

GBG



ANNUAL REPORT AND ACCOUNTS 2020

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GB Group Plc
Company Number - 2415211

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OVERVIEW

GBG is a Global Leader in Identity Data Intelligence

Our solutions help organisations quickly validate and verify the identities and locations of their customers.

Our products combine an unparalleled breadth of data from over 150 global partners with GBG's market-leading technology, used by some of the best-known organisations around the world - from US e-commerce giants, to Asia's biggest banks and European household brands.

Our innovative technology can verify the identities of people globally, helping organisations to improve digital access and create fast, secure and seamless customer experiences that build trust.

Highlights

Financial highlights

Revenue

£199.1m

(2019: £143.5m)

Adjusted operating profit

£47.9m

(2019: £32.0m)

Adjusted earnings per share

21.8p

(2019: 18.2p)

Adjusted operating margin

24.1%

(2019: 22.3%)

Strategic and Operational Highlights

Strong revenue and profit performance:

- Good growth from all geographies and GBG's three core solutions (Location, Identity and Fraud)
- International revenues now 56% of the business
- IDology is performing well and delivering on acquisition objectives

Continued investment in data, products and technology:

- Increasing breadth and depth of data in chosen markets
- Enhancement of product portfolio through internal development and partnerships
- Enhanced our capabilities in artificial intelligence, multi-modal authentication and validation methods
- Significant progress in the shift to a globally capable, cloud-based operational model

Covid-19: early and decisive action:

- Focused on protecting team members, supporting our customers and positioning for the future
- Prompt actions taken early to maintain our organisational capacity whilst reducing discretionary spending
- Assisted by a strong balance sheet with available bank draw down facilities, good liquidity and a high proportion of annual recurring licence revenue

Our Vision

To be the leader in identity data intelligence.

1,000+

team members in
16 countries

20,000

customers across
over 70 countries

245+

countries and
territories with address
validation capabilities

INVESTMENT CASE

With over 30 years market experience and a truly innovative and global offering, we help our customers succeed in the digital economy. GBG's market leading data, technology and talent helps our clients onboard customers, protects them from fraud and helps them comply with regulations by establishing trust.

The Best Data

Our market leading data partnerships differentiate us and build a barrier to entry for others. GBG maintains the highest standards of data integrity and demands the same of its data and data solution partners.

We apply the insights gained from our client relationships to develop products that make the most of this data. With access to more than 150 global partners, we have breadth, depth and scope that means we can offer our customers unique access to the most accurate data. We help our customers to make more intelligent decisions by combining multiple sources to enrich and enhance their internal data. In turn, this enables them to increase their revenues and improve operational efficiency.

Our commercial data team is focussed on building global scale by researching and contracting new data sources and partners. They work closely with our global product and technology teams to make sure we continue to be data agnostic – providing the most relevant blend of data sources, languages and locations to meet customer demands.

The Best Technology

Excellence in technology continues to be the bedrock that our reputation is built upon.

Our global team of technologists comprise over a third of our total workforce. Its focus is to enable and underpin a seamless customer experience, as well as meeting the ever-increasing demands of scale and reliability.

We have invested in enhancing our leadership capabilities in our three key solution areas of Location, Identity and Fraud. This has brought new skills and perspectives to the business and fresh thinking to our research and innovation across our products and platforms.

We continue to enhance our capabilities in artificial intelligence, voice channels and our biometric capability, within our products and across the group. We have also continued experimenting with new concepts, combining the best ideas from the markets we operate in.

Our global footprint means we support some of the largest B2C organisations around the world and the considerable scale and volume that accompanies them. Our products are consumed as software-as-a-service and can also be embedded into our customers' on premise or cloud solutions, delivering at scale to a global user base.

In the recent unprecedented times, we have seen spikes in volumes that our cloud-based platforms were easily able to accommodate, due to our investment in modern, scalable infrastructure built on an event-driven, microservices architecture.

The Best People

With over 1,000 people across our global offices, we continue to focus on developing the best and most engaged team. Given recent global events our focus has been and will continue to be, the health and well-being of our team.

We moved our entire workforce to home-working almost overnight, but given the level of focus our People Plan already had on digital tools and processes, this was a relatively easy transition and our team have remained effective and engaged.

During these times of change, the alignment of our team to our group goals, as well as their professional development remain as important as ever and these form our other people priorities for the year ahead.

We are proud that once again our team has recognised our commitment to their success and engagement, with 91% of our global team recommending GBG as a 'great place to work' and another overall increase in our engagement scores using the Gallup best practice methodology.



Customer Obsession

We have over 20,000 customers across the globe, and they are at the centre of every decision we make. Our customers range from small e-commerce shops to the biggest organisations in the world, and each one is equally important to us.

We have made extensive investment to enhance our customer success framework in the past twelve months, and it has had a direct impact on customer satisfaction levels.

Global Coverage in a Dynamic Market

GBG operates in global markets for location, identity and fraud solutions. The continued expansion of the digital economy fuels our growth.

We will see significant changes in economic conditions around the world as a result of Covid-19. The nature, scale and timing of these changes varies depending on the customer vertical, product solution and geography, but we believe the long term trend of an increasingly digital economy is one that continues.

One constant is that with more consumers accessing goods and services online than ever before, this trend will continue to grow, as businesses consider it vital to offer a seamless, quick and secure digital service.

As well as helping businesses become more digital, we help them globalise their reach, a huge advantage in an increasingly competitive environment. Our 30+ years' market experience helps our clients succeed in the digital economy.

Business Model and Strategy

While market conditions have become more volatile, our long-term strategy remains the same and our business model has allowed us to adapt.

We remain focused on our core strategic solutions in the areas of Location, Identity and Fraud and to apply our strengths in data, technology and people to help our customers meet their growth objectives. We have maintained this focus through the Covid-19 disruption by prioritising our teams' well-being and safety, the service to our customers and the financial strength of our business.

We continue to work closely with and support our customers through these times, prioritising areas where there is greatest need or additional demand for our services. We have collaborated with our data and technology partners, who play a key part in our success and we continue to review opportunities for M&A in the longer term.

Our strong financial position, diversified, global blue-chip client list and market leading products allow us to continue our strategy in a market that continues to show long-term growth.

AT A GLANCE

What We Do

GBG leads the world in location intelligence, fraud detection and identity verification technology.

We work with some of the best-known organisations, biggest banks and e-commerce giants across over 70 countries worldwide. Through organic growth and acquisitions, GBG has expanded its team to cover sites in 16 countries.

For 30 years, GBG has helped organisations to simply, safely and securely interact with their customers. By quickly validating and verifying their customers' identities and locations, we help them improve customer journeys, enhance data quality and reduce fraud.

Our innovative technology puts us at the forefront of the fast-moving digital economy. From our machine learning and facial recognition capabilities, to more than 150 global data partnerships and our self-serve solutions, we make doing business more efficient.

We can verify the identities of people globally and we are continually investing in research and development to help our customers create better digital experiences.

Location

**140
MILLION**

**Times our technology
is used every day**

**78%
REDUCTION**

**In address
entry time**

**50
BILLION**

**Transactions on our
platform every year**

We help businesses reach their customers anywhere in the world and make a great first impression online, through accurate and simple registration processes.

Our location intelligence solution, Loqate, enables organisations to accurately verify customer addresses at the point of capture, reduce drop-out rates, cart abandonment and failed deliveries. It also allows businesses to provide exceptional customer experience and increase conversion rates.

By combining rich global data from location data sets with our cleansing and enhancing technology, Loqate helps businesses deliver a personalised experience for the lifetime of the relationship with their customers in three key ways:

- **Geocode and reverse geocode:** Enhanced location data with longitude and latitude coordinates. It provides a better customer experience while increasing operational efficiency by providing pinpoint accurate locations.
- **Global address validation:** Smart capture and address validation across over 245 countries and territories. Also making sure our customers meet the requirements of all recognised postal accreditations. A single, simple-to-use solution for searching and verifying addresses.

- **Email and phone validation:** Validating email addresses and telephone numbers without the need for double keying. This improves the user experience and makes sure our customers have the right information for ongoing communications.

Our real-time verification tools help businesses to improve user experience, increase conversions, reduce failed deliveries or services and streamline operations.

The installation was so fast and the usability of the Loqate addressing tool is second to none. Anyone looking to improve UX and address data quality should look to Loqate.

Mark Durrand CTO, TotallyMoney



Starting in the UK, we have grown both organically and via acquisitions into a team of over 1,000 across 16 countries

20,000 customers across 70 countries, including the best-known B2C organisations, biggest banks and e-commerce giants

More than 30 years' experience in technology innovation and at the forefront of the digital economy

Identity

INTERNATIONAL REACH

Identities verified globally

GLOBAL DATA

Integrated with datasets across the globe

UBIQUITOUS COVERAGE

Covering document verification in nearly every country on the planet

DIGITAL LEADERS

In Identity Verification owing to unrivalled technical solutions

Regulations are constantly changing and consumers increasingly demand better onboarding experiences, meaning businesses require fast, compliant identity checks to help onboard customers as quickly as possible, without compromise. This is where our Identity solution helps:

- **Biometric checks:** Liveness detection and facial recognition capabilities validate a person is who they say they are in seconds.
- **Document validation:** Classification and data extraction of over 4,000 global document types to determine authenticity, including driving licences, passports and national ID cards.
- **Bank account validation:** Validation of individual's bank account number and sort code during the registration process – a silent, seamless check that does not leave a credit footprint.

Compliance should not be compromised for the sake of customer experience and the inverse is equally true, but it can be complicated and difficult to manage. Here are a few ways we help global organisations manage compliance:

- **Anti-money laundering:** We can help monitor transactions for suspicious activity.
- **PEPs and sanctions checks:** We use government-issued data to help businesses identify politically exposed persons, criminals, sanctioned organisations or terrorists.
- **Age verification checks:** We help businesses block children from accessing age-restricted goods online.
- **Digital audit trails:** All our products offer full audit trails, so businesses can analyse performance of identity checks, whilst also demonstrating compliance in real time.

We also provide auditable online background checks, so businesses can have full transparency on the people they employ, ensuring they are who they say they are and can be employed legally. Our employee background checks help cut costs, reduce errors and meet compliance regulations.

Who we do it for:



AT A GLANCE

Fraud

22% INCREASE

Year on year
in revenue for fraud

INVESTMENT IN SKILLS

To grow our technology
and marketing teams

4 NEW STRATEGIC PARTNERSHIPS

Including Group-IB,
Hi-Core, Emailage
and CredoLab

To help our customers keep up with the complexity in digital transformation and data deluge, GBG's digital risk management and intelligence platform unifies digital and data to provide an end to end integration from cyber to fraud and compliance digital onboarding to transaction monitoring, ready for SaaS, mobile and on-premise setups.

GBG's customer-focused analytic hub interexchanges data and information across vertical and department silos to reduce repeat financial and cybercrime incursions by fraudsters. Advanced adaptive and contextual algorithms embedded in the platform improves fraud detection rates and lowers false positives.

Structured as a multi-layered defence architecture, customers are able to plug and play to best of breed modular solutions. Layered risk defence enhancements, including machine learning, cyber threat intelligence, identity verification, location intelligence, device ID, fraud bureaus and any other bespoke third party calls desired, are ready and available today.

In summary:

- end to end digital onboarding journey
- enhanced cyber fraud detection – onboarding and payment/transaction
- interexchange of data and intelligence across fraud, compliance and cyber silos
- enriched data and connectivity with local ecosystem

GBG Instinct is a powerful tool for our teams of specialists who can gather, maintain and analyse important data within a matter of seconds. Bad actors are becoming increasingly sophisticated so it is essential that we continue to use technology which keeps up with the rate of innovation.

Javier Delgado Herreros Risk Director for B2B acquisitions at BNP Paribas, in Spain

Who we do it for:

 flexigroup

 AmBank

 citibank

CHAIRMAN'S STATEMENT

The past year has been a strong one for GBG. We have delivered on our strategic objectives, achieved record levels of revenue and profit and earned our best-ever levels of engagement for both team members and customers. The impact of Covid-19 means, however, that we have little time to celebrate our past success. Instead, we are focussing all our attention and skills on supporting our team members and customers during this demanding and uncertain time. We are taking actions to make sure our business remains strong throughout this period and we are confident that we will emerge from this crisis in a position to deliver against our long-term growth strategy.

Covid-19 Pandemic

On behalf of the Board, I want to say how grateful I am to our team members across the world for their commitment and dedication during the Covid-19 pandemic. While working remotely, they have maintained high levels of service to our customers as well as supporting the well-being of their families and colleagues. It is a credit to them and the senior management team that we have been able to operate so effectively in light of these challenging conditions, putting us in a strong position to maintain the prospects of the Group. I am justly proud of all their efforts.

The Chief Executive's report covers in more detail the steps and actions that GBG has taken to carry out its business continuity plans, ensuring the safety and well-being of our team members and supporting our customers. The Board has been holding virtual meetings on a weekly basis, where we have received updates from the Executive Directors on a range of matters relating to Covid-19. This is a very effective forum to make sure that we can continue to meet our obligations to all of our stakeholders. It has also given us the opportunity to identify and consider any potential challenges and opportunities at an early stage.

We are keenly aware of the challenges posed by the impact of Covid-19 on the global markets we operate in, as well as society at large. While it is still too early to assess the full impact of the pandemic, I am pleased with the pace of actions we have taken to mitigate the effects of the pandemic on our team members, customers and the business.

Financial Performance

GBG's financial performance in the year was again ahead of market expectations. Revenues increased by 38.7% to £199.1 million (2019: £143.5 million), with organic revenue growth at constant currency¹ of 10.7%. Adjusted operating profit¹ increased by 49.7% to £47.9 million (2019: £32.0 million) and adjusted earnings per share¹ rose 19.8% to 21.8 pence (2019: 18.2 pence).

We generated good levels of cash in the year which contributed to a significant improvement in our net debt¹ position, down to £35.0 million from £66.3m in FY19. We enter FY21 in a robust financial position with a strong balance sheet, a cash generative business model and access to liquidity.

Achievements and Strategic Outlook

During the year we remained focused on the continued strategic development of our three core solutions: Location, Identity and Fraud. We have been effective in engaging with existing and potential customers, as well as responding to market trends and developments, while maintaining our long-standing commitment to innovation.

GBG is committed to building market-leading products that meet the evolving needs and requirements of our customers, helping them to operate securely and compliantly, at the same time as providing a high quality and seamless customer experience.

We have also continued to embrace new concepts, combining the best ideas from the markets we serve. This includes enhancing our capabilities in artificial intelligence, multi-modal authentication and validation methods including biometrics, voice and images. The increasing breadth, depth and scope of data in our products means we can offer our customers unique access to the most accurate information, enabling them to make more intelligent, commercial and risk-based decisions. In turn, this helps them to increase their revenues and improve operational efficiency.

Following its acquisition in 2019, IDology has integrated well into the Group, contributing significantly to our strategy to enhance our product capability and to expand geographically. It also further demonstrates our ability to identify, acquire and integrate businesses that are complementary to our growth strategy and that will increase GBG's value.

We also welcomed Natalie Gammon to the Board in November 2019. She brings a wealth of relevant experience and we look forward to the input and insights she will bring.

CHAIRMAN'S STATEMENT

At the half year, I indicated that The Information Commissioner's Office, the data industry regulator in the UK, had announced in November 2018 that it was conducting audits on a number of companies to understand the use of data in their services. We were included in this review and we are continuing to work with the Commissioner to continue to improve privacy compliance. We will keep the market informed of any material developments.

AGM and Dividend

In light of current and anticipated Covid-19 public health guidelines, GBG is asking shareholders to comply with certain unprecedented but urgent measures for this year's AGM. These measures which follow current best practice which are being taken to safeguard the safety and well-being of shareholders and other participants and to make the AGM as safe as possible.

As the UK Government has imposed measures restricting public gatherings, anyone seeking to attend the meeting in person (beyond the two persons designated by the Board as being necessary to form a quorum) will be refused entry to the AGM. Shareholders wishing to vote on any of the matters of business at the AGM are strongly encouraged to submit their votes in advance by proxy. Further details and instructions will be detailed in the AGM notice issued to shareholders.

As indicated in our April 2020 trading and Covid-19 update, the Board does not intend to declare a final dividend in respect of financial year 2020. We have already taken steps to reduce costs and preserve liquidity, including a Group-wide pay freeze, halting all-but-essential recruitment and deferring Executive Directors' bonuses. This extra prudent step will help to both preserve short-term liquidity and provide GBG with additional financial flexibility to support and invest as we come out of the pandemic.

The Year Overall and Outlook

FY2020 has been another successful year in terms of delivering on our strategic priorities and further growth of the Group. Whilst we are pleased at how GBG has responded to the immediate challenges presented by Covid-19, it still remains unclear how it will affect GBG in the coming months as each customer, sector and geography are impacted in different ways. However, consumers are carrying out more transactions online and organisations are responding to this by accelerating their plans to offer seamless, quick and secure digital services. These are healthy indications that we could see an increasing demand for certain of our services in the medium-term. We look forward to playing our part in supporting businesses as economies recover from the effects of the pandemic.

We remain confident in the longer-term prospects of the Group, thanks to a combination of a well-established growth strategy, a strong balance sheet, significant market opportunity, diversified sectors and customer base and world-class products.

On behalf of the Board, I would like to thank Chris Clark, his Executive Team and all of our team members for their hard work in achieving the result for 2020. I am very grateful for their commitment and dedication during this difficult time. I would also like to thank our shareholders and customers for their continued support.



David Rasche
Chairman

30 June 2020

¹ These measures are defined within note 37 to the Annual Report.

MARKET REVIEW

Key Market Trends

Sustained Growth in Digital Commerce

More people than ever before are going online to buy goods and to access services and businesses are relying on digital services to transact safely and securely.

Organisations with multi-channel offerings have been able to react to this trend quickly, but those that offer a purely manual service have been forced to digitise.

As a new demographic of people, the previously "under-digital", become increasingly comfortable with using online services, businesses need to ensure they continue to provide a simple and easy to use experience.

Increased Focus on Frictionless Onboarding

The need to invest in business growth is increasing as the digital world becomes more and more competitive. In particular, the ability to onboard customers quickly and accurately, anywhere in the world, supports the global economy getting back on its feet.

This rising long-term demand makes our target markets attractive and drives competitive activity. We see larger competitors partnering or acquiring technology to link identity and fraud, while niche players and new entrants are attracting investment to drive innovation.

The competitor activity and customer feedback we see drives our strategy. We continue to focus on our differentiators, linking up our platforms with our customers at the centre and investing in innovation and marketing.

Ever-increasing Fraud and Data Breaches

With increased online traffic, email volumes and working from home, fraudsters have become ever more opportunistic in targeting vulnerabilities for both businesses and consumers.

As the opportunities for fraudsters continue to grow, so does the sophistication in methods they use. We live in a data-centric digital world and anti-fraud measures must reflect this. For any industry, success will come down to smart application and continued innovation.

Increased levels of online fraud are driving demand for fraud capabilities.

Increase in Regulatory and Compliance Focus

Compliance regulations are becoming more stringent, and this is driving businesses to factor compliance into their technology purchasing decisions.

While anti-money laundering and counter terrorist financing regulations continue to evolve globally, there is also an emerging drive towards social responsibility for businesses. This is particularly seen in the financial services and gaming sectors, with a focus on affordability, age verification and a single view of customer activity.

Money laundering continues to be a major issue in financial markets with many banks receiving significant fines from their regulators.

Huge fines and potential reputational damage are putting pressure on gaming operators to ensure people are old enough and to determine whether players can afford to gamble.

In the US, the California Consumer Privacy Act, which allows any California consumer to demand to see information a company has saved on them, means there is a growing need for identity verification at the point of onboarding new customers.

Covid-19

Covid-19 has upended the identity verification process for many organisations, especially those that relied on face-to-face verification. This creates new opportunities to demonstrate the value of robust and sustainable identity verification rather than 'quick-fix' solutions that are open to compromise.

As an older demographic has embraced digital technology to stay connected with a new confidence in online methods, businesses will need to continue to simplify and streamline their online experience for new customers.

BUSINESS MODEL

Customer and Consumer Needs

We support businesses and consumers through the entire journey, enabling delivery of excellent customer experience whilst managing fraud, risk and compliance.

Validate and verify to let customers quickly and safely register, and buy products and services

IN BRANCH

AT HOME

ON THE MOVE

Enhance and cleanse customer data to deliver a better customer experience

Monitor customer behaviour to identify fraud

Reconnect with customers, locate people, and investigate fraud and crime

**CONTINUALLY
REVERIFY CUSTOMERS
(where required for compliance)**

Our Offer

Using leading technology to bring together and enhance consumer data, we offer our customers global, flexible and long-term solutions.

External datasets

Resources and Capabilities

Our success is underpinned by our core resources and capabilities

- Global data reach, resulting from partnerships with public and private sector data partners – over 150 partnerships

Proprietary Software/Algorithms B2C Clients

Location



Identity



Fraud



Stakeholder Outcomes

Delivering for our customers and their consumers enables us to create value that we reinvest and share with our stakeholders.

Customers

We help:

- Spot potential problems
- Increase revenues through more effective use of technology and consumer data
- Digitise traditional, manual processes
- Scale businesses to take advantage of international growth

Team Members

We offer:

- Interesting and diverse career paths
- Opportunity for cross-cultural exchange
- Recognition of talent and personal achievement

Shareholders

We provide high-value return through:

- Profitable, cash-generative growth
- High proportion of recurring revenue
- 8 year adjusted EPS CAGR of 24%

20,000

customers across over 70 countries integrating our technology into their services and operations.



- These partnerships provide compliant access to diverse datasets, for example, credit reference agencies, electoral rolls, passport and national ID registrars, postal services, retail consumer data and social media – over 375 datasets
- International identity document verification including passports, driving licences and national ID card – 4,000+ documents

- Global address validation confirming the address really exists – 245+ countries and territories
- Highly skilled and motivated team that actively promote GBG



STRATEGY

	Key objectives	Our achievements in 2019-20
Customers	– Be a trusted and strategic partner for our customers. Engage with them regularly to provide expert advice and proactive support for delivering success. – Be customer-obsessed. Put the customer first in all areas of the business and take action based on customer feedback. – Be customer-centred. Simplify our portfolio into three core areas of Location, Identity and Fraud. Join up our propositions around customer use cases to maximize the number of GBG products that can offer value to our customers. – Be personal in our approach to global customers. Continue to develop our sales and service models to deliver the appropriate customer experience.	– Once again, we received and acted upon record numbers of customer feedback, resulting in another consecutive year of improvements across our customer experience measures. – We have improved our use of technology across customer and operations in order to bring customer feedback closer to our people and ensure it is actioned. – Our Global Helpdesk is now operational 24/7 for many of our customers and partners. – Our Customer Success teams have helped our customers meet their business challenges with new product offers and solutions.
People	– Attract and retain the best and most engaged people within the technology sector by building a recognised, innovative and trusted employer brand.	– This year we have continued our commitment to our people. We have grown our headcount to 1,050 increasing the size and geographic spread of our teams across the globe. – We have also continued our focus on developing the skills and experience of our team to meet the demands of the business. As a result, we conducted approximately 20,000 hours of professional development training, and almost 100 of our team were either promoted or undertook and internal development job moves. We also continue to improve support through best practice policies, such as our new and fully inclusive approach to 'family friendly'. – Overall, our People Plan has once again ensured we have outstanding engagement across the business with 92% of the team actively participating in our engagement surveys and improvement planning, and 91% recommending GBG as a 'great place to work'.
Technology	– Deliver trusted, compelling and innovative technology solutions for our global customers and teams. – Develop and deliver collaborative roadmaps with products centred around the global customer needs. – Ensure our customers, GBG and its team members remain safe, secure and compliant in all that we do. – Enable worldwide scale with technology that facilitates collaborative remote working for team members, supports engagement, and helps us to maintain our culture.	– We have enhanced our global technology Senior Leadership Team with Chief Technology Officers for Identity, Location and Fraud and appointed a Chief Engineer to pursue operational excellence. – We have made good progress with collaborative Product and Technology strategies, making more product enhancements than ever before. For example, we have expanded the global reach of our products and integration with partners, such as what3words and SecureBank and saw volumes match those of Black Friday. – Our new Identity Solution brings together our identity product suite, cross-references the discreet identity check outcomes and triangulates the results for a more robust identity check. – We continue to focus on trust and security and to embrace and retain our ISO certifications, as well as other market relevant standards (e.g. PCI/DSS). – An independent audit recognised our Cyber Security enhancements this year and we will keep investing in this area to keep pace with changing threats. – We mobilised our workforce with minimum disruption as Covid-19 spread. We are encouraging engagement through a series of informal activities and remote learning and development.

Our focus for 2020-21

- Our Customer Success Managers are working with customers to address challenges they have from Covid-19 and to adapt our services to their changing needs.
- Progress with our rollout of new technology and tools that simplify the customer experience for our customers and internal team members.
- Support product and platform improvements through insight and customer feedback, making sure that our roadmaps are relevant for customers.
- Increase the number of customers who have access to our 24/7 helpdesk and provide increased ability for customers to "self-serve" for product support.
- Ensure all our teams prioritise the customer, and their service levels, during this period of uncertainty.

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- Our People focus for the year ahead will be on 3 things:
 - Keeping our team safe and secure – helping them to do their best
 - Continue to focus on their professional development
 - Ensure clear understanding of expectations and alignment with group goals

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- We continue to explore new ways of working, and are considering the opportunities Technology will play in a post Covid-19 world.
 - Balancing time spent on research and innovation versus product delivery is a persistent challenge. We have made good progress developing a Machine Learning capability across our products, including a next-generation Artificial Intelligence-based address parser.
 - We have also made significant progress executing our Cyber Security Strategy across our Global Security Operations Centre and InfoSec teams. This extends to best practice controls around our products and partners.
 - Our Chief Engineer and our Head of Performance, Programs and Quality, will support our focus on operational excellence. Both will ensure we have the right methods, people and tooling in place.
-

STRATEGY

	Key objectives	Our achievements in 2019-20
Brand	– Evolve our positioning and messaging to provide clearer understanding of the value GBG provides our core audience groups, across our key markets. – Using knowledge gained from our customers and markets, we'll provide helpful and insightful content ensuring we continue to be positioned as leaders and our audience groups understand the importance of data verification technology.	– We have continued to position GBG as an industry expert on key issues by building relationships with targeted media across the globe, resulting in media coverage in globally recognised titles including CNBC, Wired, The Financial Times and Forbes.
Products	– Align our product roadmaps to the customer problem and deliver high-quality products that differentiate us from our competitors. – Run regular customer workshops to drive integrated, customer-obsessed product development. – Deliver joint product and technology strategies with aligned targets linking to overall Group strategies. – Continue to increase our focus on being a truly data-driven organisation. Make sure we are able to measure and report on product adoption and usage, to enable better-informed decisions regarding product lifecycle management.	– We delivered the first iteration of a single developer experience, to improve the ease-of-integration through documentation and sample code. – In Location, we have worked with technology to deliver a new underlying platform, that supports the continuing growth in global traffic and feature breadth that the market requires. – We have delivered the Identity Solution, a single customer onboarding experience for identity and document verification, as well as 11 new global data item checks. – In Fraud, we have delivered new versions of our flagship products; Instinct and Predator, as well as Orchestration and Machine Learning modules to improve fraud detection accuracy.

Our focus for 2020-21

- We are adapting our messaging and campaigns to reflect changed Covid-19 priorities, with particular focus on partner webinars and digital marketing activities.
- Our global marketing team continues to grow across all core regions, with two clear priorities: enable revenue growth and brand positioning. The newly formed digital team is enabling us to excel in these objectives.
- With strong growth in Asia Pacific across a large regional split, we need a strong marketing presence. The team is aligned to the business goals and helping us gain even greater insight into our customers and helping drive growth in this key region.

-
- We are increasing our focus on tactical packaging and pricing to adapt to changed buying behaviours resulting from Covid-19.
 - Maintain a focus on User and Customer experience within our products and platforms.
 - Focus on data-driven insights, reporting and product adoption techniques.
 - Deliver improved data-ingestion model to speed up testing and implementation of data partners.
 - Privacy and security by design throughout the product development lifecycle.
 - Continue to retire legacy products to focus on our strategic goals.
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KEY PERFORMANCE INDICATORS

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

The following details the principal Key Performance Indicators ('KPIs') used by the Group, giving the basis of calculation and the source of the underlying data. A summary of performance against these KPIs is given below. Non-Statutory measures are defined within note 37.

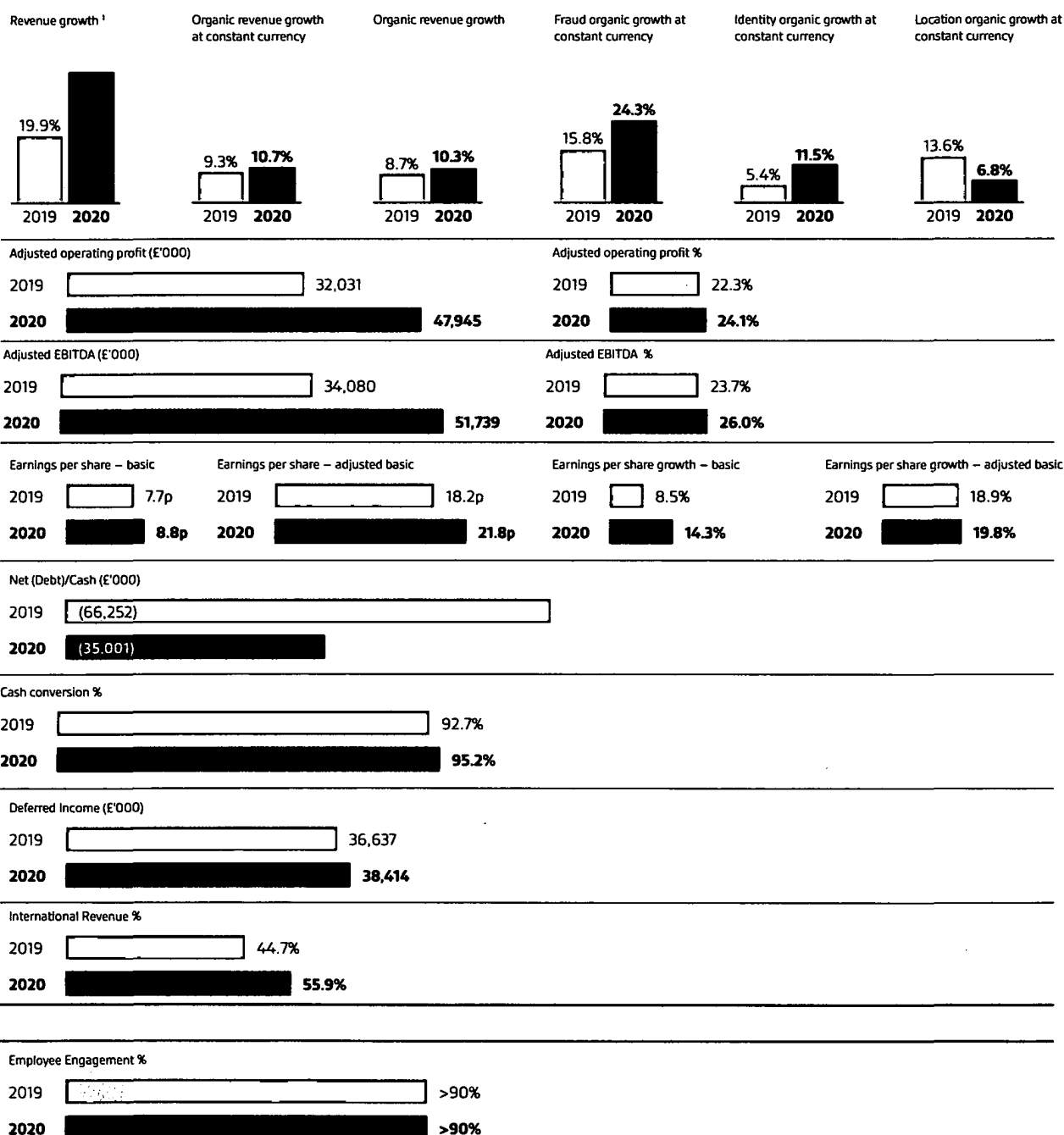
The Group uses the following primary measures to assess the performance of the Group and its propositions.

KPIs	Definition	Why this measure is important
Financial KPIs:		
Revenue and Organic Revenue Growth at Constant Currency	Revenue and revenue growth are used for internal performance analysis to assess the execution of our strategies. Organic growth is also measured, although the term 'organic' is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies. Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions (until the date of their anniversary) and will be reported at each reporting interval. Organic growth is measured on a constant currency basis to remove the impact of changes in exchange rates.	
Adjusted Operating Profit		This is used for internal performance analysis and to assess the execution of our strategies. Management believe that this adjusted measure is a more appropriate metric to understand the underlying performance of the Group.
Adjusted EBITDA		This is used for internal performance analysis to assess the execution of our strategies. Management believe that this adjusted measure is a more appropriate metric to understand the underlying performance of the Group.
Earnings Per Share and Earnings per Share growth	Earnings per share is calculated as basic earnings per share from continuing operations on both an adjusted and unadjusted basis. Earnings per Share growth 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 debt/cash.	
Cash Conversion	This is calculated as cash generated from operations in the Consolidated Cash Flow Statement, adjusted to exclude cash payments for exceptional items, as a percentage of Adjusted EBITDA.	
Deferred Income	Deferred income, which is included in our Consolidated Balance Sheet within Trade and Other Payables, is the amount of invoiced business in excess of the amount recognised as revenue.	This is an important internal measure for the business and represents the amount that we will record as revenue in our Consolidated Statement of Comprehensive Income in future periods. Trends may vary as business conditions change.
International Revenue as a Percentage of Total Revenue		This is an important internal measure for the Group to assess progress towards expanding our international operations.
Non-financial KPIs:		
Employee Engagement		Employee engagement is a key focus area for the business in order to retain and grow what we believe is some of the best talent in our industry.

Performance against KPIs

A summary of the Group's progress in achieving its objectives, as measured against KPIs, is set out below. Non-Statutory measures are defined within note 37.

Performance



CHIEF EXECUTIVE'S REVIEW

As you might imagine, our current focus and attention is on Covid-19. That said, I think it is important to acknowledge how strongly GBG performed in the year ending March 2020. We delivered record revenue and profit, ahead of market expectations, while also making strong progress against our key strategic objectives. This has strengthened GBG and gives us the confidence to face the challenges and embrace the opportunities ahead. Before addressing aspects of our performance, achievements and strategic progress in 2020, I will cover the actions we have taken in response to the Covid-19 pandemic.

Covid-19

The Covid-19 crisis had a limited financial impact on FY20, as it escalated towards the end of our financial year. As we said in our Covid-19 update in April 2020, our priorities have been to protect our team members and to support their health and well-being; to look after our customers; and to make our business secure, both financially and operationally. We took a number of swift actions, including:

- Achieving a smooth transition to full remote working for all of our global teams within a few days of local lockdowns being announced. Although our team members are already used to working from outside of the office, we have taken extra steps to enhance the way we engage with them and support them through the challenges of a sustained time in isolation.
- We took prudent and decisive action early in the process to preserve liquidity and reduce discretionary costs. This included an immediate Group-wide pay freeze, as well as pausing all non-essential recruitment. We are carefully assessing project spend and are restricting it to those areas critical to the long-term success of GBG. We have also deferred the payment of the accrued bonus for GBG's Executive Directors and we will not declare a final dividend in respect of the 2020 financial year.
- We formed a Covid Team in mid-March, drawn from the Group's senior management. The team met daily to assess the range of issues impacting GBG. They scoped and rapidly put in place a plan of action, assigning activities and responsibilities. The team continues to meet regularly each week to monitor progress and to consider whether to adapt and/or flex the plan of action in light of ongoing developments.
- Within the first week of being established, the Covid Team received daily statistics on usage volumes of all of our services together with updates on network service availability. This data has been provided throughout the period to identify trends and to support our activities.
- We have held a virtual Board meeting each week. The Board's regular agenda covers: team members; customers; financial health; operations; governance; and opportunities.

Although the impact of Covid-19 on GBG has not been as marked as with many other organisations, the full effect on the business is still unfolding. We are seeing different levels of impact depending on the customer vertical, product solution and geography.

In addition to the steps we have taken to reduce discretionary costs, we have been mindful also of our wider obligations to do the right thing to support our team members, customers and other stakeholders. We want to make sure that we are all well-placed to deal with whatever lies ahead as the world adapts to the impact of Covid-19. With that in mind, we will continue to invest in areas that support this longer-term objective.

Overview

The strong financial performance in 2020 means GBG continues to have the capability and resources to make important investments across the Group to support further growth. We are committed to developing and launching additional world-class products, improving how we take these products to market and recruiting and developing the very best people.

Market Drivers

With over 30 years' market experience, as well as a suite of products that are truly innovative and global, we help our customers to benefit and succeed in the digital economy by interacting safely and securely with their consumers.

Our growth has been achieved by delivering innovative digital solutions to businesses around the world, helping them provide a frictionless customer experience, reduce online fraud and meet increasingly stringent compliance regulations. This is driven by:

- Continuing growth in e-commerce, particularly in mobile
- Increasing levels of fraud and data breaches
- A continued rise in the cost and complexity of local compliance requirements for a number of sectors we serve globally
- Consumers expecting simple, fast and safe online journeys

While it is too early to draw definitive conclusions on the impact of Covid-19, initial observations indicate that many of these drivers might well accelerate. For example, before Covid-19, many organisations had not yet fully digitalised their systems. Now, we are seeing customers speeding up the digitalisation of their offerings. We are helping them to address the opportunities and threats posed by the pandemic to make things easier, faster and more convenient for their customers and to protect and/or reinvent their business models. We are an essential partner on this journey, helping our customers establish trust in their digital operations.

Strategic Focus Areas

Our strategic focus is on expanding internationally through three complementary but, in most cases today, distinct solutions that underpin all our propositions: Location, Identity and Fraud. Each solution contributed to the strong performance in the period. We are pleased to see that revenues from our international operations continue to form a major part of our growth – up from 45% to 56% of our total business.

