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

Half year results for the six months ended 30 September 2023

GB Group plc (AIM: GBG), the experts in digital location, identity verification and identity fraud software, announces its unaudited results for the six months ended 30 September 2023.

Financials

	1H24	1H23
Revenue	**£132.4m**	£133.8m
Constant currency revenue[1]	**£132.4m**	£130.0m
Adjusted operating profit [1]	**£23.9m**	£28.1m
Adjusted operating profit excluding FX gain[2]	**£23.6m**	£21.8m
Adjusted operating margin excluding FX gain	***17.8%***	*16.3%*
Operating (loss) / profit	**(£52.6)m**	£2.5m
(Loss) / profit before tax	**(£57.3)m**	£0.0m
Adjusted diluted earnings per share [3]	**5.1p**	7.3p
Diluted loss per share	**(21.8)p**	(0.3)p
Net (debt)/cash[1]	**(£104.8)m**	(£132.6m)

Notes: [1]Defined within note 22 to the Half Year Results. [2]Normalises for impact of the net gain on foreign exchange, which in 1H23 was an unusually large £6.3million gain primarily related to intercompany loans vs. a £0.3million gain in 1H24. [3] This measure is defined within note 10 to the Half Year Results. Growth percentages are calculated with reference to the actual unrounded figures in the primary financial statements and so might not tie directly to the rounded figures found in this release if recalculated.

Chris Clark, CEO, commented:

"We are pleased with the first-half performance, Location and Fraud delivered good growth and transaction volumes within Identity have stabilised. At the same time, our continued focus on structural efficiency savings has already achieved an annualised run-rate reduction in operating expenditure of £10 million, while maintaining investment in our differentiated product portfolio. While the subdued macroeconomic environment may persist, we continue to expect some year-on-year Identity revenue growth in the latter part of the current year, and I am confident that our strong discipline on cost, good momentum with customer wins and high retention leave GBG very well positioned to deliver our FY24 profit expectations.

I am particularly pleased that Dev Dhiman will become GBG's next CEO following my retirement in January. His understanding of our business, markets and culture has delivered excellent results leading our business in APAC and he is the right person to guide GBG through the next phase of its evolution. I wish him, and all our team members, the very best for the future."

Financial summary

- On a reported basis, first-half revenue was down 1.1%. On a constant currency basis, it was up 1.8%. Excluding the year-on-year (YoY) decline in cryptocurrency customer revenues, growth was up 3.3%
  - Good performance in Location, up 8.1% and strong performance in Fraud, up 10.5%
  - Identity performed as expected, down 2.8%. Excluding YoY decline in cryptocurrency customer revenues, growth was broadly flat. Monthly transaction volumes have stabilised, and we expect some YoY growth in the latter part of the year
- Adjusted operating profit of £23.9 million, up 7.9% excluding gains from foreign exchange. Reflects a strategic focus to pursue efficiencies throughout the group. 1H24 adjusted operating expenses were £6.1 million lower than the prior year despite inflationary pressures
- Exceptional non-cash goodwill impairment charge of £54.7m due to the use of a higher discount rate, driven by the significant increase in central bank interest rates since March 2023
- Strong year-to-date cash conversion of 102.0% (1H23: 57.5%) was more reflective of historic levels
- Net debt as at 30 September was £104.8 million (31 March 2023: £105.9 million). Current net debt is now c.£95 million and expect to use cash generation to reduce leverage to 1.30x by the year-end

Strategic highlights

- Despite the macroeconomic conditions, a pleasing first-half performance. Excellent progress regarding the simplification and efficiency pillar of our strategy underpins the FY24 profit expectations
- Continue to drive cross-sell/upsell activity while also broadening our footprint with diverse new logos such as Deutsche Telekom, Moody's Analytics, Standard Bank, DAZN Bet and Australian Unity Wealth
- Identity and fraud convergence plays to our significant capabilities across regions and sectors; engaging our customers with differentiated identity products such as GBG Identity Score and GBG Trust, offering in-depth global identity insights to combat fraud and improve consumer onboarding
- Location is driving innovation with its global address data; deployment of a Global Store Finder tool supporting 'click and collect' deliveries and expansion of our Digital-first platform to 45 countries
- Continue to harness advanced AI and machine learning across our solutions to enhance verification accuracy and detect sophisticated fraud threats effectively

Outlook

- The Board is pleased with both the strategic progress achieved and GBG's first-half financial performance against the backdrop of the continued macroeconomic conditions. Our ongoing focus on simplicity and efficiency has delivered a strong profit performance in the half and underpins our FY24 profit expectations, which will benefit from stronger margins in the second half. Second-half performance to date has been in line with our expectations and we anticipate that FY24 revenue growth will be broadly in-line with current expectations. The stabilisation we have seen in Identity supports our confidence in delivering some year-on-year Identity growth in the latter part of the year

CEO succession announced

- On 8 November 2023, it was announced that Chris Clark had informed the Board of his decision to retire as CEO and from the Board at the end of January 2024. Following a rigorous process by the Board's Nomination Committee, Dev Dhiman, Managing Director of our Asia Pacific business, has been appointed CEO Designate and will assume the CEO role when Chris steps down after an orderly transition and handover of the role

Today's results presentation

Management will host a webcast this morning at 0900hrs GMT for sell-side analysts and institutional investors. This will be available on-demand via our investor website along with the materials shortly after the event.

To register to view the event directly, please use the following link:
https://www.investis-live.com/gb-group/65439ed6c43e3c0d00629812/hdtr

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About GBG
GBG is the leading expert in global digital identity. We combine our powerful technology, the most accurate data coverage and our talented team to deliver award-winning location intelligence, identity verification and fraud prevention solutions.

With over 30 years' experience, we bring together a team of dedicated experts with local industry insight from around the world to make it easy for businesses to identify and verify customers and locations, protecting everyone, everywhere from fraud.

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

Chief Executive Officer's review

A good first half; excellent strategic progress and performance in line with our expectations

At GBG, every day we build, collaborate and partner to create a world where everyone can transact online with confidence. With the digital marketplace continuing to evolve, GBG's customers and their consumers will increasingly rely on the internet to supply and access public and commercial services. We fully expect that this enduring demand will provide a long runway of growth to trends such as digital transformation, increasing regulation across a diverse range of markets and an ever-growing need to protect against fraud.

Within a fragmented and competitive global Identity market, GBG has continued to innovate and drive differentiation to stand out from our peers, demonstrating our industry leadership position. Having successfully launched Multi-Bureau, GBG GO and our next-generation address capture solution to market in the last year, our momentum has continued with several new propositions that demonstrate our ongoing innovation and expertise including GBG Trust, GBG Identity Score and a new Global Store Finder product for Location.

Our first-half financial performance was pleasing despite the macroeconomic conditions. Both Location and Fraud delivered good performance with high single-digit growth in Location and low double-digit growth in Fraud. The decline in Identity was in line with our expectations, and excluding the impact of cryptocurrency customers, revenue was flat with strong growth in APAC offsetting a tough prior-year comparator in the Americas.

Over the last 18 months, GBG has faced two significant headwinds to growth; firstly, the general macroeconomic conditions, which have led to higher inflation and monetary tightening by central banks, has suppressed consumer demand leading to lower transactional volumes for GBG; secondly, specific headwinds related to changes in consumer behaviours following the end of the COVID-19 pandemic has driven demand reductions in the internet economy, particularly fintech businesses.

Given a more subdued macroeconomic outlook, the first of these headwinds may persist into our next financial year; however, the headwinds from the post-pandemic reduction in activity have begun to subside and we are encouraged by the stabilisation of monthly transaction volumes in Identity during the year to date. While we will continue to face tough year-on-year comparatives until the latter part of the year, we do expect to achieve some year-on-year Identity revenue growth.

We have delivered excellent strategic progress in our efforts to drive simplification and efficiencies that will increase the effectiveness of our business going forward. These initiatives, which began during FY23, have already achieved an annualised run-rate reduction in our operating expenditure of £10 million. In an environment in which businesses are experiencing greater uncertainty and lengthening of sales cycles, this work underpins the Board's confidence that GBG will deliver its profit expectation for FY24 and is positioned to be a more resilient and profitable business going forward.

Strategic progress

We remain resolute and focused on delivering our purpose as a business – to build trust in a digital world. The key trends such as digital transformation, industrialisation of fraud, customer friction and increasing regulation, will drive enduring demand in the markets in which we operate. A focus on using our identity and fraud expertise to deliver innovation enables the differentiation of our globally relevant identity fraud solutions. GBG has an increasing right to win in a large and fragmented marketplace, as customers require increasingly sophisticated onboarding journeys combining identity and fraud services to safely operate online and maximise the good consumers they can onboard.

The ongoing investment in our feature-rich portfolio of solutions reflects the increasing convergence of identity and fraud as well as the role that greater location confidence plays in establishing trust with a consumer. Recent coverage by leading industry analysts such as Juniper Research and Liminal recognise the leading role we are playing in delivering solutions that add significant value to our customers, enabling their consumers to transact online with confidence. GBG is well-positioned to accelerate cross-selling and up-selling of our solutions to existing under-penetrated customers and capture business through expansion into new geographies and sectors.

In the first half of the year, we were particularly pleased by the progress we made with two strategic initiatives; using innovation to differentiate our customer proposition and becoming a more effective and efficient organisation through simplification and prioritisation.

