinion, Richard, Liz, Natalie and Bhav are all considered independent and they have all served on the Board for less than 10 years.

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

The Chair sets the Board's agenda and the Board is provided with clear, regular and timely information on both the operational and financial performance of the Group. The Board has approved a schedule of matters reserved for the Board.

The Chair encourages and facilitates each director's contribution to ensure that no one individual can dominate Board proceedings. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational.

In accordance with our Articles of Association all Directors retire by rotation and are subject to re-election by shareholders at least once every three years. Non-Executive Directors who have served on the Board for nine years or more, will be subject to annual re-election. For further details of those Directors who are up for re-election at the 2023 AGM, please go to the Directors' Report on pages 98 to 100 and the Notice of AGM. The service agreements for each of the Directors are available from our registered office in Chester or upon request.

The Board met on 15 occasions during the financial year. A summary of attendance is shown in the table below. In response to a takeover approach by GTCR (further information can be found on page 49), the Board held a number of unscheduled meetings. These meetings have been included in the Board attendance figures. Furthermore, a total of 3 board sub committee meetings, to approve full- and half-year results were held during the financial year. These meetings have not been included in the Board attendance figures.

Board meeting attendance FY23

Board member	Attendance
Richard Longdon*	10/10
Bhav Singh**	12/15
Liz Catchpole	15/15
Natalie Gammon	15/15
Chris Clark	15/15
Nick Brown	15/15
David Rasche***	7/7
David Ward	15/15

Notes:
In response to a takeover approach by GTCR, the Board held a number of unscheduled meetings
* Richard Longdon's attendance is based on the number of meetings since his start date
** Bhav Singh was unable to attend one scheduled meeting due to a bereavement and two unscheduled meetings due to prior commitments
*** David Rasche's attendance is based on the number of meetings he attended before stepping down from the Board, as planned, on 30 September 2022

Board evaluation: areas of focus for 2023

Future strategy Connected stakeholders 1 2 3	Understanding more about GBG's customer strategy in new sectors and geographies.
Talent Connected stakeholders 2 3	The Board to input into succession planning for senior leadership. Focus to be given to ensuring the correct level of incentivisation is in place for key talent.
Board composition Connected stakeholders 1 2	To continue to assess and discuss the composition of the Board and what expertise may be required in future.

Board evaluation: progress on 2022 evaluation

Future strategy Connected stakeholders 1 2 3 4	Successful integration of the recent acquisitions (Acuant and Cloudcheck) will be a focus, alongside reviewing and updating GBG's strategy accordingly. The Board to continue to assess potential M&A opportunities, product and technology innovation and entering new geographies and sectors. **Progress made in FY23** Acuant and Cloudcheck successfully integrated.
Talent Connected stakeholders 2 3	Prioritise retention of key talent and assessing that the right level of incentives are in place. This includes reviewing existing incentive schemes and making any changes where appropriate. **Progress made in FY23** New share plans introduced.
Board composition Connected stakeholders 1 2	Non-Executive Directors continue to gain insight into operational matters. To continue to assess and discuss the composition of the Board and what expertise may be required in future. **Progress made in FY23** Under continual review by Nomination Committee, was a consideration when recruiting the new Chair.
Chair succession Connected stakeholders 1 2 3 5	The Board acknowledge that David Rasche's length of tenure means that finding a suitable successor is important. Finding someone who can steer the Company through its next period of growth will be key. **Progress made in FY23** Richard Longdon appointed in September, smooth transition of Chair.

Strategic pillar key

1 Investors
2 People
3 Customers
4 Banks
5 Regulators

Corporate Governance statement continued

Principle 6 – Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

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

The composition and performance of the Board, and the skills and experience of each director, are regularly evaluated, to ensure that they best fit the evolution of the Group's business. It is the responsibility of the Nomination Committee to regularly review the succession plan to ensure that, when seeking to recommend new members to the Board, due consideration to the diversity of its composition is given. Whilst gender and diversity of ethnicity are important considerations as we attempt to create a cognitively diverse Board, we also appoint on merit, skills and knowledge that complement our business model and key stakeholders.

The Board considers that each of the Directors brings a senior level of experience and judgement to bear on issues of operations, finance, strategy, performance and standards of conduct. The non-executive Directors have a wealth and breadth of experience gained through their directorships on the boards of other listed companies. New Directors receive an induction on their appointment to the Board which covers the activities of the Group and its key business and financial risks, the Terms of Reference of the Board, its Committees and the latest financial information about the Group. During the year Richard Longdon participated in a full induction as detailed in the Nomination Report on pages 92 to 95.

The Board ensures that they keep their skills up-to-date, which includes (but is not limited to) roles and experience with other boards and organisations as well as formal training. They are made aware of accounting, governance and regulatory changes via papers and presentations to the Board. The Board seeks to ensure that their awareness of developments in corporate governance and the regulatory framework is current, as well as remaining knowledgeable of any industry-specific updates. Members of GBG's Executive Team, the Company Secretary, GBG's Nominated Advisor and Corporate Broker and other external advisors serve to strengthen this development by providing guidance and updates as required.

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

Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board regularly reviews its own effectiveness and considers whether the Board comprises the appropriate skills to meet the needs of the business. The Chair is in regular contact with each member of the Board to ensure that any concerns are identified and acted upon. The Board carries out an externally facilitated Board Effectiveness Review every three years, this was last conducted in FY22 by Boardclic. The Board also conducts an internal review of its effectiveness during the intervening period. This year, we carried out an internal review of the GBG Board via Boardclic's online questionnaire, further details of the process are included in the Nomination Report on pages 92 to 95. Feedback from the evaluation of the GBG Board was positive, it highlighted a number of areas of focus for 2023. These are set out on page 69.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours

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

All team members are expected to maintain an appropriate standard of conduct in all of their activities, and the Directors seek to set the tone for such behaviour through their own actions. To promote a common culture across the organisation, we have defined a clear purpose to "recruit and retain the best, most engaged and diverse team members, trusting each other to deliver together" in order to achieve our strategy to "build trust in a digital world".

GBG has also established a robust compliance framework to regulate its activities in respect of business conduct, including: modern slavery, anti-bribery and corruption, data protection, whistleblowing, non-facilitation of tax evasion and closely monitors compliance with these. The Group has a Diversity and Inclusion Policy which the Board oversees adherence to. Through our new "Trust(ed)" programme, our leaders ensure that there is a culture of safe behaviour, by allowing an exchange of views in an open and honest environment.

More information on our culture can be found in our ESG Statement on pages 18 to 31.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Our Board believes that good corporate governance is essential for building a successful and sustainable business in the long-term interests of all our stakeholders. The Board has a robust management framework, as illustrated on pages 64 and 65, with clearly defined responsibilities, it sets the direction for the Group through a formal schedule of matters reserved.

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

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

We agree on a calendar of Board meetings and key matters for discussion at the beginning of each year. The Board holds 10 scheduled meetings a year with the caveat that should any urgent business arise, the Board would make themselves available for a meeting. Board papers are circulated securely via our board portal five business days before each meeting. This allows for sufficient reading time and any necessary clarifications ahead of the meeting. The Board meetings are a combination of virtual and in person meetings as we believe a 'hybrid model' has proven to be the most effective system going forward.

The Board is supported by the Audit & Risk, Remuneration, ESG and Nomination Committees with formally delegated duties and responsibilities. You can find the Terms of Reference for each on our website. For a summary of their work during the year ended 31 March 2023, please see each individual report.

Principle 10 – Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

It is very important for us to have regular engagement with our various stakeholder groups. For our shareholders we communicate through regular announcements and update statements to the London Stock Exchange and through our website, particularly the investors section, where investors can register for emails about our future announcements. Shareholders are encouraged to arrange meetings with the Board should they wish to address any specific matters. We have a dedicated investor relations manager who can be contacted via mail_investor@gbgplc.com.

We communicate with our shareholders through the Annual Report and Accounts, trading updates, investor roadshows at the full and half year, the AGM and Capital Markets Events, as appropriate. The Company announces the result of the proxy votes cast for each resolution proposed at each general meeting of the Company immediately after such meeting, and a range of corporate information (including historical annual reports and notices of meetings, announcements, dividend information and presentations) is made available on the investor pages of the Company website. The Board receives regular updates on the views of shareholders through reports from its brokers and from Directors following shareholder engagement. Analyst notes are reviewed and discussions held with the Company's brokers to maintain a broad understanding of varying investor views.

We work closely with our customers to understand the challenges they are experiencing and provide solutions that will help. Examples of the impact we have had through dedicated customer engagement can be found on pages 10 to 17.

For our people we run an engagement survey twice a year (the Q12 survey) to give all team members a voice and allow us to identify, listen and respond to any feedback that might affect engagement. Following the Q12 results, all senior managers and Executive Team members must champion action plans in each of their areas for any improvements that need to happen. More information on the results of this year's Q12 surveys can be found on in our ESG Statement on page 27. In addition the Board and Executive Team communicates with team members regularly to keep them informed about how the business is performing through our global intranet platform 'be/connected'. This platform also lets team members share news stories and access learning resources and general information about GBG. Chris Clark, CEO, also hosts bi-weekly virtual live business updates across the Group, ensuring that all team members are kept up to date with how the business is performing and any key changes they need to know about. Team members also have the opportunity to ask the CEO any questions they may have. We believe this approach promotes transparency throughout the Group and encourages engagement which is echoed as part of the feedback we received from our recent Q12.

Audit & Risk Committee report

Quick facts

Member	Attendance
Liz Catchpole	4/4
Natalie Gammon	4/4
Bhav Singh*	3/4
Richard Longdon**	2/2

* Bhav was unable to attend the November meeting of the Committee due to a bereavement

** Richard joined the Company on 1 September 2022. His attendance is based on the number of meetings he was able to attend since joining the Committee

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

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

- Liz Catchpole has chaired the Committee since November 2017. She is a Chartered Certified Accountant and is considered by the Board to have recent and relevant financial experience, including her current position as chair of the audit committee and member of the risk committee of two other boards in the financial services sector
- All members of the Committee are Independent Non-Executive Directors and the Board is satisfied that the Committee as a whole has competence relevant to the sector
- Representatives from the external auditor, the Chief Regulation Officer and the Risk Manager each have time with the Committee and the Company Secretary to raise freely any concerns they may have. They are also invited to attend every scheduled meeting of the Committee and have direct access to the Committee Chair. The external auditor has time on the day of each meeting with the Committee without management being present
- The Committee Chair holds meetings with EY and management in advance of each Committee meeting to ensure a full understanding of the matters to be discussed by the Committee

The Audit and Risk Committee's Terms of Reference, including its role and the authority the Board delegates to it, are on the Group's website: www.gbgplc.com/en/investors

Dear Shareholder

On behalf of your Board, I am pleased to present the Audit & Risk Committee Report for the year ended 31 March 2023.

