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

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

GB Group plc (AIM: GBG), the experts in digital location, identity and identity fraud software, announces its unaudited results for the six months ended 30 September 2022.

Financials

	H1 FY23	H1 FY22	**Growth[2]**
Reported revenue	**£133.8m**	£109.2m	22.6%
Pro forma revenue[1]	**£134.9m**	£122.2m	10.4%
Pro forma constant currency revenue[1]	**£134.9m**	£130.4m	3.4%
Adjusted operating profit [1]	**£28.1m**	£27.8m	1.0%
Adjusted operating margin [1]	**21.0%**	25.5%	(450bps)
Operating profit	**£2.5m**	£14.8m	(83.0%)
(Loss) / profit before tax	**(£0.0m)**	£14.4m	(100.2%)
Adjusted diluted earnings per share [3]	**7.3p**	10.9p	(33.0%)
Diluted earnings per share	**(0.3p)**	5.6p	(105.4%)
Net assets	**£889.4m**	£378.2m	135.2%
Net (debt)/cash[1]	**(£132.6m)**	£39.5m	n/a

Notes: [1]Defined within note 23 to the Half Year Results. [2]Growth percentages are calculated with reference to the actual unrounded figures in the primary financial statements and so might not tie directly to the rounded figures in the table if recalculated. [3] This measure is defined within note 8 to the Half Year Results.

Chris Clark, CEO, commented:

"Excellent strategic progress has been made across the Group over the past six months as we maintain our relentless focus to deliver against our long-term growth strategy, bringing our market leading Location, Identity and Fraud solutions together to address the ever-growing needs of customers in the digital world.

Our fantastic people around the world are key to this success, and I would like to thank them for their efforts. Their continued hard work and dedication has underpinned GBG as it has evolved into one of the world's leading pure play identity software providers.

The macro uncertainties have been well publicised, but with world class technology, a diversified blue chip customer base and our strong cash generative business model, the Board remains confident in the long-term prospects of the business."

Financial summary

- Reported growth in revenue of 22.6% and adjusted operating profit of 1.0%, despite tough first half comparators driven by the US Stimulus project and exceptional cryptocurrency volumes last year
- Pro forma revenue of £134.9 million represents underlying growth of 10.4% helped by FX; on a constant currency basis, pro forma revenue increased by 3.4%
- 93.3% of our pro forma revenue is from subscription and consumption revenue models which demonstrates GBG's attractive, repeatable and cash generative business model
- Adjusted operating profits up 1.0% to £28.1 million, an adjusted operating profit margin of 21.0%
- Expect margin improvement for the full year due to second half weighted revenues, supported by our strong pipeline of opportunities and disciplined cost control
- Focused on maintaining a strong balance sheet, using cash generation to pay down debt. Net debt increased to £132.6 million as at 30 September 2022 primarily driven by a USD retranslation impact

Strategic progress drives a sustainable runway of growth

- Acuant integration completed; focused on realising the benefits. Well-positioned to drive growth and on track to deliver £5 million synergies through cost and cross-sell/up-sell revenue initiatives
- The combination of GBG and Acuant's document and biometric capability is accelerating our R&D, and enhancing the fraud and anti-tampering functionality delivered to customers
- Launched GBG GO, a low code/no code product that brings our services into one platform, allowing customers to build their identity and fraud prevention journey to capture new consumers
- Our ExpectID platform in the USA released the latest version of FlexAPI for easy consumption of its services, launched a "Know your business" service and enhanced its fraud consortium
- Accelerated releases in EMEA immediately building revenue with the launch of Mobile Fraud intelligence and Multi Bureau; fraud alerts in ANZ delivering value to customers impacted by recent data breaches
- Created fraud data sharing consortiums in APAC and a new release of a location intelligence product globally building on our capabilities in data science
- Maintained our record people engagement: 95% 'recommend GBG as a great place to work'. Overall engagement score places GBG in the upper quartile of global companies

Capital markets event in January 2023

On Thursday, 19th January 2023, GBG will host a capital markets event in London for institutional investors and sell-side analysts starting at 1430hrs GMT. The event will be held at Numis' office at 45 Gresham Street, London EC2V 7BF.

This event will focus on the strategic progress the Group has delivered to drive differentiation across its powerful set of combined capabilities, reinforcing its position as a global leader in digital location, identity and identity fraud software with the ability to achieve sustainable and profitable growth over the mid-term.

To register your interest in attending the event in person and any further details, please contact the team at Tulchan: gbg@tulchangroup.com

Today's results presentation

Management will be hosting a results presentation webcast this morning at 0900hrs GMT for sell-side analysts and institutional investors. The webcast will also be available on-demand upon the investor section of our website along with the presentation materials shortly after the event.

To register for the event directly, please use the following link:
https://stream.brrmedia.co.uk/broadcast/635b953c749387528d24536b

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

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

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

Chief Executive Officer's review

Overview

GBG has a relentless focus on delivering against its long-term growth strategy to lead in the location, identity and fraud markets globally. We are motivated by our clear purpose to create trust in a digital world where everyone can transact online with confidence. As a result, we have already built a strong reputation as a trusted digital identity specialist and this reputation is accelerating GBG's progress to become the world leading pure-play identity software provider.

As the world navigates the present macro uncertainties, the critical need to detect and prevent fraud has become even more important for our customers and consumers at large. With our trusted relationships and leading capabilities and technologies, GBG is very well-positioned to help our customers with these challenges.

In the first half of the year, the Group reported growth in revenue and adjusted operating profit, despite, as previously flagged, tough comparators driven by the US stimulus project and exceptional cryptocurrency volumes in the prior year.

Both our Location and Fraud segments achieved double-digit constant currency organic growth. Location successfully pursued cross-sell/up-sell initiatives, in addition to price increases and new business wins that more than offset lower volumes from some eCommerce customers. Demand for our identity fraud services was underpinned both by new customers and important renewals, reflecting our crucial role to mitigate the growing cost to society of on-line fraud and financial crime.

In Identity, volumes were impacted by the well documented challenges faced by cryptocurrency markets and internet-economy customers, primarily in the Americas region where a significant number of these businesses operate. Outside of these areas, Identity's performance was more resilient, in particular, from established financial services and gaming.

Strategic progress drives a sustainable runway of growth

The Group has a diversified customer base with a vast range of use cases across sectors and regions. We enjoy high retention rates as a result of strong customer relationships and differentiated solutions. In the mid-term GBG has a clear opportunity to accelerate cross-sell/upsell opportunities as well as capture new business as we expand into new geographies and sectors. The opportunities to create value for our customers will continue to be extended as we bring GBG's product and technologies together, realising the full benefits of the Acuant acquisition.

One such area of focus that has progressed well is the combination of GBG and Acuant's document and biometric capability, to accelerate our R&D and introduce machine learning to enhance the fraud and anti-tampering functionality delivered to customers. Acuant technology also underpins GBG GO, a new low code/no code product allowing businesses of all sizes to build their own identity and fraud solutions journey to capture new consumers for digital services. This brings our services into a single platform, where new customers such as small/medium enterprises can easily consume and access our leading fraud and identity services instantly.

We have continued to innovate and have added new features into our established market leading identity products to protect from the rising risk of fraudulent misuse. We responded to customer demand in EMEA by delivering features via an accelerated release cycle to immediately build revenue, such as Mobile Fraud intelligence and Multi Credit Bureau checks. Our ExpectID platform in the USA released the latest version of FlexAPI for easy consumption of its services, launched a "Know your business" service and enhanced its fraud consortium. In ANZ a fraud alert service is delivering value to customers impacted by recent data breaches.

Our capabilities in data, product and platform are being applied to our other segments. We created fraud data sharing consortiums in APAC (leveraging our Americas experience), and a new release of a location intelligence product globally which exploits our capabilities in data science, creating an AI Parsing engine that can improve match rates by up to 20%. All these features extend the unique capabilities within GBG's portfolio.

These developments accelerate our technology and expertise and strengthen GBG's ability to respond to the positive structural growth drivers in our markets. Recent analysis from Kuppinger Cole named GBG as a market leader in its Verified Identity 2022 report, recognising our work towards fully integrating products and capabilities for a unified experience. Digital transformation, an ever-increasing need to protect against fraud and increasing regulation are enduring trends that create a clear runway of opportunity for GBG to generate sustainable growth over the long-term.