1) Driving increased differentiation through continued innovation

As we look to enhance our customer relationships, we are developing ways to add more value to their identity lifecycle, at the point of onboarding through to in-life. Over time this means global identity fraud propositions that leverage our strong core capabilities to combat origination fraud. Our identity fraud expertise, deep sector experience and commercial innovation will underpin this move. For example, we are building demand through GBG Identity Score, a product that consolidates our global expertise into a metric from 0-1000 to help customers understand the confidence they can have in an identity outcome and the level of onboarding risk. It will be an important differentiator as customers turn to GBG as their identity knowledge partner to achieve a competitive advantage. Notably, GBG Score powers our International Identity Index, which is helping the market understand identity data diversity on a global scale and supporting greater levels of identity inclusion.

Building on the success of our fraud networks in the Americas and customer response to our Alerts product in Australia, we are also in a pre-launch phase of GBG Trust, a global fraud network powered by the millions of transactions enabled through our data and document verification networks. This is an increasing capability for GBG to provide unique fraud indicators and insight to complement the regulatory decisioning we provide. These innovations along with those launched in the prior year such as Multi-Bureau and GBG GO expand the opportunities that we can develop with existing customers or to penetrate verticals such as the fast-growing gaming sector in the Americas.

Location is continuing to drive innovation that helps simplify the complexity of global premise-level address data for our customers, reducing the impact of failed deliveries in e-commerce and operational inefficiencies that result from poor address data quality. In the first part of the year, we successfully launched our Digital-first platform to enable Location to increase the accessibility of its products to customers in 45 countries globally, while delivering further innovation to the market with the introduction of a Global Store Finder product, supporting the broader emergence of 'click & collect' delivery. This ongoing innovation includes new AI capabilities to strengthen Location's competitiveness and enrich the way customers benefit from one of the most comprehensive and up-to-date global addressing solutions in the market.

As a business, GBG has understood the potential of artificial intelligence (AI) for some time; utilising Computer Vision Machine Learning over the last decade to power our solutions. We have built a dedicated team specialising in data science, our expertise leverages AI and machine learning (ML) to tackle increasingly complex challenges such as those countering the fast-evolving and sophisticated threat from bad actors harnessing generative AI. This is already making a difference, with AI/ML deployed across our solutions to detect altered or fake ID documents, predict behaviour indicative of fraud and increase our levels of global address accuracy.

2) Driving cost efficiency through simplicity and prioritisation

Strong strategic progress has also been delivered in terms of accelerating our journey towards becoming a global organisation. We are driving efficiency by taking advantage of the scale we have built as a result of our previous acquisitions to achieve synergies and increase the effectiveness of our business. Our strategic actions cover three key areas; operational efficiency, product & technology and go-to-market activity. Several strategic workstreams are addressing these areas covering proactive management of headcount, process simplification, greater alignment of our portfolio to reduce duplication and tightened control of discretionary spend.

This relentless focus on driving simplicity and efficiency will maintain GBG's ability to prioritise the disciplined investment required to optimise our core solutions in a competitive market. During the first-half, for example, we have combined our regional Identity and Fraud product and technology teams to form a single global function pursuing strategic differentiation. This will result in greater collaboration to accelerate our product pipeline, helping us to integrate new features and products into our established solutions, alongside increasing commercial innovation, to ensure our go-to-market processes can launch new solutions at pace. These initiatives, which began during FY23, are ongoing and we have already achieved an annualised run-rate reduction in operating expenditure of £10 million. This will support our underlying margin in the shorter term, while importantly, enabling GBG to be a more resilient and profitable business over the longer term.

Our highly engaged team

The performance of our people is integral to sustaining our differentiation, and we are proud of the high levels of team engagement that we achieve throughout the business. The emphasis we place on team well-being and performance underpins the strong and resilient culture at GBG and supports our ability to drive continuous improvement and evolution. The passion, collaboration and deep expertise that our team consistently demonstrate in customer engagements have contributed to year-on-year improvements to our Net Promoter Score and customer satisfaction, which are comfortably above the industry benchmarks, in addition to the recognition in the extensive number of responses received to our Voice of Customer feedback programme.

Reflecting on the first-half, maintaining our high levels of engagement has been more challenging and has required proactive effort in an environment where headcount has been actively managed down and outcomes for the variable pay elements of remuneration have been relatively low. It is in that context that we are particularly pleased that our latest Gallup survey achieved our highest participation level to date and indicated that our engagement levels remain high, with 88% of our team recommending GBG as a great place to work.

Trading performance

	1H24	1H23
Revenue	**£132.4m**	£133.8m
Adjusted operating profit excluding FX gain	**£23.6m**	£21.8m
Adjusted operating margin excluding FX gain	*17.8%*	*16.3%*
Net gain on foreign exchange	£0.3m	£6.3m
Adjusted operating profit	**£23.9m**	£28.1m

Both revenue and adjusted operating profit are in line with the trading update released on 19 October 2023. On a reported basis, first-half revenue of £132.4 million declined 1.1%. On a constant currency basis, revenue grew by 1.8% and, excluding the impact of the year-on-year decline in cryptocurrency customer revenues, first-half growth was 3.3%. While the group continues to enjoy high levels of absolute customer retention, the group's level of revenue growth has been impacted by reductions in demand related to two headwinds as discussed above, this includes a more subdued general macroeconomic outlook and a post-pandemic reduction in activity from 'internet economy' customers, predominantly in the Americas.

During the first-half, our gross margin moderated to 69.2% (1H23: 71.1%) reflecting the revenue mix across segments and channels alongside higher cloud hosting costs. However, this was more than offset by a continued focus on driving group-wide simplicity and efficiency, as outlined above. We made excellent first-half progress; the group's adjusted operating expenses were £6.1 million or 8.3% lower than the prior year despite inflationary pressure. As a result, adjusted operating profit excluding the net gain on foreign exchange increased by 7.9% to £23.6 million, with our operating profit margin on that basis expanding by 150bps to 17.8%.

Location (27.6% of the Group's revenues)

Location had a good first-half and revenue grew 8.1% on a constant currency basis to £36.6 million. This reflects resilient demand across the diverse sector and geographic use cases for our location intelligence solutions with new customers and partners, including Deutsche Telekom, Credit One and Moody's Analytics, who have chosen to work with GBG to improve operational efficiency and reduce fraud through enhanced global addressing data. In addition, the effectiveness of our ongoing cross-sell and up-sell initiatives and pricing strategies have helped to offset the continued softer transactional volumes in e-commerce volumes experienced by some customers.

Identity (57.9% of the Group's revenues)

Overall performance for Identity in the first-half was in line with our expectations, as revenue decreased by 2.8% on a constant currency basis to £76.6 million. Excluding the year-on-year decline in cryptocurrency customer revenue, Identity saw a marginal decrease of 0.5%. Strong APAC growth, driven by momentum in Australia and New Zealand, was offset by the tough prior-year comparator in the Americas. We continue to drive momentum in cross-sell/up-sell activity driven by the structural growth opportunities in our markets which GBG has considerable capacity to address through its layered capabilities. We have continued to drive new logo acquisition, with diverse names such as Cash Factory and a US satellite and mobile network provider in the Americas, Standard Bank, LemFi, DAZN Bet and Instapro Group in EMEA and Australian Unity Wealth, Monash University and Tabcorp in APAC. As we move into the second half of the year, it is encouraging that, as expected, our monthly transaction volumes in Identity have now stabilised and we still expect to deliver some year-on-year revenue growth in the latter part of the year.

Fraud (14.5% of the Group's revenues)

Strong first-half constant currency revenue growth of 10.5% in Fraud was underpinned by important contract renewals and new business wins. Southeast Asia continues to be an attractive market, where our fraud prevention and detection solutions are enabling customers to effectively meet evolving compliance requirements and counter the fast-growing Identity Fraud threat, with a number of leading financial services businesses across Indonesia, the Philippines and Thailand selecting GBG solutions in the first half of the year, alongside successful renewal with existing customers in APAC and EMEA.

Outlook and summary

The Board is pleased with both the strategic progress achieved and first-half financial performance against the backdrop of the continued macroeconomic conditions. Our ongoing focus on simplicity and efficiency has delivered a strong profit performance in the first-half and underpins our FY24 profit expectations, which will benefit from stronger margins in the second half. Second-half performance to date has been in-line with our expectations and we anticipate that FY24 revenue growth will be broadly in line with current expectations. The stabilisation we have seen in Identity supports our confidence in delivering some year-on-year Identity growth in the latter part of the year.

As announced on 8 November 2023, I will be retiring from GBG and my full-time executive career at the end of January 2024. I am delighted that my successor, Dev Dhiman, currently managing director of our APAC region, has been chosen and promoted from within GBG. Looking to the future, I am confident that Dev will continue to focus on the strategic progress that enables GBG to maximise the opportunity in its markets to achieve profitable growth and deliver sustainable value for shareholders.

I wish to take this final opportunity to extend my sincere thanks to the entire team at GBG for all that we have achieved together over the last seven years, and also to all of our stakeholders for their ongoing support, especially our customers who are our foremost priority. It has been a real privilege to lead this fantastic business as we have become one of the global leaders in digital identity.

