



Embargoed until 7.00 a.m.

8 December 2020

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

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Navigated first half well, supported by shift to digital and good strategic execution

GB Group plc (AIM: GBG), the global identity data intelligence specialist, announces its unaudited results for the six months ended 30 September 2020.

Financial highlights

	2020	(Restated)² 2019	Growth³
Revenue	£103.5m	£94.3m	9.8%
Adjusted operating profit ^{1&2}	£26.8m	£21.6m	24.5%
Adjusted basic earnings per share ^{1&2}	11.8p	9.0p	30.5%
Profit after tax ²	£11.8m	£5.6m	110.3%
Deferred income balance	£36.0m	£32.8m	9.6%
Net assets ²	£358.8m	£338.4m	6.0%
Net (debt) ¹	£(2.7)m	£(53.8)m	n/a
Interim dividend	3.00p	-	n/a

	2020 Organic Revenue	2019 Revenue (CCY)¹	Organic Revenue Growth (CCY)¹
Revenue	£103.5m	£93.8m	10.4%

Chris Clark, CEO, commented:

"Our positive performance in the first six months is testament to the hardworking team at GBG. I am immensely proud of our dedicated team members who have adapted well to new conditions while continuing to support our customers in the opportunities and challenges they face.

We have delivered good results driven by accelerated growth from some of our existing customers as they extend their use of digital services and encouragingly, customer contract renewal rates continue to be in line with prior years. Although we saw the rate of new contracts slowdown in some geographies and sectors, we successfully won new business against our competitors throughout H1.

By managing spend and cash during the period and through our highly cash-generative business model, GBG's net debt position has improved by over £32 million since the start of the financial year. This is a strong endorsement of GBG's business model.

Clearly the broader implications of COVID-19 mean that uncertainty continues to be a dominant trend for all businesses around the world. However, GBG is well positioned as digital acceleration is now even more a necessity for all companies. For the consumer facing businesses we serve, key to their success will be making sure they know who and where their customers are. We will continue to invest organically and through acquisition for additional capabilities to meet these needs and drive long-term growth for GBG."

Notes:

¹ These measures are defined within note 22 to the Interim Accounts.

² Refer to note 2 the Interim Accounts for details of the restatement. The figures as at 31 March 2020 and 31 March 2019 remain as presented in the 2020 Annual Report and Accounts.

³ Growth percentages are calculated by 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.

Operational highlights and outlook

A good first half performance

- Strong Identity and Location performance driven by new and existing customers
- Growth underpinned by a strong performance in the USA from a specific one-off customer project
- Fraud impacted by tough comparatives versus prior year, a slowdown in customer decision making and the on-site nature of implementations during the global pandemic
- Declared interim dividend of 3 pence per share

Enhanced products & data offerings

- Machine learning capabilities extended across Fraud solutions
- Integration of global identity verification solutions to increase international reach for customers
- New datasets including, Argentina, Brazil and UK Mobile

Acquisitions/Investments

- Strong balance sheet, cash generation and access to liquidity will enable acquisitions and partnerships that meet our strategic requirements
- Investment in Credolabs expected to strengthen Fraud capabilities
- Evolving pipeline of potential acquisitions

People

- Focus has been ensuring our team is safe and secure
- Employee engagement scores continue to be high – nearly 90% saying they would recommend GBG as a great place to work
- Have selectively added key hires and new skills across the business

Positive outlook

- GBG re-iterates its guidance for the full year, anticipating revenue to be marginally ahead of last year on an underlying basis
- GBG is carefully managing the business impact of COVID-19 as the situation evolves across different sectors and geographies
- GBG has significant market opportunity supported by accelerating structural growth drivers

- Ends -

For further information, please contact:

GBG

Chris Clark, CEO & Dave Wilson, CFO & COO

01244 657333

Peel Hunt LLP (Nominated Adviser and Broker)

Edward Knight, Paul Gillam & Nick Prowting

020 7418 8900

Tulchan Communications LLP

James Macey White, Matt Low & Tom Blundell

020 7353 4200
GBG@tulchangroup.com

Website

www.gbGPLC.com/investors

Presentation and webcast

GBG management will be hosting an analyst presentation today (8 December 2020) at 09.00 a.m. GMT. To register for the webcast please use the following link:

<https://webcasting.brrmedia.co.uk/broadcast/5fb80bfe3945e074b6f956ef>

Shortly following the presentation, an archived webcast will be available on the Investors' page of the Company's website.

About GBG

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

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

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

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

CHAIRMAN'S STATEMENT

At the start of the COVID-19 pandemic we made two important decisions - to take swift and decisive action to protect our team members and the business, also to continue to execute our growth strategy and make the important investments that will support our future development. The result of these actions is a business that is in good shape.

We have had a strong period for renewals. Growth from existing customers has been encouraging and we have delivered the data, product and technology projects that will maintain our competitive advantage for years to come. We go into the second half with a robust balance sheet following another period of excellent cash generation, which helped to reduce net debt significantly.

Reflecting this strong first half performance and confidence in the outlook, I am pleased to announce that we are resuming dividend payments by declaring an interim dividend of 3 pence per share.

I am particularly pleased to report that our team members remain highly engaged and have continued to provide exceptional service while adapting to new ways of working - no mean feat given the current circumstances and uncertainties.

Financial performance

Revenue and adjusted operating profit are in line with the performance detailed in the pre-close trading update issued on 22 October 2020. Total revenue for the period grew by 9.8% at £103.5 million (2019: £94.3 million) On a constant currency basis, organic revenues increased by 10.4% (2019: 16.8%).

Increased revenue, combined with disciplined cost management and natural cost savings such as travel, resulted in a 24.5% (2019: 119.2%) increase in adjusted operating profit to £26.8 million (2019: £21.6 million). Growth was underpinned by a strong performance in the USA from a specific one-off customer project, which is not expected to continue into the second half of the year.

Profit after tax increased by 110.3% (2019: 94.8%) to £11.8 million (2019: £5.6 million) after taking account of £11.2 million of costs associated with the amortisation of acquired intangibles, share-based payments and exceptional items (2019: £11.9 million). Of these costs, £11.0 million (2019: £11.6 million) were non-cash items.

Our strong trading performance, effective cash management and highly cash-generative business model has seen net debt balances at the half year reduce to £2.7 million (2019: £53.8 million). This includes repayment of borrowings in the period of £27.5 million. Overall, we have seen a £32.3 million improvement in net debt since the start of the financial year and this trend has continued into the current quarter's trading period.

GBG continues to have a high EBITDA to cash conversion ratio. Group operating activities before tax payments generated £44.2 million of cash and cash equivalents (2019: £23.8 million) with an adjusted EBITDA to cash conversion ratio of 154.9% (2019: 103.3%).

Interim Dividend

The Board has declared an interim dividend of 3 pence per share. This is as a result of the prudent steps taken at the start of the pandemic to preserve liquidity, combined with the strong first-half performance and confidence in the outlook for the business. In line with the timetable of previous dividend awards, the payment date will be 21 January 2021. This timing reflects the effects of the Christmas holiday and an appropriate window of time for those shareholders that have elected for DRIP (dividend reinvestment plan) to make their wishes known.

As investors will be aware, GBG has consistently paid a final dividend for the last 17 years. However, due to uncertainties presented by COVID-19 earlier in the year, we suspended declaring and paying a final dividend for FY20. This interim dividend in effect reinstates our progressive dividend policy and whilst we are hopeful that continued progress this year and beyond will enable GBG to maintain future dividends, such decisions, as always, will remain subject to Group performance, cashflow and the economic environment.