Our success and ongoing progress is driven by our people and we are proud that our latest Gallup Q12 survey, conducted in September indicates 95% of our team recommended GBG as a great place to work. Our overall engagement score places GBG in the upper quartile of global companies, setting us apart as an employer of choice as we compete to retain and attract the talent and skills required to deliver our vision.

Trading performance

Both revenue and adjusted operating profit are in line with the trading update released on 20 October 2022. First half reported revenue of £133.8 million (1H FY22: £109.2 million), represents growth of 22.6%. Contributions from our recent acquisitions more than offset a tough prior period comparative that benefitted from unusually high and non-repeating transaction volumes driven by the US stimulus project and cryptocurrency trading described in previous updates.

On a pro forma basis, growth in the first half was 10.4% which included the benefit of more favourable translation to sterling of our revenue generated in other currencies. On a constant currency basis, pro forma revenue increased by 3.4%. Revenue growth was impacted by macro-economic related reduction in demand from cryptocurrency and 'internet economy' customers, predominantly in the Americas.

Adjusted operating profit for the first half increased by 1.0% to £28.1 million, representing an adjusted operating profit margin of 21.0%. We expect margin improvement for the full year as a result of our continued discipline in cost control and traditionally stronger second half revenues, supported by our opportunity pipeline.

Location (25.5% of the Group's revenues)

Location delivered a good performance with revenue growth of 10.4% on a constant currency basis to £34.4 million. Our Loqate solution has a strong proposition that supports multiple sectors and geographies and a resilient business model demonstrated by new customer wins continued across multiple sectors. Examples including Klarna and Wise (both enabled by success in Identity), manufacturers such as Sonos and Pepsi supporting their move to direct-to-consumer sales, and in ecommerce retail with New Balance and Shoplazza. While some ecommerce customers are reporting lower volumes than last year this has been more than compensated for by successful up-sell initiatives and selective price increases.

Identity (61.0% of the Group's revenues)

Identity's reported revenue increased to £81.2 million benefitting from the acquisitions of Acuant and Cloudcheck. However, on a pro forma and constant currency basis, Identity declined by 1.4%, as volumes from cryptocurrency and internet-economy customers were impacted by the macro-economic slowdown. These customers had benefitted significantly from pandemic-related changes in consumer behaviours. Cryptocurrency revenues in the first half normalised from the prior year exceptional levels but at lower volumes than expected, as consumer confidence in cryptocurrency investment declined more abruptly and severely than anticipated. We now expect these lower volumes to continue through the second half of the year.

Outside of these areas, demand has been more stable despite generally subdued economic activity, this includes growth of 6.2% in Identity's EMEA and APAC regions on a pro forma and constant currency basis. Customer retention remained high and new customer wins for our identity verification services continued to be strong. These include Makes Cents and Bally's Canada in the Americas; Broadway Gaming and Slater & Gordon Lawyers in the UK and Spirit Super, one of Australia's largest pension funds. Our new logos were from a strong pipeline of opportunities, in areas with structural growth opportunities such as North American gaming, US healthcare and digital transformation in financial services.

Acuant integration completed; focused on realising the benefits

During the period we completed the integration of the Acuant team with our Americas business, with the final step having been the full integration of the sales teams during September. We expect this to deliver increased productivity in H2 as the entire team have the ability and incentive to cross-sell the full suite of GBG solutions.

Acuant performance in the first half of the financial year was also affected by the reduced demand from cryptocurrency and internet-economy customers and therefore, given these macro challenges, growth was lower than we had expected at the time of the acquisition. However, Acuant's more broad-based sector diversification meant that the impact of these sectors was felt less significantly than in IDology and we remain encouraged that our expectations for growth will be fulfilled when market conditions are less challenged. Excluding the cryptocurrency headwind, Acuant's underlying software subscription revenues grew by 20.8% year on year. We are also benefitting from deploying Acuant technology across the Group's product families, such as our document-powered identity solutions which achieved 30.4% revenue growth during the period and the release of GBG GO, an example of accelerating new product into new markets.

The work to achieve the anticipated products and technology benefits has progressed at pace and we are on track to deliver £5 million of planned synergy benefits. Cost synergies of over £3 million have been achieved and we are confident the remainder will be delivered through cross-sell/up-sell revenue initiatives with Klarna, Otto Financial and PayPal among thirty IDology customers now consuming Acuant solutions. We have also achieved our first Acuant cross-sells via our EMEA and APAC teams with good potential for further opportunities.

Fraud (13.5% of the Group's revenues)

In the first half of the year, Fraud delivered £18.3 million, representing strong organic growth of 14.4% in constant currency terms. We gained new customers in multiple countries including Union Bank of the Philippines, PNB Malaysia, Banque Marocaine and the UK's Department for Work & Pensions, while successfully securing important renewals with existing financial services customers in both APAC and EMEA.

New Chair appointment and board committee composition

In September 2022 we welcomed Richard Longdon as GBG's non-executive Chair. Richard's significant global leadership experience will enable him to lead the Board through the next phase of GBG's global growth, where his deep understanding and proven track record of expansion in the technology sector will be highly relevant.

Environment, Social & Governance (ESG)

We continue to take action to drive meaningful change across our business and ensure that the safeguarding of our customers from negative environmental and social impacts is at the heart of the solutions we offer. Stakeholders including our team, customers and investors recently contributed to our ESG strategy, where responses signalled the importance of demonstrating progress in areas such as business & data ethics, people development and inclusion, diversity & equality. We are embedding this feedback into our strategy and processes as we work towards our targets to reduce GBG's environmental impact and increase diversity.

Our ethical approach to data use sits at the core of our solutions and contributes to economic growth, improved customer satisfaction, and moves to a more inclusive digital economy. An example is our recent Digital Identity Service Provider certification against the UK Government's digital identity and attributes trust framework. We have no material update on the Information Commissioner's Office 2018 audit of data in GBG's services conducted along with several companies, however we continue to differentiate in the market by protecting our customers with rigorous attention to the highest standards of data privacy.

Outlook

The start to the second half of the financial year has been in line with our expectations despite macroeconomic pressures impacting some of our end markets. Year to date, cryptocurrency and internet-economy customers have seen the greatest slowdown, with customers in traditional financial services such as banking, pensions and insurance more stable. We note that the second half has so far seen cryptocurrency customer activity normalise at a similar run-rate to the second quarter and for the remainder of the year we expect these customers to account for around 2% of Group revenue.

Notwithstanding the tough comparator period driven by cryptocurrency customers, we expect to deliver mid-single digit pro forma constant currency revenue growth for the second half of the year, in-line with expectations. We also expect to continue to benefit from foreign currency translation tailwinds that increased our first half reported revenue by 7%. At prevailing currency rates, we would expect this tailwind for the second half growth rate to be around 6%.

The Group remains focused on prioritising activities that will drive growth. We have maintained our disciplined investment in the business to maintain our market leading position and capitalise on the significant potential in our markets. In the second half of the year, we expect revenue growth acceleration and cost control will together drive a stronger margin, in line with market expectations, and remain confident in the strength of the pipeline.

The Board remains highly confident in the long-term opportunity. We believe GBG's services are crucial for our customers to operate safely and efficiently in a digital world, underpinning the resilience of our business and outlook from an ever-increasing business presence online. We look forward to discussing the long-term growth opportunities and how GBG is uniquely positioned to capture them at our capital markets event in January 2023.

Chris Clark
Chief Executive Officer
On behalf of the Board
29 November 2022

Finance review

Group revenue

	1H FY23	1H FY22	Growth
Reported revenue	**£133.8m**	£109.2m	**22.6%**
Impact of acquisitions and disposals	**-**	£21.8m	**(20.5)%**
Deferred revenue haircut on Acuant	**£1.1m**	-	**0.8%**
Non-repeating revenue	**-**	£(8.8)m	**7.4%**
Pro forma revenue	**£134.9m**	£122.2m	**10.4%**
Constant currency adjustment	**-**	£8.2m	**(7.0%)**
Pro forma revenue at constant currency	**£134.9m**	£130.4m	**3.4%**

Both revenue and adjusted operating profit are in line with the performance outlined in the trading update issued on 20 October 2022. In the first half, GBG delivered reported revenue of £133.8 million (1H FY22: £109.2 million), representing growth of 22.6%. Growth in the half year included contributions from the recently acquired Acuant and Cloudcheck businesses. This more than offset a tough prior period comparative that included a benefit from unusually high and non-repeating transaction volumes driven by the US stimulus project and cryptocurrency trading.