In the current rapidly changing environment, our sector, product and geographical diversification lets us align our developments and resources with evolving customer demand and market trends. We continue to invest and strengthen the capabilities and skills of our teams to meet the growing needs of our customers around the world, especially as their own consumers are speeding up the pace at which they access services using mobile and online technologies. We are committed to supporting our customers as they develop their solutions to meet the demands being made of them, while also making sure that these developments are safe and secure, protecting their consumers from fraud and meeting regulatory requirements.

Corporate Transactions

IDology has performed strongly. It has now met a key objective of the acquisition – to help us to secure our goal of providing leading identity data intelligence solutions globally by increasing the scope and coverage of one of our core propositions in North America, a key geography.

We are also making significant progress in our strategic objective to have a business of scale for all of our solution areas of Location, Identity and Fraud in our key regions.

Our financial position at the year-end, together with the steps we have taken to conserve our cash resources and protect access to debt financing, means that we continue to have the means and ability to consider acquisitions and investments when they arise. This gives us the option to increase the pace of our go to market initiatives and/or broaden our geographic reach and product capabilities.

Scale Through Technology

This year, under the stewardship of a new global technology leadership team, we have significantly advanced the technology and cyber defences underpinning our customer propositions and operations. We made it a strategic priority to shift to a globally capable, cloud-based operational model. We have begun to realise key platform capabilities that will deliver the scale, agility and compliance requirements demanded by our international customer base.

Growth: New Business and International Expansion

We have seen a good performance across all of our solution areas and geographies in terms of: winning new logos; additional business from existing customers; and customer retention. This includes:

CHIEF EXECUTIVE'S REVIEW

- *Location solution:* Logate secured a number of new customers in the year across Europe and USA. This included Adidas and Wish, together with John Lewis Partnership and GNC, which we secured in the first half of FY20. In addition, it secured a five-year contract with IBM towards year-end that both extended and expanded our existing relationship, worth a minimum of \$13.5million.
- *Identity solution:* new business wins supported double-digit growth across all our main geographies. This included a deal with Rank Group in the UK to install our technology across their UK casino estate. Other new business wins in the year include PayPal, Adyen and Sky in addition to William Hill Group, announced at the half year.
- *Fraud solution:* in addition to building on our successes in the Asia Pacific region, we also saw encouraging growth in the year in EMEA. This was supported by new agreements in the second half of the year with First Abu Dhabi Bank and Volkswagen Payments S.A., along with an extension of our relationship with Arval, a subsidiary of BNP Paribas Fortis, to provide our Fraud solutions across another three European countries.
- *Upsell and Cross-sell:* we continue to see growth from existing customers increasing their use and number of services they take from GBG. Examples include Flexi Group in Australia now taking all our Identity and Fraud services in Australia and Domestic and General taking our Location and Identity services in the UK.

Team Members

Our global team now has over 1,000 people working in 16 countries. I want to thank each of them for their dedication and professionalism over the last 12 months and through the very recent period in particular. They have delivered against the key priorities we set and we have entered our new financial year in good shape as a result.

I was also very pleased that our employee engagement survey, completed in March 2020, recorded its best result. We saw an improvement on last year's high score and an even higher response rate. We continue to have more than 90% of the global team who would recommend GBG as a great place to work.

Current Trading, Guidance and Outlook

Our operational performance in FY20, along with the recent actions we have taken to conserve cash, have helped place us in as optimal a position as we could hope, to withstand the impacts of the pandemic.

Given the global impact of Covid-19, we have been encouraged by some countercyclical opportunities. These have, to a certain extent, helped soften the impact of reduced underlying activity in some parts of our business in the first quarter of FY21 trading. Although it is still early in the pandemic, customer churn and levels of insolvency are at normal levels although we have started to see some customers taking more time to settle their invoices. There has been little impact on our suppliers. We have continued to win new business, although sales cycles are, understandably, lengthening.

It is not possible to predict how long the effects of the disruption caused by the pandemic will last. While the Group has a high level of annual recurring licence revenue, which provides good visibility, the full impact on volume-based sales are harder to predict. This means we do not yet have sufficient visibility to provide guidance for the year ending 31 March 2021.

Despite what is happening to global economies, our drivers for growth remain the same and in some cases are more important as businesses have needed to adapt to new norms. We have confidence that the Group is well-positioned to face what might be ahead of us, thanks to a combination of our market-leading solutions, a diversified customer base and revenues not being reliant on a single customer or sector. Fundamentally, I believe that our long-term prospects in a post-Covid-19 environment remain as attractive as before.



Chris Clark
Chief Executive Officer

30 June 2020

FINANCE REVIEW

Principal Activities and Business Review

The principal activity of GB Group plc ('GBG') and its subsidiaries (together 'the Group') is the provision of identity data intelligence services. GBG helps organisations simply, safely and securely transact with their customers. Through the application of our proprietary technology, our vision is to be the leader in identity data intelligence, informing business decisions between people and organisations globally.

The performance of the Group is reported by segment, reflecting how we run the business and the economic characteristics of each segment. In order to reflect how the Group is presenting its lines of business to its stakeholders going forward, the naming and structure of the operating segments were amended with effect from 1 April 2019. Going forward 'Fraud, Risk & Compliance' has been separated into two new segments – 'Identity' and 'Fraud'. The 'Location & Customer Intelligence' segment has been renamed as 'Location'.

The Group results are set out in the Consolidated Statement of Comprehensive Income and explained in this Finance Review. A review of the Group's business and future development is contained in the Chairman's Statement, the Chief Executive's Statement and this Finance Review.

Covid-19

Management has taken decisive action to reduce discretionary costs and preserve liquidity during the uncertainty during this period. These actions included an immediate Group-wide pay freeze and a pausing of all non-essential recruitment. Project spend is being carefully assessed and restricted to those areas critical to the long-term success of GBG. Executive Directors' bonus payments accrued for the year to 31 March 2020 have been deferred and as stated below, there will be no final dividend for 2020. An optional £10.0 million loan repayment that was planned for March 2020 was not made until May 2020 to ensure that the directors had been able to better assess the impact Covid-19 was likely to have on future cashflows.

Review of the Business

The Group uses adjusted figures as key performance indicators in addition to those reported under IFRS, as adopted by the European Union and IFRIC. Adjusted figures exclude certain non-operational or exceptional items, which is consistent with prior year treatments. Adjusted measures are marked as such when used and are explained in note 37.

	2020 £'000	2019 £'000	Change £'000	Change %
Revenue	199,101	143,504	55,597	38.7
Adjusted operating profit	47,945	32,031	15,914	49.7
Adjusted operating profit/revenue	24.1%	22.3%	1.8%	7.9
Share-based payments charge	(4,541)	(2,287)	(2,254)	98.6
Amortisation of acquired intangibles	(19,008)	(10,316)	(8,692)	84.3
Operating profit before exceptional items	24,396	19,428	4,968	25.6
Exceptional items	(1,552)	(4,003)	2,451	61.2
Operating profit	22,844	15,425	7,419	48.1
Net finance costs	(2,218)	(689)	(1,529)	221.9
Profit before tax	20,626	14,736	5,890	40.0
Total tax charge	(3,562)	(2,583)	(979)	37.9
Profit for the year	17,064	12,153	4,911	40.4
Dividend per share	Nil	2.99	n/a	n/a
Adjusted earnings	42,165	28,759	13,406	46.6
Basic weighted average number of shares ('000)	193,631	158,052	35,579	22.5
Basic earnings per share (pence)	8.8	7.7	1.1	14.3
Adjusted basic earnings per share (pence)	21.8	18.2	3.6	19.8

Following the significant acquisitions over the past couple of years, the focus during the current year was to ensure these acquisitions were successfully integrated into the Group, as well as continued investment in the existing businesses to drive sustainable organic growth. Both the newly acquired businesses delivered profitable growth during the year.

This period of integration has been successful and meant that when the Covid-19 outbreak occurred, the business as a whole was able to adapt quickly to minimise the impact on operations. The profitable growth and continued high cash generation during the year means that the Group's balance sheet and financing ability remain strong, underpinning the Group's ability to navigate successfully through the uncertainty caused by Covid-19.

FINANCE REVIEW

Adjusted operating profit for the year increased by 49.7 per cent to £47.9 million, reflecting:

- Revenue growth of 38.7 per cent to £199.1 million. This increase included organic growth of 10.7 per cent on a constant currency basis (10.3 per cent on a reported basis).
- The adjusted operating profit margin increased from 22.3 per cent to 24.1 per cent, notwithstanding significant continued investment for growth made over the course of the year.

Adjusted EBITDA

Adjusted EBITDA was £51.7 million (2019: £34.1 million), consisting of adjusted operating profit of £47.9 million (2019: £32.0 million), depreciation (including right-of-use assets) of £3.6 million (2019: £1.5 million) and amortisation of purchased software and internally developed software of £0.2 million (2019: £0.5 million). Adjusted EBITDA has increased by £2.1 million due to the adoption of IFRS 16 as rent expenses previously within operating costs are now split between depreciation and interest, and therefore not part of the EBITDA calculation.

Amortisation of Acquired Intangibles

The charge for the year of £19.0 million (2019: £10.3 million) represents the non-cash cost of amortising separately identifiable intangible assets including technology-based assets and customer relationships that were acquired through business combinations. The increased charge in the year is due to the full year impact of the acquisitions of VIX Verify and IDology in the prior year. As IDology, which is the largest acquisition the Group has made, completed towards the end of the prior year, this accounted for £9.0 million of the current year increase.

Exceptional Items

Exceptional costs of £1.6 million (2019: £4.0 million) were incurred by the Group in the year and have been detailed in note 7 to the accounts. The principal reason for the decrease compared to prior year is that £3.7 million was incurred on acquisition related costs last year, compared to less than £0.1 million in the current year. £0.9 million of the charge relates to an increase in contingent consideration in relation to IDology, as detailed in the tax section below.

Net Finance Costs

The Group has incurred net finance costs for the year of £2.2 million (2019: £0.7 million), the increase being interest on the new long-term loan which was taken out in February 2019. Also included within net finance costs is £0.2 million for interest on lease liabilities following the adoption of IFRS 16 in the year.

Taxation

The total tax charge of £3.6 million (2019: £2.6 million) includes £4.8 million of current tax payable on the Group's profits in the year (2019: £4.6 million). Included within the total tax charge is a credit of £0.8 million related to the increase in the deferred tax asset for pre-acquisition losses within IDology. The benefit of this asset is payable to the former shareholders of IDology and so there is a corresponding cost within exceptional items to reflect the increase in the contingent consideration liability.

Dividend

As communicated in the Pre-Close Trading Update on 22 April 2020, following the Covid-19 outbreak, the directors do not intend to declare a final dividend in respect of the 2020 financial year. This prudent step helps both preserve short term liquidity and also provides additional financial flexibility to support and invest in the business as we come out of the Covid-19 pandemic.

Earnings Per Share

The earnings per share analysis in note 13 cover four measures:

- basic earnings per share (profit attributable to equity holders);
- diluted earnings per share (adjusting for the dilutive effect of share options);
- adjusted basic earnings per share (adjusted operating profit less net finance costs and tax); and
- adjusted diluted earnings per share (adjusted operating profit less net finance costs and tax adjusting for the dilutive effect of share options).

Basic earnings per share increased by 14.3 per cent from 7.7 pence to 8.8 pence reflecting the higher operating profit although offset by higher number of shares in issue. Adjusted earnings (adjusted operating profit less net finance costs and tax) was £42.2 million (2019: £28.8 million) resulting in a 19.8 per cent increase in adjusted basic earnings per share from 18.2 pence to 21.8 pence.

The basic weighted average number of shares at 31 March 2020 increased to 193.6 million (2019: 158.1 million), primarily due to the placing of 39.0 million shares to part fund the IDology acquisition in February 2019.

Cash Flows

Group operating activities before tax payments and exceptional items generated £49.3 million of cash and cash equivalents (2019: £31.6 million) representing Adjusted EBITDA to cash conversion ratio of 95.2 per cent (2019: 92.7 per cent). Operating cash flows continued to be strong and the Group continually monitors its measures of cash generation and collection, especially during the Covid-19 outbreak to assess the recoverability of receivables.

The cash generated from operations enabled debt repayments of £24.9 million to be made during the year, with leverage reducing to 0.68 from 1.94 in 2019. Further detailed analysis of this movement is included in the Consolidated Cash Flow Statement.

Post year-end a further loan repayment of £10.0 million has been made.

Acquisitions

As detailed in note 36, contingent consideration of £5.2 million in respect of the deferred tax losses in IDology was recognised as a measurement period adjustment. During the current year the liability increased by £0.8 million due to the CARES Act permitting the losses to be carried back to periods when the tax rate was higher. A further increase of £0.1 million to the liability was recognised due to movements in exchange rates.

A payment due in relation to the IDology acquisition, completed in February 2019, was made during the current financial year. This payment of £86,000 based on the final working capital position was included within the contingent consideration liability at 31 March 2019 at a value of £79,000. The variance was due to exchange rate fluctuations between the acquisition date and the final payment date.

Deferred Income

Deferred income at the end of the year increased by 4.9 per cent to £38.4 million (2019: £36.6 million). This balance principally consists of contracted licence revenues and profits that are payable up front but recognised over time as the Group's revenue recognition criteria are met. The timing of invoicing for multi-year contracts within the Asia Pacific business meant that their deferred revenue balance decreased by 48%. Excluding Asia Pacific in both periods the deferred balance increased by 8.5 per cent.

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

Treasury Policy and Financial Risk

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

The Group finances its activities principally with cash, short-term deposits and borrowings but has the ability to draw down up to £47.5 million of further funding from a revolving credit facility that is in place. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operating activities. Surplus funds of the Group are invested through the use of short-term deposits, with the objective of reasonable interest rate returns while still providing the flexibility to fund ongoing operations when required. It is not the Group's policy to engage in speculative activity or to use complex financial instruments.

The Group is exposed to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk which are described in note 27 to the accounts.

Approved by the Board on 30 June 2020.

Dave Wilson



Chief Financial Officer & Chief Operating Officer

30 June 2020

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Management – Identifying and Managing Risk

An essential element of how we run GBG is our approach to risk management. This helps us to deliver long-term stakeholder value whilst protecting our business, people, assets, capital and reputation. We consider risk assessment and control to be fundamental to achieving our strategic objectives.

We have established an ongoing process for identifying, evaluating and managing the significant risks that we face and the effectiveness of the related controls. This process is reviewed every six months by the Audit & Risk Committee, who report their findings to the Board. BDO LLP were appointed in November 2019 to provide GBG with an outsourced internal audit arrangement.

BDO's initial scope of work included conducting a strategic review of the Group's risk management and internal controls process and also the Group's cyber security controls. The work was conducted and completed during the final quarter of the financial year and the recommendations will be incorporated into our ongoing risk review process.

Coronavirus (Covid-19)

We anticipate that the key risk themes of 2020, described in our risk profile, will continue to be a focus in 2021, but in addition would highlight that the financial and operational impacts of Coronavirus are moving at pace. GBG has strong business continuity plans to accommodate operational impacts and these have been invoked to address the needs of the business and also the requirements of the relative government guidance in the countries in which we operate.

We are taking special measures to support our people and their wellbeing during the pandemic. Almost all of our team members are now working from home – some of our colleagues in China and Malaysia have now returned to the office. We have also put a strong emphasis on communications to keep our team members connected and informed. This has included a weekly CEO webinar update, managers keeping in regular touch with their teams by video and conference calls together with using our Group intranet to provide support information and to share experiences between the regions. As has been the case in China and Malaysia, any return to our office locations will be carefully considered in respect of the best interests of our team members, risk assessments being conducted in line with local guidance and best practice and detailed briefings to team members on the return to office procedures.

GBG has conducted thorough assessments of the potential impact of Covid-19 on the Group's principal risks from a strategic, commercial and operational perspective. This has ensured that the business can provide the appropriate response in the short-term to our team members and customers in order to support our plans to position ourselves regarding our longer-term sustainability and viability.

At the start of the crisis we established a Covid Team, chaired by the CEO and supported by members of the Group's Executive Team. The Covid Team established a number of work streams, each headed by a team leader, to help us coordinate our response to the impact of Covid-19 across our business. These work streams covered are: Team Members, Customers, Financial Health, Operations, Governance and Opportunities.

The Covid Team has met regularly every week to discuss issues and concerns, to receive updates from the work stream team leaders and, where required, to quickly approve decisions. The Board receives weekly updates and briefings on our response to Covid-19 so that they can assess the business issues and make critical decisions quickly. In recent weeks, the scope of the Crisis Team's work has included planning for a wider relaxation of the lockdown restrictions around the world and to ensure the business is prepared, as fully as possible, to support our team members, customers and other stakeholders.

Prior to the pandemic taking effect, our business model already featured: the ability of all of our teams to work remotely and securely; a diverse portfolio so that we were not overly reliant on a particular customer, market or geography; and market leading products and services that support organisations during upturns and downturns. Having these features in place, in addition to taking immediate and appropriate steps to preserve GBG's cash position, has meant that we have been able to respond positively to the early challenges presented by the pandemic although the full effect on the business is still uncertain. However, we will not be complacent and are monitoring the situation and potential exposures as matters develop and in turn have a range of further plans to put into action should this be required.

Framework – Risk and Control Structure

The Board

GBG's Board has overall responsibility for the Group's risk management framework. The framework is not designed to eliminate risk but define and manage the type of risk and level of exposure we are prepared to take in pursuit of our strategic objectives to ensure decisions taken align with the Group's risk appetite. The Board reviews the recommendations made to it by the Audit & Risk Committee.

Audit & Risk Committee

The Committee regularly monitors the principal risks and uncertainties identified by our risk assessment processes, along with the strategies developed and the actions we have taken, wherever possible, to mitigate them. Our risk identification, assessment and reporting is supported by GBG's Executive Management, through the Executive Team, who continually review the effectiveness of our system of risk management and internal controls.

Internal Controls Team

The Group's Internal Controls Team assesses current risks, reviews and monitors the controls that mitigate those risks; and identifies potential new risks to the Group. It reports to the Chief Executive Officer and the Chair of the Audit & Risk Committee on matters of internal control and risk assessment.

The Executive Team

Each member of our Executive Team is responsible for the management of the specific risks within their own business unit. They also report into the Internal Controls Team where they collectively review and monitor specific risks, agree mitigation actions and update risk scores.

Internal and External Auditors

The Group's internal and external auditors have responsibility to review and assess the Group's risk management and internal controls process and to report their findings and recommendations to the Audit & Risk Committee.

Key Elements of the Control Framework

The Board is responsible for maintaining and reviewing the effectiveness of our risk management activities, from a strategic, financial and operational perspective. These activities are designed to identify and manage, rather than eliminate, the risk of failure to achieve business objectives or to successfully deliver our business strategy.

Risks are owned and managed within the business, and reviewed formally by our first line business and second line Internal Controls Team at least every six months. They review risks and controls, including those relating to information security, regulatory compliance and business continuity. The results of these reviews feed into our reporting cycle. Our key element of the risk control framework are as follows:

Internal Controls

Our internal controls system facilitates the management of risks that could impact upon our ability to meet our objectives. We acknowledge that the system is simply a means to mitigate, rather than eliminate risk. In addition to the Internal Controls Coordinator having periodic 1:1 meetings during the year with risks owners to review their risk portfolio and actions taken, the Internal Controls Team meets formally twice a year to carry out an in-depth risk review. In this review, Executives from across the business are required to collectively identify and assess risks specific to the business and review and monitor controls. The team scores risks based on qualitative and quantitative information including an assessment of impact. The meetings are chaired by the Internal Controls Coordinator who collates the results and manages the risk register, which holds all of the risk scores.

Risk Management

The Internal Controls Coordinator presents the results of the Group's risk reviews and the risk register to the Audit & Risk Committee. They are responsible for regularly monitoring and assessing our risk management functions and reports directly to the CEO on all matters of internal control and risk assessment. The Audit & Risk Committee of the Board monitors and provides robust challenge on, through the reports provided by the Internal Controls Team, the controls which are in force and any perceived gaps in the control environment. The Audit & Risk Committee also considers and determines relevant action in respect of any control issues raised by the Internal Controls Coordinator or the external auditor or the internal auditor. The Committee also sets the review programme for the internal auditor.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial Reporting Process

GBG's management team and the specialists within our Finance Team are responsible for ensuring the appropriate maintenance of financial records and processes to ensure that all information is relevant, reliable and compliant with the applicable laws and regulations. They are also responsible for ensuring that the Board and GBG's advisers receive such information in a timely manner. The financial statements are reviewed by our management team to ensure that the Group's results and financial position is appropriately reflected. Our Audit & Risk Committee challenges, reviews and approves the release of all financial information published.

Strategic & Financial Planning

We have an established budgeting and strategic planning process, whereby we assess our competitive position and goals, taking account of the strategic risks faced. This strategy is translated into financial plans with clear milestones and performance indicators and these are regularly reviewed and assessed by the Board.

Performance Management

Our performance against the strategic plan is closely monitored by a formal monthly reporting process and by the attendance of the relevant Executive Directors at monthly Executive Team meetings and, when required, at bi-monthly Board meetings.

Capital Investment

We have in place a clear process for the approval of capital expenditure, which includes a detailed appraisal of the benefits of the proposed investment and any associated key risks. Board approval is required on material capital expenditure matters and the process is detailed in a formal set of matters reserved for the Board approval.

Health & Safety

We have established health and safety standards and benchmarks, our performance meeting these standards is closely monitored. In light of the evolving requirements flowing from the Covid-19 pandemic, the focus of our activities in this area will be in relation to creating and maintaining safe working environments for all our team members.

Our Risk Profile

Our risk identification processes has two main strands:

A bottom-up approach at a business unit and central services unit level. This identifies the risks that threaten a unit or units which the business manages. To give us visibility of issues across the business, we consolidate these risks at the regional and global level, and escalate to the Risk Management Committees.

A top-down approach at a Group level. This identifies the principal risks that threaten the delivery of our strategy.

The diagram below summarises our principal risk profile and trends in the threat levels.

Inability to Meet New Product Development and Scalability Challenges

Covid-19

Ineffective Succession Planning and Skills Retention

Cyber Attack

Non-supply by Major Supplier

Failure to Comply with Regulations and Laws and/or Changes in Regulatory Environment & Enforcement

Loss of Intellectual Property

Loss of Data and Systems through Ineffective Disaster Recovery & Business Continuity Plans

Increasing Competition and Global Reach

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Appetite and Principal Risks

The Board is responsible for setting the level of risk and our associated risk appetite to ensure we focus appropriately on the risks we face. We identify and assess the impact of risks to the business under four key headings – financial, strategic, operational and knowledge. For each risk, the likelihood is identified and the impact is assessed using quantitative and qualitative information.

The significant risks and uncertainties we face are set out below together with a summary of the control measures and mitigations employed. Notwithstanding these actions, due to the pace and nature at which risks evolve, we remain vigilant in addressing these areas of concern and developing our control measures. In addition, we have also included detail in the table to show specific Covid-19 mitigations and actions that have been taking place.

The Board is very much aware that as a public company, reputational damage is a risk and as such is a key concern. The potential effects to our reputation are not under-estimated by the Board and whilst the following commentary is not specific in detailing reputational damage as an identified risk, its impact is a major, over-arching consideration across our risk portfolio.

Risks	Description	Mitigation
Failure to Comply with Regulations and Laws and/or Changes in Regulatory Environment & Enforcement	– Within the markets we operate, legislation changes on a regular basis and the interpretation of existing laws can also change, creating ever-tightening standards. This will often require additional human and financial resources and the provision of new assets and systems. – We are committed to responding positively to regulatory change to ensure compliance could affect the pricing for, or adversely affect the revenue from, the services the Group offers. – We also acknowledge that we are required to maintain a number of accreditations and registrations to meet a number of contractual and statutory obligations. – We are aware of increasing international regulation in respect of data handling and privacy in the geographies in which we operate.	– We have a dedicated Legal, Governance, Health and Safety, Privacy & Information Security Teams who are collectively responsible for monitoring changes to legislation and ensuring compliance in each area. Indeed, we continue to invest and have increased the number and skills levels of the respective teams in the past year. – We have established procedures which we invoke when presented by material issues and changes (such as Covid-19, Brexit and regulatory challenge) involving: bringing together a senior team; assessing the issue and scoping a plan of action; assigning activities; and monitoring progress and developments. There is also a process for keeping the Board informed and seeking its advice and feedback and for escalating matters. – We have access to a range of external legal advisors, globally. – We have a global intranet through which we advise, train and provide ongoing development to all of our team members globally about our policies which provides us with the means to ensure ongoing compliance with regulatory obligations including those required by data protection and privacy laws. Our processes allow monitoring to ensure that all team members undertake the necessary training which can be evidenced to regulators and customers where needed. – We will continue to invest in training of team members in data handling and privacy best practices. In progress – During this pandemic our priorities have been to protect our team members and to support their health and well-being, to look after our customers and to secure our business both financially and operationally. – In addressing these priorities, Covid-19 has led to additional legislation in the jurisdictions in which we operate covering health and safety, finance and governance. There are various work streams with our Covid Team to consider changes in legislation and guidance and, in conjunction with our professional advisers, ensure that we have assimilated the various information to understand and comply with the requirements. This focus will be maintained as lockdown restrictions are eased globally and governments implement further initiatives to support their citizens and economies. – As indicated elsewhere in this report, in November 2018 The Information Commissioner's Office, the data industry regulator in the UK, announced 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 continues to engage with the Commissioner as part of that review. We will keep the market informed of any material developments.

Risks	Description	Mitigation
Increasing Competition and Global Reach	– We operate within increasingly competitive markets and intensified competition could lead to pricing pressures. – A reduction in the rate at which we add new customers may decrease the size of our market share if clients choose to receive services from other providers.	– Our business development and product functions track the activities of our competitors and this insight is used by management to quickly adapt our go-to-market strategy. – We always seek to differentiate ourselves from the competition and have increased our focus on product marketing, pricing and packaging to support this. – We continue to enhance our product portfolio through a mix of internal development, partnering and acquisition. – We maintain a strong focus on our core target markets within Europe, North America and APAC and work with partners to extend our reach in our chosen verticals. – Our acquisition strategy has opened up new markets and territories enabling cross sale as well as leveraging opportunities to increase the size of our customer base within established markets. We remain vigilant to further acquisition opportunities to develop further our strategic aims. <i>In progress</i> – We have maintained our activities in relation to our product development roadmap and have also set up teams to review potential new developments to support our existing and potential customers as they respond to the pandemic. – We have taken some immediate action to preserve our short-term liquidity and to provide additional financial flexibility to support and invest as GBG comes out of the Covid-19 pandemic. We have also conducted extensive stress testing of our balance sheet, cash and access to draw down facilities to support the Board assessment of ongoing liquidity requirements to support its operations and potential investments. – Also, our Covid Team has workstreams covering the assessment of threats and opportunities of competitor activity in our markets.
Non-supply by Major Supplier	– Some of our data and infrastructure is sourced from third party suppliers and partners. The removal from the market by one or more of these third party suppliers or interruption in supply could quickly and adversely affect our operations and result in the loss of revenue or additional expenditure.	– Our Product, Data and Technology Teams work strategically to prevent over reliance on any one key supplier, having multiple suppliers and other such mitigations where required. – Suppliers are carefully selected to minimise risk of supplier failure or insolvency. – We ensure our team members are aware of supplier requirements or restrictions to minimise the risk of loss of a supplier due to a breach of contractual obligations. <i>In progress</i> – In support of our work taken prior to the pandemic, as part of our Covid-19 business continuity plan ("BCP") process, we have conducted further and more immediate risk assessments and checks of our key suppliers BCPs to assess their preparedness and ability to meet GBG's ongoing requirements during the pandemic. The list was prioritised to deal with our most critical suppliers initially and work has continued in assessing those suppliers further down the priority.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks	Description	Mitigation
Cyber Attack	Given the nature of our business, the threat of unauthorised or malicious attacks on our IT systems is an ongoing risk. The risk of a cyber attack such as denial of service attacks, phishing, data theft and disruptive software campaigns is constantly evolving and becoming increasingly sophisticated.	- We have cyber insurance in place and have established policies to protect the Group against a cyber attack and any security breaches, which is headed up by our Chief Information Security Officer. - The Group's Information Security capability has been strengthened during the year to provide additional support and expertise. - Cyber risk continues to be an ever increasing threat and the Group's strategy ensures continuing improvements in developing, maturing and testing our defences. - We will continue to develop our InfoSec awareness programme with all of our team members to raise the knowledge of cyber risk and information security and use our global intranet training programme to ensure that all team members undergo training and development on cyber threats and good IT business practices. - Penetration testing is conducted via an approved third-party specialist. <i>In progress</i> - GBG has been diligent in maintaining the scope of review and monitoring of cyber threats. We are keenly aware of the increase in Covid-19 relating phishing and fraud attempts and have dealt with these issues proactively including an awareness campaign to update all of our team members to supplement prior training given.
Loss of Data and Systems Despite Disaster Recovery & Business Continuity Plans	We have an understandable reliance on our IT systems and people. In the event of an incident affecting business continuity, we would initiate our business continuity plans; however, the loss of key components as a result of the incident could affect the Group's operations and result in additional expenditure.	- Our global business continuity programme covers policies and procedures for the key components of each of the businesses' operating units. During the latter part of the 2020 financial year, the Group instigated a comprehensive review of our business continuity programme to ensure that the programme continues to meet the needs of the Group as we continue to grow in size, diversity and complexity. - Disaster recovery requirements and network security are regularly reviewed, back-ups are maintained in databases and data centres including off-site provisions. These policies and programmes are subject to annual review and audit. - We engage and undertake due diligence with our data partners and suppliers to ensure vulnerabilities are identified and mitigated against. - Risk analysis and mitigation processes relating to products and services that we either provide or consume. These are fed into a risk matrix where we track treatment plans against each risk. <i>In progress</i> - As part of our increased monitoring of this risk area, the Covid Team receives daily reports on usage volumes of all of our services together with network service availability updates. This data has been provided throughout the period to identify trends and to support our activities.
Inability to Meet New Product Development and Scalability Challenges	- In order to maintain a competitive advantage, we invest significant amounts of resource into our product development. - The development of all new technologies and products involves risk, including the product being more expensive, or taking longer to develop than originally planned; the market for the product being smaller than originally envisaged or that the product fails to reach the production stage. - It is also imperative that our developments have the ability to scale as the business grows both in size and complexity.	- We carry out extensive research and market analysis around the viability of a product before the development phase is initiated and have increased the involvement of customers throughout the process. - We have increased the investment in our product development teams, ensuring that development meets both tactical and strategic business objectives. We continuously improve our development skills, processes and platforms to ensure that GBG adopts best practice and can address at pace potential challenges and opportunities. <i>In progress</i> - A work stream of the Covid Team is to assess potential opportunities and developments to support our customers to address new challenges and working practices as a result of Covid-19.

Risks	Description	Mitigation
Loss of Intellectual Property	- We generally protect our proprietary application software products and services by licensing rights to use the applications rather than selling or licensing the computer source code. - In addition to checking and auditing our customers' use of GBG's intellectual property, we also rely on trademark, copyright, patent and other intellectual property laws to establish and protect our proprietary rights in these products and services. However, there is a risk that our proprietary rights could be challenged, limited, invalidated or circumvented.	- All of our contracts include provisions to protect the proprietary rights of the Group. GBG's legal function also ensures that such rights are protected during any negotiation with customers or suppliers. - Where appropriate, we register trademarks globally and work closely with external advisors to ensure that the businesses' rights are safeguarded in all territories in which we operate. - GBG has also invested increasing resource to improve proactivity in conducting audits on customer compliance with licensing obligations. <i>In progress</i> - Where appropriate, we have allowed some flexibility in our terms when dealing with our customers as we look to support them during this time. However, this amenability in terms has not extended to any compromise in the protection of intellectual property rights of GBG and our third party data suppliers.
Ineffective Succession Planning and Skills Retention	- Our people are key to our success. We acknowledge that we operate in very competitive markets and that the skills that our people possess are attractive to other employers. Not having the right people and skills could impact negatively on our ability to service our customers and grow the business. - It is important that we maintain high levels of employee engagement to ensure that we are able to retain and attract the best talent.	- We invest in developing the skills and abilities our people across of our locations and geographies. - We offer competitive total benefits packages (compensation and benefits) and these are reviewed and benchmarked regularly. - Employee engagement is monitored formally every six months through a Group-wide survey and the results are used to focus on improvement activities. - We monitor attrition rates by business function and location in order to identify issues and, where necessary, take restorative action. <i>In progress</i> - We acknowledge that we operate in a highly competitive talent market and as a result we have ensured that during the pandemic that we have continued to provide high levels of support and consideration to our team members' well-being and ongoing development. In light of Covid-19, the Board and the Remuneration Committee have discussed a range of proposals and potential actions to support these initiatives in order to maintain our ability to retain and attract talent needed by the business.

Emerging Risks

As indicated at the start of this report, GBG's risks are continually reviewed and reassessed with escalation and reporting to the Board. The process considers all relevant internal and external factors, and is designed to capture those risks which are current but have not yet fully crystallised, as well as those which are expected to crystallise in future periods.

As a result of Covid-19, a further key and emerging risk to the Group's strategy is the impact of the pandemic on the geo-political and macro-economic environment. We already had risk review processes in place to address matters relating to downturn in economies and political change in the jurisdiction in which we operate (including Brexit). The precise duration and depth of the downturn is uncertain, but our focus is, and will continue to be, in managing emerging risks associated to the disruption to our business by Covid-19.

PRINCIPAL RISKS AND UNCERTAINTIES

Viability Statement

Our business model and strategic priorities are key to the Board's assessment of the Group's prospects. We continuously review these alongside forecasts and budgets in order to have a clear view, so far as is possible, on the viability of the Group over the medium term. The Board's assessment of viability is influenced by the businesses' current and projected performance against financial and non-financial KPIs and an analysis of principal risks within the Group's risk assessment framework. In the current year this assessment has included detailed consideration of the potential impact of Covid-19 on viability.

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

We have continued to use a three-year timeline when considering viability because we believe to forecast across the entire group for a period longer than this with any significant level of certainty is difficult. Current market volatility and uncertainty in light of the Covid-19 outbreak only serves to reinforce this view.

In assessing the viability, the Board has considered the following:

- GBG operates across diverse sectors and has an extensive global presence which provides mitigation from over-reliance on key geographic markets;
- GBG products support businesses operating in an online world;
- GBG has strong cost control mechanisms; and
- There is considerable headroom available to us in our cash reserves and revolving credit facility agreement. This has been tested through stress testing, reverse stress testing and sensitivity analysis as part of the Going Concern review detailed in note 2.2.

Having considered all of the above factors, we have a reasonable expectation that the Group will continue in operation and meet our liabilities as they fall due over the next three-year period.

We acknowledge that this assessment is subject to uncertainties outside of our control and accordingly, the viability of the Group cannot be guaranteed.

CORPORATE RESPONSIBILITY STATEMENT

Introduction

I am pleased to introduce this report, which provides an overview of our approach to corporate responsibility ("CR"), by discussing the governance, social and environmental issues we believe to be most relevant to our business and stakeholders, as well as providing a comprehensive update on activity throughout the year. Whilst current terminology usually refers to environmental, social and governance ("ESG"), we have purposefully reordered these indicators on the basis of their relative materiality to our business. At GBG, our Board has overall responsibility of CR, with developments and initiatives being led by myself, supported by the Executive Team. CR practices are deeply embedded in our day-to-day activities and are integral to our business model and strategy.

We passionately believe in the fundamental importance of effectively managing governance, social and environmental risks and harnessing opportunities and are committed to continuous improvement of CR practices. In order to provide our stakeholders with sufficient levels of transparency on these topics, we are always looking at ways of optimising our reporting and I am pleased to provide a higher level of detail in this report. We are, however, mindful of the fact that this is an ongoing process. We are cognisant of the benefits of using measurable indicators and targets in reporting on our CR activities and are carefully considering the most appropriate metrics in the context of our strategy, business model and most material issues.

Recognising the importance of CR to our business, we have created a global set of key principles and policies that act as a framework to enable a consistent approach for GBG to fulfil our purpose to: establish trust between businesses and their customers; to work and act responsibly; empower, prioritise and protect our people; create broader societal value and protect the environment. We are acutely aware of the different markets and contexts in which we operate and, therefore, have taken the decision to decentralise some elements of CR decision making to local teams to enable maximum impact and to facilitate greater agility against the backdrop of shifting requirements in global and local markets. This enables us to act nimbly and adjust to changing policies, laws and practices, whilst maintaining a resilience at Group-level which is underpinned by our overarching approach.

The policies relating to our framework have been updated and expanded during the year to keep pace with changing developments and initiatives. Revisions to the policies also take into account feedback received from our team members, investors, regulators and our customers.

As detailed elsewhere in this Annual Report, our primary focus during the Covid-19 pandemic has been on the health and well-being of our team, who look after our customers who in turn support our business. At an early stage during the pandemic we made a range of decisions to protect our people and to look after our customers and other stakeholders in order to secure the long-term prospects and value of the business. GBG has been quick to adapt to the changing working environment with our team members working effectively remotely and with a strong focus on employee engagement. Managers have been encouraged to keep in regular touch with their teams by video and conference calls, together with using our Group intranet to provide support information and to share experiences between the regions.

A key factor in our ability to operate our Group business continuity plan effectively has been our team members' ability to work remotely and flexibly as well as the cohesiveness of our global teams – these have been areas of specific focus and development by GBG prior to the pandemic. Our continued strong engagement with customers, suppliers and investors has also led to increased levels of confidence amongst our stakeholders, reinforcing their belief in GBG's ability to operate with strength and integrity during the pandemic and to emerge from this crisis with the ability to continue to execute on our long-term growth strategy.

Governance

As a Group, and more specifically a Board, we believe that good corporate governance is essential for building a successful and sustainable business in the long-term interests of all GBG stakeholders. It is our view that trust, responsibility and ethics are the cornerstones of an effective organisation and we actively promote a culture of honesty, integrity, trust, and respect across the business. We look to uphold human rights, encourage diversity and equality, and promote good governance. All of GBG's team members are expected to operate in a responsible manner and key elements of the procedures we have in place to engender trust and facilitate ethical practices are covered below. These are all underpinned by our Code of Conduct, which is publicised and promoted to all team members, with access and training provided on the Group intranet, Be/developed.