Role and responsibilities

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

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

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

All relevant matters arising are brought to the attention of the Board.

The Audit Committee – membership and experience

The Audit Committee is appointed by the Board and the members include myself as Chair, Natalie Gammon, Bhav Singh and Richard Longdon.

We are all considered Independent Non-Executive Directors. Other members of the Board, along with senior management and the external audit partner, are regularly invited by the Chair to attend Committee meetings. The Board is confident that the Committee has sufficient recent financial experience, relevant to the sector in which the Group operates and appropriate access to Company insight and professional advice.

I am a Chartered Certified Accountant with an MBA and chair the audit committee of two other boards. I also maintain an up-to-date understanding of financial and corporate governance best practice by attending regular training sessions. Natalie Gammon, Bhav Singh and Richard Longdon bring a wealth of experience gained in both their Executive and Non-Executive careers. If needed, the Committee can seek professional advice at the Company's expense, although we did not seek any such advice during the year.

How the Committee has discharged its responsibilities

During the year, the Committee's principal activities were as follows:

Financial reporting

The Committee has reviewed and discussed with executive management and the external auditor, the audited consolidated financial statements in the FY23 Annual Report. The Committee also reviewed the half-year results.

Our rigorous challenges and discussions focused on:

- the quality, not just the acceptability, of the accounting principles;
- the reasonableness of significant judgements and estimates;
- risks and risk management.

Significant issues

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

Matters considered:

- Revenue recognition: The Committee assessed management's analysis of contracts under IFRS 15 and, after challenge, concluded that revenue has been properly recorded in the period in accordance with accounting standards;
- Going concern: The Committee reviewed management's papers, scenario modelling and disclosures regarding going concern. The Committee was satisfied that it was appropriate to produce the accounts on a going concern basis;
- Impairment of goodwill and intangible assets: The Chair reviewed management's model and papers and noted the sensitivity of the model to input variables. The Committee discussed with management the key assumptions and the basis upon which they had been set and, after challenge, concluded that they were appropriate. Specific consideration was given to the forecast cashflows used in the Identity – Americas group of cash-generating units due to the negative headroom and after careful review concluded that the resulting impairment charge was appropriate. The Committee then reviewed the disclosures in the Annual Report in respect of the impairment charge to ensure they were fair and balanced.

Accounts that are fair, balanced and understandable

The Audit & Risk Committee is responsible for making sure the financial performance of the Group is properly prepared, reviewed and reported. Our role includes ensuring the integrity of the financial statements including examining documentation relating to the Annual Report, Interim Report, preliminary announcements and other related reports. We are responsible for reviewing internal control systems, risk management systems and the accounting principles, policies and practices adopted for preparing public financial information.

To make this assessment, the Committee received copies of the Annual Report and financial statements to review during the drafting process to ensure that the key messages being presented in the Annual Report were aligned with the Company's position, performance and strategy. The Committee also reviewed the processes and controls that are the basis for its preparation.

We are satisfied that this Annual Report is fair, balanced and provides the information necessary for shareholders to assess the Group's position and performance, as well as its business model and strategy.

External audit

Ernst & Young LLP ('EY') has performed the role of external auditor for this financial year. Following a thorough tender process that was detailed in last year's report, PwC will be appointed external auditor for the audit of the year beginning 1 April 2023.

Audit & Risk Committee report continued

Comparison of audit fees:

Total fees 2022/23
£1,085k
£562k
£294k
£229K
£nil

Total fees 2021/22
£844k
£320k
£392k
£132k
£nil

Total fees 2020/21
£784k
£273k
£388k
£123k
£nil

Total fees 2019/20
£393k
£208k
£103k
£72k
£10k

- Statutory audit – the Company
- Statutory audit – subsidiaries
- Regulatory audit services
- Non-audit services

Performance of the current external auditor

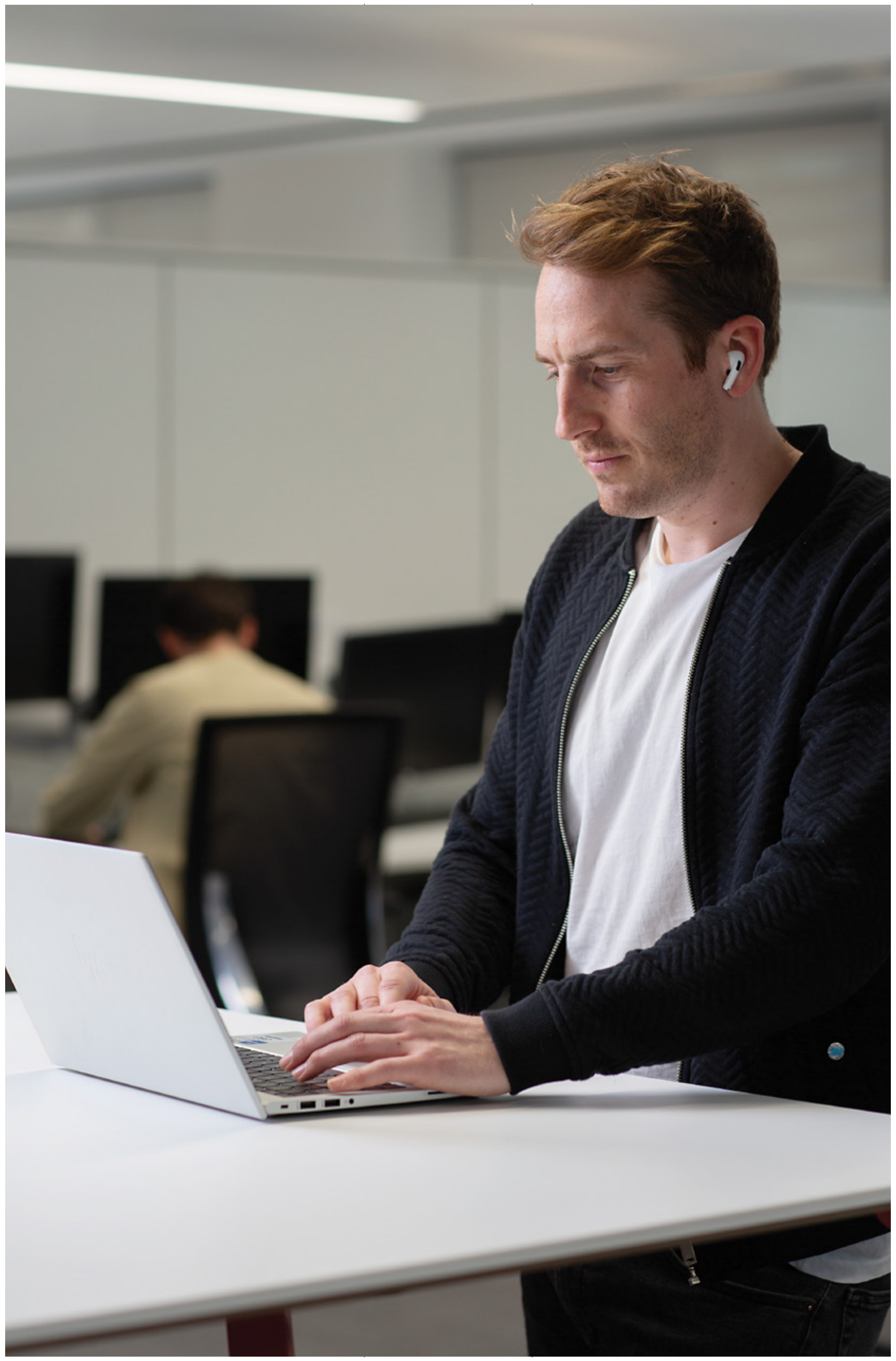
During the year, the Committee reviewed EY's independence and performance and met with the audit partner regularly without management present. The Committee has adopted a broad framework to review the effectiveness of the Group's external audit process and audit quality which includes: assessment of the audit partner and her team; planning and scope of the audit, with identification of particular areas of audit risk; the execution of the audit and management of an effective audit process; communications by the auditors with the Committee; how the audit contributes insights and adds value; and the quality of any formal audit reports.

Non-audit services

The Company has a non-audit services policy in place to ensure that the provision of non-audit services by the external auditor does not impair its independence or objectivity. All non-audit services must be pre-approved by the Committee. A list of pre-approved services is reviewed on an annual basis, from which the CFO may give written authorisation for services up to £25,000.

The Committee closely monitors non-audit services provided by the external auditor due to the potential impact high volumes of non-audit work can have on the independence of the external auditor and the quality of their audit. The Committee's approach is that non-audit services should not be performed by the external auditor where there is a viable and cost-effective alternative.

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



Auditor independence

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

EY has confirmed that there are no relationships between themselves and the Group that could have a bearing on their independence. The Committee is satisfied that EY remain independent.

The Committee has also assessed the independence of PwC, who will assume the role of External Auditor for the audit of the year beginning 1 April 2023, and the Committee has concluded that PwC are independent.

The Committee has and will continue to assess the independence of the external auditor at least once a year through:

Audit & Risk Committee report continued

Whistleblowing policy

During the year, we carried out an annual review of our whistleblowing policy and made minor adaptations, based on our learnings, to improve the process. We are satisfied that the policy remains appropriate for a Group of our size and for the geographies in which we operate.

Concerns can be raised through a variety of channels and anyone who wishes to raise a concern has access to GBG's confidential and independent whistleblowing helpline.

We receive monthly reports from our external whistleblowing helpline provider and should an issue be raised, investigations are carried out independently with findings being reported directly to me as both Chair of the Audit & Risk Committee, and also as the Group's whistleblowing officer. They are also formally reported to the Audit & Risk Committee. In this financial year three reports have been raised through the whistleblowing helpline (FY22: two reports). Two were fully investigated in line with our whistleblowing policy and dealt with appropriately, one was not considered as a whistleblowing matter and was dealt with as a grievance under GBG's standard procedures. Full reports on the whistleblowing investigations were provided to the Audit & Risk Committee.

Anti-corruption and anti-bribery policy

The Group has a formal Anti-Corruption and Anti-Bribery Policy, which sets out the responsibilities of all team members to observe and uphold a zero-tolerance position on bribery and corruption. It also exists to act as a source of information and guidance to help any team member recognise and deal with bribery and corruption issues.