On a pro forma basis, which for H1 FY22 includes the pre-acquisition revenue but excludes the exceptional and non-repeating revenue, underlying revenue growth in the current period was 10.4%. H1 FY23 has experienced volatile foreign currency movements, particularly pound sterling versus the US dollar. This caused a favourable effect on the translation of GBG's significant US dollar denominated revenue that contributed 7.0% to the reported period-on-period pro forma revenue growth.

In the first half, 93.3% of our pro forma 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 £74.0 million, representing pro forma growth of 19.5%. Revenue from transaction/consumption of our solutions added a further £51.9 million, a pro forma increase of 3.6%. Non-repeatable revenue streams, typically services, hardware and implementation fees, amounted to £9.0 million in the period.

Group operating profit, finance costs and taxation

Flowing from the increased sales contributed by the Acuant and Cloudcheck acquisitions, adjusted operating profit for the first half increased by 1.0% to £28.1 million (2021: £27.8 million), which represents an adjusted operating profit margin of 21.0% (2021: 25.5%). The prior year margin benefitted from the one-off revenue impacts noted and slower than planned recruitment related costs while the current period benefitted from an FX gain on intercompany loans. Margin improvement is expected as our second half revenues are traditionally stronger and supported by a healthy pipeline of opportunities and disciplined cost control.

	1H FY23	1H FY22	Increase
Reported operating expenses	**£99.2m**	£61.6m	**61.3%**
Amortisation of acquired intangibles	(£21.3m)	(£8.6m)	
Equity-settled share-based payments	(£2.7m)	(£3.9m)	
Exceptional items	(£1.5m)	(£0.5m)	
Adjusted operating expenses	**£73.7m**	£48.6m	**51.7%**

Adjusted operating expenses increased in total by 51.7%. 28% of this was as a result of the prior year acquisitions and 8% was due to the translation of non-GBP expenses at less favourable FX rates than the prior year. The remainder of the increase relates to new roles hired in the second half of the last financial year and current year wage inflation, which averaged approximately 6.5%. The effect of these factors was partially offset by the effect of integration cost synergies and a reduction in bonus accruals to reflect lower full year outturn assumptions.

Total headcount of 1,274 people on 30 September was flat compared with the year-end, reflecting our ongoing efforts to actively manage the business with discipline in response to the volume-driven slowdown seen in certain sectors of our Identity business in the first half of the year.

On a reported basis, operating profit decreased to £2.5 million (2021: £14.8 million) after taking account of £25.5 million of costs (2021: £12.9 million), this includes £21.3 million related to amortisation of acquired intangibles, £2.7 million related to share-based payments and £1.5 million of exceptional items. Of these costs, £25.2 million (2021: £12.5 million) were non-cash items including £1.1 million related to exceptional costs.

The net finance charge of £2.6 million was £2.1 million higher than the prior year as a result of the debt financing drawn in November 2021 to finance the Acuant acquisition.

The tax charge for the six-month period was £0.7 million (2021: £3.2 million). The tax charge on adjusted profit before tax was £6.7 million (2021: £5.3 million), representing an effective tax rate of 26.4% (2021: 22.1%). The increase in the adjusted effective tax rate is due to higher permanent differences in the US following changes to tax legislation which increases the taxable profits of overseas subsidiaries that are carrying out R&D functions.

Adjusted Diluted EPS of 7.3 pence per share represented a reduction on the prior year period, due to the additional shares issued to fund the two prior year acquisitions as well as the higher interest expense.

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 £15.3 million of cash and cash equivalents (2021: £32.5 million) with cash conversion on a rolling 12-month basis of 70% at 30 September 2022 compared to 96% at 31 March 2022.

While this level represents a decline, there were some specific non-recurring factors distorting cash conversion such as settlement of an acquired liability related to the prior year acquisitions that reduced cash without a similar EBITDA impact and reported FX gains on the retranslation of intercompany balances, which improved EBITDA without a similar impact on cash. Adjusting for the above would result in an EBITDA to operating cash conversion of 85%. Cash conversion has also been negatively impacted by a lower level of bonus accruals at the half-year relative to the amounts paid in respect of the prior year.

Last November, $210 million of debt was drawn from the Group's revolving credit facility to part fund the acquisition of Acuant. Upto 30 September 2022, $45 million of repayments had been made, resulting in an outstanding balance of $165 million. However, on a sterling basis, our net debt at 30 September 2022 increased to £132.6 million. This primarily reflects a £22.3 million retranslation impact since the year end from the conversion of the US dollar denominated debt into pound sterling. Other first half specific impacts include £9.6 million for the full year dividend payment, £2.5 million of GBG shares purchased for a new Employee Benefit Trust and a one-off payment of £2.3 million for an acquired liability related to the prior year acquisitions.

Between the end of the half year and the date of this report, further repayments of $6m have been made, resulting in a net debt position of approximately £118m. We expect to utilise our strong cash generation to paydown debt in the second half, reducing the impact of increasing interest rates. We were very pleased that on 18 November 2022, we agreed the first of two one-year extension options on our existing revolving credit facility, so that the facility now does not expire until July 2026.

David Ward
Chief Financial Officer
On behalf of the Board
29 November 2022

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 2022
Unaudited

	Note	**Unaudited 6 months to 30 September 2022 £'000**	Unaudited 6 months to 30 September 2021 £'000	Audited Year to 31 March 2022 £'000
Revenue	5	**133,816**	109,154	242,480
Cost of sales		**(38,723)**	(32,241)	(70,549)
Gross profit		**95,093**	76,913	171,931
Operating expenses		**(99,251)**	(61,535)	(148,192)
Net gain/(loss) on foreign exchange		**6,227**	(178)	(42)
Decrease/(increase) in expected credit losses of trade receivables		**460**	(353)	(290)
Group operating profit	5, 6	**2,529**	14,847	23,407
Finance revenue		**28**	7	40
Finance costs		**(2,581)**	(469)	(1,794)
(Loss)/profit before tax		**(24)**	14,385	21,653
Income tax charge	7	**(725)**	(3,195)	(6,390)
(Loss)/profit after tax for the period attributable to equity holders of the parent		**(749)**	11,190	15,263

Group operating profit		**2,529**	14,847	23,407
Amortisation of acquired intangibles		**21,296**	8,581	24,735
Equity-settled share-based payments	18	**2,727**	3,865	6,171
Exceptional items	4	**1,513**	490	4,526
Adjusted operating profit		**28,065**	27,783	58,839

Earnings per share

- basic (loss)/earnings per share for the period	8	**(0.3)p**	5.7p	7.1p
- diluted (loss)/earnings per share for the period	8	**(0.3)p**	5.6p	6.9p

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2022
Unaudited

	Unaudited 6 months to 30 September 2022 £'000	Unaudited 6 months to 30 September 2021 £'000	Audited Year to 31 March 2022 £'000
(Loss)/profit after tax for the period attributable to equity holders of the parent	**(749)**	11,190	15,263
Other comprehensive income:			
Fair value movement on investments	**700**	-	-
Exchange differences on retranslation of foreign operations (net of tax)	**111,237**	4,229	18,029
Total comprehensive income for the period attributable to equity holders of the parent	**111,188**	15,419	33,292

