

GBG

Annual Report and Accounts 2021

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31/07/2021

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COMPANIES HOUSE

Stock code: GBG

GB Group Plc

Company Number - 2415211

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GBG

www.gbgplc.com

Overview

We are GBG, global specialists in digital identity

We are in business to build trust in a digital world. By doing this we help create a world where everyone can transact online with confidence.

We enable fast, simple and compliant customer onboarding with reduced risk of fraud for many of the world's leading organisations.

Working with the best data, the best technology and the best people, we make it possible to balance the growing need for a frictionless digital customer experience with the increasing risk of fraud and financial crime.

Safe and simple experiences mean consumers love working with our customers. And our customers love the confidence and control they get from working with us.

As a result, we are leaders in one of the world's most dynamic growth industries. The significant increase in digital commerce during the Covid-19 pandemic has accelerated the trends driving our long-term growth and as a result the global opportunity facing us is greater than ever before.

FY21 highlights

Achieved record revenues of £218m (up by 9% on FY20) and adjusted operating profit of £58m (up by 21%)

Excellent response globally from our team to the Covid-19 pandemic, supporting our customers and minimising impact on the business

Delivered record team member engagement scores, driven by putting our team members first during the pandemic

Record customer satisfaction and advocacy scores

Continuous innovation and strategic expansion with new solution launches including the IDology decision builder, our multi-bureau identity product, the new anti-fraud suite in Australia and GBG Investigate with the acquisition of HooYu

"Our purpose is to build trust in a digital world. Our vision is to help create a world where everyone can transact online with confidence."

Investment Case

We help organisations grow faster – managing their existing customers more effectively and adding new ones simply, safely and securely.

Companies that deliver a great customer experience are increasingly the winners on the all important digital battleground. This has never been as important as today, with fast increasing digital commerce generating more and more customers to welcome and manage and to identify and repel unrelenting fraudsters.

Our customers know this. They also know that delivering great customer and onboarding experiences with protection against fraud will differentiate them over the long-term.

The same is true for GBG. We are at the forefront of the fast moving digital identity sector simply because we have long understood that our customers need protection without compromising on quality or compliance.

It is why our business model (see pages 14 and 15) has sustainable growth at its core. It is why our strategy (page 16) is focused on clear structural growth opportunities sustained by the increasing demands of a global digital economy. This is why we believe that by simultaneously eliminating customer friction and fraud we can help everyone transact online with confidence.

Our vision – and our ability to realise it – is based on the strengths that set us apart:

A diversified offering across three core solutions, that are increasingly converging, presenting clear structural growth:

- **Location:** powered by the world's most accurate location data, our address verification capability delivers exceptional experiences to every customer, wherever they are
- **Identity:** we can verify the identity of much of the world's population anywhere in the world, to help businesses welcome good customers and root out fraudsters
- **Fraud:** our cutting edge technical expertise protects customers, upholds reputations and stems losses from financial crime

Multiple routes to market, to suit every customer in every situation:

- **Self-service:** we provide customers the capabilities and guidance to start, manage and upgrade our services
- **Direct:** face to face or remote, as our customers prefer, our experts across the world are there to inform, respond, manage and upsell
- **Channel:** we have close relationships with trusted intermediaries across the globe, where we and our customers operate

Our technology approach, ensuring we can always respond to the growing scale and complexity of our customers' needs, thanks to our:

- **Cloud native strategy:** complemented by our innovative approach to multi-tenancy
- **Use of standards:** working with REST, Kubernetes, OAUTH and more enables simple integration
- **Research agenda:** includes Digital Tampering, Anti-Fake methods and bot detection

Powerful in-house development capacity and great partnerships with innovators across the world:

- **Constant data improvement:** continuously accelerating our decision making capacity drives rapid entry into new and adjacent markets
- **Innovation labs:** our continuous focus on new technologies like artificial intelligence, machine learning and Blockchain fuels product improvement, enabling us to respond fast to market developments
- **Rapid scale up:** our commitment to customer led innovation means we can meet emerging needs faster than any competitor

These strengths have combined over the years to give GBG an outstanding global reputation. This drives a consistently strong financial performance that is underpinned by our excellent relationships with 19,000+ customers in more than 70 countries worldwide.

These relationships continue to improve, accelerating business growth among our existing customers, which is evidenced by ever better customer satisfaction scores.

One key factor feeds and sustains all these advantages: the collective strength of our amazing global team. This strength is self-perpetuating: our existing talent acts as a magnet for yet more exceptional talent as our business grows. Our focus is on providing the environment and opportunity for our people to always be at their very best, through alignment with our goals, excellent professional development and of course, a total commitment to their health and wellbeing.

This approach continues to pay off, with record team member engagement scores set in the unprecedented operating environment of 2020.

Today, GBG has successfully built the competitive differentiation that makes it hard for any competitor to challenge our leading position in our fast growing core market.

This is what makes our growth opportunity so significant and our investment case so compelling.

At A Glance

Who we are

We are global specialists in digital identity, leading the world in location intelligence, identity verification and fraud detection technologies. We have been operating for over 30 years, we have team office hubs in core locations globally, including Europe, North America and Asia Pacific, and we work for many thousands of customers across the world.

What we do

Organisations across multiple sectors and geographies use our solutions to make sure good customers do not drop out during registration while fraudsters are quickly identified and blocked. The key to success is getting the balance right between a great user experience, continuous compliance with multiple regulatory regimes and the rigour needed to prevent financial crime. That is exactly what our solutions deliver, bringing together location, identity and anti-fraud functionality into a single, user friendly experience.