As indicated at the time of the trading update in October 2020, we have also released the Executive Directors' bonuses accrued in FY20. I am pleased to report that the Executive Directors have all indicated that they will use much of their bonus award to make market purchases of GBG's shares and participate in the share matching option scheme operated for GBG's Executive Directors.

Achievements and strategic developments

The increasing pace of business digitalisation programmes shows the scale of opportunity for companies who can effectively trade via online channels. To be successful however, they must satisfy consumers and regulators

who rightly expect an online experience that is not only smooth, secure and safe, but that also frustrates those seeking to benefit from the increasing opportunities for financial crime and fraud.

GBG helps businesses meet these demands through focusing on three complementary solution areas: Location, Identity and Fraud. As digitalisation accelerates, we believe that there is increasing customer interest in unifying these capabilities, moving from providing individual products towards holistic solutions for customers' digital operations.

Our market leadership depends on our access to data, the quality of the software technology we layer upon it and the products we package that up in. During the period we made progress in extending machine learning capabilities across our Fraud solutions, enabling greater accuracy to determine fraud probability, resulting in a significant uplift in fraud detection for our customers. Within Identity, we have successfully integrated a number of our global identity verification solutions using international datasets. This has increased the reach for US clients who use our IDology solution and strengthens our document and biometric capabilities for our customers based in Australia and New Zealand. We have also launched our 'Affordability Check' in the UK to help gaming operators protect vulnerable players from gambling beyond their means.

GBG has also continued to invest in evolving our underpinning technology. We have developed our cloud native platform to manage high scale transactional demand and strengthened our user experience (UX) design system. We have also been able to accelerate innovation and delivery by investing in our core Technology Centres of Excellence (in such areas as machine learning, agile practices and UX). These bring together our collective global experience, best practice and intellectual property.

This is all with the objective of ensuring our products are clearly differentiated, constantly available, easy to deploy and delivering real value to our customers.

Acquisitions & Investments

Given the early stage and fragmented nature of the marketplace, inorganic growth continues to play an important part in our strategy. We have a clear track record of successfully identifying, acquiring and integrating complementary businesses.

During the period we made a US\$3.0m investment into Credolabs, taking an 11% stake in an exciting Singapore-based business. Credolabs uses AI (artificial intelligence) to help institutions make lending decisions for applicants without depending on traditional credit bureau data. Having worked in a go-to-market partnership with Credolabs, we are confident that a closer collaboration will enhance GBG's digital on-boarding solution and allow us to serve new fintech and neobank market segments.

We continue to consider acquisitions and partnerships as they arise enabled by our strong balance sheet, high levels of cash generation and access to liquidity.

People

The whole GBG team has worked exceptionally well during the COVID-19 crisis. I want to extend my thanks and that of the Board to all of our talented and enthusiastic team members for their sterling efforts and continued dedication.

We continue to support our people, customers, developments and systems despite the ongoing challenges. Whilst a very limited number of our team members have returned to our offices on a voluntary basis, in countries and jurisdictions where it is safe and permitted to do so, the majority are still working remotely. Our team's well-being is our priority and we have enacted a range of initiatives to support them and their families during this time.

During the period we have continued to recruit selectively whilst maintaining exceptional engagement scores; approximately 90% of our team members would recommend GBG as a great place to work. This is similar to the levels reported six months ago despite the impact of COVID-19 largely falling in this period and reflects the significant efforts of GBG's managers to maintain our team members' motivation and morale.

Regulation

As indicated in previous statements, The Information Commissioner's Office, the data industry regulator in the UK, announced in November 2018 that it was conducting audits on a number of companies, including GBG, to understand the use of data in their services. I am pleased to report that we continue to work collaboratively with the Commissioner's Office as it strives to improve privacy compliance and will keep the market informed of any material developments.

Outlook

Recent developments, notably in the search for a vaccine to COVID-19, are a cause of hope and optimism, but the pace of economic recovery remains uncertain.

For the moment, COVID-19 impacts our customers in different ways depending on their vertical, product solution and geography. Whilst we believe that our market diversification is a source of strength, we remain focused on what is in our control. Therefore, we continue to direct our efforts to providing a safe and effective work environment for our team members, allowing them to complete and deliver projects that will support the roll out of future products and services. These results demonstrate that this approach can maintain financial strength and competitive advantage, even against the backdrop of COVID-19.

To that end and reflecting growing confidence, we will deepen investment in the initiatives required for future growth through reinvesting operational leverage in the second half. We similarly maintain an active and prudent approach to acquisitions, looking to identify opportunities that can accelerate either our technology roadmap or geographical expansion.

Although we approach the near-term with cautious optimism, we can look to the future with confidence. It seems likely that many of those who have become accustomed to the online experience – from grocery shopping to banking – will continue to prioritise digital channels. To win and maintain these customers, businesses must be able to overcome one of the primary challenges of ecommerce: providing a frictionless customer experience without sacrificing security and compliance. This is what GBG does.

On this basis we remain confident in our expectations that Group revenue for the full year will be marginally ahead of FY20 on an underlying basis and that we are well positioned for future growth.

David Rasche
Chairman

Interim Consolidated Statement of Profit or Loss

For the six months ended 30 September 2020

Unaudited

	Note	6 months to 30 September 2020 £'000	Restated ¹ 6 months to 30 September 2019 £'000	Year to 31 March 2020 £'000
Revenue	5	103,545	94,338	199,101
Cost of sales		(30,908)	(26,064)	(54,914)
Gross profit		72,637	68,274	144,187
Operating expenses before amortisation of acquired intangibles, equity-settled share-based payments and exceptional items		(45,801)	(46,719)	(96,242)
Operating profit before amortisation of acquired intangibles, equity- settled share-based payments and exceptional items (Adjusted operating profit)	5	26,836	21,555	47,945
Amortisation of acquired intangibles	10	(9,058)	(9,665)	(19,008)
Equity-settled share-based payments	14	(2,023)	(1,695)	(4,541)
Exceptional items	4	(93)	(510)	(1,552)
Operating profit	5	15,662	9,685	22,844
Finance revenue		7	24	143
Finance costs		(809)	(1,223)	(2,361)
Profit before tax		14,860	8,486	20,626
Income tax charge	6	(3,084)	(2,886)	(3,562)
Profit after tax and for the period attributable to equity holders of the parent		11,776	5,600	17,064
Earnings per share				
- basic earnings per share for the period	7	6.1p	2.9p	8.8p
- diluted earnings per share for the period	7	6.0p	2.9p	8.7p
- adjusted basic earnings per share for the period	7	11.8p	9.0p	21.8p
- adjusted diluted earnings per share for the period	7	11.6p	8.9p	21.4p

¹ See note 2 for details of restatement

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2020

Unaudited

	6 months to 30 September 2020 £'000	Restated ¹ 6 months to 30 September 2019 £'000	Year to 31 March 2020 £'000
Profit after tax and for the period attributable to equity holders of the parent	11,776	5,600	17,064
Other comprehensive income:			
Exchange differences on retranslation of foreign operations (net of tax)*	(3,961)	15,156	6,756
Total comprehensive income for the period attributable to equity holders of the parent	7,815	20,756	23,820

* Upon disposal of a foreign operation, the associated element will be recycled to the Income Statement