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022
Unaudited

	Note	Equity share capital £'000	Share premium £'000	Other reserves: Merger reserve £'000	Other reserves: Capital redemption reserve £'000	Other reserves: Foreign currency translation reserve £'000	Other reserves: Treasury shares £'000	Total other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2021		**4,908**	**267,627**	**9,918**	**3**	**(16,606)**	-	**(6,685)**	**98,406**	**364,256**
Profit for the period		-	-	-	-	-	-	-	11,190	**11,190**
Other comprehensive income		-	-	-	-	4,229	-	4,229	-	**4,229**
Total comprehensive (expense)/income for the period		-	-	-	-	4,229	-	4,229	11,190	**15,419**
Issue of share capital		18	898	-	-	-	-	-	-	**916**
Share-based payments	18	-	-	-	-	-	-	-	3,865	**3,865**
Tax on share options		-	-	-	-	-	-	-	396	**396**
Share forfeiture refund		-	-	-	-	-	-	-	(5)	**(5)**
Equity dividend	9	-	-	-	-	-	-	-	(6,677)	**(6,677)**
Balance at 30 September 2021		**4,926**	**268,525**	**9,918**	**3**	**(12,377)**	-	**(2,456)**	**107,175**	**378,170**
Profit for the period		-	-	-	-	-	-	-	4,073	**4,073**
Other comprehensive expense		-	-	-	-	13,800	-	13,800	-	**13,800**
Total comprehensive (expense)/income for the period		-	-	-	-	13,800	-	13,800	4,073	**17,873**
Issue of share capital		1,371	298,244	90,081	-	-	-	90,081	-	**389,696**
Share-based payments		-	-	-	-	-	-	-	2,306	**2,306**
Tax on share options		-	-	-	-	-	-	-	(894)	**(894)**
Share forfeiture refund		-	-	-	-	-	-	-	(24)	**(24)**
Equity dividend	9	-	-	-	-	-	-	-	-	-
Balance at 1 April 2022		**6,297**	**566,769**	**99,999**	**3**	**1,423**	-	**101,425**	**112,636**	**787,127**
(Loss)/profit for the period		-	-	-	-	-	-	-	(749)	**(749)**
Other comprehensive income		-	-	-	-	111,237	-	111,237	700	**111,937**
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**111,237**	-	**111,237**	**(49)**	**111,188**
Issue of share capital		**11**	**519**	**-**	**-**	**-**	-	**-**	**-**	**530**
Investment in own shares	19	**-**	**-**	**-**	**-**	**-**	**(2,500)**	**(2,500)**	**-**	**(2,500)**
Cost of employee benefit trust shares issued to employees	19	**-**	**-**	**-**	**-**	**-**	**945**	**945**	**(937)**	**8**
Share-based payments	18	**-**	**-**	**-**	**-**	**-**	-	**-**	**2,727**	**2,727**
Tax on share options		**-**	**-**	**-**	**-**	**-**	-	**-**	**(50)**	**(50)**
Equity dividend	9	**-**	**-**	**-**	**-**	**-**	-	**-**	**(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**

Condensed Consolidated Balance Sheet

As at 30 September 2022
Unaudited

	Note	**Unaudited As at 30 September 2022 £'000**	Unaudited As at 30 September 2021 £'000	Restated[1] Audited As at 31 March 2022 £'000
ASSETS				
Non-current assets				
Goodwill	11	**819,773**	289,531	713,946
Other intangible assets	11	**273,729**	83,810	255,747
Property, plant and equipment	11	**4,563**	3,813	4,601
Right-of-use assets	11	**2,116**	2,545	2,742
Investments		**3,026**	2,289	2,326
Deferred tax asset		**23,894**	7,871	21,860
		1,127,101	389,859	1,001,222
Current assets				
Inventories		**2,892**	106	1,196
Trade and other receivables	13	**61,727**	48,851	69,626
Current tax		**8,528**	7,603	7,804
Cash and short-term deposits		**15,683**	39,499	22,302
		88,830	96,059	100,928
TOTAL ASSETS		**1,215,931**	485,918	1,102,150
EQUITY AND LIABILITIES				
Capital and reserves				
Equity share capital		**6,308**	4,926	6,297
Share premium		**567,288**	268,525	566,769
Other reserves		**211,107**	(2,456)	101,425
Retained earnings		**104,727**	107,175	112,636
Total equity attributable to equity holders of the parent		**889,430**	378,170	787,127
Non-current liabilities				
Loans	15	**147,402**	-	128,226
Lease liabilities		**1,008**	1,692	1,529
Provisions		**777**	1,496	866
Deferred revenue		**1,739**	552	1,805
Contingent consideration	16	**1,890**	-	1,920
Deferred tax liability		**69,297**	21,162	64,839
		222,113	24,902	199,185
Current liabilities				
Lease liabilities		**1,749**	1,719	1,842
Provisions		**13**	-	-
Trade and other payables	14	**37,612**	33,187	49,615
Deferred revenue		**56,448**	44,188	57,018
Contingent consideration	16	**6,521**	3,752	5,856
Current tax		**2,045**	-	1,507
		104,388	82,846	115,838
TOTAL LIABILITIES		**326,501**	107,748	315,023
TOTAL EQUITY AND LIABILITIES		**1,215,931**	485,918	1,102,150

[1] For details of the prior year measurement period adjustment refer to note 10.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2022
Unaudited

	Note	**Unaudited 6 months to 30 September 2022 £'000**	Unaudited 6 months to 30 September 2021 £'000	Audited Year to 31 March 2022 £'000
Group (loss)/profit before tax		**(24)**	14,385	21,653
Adjustments to reconcile Group (loss)/profit before tax to net cash flows				
Finance revenue		**(28)**	(7)	(40)
Finance costs		**2,581**	469	1,794
Depreciation of plant and equipment	11	**805**	644	1,531
Depreciation of right-of-use assets	11	**788**	903	1,593
Amortisation of intangible assets	11	**21,347**	8,679	24,968
Impairment of right-of-use assets	4	**202**	-	-
Loss on disposal of plant and equipment and intangible assets		**193**	7	34
Loss on disposal of businesses	4	**18**	126	330
Fair value adjustment on contingent consideration	4	**483**	90	188
Unrealised (gain)/loss on foreign exchange		**(5,605)**	-	-
Share-based payments	18	**2,727**	3,865	6,171
(Increase)/decrease in inventories		**(1,437)**	14	(27)
Increase/(decrease) in provisions		**544**	(40)	(169)
Decrease/(increase) in receivables	13	**11,749**	8,635	(3,967)
(Decrease)/increase in payables	14	**(19,005)**	(5,299)	2,197
Cash generated from operations		**15,338**	32,471	56,256
Income tax paid		**(4,117)**	(6,682)	(11,610)
Net cash generated from operating activities		**11,221**	25,789	44,646
Cash flows (used in)/from investing activities				
Acquisition of subsidiaries, net of cash acquired		**-**	-	(460,383)
Purchase of plant and equipment	11	**(593)**	(788)	(1,611)
Purchase of software	11	**(50)**	(46)	(120)
Proceeds from disposal of plant and equipment		**56**	2	-
Net outflow from disposal of businesses		**(18)**	(60)	(101)
Interest received		**28**	7	10
Net cash flows (used in)/from investing activities		**(577)**	(885)	(462,205)
Cash flows (used in)/from financing activities				
Finance costs paid		**(2,247)**	(279)	(1,383)
Proceeds from issue of shares		**535**	916	305,997
Purchase of treasury shares	19	**(2,500)**	-	-
Share issue costs		**-**	-	(5,780)
(Refund)/proceeds from share forfeiture		**-**	(5)	(29)
Proceeds from new borrowings (net of arrangement fee)	15	**10,000**	-	155,591
Repayment of borrowings	15	**(13,273)**	-	(30,073)
Repayment of lease liabilities		**(1,075)**	(817)	(1,969)
Dividends paid to equity shareholders	9	**(9,600)**	(6,677)	(6,677)
Net cash flows (used in)/from financing activities		**(18,160)**	(6,862)	415,677
Net increase/(decrease) in cash and cash equivalents		**(7,516)**	18,042	(1,882)
Effect of exchange rates		**897**	322	3,049
Cash and cash equivalents at the beginning of the period		**22,302**	21,135	21,135
Cash and cash equivalents at the end of the period		**15,683**	39,499	22,302

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 2022 were authorised for issue in accordance with a resolution of the directors on 29 November 2022 and are unaudited but have been reviewed by the auditor, Ernst & Young 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 2022 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 2022. The financial information for the preceding year is based on the statutory financial statements for the year ended 31 March 2022. 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 has been conducted through to 31 March 2024 ('going concern period'), reflecting the actual Group results for the first six months of FY23 as well as wider macro-economic changes, including rising inflation, interest rates and risk of global recession

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 (detailed in note 15). 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

The performance in the first half is detailed in the CEO Report. Revenue growth has been impacted by macro-economic uncertainty which has reduced transaction volumes in the Identity businesses, although Location and Fraud have continued to show strong underlying growth. The Group still expects year-end revenues to be in line with expectations.

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

As a global company GBG operates in different countries and therefore is less exposed if particular countries are impacted at different rates. The Group has no operations or active customers or suppliers in Russia, Belarus or Ukraine.

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

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

As expected, the adjusted operating profit margin for the six months declined relative to the comparative period as this was positively impacted by the revenue from the US stimulus project and spike in cryptocurrency trading. This decline was further influenced by the underlying decline in transaction volumes in the identity business during the period which has been reflected in our base case and range of potential downside scenarios. It is expected that the margin will improve in the second half, when revenue is traditionally more heavily weighted.