Corporate Governance

The Board ensures that the highest standards of corporate governance are practiced throughout the Group and that it conducts itself in the best interests of the Group's many stakeholders. In September 2018, we adopted the 2018 Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') as the basis of our governance framework and we have complied in full with the QCA Code. A comprehensive account of our compliance and corporate governance activities is detailed in our Corporate Governance Statement on pages [•] to [•].

CORPORATE RESPONSIBILITY STATEMENT

Ethical Practices

The Board takes ultimate responsibility for ethical issues throughout the Group and seeks to lead by example. As a Group, we are committed to continuously improving our practices to ensure that slavery and human trafficking are not taking place in any part of our business or supply chain. We expect the same commitment from our suppliers, contractors and business partners and have adopted a policy on Modern Slavery, setting out the standards we expect from our stakeholders, that is reviewed each year. A copy of our Modern Slavery Statement is regularly shared with our team members and is available at www.gbgplc.com. All new starters are required to review and confirm their understanding of our Modern Slavery statement as part of their online induction process.

It is our policy to conduct business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery. Through our Anti Corruption and Bribery Policy we provide guidance on acceptable behaviour, give team members examples of what would constitute bribery and encourage the reporting of any suspected bribery activities through our independent whistleblowing channel.

As a public company, with shares traded on the London Stock Exchange, a diverse range of institutions and individuals choose to invest in GBG and they expect to do so with the confidence that others are not trading in our shares with inside information that is not yet publicly available, otherwise known as insider trading. The Group operates a 'Dealing Code' to ensure that Directors and team members do not abuse and do not place themselves under suspicion of abusing inside information and that they comply with their obligations under the Market Abuse Regulations.

We have adopted a policy to uphold all laws relevant to countering tax evasion and prevent persons associated with GBG and its subsidiary companies from engaging in the criminal facilitation of tax evasion in the UK or in a foreign country. The policy outlines the procedure that must be followed should a team member suspect a breach of the policy.

We do not tolerate behaviour which contravenes our Code of Conduct, or which could result in reputational damage to the business. We encourage team members to raise concerns without fear of reprisals and provide clear reporting lines for instances of fraud, bribery, bullying, unfair or unethical treatment and unsafe working practices. We have an externally-provided, 24/7 whistleblowing hotline to enable team members to report in complete confidence from anywhere in the world any unethical practices or concerns. The hotline provides access to local operators who provide a wider scope of support in local languages of those countries in which our teams operate. The whistleblowing procedure, which is communicated to all team members via the intranet to ensure that it is widely available and properly communicated, contains a clear structure to process any reported incidents and is overseen by the Audit Committee, with the Chair holding ultimate responsibility. No issues were reported during the year.

Data Privacy & IT Security

Our business model is built upon our ability to engender trust with our data partners, the businesses using our products and end consumers, therefore we consider our duty to be a responsible data custodian as one of our most material issues and central to our CR strategy. As our highest governing body, the Board has oversight of this responsibility.

We recognise our responsibility to think carefully about how data is processed and used in order to uphold a high standard of data ethics within the business and to enable the same amongst our customers. We prioritise ethical data practices and have several controls, systems and approaches to ensure confidence in our business, including:

- Evidence of provenance when data sourcing
- Ability to demonstrate how and where data is being processed and that this is conducted on a lawful basis
- Fair and transparent approach to all algorithms and technology

In our view, privacy is a fundamental human right and, therefore, we acknowledge our responsibility to safeguard data security at every step of the supply chain – from our data providers to our customers and their end-consumers. Our overarching aim is to protect both information and systems from malicious or accidental data loss, damage or abuse.

Acting as a custodian of customer identity data for some of the largest organisations in the world, GBG aims to set the highest standards of information security and in so doing has developed an Information Security Management System ('ISMS') to meet the requirements of the ISO27001 standard. The ISMS aims to safeguard our systems and networks from unauthorised access, compromise and or/disclosure of data to protect the confidentiality, integrity and availability of information resources and assets held by GBG and its customers.

A number of penetration tests are conducted across GBG products, including the completion of a Global Threat Assessment (RedTeam) exercise across the entire business. Vulnerability scanning takes place at least monthly with all cloud environments, in addition to being subjected to a continuous security test ('CST') service. GBG has invested in and implemented technologies such as DarkTrace and Exabeam – both of which use machine learning and user behaviour analytics to identify any abnormal behaviour on our networks.

Internal and external audits and risk assessments are conducted as part of GBG's policy of continuous improvement and also to providing assurance of the currency and effectiveness of its information security policies, processes, systems and networks.

We are committed to collecting, processing and analysing data compliantly, in line with data privacy legislation and, as a global company, this covers many jurisdictions and laws, such as the General Data Protection Regulation ('GDPR') in the EU and California Consumer Privacy Act ('CCPA') in North America. We work closely with our data partners to ensure that the data we source is compliant with applicable legislation. We have an extensive framework of policies and procedures to follow, which are all available to GBG team members through our intranet, to ensure we always do the right thing for our customers and individuals. These include our Data Protection Policy, which is designed to ensure that we address the broad range of risks to our corporate, supplier and customer information. All such procedures are housed within an overarching framework called 'be/compliant', with four key principles, which are continuously promoted to ensure we interact with data appropriately:

- "We will ensure we know what we can do with data and if unsure, we will ask"
- "We will be clear about how we are going to use data"
- "We will ensure we protect the data we hold/process"
- "We will ensure compliance both individually and as a team"

GBG is committed to ensuring that all team members are fully aware of their responsibilities in relation to data protection and security. Mandatory training modules are in place and all team members can access these via be/developed. These modules are reviewed in line with any legislative changes or on an annual basis (whichever is soonest).

With a data network spanning over 150 partners worldwide, we are acutely aware of the onus on us to source data in a responsible manner and through our data sourcing and privacy teams endeavour to ensure that we can maintain our high credentials in this area through:

- carrying out supplier due diligence before data is used and on-boarded
- ongoing monitoring of supplier credentials to ensure continued compliance with relevant laws and regulations
- maintaining effective account management with suppliers and reviews of the currency and accuracy of data sources

In support of these security and data activities, GBG is a member of the International Association of Privacy Professionals ('IAPP') and we have implemented the One Trust Privacy Management Software to further support our global privacy management obligations.

Further details relating to assessment and mitigation actions for the risks associated with data privacy and information security are detailed in the Principal Risks and Uncertainties Report on pages 24 to 32.

Social

Our team members are central to the long-term success of GBG and we look to attract and retain 'the best and most engaged people'. We prioritise effective employee engagement as well as investing in the development of our people, and we aim to cultivate a strong, committed, and innovative culture within a diverse and inclusive workforce. We are also continually considering ways of maximising positive societal contributions of both our own business and that of our customers.

Equality & Diversity

We strongly believe that diversity throughout the Group is a driver of success and recognise it has significant benefits. By focussing on diversity, we believe GBG can be a more effective, successful and profitable company as well as continuing to be considered a great place to work by our team members.

Diversity provides us access to a greater range of talent, not just the talent that belongs to a particular world-view or ethnicity or some other restricting definition. Our employment, training and career development policies and practices promote equality of opportunity regardless of gender, sexual orientation, age, marital status, education, disability, race, religion or other beliefs and ethnic or national origin. We aim to encourage a culture in which all team members have the opportunity to develop as fully as possible in accordance with their individual abilities and the needs of the Group and continue to look at ways that we broaden diversity throughout the Group.

CORPORATE RESPONSIBILITY STATEMENT

We have taken a number of proactive steps to promote diversity and equality within GBG under our Group-wide initiative, *be/yourself*. Launched two years ago this initiative supports a range of activities in our focus areas of:

- Nationality, race, religion and location
- Sexual identities, inclusive of LGBT+ definitions and gender fluidity
- Experience and age
- Gender and addressing imbalances in our business, our industry and our communities

We have a dedicated manager appointed as Head of Diversity & Inclusion who is supported by a team of volunteers (*be/yourself* champions) from around the business to support every team member to feel comfortable in being themselves - meaning that everyone is treated as equal and with respect. Through *be/yourself*, it is our objective to support and promote an inclusive and diverse culture at GBG through a range of activities to seek views, raise awareness and provide opportunities for learning and sharing knowledge. Activities during the year have included promoting and celebrating: International Women's Day, various International Pride events, and diversity/women in tech.

In line with the UK Government requirement, in March 2020 we published our third Gender Pay Gap Report, available on our website at www.gbtplc.com/about-us/gender-pay-report. Since sharing the reports with our team and reflecting our data in previous years, we have seen an increase in interest and conversations around gender, remuneration, opportunity and what actions we are undertaking to address these areas. We actively encourage engagement on these topics to ensure we understand our team member's sentiments, gain insight into areas they believe we should concentrate on and share our plans and activities.

Whilst we have adopted a more targeted focus on this issue, we have yet to see a significant improvement in our overall statistics. This reinforces our initial views that this process represents a continual journey of improvements and that we must consistently work to bring about the reforms we seek, whilst recognising this is not achievable instantaneously. Presently women comprise 36% of our total workforce and 43% of our Board of Directors (37% and 33% respectively for 2019).

As a global business we aim to continue to focus on identifying candidates who can support our ambition to improve the overall diversity of the GBG team.

Communications with team members

With over 1,050 team members (2019: 985) in 16 countries around the world (the vast majority of whom are in permanent positions), we believe in the importance of successful internal communications and strongly feel that all our team members should have a voice within the Group. By focusing on and listening to employee feedback, facilitated by twice yearly employee engagement surveys, we aim to be able to respond to any issues which might impact engagement and/or employee satisfaction before any problems emerge and have found this to be a very successful programme to date. This year, our employee engagement survey recorded its best level of team member engagement, improving on last year's high score and with a higher response rate. We continue to have over 90% of the global team who would recommend GBG as a great place to work.

We communicate with our team members on a regular basis, keeping them informed of business performance, initiatives, and developments. This is achieved through annual workshop-style events at our key locations and live monthly CEO webinars which due to Covid-19, are now held on a weekly basis. In addition to this, our business units provide high-level updates, briefings and webinars and video presentations.

We utilise an intranet platform called 'be/connected' which has been active since August 2017 and is now the central hub for Group and customer news, as well as for internal social networking. On average, it is visited by 50% of team members daily and 90% of the business monthly. We have been increasing the focus on live, in-person panels and events, including CEO roundtables across multiple locations, special Q&A panels to mark specific occasions (such as International Women's Day and Pride), thereby providing team members with the chance to engage with senior management and thought leaders in a more intimate setting.

Demonstrating its significance to the Group, successful employee engagement is used as a metric to reward senior management within the business.

Engagement with team members and Covid-19

We recognise the importance for our team members to feel that they work at a business which really values them. By maintaining integrity with a strong culture, we believe we have been able to demonstrate to our team members how much GBG genuinely cares for them and is dedicated to investing in them. With the onset of the Covid-19 pandemic and with our entire global team working from home, we quickly implemented a number of changes that have been incredibly valuable in ensuring that we can continue to communicate effectively with our team members and maintain our culture of inclusivity and engagement.

We recognise that in times like this, there is no such thing as superfluous internal communications, particularly as each engagement initiative is unlikely to receive full take up. By maintaining regular, transparent communications with our team members we have sought to ensure strong engagement throughout the crisis. Initiatives and actions during this time have included:

- a weekly CEO webinar update to all team members with a live Q&A session to respond to questions and issues in real-time;
- managers have been proactive in keeping in regular touch with their teams and team members by video and telephone calls; establishing an area on our Group intranet to provide specific Covid-19 related support information and guidance documents and to enable our team members to share experiences between the regions; and
- We have taken steps to highlight access to what resources are available to support our team members who may be struggling.

Team member training and development

Working in a highly regulated sector, training and development is of vital importance to the successful running of our business. We also consider it an important way of delivering value to and inspiring our team members, advancing our strategy and maintaining a great place to work. We prioritise employee training and ensure that all our people have the support required to not only maintain compliance but also achieve best practice wherever possible.

GBG has an internal training platform, 'be/developed', which provides all our team members around the world with a large variety of learning content ranging from data privacy and information security training, employee development and management best practice. This year 19,873 hours has been spent learning by our team members through 'be/developed' (2019: 17,498 hours).

GBG also supports professional development of team members to achieve recognised and accredited qualifications in areas across the business including information technology, marketing, legal and finance – helping to develop the careers and prospects of our current and future specialists.

Recognition and incentives

We have continued to promote the Group Vision Objectives and Strategies ('VOS') Awards throughout the year. The awards not only link to the Group values of Quality, Innovation, Excellence, Trust and Respect but are also attributed to the five key segments of the Group's VOS – People, Products, Customer, Technology and Brand. The VOS Awards encourage individuals within the business to nominate their fellow team members deserving recognition, with the winners announced every quarter. Quarterly winners are then further recognised annually when a financial award is made to the overall winner for the year.

In addition, we operate an annual sales incentive initiative to recognise members of our sales teams who have performed exceptionally throughout the financial year, along with other supporting, non-sales members of our team. Other areas of the business have developed their own systems of recognition, including the 'Customer Star' and 'Technology Star' awards and smaller scale regional or business unit specific sales initiatives.

Everyone at GBG is also given the opportunity to share in the Group's performance through GBG's Save-As-You-Earn ('SAYE') Share Option Scheme (the 'Scheme'). The scheme is open to all team members (except for China where there are challenges in respect of personal share ownership) which gives team members the option to apply to save up to £250 (or foreign currency equivalent) per month for a period of three or five years and to purchase shares in GBG at a discounted rate (except in territories where offering shares at discount is prohibited).

We had a fantastic response to the Scheme launched in 2019 with nearly half of team members globally taking up the offer. During the year, the Remuneration Committee of the Board agreed that GBG would launch an international SAYE annually, instead of every two years as currently operated, and we are pleased to report that, despite the Covid-19 pandemic, we will still be launching the 2020 SAYE scheme later this year alongside the maturity of two running Schemes that were launched in 2015 and 2017.

CORPORATE RESPONSIBILITY STATEMENT

Health & safety and well-being

We are committed to the effective management of health and safety and to protecting the well-being of our team members. We have a Health and Safety Policy, which details key standards, systems and procedures and we provide training and guidance to all employees and especially those with specific duties and responsibilities such as fire wardens and first aiders. We also supplement our activities with sharing best practice and guidance updates with team members.

All accidents and near misses, whether they result in absence from work or not, are reported with remedial action identified and implemented to prevent reoccurrence. There have been no reportable accidents within the last year, only minor incidents. Our external health and safety consultants provide GBG with annual audits and guides us on all health and safety matters.

We also provide an Employee Assistance Programme ("EAP") for all team members, irrespective of location. The EAP grants team members access to confidential help with issues such as health, financial support, family matters or other problems which may lead to worry and anxiety. This is available to everyone in the business via a support line which is open 24 hours a day, 7 days a week, 365 days a year.

Across GBG, we have 'Pulse Teams' which promote and support any local initiatives and events that are designed to improve the employee experience at GBG. This includes health and well-being events to promote healthier lifestyles and practices and mental health awareness.

As detailed above, we acted decisively in response to the outbreak of Covid-19 to prioritise our team members' safety and well-being. As has been the case in China and Malaysia, any return to our office locations is carefully considered in respect of the best interests of our team members. Risks are assessed in line with local guidance and best practice together with ensuring that team members receive detailed information and briefings before they return to the office so they are aware of the processes and procedures.

Working environments

We continue to invest in improving the working environment for our teams, creating innovative spaces which inspire our people to collaborate more readily and increase personal efficiency. We listen to our people and endeavour to incorporate their needs wherever practical. The Group has a flexible working policy to facilitate an optimal work/life balance and support those with families and other needs or commitments outside of work; we also encourage working from home where possible. In the past year we have moved to new workspaces in Canberra and New York and we continue to invest in technologies which ensure that our team members can work just as productively regardless of where they are.

Society

We believe it is our ability to establish trust between businesses and their customers that places us at the heart of the global digital economy.

Our customers need innovative digital solutions to grow, reduce online fraud and meet increasingly stringent compliance regulations. GBG offers practical solutions and tools to enable organisations to engender trust with their customers, help them to mitigate ethical risk within their own business and keep principled practices at the heart of their business models. We take our responsibilities seriously in terms of sourcing, securing and protecting data as well as ensuring its ethical usage. Beyond the clear ethical benefits to our customers of using our products and services, many have very specific, inherent societal benefits including providing criminal records checks to organisations who need to vet those working with vulnerable people, ensuring that age restricted products and services are not offered to children and providing data tools to police forces to assist in the prevention and detection of crime.

Community support

As a worldwide business, we apply a global and strategic approach to community support and look to ensure a consistent and meaningful contribution to a specific societal issue on an annual basis; in 2020, we chose children. Employee contribution is central to our community support programmes and we encourage volunteering and personal involvement in causes that matter to our workforce. This not only advances our sustainability goals but also contributes to our wider strategic objectives as we believe that volunteering has the capacity to engender cooperation and engagement, as well as encouraging a different way of thinking and working together.

In addition to this, we have invested time in looking at longer-term schemes to help support communities around the world. Some examples include science, technology, engineering and mathematics ('STEM') in the UK, beach cleaning and soup kitchen volunteering in the United States, volunteering at shelters and youth support centres in Singapore and Malaysia.

Environment

We are conscious of our duty to use resources responsibly and to minimise any environmental impacts of our business activities. This is not only the right thing to do but has also been identified as an issue that our employees care about.

As an office-based operator using leased facilities, our environmental impact is relatively low compared with other sectors. However, we believe that it is our ability to enable our customers to make improvements to their services that have an environmentally advantageous impact (as well as operational and financial benefits) which arguably represents our capacity to make the most impact on a global scale.

We comply with all relevant environmental legislation and have clear objectives to reduce energy consumption and waste production within our office environments. In the UK, an assessment (carried out by an external consultant) was submitted by the Company to the Environment Agency under the Energy Savings Opportunity Scheme ('ESOS'), which confirmed that GBG is compliant with the standard in the UK, with only four minor recommendations (all of which have been addressed).

The scope of the ESOS assessment was designed to ensure GBG's compliance with the legislation by:

- calculating and presenting GBG's energy consumption in the UK for the period 1 June 2018 to 31 May 2019;
- identifying the building energy consumption and grey fleet use in the areas of significant consumption;
- considering available routes to ESOS compliance; and
- presenting the results of ESOS compliant energy audits for the areas of significant energy consumption.

Our ESOS report calculated that emissions of 494 tonnes of CO₂ (2,006,498 kWh) were in respect of direct emissions from combustion of fuel (diesel and petrol) and operations of facilities. The external consultants calculated the levels using billing information for our properties and details of expenses from team members claiming mileage for business travel. The exercise identified a small number of energy savings opportunities. We adhere to the recommendations of this scheme and continue to drive further improvements in all of our locations, where possible. Further details of this assessment are included on our website.

As a global business, travel is required for certain team members, however, we will continue to actively promote video conferencing as an alternative and aim to reduce unnecessary travel wherever possible. In order to conserve energy, we have installed light sensors as well as air conditioning and heating timers in our offices. We currently have centralised printing in each office and encourage minimal printing with a recommendation to move to paperless wherever possible.

We take our responsibility to use resources in a responsible manner seriously and have a 'reduce, reuse and recycle' policy. We actively promote recycling of technology and office consumables by providing recycling points in each of our offices. Although we do not use a materially large amount of water, given the office-based nature of our business, we look to limit its usage through the use of electrical sensors.

The full extent of changes to office working and business travel that will arise as a result of the Covid-19 are not yet certain. We will seek to review and update our initiatives and plans relating to our environmental impact when there is more clarity and visibility on how these can be implemented and measured effectively.



Chris Clark
Chief Executive Officer

30 June 2020

DIRECTORS AND OFFICERS

David Rasche

Chairman (Aged 70)

Appointed to the Board in September 2010

A N (Chair)

David has over 45 years' IT industry experience with over 35 years at Board level in the software and services sectors. He was the founder of SSP Holdings Limited, which became one of the largest specialist insurance software houses in the world. David has chaired and advised businesses in both the public and private markets and has overseen numerous acquisitions and disposals over the last 30 years. He is a strong believer in lifelong learning, has a diploma in company direction and is the longest serving member of the Vistage executive learning organisation in the UK. David invests in and mentors some smaller technology businesses and is Chairman to Chatta, a learning software company. He also chairs a family property and investment company and a family charitable trust. He was Yorkshire Business Leader of the Year in 2008 and the Grant Thornton QCA Chairman of the Year in 2009. In March 2020, David won The Sunday Times FTSE AIM Non-Executive Director Award in recognition of his stewardship and contribution at GBG.

Chris Clark

Chief Executive (Aged 51)

Appointed to the Board in April 2017 as Chief Executive

N

Before joining GBG Chris was Managing Director at Experian for 5 years where he was responsible for the UK & EMEA. Experian gave Chris first-hand knowledge of the Identity Data Intelligence market. Chris previously worked at BT for 20 years, running several technology businesses across the globe. Chris has lived and worked in the USA, Europe and Asia, as well as the UK and has significant international experience. Chris has a passion for and a strong track record of team member engagement and customer focus.

Dave Wilson

Chief Financial Officer & Chief Operating Officer (Aged 58)

Appointed to the Board in October 2009

N

Having joined GBG as Finance Director, Dave has a strong background in managing business growth. He has worked in technology, media and telecoms for over 40 years, with over 30 years at board level. Previously holding international and operational board level positions with companies including Eazfone (brand Envirofone.com), Codemasters, Fujitsu and Technology plc. Dave was named Finance Director of the Year at the 2013 Grant Thornton Quoted Company Awards and Finance Director of the Year at the 2015 FD Awards.

Nick Brown

Group Managing Director (Aged 59)

Appointed to the Board in April 2017

Nick has been a member of GBG's Executive Team since joining the business in 2007. Nick is currently responsible for managing the operating businesses of GBG on a global basis. Prior to joining GBG Nick held senior management positions at Sage plc, Microsoft UK and Fujitsu Services in the UK.

Charmaine Carmichael

Non-Executive Director (Aged 49)

Appointed to the Board in January 2014

A **R** (Chair) **N**

Charmaine brings global digital, hardware and software expertise to GBG. As a Partner at BCG Digital Ventures, she leads the digital insurance practice across the world and financial services for Europe. Charmaine is an Independent Non-Executive Director and committee Chairperson at Blue Prism PLC and was a Non-Executive Director of Avanti plc, a global satellite provider. She is co-founder and Chairperson of BuzzGroup (Insuretech) as well as a founder, board member and trustee of The Marketing Academy, a not-for-profit organization promoting USA, UK and Australian talent in digital, marketing and advertising. Additionally, Charmaine holds a CEO position at Plan B Consulting Limited, which invests in early stage digital start-ups. Previously, Charmaine was Global Senior Vice President at Nokia as well as the Managing Director and Vice President, EMEA at Research In Motion (BlackBerry). She also led Wayra, one of the world's largest digital accelerators and was a Non-Executive director of Wayra UnLtd, a joint venture between the U.K. Government and Telefonica.

Liz Catchpole

Non-Executive Director (Aged 55)

Appointed to the Board in September 2017

A (Chair) **R** **N**

Liz is an Independent Non-Executive Director and Chair of the Audit Committee at Investec Wealth & Investment where she is also a member of the Risk, Remuneration and Nomination Committees, Independent Non-Executive Chair of the architectural and design practice TP Bennett and an Independent Non-Executive Director, Chair of Audit Committee and also member of Risk, Remuneration and Nomination Committees of British Gas. Liz has over 20 years of executive Board level experience gained primarily in the insurance, business services and property sectors. Liz has previously held Non-Executive positions at FTSE listed bwin.party, Bournemouth Water, The University of Law and Be Living Holdings (formerly Willmott Residential). Her career started in insurance with a subsidiary of GE Capital where she worked for almost 17 years. Liz is a chartered certified accountant and holds an MBA from Cranfield University.

Natalie Gammon

Non-Executive Director (Aged 42)

Appointed to the Board in November 2019

A **R**

Natalie has over 20 years of global technology, commercial and operational experience with a demonstrable track record of successful digital, strategic and transformational change programmes in both private equity and blue-chip companies. Natalie was previously Group Chief Information Officer for FNZ UK and more recently Chief Cloud Officer for Finastra Ltd. In addition to undertaking an advisory role at a number of technology start-ups, Natalie is also an Independent Non-Executive Director of Masthaven Bank Ltd and an Independent Member of the Audit Committee of the National Trust.

John-Henri Constantin FCIS

Company Secretary & General Counsel (Aged 54)

John joined GBG in 1994 as Assistant Company Secretary, becoming Deputy Company Secretary and in 2002 was appointed Group Company Secretary & General Counsel. With over 20 years' experience of working within a listed company environment he leads the Group's legal, administration, corporate governance and compliance operations. John has been a Fellow of the Institute of Chartered Secretaries and Administrators (FCIS) since 2007.

Committees: Secretary to all Committees

Committee membership key:

Audit & Risk **A** Remuneration **R** Nomination **N**

LETTER FROM THE CHAIRMAN

Dear Shareholder

In September 2018, we adopted the 2018 Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') as the basis of our governance framework. Through this statement, we will report how we have complied in full with the QCA Code.

As a Board, we believe that practising good corporate governance is essential for building a successful and sustainable business in the long-term interests of all GBG stakeholders. Our commitment to corporate governance and promoting a culture of honesty, transparency and respect to all members of GBG has let us build a healthy corporate culture throughout the Group.

We are just as committed to responsible and ethical practices when we make any business decisions, whether on the Board or in day-to-day operations. This is particularly important to us as an acquisitive business; as we acquire more global companies, we recognise we need to maintain and monitor our culture.

With that in mind, we work hard to make sure that all of the Group's businesses (whether newly acquired or longstanding) are in step with our strategy, people processes and internal controls. We do this through strategy workshops and training and by involving managers in our risk assessments and internal control meetings. This approach means our Executive Team can report to the Board on progress and any issues that need addressing. You can find more information on our culture and Group policies in our Corporate Responsibility Statement on pages 33 to 39.

As Chairman, it is my responsibility, working with my Board colleagues, to ensure we follow the highest standards of corporate governance throughout the Group and to manage the Board in the best interests of the Group's many stakeholders. It is also my responsibility to communicate with shareholders and make sure the Board knows about any shareholder concerns.

New Board members

Last year we reported that we had started the process of searching for an additional Non-Executive Director. I am pleased to report that since then, we have appointed Natalie Gammon as an independent Non-Executive Director with effect from 19 November 2019. There is more information on Natalie's appointment in the Nomination Committee Report on page 63.

Year in summary

The last few weeks of the financial year (and in the weeks since the start of the new financial year to date) have seen the Board focus on the effects of the Covid-19 pandemic on the Group. As a Board, we have adapted our usual working practices to accommodate remote working and have prioritised additional weekly Board meetings to ensure the appropriate attention is given to address the various challenges that have come with the pandemic. The Board already receives its meeting papers electronically using a secure document portal. In addition to maintaining our standards of Corporate Governance and dealing with the effects of Covid-19, we wanted to give some insight into the other areas that the Board has worked on this year. These can be found on the following page.

Annual General Meeting (AGM)

In light of current and anticipated public health guidelines, GBG is asking shareholders to comply with certain unprecedented but urgent measures for this year's AGM. These recommendations are designed to enable participation by shareholders in the business of the AGM, while balancing health and safety considerations.

Under measures imposed by the UK Government in response to the Covid-19 outbreak, there are restrictions on public gatherings. As a result, shareholders will not be permitted to attend the AGM in person. Anyone seeking to attend the meeting in person (beyond the two persons designated by the Board as being necessary to form a quorum) will be refused entry. The Board is taking these measures to safeguard the health of shareholders and other participants and to make the AGM as safe as possible.

Shareholders wishing to vote on any of the matters of business at the AGM are therefore strongly encouraged to submit their votes in advance by proxy using one of the methods referred to in the Notice of AGM. Shareholders should appoint the chair of the AGM as their proxy to ensure that their vote is counted. Further details and instructions are set out in the Notice of AGM.

If shareholders have any questions or matters of concern in connection with the business of the meeting they may email GBG's Company Secretary (john.constantin@gbgplc.com) and we will endeavour to provide a prompt response.



David Rasche
Chairman

30 June 2020

CORPORATE GOVERNANCE STATEMENT

Summary of Board Activity

Further information

Governance

– Reviewed developments to corporate governance reporting and made necessary changes	Page [•] Corporate Governance Statement
– Took part in annual internal evaluation of the Board & Committees	Page [•] Corporate Governance Statement
– Appointed an internal auditor	Page [•] Audit and Risk Report
– Approved our 2019 Modern Slavery Statement	
– Received an update on AIM obligations & market from NOMAD	
– Review of the Board, Executive Team and Committees' Terms of Reference	

People

– Considered Board & Group diversity and approved the appointment of an additional female Non-Executive Director	Pages [•] Nomination Committee Report
– Continued discussions on succession planning	
– Discussed and approved developments to the Share Save Scheme to offer more inclusivity and encourage more take-up from team members	Page [•] Corporate Responsibility Statement
– Discussed the results of our annual employee engagement survey and put in place action plans to deal with any issues we identified	Page [•] Corporate Responsibility Statement
– Discussed the findings of our Gender Pay Gap Report	Page [•] Corporate Responsibility Statement

Strategy

– Held our annual strategy meeting to discuss our ongoing vision, the direction of our business and our strategic priorities	
– Received and reviewed reports from the Executive Team on progress against strategic objectives, as well as risk management and operational matters	
– Reviewed key risks that may threaten our strategy, such as cyber risk and data privacy	

Financial

– Agreed with the Executive Team the activities and focus in lieu of approving the 20/21 budget given the uncertainties presented by Covid-19	
– Considered the impact of the Covid-19 on the going concern status of the Group and conducted various stress tests against a number of scenarios to test resilience of the Group cash forecasts	Note 2.2
– Reviewed and approved the half and full-year announcements and the 2020 Annual Report and Accounts	
– Approved updates to Treasury Policy and discussed legislative changes to accounting regulations	
– Approved LTIP, Share Match and Share Save schemes (during the 2020 financial year and before the effects of Covid-19 impacted)	Remuneration Report

CORPORATE GOVERNANCE STATEMENT

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

Deliver Growth

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

Our vision is to be the leader in identity data intelligence, informing business decisions between people and organisations globally. Our strategy is to create and maintain unique online products and services that give our customers added value and are strong enough to let us create new markets and win new business. We achieve this by investing in people, business and product development and applying innovation, quality and excellence in everything we do.

Our strategy, business model and business operations are in the Strategic Review of this Annual Report on pages 9 to 15. The Executive Team, led by the Chief Executive, is responsible for recommending the Group's strategy to the Board, based on the interests of our shareholders, customers, employees and other stakeholders. The Board is fully involved in discussing and developing our strategy and business model with the Executive Team before we implement it. The Executive Team is then responsible for putting the strategy into action and managing the business day-to-day.

As they follow our strategy and operational plans, the Executive and Management teams will usually face day-to-day challenges that we see as our principal risks and uncertainties. We have agreed steps to mitigate them and we always look to follow these steps whenever the risks appear. You can find more details of our internal control and risk management process on pages 24 to 32.

We believe that our AIM listing is still valuable to our shareholders in the long term. It gives us access to capital markets, flexibility to make acquisitions, the ability to incentivise and reward management through share schemes and a regulatory environment appropriate to the size of the Group.

Our progressive dividend policy and share performance over the last five years are also indicators of long-term value for our shareholders, although the Board took the decision to not declare a final dividend in respect of financial year 2020 due to the Covid-19 pandemic. Further information relating to this can be found in the Chairman's Statement on page 8. You can see total shareholder return in the Remuneration Committee Report on page 62.

2. Seek to understand and meet shareholder needs and expectations

We keep in regular touch with existing and potential new shareholders to report strategy and progress and understand what they need and expect. You can find more on how we do this on the Investor section of our website:

<https://www.gbgrp.com/investors>

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

We work constantly to strengthen our relationships with our stakeholders as this helps us make better business decisions and deliver on our commitments. We take our corporate social responsibilities seriously. That means maintaining effective working relationships with stakeholders, including our people, partners, customers, suppliers and regulatory authorities. There is more detail on how we do this in our Corporate Responsibility Statement on pages 33 to 39, as well as in the Investor section of our website: www.gbgrp.com/investors. This is also set out in the Directors Report through our Section 172 Statement on pages 68 to 70.

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

Risk management and controls

Our main corporate objective is to maximise long-term value to all of our stakeholders. Our Directors recognise that creating this value is the reward for taking business risks. The Board's policy on risk management covers all significant business risks to the Group, including financial, operational and compliance risks that could be barriers to achieving our business objectives.

We base our regular and exceptional reporting to management and the Board on monitoring risk and control processes across headline risk areas and other business-specific risk areas. We have designed our risk assessment and reporting criteria to give the Board a consistent, Group-wide perspective of the key risks. Regular reports to the Board include an assessment of how likely risks are to materialise and the impact they would have if they did, as well as what steps we are taking to mitigate risk and how effective these are.

The Board has overall responsibility for our approach to assessing risk and systems of internal control and for monitoring how effective they are. Any system of internal control has inherent limitations. The system is designed to manage risks rather than eliminate them. It provides only reasonable and not absolute assurance against material misstatement or loss and flags any new and material risks to the Board.

The Board believes risk assessment and control, with an acceptable risk/reward profile, is fundamental to achieving our corporate objectives. We confirm that there is an ongoing process to identify, evaluate and manage the significant risks the Group faces and the effectiveness of related controls.

You can see a summary of the principal risks and uncertainties facing the Group, as well as what we do to mitigate them, on pages 24 to 32.

Budgets

For the 2020 financial year, GBG completed its annual, comprehensive budgeting process which the Board reviewed and approved. During the 2020 financial year the Board received regular reports on our results, compared with both budget and the previous year.

The budgeting process for the 2021 financial year was well progressed by March 2020, however, the events of Covid-19 and the uncertainties this placed on agreeing any meaningful and accurate budget meant that the final review and approval process was postponed. Instead, the Board receives weekly updates from the Executive Directors on the financial performance of the Group (including, but not limited to, revenue, growth and cash) in order to monitor progress, trends and assessment of the Group banking covenants. The Board will commence a budgeting process as soon as circumstances and certainty in our markets improve to support this exercise.

The Board has undertaken a rigorous and in-depth assessment of GBG's financial position and outlook and has adopted the going concern principle in preparing these financial statements, as described in note 2.2 of the accounts.

Insurance

We have comprehensive insurance cover against material loss or claims against GBG. We are also covered for actions taken against the Directors because of their roles. Each year, we review the sums we insure and what type of cover we have.

Maintain a Dynamic Management Framework

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

The Board is made up of the Non-Executive Chairman, David Rasche; three Executive Directors, Chris Clark, Dave Wilson and Nick Brown; and three Non-Executive Directors, Liz Catchpole, Charmaine Carmichael and Natalie Gammon. In the Board's opinion, Liz, Charmaine and Natalie are independent in character and judgement. The Board has considered David Rasche's length of service and is confident that he is still independent in character and judgement, however, in line with best practice he will be subject to annual re-election.

The Executive Directors all work full-time for the Group. The Non-Executive Directors work part-time, alongside other commitments outside of GBG. A summary of these commitments appears in their biographies on pages 40 to 41. In the Chairman's opinion, having consulted with the other directors, each member of the Board gives the right amount of time to fulfil their responsibilities.

All the Directors are elected by shareholders at the first AGM after they have been appointed to the Board. They then put themselves up for re-election at least once every three years, in line with our Articles of Association. To see which Directors are looking to be reappointed at the 2020 AGM, see the Directors' Report on pages 64 to 66 and the Notice of AGM. The service agreements for each of the Directors are available from our registered office in Chester.

The Board has a formal schedule of matters reserved for it to decide on, which is available on our website. The Board meets regularly to review trading performance, review risks, make sure we have enough funding, set and monitor strategy, examine major business opportunities and report to shareholders.

Our approved annual calendar of Board meetings makes sure the Board meets regularly at scheduled times. Besides these, the Board also meets to deal with urgent business whenever needed and is provided with all relevant information in advance. For example, the full Board has met on a weekly basis since the onset of the Covid-19 pandemic. The Non-Executive Directors have also met during the year without the Executive Directors and Chairman.

CORPORATE GOVERNANCE STATEMENT

In the year to 31 March 2020, the Board met 9 times. The table below shows what proportion of meetings each member attended.

Percentage Attendance



* Natalie joined GBG in November 2019 and her attendance is based on the number of meetings since her start date.

In response to the Covid-19 pandemic, the Board has been meeting weekly since 24 March 2020 and receives update reports from the Executive Directors on matters relating to our people, financial health, customers, operations and competitors. There has been full attendance of the Directors at these meetings.

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

We have included the Directors' biographies on page [•], showing their experience and skills, along with their Committee memberships. The Board is satisfied that it currently has the right balance of experience, skills, independence and expertise for the business. Each member of the Board understands the need to maintain their skills, which includes roles and experience with other boards and organisations as well as formal training.

During the year, the Directors received business updates and have had full access to the Company Secretary and external advisors (including GBG's auditor, NOMAD and remuneration consultants) on corporate governance matters.

GBG appointed Liz Catchpole as its Senior Independent Director (the 'SID') to give shareholders another channel of communication and to be an intermediary for the other Directors where they need it. All Directors can get independent professional advice on the Group's affairs, at the Group's expense, though no Director did so this year.

Led by the SID, the Non-Executive Directors meet without the Chair at least once a year to appraise the Chair's performance. The SID is also available to deputise for the Chairman at meetings or events.

To help keep the Board and the company stable, the SID may intervene at stressful times and work with the Chairman and other Directors and/or shareholders to deal with significant issues.

The Chairman regularly meets the Chief Executive and other Directors to discuss progress and how the Board is performing. Each Board member is ultimately responsible for their professional development and keeping their skills and knowledge up to date.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Evaluations

Every year, we ask each Board member to complete an online questionnaire as part of our Board evaluation process. This is a chance to comment and suggest improvements. The responses go to the Chairman in a detailed report and actions go to the Board to discuss and take forward.

The Board gets external evaluation of its performance at least every three years.

Last year we reported that Springboard had run an evaluation of the Board in February and March 2019. The process involved detailed questionnaires and observing the Board in action to assess it, as well as the Committees and make sure it is fully equipped to give the Group the support it needs.