Why we do it

The global growth of digital commerce, while empowering customers, also has a significant negative side effect: fast increasing fraud revenues for criminals across the world. Businesses simply cannot afford to deter good customers when protecting themselves, making our highly effective and easy to integrate services mission critical for organisations everywhere.

GBG

Where we do it

Driven by organic growth and strategic acquisition, we have a direct presence in 15 countries. But what is really important is where our customers are: in more than 70 countries across Europe, North America, and Asia Pacific. Collectively, they account for our technology being used 210 million times every day – that is over 76 billion transactions a year. More than that, we can validate address information in more than 245 countries and territories.

Who we do it for

Our 19,000+ customers range from start-ups to many of the world's biggest and fastest growing brands. From global banks to tech giants, automotive manufacturers to fast fashion retailers they are the players setting the agenda for the future of business.

Who we work with

Our 160+ hand-picked expert partners are carefully chosen to help us excel at the things that matter most: R&D and innovation; continuous improvement and growing our business through providing better solutions for new and existing customers across the world.

What makes us so good

Quite simply, our people. At every level, we aim to only ever work with the best talent in our global industry. It is an approach that works for us, with the market leading technical capabilities, unrivalled experience, deep knowledge and committed leadership that combine to make us a trusted partner and supplier to so many great organisations around the world.

What the future looks like

Our long-term opportunity is outstanding. We are in the right sector, meeting real needs head on in a global growth market. We have the right talent, an excellent reputation and the trust of customers across the world. We have the maturity to have already achieved scale and are well placed to leverage a healthy mix of organic structural growth drivers. We have clear vision, objectives, business model and strategy to deliver the sustainable long-term growth that we anticipate and our investors deserve.

Overview

Strategic Report

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GBG

Covid-19 Statement

The following statement covers the actions and responses taken by GBG, its Board and Management during the year in response to the challenges presented by the Covid-19 pandemic. Over the past 12 months, we have taken decisive actions to make sure our business remains strong and that we are able to execute on our long term growth strategy, which will benefit all of our stakeholders.

Our priorities were and continue to be to: protect our team members and support their health and wellbeing; look after our customers and make our business secure, both financially and operationally.

Governance

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. The work streams covered include: Team Members, Customers, Financial Health, Operations, Governance and Opportunities.

The Covid Team meet weekly to discuss issues and concerns, to receive updates from work stream team leaders and where required, to quickly approve decisions. These meetings include: status updates on our people by region; financial reports on cash; usage volumes and trends and updates on network service availability.

The Board continues to receive updates and briefings on our response to Covid-19 so that they can assess the business issues and make critical decisions quickly. At the start of the pandemic, Board meetings were held weekly and then moved to bi-weekly from August to October. Meetings are now back to their regular monthly timetable with the option to increase the frequency should matters need to be escalated or other circumstances require it. The fixed agenda for these updates reflects the work streams of the Covid Team to ensure that all matters are covered.

Team Members & Operations

The Covid Team's work has included planning for the 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.

We have 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 to our team members and customers in order to support our plans to position ourselves regarding our longer term sustainability and viability.

We continue to employ special measures to support our people and their wellbeing. All of our team members have the ability to work from and be supported at home. Where local guidance has allowed we have reopened offices on an entirely voluntary basis for our teams and in doing so we have ensured that Covid-19 risk assessments and protocols are in place that reflect local guidance and best practice.

We have maintained a strong emphasis on communications to keep our team members connected and informed. This included: a regular CEO webinar update (initially this was weekly but moved to bi-weekly from August 2020; maintaining our annual kick-off events, albeit virtually; employing innovative tools and methods to promote inclusion and participation; and ensuring that managers kept in touch with their teams by video and conference calls. Team member performance reviews and feedback were also maintained and our Group intranet was used to provide a wide range of support and information, including encouraging team members globally to share their experiences.

Our attention and focus on our team members wellbeing has been reflected in our satisfaction surveys. We continued to conduct team member satisfaction surveys during the financial year. Responses were received from over 93% of our team members globally for both surveys (September 2020 and March 2021) and each time over 90% of team members indicated they would recommend GBG as a great place to work.

Financial Health

The Group's Audit & Risk Committee and Board has considered 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 as well as ensuring that banking covenants are maintained. The review process included rigorous stress testing against a range of potential and extreme scenarios to support the critical assessment of the business. In addition, the Group's other Covid-19 risk assessment activities covering its operations, people, customer and information security areas have also been reviewed and challenged by the Audit & Risk Committee and the Board.

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; carefully assessing project spend and restricting it to those areas critical to the long term success of GBG; deferring the payment of the FY2020 accrued bonus for GBG's Executive Directors and not declaring a final dividend in respect of the 2020 financial year. This approach enabled GBG to consider its activities and outlook, which resulted in the positive cash performance in FY21 and the payment of an interim dividend in January 2021. In addition, the Board also paid the Executive Directors' bonuses accrued in FY20.

The Group offered voluntary 'carer furlough' to those team members who felt that they needed additional personal support. 13 team members elected for this support and whilst the duration varied the average period was 12 weeks. UK Government funding in respect of this furlough support was repaid in full in November 2020 following a strong first half performance.

Customers, Suppliers & Other Stakeholders

Throughout the pandemic, we have been in contact with our customers to offer support and also to understand their particular requirements and challenges. We have made sure that our products can continue to support them as their needs change as a result of Covid-19 and market developments.