¹ See note 2 for details of restatement

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

Unaudited

	Note	Equity share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2019		4,821	261,149	6,575	3	(2,803)	51,277	321,022
Profit for the period (Restated)	2	-	-	-	-	-	5,600	5,600
Other comprehensive income		-	-	-	-	15,156	-	15,156
Total comprehensive income for the period		-	-	-	-	15,156	5,600	20,756
Issue of share capital		25	302	-	-	-	-	327
Share-based payments		-	-	-	-	-	1,695	1,695
Tax on share options		-	-	-	-	-	416	416
Equity dividend		-	-	-	-	-	(5,782)	(5,782)
Balance at 30 September 2019 (Restated)		4,846	261,451	6,575	3	12,353	53,206	338,434
Profit for the period		-	-	-	-	-	11,464	11,464
Other comprehensive expense		-	-	-	-	(8,400)	-	(8,400)
Total comprehensive (expense)/income for the period		-	-	-	-	(8,400)	11,464	3,265
Issue of share capital		9	197	-	-	-	-	206
Share-based payments		-	-	-	-	-	2,846	2,846
Tax on share options		-	-	-	-	-	363	363
Equity dividend		-	-	-	-	-	21	21
Balance at 1 April 2020		4,855	261,648	6,575	3	3,953	67,900	344,934
Profit for the period		-	-	-	-	-	11,776	11,776
Other comprehensive expense		-	-	-	-	(3,961)	-	(3,961)
Total comprehensive (expense)/income for the period		-	-	-	-	(3,961)	11,776	7,815
Issue of share capital	17	24	3,227	-	-	-	-	3,251
Share-based payments	14	-	-	-	-	-	2,023	2,023
Tax on share options		-	-	-	-	-	778	778
Balance at 30 September 2020		4,879	264,875	6,575	3	(8)	82,477	358,801

Interim Consolidated Balance Sheet

As at 30 September 2020

Unaudited

	Note	As at 30 September 2020 £'000	Restated ¹ As at 30 September 2019 £'000	As at 31 March 2020 £'000
ASSETS				
Non-current assets				
Property, plant and equipment	9	4,214	4,594	4,653
Right-of-use assets	9	4,006	5,205	4,767
Intangible assets	10	400,642	431,308	414,505
Investments	11	2,288	-	-
Deferred tax asset		7,231	6,636	6,294
		418,381	447,743	430,219
Current assets				
Inventories		136	263	128
Trade and other receivables	12	51,311	49,302	66,554
Cash and short-term deposits		32,281	23,267	27,499
Current tax		5,363	413	1,803
		89,091	73,245	95,984
TOTAL ASSETS		507,472	520,988	526,203
EQUITY AND LIABILITIES				
Capital and reserves				
Equity share capital	17	4,879	4,846	4,855
Share premium	17	264,875	261,451	261,648
Merger reserve		6,575	6,575	6,575
Capital redemption reserve		3	3	3
Foreign currency translation reserve		(8)	12,353	3,953
Retained earnings		82,477	53,206	67,900
Total equity attributable to equity holders of the parent		358,801	338,434	344,934
Non-current liabilities				
Loans	15	34,736	75,543	62,139
Lease liabilities		2,912	4,142	3,713
Provisions	13	1,161	1,046	1,016
Deferred revenue		651	880	787
Contingent consideration	18	458	-	-
Deferred tax liability		24,622	29,092	27,155
		64,540	110,703	94,810
Current liabilities				
Loans	15	-	1,054	-
Lease liabilities		1,976	1,992	2,012
Trade and other payables		42,626	31,455	40,641
Deferred revenue		35,326	31,933	37,627
Contingent consideration	18	4,203	5,417	6,179
		84,131	71,851	86,459
TOTAL LIABILITIES		148,671	182,554	181,269
TOTAL EQUITY AND LIABILITIES		507,472	520,988	526,203

¹ See note 2 for details of restatement

Interim Consolidated Cash Flow Statement

For the six months ended 30 September 2020

Unaudited

		Restated ¹	
	6 months to	6 months to	Year to
	30 September	30 September	31 March
Note	2020	2019	2020
	£'000	£'000	£'000
Group profit before tax	14,860	8,486	20,626
Adjustments to reconcile Group profit before tax to net cash flows			
Finance revenue	(7)	(24)	(143)
Finance costs	809	1,223	2,361
Depreciation of plant and equipment	9 742	899	1,760
Depreciation of right-of-use assets	9 948	865	1,850
Amortisation of intangible assets	10 9,181	9,722	19,192
Fair value adjustment on contingent consideration	18 571	209	971
Impairment of goodwill	10 79	-	-
Loss on disposal of plant and equipment	-	-	260
Loss on disposal of intangible assets	-	259	-
Share-based payments	14 2,023	1,695	4,541
(Increase)/decrease in inventories	(11)	78	213
Decrease/(increase) in receivables	12,701	5,693	(5,725)
Increase/(decrease) in payables	2,286	(5,261)	2,592
	44,182	23,844	48,498
Cash generated from operations	(8,917)	(4,011)	(6,386)
Income tax paid	35,265	19,833	42,112
Net cash generated from operating activities	35,265	19,833	42,112
Cash flows (used in)/from investing activities			
Acquisition of subsidiaries, net of cash acquired	18 (2,089)	(82)	(86)
Purchase of plant and equipment	9 (243)	(422)	(1,199)
Purchase of software	10 (234)	(29)	(140)
Proceeds from disposal of plant and equipment	-	6	5
Finance revenue	7	24	143
	(2,559)	(503)	(1,277)
Net cash flows used in investing activities	(2,559)	(503)	(1,277)
Cash flows (used in)/from financing activities			
Finance costs paid	(559)	(1,081)	(1,911)
Proceeds from issue of shares	17 963	327	490
Repayment of borrowings	15 (27,500)	(10,400)	(24,914)
Repayment of lease liabilities	(1,143)	(1,051)	(2,043)
Dividends paid to equity shareholders	8 -	(5,782)	(5,761)
	(28,239)	(17,987)	(34,139)
Net cash flows used in financing activities	(28,239)	(17,987)	(34,139)
Net increase in cash and cash equivalents	4,467	1,343	6,696
Effect of exchange rates on cash and cash equivalents	315	735	(386)
Cash and cash equivalents at the beginning of the period	27,499	21,189	21,189
Cash and cash equivalents at the end of the period	32,281	23,267	27,499

¹See note 2 for details of restatement

Notes to the Interim Report

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of GB Group plc ('the Group') for the six months ended 30 September 2020 were authorised for issue in accordance with a resolution of the directors on 8 December 2020. 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 interim condensed consolidated financial statements for the six months ended 30 September 2020 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union.

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

The interim condensed consolidated 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 2020. The financial information for the preceding year is based on the statutory financial statements for the year ended 31 March 2020. 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

In light of the Covid pandemic, an extensive review of the going concern assumption was conducted prior to the approval of the 31 March 2020 Annual Report. This review has been updated for the results for the six months of FY21, results which have been ahead of those forecast during the year-end review in terms of revenue, profit and cash generation.

The actual revenue performance for the six months showed organic growth at constant currency of 10.4%. The going concern model at the year-end was based on a market consensus position of a decline of 10.3% and so the performance in the first half of the year has been significantly ahead of this. Growth was underpinned by a strong performance in the USA from a specific one-off customer project, which is not expected to continue into the second half of the year. In addition to the revenue (and profit) performance GBG has been able to convert this into cash and reduce the net debt level. The cash conversion % for the first half was 154.9% compared to 103.3% in the same period in 2019. The rolling 12-month cash conversion % was 121.5% at 30 September 2020 compared to 95.2% at 31 March 2020 and 94.0% at 30 September 2019. This is also ahead of the assumptions used in the going concern model for the 31 March 2020 year-end.