We carried out an annual review of the policy and made an addition specifically dealing with modern slavery, following advice from Slave-Free Alliance. This was a best practice recommendation and demonstrates the Group's commitment to reducing the risk of modern slavery in our operations and supply chain.

Sanctions

In November 2022, the Committee approved a new Sanctions and Customer Due Diligence Policy, which outlines our risk-based approach to sanctions checking, provides guidance on potentially unacceptable relationships and seeks to ensure we act compliantly and in accordance with regulations.

The policy's implementation and effectiveness will be monitored by the Committee during the year ahead.

Internal audit

Regular independent risk assurance is provided by the Group Risk Manager, which together with the audits conducted by relevant independent in-house teams, provide assurance to the Committee on the adequacy and effectiveness of internal controls and risk management processes. Our in-house teams continue to develop and execute the annual internal audit plans providing the Committee with an independent view on the strength of internal controls and mitigation of some of the biggest areas of risk for the business. Where audit reviews require specialist resource or capacity, independent third parties will be used. As a Committee, we believe this resourcing model provides the most effective approach and we continue to develop and invest in the internal audit function.

The Committee has received an update on internal audit reviews at each meeting. Activities have included:

Risk audits – covering risks relating to People Processes, Licensing, Marketing, Access Management and Control over Contractor use

Information security audits – covering various global locations in support of information security certification

Privacy audits – in respect of whether Suppliers and Customers are meeting GBG's compliance expectations

Customer audits – external audits conducted on GBG by customers and suppliers, facilitated by our audit team

Internal control and risk management

The Board has overall responsibility for the Group's approach to assessing risk and systems of internal control and for monitoring how effective they are. There are limitations inherent in any system of internal control. The system is designed to manage risks rather than eliminate them. It provides only reasonable and not absolute assurance against material misstatement or loss. However, there is a robust ongoing process for identifying, evaluating and managing the principal and emerging risks the Group faces. During the year, the Committee has received updates from the Chief Regulation Officer and the Group's dedicated Risk Manager, who leads and monitors our risk processes and provides an independent view about how the Group's principal risks are being managed.

For full details of our risk management and internal control systems and processes, please see our Principal Risks & Uncertainties report on pages 51 to 59.

Board-level reporting on risk management and internal control

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

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

Antitax evasion policy

The Group has in place a policy to uphold all relevant laws that counter tax evasion. This policy has been added to the Group's 'Code of Conduct', which is published on our intranet. The policy is reviewed on an annual basis and updated as required. The policy is in place to promote good tax governance and ensure the Group's tax affairs are conducted in a sustainable manner.

During the year, the Committee received updates from the Group's Head of Tax on compliance with global tax regulations, which remains a priority as the Group expands into new territories.

Future focus for Audit Committee

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

- Group integration and transformation activities, including impacts on financial reporting, risk management and internal controls;
- Following the external audit tender in 2022, FY23 has been the final year for EY as GBG's external auditor prior to handing over to PwC. The Committee will oversee the handover to ensure a smooth audit firm transition;
- Continuing the progress made on developing our Risk Management Framework;
- The Committee will continue to plan and develop the internal audit activities and identify areas for review. The Risk Manager will lead this using co-sourced external support;
- The Board considers it important to ensure that all available guidance and regulations are appropriately considered to maintain strong financial reporting and corporate governance systems.

Annual Committee evaluation

The Committee's effectiveness was reviewed during the year as part of the annual review of the Board and its Committees. You can find further details on this year's internal board evaluation on page 69 of the Corporate Governance Statement.

Liz Catchpole
Audit & Risk Committee Chair
14 June 2023

Remuneration Committee report

The Committee is primarily responsible for determining and recommending to the Board the policy for the Executive Directors' remuneration and employment terms. The Committee is also responsible for reviewing (and making recommendations to the Board about) share incentive plans and performance-related pay schemes and their associated targets, as well as employee benefit structures across the Group. In addition, the Committee also monitors remuneration structures below Board level and considers proposals and remuneration packages when bringing key talent into the Group. Where appropriate we seek advice from external consultants, during the year Deloitte LLP were appointed as the Committee's remuneration advisors.

This report is for the year ended 31 March 2023. It sets out the remuneration policy and the remuneration details for GBG's Executive and Non-Executive Directors. As an AIM-quoted Company, we have disclosed the information required to fulfil the requirements of AIM Rule 19.

In accordance with AIM Rule 26, we comply with the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). While we are not required to comply with the full Listing Rules of the Financial Conduct Authority or Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, we are committed to achieving high governance standards, a simple and effective remuneration structure and clear and informative remuneration disclosures. The following information is unaudited except where stated.

Quick facts

Member	Attendance
Natalie Gammon (Chair)	4/4
Liz Catchpole	4/4
Bhav Singh*	3/4
Richard Longdon**	2/2

* Bhav was unable to attend one Committee meeting due to a bereavement but he was consulted in advance of the meeting and provided his feedback to the Committee Chair

** Richard joined the Board and the Committee on 1 September 2022 and his attendance is based on the number of meetings held since his appointment

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

The Remuneration Committee's Terms of Reference, including its role and the authority the Board delegates to it, are on the Group's website: www.gbgplc.com/en/investors

Information not subject to audit

Annual Statement from the Chair of the Remuneration Committee

Dear Shareholder

I am pleased to present our Directors' Remuneration Report for the year ended 31 March 2023. In keeping with the structure adopted in previous years, we have separated the report into three sections:

- the Annual Statement;
- the Directors' Remuneration Policy; and
- the Director's Annual Report on Remuneration, which describes how we have implemented the policy throughout the year and looks ahead to our approach to implementing pay for FY24.

As in previous periods, we have presented the remuneration policy as a table to make it clear and simple, in line with best practice amongst AIM companies.

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

The Committee will put an advisory resolution to shareholders at the 2023 Annual General Meeting ('AGM') to consider and approve this report. Shareholders considered a similar resolution at the 2022 AGM and supported it by 77.45% of the votes cast.

The Committee at a glance

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

The Committee has discharged its responsibilities throughout the year by:

Considering and approving bonus measures & KPIs

Considering and approving Executive Directors' salaries and the Chair's fee (including package for the newly appointed Chair)

Approving Executive bonuses

Considering and approving share awards and exercises for Executive Directors

Reviewing and considering the Group's share plans, including the new performance share plan and a restricted share plan

Considering and approving the Save as You Earn Scheme

Reviewing and approving the Company's Gender Pay Gap Report

Considering and approving appropriate performance measures for the annual bonus scheme for Executive Directors

Reviewing remuneration arrangements for the wider workforce

Company performance

The financial performance for GBG for the year ended 31 March 2023 is set out on pages 38 to 43. This was a challenging year with the second half particularly impacted by wider macroeconomic conditions. In summary the Group achieved the following results for the year:

- Group revenue £278.8m;
- Adjusted Operating Profit £59.8m; and
- Adjusted Basic Earnings per share (EPS) 16.7p.

The Directors' annual bonus is based at least 80% on EPS performance and the remainder on strategic objectives including ESG as set out on pages 81 to 85. EPS performance targets were not met. While some of the strategic objectives were achieved the Remuneration Committee agreed that, taking into account the financial performance of the business, no bonus would be paid to the CEO, CFO and Group Managing Director for FY23.

In December 2020, share option awards were granted under the share match plan to the CEO and Group Managing Director. The performance criteria for these share awards were based on EPS and TSR performance for the three-year period ending 31 March 2023. EPS performance targets were not met and TSR performance was below median which resulted in 0% of the awards vesting. Full details of the performance targets and outcome is reported on pages 81 to 85.

Taking into account the financial performance of the business, the Executive Directors and Board have elected not to receive a salary increase for FY24. The maximum opportunity and performance measures for the annual bonus and PSP are unchanged for FY24.

The Committee is aware of shareholder guidance that pension rates for Executive Directors should be aligned to the rate available to the majority of the wider workforce. We have already committed that the pension opportunity for new Executive Directors will be aligned with the wider workforce and in light of this the pension for the CFO, appointed in 2021, was set at 5% of salary. The CEO's pension is currently 17.5% of base salary but will be reduced within the next three years to align with the rate available to the majority of the wider workforce.

Remuneration Committee report continued

Workforce and fair pay

Our reward philosophy (be/rewarded) is to make sure our team members are fairly rewarded for the contribution they make. We have continued to conduct market evaluation and pay benchmarking exercises across all of our team members, to make sure our pay practices are competitive, fair and consistent.

This year we maintained our previous practice of reviewing team member pay at the year end but we evolved our practice to a differentiated approach which takes account of local market conditions, individual performance and any in year rises that may have already taken place.

We also continue to operate a policy of ultra-flexible working providing our team members with flexibility over when and where they work. While we embrace hybrid and flexible working, we continue to maintain our GBG offices, as we recognise that many team members do enjoy the traditional working environment. We believe that by supporting our team members in this way we have a more engaged and motivated workforce which sets us apart in a very competitive talent market. We continue to see that these flexible working policies help to attract and retain team members.

During FY23 we also introduced a Restricted Share Plan ('RSP'), this was approved by shareholders at the 2022 AGM. With no performance measures it is intended for incentivisation and retention purposes for selected team members below Board level.

Board changes

David Rasche stepped down as Chair of the Board on 30 September 2022. David's services were available to the Company until 30 September 2022, to ensure an orderly handover to the incoming Chair, Richard Longdon. Up to and including 30 September 2022, David's salary continued in the usual way. The Company did not make any additional payments to David.

Nick Brown stepped down as Group Managing Director of the Company on 31 March 2023. Under the terms of his exit:

- His services will be available to the Company until 30 September 2023. Up to and including this date, salary and benefits will continue in the usual way
- After 30 September 2023 a payment equivalent to twenty four weeks' salary will be paid. In addition, a bonus will be payable in relation to the Group's FY24 (ending 31 March 2024) financial year. This will be calculated in accordance with the rules of the bonus scheme, prorated for the period of time served from 1 April 2023 to 30 September 2023 and will be paid in or around July 2024
- No bonus will be payable to Nick for any subsequent financial year
- He will be treated as a 'Good Leaver' under the rules of both the Company's Share Matching Plan granted in 2020 and 2021 and the Performance Share Plan granted in 2022 ("the Awards"). The Awards will vest at the normal vesting dates, subject to the relevant plan rules, achievement of the relevant performance conditions and shall be exercisable on the same basis as if Nick's employment had not terminated. Nick did not receive any share option awards for 2023
- He will be reimbursed for any legal fees in connection with his departure
- No other payments are due to be paid to Nick

The relevant remuneration details relating to Nick, are included throughout this Directors' Remuneration Report for the year ending 31 March 2023.