The areas they highlighted to focus on were mainly ones the Board had already pinpointed in its development road map, including:

1. improved visibility of management succession and capacity planning
2. further use of external advisors and appoint an internal auditor
3. Board composition and balance

Since then, we have taken steps to improve our reviews of succession planning from operational and strategic standpoints. Also, we now have a larger panel of advisors for corporate transactions and have appointed BDO LLP as GBC's internal auditor. We have also strengthened the make-up of the Board with an additional Non-Executive Director. The Board is committed to continual improvement and further development of its processes, policies and procedures.

As well as evaluating the Board and its Committees, we evaluate individual Directors through peer-group meetings. The Non-Executive and Executive Directors monitor, evaluate and appraise each other's performance. The Non-Executive Directors also meet at least once a year to appraise the Chair's performance.

The appraisal process lets the Board see whether a Director is contributing effectively and showing commitment to the role. Under the process, the Chairman or Chief Executive Officer takes up any performance issues with the individual Director and the Chairman assesses whether they need any training and development.

The Chairman also regularly meets with the Chief Executive Officer and the other Directors outside of the Board meetings to discuss progress and performance of the Group and the Board.

Appointments to the Board

We fill vacancies on the Board after evaluating candidates with the right balance of skills, knowledge and experience. We assess whether or not to use recruitment consultants on a case-by-case basis. New Directors receive a formal induction covering guidance about the workings of the Board and its Committees and also meet with senior managers of the Group for detailed information and presentations on Group strategy, products and services. We appointed Natalie Gammon as a Non-Executive Director this year and this induction process detailed above was followed.

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

Information on our corporate culture, values and behaviours is in our Chairman's Statement on pages [•] and [•] and in our Corporate Responsibility Report on pages [•] to [•].

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

You can find information on how we comply with this principle in the Investors section of our website, as well as in the Audit & Risk Committee Report on pages [•], the Nomination Committee Report on page [•] and the Remuneration Committee Report on pages [•] to [•].

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

It is the Chairman's responsibility to:

- communicate with shareholders and make sure that the Board knows about any concerns
- make sure members of the Board, particularly the Non-Executive Directors, understand major shareholders' views about the Group
- make sure the Board keeps its integrity and effectiveness.

It is very important to us to communicate regularly with our various stakeholder groups in a clear, fair and accurate way. We update our website regularly, particularly the Investors section and users can register for emails about our announcements.

Our main ways of communicating with shareholders are the Annual Report and Accounts, full-year and half-year announcements, the AGM and GBC Investor Roadshows.

You can read our financial reports and AGM Notices for the past five years on our website.

We announce the results of voting on all AGM resolutions shortly after the AGM itself. We also post a more detailed analysis of voting at general meetings on our website. This includes any actions we would propose to take as a result where at least 20 percent of shareholders voted against a resolution.

As part of our programme of keeping investors informed, we also held our capital markets event in 2019, focussing on the GBC Identity solution area. Here, we discussed our strategic direction and highlighted how we are winning in a multi-billion dollar global market by expanding into new geographies and sectors, focussing on the end-to-end customer lifecycle and using M&A to enhance capability and reach. Copies of the video presentation and support material of the event (and past events) can be found on the Investor section of our website.

AUDIT & RISK COMMITTEE REPORT

Dear Shareholder

On behalf of your Board, I am pleased to present the Audit & Risk Committee Report for the year ended 31 March 2020.

The Committee oversees GBG's financial reporting process on behalf of the Board. Our management has primary responsibility for the financial statements and for maintaining effective internal control over financial reporting. The Committee's role is to challenge the Group's Executive Management and auditor on:

- internal control and risk management systems;
- the processes and best practice for implementing policies;
- providing additional detail and explanation on each area of the audit report;
- the independence and skills of the external auditor; and
- the potential impact of developments in audit practice and international accounting standards and whether or not the planning for such developments is effective.

The Board is confident that the Committee has sufficient recent financial experience, relevant to the sector in which the Group operates with myself as Chair being a Chartered Certified Accountant and chairing the audit committees of other boards. We have access to the financial expertise of the Group and its auditor and can seek professional advice at the Company's expense if needed.

Accounts that are fair, balanced and understandable

We review the accounting principles, policies and practices adopted for preparing public financial information and we examine documentation relating to the Annual Report, Interim Report, preliminary announcements and other related reports. We are satisfied that the Annual Report is fair, balanced and provides the information necessary for shareholders to assess the Group's position and performance, as well as its business model and strategy.

Liz Catchpole

Audit & Risk Committee Chair

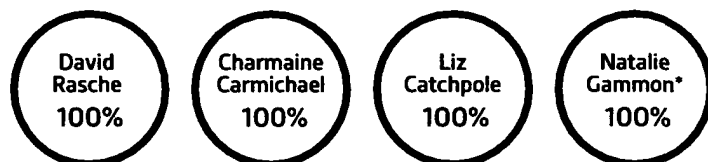
Key Responsibilities

The role of the Committee is to be responsible for:

- maintaining the integrity of the financial statements and other formal announcements relating to the Group's financial performance, challenging and reviewing the significant financial reporting judgements contained in them;
- considering the requirements and impact of new accounting standards;
- reviewing the controls that are in force to maintain the integrity of the financial information that we report to shareholders;
- considering and reviewing the effectiveness of the Group's systems of internal control and risk management including, but not limited to, the financial reporting process and the Group's principal risks & uncertainties;
- reviewing key policies including those concerning revenue recognition and treasury;
- reviewing the effectiveness, scope and objectivity of the external audit process including assessing the outcomes and findings of the work performed by the external auditor;
- developing, implementing and monitoring policy for engaging the Group's external auditor to supply non-audit services;
- assessing the going concern and viability statements, reviewing the assumptions made by management, providing feedback to management and challenging the scenarios modelled (especially in light of challenges and uncertainties created by Covid-19);
- reporting to the Board on any matters that need action or improvement and making recommendations for the steps to be taken; and
- reporting to the Board on how the Committee has discharged its responsibilities throughout the year.

Percentage Attendance

(2 meetings)



Note: this year's meetings were attended by invitation by the Executive Directors, Company Secretary, external auditors, internal auditors (at our November 2019 meeting) and management.

*Natalie joined GBG in November 2019 and her attendance is based on the number of meetings since her start date.

Report on the work of the Committee

Covid-19

The Committee has and continues to consider the potential impact of the Covid-19 pandemic on the financial position, cashflows and liquidity of the Group, particularly in relation to the preparation of the Group's financial statements on a going concern basis. Appropriate and rigorous stress testing against a range of potential and extreme scenarios has been undertaken to support the assessment of the business as a going concern. The Committee provided input to and challenge of this review process. The Group's going concern and viability statements are set out on pages 66 & 32 and these set out the approach taken and the conclusions made. The Committee has also reviewed and challenged the Group's other Covid-19 risk assessment activities covering its operational, people, customer and information security areas. An update on its review is set out in the Principal Risks and Uncertainties Report on pages 24 to 32.

Annual Report & Accounts

The Committee reviewed the audited consolidated financial statements in the Annual Report and discussed it with the external auditor and management. Our rigorous challenges and discussions focussed on the quality, not just the acceptability, of the accounting principles, as well as the reasonableness of significant judgments, the clarity of disclosures in the financial statements, particularly in reference to the impact of Covid-19 and the effectiveness of internal control over financial reporting.

Outside of the formal Committee meetings, I also meet with the external auditor, the internal auditor and with individual members of the Group's Management and Finance Team. This was principally to discuss the risks and challenges faced by the business and, most importantly, how these were being addressed.

External Audit

Last year I reported that we had approved and carried out a rigorous and competitive tender process. The Committee unanimously agreed to propose a resolution at the 2019 Annual General Meeting to reappoint EY as external auditors, which was duly passed. Following the audit tender process, we approved EY's terms of engagement, scope of work and the process for the interim review and the annual audit. We also reviewed, challenged and agreed the audit fee proposals and approval for non-audit services fees, tenure and audit partner rotation (based on best practice and professional standards within the United Kingdom). I have been in regular contact with the audit senior partner at EY during the year and since the year-end to discuss, amongst other things, progress of this year's audit and specific actions required in response to the Covid-19 pandemic.

Internal Audit

Last year I reported on the progress we had made in the search for an independent external assurance provider and I am pleased to report that we have since appointed BDO LLP to conduct our internal audit. During the year they completed an engagement assessing our overall Risk Management Framework and also commenced a review of our Cybersecurity policies and procedures. The completion of the Cybersecurity review requires travel to our international subsidiaries and, therefore, this element of its review has had to be postponed until travel restrictions have been lifted following the Covid-19 outbreak. Since the end of the year, I have been in contact with BDO to discuss progress and status of our internal audit programme. In addition, the Audit Committee has also met with BDO and GBG's Management Team to review and challenge the review reports produced by BDO LLP and management's responses.

The internal audit plan for the year to 31 March 2021 will be finalised once there is greater visibility on developments and impacts associated with Covid-19.

AUDIT & RISK COMMITTEE REPORT

Non-audit Services

Last year we reported that in the coming year the only non-audit service to be provided by EY would be the review of the Group's half-year results. With the exception of specific pieces of tax related work with our overseas subsidiaries which had already commenced at the date of that report, EY did not perform any other non-audit services during the year. KPMG were appointed as Group Tax Advisor during the year which included taking over the remaining overseas tax services from EY. It is expected that EY will not perform any non-audit services (except for the review of the half-year results and covenant compliance review) in the coming year.

The tax engagements which concluded during the current year were not considered material with total fees of £10,000, equivalent to 3% of the total amount paid to EY in the year. To demonstrate EY's independence and objectivity, they undertook their standard independence procedures in relation to those engagements. Except for this work conducted by EY, all other tax engagements are undertaken by KPMG LLP.

We have included further details of the non-audit fees in note 6 to the financial statements. EY were selected for these tasks due to their alignment with work carried out under the audit.

Advisor Independence

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

The Committee has and will continue to assess the independence, tenure and quality of the external auditor at least once a year and in addition to requiring both verbal and written confirmation of the auditor's independence. EY has confirmed that there are no relationships between themselves and the Group that could have a bearing on their independence.

Whistleblowing Policy

We have carried out an annual review of our whistleblowing policy to ensure that it is still appropriate for a Group of our size and the geographies in which we operate and we are satisfied that it is. We receive monthly reports from our external whistleblowing hotline provider and can confirm that no concerns have been raised during the year.

Anti-tax Evasion Policy

In light of the Criminal Finance Act 2017, the Group adopted and as in place a policy to uphold all relevant laws that counter tax evasion. This policy has been added to the Group's 'Code of Conduct' and published on our intranet.

Internal Controls and Risk Management

Our corporate objective is to maximise long-term stakeholder value. As we work towards this objective, our Directors recognise that creating value is the reward for taking business risks. The Board's policy on risk management covers all significant business risks to the Group, including financial, operational and compliance risks that could be barriers to achieving our business objectives. We regularly monitor risk and control processes across headline risk areas and other business-specific risk areas, providing the basis for regular and exception reporting to management and the Board.

The risk assessment and reporting criteria are designed to provide the Board with a consistent, Group-wide perspective of the key risks. The reports to the Board, which are submitted at least every six months, include an assessment of how likely risks are to happen and the impact if they did happen, as well as our risk mitigation initiatives and how effective these are.

The Board has overall responsibility for the Group's approach to assessing risk and systems of internal control and for monitoring how effective they are. There are limitations inherent in any system of internal control. The system is designed to manage risks rather than eliminate them. It provides only reasonable and not absolute assurance against material misstatement or loss.

The Board considers risk assessment and control, within an acceptable risk/reward profile, to be fundamental to achieving our corporate objectives. There is an ongoing process to identify, evaluate and manage the significant risks faced by the Group and the effectiveness of related controls. We review the process at least every six months and then report our findings to the Board in accordance with the Financial Reporting Council's guidance on internal control.

During the year, the Internal Controls Team met to assess current risks and to review and monitor the controls that currently mitigate those risks. In addition, to ensure that the Group's risk management processes continued to address the ever-changing threats to business in general and GBG specifically (such as new cyber-threats, changes in regulation) the Internal Controls Coordinator and his team also met with individual risk owners outside of the Internal Controls Team meetings process. This was in order to discuss any internal and external developments to their specific risk areas and to assess whether any review of their risk

profile (such as additional mitigation actions) needed to be made. Feedback from these meetings was discussed at the Group's larger internal control meeting in June 2020. This meeting was originally due to take place at the end of March but with the disruption and challenges caused by Covid-19, the meeting was postponed whilst the team dealt with the more immediate issues of enacting GBG's business continuity plans and the associated activities of protecting the business and its various interests. At the reconvened meeting, all risk owners discussed proposed changes to the risk register and any potential new risks to the Group.

The Internal Controls Coordinator chairs the meetings to collate and present the results of the risk reviews to the Committee. This allows the Committee to monitor the controls that are in force and identify any gaps in the control environment. The Committee also determines whether any action is needed in respect of any control issues raised by the Internal Controls Coordinator or the external auditor.

The Internal Controls Coordinator monitors and assesses the Group's risk management functions on a regular basis and reports directly to the Chief Executive Officer on matters of internal control and risk assessment.

You can find more information on the Group's principal risks, along with any mitigating factors, on pages 24 to 32.

The Group's Internal Controls Coordinator, Executive Management and external auditor have satisfied the Board that there is an ongoing process to identify, evaluate and manage the significant risks faced by the Group. This process has been operational during the year and is in accordance with the Financial Reporting Council's guidance on risk and internal control.

Board-level Reporting on Risk Management and Internal Control

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

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

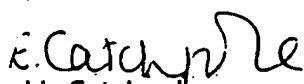
The Audit Committee has also met with both the internal and external auditor without management being present.

Effectiveness Review of the Committee

The Committee's effectiveness was reviewed during the year as part of the annual internal review of the Board and its Committees. I am pleased to report that the review concluded that the Committee continued to discharge its duties effectively.

Terms of Reference

The terms of reference of the Audit & Risk Committee, including its role and the authority delegated to it by the Board, were reviewed and updated during the year and details are available on the Group's website www.gbtplc.com/investors. In accordance with its terms of reference, the Committee has reported to the Board as to how it has discharged its responsibilities throughout the year.


Liz Catchpole

Audit & Risk Committee Chair

30 June 2020

REMUNERATION COMMITTEE REPORT

Annual Statement from the Chair of the Remuneration Committee

Information Not Subject to Audit

This report is for the year ended 31 March 2020. It sets out the remuneration policy and the remuneration details for the Executive and Non-Executive Directors of the Company. As an AIM-quoted company, the information provided is disclosed to fulfil the requirements of AIM Rule 19. Complying with AIM Rule 26, GBG complies with the Quoted Companies Alliance Corporate Governance Code. Although GBG is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Company is committed to achieving both high governance standards and a simple and effective remuneration structure. The following information is unaudited except where stated.

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2020, in keeping with last year's structure, the Report has been separated into three sections: the Annual Statement; the Directors' Remuneration Policy; and the Director's Annual Report on Remuneration - which describes how the policy has been implemented throughout the year and looks ahead to 2020-21. This year we present the remuneration policy in a table as we did last year to provide clarity and simplicity in line with best practice amongst AIM companies.

The Committee is primarily responsible for determining and recommending to the Board the policy for the remuneration and employment terms of the Executive Directors. The Committee is also responsible for the review of and making recommendations to the Board in relation to share incentive plans and performance related pay schemes and their associated targets, as well as employee benefit structures across the Group. In discharging its duties, the Remuneration Committee considers the wider economy, the market in which the Company operates and the overall performance of the Company.

An advisory resolution will be put to shareholders at the AGM on 10 August 2020, asking them to consider and approve this Report. A similar resolution was put to the 2019 AGM and was supported by 98.28% of the votes cast.

We firmly believe that our remuneration policy effectively rewards and incentivises our Executive and Senior Management Team in pursuit of the Company's strategic aims and that these incentives align with long-term stakeholder value creation.

Appointment of an Additional Non-Executive Director & Transition of the Chair of the Remuneration Committee

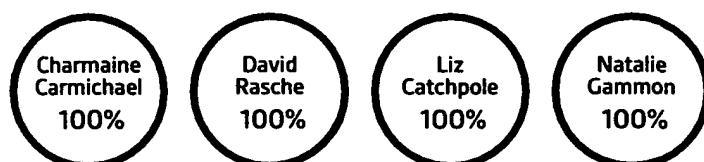
We are pleased to welcome Natalie Gammon as a member of the Remuneration Committee following her appointment as a Non-Executive Director to the Board in November 2019. The Committee now comprises of the Company's four independent Non-Executive Directors. The brief for Natalie's recruitment included her taking on the responsibility of the Chair of the Remuneration Committee at a mutually convenient time after her appointment. It is proposed that Natalie takes up the position of Chair of the Remuneration Committee at the conclusion of the Company's AGM and thereafter I will continue to serve as a member of the Remuneration Committee.

The Committee at a Glance

The number of Remuneration Committee meetings held during the year was two, details of attendance is set out below:

Number of Meetings and Percentage Attendance

(2 meetings)



* Natalie Gammon joined GBG in November 2019 and her attendance is based on the number of meetings attended since her start date

The Committee has discharged its responsibilities throughout 2019-20 by:

- considering and approving bonus measure & KPIs;*
- considering and approving Executive salary increases;*
- approving Executive bonuses earned during the 2018-19 year but awarded this year;*
- considering and approving share matching awards for Executive Directors;*
- considering and approving the exercise and sale of Executive Directors share awards;*
- reviewed and implemented a Malus & Clawback Policy and a Minimum Shareholding Policy; and
- reviewed and considered the Company's LTIP structure to ensure that it remains appropriate and effective in supporting the Company's growth strategy and aligned with shareholders' interests.*

Note *: These matters were agreed prior to the impact of the Covid-19 pandemic.

Impact of Covid-19 on Remuneration Decisions

Despite the positive performance of the Company during 2019-20, the full effect of the Covid-19 pandemic on the business is still unfolding and the duration of the crisis is still unknown. A number of actions have been approved by the Board since March in order to conserve cash and preserve short-term liquidity as well as providing financial flexibility to support and invest as GBG navigates through the pandemic.

It has been agreed to implement an immediate Group-wide pay freeze, pausing of all non-essential recruitment and deferring bonus payments earned by the Executive Directors in respect of 2019-20. In addition, annual bonus targets for 2021-21 have not been established. With annual bonus payments deferred, the ability for Executive Directors to participate in the share match scheme is restricted. The Committee will keep 2020-21 annual bonus and long-term incentive awards under review with a view to setting targets and making awards later in the year and as circumstances unfold, the Committee will consider how best to make long-term incentive awards to Executive Directors during 2020-21.

Performance and Decisions on Remuneration Taken During 2019-20

Company Performance

Despite some modest impact to revenues during Q4 as a result of Covid-19, GBG has continued to meet the Board's growth expectations throughout the year, with revenue increasing by 38.7% and organic growth of 10.7% on a constant currency basis.

However, despite the positive performance of the Company, as announced in our Trading update in April 2020, the full effect of the Covid-19 pandemic on the business is still unknown. A number of actions have been approved by the Board in order to conserve cash and preserve short-term liquidity and are detailed above.

REMUNERATION COMMITTEE REPORT

Annual Statement from the Chair of the Remuneration Committee

Annual Bonus

In light of this year's strong performance and targets being met, annual bonuses to the CEO, CFO & COO and the Group Managing Director totalling 143.4%, 123.4% and 123.4% of their respective salaries was earned. However, and as detailed above, in light of the issues and uncertainties caused by Covid-19 the payment of these bonuses has been deferred and the Committee will keep the matter of potential payment under review during FY21 in light of future developments.

Share Awards Granted, Vested and Exercised During the Year

On 27 September 2019, share match awards were made to the CEO, CFO & COO and Group Managing Director under the Company's share matching scheme following their reinvestment of salary and bonus in purchasing shares in GBG. Further details of the awards are set out under the section entitled Long Term Incentive Awards on page 60. A summary of the share matching scheme is set out in the remuneration policy table on pages 56 and 57.

Share match awards granted to the CFO & COO and the Group Managing Director on 8 September 2016, which were subject to a demanding three-year EPS growth targets, vested during the year. Following strong performance, these awards vested at 99.25% of maximum. Further details regarding the EPS targets are set out in the remuneration policy table on pages 56 and 57.

Throughout the year, the Remuneration Committee approved the exercise and sale of the Directors' share options subject to the minimum shareholding policy. Details of the number of shares sold and subsequent holdings can be found on page 61.

Engagement with Shareholders

Early in our 2019/20 financial year, we consulted with major shareholders in relation to a number of aspects of executive remuneration for the year ahead. This consultation was referred to in our 2019 annual report. As noted above, in light of the current situation in respect of Covid-19, payment of the Executive Directors bonuses accrued during FY19/20 has been deferred. The Committee will keep the matter of potential payment under review during FY21 in light of future developments.

Committee Evaluation

Following an external evaluation of the Board and its Committees, the results of which were reported in last year's annual report and accounts, the Company Secretary has worked alongside the Remuneration Committee and GBG's Management Team to improve the flow of information between the Committee and the Board.

Looking forward to financial year 2020-2021

GBG has always recognised the need to report in an open and transparent manner and align with shareholder and stakeholder expectations. The policy table on pages 56 and 57 sets out how annual bonus and long-term incentives operate under the remuneration policy with some information on the historic parameters.

We trust you will find this Report to be informative and transparent and we look forward to receiving your support. We are committed to and encourage open dialogue with our shareholders and are pleased to hear feedback. Further information regarding our engagement with stakeholders can be found in our Section 172 Statement on pages 67 to 70.



Charmaine Carmichael

Remuneration Committee Chair

30 June 2020

Remuneration Policy

Our remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement our business strategy in order to optimise long-term stakeholder value. It is the intention that this policy should conform to best practice standards and that it will continue to apply for 2020 and subsequent years, subject to ongoing review as appropriate. The policy is framed around the following key principles:

- total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives;
- total incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests;
- incentive plans, performance measures and targets will be structured to operate soundly throughout the business cycle;
- the design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk;
- in considering the market positioning of reward elements, account will be taken of the performance of the Group and of each individual Executive Director; and
- reward practice will conform to best practice standards as far as reasonably practicable.

When formulating the scale and structure of remuneration levels the Remuneration Committee considers market rates, drawn from external market data, for the level of remuneration offered to directors of similar type and seniority in other companies whose activities are similar to GBC. In addition, we also consider the pay and employment conditions of our team members when determining Directors' remuneration. Where appropriate we seek advice from external consultants and the services of h2glenfern Limited were retained during the year. No Director was involved in deciding the level and composition of their own remuneration.

Each Executive Director's remuneration package consists of basic salary, bonus, share options, health and car benefits, prolonged disability insurance and pension contributions. An appropriate balance is maintained between the fixed and performance related remuneration elements. The details of individual components of the remuneration packages and service contracts are outlined in the table below.

Bonus and share option awards to Executive Directors are subject to clawback and malus provisions. In addition, Executive Directors are required within 5 years of their appointment to build, and thereafter maintain, a minimum level of share ownership in GBC shares. Details of the minimum shareholding policy is detailed in the table below.

This part of the report sets out the remuneration policy with regard to the Executive Directors. The policy on each element of remuneration and how it operates, is detailed in the table below.

REMUNERATION COMMITTEE REPORT

Element	Link to remuneration policy/strategy	Key features/Operation	Potential value	Performance metrics
Base salary	To attract and retain high-calibre executives.	Reviewed annually, changes effective from 1st June. Executive Director's experience, responsibilities and performance taken into consideration. Performance is assessed both from an individual and business perspective.	Effective 1 April 2019: CEO salary: £504,300. COO & CFO salary: £294,175. GMD Salary: £294,175.	None.
Benefits	To provide an attractive package alongside basic salary to attract and retain executives.	Benefits include but are not limited to private medical insurance, fuel benefit and dental insurance. Cash in lieu of benefits is provided for car allowances.	The potential value of medical insurance benefits is limited by the terms of the policy.	None.
Pensions	To provide market competitive arrangements.	The company contributes to executives' existing personal pension schemes. Cash payments in lieu of pension are available in the event an executive has exceeded their personal pension allowance.	CEO: 17.5% on basic salary. COO & CFO: 12.5% on basic salary. GMD: 12.5% on basic salary.	None.
Performance related bonus	To incentivise achievement of company profit targets and other near-term strategic objectives.	Based on performance against targets related to financial and individual KPIs agreed at the start of the year. No formal deferral requirement. Executive Directors can re-invest up to 80% of their bonus in the Share Matching Plan. In the past, Executive Directors have reinvested large proportions of their bonus in shares.	Payments capped at 150% of salary for the CEO and 130% of salary for the CFO & COO and GMD.	EPS growth targets and non-financial KPIs aligned to strategic objectives. These include improving employee engagement, increasing GBG's Net Promoter Scores and increasing organic growth. For the executives the maximum pay out for the EPS growth target is currently 130% of base salary for the CEO and 110% of base salary CFO & COO and GMD. The maximum pay out for all executives for the individual KPIs is currently 20% of base salary.
Long term incentives (Share matching plan)	To align executives to the interests of shareholders and to incentivise long-term financial performance.	Participants may purchase shares up to a maximum aggregate value of 80% of the amount of their bonus and/or 20% of their annual salary ('Investment Shares'). All of these amounts are net of the employee's national insurance and income tax paid. In consideration, the Company grants an option to allot a number of matching shares in proportion to the Investment Shares acquired on a grossed up for income tax basis.	Matching shares awarded are capped at up to three times the number of Investment Shares purchased by the participant. Prior to 31 March 2018: 2.0x matching rate. For years ended 31 March 2018 and 31 March 2019: 1.75x matching rate. For year ended 31 March 2020: 2.0x matching rate.	Adjusted EPS growth condition measured over three financial years. For awards made up to year ended 31 March 2019, the range of lower level growth targets for options is between 10% and 15%. The range of upper level growth targets for is between 22.5% and 25%. Straight line vesting between target ranges. For the award made during the year ended 31 March 2020, 25% of the award will vest if 10% EPS CAGR is achieved over three consecutive financial years with full vesting being applied where a level of 17.5% EPS CAGR is achieved.

Element	Link to remuneration policy/strategy	Key features/Operation	Potential value	Performance metrics
Shareholding guideline	Incentivises executives to achieve the Company's long-term strategy and create sustainable stakeholder value. Aligns with shareholder interests.	Target value to be achieved over five years: – CEO – 200% of salary – CFO & COO – 150% of salary – GMD – 150% of salary Until the shareholding guideline has been achieved, executives must retain at least half of vested LTIP awards beyond those needing to be sold to cover tax liabilities and exercise costs.	n/a	n/a

Performance Share Plan ("PSP")

The company operates a PSP for all team members. When adopted, the Company stated that it was the intention at present that awards would be made to team members below the level of Executive Director. No awards to Executive Directors have been made to date. The plan was approved at the 2018 AGM. Awards are subject to a three-year EPS performance condition. Employees can be granted awards of nil cost options with an aggregate value on date of grant of up to 100% of base salary. The awards are subject to malus and clawback.

Consideration of Employment Conditions Elsewhere in the Group

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

Shareholder Consultation

The Company welcomes dialogue with its shareholders over matters of remuneration and will seek the views of its significant shareholders if and when any major policy changes and decisions are being planned. The Chairman of the Remuneration Committee is available for contact with institutional investors concerning the Company's approach to remuneration. The annual Report on Remuneration will be put to an advisory vote at the coming AGM.

REMUNERATION COMMITTEE REPORT

Service Contracts

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

Executive Directors	Date of contract	Unexpired term (months) or rolling contract	Notice period (months)
Chris Clark	1 April 2017	Rolling Contract	6
Dave Wilson	1 October 2009	Rolling Contract	6
Nick Brown	3 April 2017	Rolling Contract	6
Non-Executive Directors			
Charmaine Carmichael	3 January 2020	9	1
David Rasche	1 September 2019	5	1
Liz Catchpole	1 September 2017	5*	1
Natalie Gammon	19 November 2019	7	1

* Liz Catchpole has a 3-year fixed term contract which commenced on 1 September 2017. In accordance with GBC's Articles of Association, her subsequent reappointment is subject to shareholder approval at an Annual General Meeting.

There are no special provisions for compensation in the event of loss of office. The Remuneration Committee considers the circumstances of individual cases of early termination and determines compensation payments accordingly.

Non-Executive Directors

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

In line with the Group-wide pay freeze, no increase in Non-Executives fees for 2020-21 has been proposed or agreed. The fees for the Non-Executives effective are presented in the table below:

Position	2019-20 Fee	2020-21 Fee
Non-Executive Chair	£145,000	£145,000
Non-Executive Director	£55,000	£55,000
Committee Chair	£7,100	£7,100
Senior Independent Director	£7,600	£7,600

ANNUAL REPORT ON REMUNERATION

Introduction

This Annual Report on Remuneration sets out information about the remuneration of the Directors of the Company, for the period ended 31 March 2020.

Information subject to audit

Directors' Remuneration

2020

	Salaries / Fees £'000	Cash in lieu of benefits in kind £'000	Benefits in kind £'000	Bonuses £'000	Pension £'000	2020 Total £'000
Executives						
Chris Clark	504	103	–	723	–	1,330
Dave Wilson	294	14	–	363	37	708
Nick Brown	294	12	–	363	37	706
Non-Executives						
David Rasche	144	–	–	–	–	144
Charmaine Carmichael	60	–	–	–	–	60
Liz Catchpole	68	–	–	–	–	68
Natalie Gammon	20	–	–	–	–	20

Note: Executive Directors' bonus payments accrued for FY20 have been deferred due to the Covid-19 pandemic.

2019

	Salaries / Fees £'000	Cash in lieu of benefits in kind £'000	Benefits in kind £'000	Bonuses £'000	Pension £'000	2019 Total £'000
Executives						
Chris Clark*	491	96	2	608	–	1,197
Dave Wilson*	287	14	2	355	36	694
Nick Brown*	287	12	2	355	36	692
Non-Executives						
David Rasche	135	–	–	–	–	135
Charmaine Carmichael	51	–	–	–	–	51
Liz Catchpole	59	–	–	–	–	59

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

Note: Chris Clark, having reached the maximum level permitted for a personal pension, receives a direct payment in lieu of his pension entitlement, which was £90,352 (2019: £84,000). This figure is included in the column entitled 'Cash in lieu of benefits in kind' in the Director's Remuneration table above.

Information not subject to audit

Annual Bonuses

As detailed earlier in this report, bonuses have been earned by the Executive Directors based on the performance of the Company in the year to 31 March 2020. Due to the Covid-19 pandemic the Board approved a number of actions in order to conserve cash and short-term liquidity. Executive Director bonuses accrued during the year have been deferred and the Committee will keep the matter of potential payment under review during FY21 in light of future developments.

Despite the decision to defer the payment, the Committee has set out below how the bonus was achieved and the quantum calculated.

The details of the Executive Bonus Scheme 2019-20 are set out below and includes details of the annual bonus targets, threshold and maximum levels and bonuses paid to each Executive Director. Bonuses were earned based on the achievement of a range of financial and non-financial targets as follows:

- EPS growth targets where the maximum pay out for the achieving the target was capped at 130% of base salary for the CEO and 110% of base salary for the CFO & COO and Group MD; and
- achieving non-financial key performance indicators (KPIs), aligned to our strategic objectives and covering: improvements in employee engagement; increasing GBG's Net Promotor Scores (NPS); as well as increasing level of organic growth. The maximum bonus that could be earned by the Executive Directors for achieving these targets was capped at 20% of base salary.

ANNUAL REPORT ON REMUNERATION

Executive Directors	EPS growth		Achievement of KPIs %	Total max bonus %	EPS target achieved %	KPI target achieved %	Bonus awarded	
	Budget 22.43p per share	Max 24.32p per share					% of salary	£'000
Chris Clark	40 %	130 %	20 %	150 %	130%	13.33%	143.34%	£723
Dave Wilson	40 %	110 %	20 %	130 %	110%	13.33%	123.34%	£363
Nick Brown	40 %	110 %	20 %	130 %	110%	13.33%	123.34%	£363

Long Term Incentive Awards

Share match awards granted to the CFO & COO and the Group Managing Director on 8 September 2016, which were subject to a demanding three-year EPS growth targets, vested during the year. Following strong performance, these awards vested at 99.25% of the maximum.

In addition, the second tranche of 200,000 compensatory options awarded to Chris Clark vested on 1 April 2019, the second anniversary of the grant date, were exercised during the year.

Following the investment of the Executive Directors in acquiring shares in the Group in 2019-20, share matching awards over 206,136, 125,226 and 122,721 shares were made on 27 September 2019 to Chris Clark, Dave Wilson and Nick Brown respectively. The amount of their investment was grossed up for income taxes and the match rate of 2.0 times deemed investment applied. The Share Matching Awards are subject to a three-year adjusted EPS compound annual growth performance condition. 25% of the award will vest if 10% EPS CAGR is achieved over three consecutive financial years with full vesting being applied where a level of 17.5% EPS CAGR is achieved.

The CFO & COO also exercised a market value option awarded to him on 30 July 2010 (prior to the adoption of the share match scheme). The share option was subject to achieving compound annual growth in EPS over a three-year period of at least 20 per cent. The option vested fully on the third anniversary of the date of the award as the maximum target was achieved and was exercised in line with the terms of the award which required the option to be exercised before the tenth anniversary of the award.

As part of his recruitment package, Chris Clark, was awarded an option over 1,000,000 shares ("Incentive Option") on joining GBG on 1 April 2017. The exercise price of 293p was set as the closing share price on the day before his appointment. The award will vest in three equal tranches three, four and five years from grant subject to an adjusted EPS compound annual growth rate with vesting commencing from zero at 16.25% and increasing on a straight-line basis to full vesting at 26.25%. Based on GBG's EPS performance, 72.3% of the first tranche of Chris Clark's Incentive Option has vested.

Share matching awards over 113,208 and 119,917 shares were made on 5 February 2018 Dave Wilson and Nick Brown respectively following their investment in acquiring shares in the Group. The amount of their investment was grossed up for income taxes and the match rate of 2.0 times deemed investment applied. The Share Matching Awards were subject to a three-year adjusted EPS compound annual growth performance condition with vesting commencing from zero at 10% and increasing on a straight-line basis to full vesting at 22.5%. Based on GBG's EPS performance, these awards have fully vested.

Information subject to audit

Directors' Interest in the Group's Share Option Schemes

Executive Directors	Share Option Scheme	At 31 March 2019	Granted During Financial Year	Exercised During Financial Year	Lapsed During Financial Year	At 31 March 2020	Option Exercise Price (p)	Date Exercisable
Chris Clark	SOS	10,238	–	–	–	10,238	293.00	2020-27
	SOS	989,762	–	–	–	989,762	293.00	2020-27
	Comp	200,000	–	(200,000)	–	–	2.50	2018-20
	SMP	128,853	–	–	–	128,853	2.50	2021-22
	SMP	–	206,136	–	–	206,136	2.50	2022-23
		1,328,853	206,136	(200,000)	–	1,334,989		
Dave Wilson	SOS	211,164	–	(211,164)	–	–	25.75	2013-20
	SMP	159,177	–	(159,177)	–	–	2.50	2017-25
	SMP	130,764	–	(129,783)	(981)	–	2.50	2019-20
	SMP	113,208	–	–	–	113,208	2.50	2020-21
	SMP	125,379	–	–	–	125,379	2.50	2021-22
	SMP	–	125,266	–	–	125,226	2.50	2022-23
		739,692	125,266	500,124	(981)	363,813		
Nick Brown	SMP	190,595	–	(190,595)	–	–	2.50	2017-18
	SMP	117,988	–	(117,103)	(885)	–	2.50	2019-20
	SMP	119,917	–	–	–	119,917	2.50	2020-21
	SMP	125,376	–	–	–	125,376	2.50	2021-22
	SMP	–	122,721	–	–	122,721	2.50	2022-23
		553,876	122,721	(307,698)	(885)	368,014		

Key: SOS: Share option plans adopted in or prior to 2010 SMP: Share matching plan Comp: Compensatory share option award

Notes:

Share Option Scheme Details are provided in relation to the Directors' Interests in each Share Option Scheme offered.

Further information about the general terms of the share option schemes we offer can be found on pages [•] to [•] of this Remuneration Report.

The aggregate gains made on the exercise of options during the year was £5,936,428 (2019: £2,461,461).

Information not subject to audit

At 31 March 2020, our quoted share price on the London Stock Exchange was 582p and the lowest and highest prices during the year ended 31 March 2020 were 474p and 800p on 23 March 2020 and 6 January 2020, respectively.

Directors' Interests

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

Ordinary shares of 2.5p	31 March 2020	1 April 2019
David Rasche	699,333	903,525
Chris Clark	273,050	128,524
Dave Wilson	170,122	354,337
Nick Brown	500,000	992,196
Charmaine Carmichael	27,937	27,937
Liz Catchpole	12,195	12,195
Natalie Gammon	–	n/a

There have been no other changes to Directors' interests in the shares of the Group from the end of the year to 30 June 2020. Full details of the Directors' interests in the shares and options of the Group are contained in the Register of Directors' Interests, which is open to inspection.