The base case model has been updated at the half-year for the actuals to 30 September 2020 and the latest forecasts through to 31 March 2022 based on the same underlying growth assumptions as the year-end. This update takes into account the continuing nature of the pandemic, in addition to reflecting the expected payment of an interim dividend in January 2021 of approximately £5.9 million and the 2020 Executive Director bonus of £1.7 million. Under the updated base case and a range of potential downside scenarios, the Group continues to have significant liquidity and financial covenant headroom under its debt facilities.

The model was then adjusted to assess what level of decline in revenue would be required to result in a covenant breach. This shows that it would take a decline of 43% to result in a breach of covenants, which would occur as at 30 September 2021 (in the year-end model it took a decline of 42% to result in a breach as at 30 June 2021).

Based on the current trading performance and through reference to current market consensus, a decline of anywhere near 43% is considered by the Directors to be highly unlikely. If this became even a remote possibility, then certain cash conservation measures in management's control would be implemented well in advance of the breach. This includes either not declaring or reducing future final dividend payments, pay and recruitment freezes, withdrawing bonuses and reductions to the payroll cost base. In addition, the range of mitigating actions detailed in the 2020 Annual Report remain available, albeit these are not within management's control. This includes, for example, accessing the £30 million Accordion facility within the Group's banking agreement, requesting a delay to UK tax payments, raising cash through an equity placing and disposal of part of the business.

In assessing going concern the Directors have also considered the requirement to refinance the Revolving Credit Facility. At present this facility expires in February 2022, although positive discussions have already been held with the syndicate banks about exercising a one-year extension option available within the agreement, which would take it to February 2023. The Group is not able to formally request this extension until 13 December 2020. For the purpose of the going concern assessment the cashflow forecast was extended through to March 2022. This shows that the Group would have sufficient cash to be able to repay the current outstanding balance on the loan facility in February 2022, in the unlikely situation that either an extension or alternative financing was not in place. A persistent revenue decline of over 20% throughout the whole period to February 2022 would need to happen for there to be a risk of non-payment and this is prior to

certain cash conservation mechanisms in management's control, as set out above. On this basis management consider it remote that the repayment of the Revolving Credit Facility could not be made should it be necessary.

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 foreseeable future. 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 interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The following amendment applies for the first time, however it does not have an impact on the interim consolidated financial statements of the Group.

Amendments to IFRS 3: Definition of a business

The amendment to IFRS 3 does not have any impact in the interim financial statements of the Group, however the amendment will be adopted in the accounting policies of the Group for future acquisitions.

Investments

During the 6 month period ended 30 September 2020, the Group invested in shares of a non-connected company, CredoLab Pte Ltd. The investment has been accounted for as a financial instrument on the basis that the Group does not have control, joint control or significant influence over the entity.

Financial assets designated at fair value through other comprehensive income (OCI) (equity instruments)

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

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

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

Prior Period Restatements

Refinement of IFRS 16

Since the September 2019 interim financial statements were produced, the Group refined its assessment of the impact of IFRS 16 'Leases' with the finalised adjustments fully reflected in the March 2020 Annual Report and Accounts. The impact of IFRS 16 on adoption has changed since reported at September 2019 to incorporate a revised valuation of lease assets and liabilities due to an updated assessment on the valuation of lease incentives and dilapidations. The September 2019 figures in these interim accounts have been restated to reflect the phasing of these refinements on the first half results. The figures as at 1 April 2019 and 1 April 2020 remain as presented in the 2020 Annual Report and Accounts.

The impact of the unwinding of refinement of IFRS 16 on the 6-month period income statement is an increase in profit of £73,000, representing a change in depreciation (decrease in charge of £60,000) and interest (decrease in charge of £13,000). Foreign exchange differences through other comprehensive income were a loss of £62,000. There is also an increase in opening retained earnings of £546,000, which represents the difference between the adjustment to opening retained earnings at 1 April 2019 presented at 30 September 2019, compared to that presented in the annual financial statements 31 March 2020.

Measurement period restatement

In the year to 31 March 2019 GBG completed two acquisitions, the measurement periods for which ended during the year to 31 March 2020.

No further adjustments were identified to the provisional fair values in respect of the acquisition of VIX Verify Pty Limited.

In respect of the acquisition of IDology Inc. adjustments to the provisional fair values were made during the measurement period, detailed in the March 2020 Annual Report and Accounts within which the adjustments were fully reflected. The adjustments impacted the position at 31 March 2019, and thus the position at 30 September 2019 which has been restated.

A revaluation of the contingent consideration at 30 September 2019 has resulted in a £209,000 charge to the income statement. This has been recognised in exceptional items (see note 4). The revaluation of the goodwill at 30 September 2019 resulted in a credit of £209,000 which has been recognised through the statement of other comprehensive income. Therefore, the overall impact to equity is nil.

The impact of these prior period restatements is presented below:

30 September 2019

	As previously reported £'000	Measurement period adjustment £000	Unwinding of refinement of IFRS 16 £'000	As restated £'000
Assets				
Property, plant and equipment	4,695	-	(101)	4,594
Right-of-use assets	5,494	-	(289)	5,205
Intangible assets	425,891	5,417	-	431,308
Investments	-	-	-	-
Deferred tax assets	6,454	-	182	6,636
Current assets	73,245	-	-	73,245
Total assets	515,779	5,417	(208)	520,988
Equity				
Share capital and share premium	266,297	-	-	266,297
Other reserves	6,578	-	-	6,578
Foreign retranslation reserve	12,206	209	(62)	12,353
Retained earnings	52,796	(209)	619	53,206
Total equity	337,877	-	557	338,434
Liabilities				
Interest-bearing loans and borrowings	76,597	-	-	76,597
Lease liabilities	6,425	-	(291)	6,134
Trade payables and other liabilities	64,840	-	(572)	64,268
Provisions	1,137	-	(91)	1,046
Contingent consideration	-	5,417	-	5,417
Deferred tax	28,903	-	189	29,092
Total liabilities	177,902	5,417	(765)	182,554

Judgements and 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 2020.

As detailed in note 11, during the current period the Group made an investment in CredoLab Pte Ltd. Management have had to apply judgement to assess the appropriate accounting treatment for this investment.

Under IAS 28 *Investments in Associates and Joint Ventures*: "If an entity holds, directly or indirectly (e.g. through subsidiaries), 20 per cent or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the entity holds, directly or indirectly (e.g. through subsidiaries), less than 20 per cent of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated."

This investment represents approximately 10% of the shareholding in CredoLab. Under the above guidance this would indicate the investment should be accounted for as a financial asset under IFRS 9 Financial Instruments. However, judgement was required to assess whether the board seat held by GBG gave the Group the power to participate in financial and operating policy decisions. On the basis that this seat is held in an observer capacity only and does not provide a vote on board matters, management has determined that the Group does not have significant influence and therefore the investment has been recognised as a financial asset under IFRS 9.

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: Covid-19; failure to comply with regulations and laws; increasing competition and lack of global reach; non-supply by a major supplier; cyber-attack; loss of data systems despite disaster recovery & business continuity plans; inability to meet new product development and scalability challenges; loss of intellectual property; and ineffective succession planning and skills retention. These risks and uncertainties facing our business were reported in detail in the 2020 Annual Report and Accounts and all of them are monitored closely by the Group.

