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22 October 2020

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

Pre-Close Trading Statement and Notice of Results

Implementing strategy successfully through the pandemic

GBG, (AIM:GBG) the global identity data intelligence specialist, provides an update on its trading performance for the six months to 30 September 2020, ahead of releasing its half-year results.

Business Performance

GBG has performed well during the period. This has allowed the Company to continue to invest in its long-term growth, whilst also maintaining good discipline in cash management and operational controls, supported by resilient business systems.

This has all been made possible by the commitment of our team members across the globe, who have continued to deliver excellent service to our customers throughout the first phase of the COVID-19 pandemic.

GBG has a diverse customer base, in terms of geography and industry sector, who all share a common need to accelerate their digitalisation programmes. Not all sectors have been resilient in terms of the impact of COVID-19. However, GBG's location, identity and fraud services remain highly relevant as businesses accelerate their digital shift and move business models to deliver a greater proportion of services online.

Financial Position

As a consequence of the above, GBG's total revenue for the period is expected to be £103 million. On a constant currency basis, organic revenues have increased by 10.0%. Growth was underpinned by a strong performance in the USA from a specific one-off customer project, which is not expected to have a material impact into the second half of the year.

Increased revenue, combined with disciplined cost management, means that we expect to report adjusted operating profit of approximately £27 million, a 26% increase on last year.

This combination of strong trading performance, effective cash management and GBG's highly cash-generative business model, has reduced the net debt balance at 30 September 2020 to £2.7 million (2019: £53.8 million net debt). This is a £32.3 million improvement since 31 March 2020.

Interim Dividend

In April 2020 the Board took prudent steps to preserve liquidity, including the decision not to pay an annual dividend and deferral of Executive Director bonuses. However, reflecting the strong first-half performance and confidence in the outlook for the business, the Board intends to declare an interim dividend of 3.00 pence per share at the date of the half-year results. We will also release the Executive Director bonuses accrued in FY20. Future dividends, as always, will remain subject to Group performance, cashflow and the economic environment. The Board is, however, hopeful that continued progress will enable GBG to maintain a progressive dividend policy.



GBG also expects to continue its long-term incentive programme for Executive Directors, under its existing share matching scheme. Executive Directors make market purchases of GBG shares in order to participate, demonstrating their confidence in the future outlook for the business.

Outlook

Economies and businesses are adjusting to the next phase of the global pandemic but the Board is confident that GBG's diverse customer base will continue to be a buffer against any significant revenue impact caused by COVID-19. Although we do not expect to see a material benefit from the one-off USA customer contract in H2 FY21, we expect full year revenue for the Group to be flat to marginally ahead of FY20 on an underlying basis and which is ahead of current consensus¹.

Chris Clark, CEO of GBG, commented:

"I'm very pleased with our performance in the first half. Whilst the rate of new customer contracts has slowed, as companies focussed on their own responses to COVID-19, we still continued to win new business and have maintained high renewal rates with our existing customers. We have been prudent in cash management, which, combined with our highly cash-generative business model, enabled us to significantly reduce our net debt in the period.

One impact of COVID-19 has been the rapid digitalisation of businesses and this is likely to continue. For consumer-facing companies to be successful online they need to know who and where their customers are. They need to meet stringent regulations and protect themselves from fraud, while keeping the customer journey as smooth as possible. Our solutions are a key enabler of these factors and this leaves us well-positioned for the future."

Notice of results

The Group intends to publish its half-year results for the six months to 30 September 2020 on 8 December 2020.

Note:

¹ Analyst Consensus on GBG can be found in the Investor section of our website:
<https://www.gbtplc.com/investors/analyst-consensus/#content>

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**About GBG**

GBG offers a range of solutions that help organisations quickly validate and verify the identity and location of their customers.

Our market-leading technology, data and expertise help our customers improve digital access, deliver a seamless experience and establish trust so that they can transact quickly, safely and securely with their customers online.

Headquartered in the UK and with over 1,000 team members across 16 countries, we work with 20,000 customers in over 70 countries. Some of the world's best-known businesses rely on GBG to provide digital services and keep the economy moving, from US e-commerce giants to Asia's biggest banks and European household brands.

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.