Committee evaluation

The Committee's performance was evaluated during the year with no areas of focus to report. Further information on this year's evaluation can be found in the Nomination Committee Report on pages 92 to 95.

Looking ahead to FY24

GBG has always recognised the need to report in an open and transparent manner and align with shareholder and stakeholder expectations. The policy table on pages 82 and 83 sets out how annual bonus and long-term incentives operate under the remuneration policy with some information on the historic parameters. We welcome dialogue with shareholders and the Directors' Remuneration Report will be put to an advisory vote at the forthcoming 2023 AGM.

We hope that you will find this report to be informative and transparent and we look forward to receiving your support. We are committed to and encourage open dialogue with our shareholders. If you have any questions on this report or our approach to remuneration more generally, please feel free to contact me via the Company Secretary.

Natalie Gammon
Remuneration Committee Chair
14 June 2023

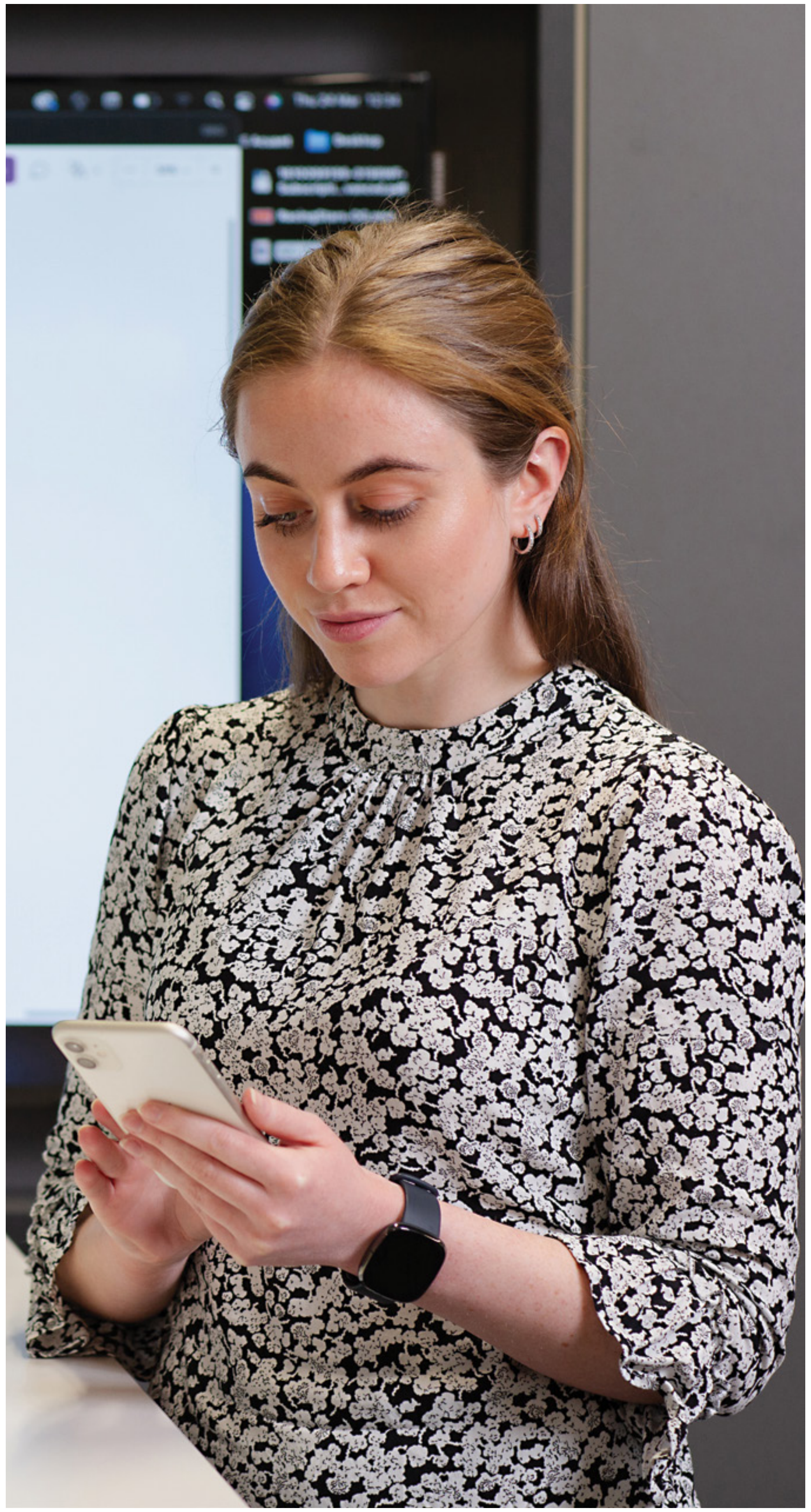
Remuneration policy

Executive Director remuneration policy

Our remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement our business strategy to optimise long-term value for our stakeholders. It is our intention that this policy should conform to best-practice standards, continuing to apply these for FY24 and later years. We will continue to review these on an ongoing basis. The policy is based on the following key principles:

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

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



Annual Report and Accounts 2023 – GBG S | Governance | F | 83

Remuneration policy continued

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

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

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

Element/link to remuneration strategy	Key features/operation	Potential value	Performance metrics
Base salary To attract and retain high-calibre executives.	Reviewed annually, changes normally effective from 1 April. Executive Director's experience, responsibilities and performance taken into consideration. Performance is assessed both from an individual and business perspective.	In light of the financial performance of the business, the Executive Directors have elected not to receive a salary increase and therefore salaries effective 1 April 2023 are as follows: CEO salary: £529,515 CFO salary: £393,750	None
Benefits To provide an attractive package alongside basic salary to attract and retain executives.	Benefits include but are not limited to private medical insurance and dental insurance. The Company provides cash in lieu of any car benefits.	The potential value of medical insurance benefits is limited by the terms of the policy. The cash in lieu of car benefits for the Executive Directors, effective 1 April 2023 are: CEO: £12,000 CFO: £12,000	None
Pensions To provide market competitive arrangements.	The Company contributes to executives' existing personal pension schemes. Cash payments in lieu of pension is available in the event an executive has exceeded their personal pension allowance.	CEO: 17.5% on basic salary CFO: 5% on basic salary Pension for new appointments will be aligned with the rate available to the majority of the wider workforce (currently 5% of base salary). The CEO's pension will be reduced within the next three years to align with the rate available to the majority of the wider workforce.	None
Performance related bonus To incentivise achievement of Company profit targets and other near-term strategic objectives.	Based on performance against targets related to financial and individual KPIs agreed at the start of the year.	Maximum of up to 150% of salary. For FY24 the maximum will be: CEO – 150% of salary CFO – 130% of salary	Based on a mix of financial and non-financial targets, with the majority based on financial targets. The measures for FY24 are based on at least 80% EPS and the remainder based on individual KPIs aligned to strategic objectives and ESG (more details in the Annual Report on Remuneration).
Long term incentives To align executives to the interests of shareholders and to incentivise long term financial performance. Incentivises executives to achieve the Company's long term strategy and create sustainable stakeholder value.	Performance Share Plan (PSP) – Awards are subject to a performance period of normally no less than three years and may be subject to subsequent holding period of up to two years. Where a PSP Award has vested (or an option has been exercised), the Committee may apply clawback to all or a proportion of shares.	Maximum PSP awards of up to 225% of salary (and 400% of salary in exceptional circumstances). For FY24, the awards levels will be: CEO – 225% of salary CFO – 175% of salary	Performance targets are normally set annually, measured over three consecutive financial years and the Committee ensures they are appropriately stretching. Performance measures may be based on financial, share price related or strategic performance measures. For FY24 the performance conditions are based 75% on EPS and 25% on total shareholder return ("TSR") relative to the FTSE 250. Further details of the performance conditions are set out on page 90 of the Annual Report on Remuneration.
Shareholding guideline Aligns with shareholder interests.	Target value to be achieved over five years: CEO – 200% of salary CFO – 200% of salary Until the shareholding guideline has been achieved, executives are normally expected to retain all vested LTIP awards beyond those needing to be sold to cover tax liabilities and exercise costs.	Not applicable	Not applicable

Remuneration policy continued

Legacy Share Matching Plan awards

The Share Matching Plan operated up to the year ended 31 March 2022. The Committee does not currently intend to make any further awards under this plan. Under the Share Matching Plan, participants could purchase shares up to a maximum aggregate value of 80% of the amount of their bonus and/or 20% of their annual salary ('Investment Shares'). Matching shares awarded were capped at up to three times the number of Investment Shares purchased by the participant. The match rates applied were as follows:

- For awards granted in the year ended 31 March 2020: 2.0x matching rate was applied
- For awards granted in the year ended 31 March 2021: 2.25x matching rate was applied
- For awards granted in the year ended 31 March 2022: 2.25x matching rate was applied for the Executive Directors and a 3.0x matching rate for the CEO

The performance conditions are as set out in the table to the right.

SMP awards granted in the Year Ended:	Performance metrics:
31 March 2020	EPS CAGR targets – 100% of the award • 25% will vest if 10% EPS CAGR is achieved • 100% will vest if 17.5% EPS CAGR is achieved (with straight line vesting between these points)
31 March 2021	EPS CAGR – 75% of the awards • 25% will vest if 8% EPS CAGR is achieved • 100% will vest if 15% EPS CAGR is achieved (with straight line vesting between these points) GB Group's TSR relative to the constituent of the FTSE 250 – 25% of the awards • 25% will vest if median TSR is achieved • 100% will vest if upper quartile TSR is achieved (with straight line vesting between these points)
31 March 2022	EPS CAGR – 75% of the awards • 25% will vest if an actual EPS of 20.925p per share is achieved • 100% will vest if an actual EPS of 24.229p per share achieved (with straight line vesting between these points) GB Group's TSR relative to the constituent of the FTSE 250 – 25% of the awards • 25% will vest if median TSR is achieved • 100% will vest if upper quartile TSR is achieved (with straight line vesting between these points)

Consideration of employment conditions elsewhere in the Group

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

Shareholder consultation

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

Non-Executive Directors

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

Non-Executive Director fees were reviewed by the Board during the year, in addition a benchmarking exercise has been conducted. The Non-Executive Directors will not receive a salary increase for FY24.