Brexit

The outcome of the UK referendum on EU membership has caused uncertainty in both the political and economic environments in which we operate. Although headquartered in the UK, GBG has an established presence internationally, which comprises over half of our Group revenues. We continue to believe our global infrastructure will assist the Group in its response to the ultimate changes in trading arrangements between the UK and the EU. Our business model means that we are comparatively well-placed to manage the consequences of the result and of its effect on the economic environment. However, there is the potential for our costs to increase, for example, through

any changes required to our systems to reflect new taxes; regulatory risk to increase as a result of any future divergence with the EU regime; and disruption to occur to our suppliers and customers as a result of challenges in their own organisations and supply chains.

At this time, although the outcome of the current Brexit negotiations and post-Brexit arrangements still remains uncertain, we have taken the necessary steps to address those areas that we need to in relation to the Government's guidance of the new rules that will apply from 1 January 2021. We will continue to monitor the situation and manage the practical implications as they occur.

COVID-19 pandemic

The situation with the COVID-19 pandemic is dynamic as businesses globally adjust to the next phases and the implications of a potential vaccine. The impact of COVID-19 pandemic on our customers still varies depending on geography, customer vertical and Group solution. Forecasting the short-term impact of COVID-19 pandemic remains challenging. This is due to the varying nature of lockdowns in our key geographic markets, shifting government stimulus programmes and general economic headwinds presenting difficulties in determining demands for our services. Given experience to date, the Group is confident that the its diverse customer base will continue to be a buffer against any significant revenue impact caused by COVID-19 pandemic.

The Group continues to prioritise the well-being of its team members and supporting its customers. The Group's Board and Executive Team are focused on the addressing the challenges posed by the COVID-19 pandemic by remaining proactive in monitoring the changing landscape of the situation and reacting dynamically to challenges through a range of initiatives.

A further update on the impact of Covid-19 is included within the Chairman's Statement.

4. EXCEPTIONAL ITEMS

	6 months to 30 September 2020 £'000	(Restated) ¹ 6 months to 30 September 2019 £'000	Year to 31 March 2020 £'000
Costs associated with team member reorganisations	105	301	555
Impairment of goodwill	79	-	-
Acquisition related costs	85	-	26
Fair value adjustments to contingent consideration	747	-	829
Recognition of payroll tax credit	(747)	-	-
Foreign exchange movement on contingent consideration	(176)	209	142
	<u>93</u>	<u>510</u>	<u>1,552</u>

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.

During the period to 30 September 2020 £79,000 (2019: £nil) has been recognised as an impairment expense relating to the goodwill in the e-Ware Interactive cash generating unit. The carrying value of the goodwill following the impairment is £nil.

Acquisition related costs of £85,000 (2019: £nil) include legal and professional advisor costs directly attributable to completed and potential acquisitions that were either aborted or are not complete at the date of these financial statements. These costs exclude operating or integration costs relating to an acquired business. In the current year these costs related to the investment in Credolabs. Due to the size and nature of these costs, management consider that they would distort the Group's underlying business performance.

Under the terms of the IDology Inc acquisition the sellers are entitled to the benefit of the tax losses of the business at the date of the acquisition as and when GBG utilises them to reduce cash tax payments. On acquisition GBG recognised a Deferred Tax Asset (DTA) in relation to these losses which were expected to be utilised in future years and so the valuation of the DTA was based on the prevailing federal tax rate of 21%. An equivalent contingent consideration liability reflects that the benefit of this DTA is due to the sellers.

On 27 March 2020 in the United States the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law by President Trump. This Act includes the entitlement for tax losses to now be carried back for up to five years. As the tax rate in the United States in the period 2014-2018 was 35% the value of these losses has increased. GBG has recorded an increase in the value of the DTA related to this new law with the benefit recognised within the income tax charge in the income statement (the DTA was then reclassified to a current tax asset as a cash refund is now available). The increase in the liability to the sellers has been recognised as an exceptional item in the year to 31 March 2020 (£829,000) as it arose outside of the 12 month hindsight period permitted for adjustments to the acquisition accounting.

In the period to 30 September 2020, a previously unrecognised payroll tax credit in the State of Georgia of £747,000 has been recognised, with a corresponding credit being recognised in exceptional items. Previously there was uncertainty over the Group's eligibility to this credit, but this has now been confirmed. As and when the Group receives the benefit of this asset an equivalent amount is due to the sellers

of IDology. On this basis the contingent consideration liability has been increased by £747,000 with a corresponding exceptional item charge.

The contingent consideration liability is based on the US Dollar value of the losses and deferred tax asset. As a result, the liability was retranslated at the balance sheet date with a gain of £176,000 (30 September 2019: loss of £209,000 which is a restatement of the reported comparative as detailed in note 2) being treated as an exceptional item.

¹See note 2 for details of the restatement.

5. SEGMENTAL INFORMATION

The Group's operating segments are internally reported to the Group's Chief Executive Officer as three operating segments: Location, Identity and Fraud. Included within 'Unallocated' is the revenue and profit of the marketing services business, as well as group operating costs such as compliance, finance, legal, people team, information security, directors' remuneration and PLC costs. Group operating costs were £6.0 million in the 6 months to 30 September 2020 (2019: £5.6 million).

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.

The amendments to the presentation of the segmental information for the year ended 31 March 2020 and the six months ended 30 September 2019 is due to the evolution in the go-to-market strategy of the Datacare part of the business, and the subsequent change in how this is reported internally. Previously Datacare was included within the Unallocated segment whereas it is now presented in Location. The values that have been represented in the six months to 30 September 2019 are as follows: revenue £1.0m, adjusted operating profit £0.1m and the values that have been represented in the year to 31 March 2020 are as follows: revenue £1.7m, adjusted operating profit £0.4m.

	Fraud	Identity	Location	Unallocated	Total
	£'000	£'000	£'000	£'000	6 months to 30 September 2020 £'000
Six months ended 30 September 2020					
Licence	11,291	3,247	14,156	-	28,694
Transactional	-	60,699	8,742	-	69,441
Services	985	586	2,305	1,534	5,410
Total revenue	<u>12,276</u>	<u>64,532</u>	<u>25,203</u>	<u>1,534</u>	103,545
Adjusted operating profit	2,221	23,322	7,781	(6,488)	26,836
Amortisation of acquired intangibles	(230)	(6,709)	(1,938)	(181)	(9,058)
Share-based payments charge	-	-	-	(2,023)	(2,023)
Exceptional items	-	-	-	(93)	(93)
Operating profit	<u>1,991</u>	<u>16,613</u>	<u>5,843</u>	<u>(8,785)</u>	15,662
Finance revenue				7	7
Finance costs				(809)	(809)
Income tax expense				(3,084)	(3,084)
Profit for the period					11,776

	Fraud	Identity	(Represented) Location	(Represented) Unallocated	(Restated) ¹ Total 6 months to 30 September 2019 £'000
Six months ended 30 September 2019	£'000	£'000	£'000	£'000	£'000
Licence	15,927	3,669	13,689	-	33,285
Transactional	-	45,552	8,408	-	53,960
Services	895	1,972	1,159	3,067	7,093
Total revenue	16,822	51,193	23,256	3,067	94,338
Adjusted operating profit	5,403	15,780	6,627	(6,255)	21,555
Amortisation of acquired intangibles	(260)	(7,214)	(2,010)	(181)	(9,665)
Share-based payments charge	-	-	-	(1,695)	(1,695)
Exceptional items	-	-	-	(510)	(510)
Operating profit	5,143	8,566	4,617	(8,641)	9,685
Finance revenue				24	24
Finance costs				(1,223)	(1,223)
Income tax expense				(2,886)	(2,886)
Profit for the period					5,600