We have engaged with our suppliers to verify that their business continuity plans are robust so that they can and will continue to provide us with the products and services we need. We pay our suppliers in accordance with agreed terms and have not sought to delay or refuse payment of valid invoices. In FY21 we achieved our highest net promoter scores from customers reflecting the positive impact our focus, approach and support has had.

We have proactively 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.

Opportunities

We also remained focused on competitors and market position which has resulted in the acquisition of HooYu Investigate and our 11% stake in Credolab Pte Limited. Our strategic focus on our core global capabilities in Location Intelligence, Identity Verification and Fraud Prevention resulted in the decision to divest certain parts of the business which were not part of those core global capabilities. This resulted in the sale of GBG's Marketing Services and Employ & Comply businesses.

Outlook

We are cautious about predicting the future beyond this pandemic, but it is already clear that over and above its impact on human lives it will affect the global economy.

We remain focused on making the right decisions for our people, our customers and all of our stakeholder groups. We are a strong and innovative business, we will continue to watch the evolving global situation and we are well equipped to adapt and adjust as necessary.

Chairman's Statement

We are reporting another year of record financial performance but most pleasingly this has been delivered alongside our best ever customer and team engagement scores.

The last year has been the most testing time for business anyone can remember and I am pleased to report that on every level GBG rose to the challenge. We are reporting another year of record financial performance but most pleasingly this has been delivered alongside our best ever customer and team engagement scores. The GBG team has focused relentlessly on supporting our customers and each other and this effort underpins our success. Our ability to achieve such results, in some of the most adverse economic and social conditions that we have seen for decades, demonstrates the strength of GBG's team and business model. On behalf of our customers and shareholders my heartfelt thanks go to the whole GBG team.

Covid-19, team members and customers

At the start of the pandemic GBG acted decisively. We took steps to ensure the safety and wellbeing of our people, to support our customers and to protect our business from the then-unknown impact of Covid-19.

I was impressed but not surprised at the pace and professionalism shown by colleagues as we rapidly transitioned to working from home. We helped our team members adjust to the change with technology and created a communications programme and virtual culture that helped unite us all. We sometimes shared meetings with our colleagues' families as home-schooling and home-working competed across kitchen tables and we thank our customers for their patience and good humour.

The success of our approach shows in our employee engagement survey in Q4 which recorded our best-ever results and record high customer advocacy scores.

The pace at which we adapted to virtual working meant that we were able to support our customers through the challenges they faced. As we reported during the year we saw the impact of the pandemic vary according to geography, customer vertical and product. Our solutions helped our customers by playing a key role in the digital transformation that the pandemic accelerated. We have been able to contribute to the success of many customers who have traded successfully through the crisis. However, many customers were impacted, some severely. We took steps to support these customers by suspending contracts, extending credit and maintaining services - in sectors as diverse as online sports betting, hospitality and leisure, travel and sports-related associations. We were also pleased and proud to directly help with pandemic relief efforts. This included enabling the rollout of emergency funds in the USA; improving data quality for the vaccine rollout in the UK and supporting the Health & Safety Executive to ensure that businesses took appropriate steps to protect employees.

Although our results demonstrate overall revenue growth, some areas of our business did see a decline. This was particularly true where there was a need to deploy services onsite or where solutions were focused on challenged sectors, which accounted for around 14% of our total revenues before Covid-19. In response we adapted our sales and marketing efforts to align with

changing demand, win new business and accelerate our share of many customers' investments.

At the time of writing, while restrictions are easing and vaccination programmes are well underway in some countries, the pandemic is not yet over. This means we must remain vigilant to the longer term impact of the pandemic on our global customer base. However, GBG's solutions address key requirements of modern economies, especially the need to verify digital identities, fight fraud and understand locations. This means we are well-positioned to take advantage of these opportunities as economies reopen.

Board changes

At the end of June we will say a sad farewell to Dave Wilson, our current CFO and COO, who has decided to retire. Dave has been instrumental in GBG's success over the last 12 years, helping transform us from a £14.2m market cap business when he joined, into one of the UK's largest technology companies. He leaves with all of our best wishes.

On behalf of the Board I was delighted to welcome David Ward to GBG early in May. He will bring highly complementary experience to the Board and following a decade at Aveva, he offers very relevant experience to the next stages of GBG's growth. David will be formally appointed to the Board from July 1st on Dave's retirement.

Charmaine Carmichael also resigned from the Board this year when she started a new full-time executive role and had to step down from her external Non-Executive board appointments. The Board is currently conducting a search for a new Non-Executive Director to support GBG as it broadens its technology capability and international reach.

Financial performance

GBG's financial performance in the year was again ahead of original market expectations. Revenues increased by 9.3% to £217.7 million (2020: £199.1 million), with organic revenue growth at constant currency of 12.1%. Adjusted operating profit increased by 20.8% to £57.9 million (2020: £49.7 million) and adjusted earnings per share rose 15.6% to 25.2 pence (2020: 21.8 pence).

Cash generation remained strong allowing GBG to clear its net debt position of £35 million at the start of the year to a cash positive level of £21.1 million. This significant improvement and robust financial position means we enter FY22 in very good shape with a strong balance sheet, a cash generative business model and access to liquidity.

AGM and dividend

The Board intends to uphold its progressive dividend policy and remains committed to delivering increased returns to shareholders. The Board will propose a final dividend of 3.40 pence per share to shareholders at the Annual General Meeting ("AGM") in July. If approved, this will be our thirteenth year of growth in dividends.

This year GBG's AGM will be held as a hybrid meeting. Shareholders will be encouraged to attend virtually although there will be limited availability for those that would like to attend in person. The meeting will be held at our Chester office using a live audio link and shareholders can participate by being able to listen live to the meeting, ask questions and vote. Further details can be found in the Notice of AGM.