Service contracts

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

	Date of contract	Unexpired term (months)* or rolling contract	Notice period (months)
Executive Directors			
Chris Clark	1 April 2017	Rolling contract	6
David Ward	27 January 2021	Rolling contract	6
Non-Executive Directors			
Richard Longdon	1 September 2022	30	6
Liz Catchpole	1 September 2020	5	1
Natalie Gammon	19 November 2022	8	1
Bhav Singh	1 November 2022	8	1

* As at 31 March 2023

Non-Executive fees

Position	2022-23 Fee	2023-24 Fee
Non-Executive Chair	£200,000	200,000
Non-Executive Director	£59,325	59,325
Committee Chair	£10,000	£10,000
Senior Independent Director	£10,000	£10,000

Loss of office

The Remuneration Committee considers the individual circumstances in cases of early termination and determines the treatment of good or bad leavers. The Committee manages these cases in line with policy, however the Committee also reserves the right to assess the appropriate remuneration conditions for the specific circumstances.

Annual Report on remuneration

Introduction

This Annual Report on Remuneration sets out information about the remuneration of the Directors of the Company, for the period ended 31 March 2023.

Information subject to audit

Directors' remuneration

2023	Salaries fees £'000	Cash in lieu of benefits in kind £'000	Benefits in kind £'000	Bonuses £'000	Pension[5] £'000	2023 Total £'000
Executives						
Chris Clark	530	12	2	·	93	**637**
David Ward	394	12	2	·	19	**427**
Nick Brown[1]	309	12	2	·	39	**362**
Non-Executives						
David Rasche[2]	78	–	–	–	–	**78**
Richard Longdon[3]	117	–	–	–	–	**117**
Liz Catchpole	79	–	–	–	–	**79**
Natalie Gammon	69	–	–	–	–	**69**
Bhav Singh	59	–	–	–	–	**59**

2022	Salaries/ fees £'000	Cash in lieu of benefits in kind £'000	Benefits in kind £'000	Bonuses £'000	Pension[5] £'000	2022 Total £'000
Executives						
Chris Clark	504	12	2	706	88	**1,312**
David Ward	328	11	1	404	16	**760**
Dave Wilson[4]	256	10	2	0	28	**296**
Nick Brown	294	12	2	363	37	**708**
Non-Executives						
David Rasche	149	–	–	–	–	**149**
Liz Catchpole	77	–	–	–	–	**77**
Natalie Gammon	67	–	–	–	–	**67**
Bhav Singh	24	–	–	–	–	**24**

1. Nick Brown stepped down from the Board on 31 March 2023. He will continue to receive salary and benefits up to 30 September 2023
2. David Rasche stepped down from the Board on 30 September 2022. He continued to receive salary and benefits up to this date
3. Richard Longdon joined GBG on 1 September 2022
4. Dave Wilson stepped down from the Board on 30 June 2021. He continued to receive salary and benefits up to 31 December 2021; for reporting purposes these are included in the 2022 figures above
5. Contribution to the executive's existing personal pension schemes and/or cash payment in lieu of pension in the event an executive has exceeded their personal pension allowance

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

Information not subject to audit

Annual bonuses

The details of the Executive Bonus Scheme for FY23 are set out below and includes details of the annual bonus targets, threshold and maximum levels and the bonuses paid to each Executive Director. The maximum annual bonus for the year was 150% of base salary for the CEO and 130% of base salary for the CFO and GMD. Bonuses were earned based on the achievement of a range of financial and non-financial targets as follows:

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

The maximum bonus that the Executive Directors could earn for achieving these non-financial KPIs was capped at 30% of base salary for the CEO and 20% of base salary for the CFO and GMD.

	EPS Growth								Bonus awarded	
	Budget 28.20p per share	Max 30.98p per share	Achievement of KPIs %	Achievement of ESG %	Total max bonus %	EPS target achieved %	KPI target achieved %	ESG target achieved %	% of salary	£'000
Chris Clark	40%	120%	22.5%	7.5%	150%	0%	4.69%	0%	0%	–
David Ward	40%	110%	15%	5%	130%	0%	3.12%	0%	0%	–
Nick Brown	40%	110%	15%	5%	130%	0%	3.12%	0%	0%	–

EPS and ESG performance targets for the FY23 annual bonus were not met. The employee engagement element of the KPI target was achieved, however, in light of the financial performance of the business, the Remuneration Committee agreed that no bonus would be paid to the CEO, CFO and Group Managing Director for FY23.

Long term incentive awards – grants made during the year

Chris Clark, David Ward and Nick Brown received share awards of 255,120 (225% of salary), 147,551 (175% of salary) and 115,749 (175% of salary) share options respectively on 8 September 2022. The performance conditions were as set out below:

EPS CAGR – 75% of the awards

- 25% will vest if 4% EPS CAGR is achieved
- 100% will vest is 14% EPS CAGR is achieved (with straight line vesting between these points)

GB Group's TSR relative to the constituent of the FTSE 250 – 25% of the awards

- 25% will vest if median TSR is achieved
- 100% will vest if upper quartile TSR is achieved (with straight line vesting between these points)

Long term incentive awards – vesting and exercises

As part of his recruitment package, Chris Clark, was awarded an option over 1,000,000 shares ('Incentive Option') on joining GBG on 1 April 2017. The exercise price of 293p was set as the closing share price on the day before his appointment. The award vests in three equal tranches three, four and five years from grant subject to an adjusted EPS compound annual growth rate with vesting commencing from zero at 16.25% and increasing on a straight-line basis to full vesting at 26.25%. We previously reported that based on GBG's EPS performance, 72.3% of this first tranche of Chris Clark's incentive option vested and was exercised on 8 July 2020. 71.01% of the second tranche has also vested and was exercised on 29 July 2021. 30% of the third tranche of Chris Clark's incentive option vested and was exercised on 11 July 2022.

As part of David Ward's remuneration, he received an option over 150,000 ordinary shares in the capital of the Company as compensation to match the earnings and incentives forfeited on leaving his previous employer (the 'Compensatory Options'). The Compensatory Options were issued at an exercise price of 2.5 pence per ordinary share and vest in three equal tranches on the anniversary from the Date of Grant provided he still holds the position of CFO of GBG on the respective dates. The first tranche vested on 17 May 2022 (first anniversary) and as these were not subject to performance conditions, other than continued employment, 100% of the first tranche of David Ward's Compensatory Options vested. The vesting of the second and third tranches are subject to achievement of EPS and TSR performance targets, in line with the Group's objectives. Given that these options were granted to David Ward to compensate him for awards that he forfeited on leaving his former employer, the Committee has determined that the performance conditions in respect of the second and third tranche of David Ward's Compensatory Options shall not apply to better align with the original intention of the awards. The second tranche of the award therefore vested on 17 May 2023. The Compensatory Options are valid for a period of 12 months from the vesting date.

Annual Report on remuneration continued

Chris Clark and Nick Brown received share matching awards of 173,267 and 89,864 shares respectively on 18 December 2020 following their investment in acquiring shares in the Group. The amount of their investment was grossed up for income taxes and the match rate of 2.25x deemed investment applied. The share matching awards were subject to a three-year adjusted EPS compound annual growth performance condition with vesting. 75% of the share matching awards were subject to a three-year adjusted EPS compound annual growth performance condition and 25% to TSR vesting requirements. The EPS element vested on a sliding scale from 25% if 8% EPS CAGR is achieved over three consecutive financial years with full vesting being applied where a level of 15% EPS CAGR is achieved. In terms of the portion of the award subject to the TSR measure, 25% of the award vests at median performance against the peer group (FTSE 250) and 100% of award vests at upper quartile, i.e. the 75th percentile.

At the time of this report, based on GBG's EPS performance and TSR, neither award has vested.

Information subject to audit

Directors' interest in the Group's share option schemes

	Share Option Scheme	At 31 March 2022	Granted during financial year	Exercised during financial year	Lapsed during financial year	At 31 March 2023	Option exercise price (p)	Date exercisable
Chris Clark	SOS	333,335	–	101,333	232,002	–	293.00	2020-27
	SMP	206,136	–	84,413	121,723	–	2.50	2022-23
	SMP	173,267	–	–	–	**173,267**	2.50	2023-24
	SMP	222,662	–	–	–	**222,662**	2.50	2024-25
	PSP	–	255,120	–	–	**255,120**	2.50	2025-26
		935,400	255,120	185,746	353,725	**651,049**		
David Ward	LTIP	50,000	–	50,000	–	–	2.50	2022-23
	LTIP	50,000	–	–	–	**50,000**	2.50	2023-24
	LTIP	50,000	–	–	–	**50,000**	2.50	2024-25
	SMP	18,442	–	–	–	**18,442**	2.50	2024-25
	PSP	–	147,551	–	–	**147,551**	2.50	2025-26
		168,442	147,551	50,000	-	**265,993**		
Nick Brown	SMP	122,721	–	50,254	72,467	–	2.50	2022-23
	SMP	89,864	–	–	–	**89,864**	2.50	2022-23
	SMP	85,840	–	–	–	**85,840**	2.50	2024-25
	PSP	–	115,749	–	–	**115,749**	2.50	2025-26
		298,425	115,749	50,254	72,467	**291,453**		

Information not subject to audit

At 31 March 2023, GBG's quoted share price on the London Stock Exchange was 300.0p and the lowest and highest prices during the year ended 31 March 2023 were 298.2p and 647.0p on 29 March 2023 and 7 September 2022, respectively.