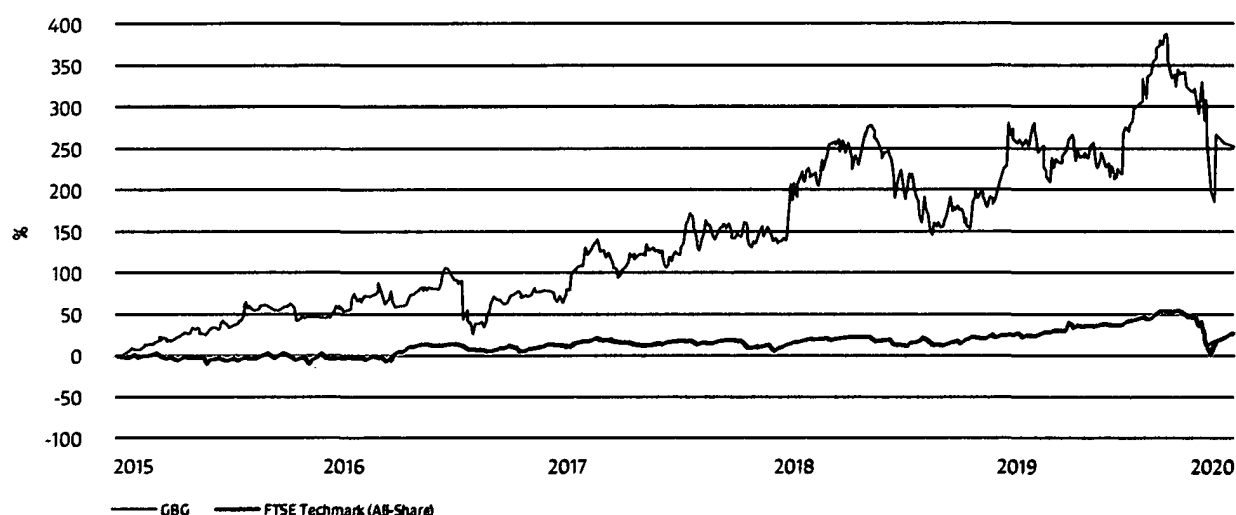
In accordance with the calculations set out in GBG's Shareholding Policy, based on the closing share price at 7 June 2019 of 581p, the value of Chris Clark, Dave Wilson and Nick Brown's shareholding represented 315%, 336% and 988% of their salaries, respectively and as such their holdings met those required under the Shareholding Guideline.

ANNUAL REPORT ON REMUNERATION

Shareholder Return Graph

The graph below shows the percentage change in total shareholder return for each of the last five financial years compared to the FTSE Techmark (All Share) index.

The FTSE Techmark (All Share) was selected as it represents a broad equity index in which the Group can be compared against.



Remuneration in 2020-21

Salary	In the light of Covid-19, the salaries of the Executive Directors have not been increased in line with the Group-wide pay freeze. Pay across the company will be kept under review as the situation unfolds.
Benefits	There will be no change to the benefits for the Executive Directors in the year commencing 1 April 2020.
Annual Bonus	In the light of Covid-19 and the uncertainty of the outlook, no targets have yet been set. The Committee will keep this under review and later in the year will consider targets and how the annual bonus for Executive Directors may operate during FY21.
Long Term Incentives	As circumstances unfold, the Committee will later in the year consider how best it may make long term incentive awards, including determining performance conditions, to the Executive Directors.
Non-Executive Director Remuneration	The fees for Non-Executive Directors will not increase for the year commencing 1 April 2020 in line with the Group-wide pay freeze as a result of Covid-19.

NOMINATION COMMITTEE REPORT

Dear Shareholder

On behalf of your Board, I am pleased to present the Nomination Committee Report for the year ended 31 March 2020.

Report on the work of the Committee

Appointments to the Board

When I wrote to you last year, we had started the process of searching for an additional Non-Executive Director. I am delighted to report that we welcomed Natalie Gammon to the Board in November 2019. Natalie has over 20 years of global technology, commercial and operational experience. She also has a track record of successful digital, strategic and transformational change programmes in both private equity and blue-chip companies. Her excellent technical skills and knowledge have added to the Board's competencies in a valuable way and we welcome her insight and input as GBG continues to grow and develop.

We continue to monitor the balance of skills and experience on the Board as well as its independence, diversity and knowledge.

Diversity, Equality & Gender

Diversity is important when we appoint someone new to the Board, or across the Group. We make sure our recruitment processes do not discriminate against existing team members and applicants. The Group's team members have a broad range of skills, backgrounds and experience, reflecting both the type of industry we are in and the places where we operate.

We are committed to equal opportunities in every part of our business and we promote team members on merit. We recruit, train, promote and retain skilled and motivated people regardless of gender, age, marital status, disability, sexual orientation, race and religion, or ethnic or national origin. In line with this, we also promote a culture of openness and responsibility in our business.

We want to increase the number of women across all levels of our organisation. As a global business we always consider our success against our overall people diversity. Part of our significant growth in the last 12 months has been outside of the UK. As a result of this we have seen an increase in women in senior roles across the Group.

We have reflected that some of the change can only be made by taking slow steps. We will continue to promote our culture of diversity as we endeavour to create a more gender and inclusive organisation that is representative of our ambitions.

There is more information in our Corporate Responsibility Statement on pages 33 to 38.

David Rasche

Nomination Committee Chair



30 June 2020

Percentage of Attendance

(1 meeting)



The Nomination Committee is made up of members drawn from the Board as and when the Committee needs them. The table shows everyone who served on the Committee during this financial year.

Role and Responsibilities

The primary role and responsibilities of the Committee are to:

- ensure that appropriate procedures are in place to nominate and select candidates for appointment to the Board, particularly in terms of the balance of skills, experience, independence and knowledge of the Board; and
- make recommendations to the Board about new appointments, re-electing Directors, succession planning and Board composition, particularly the benefits of diversity on the Board, including gender.

The Nomination Committee's terms of reference, including its role and the authority the Board delegates to it, are on the Group's website: www.gbgrp.com/investors

DIRECTORS' REPORT

The Directors present their report, together with the audited accounts in relation to the Group activities for the year ended 31 March 2020.

In accordance with s414c of the Companies Act 2006, certain matters that would otherwise be required in the Directors Report is included in the Strategic Review or elsewhere in this document as indicated in the table below and is incorporated into this report by reference.

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Change of Control	Directors' Report	66
Directors' Indemnities	Directors' Report	65
Directors' Interests	Annual Report on Remuneration	61
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Disclosure of Information to the Auditor	Directors' Report	66
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Significant Related Party Agreements	Note 32 to the Accounts	125
Substantial Shareholders	Directors' Report	64
Statement of Corporate Governance	Corporate Governance Statement	42 to 47
Voting Rights & Ordinary Shares	Directors' Report	65

Financial Results and Dividend

The Group's financial results, risk management objectives and policies are discussed in the Finance Review on pages 21 to 23 and within note 25. The Board does not intend to declare a final dividend in respect of financial year 2020. This prudent step helps both preserve short term liquidity and also provides additional financial flexibility to support and invest as GBG comes out of the Covid-19 pandemic.

Substantial Shareholders

We have been notified of the following interests in the ordinary share capital, representing 3% or more of our issued share capital. Details of substantial shareholders is regularly published and updated on our website. The position as at 31 March 2020 is detailed below:

Substantial Shareholder	No. of Shares Owned at 31 March 2020	Percentage of Shares Owned at 31 March 2020
Kames Capital	14,095,672	7.26
Octopus Investments	13,744,681	7.08
Capital Research Global Investors	9,530,000	4.91
Aberdeen Standard Investments (Standard Life)	9,490,029	4.89
Ninety One	7,472,695	3.85
Canaccord Genuity Wealth Mgt	6,736,608	3.47
Kabouter Mgt	6,607,452	3.40
Hargreaves Lansdown Asset Mgt	6,364,444	3.28
Janus Henderson Investors	6,191,060	3.19

As at 1 June 2020, the Company has not received any notification, in accordance with the Disclosure and Transparency Rules, of any changes to interests in the ordinary share capital of the Company, representing 3 per cent or more of the Company's issued share capital since 31 March 2020.

Additional Information for Shareholders

The following provides the additional information required for shareholders as a result of the implementation of the Takeovers Directive into UK law.

Share Capital Structure

At 31 March 2020, the Group's issued share capital comprised:

	No.	£'000	% of Total Share Capital
Ordinary shares of 2.5p each	194,193,861	4,855	100%

Restrictions on Transfers of Securities

There are no restrictions on the transfer of ordinary shares in the Company other than:

- certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods); and
- pursuant to the internal policies of the Company whereby certain team members of the Company require the approval of the Company to deal in the Company's securities.

We are also not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and for voting rights.

Voting Rights and Ordinary Shares

Ordinarily, voting at a General Meeting of the Group is on a show of hands with every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the General Meeting specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at the General Meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the AGM and the results are released as an announcement after the meeting. However, in light of current and anticipated public health guidelines we will be changing certain aspects of this process for this year's Annual General Meeting (AGM). In order to comply with UK Government guidance on public gatherings and being mindful of the well-being of our shareholders and GBG's team members, GBG is asking shareholders to comply with certain unprecedented but urgent measures for this year's AGM. As a result, shareholders will not be permitted to attend the AGM in person. Shareholders wishing to vote on any of the matters of business at the AGM will be encouraged to submit their votes in advance by proxy using one of the methods referred to in the Notice of AGM.

Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a General Meeting of the shareholders. This year the Company is proposing certain change to its Articles of Association for approval by shareholders at the forthcoming Annual General Meeting ("AGM"). Details are contained within the notice to the AGM.

Directors and Their Interests

The names and brief biographical details of each Director as at the date of this report are set out on pages 40 to 41.

The Directors who have served during the year ended 31 March 2020 and details of their interests in the share capital and share options are set out in the Report on Directors' Remuneration on page 61.

Appointment and Reappointment of Directors

Directors are reappointed by ordinary resolution at a General Meeting of the shareholders. The Board can appoint a director but anyone so appointed must be reappointed by an ordinary resolution at the next General Meeting.

Directors who have held office for more than three years since their last appointment are eligible for re-election by rotation at the next AGM. Any Non-Executive Director who is considered by the Board to be independent who has served on the Board for at least nine years or more will be subject to annual re-election. In 2020 this applies to David Rasche (as he has served on the Board since September 2010) and he will be seeking re-election at this year's AGM.

In accordance with the Articles of Association, Natalie Gammon, having been appointed to the Board on 19 November 2019, will, being eligible, stand for election at the next AGM. In addition, a third of the Board are required to stand for election, therefore, Chris Clark, Chief Executive Officer, will be retiring by rotation and seeking reappointment by the Group's shareholders.

The Directors confirm that, having conducted the board performance evaluation process, Natalie Gammon, Chris Clark and David Rasche continue to contribute effectively and demonstrate commitment to their roles. In addition, the Board has considered David Rasche's length of service and is confident that he remains independent in both character and judgement. Details of their notice periods and service agreements are detailed in the Report on Directors' Remuneration on page 58.

Directors' Indemnities

The Directors have been indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remain in force at the date of approving this Directors' Report.

Workforce Policies and Employee Engagement

We are committed to the investment in our team at all levels to ensure a culture of continuous improvement. In order to attract and retain a high calibre of employees we provide various employee benefit packages, including share options schemes, in order to align our team members' interests with the long-term strategic objectives of the Group. We are committed to our equality and diversity policies and seek regularly feedback and engagement from our team members. Further information regarding our work policies and

DIRECTORS' REPORT

engagement can be found on pages 33 to 39. Information regarding GBG's activities to promote diversity is contained within the Nomination Committee report on page 63.

Change of Control

Within the Group's revolving credit facility, the lender has the right to demand immediate payment of any outstanding balances upon a change of control of the Group following a takeover bid.

The Group does have an agreement with a data supplier which, if the Group were acquired by a competitor of that data supplier, would allow it to terminate its agreement with the Group. The data supplier would however, continue to be bound to service arrangements with the Group's clients existing on the date of termination.

Upon a change of control, share options may be exercised within six months of the time when the change of control takes effect and any subsequent conditions at the offer process have been satisfied.

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that could occur due to a takeover bid.

Proposed Resolutions for the Annual General Meeting

Details of business to be conducted at this year's AGM to be held on 10 August 2020, are contained in the Notice of the Annual General Meeting which will be communicated to shareholders separately. It is the opinion of the Directors that the passing of these resolutions is in the best interest of the shareholders.

Research and Development Activities

Research and development activities continues to be a high priority with the development of new products and maintaining the technological excellence of existing products. During the year ended 31 March 2020, approximately 38% (2019: 40%) of our global team were employed in technology activities. This figure is lower than previous years due to GBG's growth which has brought the overall figure down.

Auditor

A resolution proposing the re-appointment of Ernst & Young LLP as auditor to the Group will be put to the shareholders at the AGM.

Disclosure of Information to Auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 40 to 41. Having made enquiries of fellow Directors and of the Group's auditor, each Director confirms that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditor are unaware; and
- they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor are aware of that information.

Section 172 Statement

Our Section 172 statement can be found on pages 67 to 69.

Environmental Reporting

We comply with all relevant environmental legislation and have clear objectives to reduce energy consumption and waste production within our office environments. Details of our carbon reporting is set out in the Corporate Responsibility report on pages 33 to 39.

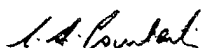
Going Concern

In light of the unique and wide-ranging impact of the Covid-19 outbreak, the Group has carried out a robust and diligent going concern analysis. Full details of this analysis are set out in note 2.2 to the Annual Report.

Following consideration of the base case forecasts, and the range of downside and reverse stress test scenarios, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

By Order of the Board

John Constantin FCIS
Company Secretary & General Counsel



30 June 2020

SECTION 172 STATEMENT

The Board is aware of and understands its duties under Section 172 of the Companies Act 2006 ("Section 172") and that engaging with our diverse stakeholder base is key to successfully managing GBG.

Section 172 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, among other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

This statement intends to set out how the Directors, both individually and collectively, have had regard to the above factors when undertaking their duties during the year.

At GBG we recognise the importance of engaging with stakeholders to help inform our strategy and Board decisions. We also acknowledge that every decision the Board has made will not necessarily result in a positive outcome for all of our stakeholders. However, by giving consideration to key stakeholder groups and aligning activities with our strategic objectives, culture and values, we aim to act fairly, transparently and in the best interests of the Company over the long term.

The Board, our Executive Team and the leadership of our business units and central service teams make decisions with a long-term view in mind and with the highest standards of conduct in line with Group policies and good corporate governance. Key and material decisions are carefully considered with regard to the likely consequences on all stakeholders and, where appropriate, these matters are discussed with the affected stakeholder group so that their views and feedback is understood and factored into the decision process.

Reports are regularly made to the Board by the business units and our central services teams about the strategy, performance and key decisions taken which provides the Board with assurance that proper consideration is given to stakeholder interests in decision-making and also that the Board is consulted on those matters and decisions that require its support and approval.

Details of the Group's key stakeholders and how we engage with them are set out below.

Team Members

Our people are key to our success and we want them to be successful both as individuals and in the teams they operate. We are very proud of the culture we have across the Group and the way that our team members work and collaborate together to create a unique environment that our colleagues would overwhelmingly recommend GBG as a great place to work. We support this culture by engaging with our team members through regular surveys, a monthly CEO webinar with a live Q&A session, awards for outstanding performance in supporting our core values, annual kick-off seminars to provide in-depth detail of our strategy and objectives, encouraging and supporting a range of team building events. If team members have concerns they also have access to a confidential, whistleblowing hotline that operates internationally. We support a number of initiatives and activities that focus on the health and well-being of our people, diversity and inclusion, personal development opportunities and charitable activities within the communities where we work. Other factors, such as employee attrition, are also monitored closely to identify potential trends and issues.

The Board receives regular reports about a range of factors and issues affecting our team members to ensure that appropriate consideration is given and early action taken where necessary. The Board also regularly considers matters and initiatives as part of its commitment to promote diversity and equality across all of our teams.

Investors

We rely on the support of shareholders and their opinions are important to us. We advocate transparency, best practice and high levels of governance to ensure the investor community has the information it requires to make informed judgements about GBG. We have many lines of dialogue with our shareholders from regular investor presentations, capital market events, results webcasts and the Annual General Meeting. Discussions with shareholders cover a wide range of topics including financial performance, strategy, outlook and governance matters. The Chairman and Committee chairs also engage with institutional investors to discuss developments and proposals such as Group remuneration policies and the auditor tender process conducted last year.

SECTION 172 STATEMENT

Shareholder feedback is proactively sought. Along with details of movements in our shareholder base, this information is regularly reported to and discussed by the Board and their views are considered as part of GBG's governance reviews and decision-making.

Customers

Our ambition is to deliver world leading products and outstanding service to our customers. We build strong lasting relationships with our customers and spend considerable time understanding their needs and views, listening to how we can improve our products for them. This activity is supported by an annual Voice of the Customer Survey. In addition to quantifying a net promoter score to gauge how we are performing against other companies and sectors we also receive feedback from our customers providing us with key intelligence about what we are doing right and, more importantly, where we can improve. We use this knowledge to inform our decision-making for areas such as supporting product development initiatives and making improvements in our interactions to make us easier to do business with.

The Board considers this and other information in challenging the decisions of the Executive Team when reviewing the Group's strategy and customer initiatives.

Suppliers

The quality of the product and services we deliver to our customers is heavily influenced by the careful management of our key supplier relationships. Alongside seeking new suppliers to enhance our business and to provide resilience, we also recognise the importance of our existing supplier relationships. Developing these long-term relationships builds trust and support within a partnership environment.

Bankers

GBG's business is reliant on having access to debt facilities from a number of banking sources to allow it to fund its activities especially in respect of supporting acquisitions where access to this funding can improve capital structure, the chances of success and pace of completion. We actively engage with our bankers to secure optimum rates and terms whilst also providing them with information about the Group's prospects and governance, thereby securing a long-term relationship, built on trust and mutual benefit.

The Board receives regular reports on the Group's debt financing position, covenant cover and borrowing rates. The Board is required to approve any material changes in the facilities and terms, in addition to approving changes of our lender portfolio. The day-to-day account management relationship of GBG's lenders is delegated to the CFO and the Group's Treasury Management team.

Government and Regulators

We are keenly aware of our obligations and duties to the regulatory environments in which we operate globally. Key to ensuring that we maintain high levels of confidence across all of our stakeholders is that we operate totally compliantly. Therefore, key areas of focus for the business are compliance with laws and regulations, especially in relation to data privacy, accounting standards, health and safety and governance. We actively engage with regulators as and when required. For example, as we indicated at the half year, 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 we continue to work with the Commissioner on its review.

The Board places particular importance on being updated on legal and regulatory developments and takes these into account when considering its responsibility and in the actions it takes.

Communities

We engage with the communities where we operate by supporting local and international charities in raising funds and encouraging team members to volunteer and participate in activities that support these local causes. This includes our annual support of the GBG challenge, a global event which sees team members from all our locations completing some form of challenge in order to raise money for their chosen charity.

Covid-19 Pandemic Considerations

The Board has increased certain focus on section 172 matters as a result of the Covid-19 pandemic. The Board receives weekly updates and briefings on GBG's response to Covid-19 so that it can assess the business issues and make critical decisions quickly. It has a fixed agenda for these meetings reflecting the work streams of the Covid Team that was established at the start of the crisis. These work streams cover our: Team Members, Customers, Operations (including suppliers) and Governance (including investors).

GBG has conducted thorough assessments of the potential impact of Covid-19 on the Group's principal risks. This has ensured that the business can provide the appropriate response in the short-term to our team members, customers and business in order to support our plans to position ourselves for longer-term sustainability and viability.

We are taking actions to ensure our business remains strong throughout this period to ensure that we are able to execute on our long-term growth strategy, which will benefit of all of our stakeholders.

We are taking special measures to support our people and their well-being during the pandemic as they work remotely. We have placed a strong emphasis on communications to keep our team members connected and engaged through a weekly CEO live webinar update. Managers keep in regular touch with their teams by video and conference calls and using our Group intranet to provide support information and to share experiences between the regions. We have also consulted with them on plans to return to our office locations as and when local lock-down restrictions are eased. As has been the case in China and Malaysia, any return to our office locations will be carefully considered in respect of the best interests of our team members, risk assessments being conducted in line with local guidance and best practice and detailed briefings to team members on the return to office procedures.

We have been in contact with our customer base to offer support and also to understand their particular requirements and challenges to see how our products can meet their changed needs as a result of the pandemic and to understand what product improvements might help. We have engaged with our suppliers to verify that their business continuity plans are robust so that they will continue to provide GBG with the products and services we need. We have also continued to pay our suppliers in accordance with agreed terms and have not sought to delay or refuse payment of valid invoices.

We have also engaged with our institutional shareholders and bankers to keep them informed of the actions we have taken in response to the pandemic and to answer questions they have about GBG.

SECTION 172 STATEMENT

Key Decisions Made

Many of the decisions that a board makes are by their very nature commercial in confidence matters. It should be noted that GBG did not undertake any acquisitions or disposals during the year. The Board has operated effectively during the year and has made a wide range of decisions. To illustrate this, set out below is a selection of some strategic decisions made by the Board (and that we can share) along with the stakeholder factors that the Board considered in reaching the decision.

Issue	Decision:	Impact:	Stakeholder Consideration:
Covid-19 Pandemic	The changing environment caused by Covid-19 required the Board to quickly approve and support a range of decisions to conserve cash and preserve liquidity, including: an immediate Group-wide pay freeze; suspending the dividend and deferring the bonus payments accrued by the Executive Directors.	The beneficial effects of these actions were factored into the review that the Board conducted as part of an extensive stress test of GBG's balance sheet, cash and access to draw down facilities. The output of this review has enabled the Board to give appropriate assurances about GBG's going concern, viability and banking covenants.	In making these decisions the long-term interests of stakeholders, especially our team members, investors, customers, suppliers and bankers, were keenly considered. The Board's view was that GBG would be better placed as a result of these steps to deal with the range of challenges and opportunities posed as the world adapts to the impact of Covid-19. Additionally, the Board also considered the importance in securing the support of its bankers by demonstrating GBG's longer-term credentials in order to ensure continued access to debt funding.
Appointment of a New Non-Executive Director	As detailed in the Nomination Committee Report, Natalie Gammon was appointed to the Board in November 2019. The decision on appointment was proposed by the Nomination Committee and approved by the Board.	It was agreed that Natalie's appointment was key to adding a director with specific technical skills and knowledge to support the Board's competencies and provide valuable insight and input as GBG continues to grow and develop.	The Board considered the impact of the appointment on the Board's balance and skills set, how the position would support the Executive Team in having a Non-Executive Director with additional, specific technical skills. The interests of our investors were also considered as we had received feedback about at increasing the size of the Non-Executive Directors' representation on the Board.
Award of share save options to all team members on an annual basis	During the year, the Board approved the award of share options on an annual basis under the Group's share save scheme to all of GBG's team members.	Our vision is to have "the best and most engaged team members" so that they contribute towards GBG's success. The Board firmly believes this decision will have a positive impact, not only in engaging and rewarding GBG's team members, but also aligning their interests with that of our long-term investors.	In addition to considering benefits to team members, the Board also considered the potential impact of this decision on investors in respect of the long-term effect of share dilution and share scheme headroom limits.

STATEMENT OF RESPONSIBILITIES

Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards ('IFRS's) as adopted by the European Union.

The Directors are required to prepare Group and Company financial statements for each financial year which present fairly the financial position of the Group and Company and the financial performance and cash flows of the Group and Company for that period. In preparing the financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and the Company's financial position and financial performance; and
- state that the Group and Company have complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

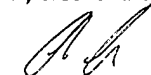
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on The Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement by Management

We confirm that to the best of our knowledge:

- a. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of The Group and the undertakings included in the consolidation taken as a whole; and
- b. the Annual Report includes a fair review of the development, performance and position of The Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

By order of the Board



C G Clark
Director



D J Wilson
Director

30 June 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GB GROUP PLC

Opinion

In our opinion:

- GB Group plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of GB Group plc which comprise:

Group	Parent company
Consolidated Balance Sheet as at 31 March 2020	Company Balance Sheet as at 31 March 2020
Consolidated Statement of Comprehensive Income for the year then ended	Company Statement of Changes in Equity for the year then ended
Consolidated Statement of Changes in Equity for the year then ended	Company Cash Flow Statement for the year then ended
Consolidated Cash Flow Statement for the year then ended	Related notes 1 to 36 to the financial statements, including a summary of significant accounting policies
Related notes 1 to 36 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Key audit matters	– Revenue recognition – Impact of Covid-19
Audit scope	– We performed an audit of the complete financial information of four components and audit procedures on specific balances for a further six components. – The components where we performed full or specific audit procedures accounted for 100% of Pre-tax income adjusted for exceptional costs, 99% of Revenue and 100% of Total assets.
Materiality	– Overall group materiality of £1,108,000 which represents 5% of pre-tax income adjusted for exceptional costs.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition (Revenue 2020: £199.1m, 2019: £143.5m) <i>Refer to Accounting policies (page 86) and Note 3 of the Consolidated Financial Statements (page 100).</i> The number and nature of ways in which the business contracts with its customers increases the risk of inappropriate revenue recognition. As the business expands by acquisition, there is a risk that revenue recognition policies no longer reflect all of the Group's revenue streams and recognition is not in compliance with IFRS 15 Revenue Recognition. There is a risk that revenue is recorded incorrectly around the year end date. This cut off risk manifests itself through the risk of management override by processing invalid journals to revenue as part of the year-end financial statement close consolidation process and also specifically within the processing of transactions. The various ways in which revenue is contracted for can be grouped into two types of revenue stream as follows: <i>Licence based</i> - Revenue recognised is not in line with contractual arrangements (price, duration, classification) <i>Usage based</i> - Inaccurate usage data/costs are used as a basis to recognise revenue	Our audit procedures included: - Understanding the revenue processes for licence based and usage based revenue streams; - Identification and walkthrough of key controls over revenue processes for licence based and usage based revenue streams; <i>Licence based</i> - For a sample of sales recognised in March and April 2020 we recalculated the revenue recognised by inspecting the licence price, duration and classification as per the signed customer contracts and agreeing completion of performance obligations to supporting documentation. <i>Usage based</i> - For a sample of sales recognised in March and April 2020 we agreed sales prices to signed customer contracts and vouched usage data to usage reports. - We assessed the completeness and accuracy of the usage reports by vouching a sample to supplier invoices. <i>Procedures across both revenue streams:</i> - For a sample of credit notes raised in March and April 2020 across both revenue streams we assessed their impact on the value of revenue recognised and whether the revenue in the period was fairly stated. - We agreed any consolidation journals affecting revenue to supporting documentation to ensure they were valid. We also checked consistency with those tested in the prior year consolidation. - We performed an overall analytical review on revenue by month compared to budget and prior year on an individual sub-stream basis to identify, understand and corroborate any unusual fluctuations, considering any contradictory evidence. - We identified key contracts across the Group and considered and challenged whether revenue had been recognised correctly in accordance with IFRS 15 by considering performance obligations under each key contract and obtaining evidence of achievement of those obligations by GBG, including review of management's accounting papers where available.	Based upon the audit procedures performed, we conclude that revenue has been appropriately recorded in the period in accordance with the requirements of IFRS 15 Revenue Recognition

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GB GROUP PLC

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impact of Covid-19 Refer to Chairman's statement (pages 7 to 8), CEO review (pages 18 to 20), Principal Risks and Uncertainties (pages 24 to 32), Audit and Risk Committee Report (pages 48 to 51), Section 172 Statement (pages 67 to 70) and Note 2 Accounting policies (page 86). Going concern Uncertainties arise from the recent Covid-19 outbreak and their impact on the Group's ability to continue as a going concern. Details are given within Note 2 to the financial statements. Given the unprecedented impact of Covid-19 on all businesses and the macro-economic environment, accurate forecasting of prospective financial information and the development of credible future scenarios is challenging and may have a wide range of potential impacts on the Group's ability to continue as a going concern. For GBG the two key risk considerations are: – Not having sufficient cash to meet their liabilities as they fall due; and – Breaching either of the two covenants within the group Revolving Credit Facility (RCF) agreement (see note 2 for details) which, without intervention, would lead to the immediate requirement to repay the outstanding balance. Management have revised their forecasts to reflect the impact of Covid-19, which serves as the base case for the going concern assessment. Further downside scenarios have been assessed based on the principal risks and uncertainties facing the Group and their potential impact on revenue, profitability and cashflows, as well as reverse stress testing to identify by how much revenue must reduce in order for one of the covenants to be breached within the next 12 months. The results of this analysis have been compared to the available liquidity and financial covenant compliance, during the going concern period to 30 June 2021. Based upon this assessment management consider the going concern assumption remains appropriate. Other areas Given the significance of Covid-19 on the economy, management's impact assessment was expanded to consider other accounting implications. Note 2 of the financial statements includes significant accounting estimates relating to the impairment of goodwill and provision for impairment of financial assets, where the level of estimation uncertainty has increased as a result of the Covid-19 pandemic. There is a risk that given the current challenges in establishing accurate forecasts, as a result of Covid-19, asset impairments are not identified and recorded in a timely manner.	Going concern We have identified and walked through the process followed by management to prepare the revised forecasts. We have assessed the reasonableness of all key assumptions, namely performance of revenue, EBITDA and cash conversion. This has been performed by: – checking the arithmetical accuracy of management's model; – assessing the historical forecasting accuracy of the group by comparing actual revenue and EBITDA to forecast for the previous 2 accounting periods; – considering the forecast revenue versus previous prior year revenues realised to ensure a sufficient level of prudence in the forecasts given the inherent uncertainty; – comparing the reduction in forecast revenue to reports from analysts and expected revenue trends to industry forecasts for the software and technology sector and by customer sector base including the impact of Covid-19; – assessing the feasibility of cost reductions assumed within the model, including the timing and quantum, by comparing them to operational actions taken by management; – comparing current trading performance to management's Covid-19 forecast by obtaining the latest available management accounts to identify any issues with current trading and cashflows; – comparing cash conversion assumptions used in the forecasts to historic actuals to assess their reasonableness; and – checked for consistency of the forecasts with other areas of the audit including impairment assessment. Confirmed the availability of the RCF by comparing to the underlying agreement and reperformed management's forecast covenant ratio compliance calculations to check for breaches of each covenant ratio throughout the going concern period under the base case scenario presented by management; Recalculated the results of the reverse stress test performed by management to determine the impact of reasonably possible fluctuations in key assumptions on the Group's available liquidity and covenant compliance; Identified the further mitigating actions available to the Group including further cost reductions, and considered the feasibility of management being able to execute such mitigating actions, when considering the likelihood of the reverse stress testing scenario; and Reviewed the appropriateness of management's going concern disclosure in describing the risks associated with its ability to continue to operate as a going concern for a period of at least 12 months from the date of approval of the Financial Statements. Other areas We audited management's impairment of assets analysis, confirming that the base forecasts were consistent with those audited as part of the going concern assessment. We performed additional sensitivity testing using the sensitivity analysis performed in the going concern assessment, when determining whether a reasonably possible change could give rise to an impairment adjustment. We compared the forward looking information used by management, in their provision for impairment of financial assets, to changes in cash collection since the outbreak of the Covid-19 pandemic.	Going concern We reported to the Audit Committee that, based on testing performed, we concur with management that the going concern assumption adopted in the 2020 financial statements is appropriate. We reviewed management's disclosure and considered that they appropriately describe the risks associated with GBG's ability to continue to operate as a going concern. Other areas We agree that the key other areas of accounting impact of Covid-19 have been appropriately accounted for and disclosed in the financial statements.

In the prior year, our auditor's report included a key audit matter in relation to accounting for business combinations. In the current year there were no acquisitions and therefore no associated key audit matter in this area.

An overview of the scope of our audit

Tailoring the scope

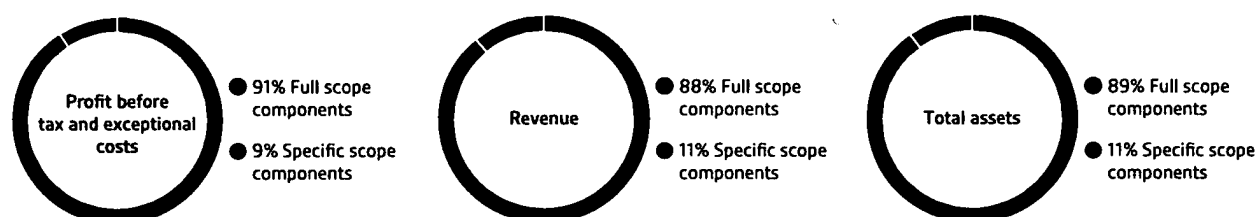
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and changes in the business environment when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected all ten reportable components within the Group.

Of the ten components identified, we performed an audit of the complete financial information of four components ("full scope components") which were selected based on their size or risk characteristics. For six components ("specific scope components"), we performed audit procedures on specific accounts within those components that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 100% (2019: 100%) of the Group's Pre-tax income adjusted for exceptional costs, 99% (2019: 100%) of the Group's Revenue and 100% (2019: 100%) of the Group's Total assets. For the current year, the full scope components contributed 91% (2019: 65%) of the Group's Pre-tax income adjusted for exceptional costs, 88% (2019: 86%) of the Group's Revenue and 89% (2019: 95%) of the Group's Total assets. The specific scope components contributed 9% (2019: 35%) of the Pre-tax income adjusted for exceptional costs, 11% (2019: 13%) of the Group's Revenue and 11% (2019: 5%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

The charts below illustrate the coverage obtained from the work performed by our audit teams.



Changes from the prior year

We identified the following scope changes in the current year audit:

- IDology Inc. has been assigned full scope. In the prior year this was assigned specific scope, with full audit procedures performed on the purchase price allocation at acquisition.
- PCA Inc. has been assigned specific scope. In the prior year this was assigned full scope however due to its size in the current year, in comparison to other components, a specific scope was considered sufficient in the context of coverage achieved across the Group.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the four full scope components, audit procedures were performed on two of these directly by the primary audit team and two by a component team. For the six specific scope components the work was performed on three components by the primary audit team and the remaining three by a component team where we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The primary team interacted regularly with the component team where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GB GROUP PLC

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £1,108,000 (2019: £947,000), which is 5% of Pre-tax income adjusted for exceptional costs (2019: 5% of Pre-tax income adjusted for exceptional costs). We believe that Pre-tax income adjusted for exceptional costs provides us with a key performance measure of management and is what the users of the financial statements are most interested in. The increase in materiality in the current year is primarily due to the full year effect of the prior year IDology Inc. acquisition.

Starting basis	– Profit before tax – £20,626,000
Adjustments	– Exceptional costs – £1,552,000
Materiality	– Total – £22,178,000 – Materiality of £1,108,000 (5% of materiality basis)

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2019: 75%) of our planning materiality, namely £554,000 (2019: £703,000). We set performance materiality at this reduced level compared to prior year due to our past experience on the audit indicated a higher risk of misstatements, both corrected and uncorrected.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £55,000 to £359,000 (2019: £18,000 to £561,000).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £55,000 (2019: £47,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, set out on pages 2 to 71, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibility Statement set out on page 71, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GB GROUP PLC

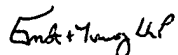
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jenn Hazlehurst

(Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Liverpool

30 June 2020

Notes:

- ¹ 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 statements since they were initially presented on the web site.
- ² Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2020

	Note	2020 £'000	2019 £'000
Revenue	3	199,101	143,504
Cost of sales		(54,914)	(36,060)
Gross profit		144,187	107,444
Operating expenses before amortisation of acquired intangibles, equity-settled share-based payments and exceptional items		(96,242)	(75,413)
Operating profit before amortisation of acquired intangibles, equity-settled share-based payments and exceptional items (adjusted operating profit)		47,945	32,031
Amortisation of acquired intangibles	16	(19,008)	(10,316)
Equity-settled share-based payments charge	29	(4,541)	(2,287)
Exceptional items	7	(1,552)	(4,003)
Group operating profit		22,844	15,425
Finance revenue	3, 9	143	31
Finance costs	10	(2,361)	(720)
Profit before tax		20,626	14,736
Income tax charge	11	(3,562)	(2,583)
Profit for the year attributable to equity holders of the parent		17,064	12,153
Other comprehensive income:			
Exchange differences on retranslation of foreign operations (net of tax) ¹		6,756	(3,702)
Total comprehensive income for the year attributable to equity holders of the parent		23,820	8,451
Earnings per share	13		
– basic earnings per share for the year		8.8p	7.7p
– diluted earnings per share for the year		8.7p	7.6p
– adjusted basic earnings per share for the year		21.8p	18.2p
– adjusted diluted earnings per share for the year		21.4p	17.9p

¹ Upon disposal of a foreign operation, the element associated to the disposed foreign operation will be recycled to the Income Statement

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2020

	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 2018		3,817	104,814	6,575	3	891	40,594	156,694
Profit for the period		–	–	–	–	–	12,153	12,153
Other comprehensive income		–	–	–	–	(3,702)	–	(3,702)
Total comprehensive income for the period		–	–	–	–	(3,702)	12,153	8,451
Issue of share capital	21	1,004	159,609	–	–	–	–	160,613
Share issue costs	21	–	(3,274)	–	–	–	–	(3,274)
Share-based payments charge	29	–	–	–	–	–	2,287	2,287
Tax on share options		–	–	–	–	–	738	738
Equity dividend	12	–	–	–	–	–	(4,049)	(4,049)
Balance at 31 March 2019 (as reported)		4,821	261,149	6,575	3	(2,811)	51,723	321,460
Impact of measurement period adjustments	2.3	–	–	–	–	8	–	8
Balance at 31 March 2019 (as restated prior to IFRS 16 adoption)		4,821	261,149	6,575	3	(2,803)	51,723	321,468
IFRS 16 transition adjustment	2.4	–	–	–	–	–	(446)	(446)
Balance at 31 March 2019 (after IFRS 16 adoption)		4,821	261,149	6,575	3	(2,803)	51,277	321,022
Profit for the period		–	–	–	–	–	17,064	17,064
Other comprehensive income		–	–	–	–	6,756	–	6,756
Total comprehensive income for the period		–	–	–	–	6,756	17,064	23,820
Issue of share capital	21	34	499	–	–	–	–	533
Share-based payments charge	29	–	–	–	–	–	4,541	4,541
Tax on share options		–	–	–	–	–	779	779
Equity dividend	12	–	–	–	–	–	(5,761)	(5,761)
Balance at 31 March 2020		4,855	261,648	6,575	3	3,953	67,900	344,934

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2020

	Note	Equity share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2018		3,817	104,814	6,575	3	4,543	38,737	158,489
Profit for the period		–	–	–	–	–	7,275	7,275
Total comprehensive income for the period		–	–	–	–	–	7,275	7,275
Issue of share capital	21	1,004	159,609	–	–	–	–	160,613
Share issue costs	21	–	(3,274)	–	–	–	–	(3,274)
Share-based payments charge	29	–	–	–	–	–	2,287	2,287
Tax on share options		–	–	–	–	–	738	738
Equity dividend	12	–	–	–	–	–	(4,049)	(4,049)
Balance at 31 March 2019 (as reported)		4,821	261,149	6,575	3	4,543	44,988	322,079
IFRS 16 transition adjustment	2.4	–	–	–	–	–	(253)	(253)
Balance at 31 March 2019 (after IFRS 16 adoption)		4,821	261,149	6,575	3	4,543	44,735	321,826
Profit for the period		–	–	–	–	–	23,271	23,271
Total comprehensive income for the period		–	–	–	–	–	23,271	23,271
Issue of share capital	21	34	499	–	–	–	–	533
Hive-up adjustment	16	–	–	–	–	(54)	–	(54)
Share-based payments charge	29	–	–	–	–	–	4,541	4,541
Tax on share options		–	–	–	–	–	779	779
Equity dividend	12	–	–	–	–	–	(5,761)	(5,761)
Balance at 31 March 2020		4,855	261,648	6,575	3	4,489	67,565	345,135

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2020

	Note	2020 £'000	Restated ¹ 2019 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	4,653	4,815
Right of use assets	15	4,767	-
Intangible assets	16	414,505	425,646
Deferred tax asset	11	6,294	8,222
		430,219	438,683
Current assets			
Inventories		128	341
Trade and other receivables	19	66,554	54,992
Current tax		1,803	-
Cash and short-term deposits	20	27,499	21,189
		95,984	76,522
Total assets		526,203	515,205
Equity and liabilities			
Capital and reserves			
Equity share capital	21	4,855	4,821
Share premium	21	261,648	261,149
Merger reserve	31	6,575	6,575
Capital redemption reserve	31	3	3
Foreign currency translation reserve	31	3,953	(2,803)
Retained earnings	31	67,900	51,723
Total equity attributable to equity holders of the parent		344,924	321,468
Non-current liabilities			
Loans	22	62,139	85,447
Lease liabilities	23	3,713	-
Provisions	25	1,016	528
Deferred revenue		787	1,184
Deferred tax liability	11	27,155	29,548
		94,810	116,707
Current liabilities			
Loans	22	-	1,441
Lease liabilities	23	2,012	-
Trade and other payables	24	40,641	33,508
Deferred revenue		37,627	35,453
Contingent consideration	36	6,179	5,287
Current tax		-	1,341
		86,459	77,030
Total liabilities		181,269	193,737
Total equity and liabilities		526,203	515,205

¹ Refer to note 2.3.