Progress and strategy

GBG took action to conserve cash in the early phases of the pandemic. These actions contributed to the higher than expected net margins this year. We have now returned to our strategy of re-investing cash into product development and go-to-market resources, making sure that GBG has the products it needs to capture the global market opportunity in front of us.

Our strategy is to invest in building innovative solutions which can scale and where we can achieve competitive differentiation. We reviewed our portfolio with this in mind and identified that our Marketing Services and Employ & Comply businesses were not aligned to this strategy. During the year we have been able to find high-quality acquirers for these businesses with the market expertise to provide a great experience for our customers and team members who have transferred to new ownership. We wish them well for the future.

We also added capability to the Group in the year by acquiring HooYu Investigate and by taking an investment in Credolab, both of which enhance our fraud portfolio. We continue to monitor the market for high-quality acquisitions that will accelerate our product development and geographic reach, supporting our promise to make quality investment decisions and innovate at pace.

Commitment to innovation remains at the core of GBG's success and our strategies for product evolution retain this focus. However, as digital transformation accelerates, we are also investing in the security of our solutions and systems as well as continuing to add breadth to our data assets. Our use of these assets does though need to respect the privacy requirements of the territories in which we operate. We will, of course, continue to invest in our team members who make GBG so successful.

Chairman's Statement continued


GBG's people are also active in helping support the communities in which we live and work and they support and contribute to the Group's ESG strategy. The Board is dedicated to ensuring that GBG uses its resources and skills to the broader benefit of the economies we operate in, as well as taking a socially responsible approach to the decisions and investments the Group makes.

As previously indicated, in November 2018, The Information Commissioner's Office (ICO), 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 positively engage with the Commissioner as part of that review. We will keep the market informed of any material developments.

The year overall and outlook

We have a lot to be proud of this year. We have been sure-footed in navigating the ramifications of the pandemic, made strategic investments and disposals, enhanced our products, provided a safe and motivational environment for our people and contributed to the success of our customers. We believe all of these components position us well for the coming year. With market momentum, we expect to maintain good progress in FY22 and into the future.

On behalf of the Board, I want to thank our team members for their hard work and dedication that underpins GBG's success, as well as our shareholders and customers for their continued support.



David Rasche

Chairman

14 June 2021

Market Review

Key drivers	Impact on us and our industry	GBG's response
Growth in digital commerce – driving borderless business across the planet	<p>Nearly half of all shoppers (47%) opened a new digital shopping account in 2020¹ and half said they were more likely to go cashless due to Covid-19.² This has driven significant growth in online transactions, creating greater need for digital identity insight.</p> <p>In some sectors we saw increases in demand for our services during the year:</p> <ul style="list-style-type: none"> ■ We saw huge growth in the use of our Loqate service, with usage growing by 89% over the previous year on the first day of the UK's lockdown ■ Use of our software on Black Friday 2020 was 47% higher than a year earlier, with a record 413 million server requests.³ ■ In the US, we authenticated over 30.5m consumers applying for US Government's small business stimulus packages. <p>We anticipate continued high usage from some sectors, whilst others may well see some moderation and challenges.</p>	<p>As demand grows, our Cloud native strategy will support all scale and performance needs.</p> <p>Our innovative approach to multi-tenancy will drive the creation of advanced future products, enabling us to meet increasingly complex customer needs.</p> <p>Our partnerships with key technology partners, including AWS, GCP, Azure and Ping, will keep us at the cutting edge of R&D and innovation.</p> <p>Our products will continue to be flexible and intuitive to use and upgrade, using SaaS and PaaS principles and meeting all OEM and partners requirements.</p>
The key importance of User Experience (UX) – getting the balance right	<p>As more and more people run their lives online, self-enablement has never been more important for digital businesses. Increasingly, simple integration with extensibility is essential.</p> <p>But it is not everything. Consumers, increasingly from multiple generations, are demanding more and more from their user experience: more ease of use; more speed and less complexity. In fact, our research shows that 38% of consumers have abandoned a sign up process due the time it took.⁴</p> <p>At the same time, however, 63% say they would be more likely to use a service that uses advanced fraud prevention methods.⁵</p> <p>This means businesses need to get the balance right between speed and rigour. And that's where GBG outperforms.</p>	<p>Businesses that work with us, reduce the risk of fraud while improving their customers' experience, particularly at the key onboarding stage.</p> <p>We include the SME market in our product strategy, offering new enhancements like API centricity and URL based One Click invocation.</p> <p>Our use of standards including REST, Kubernetes, OAUTH and more enables simple integration and interoperability ensuring that the developer user experience is seamless too.</p> <p>And our close working relationships with all customers mean we understand exactly what they want from our products and can advise on the best integration for their needs and risk profile. We undertake regular product workshops, design sprints and journey mapping sessions to ensure we are capturing and then applying this customer insight into our product development.</p>