Directors' interests

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

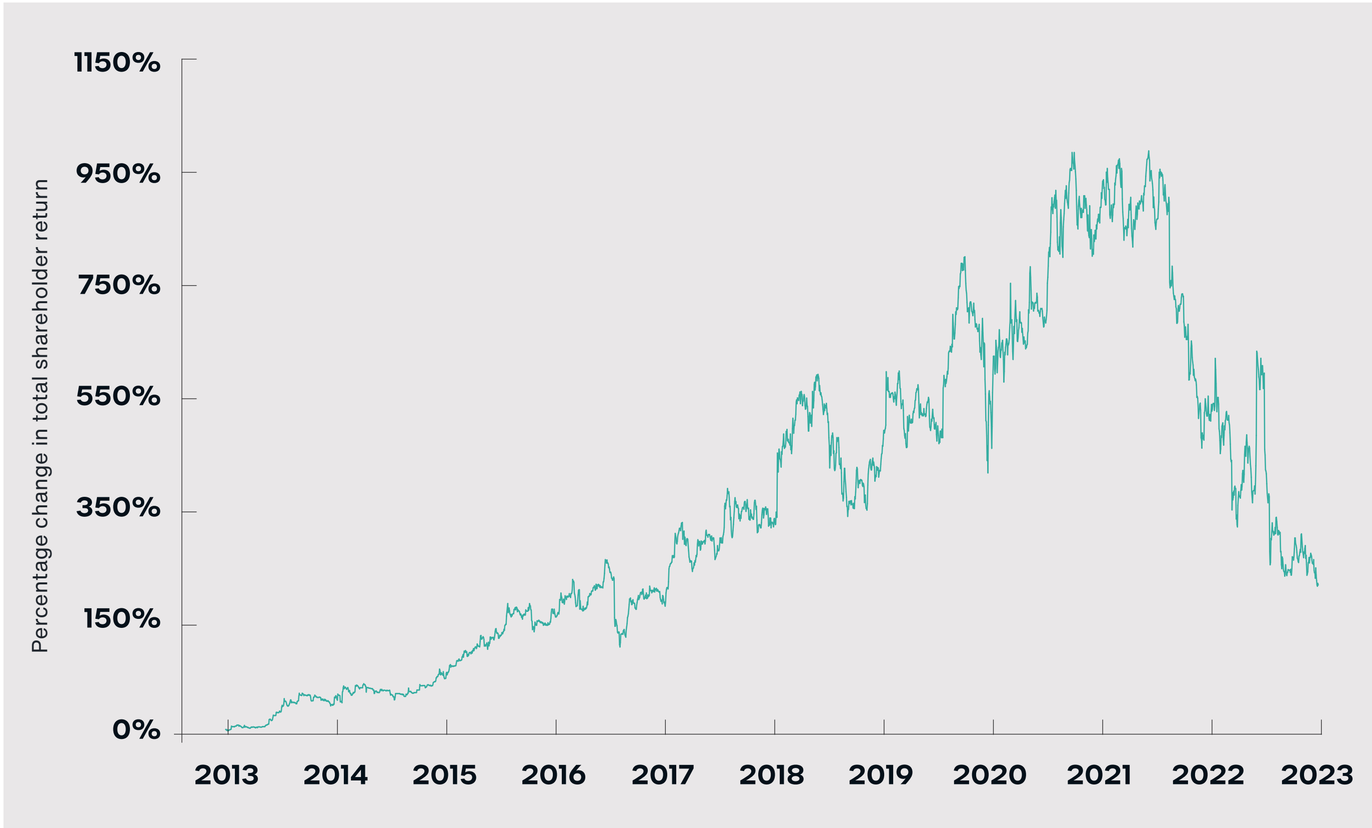
Ordinary shares of 2.5p	31 March 2023	1 April 2022
Chris Clark	**362,173**	312,423
David Ward	**65,000**	24,000
Richard Longdon	**29,876**	–
Nick Brown	**670,595**	649,095
Liz Catchpole	**20,665**	20,665
Natalie Gammon	**5,872**	5,872
Bhav Singh	**–**	–

There have been no other changes to Directors' interests in the Group's shares from the end of the year to 14 June 2023. The Register of Directors' Interests contains full details of the Directors' interests in the Group's shares and is open to inspection.

In accordance with the calculations set out in GBG's Shareholding Policy, based on the closing share price at 13 June 2023 of 288p, the value of Chris Clark and David Ward's shareholding represented 197% and 48% of their salaries. The CEO's shareholding as a percentage of salary has fallen since last year and is now under the 200% minimum requirement, however, it is recognised that he has not sold any shares during the period and this is due to the movement in share price. The Committee is comfortable that the CEO remains appropriately aligned with shareholders. As mentioned previously Executive Directors are expected to meet our shareholding guidelines within five years of appointment, David Ward has two years of service.

Total shareholder return graph

The graph below shows the percentage change in total shareholder return for each of the last 10 financial years compared to the FTSE 250. The FTSE 250 was selected as it represents a broad equity index in which the Group can be compared against.



Annual Report on remuneration continued

Implementation of remuneration in 2023-24	
Salary	In light of the financial performance of the business, the Executive Directors elected not to take a salary increase for FY24. Salaries from 1 April 2023 will therefore remain as follows: CEO: £529,515 CFO: £393,750 The Remuneration Committee will continue to monitor the remuneration of executive Directors of other companies in the IT sector and other listed companies with similar market capitalisation to ensure that the Executive Directors remain sufficiently rewarded to promote long term success.
Benefits	There will be no change to the Executive Directors' benefits for the year commencing 1 April 2023.
Annual bonus	We will operate the annual bonus for FY24 within the policy disclosed in this report. The principles of bonus criteria which we will apply to each Executive Director during the year ending 31 March 2024 will be similar to those applied during the year ended 31 March 2023. The maximum annual bonus for the CEO will be 150% of base salary and the maximum bonus opportunity for the CFO will be 130% of base salary. The annual bonus will be based at least 80% on EPS performance and the remainder on individual strategic objectives including ESG. We will not disclose the targets for the annual bonus for 2023-2024 in this report as that information is deemed commercially sensitive and may be interpreted as forecast. However, full details of the targets will be disclosed retrospectively in the 2024 Annual Report.
Performance share plan	The Committee intends to make a further award to Executive Directors in line with the PSP outlined in the Policy. The Committee will determine the levels, performance conditions, weighting and growth targets to be applied at the time of award and fully disclose them in the FY24 Annual Report. The CEO will be granted an award over 225% of base salary and the CFO will be granted an award over 175% of base salary. Awards will be based 75% on EPS performance with 25% vesting for growth of 4% per annum and maximum vesting for 14% growth per annum. The remaining 25% of the award will vest based on relative TSR performance vs. the FTSE 250 with 25% vesting for median performance and maximum vesting for upper quartile performance. These PSP Awards will take the form of nominal cost options. A holding period may apply to any shares acquired pursuant to a PSP Award. Any such holding period would normally apply for two years from the date of vesting.
Non Executive remuneration	NED fees were reviewed by the Board (excluding the Non-Executive Directors) during the year. In light of the financial performance of the business and in line with the approach for Executive Directors, the Non-Executive Directors elected to not receive an increase in fees for the year. The base fees for GBG's three NEDs will therefore remain at £59,325. The additional fees for the Committee Chairs and Senior Independent Director of £10,000 will also remain the same. The Chair fee was also reviewed by the Remuneration Committee during the year and the Committee determined that it was appropriate to set the fee for the incoming Chair at £200,000. This fee is more aligned with typical market practice for a Company of our size and complexity. There will be no increase in fees for FY24.

Nomination Committee report

Quick facts

Member	Attendance
Liz Catchpole	2/2
Natalie Gammon	2/2
Chris Clark	2/2
Richard Longdon*	1/1
David Rasche**	1/1
Bhav Singh	2/2

* Richard Longdon's attendance is based on the number of meetings since his start date

** David Rasche attended one Committee meeting before he stepped down from the Board, as planned, on 30 September 2022

- Having been appointed Chair of the Board during the year, Richard Longdon has also been appointed to the role of Chair of the Committee
- A majority of the members of the Committee are Independent Non-Executive Directors
- The Company Secretary attends all meetings of the Committee. The Chief People Officer also regularly attends meetings and is responsible for engaging with executive search recruitment advisors
- Neither the Chair nor the CEO would participate in the recruitment of their own successor
- The Committee Chair reports material findings and recommendations at the next Board meeting and copies of the minutes of its meetings are circulated, where appropriate, to all Directors

The Nomination Committee's Terms of Reference, including its role and the authority the Board delegates to it, are on the Group's website: www.gbgplc.com/en/investors

Dear Shareholder

On behalf of the Board, I am pleased to present the Nomination Committee Report for the year ended 31 March 2023.

Key responsibilities

The Committee's primary role and responsibilities are to:

- make sure that appropriate procedures are in place to nominate and select candidates for appointment to the Board, particularly in terms of the balance of the Board's skills, experience, independence, knowledge and diversity;
- make recommendations to the Board about new appointments, re-electing Directors, succession planning and Board composition, particularly the benefits of diversity on the Board, including gender diversity;
- ensure that a regular, thorough and unbiased evaluation is undertaken of the structure, size, composition, balance of skills, knowledge and experience of the Board; and
- ensure the Company's adherence to applicable legal, regulatory and governance requirements in relation to the above are fully complied with, including publication of the Committee's Terms of Reference on the Group's website: www.gbgplc.com/en/investors.

Key activities of the Nomination Committee during the year

The Committee met twice during the year and attendance at those meetings is shown in the graphic on the left. Matters considered by the Committee in FY23 included the following material items:

- assessed the composition of the Board, including in relation to Committee membership;
- conducted a qualitative and quantitative Board evaluation in December 2022;
- a Special Nomination Committee (led by Liz Catchpole as Senior Independent Director) recommended Richard Longdon's appointment as the new Non Executive Chair to replace David Rasche;
- considered and approved Nick Brown's resignation from the Board; and
- considered and approved the annual Nomination Committee report, contained within the Annual Report and Accounts.

Evaluation of the composition, structure and functioning of the Board

The Committee continues to monitor the balance of skills and experience on the Board as well as its independence, knowledge and diversity. This year, we carried out an internal evaluation of the Board via an online questionnaire, following a set of predetermined questions and completed through Boardclic's software platform. It is important to note that the questions asked within this year's questionnaire matched the ones used during last year's external evaluation. This was an intentional decision taken by the Board to enable improvements, or any areas of concern, to be monitored year-on-year. The questionnaire covered the following six key aspects of the Board's performance:

- Value creation and strategy
- Board agenda
- Talent and culture
- Board composition
- Chair performance
- Reporting and risk

The questionnaire also considered the Board's views on the material ESG issues facing the Company. In addition, the process included a review of the effectiveness of the Remuneration, Nomination, Audit and Risk Committees.

The questionnaire was completed by all Directors during December 2022. The results were collated using the presentation tools within Boardclic's software platform and this output formed the basis of a report for the Chair, which was then discussed by the whole Board in January 2023.

Succession and Talent Development

The Committee continues to develop succession plans in respect of the Board, both to ensure that there is an ongoing review of the skills and experience on the Board and to maintain a stable leadership framework. The Committee must also proactively manage changes and ensure there is clear alignment with the future leadership needs of the Company. This clear process led to my selection and appointment as Chair of GBG, replacing David Rasche. My onboarding included a pragmatic programme of induction, overseen by the Committee, that provided me with valuable insight in to the Group and its activities, it also provided me with an opportunity to meet members of the Executive Team and other key individuals in order to understand more about Group strategy, including opportunities and challenges.