Chris Clark
Chief Executive Officer
On behalf of the Board
27 November 2023

Finance review

Revenue

	1H24	1H23	Growth
Revenue	**£132.4m**	£133.8m	**(1.1%)**
Constant currency adjustment	**-**	(£3.8m)	2.9%
Revenue at constant currency	**£132.4m**	£130.0m	**1.8%**
Revenue from cryptocurrency customers	(£1.4m)	(£3.3m)	1.5%
Revenue excluding cryptocurrency customers at constant currency	**£131.0m**	£126.7m	**3.3%**

GBG delivered revenue of £132.4 million (1H23: £133.8 million), a decrease of 1.1% on a reported basis, but representing growth of 1.8% at constant currency. Excluding the impact of the year-on-year decline in cryptocurrency customer revenues, first-half growth was 3.3%.

In the first-half, 94.3% (1H23: 93.2%) of our revenue came from the combination of subscription and consumption revenue models which demonstrates GBG's attractive, repeatable and cash-generative business model. Of this, software subscription[1] revenue contributed £74.4 million, representing growth of 2.0%. Revenue from transaction/consumption of our solutions added a further £50.5 million, a decrease of 2.6%. Non-repeatable revenue streams, typically services, hardware and implementation fees, amounted to £7.5 million in the period (1H23: £9.0m).

Profitability

Gross margin was 69.2% (1H23: 71.1%) reflecting the revenue mix in the period both across our segments but also between direct and partner channels, in addition to an increase in cloud hosting costs.

	1H24	1H23
Adjusted operating profit excluding FX gain	**£23.6m**	£21.8m
Adjusted operating profit excluding FX gain margin	*17.8%*	*16.3%*
Net gain on foreign currency	£0.3m	£6.3m
Adjusted operating profit	**£23.9m**	£28.1m

The prior year included an unusually large FX gain of £6.3 million, primarily related to the retranslation of intercompany loans. The FX gain this year was £0.3 million and therefore overall adjusted operating profit has declined year-on-year.

Adjusted operating profit excluding gains on foreign currency for the first-half increased by 7.9% to £23.6 million (1H23: £21.8 million), which represents a margin of 17.8% (1H23: 16.3%). This improvement reflects a focus on cost efficiency with disciplined prioritisation of investment to capitalise on our long-term market opportunities.

	1H24	1H23	Change	FY23
Reported operating expenses	**£144.1m**	£99.3m		£313.5m
Amortisation of acquired intangibles	(£20.1m)	(£21.3m)		(£42.8m)
Equity-settled share-based payments	0.1m	(£2.7m)		(£2.3m)
Impairment of goodwill	(£54.7m)	-		(£122.2m)
Other exceptional items	(£1.8m)	(£1.5m)		(£5.0m)
Adjusted operating expenses	**£67.6m**	£73.7m	**(8.3%)**	£141.2m

Despite inflationary pressures our adjusted operating expenses were £6.1 million or 8.3% lower than the prior year. A key contributing factor to this has been our ongoing strategic focus on simplicity and efficiency. As a result of considered management of our team member recruitment and replacement of leavers, alongside a limited number of redundancies, our total headcount of 1,183 people on 30 September 2023 represents a 9% reduction since March 2022. In addition to a reduction in our people costs, savings have also been made through reviewing our physical office footprint and controlling discretionary spend in areas such as marketing and travel.

Further margin improvement is expected by the full year as our second-half revenues are traditionally stronger than the first-half, additionally, there will be a full six-month benefit of the cost reduction measures taken at different points during the first-half. Our continued focus on group-wide efficiencies and disciplined cost control underpins the Board's confidence that GBG will deliver its FY24 profit expectations.

	1H24	1H23
Adjusted operating profit	**£23.9m**	£28.1m
Amortisation of acquired intangibles	(£20.1m)	(£21.3m)
Equity-settled share-based payments	£0.1m	(£2.7m)
Exceptional items		
Impairment of goodwill	(£54.7m)	-
Other exceptional items	(£1.8m)	(£1.5m)
Operating (loss)/profit	**(£52.6m)**	£2.5m
Net finance costs	(£4.7m)	(£2.6m)
Income tax credit/(charge)	£2.1m	(£0.7m)
Loss after tax	**(£55.2m)**	(£0.8m)

On a reported basis, there was an operating loss of £52.6 million (1H23: £2.5 million profit) after taking account of £76.5 million of costs (1H23: £25.5 million) for amortisation of acquired intangibles, share-based payments and exceptional items. Of these costs, £74.7 million (1H23: £25.2 million) were non-cash items. The operating loss is primarily as a result of the £54.7 million non-cash impairment of goodwill detailed below.

Impairment of goodwill

Significant increases to central bank interest rates since 31 March 2023 have resulted in an increase in the pre-tax discount rate applied to the US cashflows in our impairment assessment, from 12.3% at 31 March 2023 to 13.0%, which has resulted in an exceptional non-cash goodwill impairment charge of £54.7 million. More detail can be found in Note 13 to the accounts.

Net finance costs

The net finance charge of £4.7 million was £2.1 million higher than the prior year, with £4.3 million (1H23: £2.1 million) of the cost relating to interest on the variable rate Revolving Credit Facility. The increase is due to the changes in interest rates relative to the prior year, with the US Secured Overnight Financing Rate (SOFR) increasing from 2.98% on 30 September 2022 to 5.31% on 30 September 2023.

Taxation

The tax credit for the six-month period was £2.1 million (1H23: £0.7 million charge). The tax charge on adjusted profit before tax was £6.0 million (1H23: £6.7 million), representing an effective tax rate of 31.2% (1H23: 26.4%). The main drivers of the rise in the adjusted effective rate of tax is an increase in the UK statutory tax rate from 19% to 25% from 1 April 2023 as well as the impact on deferred tax assets of US State tax rate changes. The tax rate attributable to US State taxes has fallen largely due to changes in the calculation method for some US States. GBG Americas has significant deferred tax assets that have been revalued at the lower tax rate resulting in a tax charge that is fully recognised as a discrete item in the six months ended 30 September 2023.

Our guidance for the full year effective tax rate remains unchanged in the range of 25% - 27%.

Earnings per share

Diluted EPS is a loss of 21.8 pence per share (1H23: loss of 0.3 pence per share), primarily due to the non-cash impairment of goodwill charge.

Adjusted diluted EPS of 5.1 pence per share (1H23: 7.3 pence per share) declined year on year due to the reduction in the reported adjusted operating profit (which includes the unusually large FX gain in the prior year) as well as the impact of the higher interest expense cost explained above.

Group cash flow and balance sheet

GBG remains focused on maintaining a strong balance sheet to support sustainable growth.

During the first six months of the year, the Group's operating activities before tax payments generated £22.9 million of cash and cash equivalents (1H23: £15.3 million) with strong year-to-date EBITDA to cash conversion of 102.0% at 30 September 2023 compared to 57.5% at 30 September 2022. This improvement was due to a number of specific non-recurring factors which distorted the cash conversion in the prior period, with the 1H24 performance more reflective of historic levels.

During the period to 30 September 2023, net repayments against the revolving credit facility were £5.0 million, resulting in outstanding balances of $139 million (31 March 2023: $149 million) and £10 million (31 March 2023: £7 million).

Overall, our net debt at 30 September 2023 decreased by £1.2 million since 31 March 2023 to £104.8 million. This was despite a negative £1.4 million translation impact from the conversion of the US denominated debt into pound sterling, the £10.1 million full year dividend payment, £1.2 million payment of contingent consideration related to the Cloudcheck acquisition in February 2022 and exceptional cash costs of £2.8 million.

We expect one-off cash costs such as those above to be lower in the second half and therefore anticipate continued strong cash generation will enable us to reduce net debt more substantially by the year-end, reducing the impact of high interest rates. Between 30 September 2023 and the date of this report, further repayments of $3m and £3m have already been made, while our cash generation has enabled the current net debt position to reduce to approximately £95 million.

We were very pleased that on 27 October 2023, we agreed the second of two one-year extension options on our existing Revolving Credit Facility, so that the Group has access to a £175 million facility until July 2026 and a £140 million facility until July 2027.

David Ward
Chief Financial Officer
On behalf of the Board
27 November 2023

Notes: [1]Software subscriptions can be term-based where the agreement entitles the customer to use a GBG solution for a fixed period of time (fair use volume limits applies) or consumption-based, whereby a customer buys usage credits in advance which entitle them to use of GBG's solutions up to a fixed quantity (and within a fixed time period).