¹ GBG State of Digital Identity Report 2020

² Ibid

³ GBG Loqate

⁴ GBG State of Digital Identity Report 2020

⁵ Ibid

Market Review continued

Key drivers	Impact on us and our industry	GBG's response
Growth in fraud: countering a global threat	<p>With more people coming online all the time, opportunities for fraudsters are growing fast.</p> <p>Attacks such as deep fakes are growing in sophistication and attestation is becoming increasingly difficult.</p> <p>2020, heavily influenced by the Covid-19 pandemic, featured record levels of attempted and successful fraud:</p> <ul style="list-style-type: none"> ■ In the UK, fraudsters stole close to £1.2 billion⁶ ■ Fraud attempts increased by 53% over 2020⁷ ■ 56 million Americans had an account opened without their authorisation⁸ ■ 84 million Americans received a phishing attempt during the pandemic.⁹ <p>Businesses across the world are forming consortia to combat fraud and competition is growing in the fraud prevention market.</p>	<p>We continuously invest to develop and bring to market products that help everybody transact online with confidence. Our research agenda and technology strategy addresses issues including Digital Tampering, anti-fake methods and Bot detection.</p> <p>Our current line up includes fraud solutions that:</p> <ul style="list-style-type: none"> ■ Tackle financial crime at the point of origination ■ Screen out and reduce fraudulent transactions ■ Leverage artificial intelligence and machine learning at our Global Centres of Excellence to detect and tackle complex financial crime ■ Enable businesses and public organisations to identify suspect individuals and support complex investigations ■ Empower organisations to share fraud intelligence to learn from and support one another.
Evolving regulation – responding to change across a global landscape	<p>Our global marketplace is made up of multiple territories and sectors, all with different regulatory agendas and timetables. Our solutions must therefore take differences into account.</p> <p>Increasingly, customers demand privacy and security to be considered from the outset and regulation is responding to the need for change. (Gartner predicts that by 2023 65% of the world's population will be covered by modern privacy regulations, up from 10% in 2020.)</p> <p>Other key considerations include:</p> <ul style="list-style-type: none"> ■ The future of digital identity, including the introduction of trust frameworks in markets such as the UK, Australia and Canada. ■ Tighter anti-money laundering legislation, extending across crypto currencies and other areas. ■ Increasing emphasis on Know Your Customer ("KYC"). ■ Changes to gambling legislation. 	<p>Customers use our solutions to meet local and industry regulations. For example, our identity products enable customers to meet Anti-Money Laundering (AML) and Know Your Customer (KYC) regulations relevant to their industry, while Loqate enables them to keep their customer data accurate and up to date.</p> <p>Our Privacy by design and Security by design approach ensures that every new product design is private and secure from the outset.</p> <p>We are also continuously expanding our Global Secure Operations Centre (GSoc) and improving our cyber defences.</p> <p>We work with customers to ensure that their solutions always meet their needs, keep them compliant and match their risk profile.</p> <p>We are working with relevant policy makers and industry groups to understand and shape the impact of developing digital identity frameworks.</p>

Key drivers	Impact on us and our industry	GBG's response
Rapid technological advancement – working at the leading edge	<p>Easy access to powerful new technologies, often enabled by the Cloud, is lowering barriers to entry for competitors and placing dynamic tech weaponry in the hands of potential fraudsters.</p> <p>As the range of available technologies grows, choice and confusion are increasing at the same rate. Artificial intelligence, machine learning, Blockchain and other fast evolving technologies continue to disrupt the market.</p> <p>With growing competition, identifying and attracting the best talent is increasingly important.</p>	<p>We continue to embrace and gain expertise in emerging new technologies, such as Kubernetes, Scala, machine learning and Istio.</p> <p>With our progression@GBG programme, we ensure our people are always at the cutting edge of new knowledge.</p> <p>We use our close relationships with expert partners across the world both to augment our own capabilities and to provide new routes to market.</p> <p>We are keen, whenever possible, to run proof of concept projects using emergent technologies.</p>
Inclusion & Diversity	<p>Increasing global awareness towards inclusion and diversity related matters, such as, anti-bias and anti-exclusion means that new products and technologies have the opportunity to support a more inclusive society, in which it is essential to enable access for all.</p> <p>This is increasingly a legal requirement, driven by legislation including the UK's Disability Discrimination Act and Sector 508 in the US.</p>	<p>Board level sponsorship underpins our global focus on Inclusion and Diversity issues.</p> <p>Our Design System, embracing initiatives such as a11y and standards like W3C, ensures accessibility is integral to all of our solutions.</p> <p>In addition, our use of multiple data sources can improve financial inclusion for people with a limited credit history.</p> <p>We also focus on bias as a key research topic at our Global Centre for Excellence in machine learning. This is helping us to increase understanding and embrace algorithmic transparency.</p>