Cashflow was negatively impacted by higher than expected increases to interest rates (Secured Overnight Financing Rate (SOFR) increased by 2.72%) which has led to higher interest payments on the RCF facility. We have updated our models to reflect the expectation that rates will increase further in FY23 before beginning to reduce during FY24.

The increase in interest costs has increased the benefit of paying down to the RCF facility with free cashflow. In the first half of the year free cashflow is traditionally reduced by the payment of dividends and year-end bonuses, but in FY23 this was further reduced by the purchase of £2.5m of GBG shares for the new EBT. We would expect to repay more of the RCF in the second half of the year than the £3.3m made in the first half, and post period end further repayments of £6.3m have already been made.

In addition to the revenue (and adjusted operating profit) performance, the Group has continued to successfully convert this trading performance into cash. On a rolling 12-month basis, the cash conversion % was 70% at 30 September 2022 compared to 96% at 31 March 2022. Whilst the reported level has declined there were some specific factors influencing this including settlement of pre-acquisition non-recurring liabilities from acquisitions and FX gains which improves EBITDA without having a similar impact on cash. Adjusting for the above would result in an EBITDA to operating cash conversion % of 85%, not accounting for changes in the level of bonus accruals at the half year relative to the amounts paid in respect of the prior period which have further reduced cash conversion. This demonstrates the continued ability of GBG to convert profit into cash..

The RCF facility has a maximum level of £175 million which could be drawn down for working capital purposes if required. As at 30 September 2022, the available undrawn facility was £26.7 million compared to £45.7m at the year-end. The reduction in the headroom is due to the significant change in the USD/GBP exchange rate (as the loan is primarily drawn down in USD) and does not give rise to a concern with regards to liquidity due to the continued cash generation of the Group and the availability of additional financing if required, such as requesting an increase to the RCF limit or new share issue. At the period end the USD/GBP exchange rate was at a near record low and movements in this rate since the period end have materially increased the level of headroom. Management do not consider any reasonably possible changes in exchange rate will have a material impact on the going concern assumption.

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

At 30 September 2022 the Group was in a net current liabilities position of £15.6 million (31 March 2022: net current liabilities of £14.9 million). However, within current liabilities is deferred revenue of £56.4 million (31 March 2022: £57.0 million) which represents a liability to provide a future service rather than a direct cash liability. Whilst there is a cash cost to providing these services (principally related data costs or employee wages) these costs would be lower than the value of the deferred revenue liability, and will unwind over the course of the year rather than being a liability settled on demand. On this basis the net current liabilities position is not considered to be a risk from a going concern perspective.

Under the base case, which reflects the actual Group results for the first six months of FY23 and market consensus on future growth, and a range of potential downside scenarios, the Group continues to have strong liquidity and financial covenant headroom under its debt facilities. These 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 then adjusted to assess what level of decline in revenue against the base model would be required to result in a covenant breach. This shows that it would take a decline of 18% in revenue (31 March 2022: 40%) to result in a breach, which would occur as at 31 March 2024. This is on the assumption that management implemented a reduction in overheads of 20% which is considered possible without causing significant disruption to the business in those circumstances. Whilst this headroom has reduced since the exercise undertaken at the year-end, this is primarily caused by the change in FX rates reducing the headroom on the facility rather than changes to the underlying cashflows.

Based on the Group's five-year revenue CAGR of 22.5% through to 31 March 2022, the current trading performance and through reference to the current forecast and market consensus (market consensus shows 22.8% revenue growth in FY23 and 10.5% in FY24), a decline of anywhere near 18% 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. This includes either not declaring or reducing future final dividend payments, pay and recruitment freezes, not paying bonuses and reductions to the payroll cost base. In addition, the range of mitigating actions detailed in the 2022 Annual Report remain available, albeit these are not 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 the going concern period. 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 2022. A new accounting policy was introduced following the establishment of The GB Group Employee Benefit Trust in May 2022 and the accounting policy in relation to transactions in foreign currencies has been clarified as detailed below. 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.

Employee Benefit Trust (EBT)

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

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

As at 30 September 2022, the EBT held 377,656 shares in the Company.

Transactions and Balances

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

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

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 2022.

In preparing these condensed 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 2022 except as noted below.

Judgements

No judgement has been made in respect of the asset lives of separately identifiable intangible assets since no acquisitions have taken place during the period to 30 September 2022.

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

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

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

The integration of Acuant has continued to progress during the period and the goodwill has been allocated proportionally based on the increase in the cumulative return as a result of the acquisition by CGU using the forecast used for going concern testing purposes. Following this exercise, Acuant has been allocated to the Identity – Americas, Identity - APAC and the Identity - EMEA operating segments on a proportional basis based on groups of CGUs that are expected to benefit from the acquisition.

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

CARRYING AMOUNT OF GOODWILL AND ACQUIRED INTANGIBLE ASSETS ALLOCATED TO CGUs

Revised Name	Name at 31 March 22 (if different)	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000	Restated[1] Audited 31 March 2022 £'000
Location Unit	-	**74,699**	68,583	66,717
N/A (Combined into Location Unit)	Loqate Unit	**-**	7,928	8,012
Location – APAC Unit	N/A (Split from VIX Verify Unit)	**3,225**	-	-
Identity - EMEA Unit	Identity Unit	**144,433**	36,918	36,723
Identity – APAC Unit	VIX Verify Unit	**100,942**	20,904	21,699
Identity – Americas	IDology Unit	**747,216**	215,232	215,194
Fraud - Investigate Unit	Fraud Unit	**7,035**	7,592	7,022
Fraud – APAC Unit	CAFS Unit	**15,868**	15,144	15,863
N/A (Combined into Fraud – Investigate Unit)	Transactis Unit	**-**	657	619
Unallocated				
N/A – Now Allocated	Acuant Unit	**-**	-	582,165
N/A – Now Allocated	Cloudcheck Unit	**-**	-	15,340
		1,093,418	372,958	969,354

[1] For details of the prior year measurement period adjustment refer to note 10.

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 2022, 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 reported in the chief executive's officer's review, the performance of GBG's Identity segment in Americas was below expectations. This was driven by macro factors that reduced demand from cryptocurrency exchange customers and internet-economy customers. While the Board are confident that these influences that have detracted from growth will be short-lived it was deemed appropriate that the carrying value of the goodwill and intangible assets associated with this group of CGUs should be assessed for any potential impairment.

Whilst the macro-economic impacts during this period could represent a potential indicator of impairment for other CGUs, the overall Group has continued to trade strongly throughout this period and therefore it was concluded that whilst some CGUs had been temporarily impacted by the reduction in activity linked to the macro-economic environment, there was insufficient evidence of a significant change in the long term outlook for these CGUs to indicate that a full impairment review was required.

Based upon this review, the Group has concluded that there were only indicators of impairment in relation to the Identity – Americas group of CGUs as at 30 September 2022.

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 group of CGUs and the assumptions used to test for impairment are set out in note 12. As explained in note 12, in the current period, management has determined that there are no reasonably possible changes to key assumptions in the impairment model that would result in the impairment of goodwill.

Estimates

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

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

To date, no further adjustments have been identified to the provisional fair values in respect of the acquisition of Cloudcheck but the values for Acuant have been revised in the six months to 30 September 2022 following the receipt of additional information about facts and circumstances that existed at the acquisition date which adjusted the provisional acquisition date values. The revised fair values of identifiable assets acquired and liabilities assumed at the acquisition date are set out in note 10. The impact of the measurement period adjustments has been applied retrospectively, meaning that the financial position for the year to 31 March 2022 has been restated. There was no impact on the profit and loss for the year to 31 March 2022.

Allowance for impairment losses on credit exposures
The Group applies the IFRS 9 simplified lifetime expected credit loss approach in calculating expected credit losses ('ECL'). Under this method ECL provisions are determined using a combination of historical experience and forward-looking information based on management judgement. In the period to 30 September 2022, management has reviewed the historical rate of bad debts compared to revenue, in the context of the expected credit loss provision against trade receivables. As a result of this assessment, and whilst still taking into account forward-looking information in the light of the current macroeconomic environment, management has determined it appropriate to change the loss rates applied to each bracket of trade receivables. In the period to 30 September 2022, this change of estimate had the effect of reducing the expected credit loss charge by £460,000.