Approved by the Board on 30 June 2020

C G Clark

Director

D J Wilson

Director

Registered in England number 2415211




COMPANY BALANCE SHEET

AS AT 31 MARCH 2020

	Note	2020 £'000	Restated ¹ 2019 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	3,447	3,803
Right of use assets	15	2,098	-
Intangible assets	16	133,289	139,139
Investments	18	303,483	303,476
Deferred tax asset	11	3,867	3,094
		446,184	449,512
Current assets			
Inventories		124	338
Trade and other receivables	19	41,290	35,899
Current tax		1,212	-
Cash and short-term deposits	20	15,031	7,791
		57,657	44,028
Total assets		503,841	493,540
Equity and liabilities			
Capital and reserves			
Equity share capital	21	4,855	4,821
Share premium	21	261,648	261,149
Merger reserve	31	6,575	6,575
Capital redemption reserve	31	3	3
Other reserves	31	4,489	4,543
Retained earnings	31	67,565	44,988
Total equity attributable to equity holders of the parent		345,135	322,079
Non-current liabilities			
External loans	22	62,139	85,447
Intercompany loans	22	4,156	-
Lease liabilities	23	1,978	-
Deferred revenue		467	863
Provisions	25	843	395
Deferred tax	11	4,474	5,020
		74,057	91,725
Current liabilities			
Trade and other payables	24	47,747	46,464
Deferred revenue		30,019	27,193
Lease liabilities	23	704	-
Contingent consideration	36	6,179	5,287
Current tax		-	792
		84,649	79,736
Total liabilities		158,706	171,461
Total equity and liabilities		503,841	493,540

¹ Refer to note 2.3.

During the year the Company made a profit £23,271,000 (2019: £7,275,000).

Approved by the Board on 30 June 2020

C G Clark

Director

D J Wilson

Director

Registered in England number 2415211




CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2020

	Note	2020 £'000	2019 £'000
Group profit before tax		20,626	14,736
Adjustments to reconcile Group profit before tax to net cash flows			
Finance revenue	9	(143)	(31)
Finance costs	10	2,361	720
Depreciation of plant and equipment	14	1,760	1,544
Depreciation of right-of-use assets	15	1,850	–
Amortisation of intangible assets	16	19,192	10,821
Loss on disposal of plant and equipment and intangible assets		260	46
Fair value adjustment on contingent consideration	36	971	–
Share-based payments	29	4,541	2,287
Increase/(decrease) in provisions	25	–	(25)
Decrease in inventories		213	58
Increase in trade and other receivables		(5,725)	(9,904)
Increase in trade and other payables		2,592	7,527
Cash generated from operations		48,498	27,779
Income tax paid		(6,386)	(2,930)
Net cash generated from operating activities		42,112	24,849
Cash flows from/(used in) investing activities			
Acquisition of subsidiaries, net of cash acquired	36	(86)	(255,107)
Purchase of plant and equipment	14	(1,199)	(1,453)
Purchase of software	16	(140)	(172)
Proceeds from disposal of property, plant and equipment		5	6
Interest received	9	143	31
Net cash flows used in investing activities		(1,277)	(256,695)
Cash flows (used in)/from financing activities			
Finance costs paid	10	(1,911)	(720)
Proceeds from issue of shares	21	490	160,613
Share issue costs	21	–	(3,274)
Proceeds from new borrowings	22	–	110,447
Repayment of borrowings	22	(24,914)	(32,807)
Repayment of lease liabilities	23	(2,043)	–
Dividends paid to equity shareholders	12	(5,761)	(4,049)
Net cash flows (used in)/from financing activities		(34,139)	230,210
Net increase/(decrease) in cash and cash equivalents		6,696	(1,636)
Effect of exchange rates on cash and cash equivalents		(386)	72
Cash and cash equivalents at the beginning of the period		21,189	22,753
Cash and cash equivalents at the end of the period	20	27,499	21,189

COMPANY CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2020

	Note	2020 £'000	2019 £'000
Company profit before tax		24,659	9,078
Adjustments to reconcile Company profit before tax to net cash flows			
Finance costs		2,200	642
Depreciation of plant and equipment	14	1,214	1,125
Depreciation of right-of-use assets	15	675	–
Amortisation of intangible assets	16	5,720	6,116
Loss on disposal of plant and equipment		256	47
Fair value adjustment on contingent consideration	36	971	–
Dividends received recognised within income statement		(16,604)	–
Share-based payments	29	4,271	2,287
Decrease in inventories		214	61
Decrease in provisions	25	–	(25)
Increase in trade and other receivables		(4,325)	(4,548)
Increase in trade and other payables		3,069	4,074
Cash generated from operations		22,320	18,857
Income tax paid		(3,678)	(1,674)
Net cash generated from operating activities		18,642	17,183
Cash flows from/(used in) investing activities			
Acquisition of subsidiary undertakings	36	(86)	(256,348)
Dividends received		16,604	2,464
Purchase of plant and equipment	14	(452)	(1,214)
Purchase of software	16	(140)	(167)
Proceeds from disposal of plant and equipment		3	–
Net cash flows from/(used in) investing activities		15,929	(255,265)
Cash flows (used in)/from financing activities			
Finance costs paid		(1,884)	(642)
Proceeds from issue of shares	21	490	160,613
Share issue costs	21	–	(3,274)
Proceeds from new borrowings	22	4,156	110,447
Repayment of borrowings	22	(23,500)	(32,000)
Repayment of lease liabilities	23	(832)	–
Dividends paid to equity shareholders	12	(5,761)	(4,049)
Net cash flows (used in)/from financing activities		(27,331)	231,095
Net increase/(decrease) in cash and cash equivalents		7,240	(6,987)
Cash and cash equivalents at the beginning of the period		7,791	14,778
Cash and cash equivalents at the end of the period	20	15,031	7,791

NOTES TO THE ACCOUNTS

1. Corporate Information

GB Group plc ('the Company') and its subsidiaries (together 'the Group') provide identity data intelligence products and services helping organisations recognise and verify all elements of an individual's identity at key interactions in their business processes. The nature of the Group's operations and its principal activities are set out in the Business Model.

The Company is a public company limited by shares incorporated in the United Kingdom and is listed on the London Stock Exchange with its ordinary shares traded on the Alternative Investment Market. The company registration number is 2415211. The address of its registered office is The Foundation, Herons Way, Chester Business Park, Chester, CH4 9GB. A list of the investments in subsidiaries, including the name, country of incorporation, registered office address and proportion of ownership interest is given in note 18.

These consolidated financial statements have been approved for issue by the Board of Directors on 30 June 2020.

The Company's financial statements are included in the consolidated financial statements of GB Group plc. As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented.

2. Accounting Policies

2.1 Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS's) as adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, modified in respect of the revaluation of financial assets and liabilities at fair value. A summary of the significant accounting policies is set out below.

The accounting policies that follow set out those policies that apply in preparing the financial statements for the year ended 31 March 2020 and the Group and Company have applied the same policies throughout the year.

2.2 Going Concern

The assessment of going concern relies heavily on the ability to forecast future cashflows over the going concern assessment period which covered through to 30 September 2021. Although GBG has a robust budgeting and forecasting process, the current economic uncertainty caused by the Covid-19 pandemic means that additional sensitivities and analysis have been applied to test the going concern assumption under a range of downside and stress test scenarios. The following steps have been undertaken to allow the Directors to conclude on the appropriateness of the going concern assumption:

- a) Understand what could cause GBG not to be a going concern
- b) Consider the current customer and sector position, liquidity status and availability of additional funding if required
- c) Board review and challenge the base case forecast produced by management including comparison against external data sources available and potential downside scenarios
- d) Perform reverse stress tests to assess under what circumstances going concern would become a risk – and assess the likelihood of whether they could occur
- e) Examine what mitigating actions would be taken in the event of these stress test scenarios
- f) Conclude upon the going concern assumption

a) Understand what could cause GBG not to be a going concern

The potential scenarios which could lead to GBG not being a going concern 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 22). 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

b) Consider the current customer and sector position, liquidity status and availability of additional funding if required

In assessing the impact of Covid-19 it is important to consider the rate of growth prior to the pandemic so that the percentage impact can be put in context. Organic growth at constant currency in the current year to 31 March 2020 was 10.7%, and was 11.5% in the year to 31 March 2019. Analyst consensus prior to Covid-19 showed expected organic growth in the year to 31 March 2021 of 10.9%.

GBG does not have a high customer concentration risk with no individual customer generating more than 2% of Group revenue. The Group's customers 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 customers, particularly within the Fraud and Identity segments, and there has not been a downturn in demand for these services since the pandemic began.

GBG does have exposure to customers in sectors that have had a more direct impact from Covid-19 such as Travel & Leisure, Employment Agencies & Training and Sporting Activities. However these sectors in total account for less than 6% of Group revenue and as noted above there are no single customers across the Group that are a material credit risk on their own.

As a global company GBG operates in different countries and therefore is less exposed if particular countries recover from Covid-19 at different rates or suffer second waves of the pandemic. The breakdown of our revenue by country is shown in note 4.

There are also macro dynamics supporting the increased use of GBG products and services, both in general and within the context of the Covid-19 pandemic, such as:

2. Accounting Policies CONTINUED

- continued compliance requirements globally
- the ongoing existence of fraud globally, with Covid-19 giving fraudsters new opportunities, leading to increased cyber security risks and therefore demand for GBG anti-fraud solutions
- continued digitisation and rise of online versus physical transactions in both consumer and business to business settings;
- speed and quality of customer onboarding being a key differentiator, which is enhanced through the use of GBG's software

GBG is not reliant upon any one supplier to provide critical services either to support the services we provide to our customers or to our internal infrastructure. For these critical services, such as the provision of data, contingency plans exist in the event of supplier failure to be able to move to an alternative supplier with minimal disruption to customers or the wider business.

	31 March 2020 £'000	31 March 2019 £'000	Variance £'000
Operating cashflow before tax and exceptional items (note 37)	49,279	31,582	17,697
Adjusted EBITDA (note 37)	51,739	34,080	17,659
Cash conversion %	95.2%	92.7%	2.5%
Cash	27,499	21,189	6,310
Loans (excluding unamortised loan fees)	(62,500)	(87,441)	24,941
Net Debt	(35,001)	(66,252)	31,251
Leverage	0.68	1.94	1.26

At 31 March 2020 the net debt position of the Group was £35.0 million, a decrease of £31.3 million since 31 March 2019. On 26 May 2020 the Company repaid £10.0m of the outstanding revolving credit facility liability. At 31 May 2020 the net debt position had improved to £20.5m.

During the year to 31 March 2020 GBG remained highly cash generative with an EBITDA to operating cash ratio of 95.2%.

The RCF has a maximum level of £110 million and therefore there is committed available headroom of £47.5 million which could be drawn down for working capital purposes if required. There are no mandatory debt repayments on the RCF required to be made until February 2022 when the agreement expires and the full outstanding balance is due.

c) Board review and challenge the base case forecast produced by management including comparison against external data sources available and potential downside scenarios

Uncertainty around the scale, timing and impact of coronavirus means it is impossible to give meaningful guidance for profits in the year ahead. Management have used the internal and external information available in addition to their industry knowledge to produce the base case forecast. This base case forecast focuses on the impact of a potential decline in revenue against the year to 31 March 2020, as this is the component of the income statement that management has the least control over. The decline in revenue would result in a decrease in cost of sales and therefore in order to keep generating cash the remaining gross margin needs to be sufficient to cover the overhead base.

Management notes that analyst forecasts published after the Covid-19 outbreak estimate a decline in GBG revenue of between 7.6% and 12.8% in the year to 31 March 2021 compared to the prior year, with the consensus position being a decline of 10.3% which would be £175 million on a constant currency basis. While this is what we assumed, this is not a forecast, just an assumption for going concern.

The overhead base is the component of the income statement management has most control over with the majority of being people related costs. The base case forecast takes account of the cash preservation measures already taken which include cancellation of the dividend, recruitment frozen for all but essential hires, group-wide pay freeze, deferral of Executive Director bonuses for the year to 31 March 2020 and savings in travel. These measures will save cash of approximately £22m in the year to 31 March 2021, with £15m of these being operating cost savings (all excluding the dividend). No further reductions in operating expenditure are factored into this base case forecast.

Although a number of external economic forecasts suggest a return to overall GDP growth by Spring 2021 across each of the key territories GBG operates in, for prudence it has been assumed that the revenue position in the base case forecast at 31 March 2021 will remain throughout the year to 31 March 2022 (i.e. that year will see flat revenue). This provides robustness in the forecast in the event of a significant second wave of the pandemic.

This base case forecast showed continued significant headroom in the covenant compliance tests and sufficient liquidity to maintain operations. The base case forecast model was then adjusted to reflect a range of possible downside scenarios across different sectors and geographies, and under each of these the covenant compliance and liquidity position did not result in any risk to going concern.

Relative to the base case forecast produced by management there have not been any adverse variances in the overall trading performance since the year-end.

d) Perform reverse stress tests to assess under what circumstances going concern would become a risk – and assess the likelihood of whether they could occur

The base case forecast model was then further adjusted to establish at what point a covenant breach would occur without further mitigating actions. A covenant breach would occur before the available cash resources of the Group are fully exhausted and therefore the focus of the reverse stress test was on covenant compliance. In making this assessment it was assumed that management had reduced operating expenses by 20% which is the level that is considered possible without causing significant disruption to business operations. These savings would primarily be linked to people costs, net of any related redundancy costs.

With a 20% operating expenses saving introduced in Q3 of FY21 it would take a revenue decline of 42% for a covenant breach to occur (33% without any operating expenses savings). This breach would be as at 30 June 2021 although even at this point it would only take a net debt improvement of £400,000 or EBITDA increase of £130,000 to remedy this breach. With the assumption of revenue being flat during the year to 31 March 2022 the breach would be remedied by 30 September 2021.

Based on the current trading performance and through reference to external market data a decline of anywhere near 42% is considered by the Directors to be highly unlikely. If this became even a remote possibility then deeper cost cutting measures would be implemented well in advance of a covenant breach as well as consideration of a range of other mitigation actions detailed in the next section.

NOTES TO THE ACCOUNTS

2. Accounting Policies CONTINUED

e) Look at what mitigating actions could be taken in the event of these reverse stress test scenarios

In the very unlikely event of the reverse stress test case scenario above a breach of covenants would occur on 30 June 2021 unless further mitigation steps were taken. Detailed below are the principal steps that would be taken (prior to the breach taking place) to avoid such a breach occurring:

- Make deeper cuts to overheads, primarily within the sales function if the market opportunities had declined to this extent. It would only take a reduction of 0.1% of overheads (based on the 31 March 2020 level) to increase EBITDA to remedy a covenant breach of £130,000.
- Request a delay to UK Corporation Tax, Employment Tax or Sales Tax payments under the HMRC 'Time to Pay' scheme. This would be in addition to the deferral of VAT payments announced by the UK Government on 20 March 2020. This announcement has meant that VAT which would have been due by the Group between 20 March 2020 and 30 June 2020 is not due until 31 March 2021. In the year to 31 March 2020 Corporation Tax payments averaged £900,000 per quarter, Employment Tax payments (including employee taxes) were approximately £1.2 million per month and Sales Tax payments were £2.5 million per quarter.
- Draw down on the £30 million Accordion facility within the Group's banking agreement. This facility is subject to credit approval from the syndicate banks.
- Request a covenant waiver or covenant reset from our bank syndicate. Even under this stress test scenario the forecast is that the Group would only be in breach for one quarter (quarter ending 30 June 2021) before returning to covenant compliance the following quarter. The business would still be EBITDA positive at this point and the directors have a reasonable expectation of achieving a temporary covenant waiver from the banks if needed.
- Raise cash through an equity placing. Under its Articles of Association GBG has the right to raise cash through an equity placing up to 10% of its market valuation at the date of the placing. Even factoring in a discount being applied to the share price, on the basis that the level of extra cash needed to remedy a breach at 30 June 2021 would be £400,000, the Directors are confident that funding well in excess of this level could be raised.
- Disposal of part of the business.

f) Conclude upon the going concern assumption

Following consideration of the base case forecast and reverse stress test scenario, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2.3 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 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, as set out in note 35.

The impact of the measurement period adjustments have been applied retrospectively, meaning that the results and financial position for the year to 31 March 2019 have been restated as follows:

Impact on the statement of financial position of the Group as at 1 April 2019:

	As previously reported £'000	Impact of measurement period adjustments £'000	Including measurement period adjustments £'000
Assets			
Property, plant and equipment	4,815	–	4,815
Intangible assets	420,137	5,509	425,646
Investments	411	(411)	–
Deferred tax assets	8,222	–	8,222
Current assets	76,404	118	76,522
Total assets	509,989	5,216	515,205
Equity			
Share capital and share premium	265,970	–	265,970
Other reserves	6,578	–	6,578
Foreign currency translation reserve	(2,811)	8	(2,803)
Retained earnings	51,723	–	51,723
Total equity	321,460	8	321,468
Liabilities			
Interest-bearing loans and borrowings	86,888	–	86,888
Trade payables and other liabilities	70,145	–	70,145
Contingent consideration	79	5,208	5,287
Provisions	528	–	528
Current tax	1,341	–	1,341
Deferred tax	29,548	–	29,548
Total liabilities	188,529	5,208	193,737

2. Accounting Policies CONTINUED

Impact on the statement of financial position of the Company as at 1 April 2019:

	As previously reported £'000	Impact of measurement period adjustments £'000	Including measurement period adjustments £'000
Assets			
Property, plant and equipment	3,803	–	3,803
Intangible assets	139,139	–	139,139
Investments	298,268	5,208	303,476
Deferred tax assets	3,094	–	3,094
Current assets	44,028	–	44,028
Total assets	488,332	5,208	493,540
Equity			
Share capital and share premium	265,970	–	265,970
Other reserves	11,121	–	11,121
Retained earnings	44,988	–	44,988
Total equity	322,079	–	322,079
Liabilities			
Interest-bearing loans and borrowings	85,447	–	85,447
Trade payables and other liabilities	74,520	–	74,520
Contingent consideration	79	5,208	5,287
Provisions	395	–	395
Current tax	792	–	792
Deferred tax	5,020	–	5,020
Total liabilities	166,253	5,208	171,461

2.4 Changes to Accounting Policies

The following new IFRS standards relevant to the Group and Company have been adopting in these financial statements:

- (i) **IFRS 16 Leases:** The Group and Company has adopted IFRS 16 'Leases' with a date of initial application of 1 April 2019. IFRS 16 'Leases' replaces IAS 17 'Leases', IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases- Incentives and SIC-27 Evaluating the substance of transactions involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosures of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group and Company has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised in retained earnings at the date of initial application. Comparatives are not restated under this method of adoption. The lease liability is calculated at the present value of remaining future payments using the related incremental borrowing rates at 1 April 2019. The right-of-use asset is calculated from the lease commencement date, as if IFRS 16 had always been applied using the incremental borrowing rates at 1 April 2019. The Group and Company also elected to use transition expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group and Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which underlying asset is of low value ('low value assets').

NOTES TO THE ACCOUNTS

2. Accounting Policies CONTINUED

Impact on the statement of financial position of the Group as at 1 April 2019:

	As previously reported £'000	Impact of measurement period adjustments £'000	Including measurement period adjustments £'000
Assets			
Property, plant and equipment	4,815	–	4,815
Right-of-use assets	–	5,166	5,166
Intangible assets	420,137	–	420,137
Investments	411	–	411
Deferred tax assets	8,222	326	8,548
Current assets	76,404	–	76,404
Total assets	509,989	5,492	515,481
Equity			
Share capital and share premium	265,970	–	265,970
Other reserves	3,767	–	3,767
Retained earnings	51,723	(446)	51,277
Total equity	321,460	(446)	321,014
Liabilities			
Interest-bearing loans and borrowings	86,888	–	86,888
Lease liabilities	–	6,076	6,076
Trade payables and other liabilities	70,224	(327)	69,897
Provisions	528	–	528
Current tax	1,341	–	1,341
Deferred tax	29,548	189	29,737
Total liabilities	188,529	5,938	194,467

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.

Impact on the statement of financial position of the Company as at 1 April 2019:

	As previously reported £'000	Impact of measurement period adjustments £'000	Including measurement period adjustments £'000
Assets			
Property, plant and equipment	3,803	–	3,803
Right-of-use assets	–	2,773	2,773
Intangible assets	139,139	–	139,139
Investments	298,268	–	298,268
Deferred tax assets	3,094	60	3,154
Current assets	44,028	–	44,028
Total assets	488,332	2,833	491,165
Equity			
Share capital and share premium	265,970	–	265,970
Other reserves	11,121	–	11,121
Retained earnings	44,988	(253)	44,735
Total equity	322,079	(253)	321,826
Liabilities			
Interest-bearing loans and borrowings	85,447	–	85,447
Lease liabilities	–	3,406	3,406
Trade payables and other liabilities	74,599	(320)	74,279
Provisions	395	406	395
Current tax	792	–	792
Deferred tax	5,020	–	5,020
Total liabilities	166,253	3,086	169,339

2. Accounting Policies CONTINUED

Summary of new accounting policies

Set out below are the new accounting policies of the Group, which are consistent with the Company, upon adoption of IFRS 16:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Amounts recognised in the statement of financial position and in the consolidated statement of comprehensive income

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

	Right-of-use assets			Lease liabilities
	Property £'000	Other equipment £'000	Total £'000	Total £'000
As at 1 April 2019	5,150	16	5,166	6,076
Additions	1,837	–	1,837	1,878
Disposals	(115)	–	(115)	(299)
Depreciation expense	(1,840)	(10)	(1,850)	–
Interest expense	–	–	–	245
Payments	–	–	–	(2,043)
Foreign currency adjustment	(272)	1	(271)	(132)
As at 31 March 2020	4,760	7	4,767	5,725

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019 as follows:

	Group £'000	Company £'000
Operating lease commitments as at 31 March 2019	5,307	2,450
Less: discounting of future lease commitments	(361)	(149)
Discounted operating lease commitments at 1 April 2019	4,946	2,301
Less: Commitments relating to leases of low value assets	(6)	(1)
Add: Payments in optional extension periods not recognised as at 31 March 2019	1,136	1,106
Lease liabilities as at 1 April 2019	6,076	3,406
Weighted average incremental borrowing rate as at 1 April 2019	4.01%	3.47%

NOTES TO THE ACCOUNTS

2. Accounting Policies CONTINUED

- (ii) **Amendment to IAS 28 'Long Term Interests'**: the amendments are intended to clarify that an entity applies IFRS 9 'Financial Instruments' to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendments are to be applied retrospectively for financial years beginning on or after 1 January 2019.
- (iii) **IFRIC 23 'Uncertainty over Income Tax Treatments'**: the IASB issued IFRIC 23 'Uncertainty over Income Tax Treatments' which is effective for financial years beginning on or after 1 January 2019 and is intended to clarify when and how to apply the recognition and measurement requirements of IAS 12 'Income Taxes' when there is uncertainty over income tax treatments.
- (iv) **Amendment to IFRS 9 'Prepayment Features with Negative Compensation'**: the amendments are intended to clarify how IFRS 9 'Financial Instruments' classifies particular prepayable financial assets. In addition, the amendment intended to clarify an aspect of accounting for modification of financial liabilities. The amendments are to be applied retrospectively for fiscal years beginning on or after 1 January 2019.

Apart from IFRS 16, none of these pronouncements has had any impact for amounts recognised in these financial statements.

2.5 Significant Accounting Policies

The Group and Company financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March each year.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ('OCI') are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business Combinations

The Group uses the acquisition method of accounting to account for business combinations of entities not under common control. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as a financial liability within the scope of IFRS 9 'Financial Instruments: Recognition and Measurement' is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

If a business combination is achieved in stages, the acquisition date fair value of the Group's previously held investment in the acquiree is remeasured to fair value at the acquisition date with any resultant gain or loss recognised through profit or loss.

2. Accounting Policies CONTINUED

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into pounds Sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates for the period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Foreign Currencies

The Group's consolidated financial statements are presented in pounds Sterling, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and Balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ('CGU's) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only on assets other than goodwill if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investment in Subsidiaries

Investments in subsidiaries are held at cost, less provision for impairment.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated to write off cost less estimated residual value based on prices prevailing at the balance sheet date on a straight-line basis over the estimated useful life of each asset as follows:

Plant and equipment – over 3 to 10 years

Freehold buildings – over 50 years

Freehold land is not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income in the year the item is derecognised.

Residual values and estimated remaining lives are reviewed annually.

NOTES TO THE ACCOUNTS

2. Accounting Policies CONTINUED

Intangible Assets

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill already carried in the balance sheet at 1 April 2004 or relating to acquisitions after that date is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the CGU expected to benefit from the synergies. Impairment is determined by assessing the recoverable amount of the CGU, including the related goodwill. Where the recoverable amount of the CGU is less than the carrying amount, including goodwill, an impairment loss is recognised in the Statement of Comprehensive Income. The carrying amount of goodwill allocated to a CGU is taken into account when determining the gain or loss on disposal of the unit, or an operation within it. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

Research and Development Costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the availability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised on a straight-line basis over 2 to 4 years.

Acquired Intangibles

Separately identifiable intangible assets such as patent fees, licence fees, trademarks and customer lists and relationships are capitalised on the balance sheet only when the value can be measured reliably, or the intangible asset is purchased as part of the acquisition of a business. Such intangible assets are amortised over their useful economic lives on a straight-line basis.

Separately identified intangible assets acquired in a business combination are initially recognised at their fair value. Intangible assets are subsequently stated at fair value or cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the asset. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Estimated useful lives typically applied are as follows:

Software technology assets	– over 2 to 5 years
Brands and trademarks	– over 2 to 3 years
Non-compete agreements	– over 3 to 5 years
Customer relationships	– over 10 years

Acquired Computer Software Licences

Acquired computer software licences comprise computer software licences purchased from third parties, and also the cost of internally developed software. Acquired computer software licences are initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software.

Costs associated with maintaining the computer software are recognised as an expense when incurred. Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Inventories

Inventories are valued at the lower of cost or net realisable value (net selling price less further costs to completion), after making due allowance for obsolete and slow moving items. Cost is determined by the first in first out ('FIFO') cost method.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified at initial recognition and subsequently as measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

2. Accounting Policies CONTINUED

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories::

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through profit or loss

The Group only has financial assets falling into the first two categories above and as such has only included the policy for these two below.

Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

Financial Assets Designated at Fair Value Through OCI (Equity Instruments)

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

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECL are a probability-weighted estimate of credit losses. An assessment of ECL is calculated using a provision matrix model to estimate the loss rates to be applied to each trade receivable category. ECL are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

In the current year an additional management overlay to the ECL calculation has been applied as detailed in note 27.

2. Accounting Policies CONTINUED

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories::

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through profit or loss

The Group only has financial assets falling into the first two categories above and as such has only included the policy for these two below.

Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

Financial Assets Designated at Fair Value Through OCI (Equity Instruments)

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

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECL are a probability-weighted estimate of credit losses. An assessment of ECL is calculated using a provision matrix model to estimate the loss rates to be applied to each trade receivable category. ECL are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

In the current year an additional management overlay to the ECL calculation has been applied as detailed in note 27.

NOTES TO THE ACCOUNTS

2. Accounting Policies CONTINUED

Trade and Other Receivables

Trade receivables, which generally have 14 to 60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. A provision is made against a trade receivable only when there is objective evidence that the Group may not be able to recover the entire amount due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of a provision for doubtful debts account. Impaired debts are derecognised when they are assessed as uncollectable.

Cash and Short-Term Deposits

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity date of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Trade and Other Payables

Trade and other payables are initially recognised at fair value and subsequently recorded at amortised cost using the EIR method.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Dilapidation Provisions

A dilapidation provision is recognised when there is an obligation to restore property to its original state at the end of the leasehold period. The provision is estimated as the cost of restoration at the balance sheet date, with the corresponding entry recognised in property plant and equipment. Depreciation is charged in line with the remaining leasehold period.

Pensions

The Group does not have a contributory pension scheme. Payments are made to individual private defined contribution pension arrangements. Contributions are charged in the Statement of Comprehensive Income as they become payable.

Revenue Recognition

Revenue is stated net of value-added tax, rebates and discounts and after the elimination of intercompany transactions within the Group. The Group operates a number of different businesses offering a range of products and services and accordingly applies a variety of methods for revenue recognition, based on the principles set out in IFRS 15.

Revenue is recognised to represent the transfer of promised services to customers in a way that reflects the consideration expected to be received in return. Consideration from contracts with customers is allocated to the performance obligations identified based on their standalone selling price and is recognised when those performance obligations are satisfied and the control of goods or services is transferred to the customer, either over time or at a point in time.

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract assets, contract liabilities, accrued income and deferred income) to recognise in the period, management is required to form a number of judgements and assumptions. These may include an assessment of the costs the Group incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised. These judgements are inherently subjective and may cover future events such as the achievement of contractual milestones. Please see Judgements – Revenue Recognition below for further detail.

2. Accounting Policies CONTINUED

(A) Software licences

Revenue from software licences is recognised when control is considered to have passed to the customer. Control can pass either at a point in time or over time depending on the performance obligations under the contract as further described below.

Web-service Hosted Software Solutions

The performance obligation is to provide the customer a right to access the software throughout the licence period for which revenue is recognised over the licence period.

On-premise installation or data disk - Location segment

The performance obligations can include the provision of a software licence, data sets, updates to those data sets during the licence period and support and maintenance. There are instances where customers are provided a data set to use with their own software rather than the Group's.

The Group's software has no standalone value to the customer without the data as there is nothing to apply the algorithms to. The data file cannot be accessed outside of the software so has no standalone value (unless under the circumstance where it has been licenced for use on the customer's system). As a result, the software and the data are considered one performance obligation as the customer cannot benefit from one without the other.

Customers are given a right to use the software and data as it exists at the point in time the licence is granted, for which revenue is recognised at the point in time the customer can first use and benefit from it.

A proportion of the transaction price is allocated to the provision of data updates and support and maintenance, which are considered separate performance obligations. This is either based on the stand-alone selling price for those services or, where the Group does not have a history of stand-alone selling prices for a particular software licence, a cost plus mark-up approach is applied.

Data disk – Fraud segment

The performance obligations can include the licence to use specific data sets, updates to those data sets during the licence period and support and maintenance.

The performance obligations over the period of the licence are satisfied by the provision of disk files to the customer in the same format on a monthly basis to ensure that the customer has access to the most relevant information throughout the contract period. This meets the series guidance under IFRS 15 paragraph 22: "a promise to transfer to the customer a series of distinct goods or services that are substantially the same and that have the same pattern of transfer". Accordingly, the revenue for the full licence period is recognised over the contractual term.

(B) Transactional

A number of GBG SaaS solutions provide for the provision of transactional identity data intelligence services with customer paying only for the number of searches they perform. The performance obligation is to provide this identity check and revenue in respect of those solutions is recognised based on usage. Customers are either invoiced in arrears for searches performed or make a prepayment giving them the right to a specific number of searches.

Where customers make a prepayment, which entitles them to perform a specific number of transactions over an agreed contract period, once this period has expired any unused transactions are forfeited. Based on a review of historic forfeitures an estimate is made of the expected percentage of transactions that will remain unused over their contracted life. This percentage is applied such that revenue for expected forfeitures is recognised at in proportion to the pattern of transactions performed by the customer.

(C) Rendering of services

Revenue from the rendering of services is recognised over time by reference to the stage of completion. Stage of completion of the specific transaction is assessed on the basis of the actual services provided as a proportion of the total services to be provided. Where the services consist of the delivery of support and maintenance on software licence agreements, it is generally considered to be a separate performance obligation and revenue is recognised on a straight-line basis over the term of the support period.

(D) Contract Assets and Contract Liabilities

Costs to obtain a contract in the Group typically include sales commissions and under IFRS 15 certain costs such as these are deferred as Contract Assets and are amortised on a systematic basis consistent with the pattern of transfer of the goods or services to which the asset relates. As a practical expedient, these costs are expensed if the amortisation period to which they relate is one year or less.

Where the Group completes performance obligations under a contract with a customer in advance of invoicing the customer, the value of the accrued revenue is initially recognised as a contract asset.

Any contract assets are disclosed within the trade and other receivables in the Consolidated Balance Sheet.

Where the Group receives a short-term prepayment or advance of consideration prior to completion of performance obligations under a contract with a customer, the value of the advance consideration received is initially recognised as a contract liability in liabilities. Revenue is subsequently recognised as the performance obligations are completed over the period of the contract (i.e. as control is passed to the customer). Contract liabilities are presented in deferred income within trade and other payables in the Consolidated Balance Sheet.

(E) Principal Versus Agent

The Group has arrangements with some of its customers whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer.

The Group is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the Group has in establishing the price for the specified good or service, whether the Group has inventory risk and whether the Group bears the responsibility for fulfilling the promise to deliver the service or good. Where the Group is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

The Group acts as a principal if it controls a promised good or service before transferring that good or service to the customer. Where the Group is acting as a principal, revenue is recorded on a gross basis.

This assessment of control requires some judgement in particular in relation to certain service contracts. An example is the provision of certain employment screening services where the Group may be assessed to be agent or principal dependent upon the facts and circumstances of the arrangement and the nature of the services being delivered.

NOTES TO THE ACCOUNTS

2. Accounting Policies CONTINUED

(F) Contract modifications

Although infrequent, contracts may be modified for changes in contract terms or requirements. These modifications and amendments to contracts are always undertaken via an agreed formal process. Contract modifications exist when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Group's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

- Prospectively as an additional separate contract;
- Prospectively as a termination of the existing contract and creation of a new contract;
- As part of the original contract using a cumulative catch up; or
- As a combination of b) and c).

For contracts for which the Group has decided there is a series of distinct goods and services that are substantially the same and have the same pattern of transfer where revenue is recognised over time, the modification will always be treated under either a) or b). However, d) may arise when a contract has a part termination and a modification of the remaining performance obligations.

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes.

(G) Interest income

Revenue is recognised as interest accrues using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

(H) Presentation and Disclosure Requirements

The Group has disaggregated revenue recognised from contracts into contract type (Licences, Transaction and Services) as management believe this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. The Group has also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 4 for the disclosure on disaggregated revenue.

Operating Profit

Operating profit is profits after amortisation of acquired intangibles, equity-settled share-based payments and exceptional items but before finance revenue, finance costs and tax.

Exceptional Items

The Group presents as exceptional items on the face of the Statement of Comprehensive Income those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Share-based Payment Transactions

Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

Equity-settled Transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuation specialist using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GB Group plc ('market conditions') and non-vesting conditions, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting conditions were satisfied, provided that all other vesting conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised over the remainder of the new vesting period for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it was granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected in the computation of earnings per share (note 13).

2. Accounting Policies CONTINUED

Finance Costs

Finance costs consist of interest and other costs that are incurred in connection with the borrowing of funds. Finance costs are expensed in the period in which they are incurred.

Finance costs also include the amortisation of bank loan arrangement fees, interest on long-service award liabilities and interest on lease liabilities.

Taxes

Current Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred Income Tax

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- No provision is made where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination that at the time of the transaction affect neither accounting nor taxable profit.
- No provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

New Accounting Standards and Interpretations not Applied

The IASB and IFRIC have issued the following Standards and Interpretations with an effective and adoption date after the date of these financial statements:

International Accounting Standards (IAS/IFRS)

		Effective date
IFRS 3	Definition of a business – Amendments to IFRS 3	1 January 2020
IFRS 9 & 7 IAS 39	Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020
IAS 1, IAS 8	Definition of Material – Amendments to IAS 1, IAS 8	1 January 2020

2.6 Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Estimates

Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated earlier in note 2. Determining whether goodwill is impaired requires an estimation of the value in use and/or the estimated recoverable amount of the asset derived from the business, or part of the business, CGU, to which the goodwill has been allocated. The value in use calculation requires an estimate of the present value of future cash flows expected to arise from the CGU, by applying an appropriate discount rate to the timing and amount of future cash flows.