¹ See note 2 for details of the restatement

	Fraud	Identity	(Represented) Location	(Represented) Unallocated	31 March 2020 Total £'000
Year ended 31 March 2020	£'000	£'000	£'000	£'000	£'000
Licence	33,563	7,135	30,845	-	71,543
Transactional	-	95,489	16,590	-	112,079
Services	1,943	2,784	4,045	6,707	15,479
Total revenue	35,506	105,408	51,480	6,707	199,101
Adjusted operating profit	13,444	33,626	14,949	(14,074)	47,945
Amortisation of acquired intangibles	(477)	(14,171)	(3,999)	(361)	(19,008)
Share-based payments charge	-	-	-	(4,541)	(4,541)
Exceptional items	-	-	-	(1,552)	(1,552)
Operating profit	12,967	19,455	10,950	(20,528)	22,844
Finance revenue				143	143
Finance costs				(2,361)	(2,361)
Income tax expense				(3,562)	(3,562)
Profit for the year					17,064

6. 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 2021.

The table below shows the impact on the effective rate of tax of significant non-cash tax transactions:

	6 months to 30 September 2020			(Restated) ¹ 6 months to 30 September 2019		
	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	14,860	3,084	21%	8,486	2,886	34%
Adjustments:						
Amortisation of acquired intangibles	9,058	1,647	(2%)	9,665	1,861	(8%)
Prior year adjustments	-	138	1%	-	(382)	(2%)
	<u>23,918</u>	<u>4,869</u>	<u>20%</u>	<u>18,151</u>	<u>4,365</u>	<u>24%</u>

After adjustment for these non-cash tax transactions, the reason for the decrease in the effective rate of tax is due to the weighting of profits generated in higher rate overseas entities in 2019.

¹See note 2 for details of the restatement.

7. EARNINGS PER ORDINARY SHARE

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. Please refer to note 2 for details of the prior period restatement.

	6 months to 30 September 2020		(Restated) ¹ 6 months to 30 September 2019		Year to 31 March 2020	
	£'000	Pence per share	£'000	Pence per share	£'000	Pence per share
Profit attributable to equity holders of the Company	<u>11,776</u>	<u>6.1</u>	<u>5,600</u>	<u>2.9</u>	<u>17,064</u>	<u>8.8</u>

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.

	30 September 2020 No.	30 September 2019 No.	31 March 2020 No.
Basic weighted average number of shares in issue	<u>194,523,778</u>	193,190,284	193,630,621
Dilutive effect of share options	<u>3,157,853</u>	2,816,694	3,144,641
Diluted weighted average number of shares in issue	<u>197,681,631</u>	<u>196,006,978</u>	<u>196,775,262</u>

	6 months to 30 September 2020		(Restated) 6 months to 30 September 2019		Year to 31 March 2020	
	£'000	Pence per share	£'000	Pence per share	£'000	Pence per share
Profit attributable to equity holders of the Company	<u>11,776</u>	<u>6.0</u>	<u>5,600</u>	<u>2.9</u>	<u>17,064</u>	<u>8.7</u>

Adjusted

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

	6 months to 30 September 2020			(Restated) 6 months to 30 September 2019			Year to 31 March 2020		
	£'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	<u>26,836</u>	<u>13.8</u>	<u>13.6</u>	21,555	11.1	11.0	47,945	24.8	24.4
Less net finance costs	<u>(802)</u>	<u>(0.4)</u>	<u>(0.4)</u>	(1,199)	(0.6)	(0.6)	(2,218)	(1.1)	(1.1)
Less tax	<u>(3,084)</u>	<u>(1.6)</u>	<u>(1.6)</u>	(2,886)	(1.5)	(1.5)	(3,562)	(1.9)	(1.9)
Adjusted earnings	<u>22,950</u>	<u>11.8</u>	<u>11.6</u>	<u>17,470</u>	<u>9.0</u>	<u>8.9</u>	<u>42,165</u>	<u>21.8</u>	<u>21.4</u>

¹ See note 2 for details of the restatement.

8. DIVIDENDS PAID AND PROPOSED

	6 months to 30 September 2020 £'000	6 months to 30 September 2019 £'000	Year to 31 March 2020 £'000
<i>Declared and paid during the period</i>			
Final dividend for 2020: nil per share (2019 paid in 2020: 2.99p per share)	-	5,782	5,782
<i>Proposed for approval at AGM (not recognised as a liability at 31 March)</i>			
Final dividend for 2020: nil per share	-	-	-
<i>Interim dividend (not recognised as a liability at 30 September)</i>			
Interim dividend for 2020/21: 3.00p per share	5,855	-	-

The interim dividend of 3.00p per share will be paid on 21 January 2021 to shareholders on the register at the close of business on 18 December 2020. The value in the table above is based on the number of shareholders at 30 September 2020.

9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

Property, Plant and Equipment

	30 September 2020 £'000	(Restated) ¹ 30 September 2019 £'000
Opening net book value at 1 April	4,653	4,815
Additions	243	742
Disposals	-	(6)
Depreciation	(742)	(899)
Foreign exchange movement	60	(58)
Closing net book value at 30 September	4,214	4,594

Right of Use Assets

	30 September 2020 £'000	(Restated) ¹ 30 September 2019 £'000
Opening net book value at 1 April	4,767	5,166
Additions	45	864
Disposals	-	-
Depreciation	(948)	(865)
Foreign exchange movement	142	40
Closing net book value at 30 September	4,006	5,205

¹See note 2 for details of the restatement. The figures as at 31 March 2019 and 31 March 2020 remain as presented in the 2020 Annual Report and Accounts, but are restated in comparison to the 30 September 2019 Interim Accounts.