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: information security and the threat of cyber-attacks, the risk of failure to integrate newly acquired businesses and deliver on benefits, the risk of unplanned interruption on critical operations, the threat of competition, people risks associated with the failure to attract and retain top talent, non-compliance with privacy rules and regulations, technology risk and loss, financial risks and third-party risk from a failure to manage a third-party relationships appropriately. These risks and uncertainties facing our business were reported in detail in the 2022 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 Statement.

4. EXCEPTIONAL ITEMS

	Unaudited 6 months to 30 September 2022 £'000	Unaudited 6 months to 30 September 2021 £'000	Audited Year to 31 March 2022 £'000
(a) Acquisition related costs	**254**	274	5,607
(b) Gain on forward contacts linked to acquisitions	**-**	-	(3,053)
(c) Integration costs	**539**	-	422
(d) Costs associated with team member reorganisations	**-**	-	1,063
(e) Foreign exchange movement on contingent consideration	**483**	90	157
(f) Loss on disposal of businesses	**-**	126	330
(g) Write off of cloud-based software	**237**	-	-
Total exceptional costs	**1,513**	490	4,526

(a) Acquisition related costs of £254,000 (2021: £274,000) include legal and professional advisor costs directly attributable to the acquisition of Acuant and the possible offer by GTCR to acquire GBG. In the year to 31 March 2022, the costs related to the acquisitions of Acuant and Cloudcheck, as well as costs which were incurred as part of a potential acquisition.

(b) During the prior year to 31 March 2022, a foreign exchange forward contract was entered into to fix the value at which GBG could convert the GBP proceeds from the equity raise into USD to part fund the Acuant acquisition. On settlement of the forward contract a gain of £3,053,000 was recognised which has been treated as an exceptional item. Due to the size and acquisition related nature of this gain, management considered that it would not reflect the Group's underlying business performance.

(c) 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 and the costs of additional other temporary resources required for the integration. In the period to 30 September 2022, the Group expensed £539,000 (2021: £nil) relating to the integration of Acuant and Cloudcheck, with £202,000 relating to the impairment of a right-of-use asset following the exit of a leased building.

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

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

(e) The contingent consideration liabilities related to IDology and Cloudcheck are denominated in US Dollars and New Zealand dollars respectively. As a result, the liabilities were retranslated at the balance sheet date with a loss of £483,000 (2021: loss of £90,000) being treated as an exceptional item.

(f) 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. The profit recognised on disposal of Employ and Comply was £2,578,000. The loss on disposal of Marketing Services was £1,175,000. In the year to 31 March 2022, additional costs of £330,000 were incurred in relation to the finalisation of the disposal of these businesses.

(g) During the period to 30 September 2022, a write off of cloud-based software of £237,000 has been recognised. A final agenda decision by the IFRS Interpretations Committee clarified that configuration or customisation costs from cloud computing arrangements do not usually meet the definition of intangible assets under IAS 38 Intangible Assets and therefore should not be capitalised. As a result, previously capitalised costs that did not satisfy the clarified recognition criteria were written off.

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. Included within 'Other' was the revenue and profit from the part of the Marketing Services business disposed of in the year to 31 March 2021. Following this disposal, the remaining portion was incorporated within Fraud Operating segment.

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

The measure of performance of those segments that is reported to the Group's Chief Executive Officer is adjusted operating profit, being profits before amortisation of acquired intangibles, equity-settled share-based payments, exceptional items, net finance costs and tax, as shown 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 2022	**Location £'000**	**Identity £'000**	**Fraud £'000**	**Other £'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**
Contribution	**11,990**	**23,338**	**4,142**	**-**	**39,470**
Central overheads					**(18,092)**
Foreign exchange gain/(loss)					**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)**
Income tax expense					**(725)**
Loss for the period					**(749)**

Six months ended 30 September 2021	Location £'000	Identity £'000	Fraud £'000	Other £'000	Unaudited Total £'000
Subscription revenues:					
Consumption-based	8,423	6,586	439	-	**15,448**
Term-based	19,095	1,563	11,770	-	**32,428**
Total subscription revenues	**27,518**	**8,149**	**12,209**	**-**	**47,876**
Consumption	1,982	54,471	670	-	**57,123**
Other	405	1,108	2,604	38	**4,155**
Total revenue	**29,905**	**63,728**	**15,483**	**38**	**109,154**
Contribution	**10,670**	**28,136**	**4,881**	**(214)**	**43,473**
Central overheads					**(15,159)**
Foreign exchange gain/(loss)					**(178)**
Expected credit losses of trade receivables					**(353)**
Adjusted operating profit					**27,783**
Amortisation of acquired intangibles					**(8,581)**
Share-based payments charge					**(3,865)**
Exceptional items					**(490)**
Operating profit					**14,847**
Finance revenue					**7**
Finance costs					**(469)**
Income tax expense					**(3,195)**
Profit for the period					**11,190**

Year ended 31 March 2022	Location £'000	Identity £'000	Fraud £'000	Other £'000	Audited Total £'000
Subscription revenues:					
Consumption-based	18,648	16,271	911	-	**35,830**
Term-based	43,129	9,465	23,871	-	**76,465**
Total subscription revenues	**61,777**	**25,736**	**24,782**	**-**	**112,295**
Consumption	3,877	109,842	1,493	-	**115,212**
Other	675	7,218	7,042	38	**14,973**
Total revenue	**66,329**	**142,796**	**33,317**	**38**	**242,480**
Contribution	24,601	57,030	8,025	(106)	**89,550**
Central overheads					**(30,379)**
Foreign exchange gain/(loss)					**(42)**
Expected credit losses of trade receivables					**(290)**
Adjusted operating profit					**58,839**
Amortisation of acquired intangibles					(24,735)
Share-based payments charge					(6,171)
Exceptional items					(4,526)
Operating profit					**23,407**
Finance revenue					40
Finance costs					(1,794)
Income tax expense					(6,390)
Profit for the year					**15,263**

6. OPERATING PROFIT

This is stated after charging/(crediting):	**Unaudited 6 months to 30 September 2022 £'000**	Unaudited 6 months to 30 September 2021 £'000	Audited Year to 31 March 2022 £'000
Depreciation of property, plant and equipment (note 11)	**805**	644	1,531
Depreciation of right-of-use assets (note 11)	**788**	903	1,593
Expense relating to short term leases	**534**	259	558
Expense relating to low value leases	**4**	1	6
(Profit)/loss on disposal of plant and equipment and intangible assets	**(42)**	7	34
Amortisation of intangible assets (note 11)	**21,347**	8,679	24,968

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

7. 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 2023.

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 2022			Unaudited 6 months to 30 September 2021		
	Profit before Tax £'000	**Income tax charge £'000**	**Impact on effective tax rate % £'000**	Profit before Tax £'000	Income tax charge £'000	Impact on effective tax rate % £'000
Income statement	**(24)**	**725**	**(3,020.8%)**	14,385	3,195	22.2%
Amortisation of acquired intangibles	**21,296**	**5,254**	**3,048.9%**	8,581	1,969	0.3%
Equity-settled share-based payments	**2,727**	**559**	**(0.9%)**	3,865	871	0.0%
Exceptional items	**1,513**	**189**	**(0.8%)**	490	-	(0.4%)
Adjusted effective tax rate	**25,512**	**6,727**	**26.4%**	27,321	6,035	22.1%

The main reason for the increase in the adjusted effective rate of tax is due to higher permanent differences in the US. Under US tax rules, there is a requirement to compute tax on profits of controlled foreign companies as if those companies were US tax resident. From 1 Jan 2022, there was a change in US tax legislation relating to section 174 which effectively increases the taxable profits of entities that are carrying out R&D functions. This impacts the subsidiaries of the Acuant group which has led to an increase in the US tax charge relative to the prior year when Acuant was not part of the group.