Management are required to make judgements regarding the timing and amount of future cash flows applicable to the CGU, based on current budgets and forecasts, and extrapolated for an appropriate period taking into account growth rates and expected changes to sales and operating costs. In making these estimates management have reflected the uncertainty due to Covid-19 by assessing the sensitivity of the assets to a wider range of changes in the key inputs to consider if an impairment would arise within these ranges.

Management estimate the appropriate discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business or the individual CGU.

An analysis of the Group's goodwill and the assumptions used to test for impairment are set out in note 17.

Impairment of Investments in Subsidiary Undertakings

The Group tests for impairment of investments where there are indicators that the carrying value exceeds the recoverable value.

In order to perform this assessment, management are required to make estimates regarding the timing and amount of future cash flows applicable to the subsidiary, based on current budgets and forecasts, and extrapolated for an appropriate period taking into account growth rates and expected changes to sales and operating costs. Management estimate the appropriate discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business.

NOTES TO THE ACCOUNTS

2. Accounting Policies CONTINUED

Share-based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for a grant of equity instruments, depending on the terms and conditions of the grant. Management are also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and models used are disclosed in note 29.

Provisions

The Group provides for the costs of restoring property to its original state at the end of the leasehold period on right of use assets. Management are required to estimate these costs using market information regarding the costs to restore at the balance sheet date.

Allowance for Impairment Losses on Credit Exposures

The Group apply 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. The Covid-19 pandemic has introduced unprecedented economic uncertainty which increases the likelihood of a higher level of ECL, but there is no historical comparative evidence to draw upon to build the impact of this pandemic into the normal ECL model used.

The Group has responded by calculating an additional level of provision to overlay the normal ECL calculation. This overlay has been based on management estimates taking into account an analysis of trade receivables broken down into customer sectors, using internal and external forecasts to assess the sectors which are likely to see the biggest impact of the pandemic, and comparing cash receipts received post year-end for customers in these sectors against historical averages. The impact of the overlay is detailed in note 27.

Judgements

Revenue Recognition

For contracts with multiple components to be delivered, management may have to apply judgement to consider whether those promised goods and services are (i) distinct - to be accounted for as separate performance obligations; (ii) not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is determined, and the Group allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied. Because of the bespoke nature of some solutions, judgement is sometimes required to determine and estimate an appropriate standalone selling price.

Deferred Tax Assets

The amount of the deferred tax asset included in the balance sheet of the Group is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. A deferred tax asset is recognised when it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Recognition, therefore, involves management judgement regarding the prudent forecasting of future taxable profits of the business including considering appropriate levels of risk. At the balance sheet date, management has forecast that the Group would generate future taxable profits against which certain decelerated tax losses, tax losses and other temporary differences could be relieved. Within that forecast, management considered the total amount of tax losses available across the Group and the relative restrictions in place for loss streaming and made a judgement not to recognise deferred tax assets on losses of £15,084,000 (2019: £16,367,000). The total amount of deferred tax assets that management had forecast as available at the year-end based on these forecasts and estimates was lower than the previous year due to the element related to IDology transferring to a current tax asset. The carrying value of the recognised deferred tax asset at 31 March 2020 was £6,294,000 (2019: £8,222,000) and the unrecognised deferred tax asset at 31 March 2020 was £5,123,000 (2019: £3,166,000). Further details are contained in note 11.

3. Revenue

Revenue disclosed in the Consolidated Statement of Comprehensive Income is analysed as follows:

	2020 £'000	2019 £'000
Licence	71,543	75,002
Transactional	112,079	56,191
Services	15,479	12,311
Revenue	199,101	143,504
Finance revenue	143	31
Total revenue	199,244	143,535

Significant changes in contract balances

Contract assets predominantly relate to software licence services, where revenue recognition for on premise arrangements occurs as the solution is transferred to the customer, whereas the invoicing pattern is often annually over the contract period. Contract assets recognised during the year totalled £6.0m (2019: £3.1m). The contract asset balance for work completed but not invoiced on satisfaction of a performance obligation, unwinds over the contract term. Contract assets are transferred to receivables when the right to consideration becomes unconditional, or conditional over the passage of time.

Revenue recognised in the year of £35.4m (2019: £28.3m) was included in the opening contract liability. Cash received in advance not recognised as revenue in the year was £30.4m (2019: £33.4m).

4. Segmental Information

In order to reflect how the Group is presenting its lines of business to its stakeholders going forward, the naming and structure of the operating segments were amended with effect from 1 April 2019. Going forward 'Fraud, Risk & Compliance' has been separated into two new segments – 'Identity' and 'Fraud'. The 'Location & Customer Intelligence' segment has been renamed as 'Location'. Accordingly, the comparative segmental reporting has been represented.

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 (previously within Location & Customer Intelligence), as well as group operating costs such as compliance, finance, legal, people team, information security, 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.

Year ended 31 March 2020	Fraud £'000	Identity £'000	Location £'000	Unallocated £'000	Total £'000
Licence	33,563	7,135	30,845	–	71,543
Transactional	–	95,489	16,590	–	112,079
Services	1,943	2,784	2,356	8,396	15,479
Total revenue	35,506	105,408	49,791	8,396	199,101
Adjusted operating profit	13,444	33,626	14,552	(13,677)	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	10,553	(20,131)	22,844
Finance revenue	–	–	–	143	143
Finance costs	–	–	–	(2,361)	(2,361)
Income tax charge	–	–	–	(3,562)	(3,562)
Profit for the year					17,064

Year ended 31 March 2019	(Represented) Fraud £'000	(Represented) Identity £'000	(Represented) Location £'000	(Represented) Unallocated £'000	(Represented) Total £'000
Licence	27,644	12,137	35,221	–	75,002
Transactional	–	45,459	10,732	–	56,191
Services	1,490	633	320	9,868	12,311
Total revenue	29,134	58,229	46,273	9,868	143,504
Adjusted operating profit	9,029	15,219	16,683	(8,900)	32,031
Amortisation of acquired intangibles	(792)	(4,372)	(4,662)	(490)	(10,316)
Share-based payments charge	–	–	–	(2,287)	(2,287)
Exceptional items	–	–	–	(4,003)	(4,003)
Operating profit	8,237	10,847	12,021	(15,680)	15,425
Finance revenue	–	–	–	31	31
Finance costs	–	–	–	(720)	(720)
Income tax expense	–	–	–	(2,583)	(2,583)
Profit for the period					12,153

Geographical Information

	Revenues from external customers		Underlying 2019* £'000	Non-current assets	
	2020 £'000	2019 £'000		2020 £'000	Restated* 2019 £'000
United Kingdom	87,814	79,368		126,945	138,157
United States of America	52,386	20,525		259,558	252,461
Australia	19,063	10,241		37,374	39,789
Others	39,838	33,370		48	54
Total	199,101	143,504		423,925	430,461

* Refer to note 2, 3.

The geographical revenue information above is based on the location of the customer.

Non-current assets for this purpose consist of plant and equipment and intangible assets and excludes the deferred tax asset.

NOTES TO THE ACCOUNTS

5. Operating Profit

	2020 £'000	2019 £'000
This is stated after charging/(crediting):		
Research and development costs recognised as an operating expense	16,821	10,370
Other Technology related costs recognised as an operating expense	13,043	13,284
Total Technology related costs recognised as an operating expense	29,864	23,654
Depreciation of property, plant and equipment (note 14)	1,760	1,544
Depreciation of right of use assets (note 15)	1,850	–
Expense relating to short term leases	447	–
Expense relating to low value leases	5	–
Expected credit losses of trade receivables (note 27)	2,532	852
Amortisation of intangible assets (note 16)	19,192	10,821
Foreign exchange loss/(gain)	69	(35)

6. Auditor's Remuneration

	2020 £'000	2019 £'000
Audit of the financial statements ¹	262	266
Other fees to auditor - other assurance services	72	25
- tax compliance services	–	2
- tax advisory services	10	21
	344	314

¹ £159,000 (2019: £136,000) of this relates to the Company.

7. Exceptional Items

	2020 £'000	2019 £'000
Acquisition related costs	26	3,747
Costs associated with team member reorganisations	555	256
Fair value adjustments to contingent consideration (note 36)	829	–
Foreign exchange movement on contingent consideration (note 36)	142	–
	1,552	4,003

Acquisition related costs of £26,000 (2019: £3,747,000) include legal and professional advisor costs directly attributable to the transactions and exclude operating or integration costs relating to an acquired business. In the current year these costs related to final costs in relation to the acquisition of IDology Inc. in the prior year in addition to costs relating to potential acquisitions that were either aborted or are not complete at the date of these financial statements. Due to the size and nature of these costs, management consider that they would distort the Group's underlying business performance. In the prior year these costs included £449,000 in relation to VIX Verify and £2,391,000 in relation to IDology Inc.

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.

As detailed in note 36, 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 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 as it arose outside of the 12 month hindsight period permitted for adjustments to the acquisition accounting.

The contingent liability related to these tax losses is based on the US Dollar value of the losses. As a result the liability was retranslated at the balance sheet date with a loss of £142,000 being treated as an exceptional item.

The tax impact of the exceptional costs was £969,000 (2019: £77,000). The largest element of this is the increase in the deferred tax asset of £829,000 related to the IDology tax losses.

8. Staff Costs and Directors' Emoluments

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
a) Staff Costs				
Wages and salaries	55,320	45,935	33,000	31,392
Social security costs	6,590	5,318	4,469	4,352
Other pension costs	2,473	2,007	1,668	1,486
	64,383	53,260	39,137	37,230

Included in wages and salaries is a total charge of share-based payments of £4,541,000 (2019: £2,287,000) which arises from transactions accounted for as equity-settled share-based payment transactions.

The average monthly number of employees during the year within each category was as follows:

	Group		Company	
	2020 No.	2019 No.	2020 No.	2019 No.
Technology	395	356	226	227
General and administration	120	108	97	42
Sales and marketing	507	420	364	388
	1,022	884	687	657

b) Directors' Emoluments	2020 £'000	2019 £'000
Wages and salaries	1,513	1,438
Pension	74	72
Bonuses	1,449	1,318
	3,036	2,828
Aggregate gains made by Directors on the exercise of options	5,936	2,467

The remuneration for the highest paid Director was as follows:

	2020 £'000	2019 £'000
Wages and salaries	607	589
Bonus	723	608
	1,330	1,197

The highest paid Director has reached the maximum level permitted for a personal pension plan and receives a direct payment in lieu of his pension entitlement, which was £90,353 (2019: £84,000). The number of share options granted during the year for the highest paid Director was 206,136 (2019: 128,853) and the number of share options exercised during the year was 200,000 (2019: 200,000).

9. Finance Revenue

	2020 £'000	2019 £'000
Bank interest receivable	143	31
	143	31

10. Finance Costs

	2020 £'000	2019 £'000
Bank interest payable	1,911	613
Interest on long service award	13	9
Amortisation of bank loan fees	192	98
Lease liability interest	245	–
	2,361	720

NOTES TO THE ACCOUNTS

11. Taxation

a) Tax on Profit

The tax charge in the Consolidated Statement of Comprehensive Income for the year is as follows:

	2020 £'000	2019 £'000
Current income tax		
UK corporation tax on profit for the year	2,760	2,765
Amounts underprovided/(overprovided) in previous years	120	(292)
Foreign tax	1,903	2,158
	4,783	4,631
Deferred tax		
Origination and reversal of temporary differences	(2,625)	(1,868)
Amounts underprovided/(overprovided) in previous years	876	26
Impact of change in tax rates	528	(206)
	(1,221)	(2,048)
Tax charge in the Statement of Comprehensive Income	3,562	2,583

b) Reconciliation of the Total Tax Charge

The profit before tax multiplied by the standard rate of corporation tax in the UK would result in a tax charge as explained below:

	2020 £'000	2019 £'000
Consolidated profit before tax	20,626	14,736
Consolidated profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	3,919	2,800
Effect of:		
Permanent differences	347	1,094
Non-taxable income	(489)	(11)
Rate changes	(1,283)	(120)
Utilisation of losses	(14)	–
Prior year items	996	(266)
Research and development tax relief	(880)	(492)
Patent Box relief	(545)	(460)
Share option relief	9	(67)
Recognition of unrecognised deferred tax assets	–	(698)
Effect of higher taxes on overseas earnings	1,502	803
Total tax charge reported in the Statement of Comprehensive Income	3,562	2,583

The Group is entitled to current year tax relief of £811,398 (2019: £1,023,000), calculated at a tax rate of 19% (2019: 19%), in relation to the statutory deduction available on share options exercised in the year.

11. Taxation CONTINUED

c) Deferred Tax – Group

Deferred Tax Asset

The recognised and unrecognised potential deferred tax asset of the Group is as follows:

	Recognised		Unrecognised	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Decelerated capital allowances	1,259	1,283	–	–
Share options	1,848	1,627	–	–
Long service award	233	234	–	–
Accrued bonuses	522	728	–	–
Provision for bad debt	368	205	–	–
Other temporary differences	1,420	497	–	–
Leases	429	–	–	–
Capital losses	–	–	429	384
Trading losses	215	3,648	2,866	2,782
	6,294	8,222	3,295	3,166

The movement on the deferred tax asset of the Group is as follows:

	2020 £'000	2019 £'000
Opening balance – as reported	8,222	4,453
IFRS 16 transition adjustment	326	–
Opening balance – restated	8,548	4,453
Acquired on acquisition	–	3,955
Foreign currency adjustments	11	(73)
Origination and reversal of temporary differences	(2,265)	24
Impact of change in tax rates	–	(137)
	6,294	8,222

The deferred tax asset has been recognised to the extent it is anticipated to be recoverable out of future taxable profits based on profit forecasts for the foreseeable future. The utilisation of the unrecognised deferred tax asset in future periods will reduce the future tax rate below the standard rate. The Group has unrecognised deductible temporary differences of £15,084,000 (2019: £16,367,000) and unrecognised capital losses of £2,257,000 (2019: £2,257,000).

Deferred Tax Liability

The deferred tax liability of the Group is as follows:

	2020 £'000	2019 £'000
Intangible assets	26,553	29,378
Land and buildings	186	108
Leases	277	–
Accelerated capital allowances	139	62
	27,155	29,548

The movement on the deferred tax liability of the Group is as follows:

	2020 £'000	2019 £'000
Opening balance	29,548	8,260
IFRS 16 transition adjustment	189	–
Opening balance – restated	29,737	8,260
Acquisition of intangibles in subsidiaries	–	23,913
Foreign currency adjustments	713	(359)
Origination and reversal of temporary differences	(3,823)	(1,923)
Impact of change in tax rates	528	(343)
	27,155	29,548

NOTES TO THE ACCOUNTS

11. Taxation CONTINUED

d) Deferred Tax – Company

Deferred Tax Asset

The recognised and unrecognised potential deferred tax asset of the Company is as follows:

	Recognised		Unrecognised	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Decelerated capital allowances	1,259	1,283	-	-
Share options	1,839	1,627	-	-
Long service award	105	100	-	-
Provision for bad debt	308	84	-	-
Other temporary differences	310	-	-	-
Leases	46	-	-	-
Capital losses	-	-	429	384
Trading losses	-	-	2,866	2,782
	3,867	3,094	3,295	3,166

The movement on the deferred tax asset of the Company is as follows:

	2020 £'000	2019 £'000
Opening balance – as reported	3,094	3,404
IFRS 16 transition adjustment	59	-
Opening balance – restated	3,153	3,404
Origination and reversal of temporary differences	714	(310)
	3,867	3,094

The deferred tax asset has been recognised to the extent it is anticipated to be recoverable out of future taxable profits based on profit forecasts for the foreseeable future. The utilisation of the unrecognised deferred tax asset in future periods will reduce the future tax rate below the standard rate. The Company has unrecognised deductible temporary differences of £15,084,000 (2019: £16,367,000) and unrecognised capital losses of £2,257,000 (2019: £2,257,000).

Deferred Tax Liability

The deferred tax liability of the Company is as follows:

	2020 £'000	2019 £'000
Intangible assets	4,362	4,912
Land and buildings	112	108
	4,474	5,020

The movement on the deferred tax liability of the Company is as follows:

	2020 £'000	2019 £'000
Opening balance	5,020	6,319
Origination and reversal of temporary differences	(1,014)	(1,179)
Impact of change in tax rates	468	(120)
	4,474	5,020

e) Tax Losses

The Group has carried forward trading losses at 31 March 2020 of £15,591,000 (2019: £30,561,000). To the extent that these losses are available for offset against future trading profits of the Group, it is expected that the future effective tax rate would be below the standard rate. There were also capital losses carried forward at 31 March 2020 of £2,257,000 (2019: £2,257,000), which should be available for offset against future capital gains of the Group to the extent that they arise.

f) Change in corporation tax rate

A reduction in the UK corporation tax rate to 17% (from 19%) with effect from 1 April 2020 was enacted in the Finance Act 2016. The deferred tax assets and liabilities as at 31 March 2019 were based on this rate.

In the UK Budget on 11 March 2020 it was announced that the rate would remain at 19%, with this change substantively enacted on 17 March 2020. The deferred tax assets and liabilities at 31 March 2020 are therefore based on the 19% rate.

12. Dividends Paid and Proposed

	2020 £'000	2019 £'000
<i>Declared and paid during the year</i>		
Final dividend for 2019 (paid in 2020): 2.99p (2018 (paid in 2019): 2.65p)	5,782	4,049
<i>Proposed for approval at AGM (not recognised as a liability at 31 March)</i>		
Final dividend for 2020: 0p (2019: 2.99p)	–	5,766

£21,000 was received during the year relating to a refund for dividends not claimed from previous years. The total net cash impact of dividends during the year was therefore £5,761,000.

13. 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 year.

	2020 pence per share	2020 £'000	2019 pence per share	2019 £'000
Profit attributable to equity holders of the Company	8.8	17,064	7.7	12,153

Diluted

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2020 No.	2019 No.
Basic weighted average number of shares in issue	193,630,621	158,051,687
Dilutive effect of share options	3,144,641	2,754,605
Diluted weighted average number of shares in issue	196,775,262	160,806,292

	2020 pence per share	2020 £'000	2019 pence per share	2019 £'000
Profit attributable to equity holders of the Company	8.7	17,064	7.6	12,153

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.

	2020 £'000	Basic 2020 pence per share	Diluted 2020 pence per share	2019 £'000	Basic 2019 pence per share	Diluted 2020 pence per share
Adjusted operating profit	47,945	24.8	24.4	32,031	20.3	19.9
Less net finance costs	(2,218)	(1.1)	(1.1)	(689)	(0.4)	(0.4)
Less tax	(3,562)	(1.9)	(1.9)	(2,583)	(1.7)	(1.6)
Adjusted earnings	42,165	21.8	21.4	28,759	18.2	17.9

NOTES TO THE ACCOUNTS

14. Property, Plant and Equipment

Group

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2018	1,251	6,943	8,194
Acquired on acquisition	–	231	231
Additions	–	1,453	1,453
Disposals	–	(51)	(51)
Foreign currency adjustment	–	(35)	(35)
At 31 March 2019	1,251	8,541	9,792
Acquired on acquisition	–	–	–
Additions	–	1,653	1,653
Disposals	–	(881)	(881)
Foreign currency adjustment	–	(94)	(94)
At 31 March 2020	1,251	9,219	10,470
Depreciation and impairment			
At 1 April 2018	20	3,474	3,494
Provided during the year	22	1,522	1,544
Disposals	–	(46)	(46)
Foreign currency adjustment	–	(15)	(15)
At 31 March 2019	42	4,935	4,977
Provided during the year	19	1,741	1,760
Disposals	–	(875)	(875)
Foreign currency adjustment	–	(45)	(45)
At 31 March 2020	61	5,756	5,817
Net book value			
At 31 March 2020	1,190	3,463	4,653
At 31 March 2019	1,209	3,606	4,815
At 1 April 2018	1,231	3,469	4,700

Company

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2018	1,233	4,927	6,160
Additions	–	1,214	1,214
Disposals	–	(2)	(2)
At 31 March 2019	1,233	6,139	7,372
Additions	–	858	858
Disposals	–	(872)	(872)
At 31 March 2020	1,233	6,125	7,358
Depreciation and impairment			
At 1 April 2018	–	–	–
Provided during the year	2	2,444	2,446
Disposals	22	1,103	1,125
At 31 March 2019	–	(2)	(2)
Provided during the year	24	3,545	3,569
Disposals	19	1,195	1,214
At 31 March 2020	–	(872)	(872)
Net book value			
At 31 March 2020	1,190	2,257	3,447
At 31 March 2019	1,209	2,594	3,803
At 1 April 2018	1,231	2,483	3,714

15. Right of use assets

Group

	Right of use assets £'000	Total £'000
Cost		
At 31 March 2019	–	–
Adoption of IFRS 16 (see note 2.4)	8,840	8,840
Additions	1,837	1,837
Disposals	(295)	(295)
Foreign currency adjustment	(265)	(265)
At 31 March 2020	10,117	10,117
Depreciation and impairment		
At 31 March 2019	–	–
Adoption of IFRS 16 (see note 2.4)	3,674	3,674
Provided during the year	1,850	1,850
Disposals	(180)	(180)
Foreign currency adjustment	6	6
At 31 March 2020	5,350	5,350
Net book value		
At 31 March 2020	4,767	4,767
At 31 March 2019	–	–
At 1 April 2018	–	–

Company

	Right of use assets £'000	Total £'000
Cost		
At 31 March 2019	–	–
Adoption of IFRS 16 (see note 2.4)	4,691	4,691
Additions	–	–
Disposals	–	–
At 31 March 2020	4,691	4,691
Depreciation and impairment		
At 31 March 2019	–	–
Adoption of IFRS 16 (see note 2.4)	1,918	1,918
Provided during the year	675	675
At 31 March 2020	2,593	2,593
Net book value		
At 31 March 2020	2,098	2,098
At 31 March 2019	–	–
At 1 April 2018	–	–

Further detail regarding the impact of the transition to IFRS 16 has been given in note 2.4 of the financial statements.

The underlying class of assets and their net book values are leasehold property (Group £4,760,000, Company £2,093,000) and equipment (Group £7,000, Company £5,000).

NOTES TO THE ACCOUNTS

16. Intangible Assets

Group

	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 2018	45,926	15,673	1,066	62,665	116,497	2,118	1,771	183,051
Foreign currency adjustment	(1,078)	(249)	(79)	(1,406)	(2,625)	30	-	(4,001)
Additions – business combinations	73,212	17,224	4,391	94,827	178,651	-	-	273,478
Additions – purchased software	-	-	-	-	-	172	-	172
Disposals	-	-	-	-	-	(67)	-	(67)
At 31 March 2019 - as reported	118,060	32,648	5,378	156,086	292,523	2,253	1,771	452,633
Additions – measurement period ¹	-	-	-	-	5,509	-	-	5,509
As at 31 March 2019 – as restated	118,060	32,648	5,378	156,086	298,032	2,253	1,771	458,142
Foreign currency adjustment	2,075	527	194	2,796	5,230	1	-	8,027
Additions – purchased software	-	-	-	-	-	183	-	183
Disposals	-	-	(695)	(695)	-	(259)	(559)	(1,513)
At 31 March 2020	120,135	33,175	4,877	158,187	303,262	2,178	1,212	464,839
Amortisation and impairment								
At 1 April 2018	10,869	7,257	614	18,740	-	1,195	1,712	21,647
Foreign currency adjustment	22	29	2	53	-	(5)	-	48
Amortisation during the year	5,779	4,105	432	10,316	-	468	37	10,821
Disposals	-	-	-	-	-	(20)	-	(20)
At 31 March 2019	16,670	11,391	1,048	29,109	-	1,638	1,749	32,496
Foreign currency adjustment	(77)	(43)	18	(102)	-	2	-	(100)
Amortisation during the year	12,231	5,723	1,054	19,008	-	162	22	19,192
Disposals	-	-	(695)	(695)	-	-	(559)	(1,254)
At 31 March 2020	28,824	17,071	1,425	47,320	-	1,802	1,212	50,334
Net book value								
At 31 March 2020	91,311	16,104	3,452	110,867	303,262	376	-	414,505
At 31 March 2019 - restated ¹	101,390	21,257	4,330	126,977	298,032	615	22	425,646
At 31 March 2019 - as reported	101,390	21,257	4,330	126,977	292,523	615	22	420,137
At 1 April 2018	35,057	8,416	452	43,925	116,497	923	59	161,404

¹ Refer to note 2

Acquisition

	Carrying Value of Customer Relationship £'000	Remaining Amortisation Period Years
Data Discoveries Holdings Limited	47	1.25
Advanced Checking Services	26	1.33
Capscan Parent Limited	746	1.58
TMG.tv Limited	276	2.58
CRD (UK) Limited	286	3.58
DecTech Solutions Pty Ltd	1,564	4.08
CDMS Limited	1,656	4.58
Loqate Inc	1,165	5.08
ID Scan Biometrics Limited	2,448	6.25
Postcode Anywhere (Holdings) Limited	17,613	7.08
VIX Verify Global Pty Limited	5,620	8.50
IDology Inc	59,864	8.83
	91,311	

Intangible assets categorised as 'other acquisition intangibles' include assets such as non-compete clauses and software technology.

Goodwill arose on the acquisition of GB Mailing Systems Limited, e-Ware Interactive Limited, Data Discoveries Holdings Limited, Advanced Checking

16. Intangible Assets CONTINUED

Services Limited ('ACS'), 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 (note 16).

Company

	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 2018	26,078	7,818	461	34,357	78,154	2,098	2,353	116,962
Additions – purchased software	–	–	–	–	–	167	–	167
Transfer from investments ¹	–	–	–	–	31,961	–	–	31,961
Disposals	–	–	–	–	–	(67)	–	(67)
At 31 March 2019	26,078	7,818	461	34,357	110,115	2,198	2,353	149,023
Additions – product development	–	–	–	–	–	183	–	183
Hive-up adjustment ²	(54)	–	–	(54)	–	–	–	(54)
Disposals	–	–	(194)	(194)	–	(259)	(559)	(1,012)
At 31 March 2020	26,024	7,818	267	34,109	110,115	2,122	1,794	148,140
Amortisation and impairment								
At 1 April 2018	207	96	10	313	–	1,170	2,305	3,788
Amortisation during the year	2,776	2,599	279	5,654	–	425	37	6,116
Disposals	–	–	–	–	–	(20)	–	(20)
At 31 March 2019	2,983	2,695	289	5,967	–	1,575	2,342	9,884
Reclassification	102	(102)	–	–	–	–	–	–
Amortisation during the year	2,878	2,498	162	5,538	–	171	11	5,720
Disposals	–	–	194	(194)	–	–	(559)	(753)
At 31 March 2020	5,963	5,091	257	11,311	–	1,746	1,794	14,851
Net book value								
At 31 March 2020	20,061	2,727	10	22,798	110,115	376	–	133,289
At 31 March 2019	23,095	5,123	172	28,390	110,115	623	11	139,139
At 1 April 2018	25,871	7,722	451	34,044	78,154	928	48	113,174

¹ A transfer between investments and goodwill has been made as the directors consider that this better reflects the nature of the non-current assets following hive-ups that occurred in previous years.

² This is a correction to the opening acquired cost in respect of the hive-up of IDScan Biometrics Limited in the year to 31 March 2018. The other side to this entry is within 'Other Reserves' within equity.

Acquisition

	Carrying Value of Customer Relationship £'000	Remaining Amortisation Period Years
ID Scan Biometrics Limited	2,448	6.25
Postcode Anywhere (Holdings) Limited	17,613	7.08
	20,061	

Goodwill arose on the acquisition of ID Scan Biometrics Limited and Postcode Anywhere (Holdings) Limited. Under IFRS, goodwill is not amortised and is tested annually for impairment (note 17).

NOTES TO THE ACCOUNTS

17. Impairment Testing of Goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to seven CGUs as follows:

- Fraud Unit (represented by the Fraud operating segment excluding the CAFs Unit)
- Identity Unit (represented by the Identity operating segment excluding the IDology Unit and the VIX Verify Unit)
- Location Unit (represented by the Location operating segment excluding the Loqate Unit)
- CAFs Unit (part of the Fraud operating segment)
- Loqate Unit (part of the Location operating segment)
- VIX Verify Unit (part of the Identity operating segment)
- IDology Unit (part of the Identity operating segment)
- e-Ware Interactive Unit (included in Other operating segment)
- Transactis Unit (included in Other operating segment)

Where there are no indicators of impairment on the goodwill arising through business combinations made during the year they are tested for impairment no later than at the end of the year.

Carrying Amount of Goodwill Allocated to CGUs

	2020 £'000	2019 £'000
Fraud Unit	3,040	3,040
Identity Unit	37,586	37,586
Location Unit	53,992	53,992
CAFS Unit	12,922	14,261
Loqate Unit	7,731	7,393
VIX Verify Unit	14,171	15,639
IDology Unit	173,239	160,031
e-Ware Interactive Unit	79	79
Transactis Unit	502	502
	303,262	292,523

Key Assumptions Used in Value in Use Calculations

The Group prepares cash flow forecasts using budgets and forecasts approved by the Directors covering a five-year period and an appropriate extrapolation of cash flows beyond this using a long-term average growth rate. The long-term average growth rate is not greater than the average long-term retail growth rate in the territory where the CGU is based (UK – 1.8%; USA – 1.8%; Australia – 2.5%).

The key assumptions for value in use calculations are those regarding the forecast cash flows, discount rates and growth rates. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the individual CGU. Growth rates reflect long-term growth rate prospects for the economy in which the CGU operates.

	2020		2019	
	Pre-tax WACC %	Growth rate (In perpetuity) %	Pre-tax WACC %	Growth rate (In perpetuity) %
Fraud Unit	10.7%	1.8%	10.4%	1.8%
Identity Unit	10.7%	1.8%	10.4%	1.8%
Location Unit	10.7%	1.8%	10.4%	1.8%
CAFS Unit	14.3%	2.5%	15.1%	2.8%
Loqate Unit	12.8%	1.8%	11.3%	1.8%
Vix Verify Unit	14.3%	2.5%	–	–
IDology Unit	12.8%	1.8%	–	–
e-Ware Interactive Unit	10.7%	–	10.4%	–
Transactis Unit	10.7%	–	10.4%	–

In the case of the Fraud CGU, the annual impairment review as at 31 March 2020 indicated that the recoverable amount exceeded the carrying value of the CGU by £67,869,000. The sensitivities which result in the recoverable amount equalling the carrying value can be summarised as follows:

- a reduction of 96% in the forecast profit margins; and
- any absolute increase in the pre-tax weighted average cost of capital would have £nil impact on headroom.

In the case of the Identity CGU, the annual impairment review as at 31 March 2020 indicated that the recoverable amount exceeded the carrying value of the CGU by £90,251,000. The sensitivities, which result in the recoverable amount equalling the carrying value, can be summarised as follows:

- an absolute increase of 23.2% in the pre-tax weighted average cost of capital from 10.7% to 33.9%; or
- a reduction of 71% in the forecast profit margins.

In the case of the Location CGU, the annual impairment review as at 31 March 2020 indicated that the recoverable amount exceeded the carrying value of the CGU by £138,799,000. The sensitivities which result in the recoverable amount equalling the carrying value can be summarised as follows:

- an absolute increase of 28.4% in the pre-tax weighted average cost of capital from 10.7% to 39.1%; or
- a reduction of 72% in the forecast profit margins.

17. Impairment Testing of Goodwill CONTINUED

In the case of CAFs CGU, the annual impairment review as at 31 March 2020 indicated that the recoverable amount exceeded the carrying value of the CGU by £23,013,000. The sensitivities which result in the recoverable amount equalling the carrying value can be summarised as follows:

- an absolute increase of 19.0% in the pre-tax weighted average cost of capital from 14.3% to 33.3%; or
- a reduction of 64% in the forecast profit margins.

In the case of Loqate CGU, the annual impairment review as at 31 March 2020 indicated that the recoverable amount exceeded the carrying value of the CGU by £26,379,000. The sensitivities which result in the recoverable amount equalling the carrying value can be summarised as follows:

- an absolute increase of 65.4% in the pre-tax weighted average cost of capital from 12.8% to 78.2%; or
- a reduction of 77% in the forecast profit margins.

In the case of the VIX Verify CGU, the annual impairment review as at 31 March 2020 indicated that the recoverable amount exceeded the carrying value of the CGU by £7,498,000. The sensitivities which result in the recoverable amount equalling the carrying value can be summarised as follows:

- an absolute increase of 6.9% in the pre-tax weighted average cost of capital from 14.3% to 21.2%; or
- a reduction of 35% in the forecast profit margins.

In the case of the IDology CGU, the annual impairment review as at 31 March 2020 indicated that the recoverable amount exceeded the carrying value of the CGU by £81,374,000. The sensitivities, which result in the recoverable amount equalling the carrying value, can be summarised as follows:

- an absolute increase of 5.2% in the pre-tax weighted average cost of capital from 12.8% to 18.0%; or
- a reduction of 32% in the forecast profit margins.

In the case of the e-Ware Interactive CGU, the annual impairment review as at 31 March 2020 indicated that the recoverable amount exceeded the carrying value by £20,000 (2019: £165,000). In assessing the future recoverable amounts, forecast cash flows are assumed for the current contract value only on the basis that the recoverable amount is associated with only a single remaining customer attributable to that acquisition. Since the value in use of the e-Ware Interactive CGU is based on a single client, its loss or a significant reduction in its cash flow would cause the carrying value of the unit to exceed its recoverable amount:

- a reduction of 20% in the forecast profit margins, and
- any absolute increase in the pre-tax weighted average cost of capital would have Enil impact on headroom.

In the case of the Transactis CGU, the annual impairment review as at 31 March 2020 indicated that the recoverable amount exceeded the carrying value of the CGU by £1,792,000. The sensitivities, which result in the recoverable amount equalling the carrying value, can be summarised as follows:

- an absolute increase of 52.6% in the pre-tax weighted average cost of capital from 10.7% to 63.3%; or
- a reduction of 45% in the forecast profit margins.

Based on the impairment reviews performed no impairment has been identified.

18. Investments

Company	2020 £'000	2019 £'000
At 1 April	305,940	76,310
Acquisition of subsidiary undertakings	7	235,744
Capital investment in subsidiary undertaking	–	20,639
Transfer to goodwill and intangibles ¹	–	(31,961)
At 31 March – as reported	–	300,732
Acquisition of subsidiary undertakings (measurement period adjustment) ²	–	5,208
At 31 March – as restated	305,947	305,940
Provision for impairment		
At 1 April	2,464	–
Charge for the year ³	–	2,464
At 31 March	2,464	2,464
Net book value		
At 31 March	303,483	303,476

¹ A transfer between investments and goodwill has been made as the directors consider that this better reflects the nature of the non-current assets following hive-ups that occurred in previous years.

² Refer to note 2.3

³ The impairment charge for the year of £2,464,000 was following a dividend from Loqate Inc. which was recognised in the Company income statement.

Refer to note 2.3 for details of the measurement period adjustment impacting the Group.

NOTES TO THE ACCOUNTS

18. Investments CONTINUED

The Company accounts for its investments in subsidiaries using the cost model. The Company holds 100% of the ordinary share capital of all investments as follows:

Name of company	Proportion of voting rights and shares held	Country of Incorporation	Registered office address
Capscan Parent Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Capscan Limited ¹	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Data Discoveries Holdings Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Data Discoveries Limited ¹	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Managed Analytics Limited ¹	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Fastrac Limited ¹	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
e-Ware Interactive Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GB Information Management Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GB Datacare Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
GB Mailing Systems Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Citizensafe Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
TelMe.com Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Farebase Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
TMC.tv Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
CRD (UK) Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (Holdings) Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (Europe) Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Postcode Anywhere (North America) Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
PCA Predict Inc.	100%	United States	National Registered Agents Inc., 106 Greentree Drive, Suite 101, Dover DE 19904
GBG (Australia) Holding Pty Ltd	100%	Australia	Co Sec Consulting Pty Ltd, 59 Gipps Street, Collingwood, VIC 3066
GBG (Australia) Pty Ltd ¹	100%	Australia	Co Sec Consulting Pty Ltd, 59 Gipps Street, Collingwood, VIC 3066
VIX Verify Global Pty Ltd ¹	100%	Australia	Level 3, 20 Bond Street, Sydney NSW 2000
GBG (Malaysia) Sdn Bhd ¹	100%	Malaysia	Level 7 Menara Millenium, Jalan Damanlela Pusat Bandar, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan
GBG DecTech Solutions S.L ¹	100%	Spain	08002-Barcelona, Edifici The Triangle, 4th Floor, Plaça de Catalunya, Barcelona, Spain
迪安科 ¹	100%	China	Room 1714, Building 4, China Investment Center, No.9 Guangan Road, Fengtai District, Beijing, China
Loqate Inc.	100%	United States	805 Veterans Blvd Ste 305, Redwood City CA 94063
Loqate Limited ¹	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
IDology Inc.	100%	United States	2018 Powers Ferry Rd, Atlanta, GA 30339, USA
ID Scan Biometrics Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
IDscan Research Bilisim Teknolojileri Sanayi Ve Ticaret Limited Sirketi	100%	Turkey	Mersin Universitesi Çiftlikköy Kampüsü, Teknopark İdari Bina No: 106 Yenışehir – Mersin
UAB IDscan Biometrics R&D	100%	Lithuania	Kauno m. Kauno m. I. Kanto g. 18-4B Lithuania
Safer Clubbing At Night Network (Scan Net) Ltd	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Transactis Limited ¹	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Inkfish Limited ¹	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
VIX Verify Pty Ltd ¹	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066, Australia
GreenID Limited ¹	100%	New Zealand	Moore Stephens Markhams Wellington Limited, Level 11 Sovereign House, 34-42 Manners Street, Wellington 6011, New Zealand
Mastersoft Group Pty Ltd ¹	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066, Australia
Mastersoft (New Zealand) Ltd ¹	100%	New Zealand	Moore Stephens Markhams Wellington Limited, Level 11 Sovereign House, 34-42 Manners Street, Wellington 6011, New Zealand
DataSan Pty Ltd ¹	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066, Australia
VIX Verify International Pty Ltd ¹	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066, Australia
VIX Verify Singapore Pte Ltd ¹	100%	Singapore	C/O S.S. Corporate Management Pte. Ltd, 138 Cecil Street, #12-01A Cecil Court, 069538 Singapore
VIX Verify SA (Pty) Ltd ¹	100%	South Africa	C/O Eversheds Sutherland, 3rd Floor, 54, Melrose Boulevard, Melrose Arch, Melrose North, 2196, Johannesburg, South Africa
PT Fraud Solutions Indonesia ¹	100%	Indonesia	Satrio Tower, Lt. 16, Jl.Prof.Dr. Satrio, Blok C4 No 5 RT. 7/RW.2 Kel. Kunnigan Timur, Kec. Setiabudi Jakarta Selatan- 12950

The Company accounts for its non-listed equity investments as financial assets designated at fair value through OCI. The Company holds the following non-listed equity investment:

Name of company	Proportion of voting rights and shares held	Country of Incorporation	Registered office address
Payfone Inc. ^{1,2}	0.32%	United States	215 Park Avenue South New York, NY 10003 United States

¹ held indirectly.