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2023
Unaudited

	Note	**Unaudited 6 months to 30 September 2023 £'000**	Unaudited 6 months to 30 September 2022 £'000	Audited Year to 31 March 2023 £'000
Revenue	5	**132,360**	133,816	278,810
Cost of sales		**(40,773)**	(38,723)	(80,994)
Gross profit		**91,587**	95,093	197,816
Operating expenses		**(144,141)**	(99,251)	(313,481)
Net gain on foreign exchange		**348**	6,227	3,022
(Increase)/decrease in expected credit losses of trade receivables		**(430)**	460	214
Group operating (loss)/profit	5, 6	**(52,636)**	2,529	(112,429)
Finance income	7	**106**	28	636
Finance costs	8	**(4,752)**	(2,581)	(7,037)
Loss before tax		**(57,282)**	(24)	(118,830)
Income tax credit/(charge)	9	**2,132**	(725)	(964)
Loss after tax for the period attributable to equity holders of the parent		**(55,150)**	(749)	(119,794)

Group operating (loss)/profit		**(52,636)**	2,529	(112,429)
Amortisation of acquired intangibles		**20,117**	21,296	42,758
Equity-settled share-based payments	19	**(138)**	2,727	2,313
Exceptional items	4			
- impairment of goodwill		**54,707**	-	122,225
- other exceptional items		**1,853**	1,513	4,950
Adjusted operating profit		**23,903**	28,065	59,817

Earnings per share

	Note	2023	2022	Year to 31 March 2023
- basic loss per share for the period	10	**(21.8)p**	(0.3)p	(47.5)p
- diluted loss per share for the period	10	**(21.8)p**	(0.3)p	(47.5)p
- adjusted basic earnings per share for the period	10	**5.2p**	7.5p	16.7p
- adjusted diluted earnings per share for the period	10	**5.1p**	7.3p	16.4p

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2023
Unaudited

	Unaudited 6 months to 30 September 2023 £'000	Unaudited 6 months to 30 September 2022 £'000	Audited Year to 31 March 2023 £'000
Loss after tax for the period attributable to equity holders of the parent	**(55,150)**	(749)	(119,794)
Other comprehensive income:			
Fair value movement on investments	**(1,600)**	700	700
Exchange differences on retranslation of foreign operations (net of tax)	**5,465**	111,237	35,060
Total comprehensive (expense)/income for the period attributable to equity holders of the parent	**(51,285)**	111,188	(84,034)

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.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023
Unaudited

				Other reserves						
	Note	Equity share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Treasury shares £'000	Total other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2022		**6,297**	**566,769**	**99,999**	**3**	**1,423**	**-**	**101,425**	**112,636**	**787,127**
Loss for the period		-	-	-	-	-	-	-	(749)	**(749)**
Other comprehensive income		-	-	-	-	111,237	-	**111,237**	700	**111,937**
Total comprehensive income/(expense) for the period		**-**	**-**	**-**	**-**	**111,237**	**-**	**111,237**	**(49)**	**111,188**
Issue of share capital		11	519	-	-	-	-	-	-	**530**
Investment in own shares		-	-	-	-	-	(2,500)	**(2,500)**	-	**(2,500)**
Cost of employee benefit trust shares issued to employees		-	-	-	-	-	945	**945**	(937)	**8**
Share-based payments		-	-	-	-	-	-	-	2,727	**2,727**
Tax on share options		-	-	-	-	-	-	-	(50)	**(50)**
Equity dividend	11	-	-	-	-	-	-	-	(9,600)	**(9,600)**
Balance at 30 September 2022		**6,308**	**567,288**	**99,999**	**3**	**112,660**	**(1,555)**	**211,107**	**104,727**	**889,430**
Loss for the period		-	-	-	-	-	-	-	(119,045)	**(119,045)**
Other comprehensive expense		-	-	-	-	(76,177)	-	**(76,177)**	-	**(76,177)**
Total comprehensive expense for the period		**-**	**-**	**-**	**-**	**(76,177)**	**-**	**(76,177)**	**(119,045)**	**(195,222)**
Issue of share capital		3	293	-	-	-	-	-	-	**296**
Cost of employee benefit trust shares issued to employees		-	-	-	-	-	481	**481**	(480)	**1**
Share-based payments		-	-	-	-	-	-	-	(414)	**(414)**
Tax on share options		-	-	-	-	-	-	-	(93)	**(93)**
Net share forfeiture receipt		-	-	-	-	-	-	-	146	**146**
Equity dividend		-	-	-	-	-	-	-	-	-
Balance at 1 April 2023		**6,311**	**567,581**	**99,999**	**3**	**36,483**	**(1,074)**	**135,411**	**(15,159)**	**694,144**
Loss for the period		-	-	-	-	-	-	-	(55,150)	**(55,150)**
Other comprehensive income		-	-	-	-	5,465	-	5,465	(1,600)	**3,865**
Total comprehensive (expense)/income for the period		**-**	**-**	**-**	**-**	**5,465**	**-**	**5,465**	**(56,750)**	**(51,285)**
Issue of share capital		**3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3**
Cost of employee benefit trust shares issued to employees		**-**	**-**	**-**	**-**	**-**	**458**	**458**	**(451)**	**7**
Share-based payments		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(138)**	**(138)**
Tax on share options		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**16**	**16**
Net share forfeiture refund		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(36)**	**(36)**
Equity dividend	11	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,093)**	**(10,093)**
Balance at 30 September 2023		**6,314**	**567,581**	**99,999**	**3**	**41,948**	**(616)**	**141,334**	**(82,611)**	**632,618**

Condensed Consolidated Balance Sheet

As at 30 September 2023
Unaudited

	Note	**Unaudited As at 30 September 2023 £'000**	Restated[1] Unaudited As at 30 September 2022 £'000	Audited As at 31 March 2023 £'000
ASSETS				
Non-current assets				
Goodwill	12	**577,433**	819,773	626,394
Other intangible assets	12	**206,728**	273,729	224,834
Property, plant and equipment	12	**3,405**	4,563	3,752
Right-of-use assets	12	**1,788**	2,116	1,449
Investments		**1,426**	3,026	3,026
Deferred tax asset		**699**	805	793
Trade and other receivables	14	**5,990**	1,631	4,305
		797,469	1,105,643	864,553
Current assets				
Inventories		**1,977**	2,892	2,619
Trade and other receivables	14	**60,698**	60,096	65,313
Current tax		**1,671**	8,528	1,083
Cash and cash equivalents		**19,189**	15,683	21,552
		83,535	87,199	90,567
TOTAL ASSETS		**881,004**	1,192,842	955,120
EQUITY AND LIABILITIES				
Capital and reserves				
Equity share capital		**6,314**	6,308	6,311
Share premium		**567,581**	567,288	567,581
Other reserves		**141,334**	211,107	135,411
Retained earnings		**(82,611)**	104,727	(15,159)
Total equity attributable to equity holders of the parent		**632,618**	889,430	694,144
Non-current liabilities				
Loans and borrowings	16	**123,031**	147,402	126,411
Lease liabilities		**650**	1,008	524
Provisions		**775**	777	792
Deferred revenue		**2,088**	1,739	1,492
Contingent consideration	17	**-**	1,890	-
Deferred tax liability		**30,085**	46,208	34,986
		156,629	199,024	164,205
Current liabilities				
Lease liabilities		**1,266**	1,749	1,242
Provisions		**-**	13	-
Trade and other payables	15	**35,691**	37,612	37,312
Deferred revenue		**52,976**	56,448	55,015
Contingent consideration	17	**-**	6,521	1,237
Current tax		**1,824**	2,045	1,965
		91,757	104,388	96,771
TOTAL LIABILITIES		**248,386**	303,412	260,976
TOTAL EQUITY AND LIABILITIES		**881,004**	1,192,842	955,120

[1] The period to 30 September 2022 has been restated for a reclassification of deferred tax balances (see note 9) and reclassification of prepayment and accrued income balances between current and non-current assets (see note 14).

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2023
Unaudited

	Note	**Unaudited 6 months to 30 September 2023 £'000**	Unaudited 6 months to 30 September 2022 £'000	Audited Year to 31 March 2023 £'000
Group loss before tax		**(57,282)**	(24)	(118,830)
Adjustments to reconcile Group loss before tax to net cash flows				
Finance income		**(106)**	(28)	(636)
Finance costs		**4,752**	2,581	7,037
Depreciation of plant and equipment	12	**681**	805	1,771
Depreciation of right-of-use assets	12	**601**	788	1,491
Amortisation of intangible assets	12	**20,131**	21,347	42,826
Impairment of goodwill & intangible assets	4	**54,707**	-	125,022
Impairment of right-of-use assets		**-**	202	-
Loss on disposal of plant and equipment & intangible assets		**-**	193	379
Loss on disposal of businesses		**-**	18	113
Fair value adjustment on contingent consideration		**-**	483	(1,660)
Unrealised gain on foreign exchange		**(292)**	(5,605)	(3,512)
Share-based payments (credit)/charge		**(138)**	2,727	2,313
Decrease/(increase) in inventories		**631**	(1,437)	(1,448)
Increase/(decrease) in provisions		**598**	544	(47)
Decrease/(increase) in trade and other receivables		**2,474**	11,749	(20)
Decrease in trade and other payables		**(3,815)**	(19,005)	(16,229)
Cash generated from operations		**22,942**	15,338	38,570
Income tax paid		**(3,392)**	(4,117)	(4,263)
Net cash generated from operating activities		**19,550**	11,221	34,307
Cash flows (used in)/from investing activities				
Acquisition of subsidiaries, net of cash acquired		**(1,200)**	-	(4,991)
Purchase of plant and equipment	12	**(227)**	(593)	(968)
Purchase of software	12	**(7)**	(50)	(57)
Proceeds from disposal of plant and equipment		**1**	56	79
Net outflow from disposal of businesses		**-**	(18)	(18)
Interest received		**42**	28	569
Net cash flows (used in)/from investing activities		**(1,391)**	(577)	(5,386)
Cash flows (used in)/from financing activities				
Finance costs paid		**(4,443)**	(2,247)	(6,426)
Proceeds from issue of shares		**3**	535	826
Purchase of shares by Employee Benefit Trust		**-**	(2,500)	(2,500)
(Refund)/proceeds from share forfeiture		**(36)**	-	146
Proceeds from borrowings (net of arrangement fee)	16	**10,000**	10,000	12,000
Repayment of borrowings	16	**(14,960)**	(13,273)	(22,394)
Repayment of lease liabilities		**(821)**	(1,075)	(2,062)
Dividends paid to equity shareholders	11	**(10,093)**	(9,600)	(9,600)
Net cash flows (used in)/from financing activities		**(20,350)**	(18,160)	(30,010)
Net decrease in cash and cash equivalents		**(2,191)**	(7,516)	(1,089)
Effect of exchange rates		**(172)**	897	339
Cash and cash equivalents at the beginning of the period		**21,552**	22,302	22,302
Cash and cash equivalents at the end of the period		**19,189**	15,683	21,552

Notes to the Condensed Consolidated Interim Financial Statements

1. CORPORATE INFORMATION

The condensed consolidated interim financial statements of GB Group plc ('the Group') for the six months ended 30 September 2023 were authorised for issue in accordance with a resolution of the directors on 27 November 2023 and are unaudited but have been reviewed by the auditor, PwC LLP and their report to the Company is set out at the end of these condensed consolidated interim financial statements.