8. EARNINGS PER ORDINARY SHARE

	Unaudited 6 months to 30 September 2022		Unaudited 6 months to 30 September 2021		Audited Year to 31 March 2022	
	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)/profit attributable to equity holders of the Company	**(0.3)**	**(0.3)**	5.7	5.6	7.1	6.9

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 2022 No.	Unaudited 30 September 2021 No.	Audited 31 March 2022 No.
Basic weighted average number of shares in issue	**252,065,584**	196,570,487	216,155,932
Basic weighted average number of shares held by EBT	**(224,935)**	-	-
Dilutive effect of share options	**5,546,474**	4,873,340	4,339,614
Diluted weighted average number of shares in issue	**257,387,123**	201,443,827	220,495,546

Adjusted

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

	Unaudited 6 months to 30 September 2022			Unaudited 6 months to 30 September 2021			Audited Year to 31 March 2022		
	£'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	**28,065**	**11.1**	**10.9**	27,783	14.1	13.8	58,839	27.2	26.7
Less net finance costs	**(2,553)**	**(1.0)**	**(1.0)**	(462)	(0.2)	(0.2)	(1,754)	(0.8)	(0.8)
Less adjusted tax	**(6,727)**	**(2.6)**	**(2.6)**	(5,309)	(2.7)	(2.7)	(12,587)	(5.8)	(5.7)
Adjusted earnings	**18,785**	**7.5**	**7.3**	22,012	11.2	10.9	44,498	20.6	20.2

9. DIVIDENDS PAID AND PROPOSED

	Unaudited 6 months to 30 September 2022 £'000	Unaudited 6 months to 30 September 2021 £'000	Audited Year to 31 March 2022 £'000
Declared and paid during the period			
Final dividend for 2022: 3.81p (2021: 3.40p)	**9,600**	6,677	6,677
Proposed for approval at AGM (not recognised as a liability at 31 March)			
Final dividend for 2022: 3.81p (2021: 3.40p)	**-**	-	9,596

10. ACQUISITIONS

There were no new business combinations within the period ended 30 September 2022.

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

No further adjustments were identified to the provisional fair values in respect of the acquisition of Cloudcheck.

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

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

The overall impact of the measurement period adjustments was to increase goodwill by £312,000 to £403,799,000.

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

11. NON-CURRENT ASSETS

	Goodwill £'000	Other intangible assets £'000	Property, plant & equipment £'000	Right-of-use assets £'000
Cost				
At 1 April 2022 – as reported	713,785	343,400	11,698	8,819
Additions – measurement period[1]	315	-	-	-
Disposals – measurement period[1]	-	(183)	-	-
As at 1 April 2022 – as restated	714,100	343,217	11,698	8,819
Additions	-	50	593	186
Disposals	-	(472)	(665)	(623)
Foreign exchange adjustment	105,827	49,124	422	412
At 30 September 2022	**819,927**	**391,919**	**12,048**	**8,794**
Depreciation, impairment and amortisation				
At 1 April 2022	154	87,470	7,097	6,077
Charge for the period	-	21,347	805	788
Impairment	-	-	-	202
Disposals	-	(233)	(655)	(623)
Foreign exchange adjustment	-	9,606	238	234
At 30 September 2022	**154**	**118,190**	**7,485**	**6,678**
Net book value				
At 30 September 2022	**819,773**	**273,729**	**4,563**	**2,116**
At 1 April 2022 – as restated[1]	713,946	255,747	4,601	2,742

[1] For details of the prior year measurement period adjustment refer to note 10.

12. 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 note 2.

As reported in the chief executive's officer's review, the performance of GBG's Identity segment in Americas was below expectations. This was driven by macro factors that reduced demand from cryptocurrency exchange customers and internet-economy customers. While the Board are confident that these influences that have detracted from growth will be short-lived it was deemed appropriate that the carrying value of the goodwill and intangible assets associated with this group of CGUs should be assessed for any potential impairment.

Whilst the macro-economic impacts during this period could represent a potential indicator of impairment for other groups of CGUs, the overall Group has continued to trade strongly throughout this period and therefore it was concluded that whilst some groups of CGUs had been temporarily impacted by the reduction in activity linked to the macro-economic environment, there was insufficient evidence of a significant change in the long term outlook for these groups of CGUs to indicate that a full impairment review was required. Therefore, the Group has concluded that there were only indicators of impairment in relation to the Identity – Americas group of CGUs as at 30 September 2022.

The carrying value of goodwill allocated to the Identity – Americas group of CGUs at 30 September 2022 was £541,020,000.

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 2022 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 (United States) of 2.5%. This was based on the average historic United States GDP growth rate over the last 25 years.

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.

	2022			2021		
	Pre-tax Discount rate	**Revenue Growth rate (2028 to 2032)**	**Growth rate (in perpetuity)**	Pre-tax Discount rate	Revenue Growth rate (2028 to 2032)	Growth rate (in perpetuity)
	%	**%**	**%**	%	%	%
Identity – Americas Unit	**12.3%**	**14.7%**	**2.5%**	12.0%	n/a	2.2%

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, to reflect potential increases in government bond yields and associated risk-free rates;
- Decreasing average annual growth forecasts to between 2028 and 2032 by 200bps, to reflect the potential for a worse than predicted market outlook; and
- Decreasing long term growth rates by 50bps, 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.

It was concluded that the sensitised value in use model does not result in impairment.

The 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:

	2022		2021	
	Base Case[1] £'000	**Sensitised[2] £'000**	Base Case[1] £'000	Sensitised[2] £'000
Identity – Americas Unit	**141,414**	**22,486**	57,487	6,422

[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

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.

	2022			2021		
	Pre-tax Discount Rate	**Decrease in Base Case Cashflows**	**Revenue Growth Rate (2028 to 2032)**	Pre-tax Discount Rate	Decrease in Base Case Cashflows	Revenue Growth Rate (2028 to 2032)
Identity – Americas Unit	**13.9%**	**16.1%**	**9.0%**	18.1%	36.0%	n/a

The Directors do not believe that any reasonably possible changes in the value of the key assumptions noted above would cause the group of CGUs carrying amount to exceed its recoverable amount.

13. TRADE AND OTHER RECEIVABLES

	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000	Restated[2] Audited 31 March 2022 £'000
Trade receivables	**49,374**	39,171	59,557
Allowance for unrecoverable amounts	**(2,067)**	(2,335)	(3,968)
Net trade receivables	**47,307**	36,836	55,589
Prepayments	**8,891**	7,255	10,472
Accrued income	**5,529**	4,760	3,565
	61,727	48,851	69,626

[2] For details of the prior year measurement period adjustment refer to note 10.

14. TRADE AND OTHER PAYABLES

	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000	Restated[3] Audited 31 March 2022 £'000
Trade payables	**10,116**	6,522	10,558
Other taxes and social security costs	**3,206**	3,263	4,785
Accruals	**24,290**	23,402	34,272
	37,612	33,187	49,615

[3] For details of the prior year measurement period adjustment refer to note 10.

15. LOANS

Bank Loans

During the current period the Group drew down an additional £10,000,000 and made repayments of $15,000,000 (£12,273,000) and £1,000,000. The outstanding balance on the loan facility at 30 September 2022 was £148,259,000 (31 March 2021: £129,254,000) representing £9,000,000 in GBP and $155,000,000 in USD.

During the period to 30 September 2021, loan arrangement fees on the previous revolving credit facility were reclassified to prepayments due to the loan value being £nil at 30 September 2021 and the net position was therefore an asset rather than a liability. In the current period and the year to 31 March 2022 loan arrangement fees have been netted off the loan balance.

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

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

	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000	Audited 31 March 2022 £'000
Opening bank loan	**128,226**	-	-
New borrowings	**10,000**	-	156,748
Loan arrangement fee	**-**	-	(1,157)
Repayment of borrowings	**(13,273)**	-	(30,073)
Loan fees paid for extension	**-**	-	-
Amortisation of loan fees	**170**	-	129
Foreign currency translation adjustment	**22,279**	-	2,579
Closing bank loan	**147,402**	-	128,226
Analysed as:			
Amounts falling due within 12 months	**-**	-	-
Amounts falling due after one year	**147,402**	-	128,226
	147,402	-	128,226

	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000	Audited 31 March 2022 £'000
Analysed as:			
Bank loans	**148,259**	-	129,254
Unamortised loan fees	**(857)**	-	(1,028)
	147,402	-	128,226

16. CONTINGENT CONSIDERATION

	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000	Audited 31 March 2022 £'000
Opening	**7,776**	3,662	3,662
Recognition on the acquisition of subsidiary undertakings	**-**	-	3,618
Unwinding of discount	**108**	-	34
Foreign exchange movement	**527**	90	462
Closing	**8,411**	3,752	7,776

Analysed as:			
Amounts falling due within 12 months	**6,521**	3,752	5,856
Amounts falling due after one year	**1,890**	-	1,920
	8,411	3,752	7,776

The opening balance at 1 April 2021 and closing balance at 30 September 2021 represented contingent consideration in respect of the pre-acquisition tax losses within IDology Inc. As and when GBG receives a cash benefit from these losses, either through a reduction in tax payments or through a tax refund, an amount equal to the cash benefit is due to the sellers.