The Committee also provides guidance and monitors succession plans, talent assessment and development plans below Board level. Recognising, developing and retaining talent within GBG are essential for the continued sustainability of the business. A number of key promotions and hires were made during the year to further strengthen our team profile.

Board Evaluation Process FY23

Stage 1

The Board confirmed that they were happy for the same questions used the previous year to be used again, in order to assess progress year-on-year

Stage 2

Each Director completed an online questionnaire in relation to six key aspects of the Board and its performance. Committee members received evaluation for the committees they were members of

Stage 3

A final report was compiled and shared with the Board for review. This was then discussed at the Board meeting in January 2023

Stage 4

A number of areas of focus for FY24 were agreed and progress will be monitored on progress during the year

Nomination Committee report continued

During the year, the Group has:

- made a new appointment to the Executive Committee, following the internal promotion of Gus Tomlinson to the role of Chief Product Officer. Gus has responsibility for leading all Identity and Fraud products globally. Gus joined GBG in 2013 and has held a number of positions in Data, Strategy, Commercial and Product; and
- strengthened resource at the level immediately below the Executive Team with the appointment of a Chief Revenue Officer to support the CEO of GBG Americas.

GBG understands the value of developing our people for future leadership roles. During the year, 138 team members were promoted or took a new role. Our global mentoring scheme continues to allow team members to create new relationships, develop their skills and expand their networks across GBG. The mentoring scheme has proved vital in developing talent in the business and during the year 154 team members participated.

The Group's focus on talent development directly benefits the Committee's succession planning activities by ensuring a strong pipeline of internal candidates for senior leadership roles.

Board changes during FY23

I was appointed to the Board as Chair on 1 September 2022 and, following a brief handover, David Rasche stepped down from the Board on 30 September 2022. Details of the Chair succession process were detailed in last year's Annual Report.

As part of planned succession arrangements, Nick Brown, Group Managing Director, retired from the Board with effect from 31 March 2023.

Inclusion, Diversity & Equality

The Group has a formal Inclusion, Diversity & Equality Policy, which applies to all team members and is of particular relevance to the Board, the Executive Team, People Managers and others concerned with attracting, retaining and developing talent or making employment decisions which affect others. The purpose of the policy is to communicate clearly the attitudes and behaviours that are acceptable, promote a safe physical and virtual environment for everyone and provide equal access to opportunities.

Last year, we set out our target of achieving 40% female senior team members by 2026, which aligns with the target set by the FTSE Women Leaders Review. As at 31 March 2023 women comprise 36.8% of our total workforce (2022: 36.7% which was rounded to 37%), 23.1% of the Executive Leadership Team (2022: 20%) and 28.6% of our Board of Directors (2022: 28.6 which was rounded to 29%). In line with the targets set out in the Parker Review, we have a Board member from a minority ethnic group.

be / yourself

The Group works actively, through our 'be/yourself' programme, to raise awareness of other important diversity characteristics such as age, neurodiversity, accessibility and sexual identities (LGBTQ+). The Champions of the programme produce regular content to support each area and further educate team members across GBG.

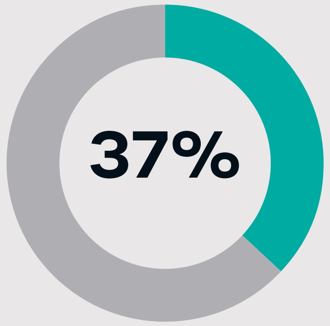
This supports our intentions of continuing to develop our inclusive culture, so we become known as an employer of choice for all talented individuals. To find out more, please see our ESG Statement on pages 25 to 29.

Our 2026 target

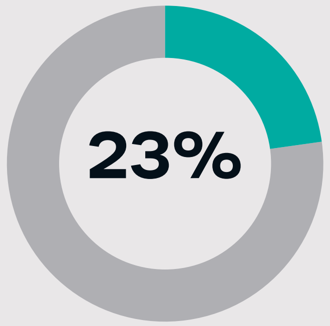
40%

female senior team members

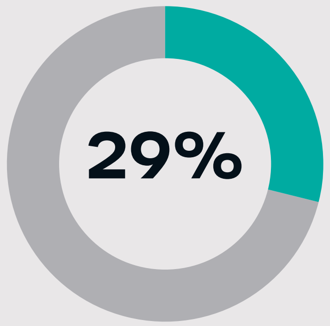
At 31 March 2023 women comprise:



Of our total workforce



Of the Executive Leadership Team



Of our Board of Directors

Independence and re-election to the Board

The Committee understands that independence is an essential factor in Non-Executive Director effectiveness and reviews such independence regularly. The Non-Executive Directors are measured against the standards set out in the QCA Code on Director independence.

In accordance with our Articles of Association at least one third of the Board must stand for election at the AGM each year. At this year's AGM, myself, Chris Clark and Natalie Gammon will stand for re-election. Biographical information on each of the Directors can be found on pages 62 to 63.

Richard Longdon
Nomination Committee Chair
14 June 2023

ESG Committee report

Quick facts

Member	Attendance
Natalie Gammon	3/3
Liz Catchpole	3/3
Bhav Singh	3/3
Chris Clark	3/3
David Rasche*	1/1
Nick Brown	3/3
David Ward	3/3
James Miller (Chief People Officer)	3/3
Richard Longdon**	2/2

* David Rasche attended one Committee before he stepped down from the Board, as planned, on 30 September 2022

** Richard Longdon's attendance is based on the number of meetings since his start date

- Natalie Gammon has chaired the Committee since it was established in July 2021 and also chairs the Remuneration Committee; this ensures the activities of the Remuneration and ESG Committees are aligned
- Membership of the Committee is made up of the full Board and the Chief People Officer, who is responsible for communicating the Committee's priorities to the Group and implementing actions
- Other regular attendees at meetings, at the invitation of the Committee, include the ESG Strategist and Programme Manager, the Company Secretary and members of the Diversity and Inclusion Team. None of these attendees are members of the Committee

The ESG Committee's Terms of Reference, including its role and the authority the Board delegates to it, are on the Group's website: www.gbgplc.com/en/investors

Dear Shareholder

I am pleased to present the Environmental, Social and Governance (ESG) Committee Report for the year ended 31 March 2023. This report sets out the role and composition of the Committee and provides information on our key areas of focus during the year. Please note that further information on the Group's approach to ESG, including our performance against targets and mandated environmental disclosures can be found on pages 18 to 31.

The Committee within GBG's governance structure

The formation of the Committee in 2021 demonstrated the Group's commitment to ESG issues. The Committee's function, within GBG's governance framework, is to give increased focus on environmental, social and governance factors for the Board and the Group as a whole. The Committee allows sufficient time, at the most senior level, to be dedicated to ESG-related risks and opportunities.

The role of the Committee

The role of the Committee is to:

- review and monitor progress against our ESG targets;
- oversee the development of, and make recommendations to, the Board about the Group's ESG strategy;
- oversee the establishment of policies and codes of practice and make sure they're implemented effectively and to monitor and review them to make sure they stay relevant and effective, as needed;
- identify the relevant ESG matters that do, or are likely to, affect the operation of the Group and/or its strategy;
- make sure that the Group:
  - monitors and reviews current and emerging ESG trends and relevant international standards and legislative requirements;
  - identifies how these trends, standards and requirements are likely to impact on the strategy, operations and reputation of the Group;
  - determines whether and how these are incorporated into or reflected in the Group's ESG policies and objectives;
  - set appropriate strategic goals, as well as shorter-term key performance indicators ('KPIs') and associated targets related to ESG matters and oversee the ongoing measurement and reporting of performance against those KPIs and targets;
- work in conjunction with the Audit & Risk Committee to oversee the way ESG risks are identified and mitigated and how opportunities related to ESG matters are identified;
- make recommendations to the Board in relation to the resourcing and funding needed for ESG-related activities and on behalf of the Board oversee the deployment and control of any resources and funds;
- oversee the Group's engagement with its broader stakeholder community;
- ensure that the Group provides appropriate information and is transparent regarding its ESG-related policies with the investment community, particularly ethical/socially conscious investment funds, in whatever way is most effective; and
- report to the Board on how the Committee has discharged its responsibilities throughout the year.

The Committee reviews its Terms of Reference annually and you can find them on the Group's website, (www.gbgplc.com/en/investors).

Committee membership and attendance

The Committee's membership is made up of the full Board and the Chief People Officer. As membership mirrors that of the full Board, we have welcomed Richard Longdon, Chair of the Board, to the Committee. Richard's background and experience is documented on page 62, he is a valuable addition to the Committee.

Key areas of focus of the Committee

During the year, the Committee have focused on the following areas:

- conducting a materiality assessment, with input from stakeholders on the ESG factors that matter the most to them, and are most impactful to our business strategy. The Committee would like to thank everyone who took the time to respond to this process, which has formed the basis of our ESG Strategy, which we are delighted to outline on pages 18 to 31;
- monitoring our progress against the social and environmental targets set during the previous financial year;
- agreeing on additional metrics, where needed, including a new net zero target;
- managing our response and disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures; and
- managing our approach to modern slavery and adapting policies where needed.

Natalie Gammon
Chair of the ESG Committee
14 June 2023

Directors' report

The Directors present their report, together with the audited accounts in relation to the Group activities for the year ended 31 March 2023.

Statutory information contained elsewhere in the Annual Report

In accordance with s414c of the Companies Act 2006, certain matters that would otherwise be required to be disclosed in the Directors' Report are included elsewhere in this document including in the Strategic Report (from pages 1 to 59), the Corporate Governance Statement (from pages 66 to 71) or as indicated below. All this information is incorporated into this Directors' report by reference.

- Strategic report pages 1 to 59
- Financial Review pages 38 to 43
- Principal Risks & Uncertainties pages 51 to 59
- Going Concern & Viability page 59
- Section 172 Statement pages 48 and 49
- Remuneration Report pages 81 to 90
- Financial instruments pages 156 to 160
- Related party transactions page 163

Financial results and dividends

The Group's financial results, risk management objectives and policies are discussed in the Financial Review on pages 38 to 43 and within note 27. The Directors have recommended a final ordinary dividend of 4.00 pence per share (2022: 3.81 pence per share) amounting to £10.1 million (2022: £9.6 million). If approved by shareholders at the Annual General Meeting ('AGM'), the final dividend will be paid on 3 August 2023 to ordinary shareholders whose names were on the Register of Members on 23 June 2023. A Dividend Reinvestment Plan ('DRIP') will be offered, allowing eligible shareholders to reinvest their dividends into GBG shares. Further information regarding the DRIP is set out on page 182.