⁶ Statista
⁷ IDology Eighth Annual Fraud Report
⁸ Ibid
⁹ Ibid

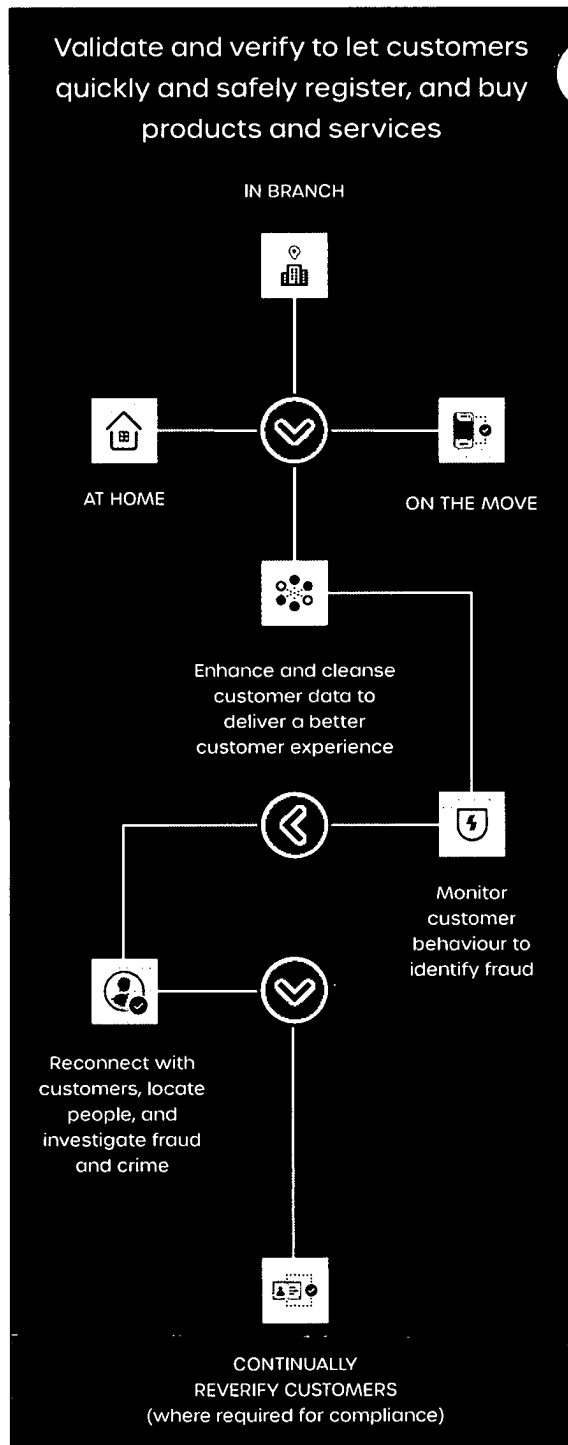
Business Model

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.

Our Offer

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



arvato
BERTELSMANN

Ordnance Survey

EQUIFAX

experian.

dun&bradstreet

NAVINFO

illion

'PAYPHONE'

Gemserv

Royal Mail

Driver & Vehicle Licensing Agency

CRIF

TransUnion
Formerly Callcredit

Disclosure & Barring Service

LexisNexis

NETELIS ASIA



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 160+ partnerships

Stakeholder Outcomes

Proprietary Software/
Algorithms

B2C Clients

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%

19,000

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



Location



Sainsbury's
THG
CANYON
ORACLE



Identity



METRO
BANK
CIVICA
Plus500
SECUREmedical



Fraud



 **BNP PARIBAS**
 **交通銀行**
BANK OF COMMUNICATIONS

Tabcorp
FxPro



- 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

- International identity document verification including passports, driving licences and national ID cards
- Global address validation confirming the address really exists – 245+ countries and territories
- Highly skilled and motivated team that actively promote GBG



Strategy

Our strategy, designed to deliver long-term sustainable growth and clear benefits for all stakeholders, is built around five pillars:

Customers

Our goal is to be a trusted partner for all our customers, no matter their size, value or location. We are obsessed with hearing what our customers have to say and we rely on this insight to fuel our future decisions.

- We help our customers establish trust, using our unique combination of Location, Identity and Fraud capabilities that engage consumers and streamlines onboarding
- We maintain open, two way and continuously improving conversations with existing and prospective customers, ensuring we understand their requirements and they recognise what makes us a trusted strategic partner
- Through our Voice of the Customer programme, we ask our customers for feedback, as they use our products, as they interact with our people and as we grow our relationship. We use this feedback to learn and to improve our products and our support
- We make sure our propositions are value focused and clearly understood by our core audiences so we can deliver innovative solutions that solve real customer problems
- We keep on top of the ever evolving regulatory, technology and social landscape that drives constantly changing customer needs

People

Our team members are the heart of our business. We strive to have the best and most engaged team, using our expertise in all areas to drive the business forward.

- Through our be@gbg program, we ensure all global team members have the best ways to interact and collaborate with the business and each other
- be/yourself, underpins our team member experience. We are committed to ensuring our people are comfortable to be themselves all of the time. We actively encourage this through our inclusion and diversity and wellbeing programme
- be/hired: we always seek and recruit the best talent, working with our people to maximise their capabilities and improve our subject matter expertise
- be/connected: is our internal communications philosophy, with the goal of ensuring no matter where you are in the world, we are all connected to each other and the business
- be/organised: making sure the important but sometimes mundane tasks can be completed with ease, freeing up time to support our business goals
- be/developed: is our professional development program, which encompasses development and guidance at all levels, encouraging all team members to actively engage in learning opportunities
- be/rewarded: we create flexibility and personalisation of reward packages which are always distributed based on contribution

Technology

Technology is what we do. As well as powering the products that our customers love, our technology enables operational excellence, is secure & trusted and empowers our people to do what they do best.

- We continuously invest in data and technology to drive ever faster, more accurate and simpler customer decision making, based on emergent technologies such as Machine Learning
- Our Cloud native technology is extensible, highly available and performant so that our customers can deliver the best possible user experience to their customers at scale
- We work with best in class technology partners to co innovate and deliver solutions that meet market needs
- We focus on security and privacy by design in all that we deliver to ensure our technology is secure & trusted and we work to industry standards like ISO27001, NIST and OWASP
- We support collaborative remote working for all team members to draw effectively on the collective capability of our global workforce
- Our 'Innovation Lab' ensures we fully understand and can rapidly implement the capabilities of new technologies ahead of any competitor
- We ensure our technology is easy to integrate and interoperable

Product

Our goal is to provide innovative products that solve real customer problems in our chosen global markets. Our product roadmap is fuelled by customer and market insight to ensure our product and technology teams deliver value for customers and outperform in the competitive landscape.