The amount recognised on the acquisition of subsidiary undertakings in the year to 31 March 2022 was in respect of the Cloudcheck acquisition. Since the contingent consideration is payable in stages, it has been discounted to fair value as at the acquisition date and subsequently unwound to profit and loss.

17. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

The objectives, policies and strategies pursued by the Group in relation to financial instruments are described within the 2022 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 2022, 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 £2,989,000 (30 September 2021: £2,288,000) with the fair value 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.

The fair value of the contingent consideration was £8,411,000 (30 September 2021: £3,752,000) with the resulting gain or loss being recognised in the consolidated income statement within operating expenses. The fair value of contingent consideration is estimated having been determined from management's estimates of the range of outcomes to certain future forecasts and their estimated respective likelihoods. The contractual cash flows are therefore based on future trading activity, which is estimated based on latest forecasts.

Refer to note 15 for a breakdown of the movement.

18. 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 2022, the following share options were granted to Executive Directors and team members.

Scheme	Date	No. of options	Exercise price	Fair value
LTIP	1 May 2022 – 1 June 2022	508,692	2.5p	357.0p - 578.0p
Performance Share Plan	8 September 2022	1,739,223	2,5p	400.0p - 631.0p
Restricted Share Plan	8 September 2022	320,603	2.5p	631.0p
SAYE (3 Year)	19 August 2022	593,351	353.0p - 473.0p	115.0p - 160,0p
SAYE (5 Year)	19 August 2022	155,754	353.0p - 473.0p	141.0p - 181.0p

The charge recognised from equity-settled share-based payments in respect of employee services received during the period was £2,727,000 (2021: £3,865,000).

19. TREASURY SHARES

The treasury share reserve represents the cost of the shares in GB Group plc purchased in the open market and held by The GB Group Employee Benefit Trust (EBT) to satisfy existing share options under the Group's long-term incentive plans. During the period, 607,333 shares (2021: nil) were purchased by the EBT at an average price of £4.12 (2021: £nil). 229,677 shares (2021: nil) with an attributable cost of £4.12 (2021: nil) were issued to employees in satisfying share options that were exercised.

	£'000
At 1 April 2022	**-**
Own shares purchased	**2,500**
Shares issued to employees	**(945)**
Balance at 30 September 2022	**1,555**

20. CONTINGENT LIABILITY

The Information Commissioner's Office ('ICO'), the data industry regulator in the UK, announced in November 2018 that it was conducting audits on a number of companies to understand the use of data in their services. GBG was included in this review and has continued to engage and work with the ICO and has made progress against their recommendations to continue to improve its privacy compliance. As at the date of this report, there has been no significant progress to note since Annual Report and Accounts for the year ended 31 March 2022. We will keep the market informed of any material developments.

21. RELATED PARTY TRANSACTIONS

During the period, the Group has not entered into transactions, in the ordinary course of business, with other related parties (2021: £nil).

Compensation of key management personnel (including directors)

	Unaudited 6 months to 30 September 2022 £'000	Unaudited 6 months to 30 September 2021 £'000	Audited Year to 31 March 2022 £'000
Short-term employee benefits	**1,209**	1,622	3,392
Fair value of share options awarded	**2,618**	3,653	2,633
	3,827	5,275	6,025

22. SUBSEQUENT EVENTS

On 18 November 2022, the Group exercised the first of the one-year extension options on the existing revolving credit facility so that the facility is now due to expire in July 2026. A further arrangement fee of £358,000 was payable for this extension.

23. 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:

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

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

	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000	**Growth %**
Reported revenue	**133,816**	109,154	**22.6%**
Pre-acquisition/disposal revenue	**-**	21,861	**(20.5)%**
Post-acquisition unwind of deferred revenue haircut[1] on Acuant	**1,081**	-	**0.8%**
Non-repeating revenue[2]	**-**	(8,771)	**7.4%**
Pro forma revenue	**134,897**	122,244	**10.4%**
Constant currency adjustment	**-**	8,193	**(6.9%)**
Pro forma revenue at constant currency	**134,897**	130,437	**3.4%**

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

Normalised items

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

These include:

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

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

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 2022 £'000	Unaudited 30 September 2021 £'000
Operating profit	**2,529**	14,847
Amortisation of acquired intangibles	**21,296**	8,581
Share-based payment charges	**2,727**	3,865
Exceptional items	**1,513**	490
Adjusted Operating Profit	**28,065**	27,783

Adjusted Operating Profit Margin

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.

	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000
Adjusted Operating Profit	**28,065**	27,783
Depreciation of property, plant and equipment	**805**	644
Depreciation of right-of-use assets	**788**	903
Amortisation of non-acquired intangibles	**51**	98
Adjusted EBITDA	**29,709**	29,428

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.

	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000
Income tax charge	**725**	3,195
Tax impact of amortisation of acquired intangibles	**5,254**	1,311
Tax impact of share-based payments charges	**559**	803
Tax impact of exceptional items	**189**	-
Adjusted Tax	**6,727**	5,309

Adjusted Effective Tax Rate

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

	Unaudited 30 September 2022			Unaudited 30 September 2021		
	Profit before tax £'000	**Income tax charge £'000**	**Effective tax rate %**	Profit before tax £'000	Income tax charge £'000	Effective tax rate %
Reported Effective Tax Rate	**(24)**	**725**	**(3,020.8%)**	14,385	3,195	22.2%
Add back:						
Amortisation of acquired intangibles	**21,296**	**5,254**	**3,048.9%**	8,581	1,969	0.3%
Equity-settled share-based payments	**2,727**	**559**	**(0.9%)**	3,865	871	0.0%
Exceptional items	**1,513**	**189**	**(0.8%)**	490	-	(0.4)%
Adjusted Effective Tax Rate	**25,512**	**6,727**	**26.4%**	27,321	6,035	22.1%

Adjusted Earnings Per Share ('Adjusted EPS')

Adjusted EPS represents adjusted earnings divided by a weighted average number of shares in issue and is disclosed to indicate the underlying profitability of the Group. Adjusted EPS is a measure of underlying earnings per share for the Group. Adjusted earnings represents Adjusted Operating Profit less net finance costs and income tax charges. Refer to note 8 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 2022 £'000	Audited 31 March 2022 £'000
Cash and cash equivalents	**15,683**	22,302
Loans on balance sheet	**147,402**	128,226
Unamortised loan arrangement fees	**857**	1,028
External Loans	**148,259**	129,254
Net (Debt)/Cash	**(132,576)**	(106,952)

Debt Leverage

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

	Unaudited 30 September 2022 £'000	Audited 31 March 2022 £'000
Net (Debt)/Cash	**(132,576)**	(106,952)
Rolling 12 month Adjusted EBITDA	**62,473**	62,196
Debt Leverage	**2.12**	1.72

Cash Conversion %

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

	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000
Cash generated from operations before tax payments (from Consolidated Cash Flow Statement)	**15,338**	32,471
Total exceptional items	**1,513**	490
Accrued cash exceptional items at the start of the period paid in the current period	**1,372**	549
Accrued cash exceptional items at the end of the period	**(411)**	(273)
Non-cash exceptional items	**(720)**	(90)
Cash generated from operations before tax payments and exceptional items paid	**17,092**	33,147
Adjusted EBITDA	**29,709**	29,428
Cash Conversion %	**57.5%**	112.6%

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 2022 £'000	Audited 31 March 2022 £'000
Cash generated from operations before tax payments	**39,123**	56,256
Total exceptional items	**5,549**	4,526
Accrued cash exceptional items at the start of the period paid in the current period	**273**	549
Accrued cash exceptional items at the end of the period	**(411)**	(427)
Non-cash exceptional items	**(1,057)**	(1,372)
Cash generated from operations before tax payments and exceptional items paid	**43,477**	59,532
Adjusted EBITDA	**62,484**	62,196
Rolling Cash Conversion %	**69.6%**	95.7%

Independent Review Report to GB Group plc

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 which comprises Condensed Consolidated Statement of Profit or Loss, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Balance Sheet, Condensed Consolidated Cash Flow Statement and the related explanatory notes 1 to 22. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. 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.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

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 of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management 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 this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
Leeds
29 November 2022