Substantial shareholders

In accordance with the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, we have been notified of the following interests in the ordinary share capital, representing 3% or more of our issued share capital. Details of substantial shareholders is regularly published and updated on our website.

The position as at 31 March 2023 is detailed in the substantial shareholder table below.

Since 31 March 2023 to the date of release of this Annual Report and Accounts, we have not received any notifications from our shareholders in accordance with the Disclosure Guidance and Transparency Rules.

Substantial shareholder	No. of shares owned at 31 March 2023	Percentage of shares owned at 31 March 2023
AXA Framlington Investment Managers	15,261,101	6.05%
Octopus Investments	15,013,807	5.95%
Aegon Asset Management UK	12,655,904	5.01%
Liontrust Sustainable Investments	10,502,493	4.16%
Ninety One	8,660,891	3.43%
Fidelity International	7,883,291	3.12%

Share capital

Details of the authorised and issued share capital of the Company and options over shares of the Company are set out in notes 29 and 30 to the financial statements.

Restrictions on transfers

We are not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and for voting rights. The only restrictions which may exist from time to time are those imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods) or pursuant to the internal policies of the Company whereby certain team members of the Company require the approval of the Company to deal in the Company's securities.

Ordinary shares

At a General Meeting of the Company, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The Notice of the General Meeting specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at the General Meeting. All proxy votes are counted and the results are released as an announcement to the London Stock Exchange after the meeting..

Articles of Association

The Company's Articles of Association may only be amended in accordance with the provisions of the Companies Act 2006 by a special resolution at a General Meeting of the shareholders. This year we are not recommending any changes.

Directors

David Rasche stepped down from the Board on 30 September 2022 and Nick Brown stepped down on 31 March 2023. Richard Longdon joined the Board on 1 September 2022. Further information on his appointment can be found in the Nomination Committee Report. The Directors who have served during the year ended 31 March 2023 and details of their interests in the share capital and share options are set out in the Report on Directors' Remuneration on pages 78 to 80.

No Director had a material interest in any contract of significance, other than a service contract or contract for services, with the Company or any of its subsidiaries at any time during the year.

Full biographies of each Director as at the date of this report are set out on pages 62 and 63.

Directors are reappointed by ordinary resolution at a General Meeting of the shareholders, following recommendation by the Nomination Committee in accordance with its Terms of Reference, as approved by the Board or by a member (or members). In addition, the Directors may appoint a Director to fill a vacancy or act as an additional Director, provided that the individual retires at the next Annual General Meeting (AGM) and, if they wish to continue, that they offer themselves for re-election. In accordance with the Articles of Association, no less than one third of the Board is required to retire by rotation and seek reappointment by the Group's shareholders at the AGM. Further details can be found in the Nomination Committee Report on pages 92 to 95.

Any Non-Executive Director considered by the Board to be independent who has served on the Board for at least nine years or more will be subject to annual re-election. There are no current Non-Executive Directors who have served on the Board for nine years or more.

Details of each Directors' notice periods and service agreements are detailed in the Report on Directors' Remuneration on pages 78 to 80.

Directors' indemnities

During the year and up to the date of approval of this Annual Report, the Company maintained third-party indemnification provisions for its Directors subject to the conditions set out in the Companies Act 2006. The Company also maintains Directors' and Officers' Liability Insurance which gives appropriate cover for legal action brought against its Directors.

Employee engagement

We continue to involve our team members in the future development of the business. How we engage our team members and have due regard to their interests in considering principal decisions taken during the year are demonstrated in the Section 172 Statement on pages 48 and 49.

Applications for employment by disabled persons are always fully considered, where the candidate's particular aptitudes and abilities adequately meet the requirements of the job. When existing team members become disabled every effort is made to ensure that their employment at GBG continues and they are supported appropriately, making physical or procedural adjustments where possible. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other team members.

Further information regarding our workforce policies and employee engagement can be found on pages 25 to 29 of the ESG Statement. Information regarding GBG's activities to promote diversity is contained within the Nomination Committee Report on pages 92 to 95.

Change of control

Within the Group's revolving credit facility, the lender has the right to demand immediate payment of any outstanding balances upon a change of control of the Group following a takeover bid.

The Group does have an agreement with a data supplier which, if the Group were acquired by a competitor of that data supplier, would allow it to terminate its agreement with the Group. The data supplier would, however, continue to be bound to service arrangements with the Group's customers existing on the date of termination.

Upon a change of control, share options may be exercised within six months of the time when the change of control takes effect and any subsequent conditions at the offer process have been satisfied.

There are no agreements between the Group and its Directors or team members providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Directors' report continued

Proposed resolutions for the Annual General Meeting

Details of business to be conducted at this year's AGM to be held on 20 July 2023 are contained in the Notice of the Annual General Meeting which will be communicated to shareholders separately.

It is the opinion of the Directors that the passing of these resolutions is in the best interest of the shareholders.

Financial risk

The Group's financial risk management objectives and policies are discussed in the Financial Review on page 43 and within note 27.

Research and development

Research and development activities continue to be a high priority with the development of new products and maintaining the technological excellence of existing products. During the year ended 31 March 2023, research and development activities were conducted predominantly by our Technology teams, which make up 35.3% (2022: 34.6%) of our workforce.

GBG understands the importance of using modern, innovative and effective technology in order to provide its services to the highest standards. We therefore place a great importance on investing in our technology and our ability to apply said technology in the best ways, ensuring that we keep our competitive advantage and are aware of changes in the technological landscape.

Auditor

A resolution proposing the appointment of PriceWaterhouseCoopers LLP as auditor to the Group will be put to the shareholders at the AGM.

Directors' statement as to disclosure of information to auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 62 and 63. Having made enquiries of fellow Directors and of the Group's auditor, each Director confirms that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditor are unaware; and
- they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Energy and carbon emissions reporting

In accordance with Streamlined Energy & Carbon Reporting guidelines we are required to disclose the annual quantity of emissions, in tonnes of carbon dioxide equivalent. This year the data disclosed covers our Scope 1 and 2 global energy usage and reimbursed mileage in Scope 3. We have set out details of our emissions on page 24 of the Strategic Report and include them as part of the Directors' Report disclosures by reference.

Political donations

The Group has a policy of not making any donations, whether in the UK or overseas, to political parties or other organisations, independent election candidates or otherwise incurring political expenditure. No political donations were made in the year (2022: £nil).

Health and safety

GBG has a formal Health and Safety Policy. It is the policy of the Group to consider the health and welfare of team members by maintaining a safe place and system of work as required by legislation in each of the countries where the Group operates.

Charitable donations

During the year, the GBG team has managed to raise £27,297 for charity which has been given to a varied group of worthy causes.

Modern Slavery Statement

Our Modern Slavery Statement can be found on our website at www.gbgplc.com.

Treasury policy

The Group's treasury policy aims to manage the Group's financial risk and to minimise the adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability and on the cash flows of the Group.

By Order of the Board

Annabelle Burton
Company Secretary
14 June 2023

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable United Kingdom law regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 (IFRSs) and have also chosen to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select and apply accounting policies in accordance with accounting standard IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs (and in respect of the Parent Company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the Group financial statements, state whether UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the Parent Company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company and/or the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for taking such steps as are reasonable to safeguard the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report and Directors' Remuneration Report that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Chris Clark
Chief Executive Officer
On behalf of the Board
14 June 2023

David Ward
Chief Financial Officer
On behalf of the Board
14 June 2023

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.

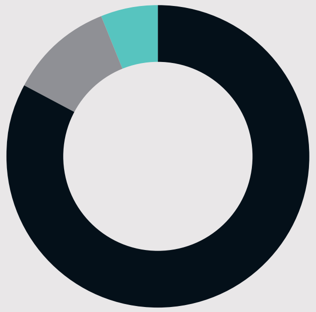
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the twenty-eight reporting components of the Group, we selected eleven components, which represent the principal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

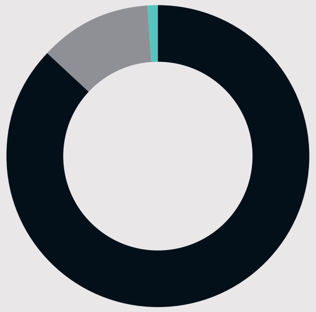
The charts below illustrate the coverage obtained from the work performed by our audit teams.

EBITDA adjusted for exceptional items



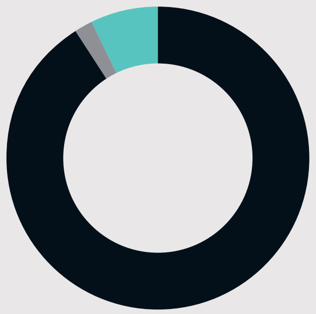
Full scope components	**83%**
Specific scope components	**11%**
Other procedures	**6%**

Revenue



Full scope components	**87%**
Specific scope components	**12%**
Other procedures	**1%**

Total assets



Full scope components	**91%**
Specific scope components	**2%**
Other procedures	**7%**

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition – cut off around the year-end and significant new contractual arrangements Refer to the Audit 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.	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	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.

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

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

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	Equity share capital £'000	Share premium £'000	Other reserves: Merger reserve £'000	Other reserves: Capital redemption reserve £'000	Other reserves: Foreign currency translation reserve £'000	Other reserves: 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 2023 £'000	Revenues from external customers 2022 £'000	Non-current assets 2023 £'000	Non-current assets 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

Revised name	Name at 31 March 2022 (if different)	2023 Goodwill[2] £'000	2023 Acquired intangibles £'000	2023 Total £'000	2022 Goodwill[1] £'000	2022 Acquired intangibles £'000	2022 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.

		2023			2022[1]		
Revised name	Name at 31 March 2022 (if different)	Pre-tax discount rate	Decrease in base case cashflows	Revenue growth rate (2029 to 2032)	Pre-tax discount rate	Decrease in base case cashflows	Revenue growth rate (2028 to 2032)
Location Unit	–	**28.7%**	**(58.0)%**	**n/a**	29.7%	(64.0)%	n/a
Location – APAC Unit	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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