GB Group plc is a public limited company incorporated in the United Kingdom whose shares are publicly traded on the Alternative Investment Market (AIM) of the London Stock Exchange.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation
These condensed consolidated interim financial statements for the six months ended 30 September 2023 have been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting'. The annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards, as applied in accordance with the provisions of the Companies Act 2006.

The condensed consolidated interim financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

The condensed consolidated interim financial statements do not constitute statutory financial statements as defined in section 435 of the Companies Act 2006 and therefore do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 March 2023. The financial information for the preceding year is based on the statutory financial statements for the year ended 31 March 2023. These financial statements, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies. These financial statements did not require a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

Going Concern
An extensive review of the going concern assumption was conducted prior to the approval of the 31 March 2023 Annual Report. This review has been extended through to 31 March 2025 and updated for the actual Group results for the first six months of FY24 as well as wider macro-economic changes.

The potential scenarios which could lead to GBG not being a going concern, which remain unchanged from the 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. Under the terms of the agreement this would lead to the outstanding balance becoming due for immediate repayment. These covenants are:
    - Leverage – consolidated net borrowings (outstanding loans less current cash balance) as a multiple of adjusted consolidated EBITDA for the last 12 months, assessed quarterly in arrears, must not exceed 3.00:1.00
    - Interest cover – adjusted consolidated EBITDA as a multiple of consolidated net finance charges, for the last 12 months, assessed quarterly in arrears, must not fall below 4.00:1.00

At 30 September 2023, the leverage ratio was 1.79:1.00 and the interest cover was 6.86 times.

The RCF facility has a maximum level of £175 million which could be drawn down for working capital purposes if required. At 30 September 2023, the available undrawn facility was £51.7 million compared to £47.5m at the last year end. Following bank approval in October 2023 for the exercise of the one-year extension on the, the Group has access to a £175 million facility until July 2026 and £140 million facility until July 2027.

The base case model has been updated at the half-year for the actuals to 30 September 2023 and the latest forecasts through to 31 March 2025. Under the updated base case and a range of potential downside scenarios, the Group continues to have strong liquidity and financial covenant headroom under its debt facilities. The main changes to the base case model since the last extensive review included:

- The actual revenue performance for the six months showed overall revenue growth of 3.3% on a constant currency basis and excluding crypto currency customers. This compared to 3.7% in FY23. Revenue growth has continued to be impacted due to macro-economic uncertainty which has reduced transaction volumes in the identity businesses, although Location and Fraud have continued to show strong growth. While revenue growth is still expected to improve in the second half of the year, FY24 revenue is now likely to be marginally lower than the assumption used in the year-end model.
- In response to the marginally lower revenue performance the Group has taken action to reduce costs in order to maintain profitability. As a consequence of these measures the Group still expects year-end adjusted operating profit to be in line with those used in the year-end going concern model.

- In addition to the revenue and adjusted operating profit performance, the Group has continued to successfully convert this trading performance into cash. For the year to date, cash conversion was 102.0% compared to 57.5% for H1FY23. In the first half of the year free cashflow was reduced by the payment of dividends and year-end bonuses. We would expect to repay more of the RCF in the second half of the year than the £4.9m made in the first half and since the period end further repayments of $3m and £3m have already been made.

The downside scenarios included modelling for potential increases in costs, increases in interest rates as well as reduced revenue growth both on an overall group basis and specific to certain areas of the business.

The model was adjusted to assess what level of decline in organic revenue against the base model would be required to result in a covenant breach. This shows that it would take a decline of 22% in organic revenue to result in a breach, which would occur as at 31 March 2025. This is on the assumption that management implemented a reduction in overheads of 13% which is considered possible without causing significant disruption to the business in those circumstances.

Based on the current trading performance and through reference to current forecast and market consensus, a decline of anywhere near 22% is considered by the Directors to be remote. In such a scenario, certain cash conservation measures in management's control would be implemented well in advance of the covenant breach such as either not declaring or reducing future final dividend payments. In addition, the range of mitigating actions detailed in the 2023 Annual Report remain available, albeit these are not entirely within management's control. This includes, for example, requesting a delay to UK tax payments, raising cash through an equity placing and disposal of part of the business.

Following review of future forecasts and applying reasonable and extreme sensitivities, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of authorising the condensed consolidated interim financial statements. For these reasons, the Board continues to adopt the going concern basis in preparing the interim financial statements.

Accounting Policies
The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2023 with the exception of taxes. Consistent with previous half year reports, taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual profits or losses.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. No newly introduced standard or amendments to standards had a material impact on the condensed consolidated interim financial statements.

Judgements and Estimates
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Full details of significant accounting judgements, estimates and assumptions used in the application of the Group's accounting policies can be found in the Annual Report and Accounts for the year ended 31 March 2023.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the statutory accounts for the year ended 31 March 2023.

Significant Estimates

Impairment of Goodwill
The Group's policy is to test goodwill for impairment annually, or if events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Group has considered whether there have been any indicators of impairment during the 6 months to 30 September 2023, which would require an impairment review to be performed. The Group has considered indicators of impairment with regard to a number of factors, including those outlined in IAS 36 Impairment of Assets.

As result of increased discount rate assumptions used in the value in use calculations, driven by increases in underlying risk-free rates, there was considered to be potential indicator of impairment for the Identity – Americas and Identity – APAC groups of CGUs as at 30 September 2023. Whilst the macro-economic impacts during this period could represent a potential indicator of impairment for other CGUs, their performance since the year-end and future forecasts are either in line or ahead of those in the previous impairment review. Therefore, a full impairment review was not required. Based upon this review, the Group has concluded that there were only indicators of impairment in relation to the Identity – Americas and Identity - APAC groups of CGUs as at 30 September 2023.

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the group of CGUs to which the goodwill has been allocated. Recoverable amount has been determined on the basis of value in use, which requires an estimate of the present value of future cash flows expected to arise from the group of CGUs, 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 group of CGUs.

An analysis of the goodwill allocated to the Identity - Americas and Identity – APAC groups of CGUs and the assumptions used to test for impairment are set out in note 13.

3. RISKS AND UNCERTAINTIES

Management identifies and assesses risks to the business using an established control model. The Group has a number of exposures which can be summarised as follows: risk of a reduction in revenue from existing customers caused by external factors, information security and the threat of cyber-attacks, the threat of competition, people risks associated with the failure to attract and retain top talent, financial risks, technology risk and loss, the risk of unplanned interruption on critical operations, and non-compliance with legal requirements and privacy rules and regulations. These risks and uncertainties facing our business were reported in detail in the 2023 Annual Report and Accounts and all of them are monitored closely by the Group.

For more details on the outlook for the Group and the risks and uncertainties for the next 6 months see the Chief Executive Officer's review.

4. EXCEPTIONAL ITEMS

	Unaudited 6 months to 30 September 2023 £'000	Unaudited 6 months to 30 September 2022 £'000	Audited Year to 31 March 2023 £'000
(a) Integration costs	**322**	247	686
(b) Costs associated with team member reorganisations	**1,513**	77	1,813
(c) Rationalisation of office locations	**18**	215	391
(d) Impairment of goodwill	**54,707**	-	122,225
(e) Impairment of intangibles	**-**	-	2,797
(f) Loss on disposal of businesses	**-**	-	113
(g) Acquisition related costs	**-**	737	(1,087)
(h) Write off of cloud-based software	**-**	237	237
Total exceptional costs	**56,560**	1,513	127,175

(a) Integration costs have been incurred in relation to the integration of the Acuant and Cloudcheck acquisitions. 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, costs relating to the alignment of global systems and business operations, the costs of additional other temporary resources required for the integration and claims associated with the pre acquisition period. In the period to 30 September 2023, the Group expensed £322,000 (2022: £247,000) relating to the integration of Acuant and Cloudcheck.

(b) 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.

(c) During the year to 31 March 2023, a project was started to rationalise the Group's office locations. In the period to 30 September 2023, the Group expensed £18,000 (2022: £215,000) 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.

(d) As part of the Group's annual impairment testing in the prior year, 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 in the year to 31 March 2023. Due to increases in discount rates during the 6 months to 30 September 2023, an additional impairment charge of £58,895,000 was recognised during this period.