10. INTANGIBLE ASSETS

	Customer relationships £'000	Software technology £'000	Non-complete clauses £'000	Total acquired intangibles £'000	Goodwill £'000	Purchased software £'000	Internally developed software £'000	Total £'000
Cost								
At 1 April 2019 – restated ¹	118,060	32,648	5,378	156,086	298,032	2,253	1,771	458,142
Foreign currency adjustment	4,125	-	1,288	5,413	10,534	10	-	15,957
Additions – purchased software	-	-	-	-	-	29	-	29
Disposals	-	-	-	-	-	(259)	-	(259)
At 30 September 2019 – restated ¹	<u>122,185</u>	<u>32,648</u>	<u>6,666</u>	<u>161,499</u>	<u>308,566</u>	<u>2,033</u>	<u>1,771</u>	<u>473,869</u>
Foreign currency adjustment	(2,050)	527	(1,094)	(2,617)	(5,304)	(9)	-	(7,930)
Additions – purchased software	-	-	-	-	-	154	-	154
Disposals	-	-	(695)	(695)	-	-	(559)	(1,254)
At 31 March 2020	<u>120,135</u>	<u>33,175</u>	<u>4,877</u>	<u>158,187</u>	<u>303,262</u>	<u>2,178</u>	<u>1,212</u>	<u>464,839</u>
Foreign currency adjustment	(1,209)	(315)	(157)	(1,681)	(3,101)	(1)	-	(4,783)
Additions – purchased software	-	-	-	-	-	234	-	234
At 30 September 2020	<u>118,926</u>	<u>32,860</u>	<u>4,720</u>	<u>156,506</u>	<u>300,161</u>	<u>2,411</u>	<u>1,212</u>	<u>460,290</u>
Amortisation and impairment								
At 1 April 2019	16,670	11,391	1,048	29,109	-	1,638	1,749	32,496
Foreign currency adjustment	470	(171)	37	336	-	7	-	343
Amortisation during the year	6,080	3,057	528	9,665	-	49	8	9,722
Disposals	-	-	-	-	-	-	-	-
At 30 September 2019	<u>23,220</u>	<u>14,277</u>	<u>1,613</u>	<u>39,110</u>	<u>-</u>	<u>1,694</u>	<u>1,757</u>	<u>42,561</u>
Foreign currency adjustment	(547)	127	(18)	(438)	-	(5)	-	(443)
Amortisation during the year	6,151	2,667	525	9,343	-	113	14	9,470
Disposals	-	-	(695)	(695)	-	-	(559)	(1,254)
At 31 March 2020	<u>28,824</u>	<u>17,071</u>	<u>1,425</u>	<u>47,320</u>	<u>-</u>	<u>1,802</u>	<u>1,212</u>	<u>50,334</u>
Foreign currency adjustment	(53)	142	(33)	56	-	(2)	-	54
Amortisation during the year	5,969	2,635	454	9,058	-	123	-	9,181
Impairment	-	-	-	-	79	-	-	79
At 30 September 2020	<u>34,740</u>	<u>19,848</u>	<u>1,846</u>	<u>56,434</u>	<u>79</u>	<u>1,923</u>	<u>1,212</u>	<u>59,648</u>
Net book value								
At 30 September 2020	<u>84,186</u>	<u>13,012</u>	<u>2,874</u>	<u>100,072</u>	<u>300,082</u>	<u>488</u>	<u>-</u>	<u>400,642</u>
At 31 March 2020	<u>91,311</u>	<u>16,104</u>	<u>3,452</u>	<u>110,867</u>	<u>303,262</u>	<u>376</u>	<u>-</u>	<u>414,505</u>
At 30 September 2019 – restated ¹	<u>98,965</u>	<u>18,371</u>	<u>5,053</u>	<u>122,389</u>	<u>308,566</u>	<u>339</u>	<u>14</u>	<u>431,308</u>

10. INTANGIBLE ASSETS (continued)

Goodwill arose on the acquisition of GB Mailing Systems Limited, e-Ware Interactive Limited, Data Discoveries Holdings Limited, Advanced Checking Services Limited, Capscan Parent Limited, TMG.tv Limited, CRD (UK) Limited, DecTech Solutions Pty Ltd, CDMS Limited, Loqate Inc., ID Scan Biometrics Limited, Postcode Anywhere (Holdings) Limited, VIX Verify Global Pty Limited and IDology Inc. Under IFRS, goodwill is not amortised and is tested annually for impairment.

The impairment of goodwill relates to the e-Ware Interactive CGU. As detailed in the 2020 Annual Report, the remaining value in use was based on a single remaining customer from that acquisition. During the current period this customer cancelled their contract and as a result the full amount of goodwill was impaired.

¹ See note 2 for details of the restatement. The figures as at 31 March 2019 and 31 March 2020 remain as presented in the 2020 Annual Report and Accounts, but are restated in comparison to the 30 September 2019 Interim Accounts.

11. INVESTMENTS

	6 months to 30 September 2020 £'000	6 months to 30 September 2019 £'000	Year to 31 March 2020 £'000
Opening	-	411	-
Additions	2,288	-	-
Disposals	-	(411)	-
Closing	2,288	-	-

During the period ended 30 September 2020 an investment was made into CredoLab Pte Ltd by the Group and on initial recognition, the group has elected to designate the equity instrument at fair value through OCI.

12. TRADE AND OTHER DEBTORS

Included within trade and other debtors is an amount of £458,000 (2019: £Nil) that is expected to be received in greater than twelve months from the balance sheet date.

13 PROVISIONS

	6 months to 30 September 2020 £'000	(Restated) ¹ 6 months to 30 September 2019 £'000	Year to 31 March 2020 £'000
Long service award	646	572	551
Dilapidation provisions	515	474	465
	1,161	1,046	1,016
Analysed as:			
Amounts falling due within 12 months	-	-	-
Amounts falling due after one year	1,161	1,046	1,016
	1,161	1,046	1,016

The dilapidations provision relates to the estimated cost of restoration work required upon termination of leasehold property agreements.

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

¹ See note 2 for details of the restatement.

14. 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 2020, the following share options were granted to executive directors and team members.

Scheme	Date	No. of options	Exercise price	Fair value
LTIP	16 July – 25 Sept 2020	818,065	2.5p	552.0p -683.0p
SAYE (3 Year)	25 Aug – 4 Sept 2020	508,098	538.0p-739.0p	718.0p-722.0p
SAYE (5 Year)	25 Aug – 4 Sept 2020	158,051	538.0p-739.0p	718.0p-722.0p

The charge recognised from equity-settled share-based payments in respect of employee services received during the period was £2,023,000 (2019: £1,695,000).

15. LOANS

In February 2019, the Group refinanced its existing revolving facility and the total committed facility was increased to £110,000,000 with a further £30,000,000 uncommitted accordion option. The facility expires in February 2022. During the period, repayments totalling £27,500,000 were made in relation to this loan. The outstanding balance on this facility at 30 September 2020 was £35,000,000 (31 March 2020: £62,500,000).

This debt bears an initial interest rate of LIBOR + 1.50%. This interest rate is subject to an increase of 0.25% should the business exceed certain leverage conditions.

	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Opening bank loan	62,139	86,888	86,888
Repayment of borrowings	(27,500)	(10,400)	(24,914)
Unwinding of loan amortisation fee	97	96	192
Foreign currency translation adjustment	-	13	(27)
Closing bank loan	<u>34,736</u>	<u>76,597</u>	<u>62,139</u>
Analysed as:			
Amounts falling due within 12 months	-	1,054	-
Amounts falling due after one year	<u>34,736</u>	<u>75,543</u>	<u>62,139</u>
	<u>34,736</u>	<u>76,597</u>	<u>62,139</u>

Included within the closing bank loan balance above is £264,000 of unamortised loan arrangement fees (2019: £457,000). This amount is not included in the definition of net debt.

16. RELATED PARTY TRANSACTIONS

During the period, the Group has not entered into transactions, in the ordinary course of business, with other related parties (2019: £nil).

Compensation of key management personnel (including directors)

	6 months to 30 September 2020 £'000	6 months to 30 September 2019 £'000	Year to 31 March 2020 £'000
Short-term employee benefits	1,064	1,138	2,962
Post-employment benefits	81	37	74
Fair value of share options awarded	<u>3,324</u>	<u>2,416</u>	<u>2,416</u>
	<u>4,469</u>	<u>3,591</u>	<u>5,452</u>

17. EQUITY SHARE CAPITAL

During the period 967,170 (2019: 1,002,431) ordinary shares with a nominal value of 2.5p were issued for an aggregate cash consideration of £963,000, and an investment in shares of £2,288,000 (2019: £327,009).