- We work with a growing number of data and technology partners, to create unique offerings that differentiate us
- We start with User Experience to ensure our products are easy to use, easy to integrate and reduce friction for the customer
- We build upon our growing international customer experience and flexible technology to meet emerging needs in new and adjacent markets
- Our products are designed with privacy and security first, to ensure that we are a trusted and reliable partner for businesses and that we protect individuals

Brand

Our goal is to build our global reputation as a leading technology business focussed on our core value propositions. Having a strong brand profile helps drive growth throughout all regions.

- We have refreshed the GBG brand, making it easier for our customers, people, investors and regulators to understand who we are, what we do and what value we add
- Through our global marketing team which spans from San Francisco to Singapore, from Atlanta to Australia, we are 100% aligned to our business units and core solution areas to help drive growth
- Making use of our internal subject matter experts and combined with external influencers, we produce engaging content which is aimed at inspiring decisions for our audiences
- Using customer, market and competitor insight, combined with our marketing management information, we continually optimise our activity to be more effective and efficient, all leading towards greater impact

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 forecasts using financial and non-financial measures. Due to the uncertainty of the impact of Covid-19 at the start of the year, there was no formal budget and therefore the assessment was made against rolling forecasts which were updated as the impact of Covid-19 became clearer.

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.

Financial

■ 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 disposed businesses that 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 an 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 an appropriate metric to understand the underlying performance of the Group.

■ Earnings per Share

Earnings per share is calculated as basic earnings per share from continuing operations on both an adjusted and unadjusted basis.

■ 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 Cash/Debt

This is calculated as cash and cash equivalent balances less outstanding external loans. Unamortised loan arrangement fees are netted against the loan balance in the financial statements but are excluded from the calculation of net cash/debt.

■ 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 Profit or Loss 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 and reducing risk concentration.

Non-Financial

■ Employee Engagement

Team member 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. This is measured twice a year through a group wide employee survey conducted through an external provider.

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.

	Year ended 31 March	
	2021	2020
Revenue Growth	9.3%	38.7%
Organic Revenue Growth at Constant Currency	12.1%	10.7%
Organic Revenue Growth	12.1%	10.3%
Fraud Organic Growth at Constant Currency	(27.4%)	24.3%
Identity Organic Growth at Constant Currency	28.5%	11.5%
Location Organic Growth at Constant Currency	10.5%	6.8%
Adjusted Operating Profit (£'000)	57,896	47,945
Adjusted Operating Profit %	26.6%	24.1%
Adjusted EBITDA (£'000)	61,410	51,739
Adjusted EBITDA %	28.2%	26.0%
Earnings per Share – Basic	13.8p	8.8p
Earnings per Share – Adjusted Basic	25.2p	21.8p
Earnings per Share Growth - Basic	56.8%	14.3%
Earnings per Share Growth – Adjusted basic	15.6%	19.8%
Net Cash/(Debt) (£'000)	21,135	(35,001)
Cash Conversion %	119.5%	95.2%
Deferred Income (£'000)	42,843	38,414
International Revenue as a Percentage of Total Revenue	64.4%	55.9%
Employee Engagement	>90%	> 90%

Chief Executive's Review

I am pleased with our strategic progress and we plan to continue to make investments in the coming year to enable us to capture the medium-term opportunity.

As described by the Chairman, the GBG team successfully navigated the challenges posed by the pandemic this year. We took immediate action to protect the wellbeing of our people and to make sure that we were able to provide strong support for our customers. We acted decisively in terms of the way we used our resources, making sure that we could meet our customers' new requirements as they too transitioned to remote working and accelerated the digitalisation of their businesses.

I am very pleased that these actions were successful. While one result was record revenue and profit performance, I am even more pleased that this was achieved alongside our best ever team engagement and customer advocacy scores.

Strategic focus

Strategic progress in the year was not restricted to reacting to Covid-19. We made meaningful strides in a number of areas, including: strengthening our global management team; extending into new markets and winning new customers; delivering innovative product enhancements; focussing our business with a mix of non-core divestments; investment in a strategic partner and making an acquisition. We have also refreshed our vision and purpose as we take the opportunity presented by the acceleration of digital business to enhance our brand, making sure that GBG becomes better known and more respected by our core audiences and markets.

Our new purpose is to help build trust in a digital world, while our updated vision is to create a world where everyone can transact online with confidence.

The short-term impact of Covid-19 varied significantly by geography and from sector to sector. We experienced increases and reductions in transactions from customers depending on the demands of their end consumers. However, we are clear that in the medium and longer term the impact has been to accelerate the existing drivers of growth for GBG. Consumer adoption of technology has increased and changes in their behaviour made through necessity during the pandemic are becoming permanent preferences. For businesses the changes in the last year have sustained consequences, with accelerated digitalisation driving more transactions online. Without face-to-face transactions, new types of fraud are emerging. Consumers need to assert their identity to access services and businesses need to react within an increasingly complex privacy and regulatory environment.

Our customers are recognising that simple single products do not provide a complete solution to these challenges. This is where our products, services and - perhaps critically - our experience comes to play. We have been addressing these themes for more than 30 years and have the expertise to balance consumer expectations for simple online journeys with the needs of businesses to reduce fraud and trade in compliant ways. This is a challenging but exciting journey for our customers and we are an essential partner at their side, helping them establish trust in their growing digital operations.