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

(f) Acquisition related costs of £nil (2022: £737,000). During the period to 30 September 2022, acquisition related costs included:

- Foreign exchange movement on contingent consideration (see note 17). The contingent consideration liabilities related to IDology and Cloudcheck are based on the US Dollar and New Zealand dollar respectively. As a result, the liabilities were retranslated at the balance sheet date with a loss of £483,000 being treated as an exceptional item.
- During the period to 30 September 2022, legal and professional advisor costs directly attributable to the acquisition of Acuant and the possible offer by GTCR to acquire GBG of £254,000.
- During the year to 31 March 2023, a fair value reassessment was made to the Cloudcheck contingent consideration liability. Based on actual performance in the period following acquisition, it was determined that the performance criteria would not be met in full and a credit of £2,753,000 was taken within exceptional items. The contingent consideration in respect of pre-acquisition tax losses within IDology Inc was also settled during the year, with an additional charge of £806,000 being recognised in exceptional items.

(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 were incurred in relation to the finalisation of the disposal of these businesses.

(h) During the period to 30 September 2022, a write off of cloud-based software of £237,000 was 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.

5. SEGMENTAL INFORMATION

The Group's operating segments are aggregated and 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.

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

The measure of performance of those segments that is reported to the Group's Chief Executive Officer is adjusted operating profit, being profits before amortisation of acquired intangibles, equity-settled share-based payments, exceptional items, net finance costs and tax, as shown below. Information on segment assets and liabilities is not regularly provided to the Group's Chief Executive Officer and is therefore not disclosed below.

Six months ended 30 September 2023	**Location £'000**	**Identity £'000**	**Fraud £'000**	**Unaudited Total £'000**
Subscription revenues:				
Consumption-based	8,081	13,582	793	**22,456**
Term-based	24,663	11,637	15,621	**51,921**
Total subscription revenues	**32,744**	**25,219**	**16,414**	**74,377**
Consumption	3,359	46,185	957	**50,501**
Other	482	5,180	1,820	**7,482**
Total revenue	**36,585**	**76,584**	**19,191**	**132,360**
Adjusted operating profit before central overheads	**12,950**	**18,694**	**5,927**	**37,571**
Central overheads				**(13,586)**
Foreign exchange gain				**348**
Expected credit losses of trade receivables				**(430)**
Adjusted operating profit				**23,903**
Amortisation of acquired intangibles				**(20,117)**
Share-based payments charge				**138**
Exceptional items				**(56,560)**
Operating loss				**(52,636)**
Finance revenue				**106**
Finance costs				**(4,752)**
Loss before tax				**(57,282)**
Income tax credit				**2,132**
Loss for the period				**(55,150)**

Six months ended 30 September 2022	Location £'000	Identity £'000	Fraud £'000	Unaudited Total £'000
Subscription revenues:				
Consumption-based	8,041	13,273	414	**21,728**
Term-based	22,657	14,177	14,401	**51,235**
Total subscription revenues	**30,698**	**27,450**	**14,815**	**72,963**
Consumption	3,445	47,565	825	**51,835**
Other	217	6,187	2,614	**9,018**
Total revenue	**34,360**	**81,202**	**18,254**	**133,816**
Adjusted operating profit before central overheads	**11,990**	**23,338**	**4,142**	**39,470**
Central overheads				**(18,092)**
Foreign exchange gain				**6,227**
Expected credit losses of trade receivables				**460**
Adjusted operating profit				**28,065**
Amortisation of acquired intangibles				**(21,296)**
Share-based payments charge				**(2,727)**
Exceptional items				**(1,513)**
Operating profit				**2,529**
Finance revenue				**28**
Finance costs				**(2,581)**
Loss before tax				**(24)**
Income tax expense				**(725)**
Profit for the period				**(749)**

Year ended 31 March 2023	Location £'000	Identity £'000	Fraud £'000	Audited Total £'000
Subscription revenues:				
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**
Consumption	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**
Adjusted operating profit before central overheads	**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)
Loss before tax				**(118,830)**
Income tax expense				(964)
Loss for the year				**(119,794)**

6. OPERATING PROFIT/LOSS

This is stated after charging/(crediting):	**Unaudited 6 months to 30 September 2023 £'000**	Unaudited 6 months to 30 September 2022 £'000	Audited Year to 31 March 2023 £'000
Research and development costs recognised as an operating expense	**8,291**	10,676	20,176
Other technology related costs recognised as an operating expense	**16,769**	17,955	33,817
Total technology related costs recognised as an operating expense	**25,060**	28,631	53,993
Amortisation of intangible assets (note 12)	**20,131**	21,347	24,968
Depreciation of property, plant and equipment (note 12)	**681**	805	1,771
Depreciation of right-of-use assets (note 12)	**601**	788	1,491
Expense relating to short term leases	**274**	534	869
Expense relating to low value leases	**5**	4	7
Loss/(profit) on disposal of plant and equipment and intangible assets	**1**	(42)	(60)

The above information does not include exceptional items which have been disclosed in note 4.

7. FINANCE INCOME

	Unaudited 6 months to 30 September 2023 £'000	Unaudited 6 months to 30 September 2022 £'000	Audited Year to 31 March 2023 £'000
Bank interest receivable	**33**	4	16
Interest income on multi-year contracts	**64**	24	53
Tax interest receivable	**9**	-	567
	106	28	636

8. FINANCE COSTS

	Unaudited 6 months to 30 September 2023 £'000	Unaudited 6 months to 30 September 2022 £'000	Audited Year to 31 March 2023 £'000
Bank interest payable	**4,442**	2,248	6,413
Interest on long service award	**11**	7	9
Amortisation of bank loan fees	**170**	170	326
Other interest payable	**96**	-	14
Unwinding of discount on contingent consideration liability	**-**	95	165
Lease liability interest	**33**	61	110
	4,752	2,581	7,037

9. TAXATION

The Group calculates the period income tax expense using a best estimate of the tax rate that would be applicable to the expected total earnings for the year ending 31 March 2024.

The table below shows the adjusted effective tax rate as well as the impact on the effective rate of tax of non-recurring tax items:

	Unaudited 6 months to 30 September 2023			Unaudited 6 months to 30 September 2022		
	Profit before Tax £'000	**Income tax (credit)/ charge £'000**	**Impact on effective tax rate % £'000**	Profit before Tax £'000	Income tax charge £'000	Impact on effective tax rate % £'000
Income statement	**(57,282)**	**(2,132)**	**3.7%**	(24)	725	(3,020.8%)
Amortisation of acquired intangibles	**20,117**	**7,775**	**(18.9)%**	21,296	5,254	3,048.9%
Equity-settled share-based payments	**(138)**	**(245)**	**0.7%**	2,727	559	(0.9%)
Exceptional items	**56,560**	**605**	**45.7%**	1,513	189	(0.8%)
Adjusted effective tax rate	**19,257**	**6,003**	**31.2%**	25,512	6,727	26.4%

The main reasons for the increase in the adjusted effective rate of tax is the increase in the UK statutory tax rate from 19% to 25% from 1 April 2023 as well as the impact on deferred tax assets of US State tax rate changes. The effective rates of State taxes applicable to US operations has fallen mainly due to changes in the calculation method for some US States. GBG Americas has significant deferred tax assets that have been revalued at the lower tax rate resulting in a tax charge that is fully recognised as a discrete item in the six months ended 30 September 2023.

Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and there is an intention to settle on a net basis, and to the same fiscal authority. To that effect, the prior period 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. This restatement has reduced deferred tax assets and deferred tax liabilities by £23,089,000 as at 30 September 2022.

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

	Unaudited 30 September 2023 £'000	Restated Unaudited 30 September 2022 £'000
Deferred tax asset		
Pre-offset of balances	**21,283**	23,894
Offset of balances within countries	**(20,584)**	(23,089)
	699	805

	2023 £'000	Restated 2022 £'000
Deferred tax liability		
Pre-offset of balances	**50,669**	69,297
Offset of balances within countries	**(20,584)**	(23,089)
	30,085	46,208

10. EARNINGS PER ORDINARY SHARE

	Unaudited 6 months to 30 September 2023		Unaudited 6 months to 30 September 2022		Audited Year to 31 March 2023	
	Basic pence per share	**Diluted pence per share**	Basic pence per share	Diluted pence per share	Basic pence per share	Diluted pence per share
Loss attributable to equity holders of the Company	**(21.8)**	**(21.8)**	(0.3)	(0.3)	(47.5)	(47.5)

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

Diluted
Diluted earnings per share amounts are calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period 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.

	Unaudited 30 September 2023 No.	Unaudited 30 September 2022 No.	Audited 31 March 2023 No.
Basic weighted average number of shares in issue	**252,521,638**	252,065,584	252,235,803
Basic weighted average number of shares held by EBT	**(234,754)**	(224,935)	(269,104)
Dilutive effect of share options	**6,259,016**	5,546,474	5,030,313
Diluted weighted average number of shares in issue	**258,545,900**	257,387,123	256,997,012

For the period ended 30 September 2023 and 30 September 2022 and year ended 31 March 2023, potential ordinary shares are anti-dilutive, as their inclusion in the diluted loss per share calculation would reduce the loss per share, and have therefore been excluded.

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.