² held at zero value following measurement period adjustment detailed in note 2.3.

19. Trade and Other Receivables

	Group		Company	
	2020 £'000	Restated ¹ 2019 £'000	2020 £'000	2019 £'000
Trade receivables	52,496	46,114	36,993	31,586
Prepayments	7,855	5,731	3,847	3,788
Accrued income	6,203	3,147	450	525
	66,554	54,992	41,290	35,899

¹ See note 2.3

20. Cash

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash at bank and in hand	27,499	21,189	15,031	7,791

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

21. Equity Share Capital

	2020 £'000	2019 £'000
Authorised		
194,193,861 (2019: 192,850,117) ordinary shares of 2.5p each	4,855	4,821
Issued		
Allotted, called up and fully paid	4,855	4,821
Share premium	261,648	261,149
	266,503	265,970
	2020 No.	2019 No.
Number of shares in issue at 1 April	192,850,117	152,668,698
Issued on placing	-	39,024,390
Issued in relation to intangible asset acquisition	7,352	-
Issued on exercise of share options	1,336,392	1,157,029
Number of shares in issue at 31 March	194,193,861	192,850,117

	2020			2019		
	Share Capital £'000	Share Premium £'000	Total £'000	Share Capital £'000	Share Premium £'000	Total £'000
1 April	4,821	261,149	265,970	3,817	104,814	108,631
Consideration received on share placing	-	-	-	976	159,367	160,343
Share issue costs	-	-	-	-	(3,274)	(3,274)
Fair value of assets received on acquisition of intangible asset	-	43	43	-	-	-
Consideration received on exercise of share options	34	456	490	28	242	270
Number of shares in issue at 31 March	4,855	261,648	266,503	4,821	261,149	265,970

During the year to 31 March 2020, 7,352 shares were issued as final consideration in relation to the purchase of an intangible asset. The fair value of the asset was £43,000.

NOTES TO THE ACCOUNTS

22. Loans

Bank loans

In April 2014, the Group secured an Australian Dollar three-year term loan of AU\$10,000,000. The debt bears an interest rate of +1.90% above the Australian Dollar bank bill interest swap rate ('BBSW'). This term loan was extended during the prior year from its original maturity of April 2017 to November 2019. This loan was repaid in full during the current financial year.

In October 2018, the Group drew down £10,000,000 from its existing revolving credit facility agreement in order to part fund the acquisition of VIX Verify. This drawdown took the borrowing on that facility to £17,000,000 at that date.

In February 2019, the Group refinanced its existing revolving facility and the total facility was increased to £110,000,000, with a further £30,000,000 accordion option. The facility now expires in February 2022. The existing liability of £17,000,000 was repaid at the point of the refinancing with a simultaneous drawdown of £101,000,000 (net increase of £84,000,000), which was used to part fund the IDology acquisition. A further repayment of £15,000,000 was made in March 2019.

During the current financial year there have been no further drawdowns on this facility. Repayments totalling £23,500,000 have been made during the year. The 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.

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Opening bank loan	86,888	9,248	85,447	7,000
New borrowings (net of arrangement fee)	-	110,447	-	110,447
Repayment of borrowings	(24,914)	(32,804)	(23,500)	(32,000)
Amortisation of loan fees	192	-	192	-
Foreign currency translation adjustment	(27)	(3)	-	-
Closing bank loan	62,139	86,888	62,139	85,447
Analysed as:				
Amounts falling due within 12 months	-	1,441	-	-
Amounts falling due after one year	62,139	85,447	62,139	85,447
	62,139	86,888	62,139	85,447
Analysed as:				
Amounts falling due within 12 months	62,500	87,441	62,500	86,000
Amounts falling due after one year	(361)	(553)	(361)	(553)
	62,139	86,888	62,139	85,447

Intercompany loans

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Opening intercompany loan	-	-	4,156	-
New borrowings	-	-	-	-
Repayment of borrowings	-	-	-	-
Foreign currency translation adjustment	-	-	-	-
Closing intercompany loan	-	-	4,156	-
Analysed as:				
Amounts falling due within 12 months	-	-	-	-
Amounts falling due after one year	-	-	4,156	-
	-	-	4,156	-

Interest is charged on intercompany loans at a rate of 3.5% per annum. The loans are unsecured, and repayable within 2 years.

19. Trade and Other Receivables

	Group		Company	
	2020 £'000	Restated ¹ 2019 £'000	2020 £'000	2019 £'000
Trade receivables	52,496	46,114	36,993	31,586
Prepayments	7,855	5,731	3,847	3,788
Accrued income	6,203	3,147	450	525
	66,554	54,992	41,290	35,899

¹ See note 2.3

20. Cash

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash at bank and in hand	27,499	21,189	15,031	7,791

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

21. Equity Share Capital

	2020 £'000	2019 £'000
Authorised		
194,193,861 (2019: 192,850,117) ordinary shares of 2.5p each	4,855	4,821
Issued		
Allotted, called up and fully paid	4,855	4,821
Share premium	261,648	261,149
	266,503	265,970
	2020 No.	2019 No.
Number of shares in issue at 1 April	192,850,117	152,668,698
Issued on placing	–	39,024,390
Issued in relation to intangible asset acquisition	7,352	–
Issued on exercise of share options	1,336,392	1,157,029
Number of shares in issue at 31 March	194,193,861	192,850,117

	2020			2019		
	Share Capital £'000	Share Premium £'000	Total £'000	Share Capital £'000	Share Premium £'000	Total £'000
1 April	4,821	261,149	265,970	3,817	104,814	108,631
Consideration received on share placing	–	–	–	976	159,367	160,343
Share issue costs	–	–	–	–	(3,274)	(3,274)
Fair value of assets received on acquisition of intangible asset	–	43	43	–	–	–
Consideration received on exercise of share options	34	456	490	28	242	270
Number of shares in issue at 31 March	4,855	261,648	266,503	4,821	261,149	265,970

During the year to 31 March 2020, 7,352 shares were issued as final consideration in relation to the purchase of an intangible asset. The fair value of the asset was £43,000.

23. Lease liabilities

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
At 1 April	–	–	–	–
On transition to IFRS 16	6,076	–	3,407	–
Additions	1,878	–	–	–
Disposals	(299)	–	–	–
Accretion of interest	245	–	107	–
Payments	(2,043)	–	(832)	–
Foreign currency adjustment	(132)	–	–	–
	5,725	–	2,682	–
Analysed as:				
Amounts falling due within 12 months	2,012	–	704	–
Amounts falling due after one year	3,713	–	1,978	–
	5,725	–	2,682	–

Amounts recognised in the Balance Sheet and in the Statement of Changes in Equity have been disclosed within note 2.4.

24. Trade and Other Payables

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade payables	10,403	8,687	6,670	3,842
Amounts owed to subsidiary undertakings	–	–	20,622	23,952
Other taxes and social security costs	5,299	3,375	4,751	2,888
Accruals	24,939	21,446	15,704	15,782
	40,641	33,508	47,747	46,464

25. Provisions

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Provisions can be analysed as follows:				
Dilapidation provision (see below)	465	–	421	–
Long service award (see note 26)	551	528	422	395
	1,016	528	843	395
Dilapidation provision				
At 1 April	–	25	–	25
Utilised during the year	–	(25)	–	(25)
Provided in year	465	–	421	–
Closing balance	465	–	421	–

This provision relates to the estimated cost of restoration work required upon termination of leasehold property agreements. The estimated level of provision required was reassessed during the year which has led to the recognition of additional provisions being recognised.

NOTES TO THE ACCOUNTS

26. Long Service Award

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

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
At 1 April	528	–	395	–
Past service cost	–	349	–	261
Service cost	100	102	74	76
Benefits taken	(21)	–	(21)	–
Actuarial (gain)/loss during the year	(69)	68	(36)	51
Net interest charge	13	9	10	7
At 31 March	551	528	422	395

The following table lists the inputs to the valuation of the long service award for the years ended 31 March 2020 and 31 March 2019.

	2020	2019
Discount rate (%)	2.2	2.4
Salary increases (%)	3.0	3.5
Employee turnover (% probability of leaving depending on age)	2 – 20%	2% – 20%

27. Financial Instruments and Risk Management

The Group's activities expose it to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk, liquidity risk and capital management. The Group's overall risk management programme considers the unpredictability of financial markets and seeks to reduce potential adverse effects on the Group's financial performance. The Group does not currently use derivative financial instruments to hedge foreign exchange exposures.

Credit Risk

Credit risk is managed on a Group basis except for credit risk relating to accounts receivable balances which each entity is responsible for managing. Credit risk arises from cash and cash equivalents, as well as credit exposures from outstanding customer receivables. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. For those sales considered higher risk, the Group operates a policy of cash in advance of delivery. The Group regularly monitors its exposure to bad debts in order to minimise exposure. Credit risk from cash and cash equivalents is managed via banking with well-established banks with a strong credit rating.

Covid-19 Assessment

The single largest impact on the Group's credit risk profile is the emergence of the Covid-19 pandemic. The implications of the Covid-19 pandemic are wide spread and the duration and impact of the pandemic is unknown. Given the uncertainty and evolving nature of the pandemic, it has not been possible to fully reflect the anticipated economic impacts in the underlying assumptions in a mechanistic approach. The Group has responded by calculating an additional level of provision to overlay the normal ECL calculation. This overlay has been based on management judgement taking into account an analysis of trade receivables broken down into customer sectors, using internal and external forecasts to assess the sectors which are likely to see the biggest impact of the pandemic, and comparing cash receipts received post year-end for customers in these sectors against historical averages.

The maximum exposure to credit risk at the reporting dates is the carrying value of each class of financial assets as disclosed below:

	Group		Company	
	2020 £'000	Restated ¹ 2019 £'000	2020 £'000	2019 £'000
Trade receivables	56,561	48,241	40,712	33,319
Allowance for unrecoverable amounts	(4,065)	(2,127)	(3,719)	(1,733)
	52,496	46,114	36,993	31,586

¹ See note 2.3

27. Financial Instruments and Risk Management CONTINUED

Expected credit loss allowance for trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. The provision rates are based on days past due, historical information relating to counterparty default rates and external credit ratings where available. The following table provides an analysis of the Group's credit risk exposure on trade receivables using a provision matrix to measure expected credit losses.

Group - 31 March 2020

	Trade receivables					Total £'000
	Current £'000	< 30 days £'000	30 - 60 days £'000	Days past due 61 - 90 days £'000	> 90 days £'000	
Gross carrying amount	31,638	11,073	4,151	2,610	7,089	56,561
Expected credit loss	921	286	221	239	2,398	4,065

Company - 31 March 2020

	Trade receivables					Total £'000
	Current £'000	< 30 days £'000	30 - 60 days £'000	Days past due 61 - 90 days £'000	> 90 days £'000	
Gross carrying amount	21,283	8,690	3,323	1,774	5,642	40,712
Expected credit loss	875	265	192	188	2,199	3,719

Group - 31 March 2019

	Trade receivables					Total £'000
	Current £'000	< 30 days £'000	30 - 60 days £'000	Days past due 61 - 90 days £'000	> 90 days ¹ £'000	
Gross carrying amount	28,724	9,336	4,171	1,597	4,413	48,241
Expected credit loss (restated ¹)	658	115	277	13	1,182	2,127

Company - 31 March 2019

	Trade receivables					Total £'000
	Current £'000	< 30 days £'000	30 - 60 days £'000	Days past due 61 - 90 days £'000	> 90 days £'000	
Gross carrying amount	20,240	6,796	1,600	1,435	3,248	33,319
Expected credit loss	574	35	167	7	950	1,733

Set out below is the movement in the allowance for expected credit losses of trade receivables:

Year ended 31 March 2020

	Group		Company	
	2020 £'000	Restated ¹ 2019 £'000	2020 £'000	2019 £'000
Balance at 1 April	2,127	1,344	1,733	1,165
Acquired on acquisition ¹	-	78	-	-
Increase in provision	2,208	852	2,158	704
Covid-19 provision	731	-	608	-
Write-offs	(600)	(151)	(525)	(136)
Release	(407)	-	(255)	-
Foreign exchange	6	4	-	-
	4,065	2,127	3,719	1,733

¹ See note 2.3

The amount disclosed in note 5, relates to the increase in provision, Covid-19 provision and the amount released in the year.

NOTES TO THE ACCOUNTS

27. Financial Instruments and Risk Management CONTINUED

Foreign Currency Risk

The Group's foreign currency exposure arises from:

- Transactions (sales/purchases) denominated in foreign currencies;
- Monetary items (mainly cash receivables and borrowings) denominated in foreign currencies; and
- Investments in foreign operations, whose net assets are exposed to foreign currency translation.

The Group has currency exposure on its investment in a foreign operation in Australia and partially offsets its exposure to fluctuations on the translation into Sterling by holding net borrowings in Australian Dollars. In terms of sensitivities, the effect on equity of a 10% increase in the Australian Dollar and Sterling exchange rate would be an increase of £5,324,000 (2019: £3,555,000 increase). The effect on equity of a 10% decrease in the Australian Dollar and Sterling exchange rate net of the effect of the net commercial investment hedge in the foreign operation would be a decrease of £4,356,000 (2019: £2,908,000 decrease).

The Group has currency exposure on its investment in a foreign operations in the United States of America. In terms of sensitivities, the effect on equity of a 10% increase in the US Dollar and Sterling exchange rate would be an increase of £1,084,000 (2019: £1,109,000 increase). The effect on equity of a 10% decrease in the US Dollar and Sterling exchange rate would be a decrease of £887,000 (2019: £907,000 decrease).

The exposure to transactional foreign exchange risk within each company is monitored and managed at both an entity and a Group level. The following table demonstrates the sensitivity of the Group's foreign currency exposure on the net monetary position at 31 March 2019:

Foreign Currency Exposure	USD Rate	EUR Rate	AUD Rate	MYR Rate
Change in rate	+10%	+10%	+10%	+10%
Effect on profit before tax (£'000s)	£(519)	£(12)	£(439)	£(125)
Change in rate	-10%	-10%	-10%	-10%
Effect on profit before tax (£'000s)	£655	£37	£538	152

The Group's exposure to foreign currency changes for all other currencies is not material.

Cash Flow Interest Rate Risk

The Group has financial assets and liabilities, which are exposed to changes in market interest rates. Changes in interest rates impact primarily on deposits and loans by changing their future cash flows (variable rate). Management does not currently have a formal policy of determining how much of the Group's exposure should be at fixed or variable rates and the Group does not use hedging instruments to minimise its exposure. However, at the time of taking new loans or borrowings, management uses its judgement to determine whether it believes that a fixed or variable rate would be more favourable for the Group over the expected period until maturity. In terms of sensitivities, the effect on profit before taxation of an increase/decrease in the basis points on floating rate borrowings of 25 basis points would be £110,000 (2019: £110,000).

Liquidity Risk

Cash flow forecasting is performed on a Group basis by the monitoring of rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs and surplus funds are placed on deposit and available at very short notice. The maturity date of the Group's loans are disclosed in note 22.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and includes contractual interest payments:

	On demand £'000	Less than 12 months £'000	1 to 5 years £'000	Total £'000
Year ended 31 March 2020				
Loans (note 22)	–	–	62,139	62,139
Contingent consideration (note 36)	–	6,179	–	6,179
Lease liabilities (note 23)	–	2,012	3,713	5,725
Trade and other payables (note 24)	10,403	30,238	–	40,641
	10,403	38,429	65,852	114,684
Year ended 31 March 2019				
Loans (note 22)	–	1,441	85,447	86,888
Contingent consideration (note 36) - restated ¹	–	5,208	–	5,208
Trade and other payables (note 24)	8,687	24,503	–	33,190
	8,687	31,152	85,447	125,286

¹ See note 2.3

27. Financial Instruments and Risk Management CONTINUED

Capital Management

The Group manages its capital structure in order to safeguard the going concern of the Group and maximise shareholder value. The capital structure of the Group consists of debt, which includes loans disclosed in note 22, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Group may maintain or adjust its capital structure by adjusting the amount of dividend paid to shareholders, returning capital to shareholders, issuing new shares or selling assets to reduce debt.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowings in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

Financial instruments: Classification and Measurement

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group at 31 March:

	2020		2019	
	Loans and receivables £'000	Fair value profit or loss £'000	Loans and receivables £'000	Fair value profit or loss £'000
Financial assets:				
Trade and other receivables	52,496	–	46,114	–
Total current	52,496	–	46,114	–
Total	52,496	–	46,114	–
Financial liabilities:				
Lease liabilities	3,713	–	–	–
Loans	62,139	–	85,447	–
Total non-current	65,852	–	85,447	–
Trade and other payables	40,641	–	33,508	–
Lease liabilities	2,012	–	–	–
Loans	–	–	1,441	–
Contingent consideration- restated ¹	–	6,179	–	5,287
Total current	42,653	6,179	34,949	5,287
Total	108,505	6,179	120,396	5,287

¹ Refer to note 2.3

All financial assets and liabilities have a carrying value that approximates to fair value. The Group does not have any derivative financial instruments.

Financial Assets

Trade and other receivables exclude the value of any prepayments or accrued income. Trade and other payables exclude the value of deferred income.

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

Financial Liabilities

The Group has a three year revolving credit facility agreement expiring in February 2022 which is subject to a limit of £110,000,000. The facility 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
- Interest cover

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

NOTES TO THE ACCOUNTS

27. Financial Instruments and Risk Management CONTINUED

Financial liabilities: interest bearing loans and borrowings

	Interest rate %	Maturity	2020 £'000	2019 £'000
Financial liabilities				
Current interest bearing loans and borrowings				
AUD\$10,000,000 secured bank loan	BBSW+1.9	Nov 2019	–	1,441
Total current interest-bearing loans and borrowings			–	1,441
Non-current interest bearing loans and borrowings				
£110,000,000 revolving credit facility	LIBOR + 1.5	Feb 2022	62,139	85,447
Total non-current interest bearing loans and borrowings			62,139	85,447
Total interest bearing loans and borrowing			62,139	86,888

Fair values of financial assets and liabilities

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For financial instruments that are recognised at the fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

	Valuation Technique	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
At 31 March 2020					
Financial liability at fair value through profit and loss					
Contingent consideration (note 36)	Present value of expected future cash flow	–	–	6,179	6,179
At 31 March 2019 (restated)					
Financial liability at fair value through profit and loss					
Contingent consideration restated (note 2.3)	Present value of expected future cash flow	–	–	5,287	5,287

28. Changes in liabilities arising from financing activities

	1 April 2019 (as reported) £'000	Transition to IFRS 16 £'000	Cash flows £'000	Foreign exchange movement £'000	Other movement £'000	New leases £'000	31 March 2020 £'000
Current liabilities							
Interest bearing loans	1,441	–	(1,414)	(27)	–	–	–
Lease liabilities	–	352	(2,043)	26	2,841	836	2,012
Non-current liabilities							
Interest bearing loans	85,447	–	(23,500)	–	192	–	62,139
Lease liabilities	–	5,724	–	(158)	(2,895)	1,042	3,713
Total liabilities arising from financing activities	86,888	6,076	(26,957)	(159)	138	1,878	67,864

Other movement in interest bearing loans represents amortisation on loan fees.

Other movement in lease liabilities includes interest and the reclassification of non-current lease liabilities to current lease liabilities.

28. Changes in liabilities arising from financing activities CONTINUED

	1 April 2018 £'000	Cash flows £'000	Foreign exchange movement £'000	Other movement £'000	New leases £'000	31 March 2019 £'000
Current liabilities						
Interest bearing loans	797	–	3	641	–	1,441
Non-current liabilities						
Interest bearing loans	8,451	77,637	–	(641)	–	85,447
Total liabilities arising from financing activities	9,248	77,637	3	–	–	86,888

Other movement represents the reclassification of non-current interest bearing loans to current interest bearing loans.

29. Share-based Payments

Group and Company

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

Executive Share Option Scheme

Options are granted to Executive Directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The options vest on the third anniversary of the grant subject to the Company's earnings per share ('EPS') growth being greater than the growth of the Retail Prices Index ('RPI') over a three-year period prior to the vesting date. There are no cash settlement alternatives.

Executive Share Option Scheme (Section C Scheme)

Options are granted to Executive Directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The percentage of an option that will vest and be capable of exercise will depend on the performance of the Company. A minimum of 50% of the options will vest when the Total Shareholder Return ('TSR') performance of the Company, as compared to the TSR of the FTSE Computer Services Sub-Sector over a three-year period, matches or exceeds the median company. The percentage of shares subject to an option in respect of which that option becomes capable of exercise will then increase on a sliding scale so that the option will become exercisable in full if top quartile performance is achieved.

Executive Share Option Scheme (Section D Scheme)

Options are granted to Executive Directors and employees on the basis of their performance. Options are granted at the full market value of the Company's shares at the time of grant and are exercisable between three and ten years from the date of grant. The vesting of awards under the Section D Scheme is subject to the achievement of a normalised EPS growth at an annual compound rate of 20% over the performance period. The base year for the purposes of the EPS target will be the financial year of the Company ended immediately prior to the grant of the award. The performance period will be the three financial years following the base year. Section D Scheme options will only become exercisable to the extent they have vested in accordance with the EPS target.

Share Matching Plan

In the year ended 31 March 2012, the Remuneration Committee introduced the Share Matching Plan. Participants who invest a proportion of their annual cash bonus in GBG shares can receive up to a multiple of their original investment in GBG shares, calculated on a pre-tax basis. Any matching is conditional upon achieving pre-determined Adjusted EPS growth targets set by the Remuneration Committee for the following three years. Share Matching Plan options will only become exercisable to the extent they have vested in accordance with the Adjusted EPS target.

Compensatory Options

In the year ended 31 March 2018, the Remuneration Committee granted Compensatory Options to the Chief Executive of the Company, as compensation for lost earnings and shares from his previous employer. The Compensatory Options vest in equal tranches over a period of 12 and 24 months, on each anniversary of the date of grant, provided he still holds the position of CEO of GBG on the respective dates. The Compensatory Options are valid for a period of 12 months from the vesting date.

GBG Sharesave Scheme

The Group has a savings-related share option plan, under which employees save on a monthly basis, over a three or five year period, towards the purchase of shares at a fixed price determined when the option is granted. This price is usually set at a 20% discount to the market price at the time of grant. The option must be exercised within six months of the maturity of the savings contract, otherwise it lapses.

Performance Share Plan (PSP)

The Group operates a PSP for all employees, but it is intended that awards are made to senior management staff below the executive director level. The plan was approved at the 2018 AGM. Awards are subject to a three-year EPS performance condition. Employees can be granted awards of nil cost options with an aggregate value on date of grant of up to 100% of base salary. The awards are subject to malus and clawback.

The charge recognised from equity-settled share-based payments in respect of employee services received during the year is £4,541,000 (2019: £2,287,000). Of this amount £4,271,000 (2019: £2,287,000) related to the Company.

NOTES TO THE ACCOUNTS

29. Share-based Payments CONTINUED

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year.

	2020 No.	2020 WAEP	2019 No.	2019 WAEP
Outstanding as at 1 April	4,626,400	147.84p	4,997,800	148.39p
Granted during the year	1,807,066	150.95p	1,069,965	227.43p
Forfeited during the year	(78,046)	301.55p	(270,320)	201.84p
Cancelled during the year	(13,541)	333.57p	(11,461)	272.00p
Exercised during the year	(1,336,392)	36.56p ¹	(1,157,029)	52.94p ²
Expired during the year	–	–	(2,555)	163.00p
Outstanding at 31 March	5,005,487	175.77p	4,626,400	147.84p
Exercisable at 31 March	10,000	275.00p	2,601,043	76.15p

¹ The weighted average share price at the date of exercise for the options exercised is 598.45p

² The weighted average share price at the date of exercise for the options exercised is 518.97p

For the shares outstanding as at 31 March 2020, the weighted average remaining contractual life is 5.4 years (2019: 4.7 years).

The weighted average fair value of options granted during the year was 417.31p (2019: 440.40p). The range of exercise prices for options outstanding at the end of the year was 2.5p – 544.0p (2019: 2.8p – 481.0p).

The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model for the years ended 31 March 2020 and 31 March 2019.

	2020	2019
Dividend yield (%)	0.5 – 0.8	0.5 – 0.6
Expected share price volatility (%)	30 – 35	35
Risk-free interest rate (%)	0.2 – 1.1	0.7 – 1.1
Lapse rate (%)	5.0 – 10.0	5.0
Expected exercise behaviour	See below	See below
Market-based condition adjustment (%)	48.00	48.00
Expected life of option (years)	2.3 – 5.2	2.3 – 6.5
Exercise price (p)	2.5 – 544.0	2.50 – 462.0
Weighted average share price (p)	598.45	518.97

Other than the Matching Scheme, LTIP and SAYE options, it is assumed that 50% of options will be exercised by participants as soon as they are 20% or more "in-the-money" (i.e. 120% of the exercise price) and the remaining 50% of options will be exercised gradually at the rate of 10% per annum each year they remain at or above the 20% "in-the-money".

For the Matching Scheme, LTIP and SAYE options, it is assumed these are exercised at the earliest opportunity in full (i.e. Vesting Date) since the exercise price is a nominal amount and is therefore not expected to influence the timing of a participant's decision to exercise the options.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

30. Profit Attributable to Members of the Parent Company

The parent company's profit for the financial year ended 31 March 2020 was £23,271,000 (2019: £7,275,000). As permitted by Section 408 of CA 2006, the profit and loss account of the parent company is not presented.

31. Description of Reserves

Equity Share Capital

The balance classified as share capital includes the nominal value on issue of the Company's equity share capital, comprising 2.5p ordinary shares.

Share Premium

The balance classified as share premium includes the excess proceeds over the nominal amount received on the issue of the Company's equity share capital. Costs associated with the issue of new share capital have been offset against this balance.

Merger Reserve

The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in the acquisition of GB Mailing Systems by the issue of shares.

Capital Redemption Reserve

The balance classified as capital redemption reserve includes the nominal value of own shares purchased back by the Company and subsequently cancelled.

Other Reserve

The balance represents the profit from the date of acquisition to the date of hive-up into the Company of ID Scan Biometrics Limited and Postcode Anywhere (Holdings) Limited, offset by amortisation of the identified intangibles and unwinding of the associated deferred tax liabilities.

32. Related Party Transactions

Transactions entered into and trading balances outstanding at 31 March are as follows:

Group

There were no transactions entered into, or outstanding at 31 March 2020 or 31 March 2019.

Company

	Invoices to related parties £'000	Invoices from related parties £'000	Net amounts owed to/(by) related parties £'000
Subsidiaries:			
2020	19,418	8,435	23,347
2019	2,360	3,130	21,983

Terms and Conditions of Transactions with Related Parties

Sales and balances between related parties are made at normal market prices. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 30 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. During the year ended 31 March 2020, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2019: £nil).

	Group	
	2020 £'000	2019 £'000
Compensation of Key Management Personnel (including Directors)		
Short-term employee benefits	2,962	3,290
Post-employment benefits	74	72
Fair value of share options awarded	2,416	1,826
	5,452	5,188

33. 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.

34. Subsequent events

On 26 May 2020, the Company repaid £10.0m of the outstanding revolving credit facility liability.

NOTES TO THE ACCOUNTS

35. Business Combinations

There were no new business combinations within the year ended 31 March 2020.

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 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, as set out in the table below:

	Provisional fair value recognised on acquisition £'000	Adjustments during measurement period £000	Final fair value recognised on acquisition £'000
Assets			
Technology intellectual property	16,076	–	16,076
Customer relationships	65,976	–	65,976
Non-compete agreements	4,360	–	4,360
Investments ¹	419	(419)	–
Plant and equipment	152	–	152
Deferred tax asset	3,955	–	3,955
Trade and other receivables ²	4,436	118	4,554
Cash	1,033	–	1,033
Trade and other payables	(1,993)	–	(1,993)
Corporation tax liability	(81)	–	(81)
Deferred tax liabilities	(21,733)	–	(21,733)
Total identifiable net assets at fair value	72,600	301	72,299
Goodwill arising on acquisition	163,143	5,509	168,652
Total purchase consideration transferred	235,743	5,208	240,951
Purchase consideration:			
Cash	235,664	–	235,664
Deferred consideration ³	79	5,208	5,287
Total purchase consideration	235,743	5,508	240,951

¹ The adjustment to the investment balance relates to a non-listed equity investment where there is uncertainty over the recoverability of the investment balance.

² The adjustment to trade and other receivables is an increase in the carrying value following cash receipts against receivables that had been impaired in the provisional fair values.

³ Under the terms of the acquisition agreement 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. Following assessment of the period over which these losses are expected to be utilised, the liability to the sellers has been recognised as contingent consideration.

The impact of the measurement period adjustments have been applied retrospectively, meaning that the results and financial position for the year to 31 March 2019 have been restated as detailed in note 2.3.

35. Business Combinations CONTINUED

Acquisitions in the year ended 31 March 2019

Group

Acquisition of IDology Inc.

On 13 February 2019, the Group acquired 100% of the voting shares of IDology Inc. ('IDology'), a US-based provider of identity verification and fraud prevention services, for a total consideration of £240,951,000. The acquisition of IDology provides a strong foothold for Identity Verification and Fraud Prevention in North America, a key growth region for the Group. The Consolidated Statement of Comprehensive Income includes the results of IDology for the two month period from the acquisition date.

The provisional and final fair values are detailed at the start of this note.

Analysis of cash flows on acquisition:

Transaction costs of the acquisition (included in cash flows from operating activities)	(2,391)
Net cash acquired with the subsidiary	1,033
Cash paid	(235,664)
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	(234,631)
Net cash outflow	(237,022)

The fair value of the acquired trade receivables amounts to £2,772,000. The gross amount of trade receivables is £2,928,000 with a provision of £156,000 (adjusted to £38,000 during the measurement window).

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from IDology due to their nature. These items include the capability for synergies from bringing the businesses together, combining propositions and capabilities that will help the business achieve accelerated consolidated growth from both cross-sell and up-sell. None of the goodwill is expected to be deductible for income tax purposes.

The transaction costs of £2,391,000 associated with this acquisition have been expensed and are included in exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement.

From the date of acquisition, IDology has contributed £4,284,000 of revenue and operating profits of £1,890,000 to the Group. If the combination had taken place at the beginning of the period, the Group revenue and operating profits would have been £173,212,000 and £28,529,000, respectively.

Acquisition of VIX Verify Pty Limited

On 23 October 2018, the Group acquired 100% of the voting shares of VIX Verify Pty Limited ('VIX Verify'), an Australian provider of identity verification and location intelligence software, for a total consideration of £20,639,000. The acquisition of VIX Verify brings additional scale to the Group's identity verification and location intelligence solutions in Australia and New Zealand, two markets where the Group currently provides fraud detection solutions to customers. The Consolidated Statement of Comprehensive Income includes the results of VIX Verify for the six month period from the acquisition date.

The provisional fair value of the identifiable assets and liabilities of VIX Verify as at the date of acquisition was:

	Provisional fair value recognised on acquisition £'000
Assets	
Technology intellectual property	1,148
Customer relationships	7,236
Non-compete agreements	31
Plant and equipment	79
Trade and other receivables	2,565
Cash	208
Trade and other payables	(3,956)
Deferred tax liabilities	(2,180)
Total identifiable net assets at fair value	5,131
Goodwill arising on acquisition	15,508
Total purchase consideration transferred	20,639
Purchase consideration:	
Cash	20,639
Total purchase consideration	20,639

NOTES TO THE ACCOUNTS

35. Business Combinations CONTINUED

Analysis of cash flows on acquisition:

Transaction costs of the acquisition (included in cash flows from operating activities)	(449)
Net cash acquired with the subsidiary	208
Cash paid	(20,639)
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	(20,431)
Net cash outflow	(20,880)

The fair value of the acquired trade receivables amounts to £965,000. The gross amount of trade receivables is £1,004,000 with a provision of £39,000.

The goodwill recognised above is attributed to intangible assets that cannot be individually separated and reliably measured from VIX Verify due to their nature. These items include the capability for synergies from bringing the businesses together, combining propositions and capabilities that will help the business achieve accelerated consolidated growth from both cross-sell and up-sell. None of the goodwill is expected to be deductible for income tax purposes.

The transaction costs of £449,000 associated with this acquisition have been expensed and are included in exceptional items in the Consolidated Statement of Comprehensive Income and are part of operating cash flows in the Cash Flow Statement.

From the date of acquisition, VIX Verify has contributed £7,672,000 of revenue and operating profits of £1,333,000 to the Group. If the combination had taken place at the beginning of the period, the Group revenue and operating profits would have been £153,555,000 and £17,171,000, respectively.

36. Contingent Consideration

Group and Company	2020 £'000	2019 £'000
At 1 April	5,287	45
Recognition on the acquisition of subsidiary undertakings ²	829	79
Recognition on the acquisition of subsidiary undertakings – measurement period adjustment	–	5,208 ¹
Foreign exchange - realised	7	–
Foreign exchange - unrealised ²	142	–
Settlement of consideration	(86)	(45)
At 31 March	6,179	5,287
Analysed as:		
Amounts falling due within 12 months	6,179	5,287
Amounts falling due after one year	–	–
At 31 March	6,179	5,287

¹ See note 2.3

² Included in Consolidated Cash Flow Statement within fair value adjustment on contingent consideration line totalling £971,000.

The amount recognised on acquisition of subsidiary undertakings in the year to 31 March 2020 is in respect of IDology as detailed within note 7.

The contingent consideration at 31 March 2020 is in respect to the pre-acquisition tax losses within IDology Inc. As and when GBC receives a cash benefit from these losses, either through a reduction in tax payments or through a tax refund, an amount equal to this cash benefit is due to the sellers.

37. 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.

	2020 £'000	2019 £'000	Growth %
Group revenue	199,101	143,504	38.6%
Revenue from acquisitions up to their first anniversary	(40,807)	-	(28.3%)
Organic revenue	158,294	143,504	10.3%
Constant currency adjustment	-	(500)	0.4%
Organic revenue at constant currency	158,294	143,004	10.7%

Adjusted Operating Profit

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

	2020 £'000	2019 £'000
Operating profit	22,844	15,425
Amortisation of acquired intangibles	19,008	10,316
Share-based payment charges	4,541	2,287
Exceptional items	1,552	4,003
Adjusted Operating Profit	47,945	32,031

Adjusted EBITDA

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

	2020 £'000	2019 £'000
Operating profit	47,945	32,031
Depreciation of property, plant and equipment	1,760	1,544
Depreciation of right-of-use assets	1,850	-
Amortisation of non-acquired intangibles	184	505
Adjusted EBITDA	51,739	34,080

Adjusted Earnings

Adjusted earnings represents Adjusted Operating Profit less net finance costs and income tax charges. Refer to note 13 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 13 for calculation.

NOTES TO THE ACCOUNTS

37. Alternative Performance Measures CONTINUED

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.

	2020 £'000	2019 £'000
Cash and cash equivalents	27,499	21,189
Loans on balance sheet	62,139	86,888
Unamortised loan arrangement fees	361	553
External Loans	62,500	87,441
Net (Debt)/Cash	(35,001)	(66,252)

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 £'000	2019 £'000
Cash generated from operations before tax payments (from Consolidated Cash Flow Statement)	48,498	27,779
Total exceptional items	1,552	4,003
Non-cash exceptional items	(771)	(200)
Cash generated from operations before tax payments and exceptional items paid	49,279	31,582
Adjusted EBITDA	51,739	34,080
Cash Conversion %	95.2%	92.7%

USEFUL INFORMATION

Website

The Investors section of the Company's website, www.gbgrp.com/investors, contains detailed information on news, press releases, key financial information, annual and interim reports, share price information, dividends and key contact details. Our share price is also available on the London Stock Exchange website. The following information is a summary and readers are encouraged to view the website for more detailed information.

Dividend Reinvestment Plan

The Company offers a Dividend Reinvestment Plan that enables shareholders to reinvest cash dividends into additional shares in the Company. Application forms can be obtained from Equiniti.

Share Scams

Shareholders should be aware that fraudsters may try and use high pressure tactics to lure investors into share scams. Information on share scams can be found on the Financial Conduct Authority's website, www.fca.org.uk/scams

Financial Calendar 2020

Annual General Meeting	10 August 2020
Announcement of 2020 half year results	December 2020

Shareholder Enquiries

GBG's registrar, Equiniti, are able to deal with any enquiries relating to your shareholding, such as a change of name or address or a replacement of a share certificate. Equiniti's Shareholder Contact Centre can be contacted by telephone on 0371 384 2367 (international callers: +44 121 415 7047) between 8.30am and 5.30pm Monday to Friday, excluding public holidays in England and Wales. You can also access details of your shareholding and a range of other shareholder services by registering at www.shareview.co.uk.

Company Secretary & Registered Office

John Constantin
GB Group plc
The Foundation, Herons Way
Chester Business Park
Chester
CH4 9GB
United Kingdom
(Registered in England & Wales,
Number 2415211)

T: +44 (0)1244 657333
E: enquiries@gbgrp.com
W: www.gbgrp.com

Nominated Advisor and Broker

Peel Hunt LLP
Moor House
120 London Wall
London
EC2Y 5ET

Auditor

Ernst & Young LLP
20 Chapel Street
Liverpool
L3 9AG

Solicitors

Squire Patton Boggs (UK) LLP
1 Spinningfields
1 Hardman Square
Manchester
M3 3EB

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

NOTES



**GBG
The Foundation
Herons Way
Chester Business Park
Chester
CH4 9GB
United Kingdom**



www.gbgrp.com