	30 September	30 September	31 March
	2020	2019	2020
	£'000	£'000	£'000
Issued			
Allotted, called up and fully paid	4,879	4,846	4,855
Share premium	264,875	261,451	261,648
	<u>269,754</u>	<u>266,297</u>	<u>266,503</u>

18. CONTINGENT CONSIDERATION

	30 September	(Restated) ¹ 30 September	31 March
	2020	2019	2020
	£'000	£'000	£'000
Opening – as reported	6,179	79	5,287
Measurement period adjustment ¹	-	5,208	-
Opening - as restated	6,179	5,287	5,287
Recognition on the acquisition of subsidiary undertakings	747	-	829
Foreign exchange movement ¹	(176)	209	149
Settlement of consideration	(2,089)	(79)	(86)
Closing	<u>4,661</u>	<u>5,417</u>	<u>6,179</u>
Analysed as:			
Amounts falling due within 12 months	4,203	5,417	6,179
Amounts falling due after one year	458	-	-
	<u>4,661</u>	<u>5,417</u>	<u>6,179</u>

Contingent consideration is in respect of the IDology acquisition.

¹See note 2 for details of the restatement.

19. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

The objectives, policies and strategies pursued by the Group in relation to financial instruments are described within the 2020 Annual Report. Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group:

	30 September 2020			(Restated) ¹ 30 September 2019			31 March 2020		
	Loans and receivables	Fair Value through OCI	Fair value profit or loss	Loans and receivables	Fair value through OCI	Fair value profit or Loss - <i>restated</i>	Loans and receivables	Fair value through OCI	Fair value profit or loss
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£000	£'000
Financial assets:									
Non-listed equity investment	-	2,288	-	-	-	-	-	-	-
Trade and other receivables	38,456	-	-	38,433	-	-	52,496	-	-
Total current	38,456	2,288	-	38,433	-	-	52,496	-	-
Total financial assets	38,456	2,288	-	38,433	-	-	52,496	-	-
Financial liabilities:									
Lease liabilities	2,912	-	-	4,142	-	-	3,713	-	-
Contingent consideration	-	-	458	-	-	-	-	-	-
Loans	34,736	-	-	75,543	-	-	62,139	-	-
Total non-current	37,648	-	458	79,685	-	-	65,852	-	-
Trade and other payables	42,626	-	-	31,455	-	-	40,641	-	-
Lease liabilities	1,976	-	-	1,992	-	-	2,012	-	-
Loans	-	-	-	1,054	-	-	-	-	-
Contingent consideration	-	-	4,203	-	-	5,417	-	-	6,179
Total current	44,602	-	4,203	34,501	-	5,417	42,653	-	6,179
Total financial liabilities	82,250	-	4,661	114,186	-	5,417	108,505	-	6,179

Contingent consideration

The fair value of contingent consideration is the present value of expected future cash flows based on latest forecasts of future performance.

	(Restated)		
	30 September 2020	30 September 2019	31 March 2020
	£'000	£'000	£'000
Fair value within current liabilities:			
Contingent consideration	4,661	5,417	6,179

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. Contingent consideration is under level 3 in this hierarchy meaning inputs for the asset or liability that are not based on observable market data (unobservable inputs).

¹Please see note 2 for detail on the restatement of the contingent consideration in the period to 30 September 2019.

Financial assets

Trade and other receivables exclude the value of any prepayments or accrued income. Trade and other payables exclude the value of deferred revenue (£36.0 million at 30 September 2020). 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.

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

19. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT (continued)

Financial liabilities

The Group has a 3 year revolving credit facility agreement expiring in February 2022. The facility is subject to a limit of £110,000,000 and bears an initial interest rate of LIBOR +1.50%.

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

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

- Leverage – consolidated net borrowings (outstanding loans plus lease liability less current cash balance) as a multiple of adjusted consolidated EBITDA for the last 12 months, assessed quarterly in arrears, must not exceed 3.00:1.00
- Interest cover - adjusted consolidated EBITDA as a multiple of consolidated net finance charges, for the last 12 months, assessed quarterly in arrears, must not fall below 4.00:1.00

At 30 September 2020, 31 March 2020 and 30 September 2019 the Group was not in breach of any bank covenants.

20. CONTINGENT LIABILITY

The Information Commissioner's Office, the data industry regulator in the UK, announced in November 2018 that it was conducting audits on a number of companies to understand the use of data in their services. GBG was included in this review and is working with the Commissioner to continue to improve its privacy compliance. We will keep the market informed of any material developments.

21. SUBSEQUENT EVENTS

On the 30 November 2020 the Company repaid £15.0m of the outstanding revolving credit facility liability.

22. ALTERNATIVE PERFORMANCE MEASURES

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

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

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

Organic Growth

Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions which are included only after the first anniversary following their purchase.

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-Sterling revenue. This therefore eliminates the impact of fluctuations in exchange rates on underlying performance.

	30 September 2020 £'000	30 September 2019 £'000	Growth %
Group revenue	103,545	94,338	9.8%
Organic revenue	103,545	94,338	9.8%
Constant currency adjustment	-	(537)	0.6%
Organic revenue at constant currency	103,545	93,801	10.4%

Adjusted Operating Profit

Adjusted operating profit means operating profit before amortisation of acquired intangibles, share-based payment charges and exceptional items.

	2020	(Restated) ¹ 2019
	£'000	£'000
Operating profit	15,662	9,685
Amortisation of acquired intangibles	9,058	9,665
Share-based payment charges	2,023	1,695
Exceptional items	93	510
Adjusted Operating Profit	26,836	21,555

Adjusted EBITDA

Adjusted EBITDA means Adjusted Operating Profit before depreciation and amortisation of non-acquired intangibles.

	2020	(Restated) ¹ 2019
	£'000	£'000
Adjusted Operating Profit	26,836	21,555
Depreciation of property, plant and equipment	742	899
Depreciation of right-of-use assets	948	865
Amortisation of non-acquired intangibles	123	57
Adjusted EBITDA	28,649	23,376

Adjusted Earnings

Adjusted earnings represent Adjusted Operating Profit less net finance costs and income tax charges. Refer to note 7 for calculation.

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. Refer to note 7 for calculation.

Earnings per Share growth

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

Net Debt/Cash

This is calculated as cash and cash equivalent balances less outstanding external loans. Unamortised loan arrangement fees are netted against the loan balance in the financial statements but are excluded from the calculation of net cash/debt. Lease liabilities are not included in the calculation of net debt.

	2020	2019
	£'000	£'000
Cash and cash equivalents	32,281	23,267
Loans on balance sheet	34,736	76,597
Unamortised loan arrangement fees	264	457
External Loans	35,000	77,054
Net Debt	(2,719)	(53,787)

Cash Conversion %

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

	2020	(Restated) ¹ 2019
	£'000	£'000
Cash generated from operations before tax payments (from Consolidated Cash Flow Statement)	44,182	23,844
Total exceptional items	93	510
Non-cash exceptional items	97	(209)
Cash generated from operations before tax payments and exceptional items paid	44,372	24,145
Adjusted EBITDA	28,649	23,376
Cash Conversion %	154.9%	103.3%

¹ See note 2 for details of the restatement.

Independent Review Report to GB Group plc

Introduction

We have been engaged by the company to review the condensed set of consolidated financial statements in the half-yearly financial report for the 6 months ended 30 September 2020 which comprises Interim Consolidated Statement of Profit or Loss, Interim Consolidated Statement of Comprehensive Income, Interim Consolidated Statement of Changes in Equity, Interim Consolidated Balance Sheet, Interim Consolidated Cash Flow Statement and the related explanatory notes 1 to 21. 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 consolidated financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. 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.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with International Accounting Standards 34, "Interim Financial Reporting," as adopted by the European Union.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRS as adopted by the European Union. The condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting," as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the 6 months ended 30 September 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Ernst & Young LLP
Liverpool
8 December 2020

The maintenance and integrity of the GB Group plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial information since it was initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.