	Unaudited 6 months to 30 September 2023			Unaudited 6 months to 30 September 2022			Audited Year to 31 March 2023		
	£'000	**Basic pence per share**	**Diluted pence per share**	£'000	Basic pence per share	Diluted pence per share	£'000	Basic pence per share	Diluted pence per share
Adjusted operating profit	**23,903**	**9.5**	**9.2**	28,065	11.1	10.9	59,817	23.7	23.3
Less net finance costs	**(4,646)**	**(1.8)**	**(1.8)**	(2,553)	(1.0)	(1.0)	(6,401)	(2.5)	(2.5)
Less adjusted tax	**(6,003)**	**(2.5)**	**(2.3)**	(6,727)	(2.6)	(2.6)	(11,354)	(4.5)	(4.4)
Adjusted earnings	**13,254**	**5.2**	**5.1**	18,785	7.5	7.3	42,062	16.7	16.4

11. DIVIDENDS PAID AND PROPOSED

	Unaudited 6 months to 30 September 2023 £'000	Unaudited 6 months to 30 September 2022 £'000	Audited Year to 31 March 2023 £'000
Declared and paid during the period			
Final dividend for 2023: 4.00p (2022: 3.81p)	**10,093**	9,600	9,600
Proposed for approval at AGM (not recognised as a liability at 31 March)			
Final dividend for 2023: 4.00p (2022: 3.81p)	**-**	-	10,098

12. NON-CURRENT ASSETS

	Goodwill £'000	**Other intangible assets £'000**	**Property, plant & equipment £'000**	**Right-of-use assets £'000**
Cost				
As at 1 April 2023	748,756	357,807	11,467	7,153
Additions	-	7	407	944
Disposals	-	-	(311)	(2,876)
Foreign exchange adjustment	7,437	3,385	(130)	(52)
At 30 September 2023	**756,193**	**361,199**	**11,433**	**5,169**
Depreciation, impairment and amortisation				
At 1 April 2023	122,362	132,973	7,715	5,704
Charge for the period	-	20,131	681	601
Impairment	54,707	-	-	-
Disposals	-	-	(310)	(2,876)
Foreign exchange adjustment	1,691	1,367	(58)	(48)
At 30 September 2023	**178,760**	**154,471**	**8,028**	**3,381**
Net book value				
At 30 September 2023	**577,433**	**206,728**	**3,405**	**1,788**
At 31 March 2023	626,394	224,834	3,752	1,449

13. IMPAIRMENT ASSESSMENT

Goodwill 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 outlined in the Group's annual financial statements for the year ended 31 March 2023.

As reported in the chief executive's officer's review, as a result of increased discount rate assumptions used in the value in use calculations, driven by increases in underlying risk-free rates, there was considered to be potential indicator of impairment for the Identity – Americas and Identity – APAC groups of CGUs as at 30 September 2023. The determination of risk-free rates has increased since 31 March 2023 due to increases in 30-year government bond yields as follows:

- United Kingdom: increase from 3.82% to 4.85%
- United States: increase from 3.67% to 4.73%
- Australia: increase from 3.85% to 4.87%.

Whilst the macro-economic impacts during this period could represent a potential indicator of impairment for other CGUs, their performance since the year-end and future forecasts are either in line or ahead of those in the previous impairment review. Therefore, a full impairment review was not required. Therefore, the Group has concluded that there were only indicators of impairment in relation to the Identity – Americas and Identity – APAC groups of CGUs as at 30 September 2023.

The carrying value of goodwill and acquired intangible assets allocated to the assessed group of CGUs was as follows:

- Identity – Americas group of CGUs: £514,939,000 before goodwill impairment (31 March 2023: £521,913,000 after goodwill impairment)
- Identity – APAC group of CGUs: £99,753,000 (31 March 2023: £101,727,000)

Key Assumptions Used in Value in Use Calculations

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

The Group prepares cash flow forecasts using:

- budgets and forecasts approved by the Directors covering a 5 year period (of which 4.5 years remained at 30 September 2023 as the forecast is based on full financial years);
- an appropriate extrapolation of cash flows beyond this using a combination of industry analysis of market growth rates to 2032; and
- a long-term average growth rate 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.

It was considered that beyond the initial period covered by budgets and forecasts, it was most appropriate to include a further period of 5 years of growth rates that are higher than the long-term average growth rate for the United States 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 rate of the geographic market 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: USA – 2.2%; Australia – 3.0%.

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 group of CGUs. Growth rates reflect long-term growth rate prospects for the economy in which the group of CGUs operates.

	30 September 2023			31 March 2023		
	Pre-tax Discount rate	**Revenue Growth rate (2029 to 2032)**	**Growth rate (in perpetuity)**	Pre-tax Discount rate	Revenue Growth rate (2028 to 2032)	Growth rate (in perpetuity)
	%	**%**	**%**	%	%	%
Identity – Americas Unit	**13.0%**	**14.7%**	**2.2%**	12.3%	14.7%	2.4%
Identity – APAC Unit	**14.1%**	**12.0%**	**3.0%**	13.6%	12.5%	3.6%

The Group has considered the impact of changes in future cash flows and key assumptions on the base case value in use model and has run a number of sensitivities to create sensitised value in use models that incorporate movements in discrete assumptions. This has been included applying the cumulative impact of:

- Increasing pre-tax discount rates by 50bps (31 March 2023: 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 (31 March 2023: 50 bps), to reflect the potential for a worse than predicted market outlook; and
- Decreasing long term growth rates by 25bps (31 March 2023: 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 (impairment)/headroom (i.e. the excess of the value of discounted future cash flows over the carrying amount of the group of CGUs) under both the base case and sensitised worst-case scenario is below:

	31 September 2023		31 March 2023	
	Base Case[1]	**Sensitised[2]**	Base Case[1]	Sensitised[2]
	£'000	**£'000**	£'000	£'000
Identity – Americas Unit	**(54,707)**	**(90,531)**	(122,208)	(157,506)
Identity – APAC Unit	**20,495**	**12,126**	2,741	(2,776)

[1] The excess of the recoverable amount over the carrying amount of the group of CGUs before applying sensitivities
[2] Headroom after adjusting future cash flows and key assumptions to create a sensitised value in use model

The review for the Identity – APAC group of CGUs indicated that the recoverable amount exceeded the carrying value by £20,495,000 whereas the carrying value of the Identity – Americas group of CGUs has been reduced to its recoverable amount through the recognition of an impairment charge of £54,707,000.

The sensitised scenario would lead to further impairment of £35,824,000 for Identity – Americas. Therefore, a reasonably change in the value of key assumptions could cause a CGU carrying amount to exceed its recoverable amount.

When considering goodwill impairment, the break-even rate at which headroom within the group of CGUs is reduced to £nil, if all other assumptions remain unchanged, has also been considered. This has been included for illustrative purposes and does not reflect a reasonably foreseeable change in assumptions.

	30 September 2023			31 March 2023		
	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)
Identity – Americas Unit	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a
Identity – APAC Unit	**16.0%**	**(11.0%)**	**6.9%**	13.9%	(3.0%)	11.4%

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

14. TRADE AND OTHER RECEIVABLES

	Unaudited 30 September 2023 £'000	Restated[1] Unaudited 30 September 2022 £'000	Audited 31 March 2023 £'000
Current			
Trade receivables	**49,439**	50,336	52,892
Allowance for unrecoverable amounts	**(2,305)**	(3,029)	(2,394)
Net trade receivables	**47,134**	47,307	50,498
Prepayments	**7,408**	8,027	10,818
Accrued income	**6,156**	4,762	3,997
	60,698	60,096	65,313
Non-current			
Prepayments	**602**	864	701
Accrued income	**5,388**	767	3,604
	5,990	1,631	4,305

[1] The period to 30 September 2022 has been restated for a reclassification of prepayments and accrued income balances between current and non-current assets. Prepayments of £864,000 and accrued income of £767,000 which were incorrectly classified as current at 30 September 2022 have been reclassified as non-current prepayments and accrued income of the same value.

15. TRADE AND OTHER PAYABLES

	Unaudited 30 September 2023 £'000	Unaudited 30 September 2022 £'000	Audited 31 March 2023 £'000
Trade payables	**10,794**	10,116	11,427
Other taxes and social security costs	**3,268**	3,206	3,996
Accruals	**21,629**	24,290	21,889
	35,691	37,612	37,312

16. LOANS AND BORROWINGS

Bank Loans

During the current period the Group drew down an additional £10,000,000 and made repayments of $10,000,000 (£7,960,000) and £7,000,000. The outstanding balance on the loan facility at 30 September 2023 was £123,031,000 representing £10,000,000 in GBP and $139,000,000 in USD.

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

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

	Unaudited 30 September 2023 £'000	Unaudited 30 September 2022 £'000	Audited 31 March 2023 £'000
Opening bank loan	**126,411**	128,226	128,226
New borrowings	**10,000**	10,000	12,000
Loan fees paid for extension	**-**	-	(357)
Repayment of borrowings	**(14,960)**	(13,273)	(22,394)
Amortisation of loan fees	**150**	170	326
Foreign currency translation adjustment	**1,430**	22,279	8,610
Closing bank loan	**123,031**	147,402	126,411
Analysed as:			
Amounts falling due within 12 months	**-**	-	-
Amounts falling due after one year	**123,031**	147,402	126,411
	123,031	147,402	126,411

	Unaudited 30 September 2023 £'000	Unaudited 30 September 2022 £'000	Audited 31 March 2023 £'000
Analysed as:			
Bank loans	**123,940**	148,259	127,470
Unamortised loan fees	**(909)**	(857)	(1,059)
	123,031	147,402	126,411

17. CONTINGENT CONSIDERATION

	Unaudited 30 September 2023 £'000	Unaudited 30 September 2022 £'000	Audited 31 March 2023 £'000
Opening	**1,237**	7,776	7,776
Remeasurement of contingent consideration charged to profit or loss	**20**	-	806
Unwinding of discount	**-**	108	165
Release of contingent consideration	**-**	-	(2,753)
Foreign exchange - unrealised	**(57)**	527	234
Settlement of consideration	**(1,200)**	-	(4,991)
Closing	**-**	8,411	1,237

Analysed as:			
Amounts falling due within 12 months	**-**	6,521	1,237
Amounts falling due after one year	**-**	1,890	-
	-	8,411	1,237

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 was in respect of the acquisition of Cloudcheck during the year ended 31 March 2022. In July 2023, a payment was made based on performance in the first of two earn-out periods. Based on current forecasts there are no further payments due in respect of the Cloudcheck acquisition.

18. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

The objectives, policies and strategies pursued by the Group in relation to financial instruments are described within the 2023 Annual Report.

All financial assets and liabilities have a carrying value that approximates to fair value. For trade and other receivables, allowances are made within the book value for credit risk. The Group does not have any derivative financial instruments.

Financial instruments that are recognised at fair value subsequent to initial recognition are classified 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 30 September 2023, the Group had a non-listed equity investment and contingent consideration which were measured at Level 3 fair value subsequent to initial recognition.

The fair value of the non-listed equity investment was £1,389,000 (30 September 2022: £2,989,000) with the fair value loss of £1,600,000) (30 September 2022: gain of £700,000) being recognised within other comprehensive income. 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 as well as valuation multiples for similar non-listed equity investments.

The fair value of the contingent consideration was £nil (30 September 2022: £3,752,000) due to the fact that it was settled in full during the period. Any gain or loss prior to settlement has been recognised in the consolidated income statement within operating expenses.

Refer to note 17 for a breakdown of the movement.

19. SHARE-BASED PAYMENTS

The Group operates Executive Share Option Schemes under which Executive Directors, managers and staff of the Group are granted options over shares.

During the six months ended 30 September 2023, the following share options were granted to Executive Directors and team members.

Scheme	Date	No. of options	Exercise price	Fair value
Performance Share Plan	1 April 2023	40,000	2.5p	182p-282p
Performance Share Plan	26 June 2023	1,032,072	2.5p	113p-222p
Restricted Share Plan (3 year)	1 April 2023	40,000	2.5p	282p
Restricted Share Plan (3 year)	26 June 2023	1,347,094	2.5p	222p
Restricted Share Plan (2 year)	26 June 2023	202,000	2.5p	225p
SAYE (3 Year)	25 August 2023	826,629	204p-228p	68p-76p
SAYE (5 Year)	25 August 2023	173,083	204p-228p	81p-86p

The credit recognised from equity-settled share-based payments in respect of employee services received during the period was £138,000 (2022: £2,727,000 charge). The movement in the share-based payment charge is due to a change in the assumption of LTIP awards expected to vest based on the lower EPS and TSR performance.

20. RELATED PARTY TRANSACTIONS

During the period, the Group has not entered into transactions, in the ordinary course of business, with other related parties (2022: £nil).

Compensation of key management personnel (including directors)

	Unaudited 6 months to 30 September 2023 £'000	Unaudited 6 months to 30 September 2022 £'000	Audited Year to 31 March 2023 £'000
Short-term employee benefits	**1,105**	1,209	1,828
Fair value of share options awarded	**1,024**	2,618	1,555
	2,129	3,827	3,383

21. SUBSEQUENT EVENTS

In October 2023, the Group exercised the second of the one-year extension options on the existing revolving credit facility so that the Group has access to a £175 million facility until July 2026 and £140 million facility until July 2027. A further arrangement fee of £286,000 was payable for this extension.

Post period-end, further loan repayments of £5.5 million (£3 million and $3 million) have been made.

22. ALTERNATIVE PERFORMANCE MEASURES

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

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

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

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

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

	Unaudited 30 September 2023				Unaudited 30 September 2022				**Growth**			
	Location £'000	**Identity £'000**	**Fraud £'000**	**Total £'000**	Location £'000	Identity £'000	Fraud £'000	Total £'000	**Location %**	**Identity %**	**Fraud %**	**Total %**
Revenue	**36,585**	**76,584**	**19,191**	**132,360**	34,360	81,202	18,254	133,816	**6.5%**	**(5.6%)**	**5.1%**	**(1.1%)**
Constant currency adjustment	-	-	-	-	(525)	(2,411)	(884)	(3,820)	**1.6%**	**2.8%**	**5.4%**	**2.8%**
Revenue at constant currency	**36,585**	**76,584**	**19,191**	**132,360**	33,835	78,791	17,370	129,996	**8.1%**	**(2.8%)**	**10.5%**	**1.8%**

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

These include:
- amortisation of acquired intangibles; and
- share-based payment charges

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

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

	Unaudited 30 September 2023 £'000	Unaudited 30 September 2022 £'000
Operating (loss)/profit	**(52,636)**	2,529
Amortisation of acquired intangibles	**20,117**	21,296
Share-based payment (credit)/charge	**(138)**	2,727
Exceptional items	**56,560**	1,513
Adjusted Operating Profit	**23,903**	28,065

Adjusted Operating Profit Margin
Adjusted Operating Profit as a percentage of revenue.

Adjusted EBITDA
Adjusted EBITDA means Adjusted Operating Profit before depreciation and amortisation of non-acquired intangibles. Adjusted EBITDA is a measure of the underlying cash generation and the profit measure used in our covenant compliance calculations under the RCF agreement.

	Unaudited 30 September 2023 £'000	Unaudited 30 September 2022 £'000
Adjusted Operating Profit	**23,903**	28,065
Depreciation of property, plant and equipment	**681**	805
Depreciation of right-of-use assets	**601**	788
Amortisation of non-acquired intangibles	**14**	51
Adjusted EBITDA	**25,199**	29,709

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.

	Unaudited 30 September 2023			Unaudited 30 September 2022		
	Profit before tax £'000	**Income tax charge £'000**	**Effective tax rate %**	Profit before tax £'000	Income tax charge £'000	Effective tax rate %
Reported Effective Tax Rate	**(57,282)**	**(2,132)**	**3.7%**	(24)	725	(3,020.8%)
Add back:						
Amortisation of acquired intangibles	**20,117**	**7,775**	**(18.9%)**	21,296	5,254	3,048.9%
Equity-settled share-based payments	**(138)**	**(245)**	**0.7%**	2,727	559	(0.9%)
Exceptional items	**56,560**	**605**	**45.7%**	1,513	189	(0.8%)
Adjusted Effective Tax Rate	**19,257**	**6,003**	**31.2%**	25,512	6,727	26.4%

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 10 for calculation.

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. 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.

	Unaudited 30 September 2023 £'000	Audited 31 March 2023 £'000
Cash and cash equivalents	**19,189**	21,552
Loans on balance sheet	**123,031**	126,411
Unamortised loan arrangement fees	**909**	1,059
External Loans	**123,940**	127,470
Net Debt	**(104,751)**	(105,918)

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.

	Unaudited 30 September 2023 £'000	Audited 31 March 2023 £'000
Net Debt	**(104,751)**	(105,918)
Rolling 12 month Adjusted EBITDA	**58,637**	63,147
Debt Leverage	**1.79**	1.68

Cash Conversion YTD %
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 EBITDA. This measures how efficiently the Group's operating profit is converted into cash.

	Unaudited 30 September 2023 £'000	Unaudited 30 September 2022 £'000
Cash generated from operations before tax payments (from Consolidated Cash Flow Statement)	**22,942**	15,338
Total exceptional items	**56,560**	1,513
Accrued cash exceptional items at the start of the period paid in the current period	**1,251**	1,372
Accrued cash exceptional items at the end of the period	**(333)**	(411)
Non-cash exceptional items	**(54,707)**	(720)
Cash generated from operations before tax payments and exceptional items paid	**25,713**	17,092
Adjusted EBITDA	**25,199**	29,709
Cash Conversion %	**102.0%**	57.5%

Rolling 12 Month Cash Conversion %
This is cash conversion on a rolling 12-month basis and measures how efficiently the Group's operating profit is converted into cash.

	Unaudited 30 September 2023 £'000	Unaudited 30 September 2022 £'000
Cash generated from operations before tax payments	**46,174**	39,123
Total exceptional items	**182,222**	5,549
Accrued cash exceptional items at the start of the period paid in the current period	**411**	273
Accrued cash exceptional items at the end of the period	**(333)**	(411)
Non-cash exceptional items	**(177,349)**	(1,057)
Cash generated from operations before tax payments and exceptional items paid	**51,125**	43,477
Adjusted EBITDA	**58,637**	62,484
Rolling Cash Conversion %	**87.2%**	69.6%

Independent review report to GB Group plc
Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed GB Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the half year results of GB Group plc for the 6 month period ended 30 September 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the AIM Rules for Companies.

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 30 September 2023;
- the Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Cash Flow Statement for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half year results of GB Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the AIM Rules for Companies.

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half year results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors
The Half year results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half year results in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements. In preparing the Half year results, including the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half year results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Manchester
27 November 2023