We have aligned our core capabilities in location, identity and fraud to drive growth globally. Although each capability area can meet standalone customer requirements, the expertise we have can also come together. The experience we have built with proving digital identities provides GBG a unique capability in identifying online fraud. We expect to see increasing convergence of our products and services in the coming years, providing new cross-sell opportunities and developing new use cases for our customers. We are meeting these challenges by adding new data and new services, including decision-builder capability in ExpectID in the USA, multi-bureau data feeds in identity Europe and service orchestration across our fraud products in APAC. In addition to our organic investments, we enhanced our EMEA anti-fraud portfolio with the acquisition of HooYu Investigate, one of the UK's leading investigation software solutions.

We also exited two businesses that served adjacent but non-core markets. Marketing Services moved to HH Global in January 2021, while Employ & Comply joined First Advantage Inc, an international background screening provider, at the end of March 2021. We were pleased that in both cases the new owners were global specialists in their field, creating opportunities for long-standing customers and the employees of those businesses, while helping us to simplify GBG.

We look forward to continued progress in FY22 in each of our core solutions and in our three core geographies. We will continue our strategy of organic and inorganic investment to drive product and market expansion.

Team

We have exceptional talent within our global team of approximately 1,000 people, each committed to delivering the best products and experiences for our customers. We understand that our people are at the heart of our success – whether that's winning new customers, developing the technologies that deliver first-class solutions, or supporting our team members to be the very best they can be.

I have been so impressed by our team members' continued dedication and commitment to GBG in light of the challenging conditions we are all facing, as a result of the Covid-19 pandemic. Our teams have remained cohesive and collaborative despite the challenges of remote working conditions. In particular, I want to thank our People Team and managers who rose to the challenge by increasing their efforts in communicating and engaging with all our team members and prioritising wellbeing programmes, training and development.

We support our team members by providing a safe and rewarding working environment. We also support

them through our absolute commitment to reducing inequalities, broadening diversity and facilitating inclusion within GBG, our markets and society. We have and will continue to invest and develop initiatives to help us improve in this critical area, including our 'be/yourself' programme and supporting family friendly policies at work. I believe our focus on this has created our very positive team environment where over 90% of our team members would recommend GBG as a great place to work.

This culture has enabled us to attract new talent to the business, including senior hires to support our growth. In addition to David Ward, who joins us as CFO, Dev Dhiman now leads our APAC business, Boris Huard joined to lead EMEA and Lara Clark leads our legal and risk management group. These hires join 160 new team members in the GBG family this year.

Customers and growth

GBG maintained its track record of organic growth, but the source of growth shifted in the year as a direct result of the impact of the pandemic. Although we continued to win new business, often with global brands, the majority of our revenue growth came from within our existing customer base.

Strategically we have three primary channels to market: direct, self-serve and through partnerships. All channels performed well. In the period we saw significant demand from existing customers who were experiencing increased usage in their digital channels. We were able to mobilise quickly to address these additional requirements and make a real difference to their ability to respond to these new digital needs. We were also delighted to have played our part in supporting organisations delivering services to people and businesses directly impacted by the pandemic. In the USA, we helped support the distribution of stimulus payments to businesses and roll out verification services to Covid-19 testing facilities. We also played a small part in England enabling vaccine distribution.

Not all sectors and customers proved to be resilient. Our ability to win new customers and in new markets offset the impact of lower demand in hospitality, travel and leisure, as well as in situations where customers deferred decisions due to Covid-19 related priorities or where on-site product deployment was a constraint.

New business came from initiatives in new sectors and by expanding geographically. In the USA we grew identity revenues in the financial services and online gaming markets, as well as winning new customers in insurance and healthcare sectors. EMEA saw good growth for Loqate in the online retail and food distribution sectors. In APAC, despite challenges with onsite deployments,

Chief Executive's Review continued

we have won new business and achieved significant upsells across the region, including a major project in the Philippines and new Loqate sales in China, positioning us well for future sales in the territory.

As we enter the new financial year, the sales and marketing teams are well placed to continue to focus on growth sectors, geographic expansion and further customer development. Although there is always a short-term risk of further contract delays where the pandemic is still causing significant impact, the overall acceleration of digital commerce will be of net benefit to GBG's customers. We intend to continue to invest in extending our sales reach to maximise this opportunity.

Product and technology update

Our product and technology teams have delivered a strong set of new features through the year. These include Decision Builder in our IDology business, integration of our IDScan technology with GreenID in Australia and a multi-bureau data integration in EMEA. We also established a number of Global Centres of Excellence, one being focussed on Artificial Intelligence, which has benefitted a number of our products.

When we are confident it is an efficient use of resources, we can also supplement our development resource by acquiring technology. This year, this included the acquisition of HooYu Investigate, which accelerates the development of our Connexus products.

We have invested in our technology to deliver the scale, agility and compliance requirements at the increasing pace demanded by our international customer base, which also helps us improve the maturity of our operational capabilities. We have underpinned product releases with major upgrades to infrastructure and security - and of course, successfully supported the shift to remote working.

Corporate transactions

As noted above, we completed several transactions this year. This included, an 11% stake in Credolab Pte Ltd in August 2020. Credolab Pte Ltd is a developer of bank-grade digital scorecards headquartered in Singapore. The company's AI-based proprietary technology complements our existing offering but also provides critical behavioural risk reference data from good customers who are financially excluded. We also acquired HooYu Investigate in December 2020 to further enhance our leading position in fraud investigation solutions in the UK. HooYu Investigate automates fraud investigations and will broaden the services GBG provides. Finally, we made the

decision to divest two businesses that served adjacent but non-core markets in the period: Marketing Services in January 2021 and Employ and Comply in March 2021.

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 broaden our geographic reach and product capabilities.

Current trading and outlook

What is clear is the pandemic has accelerated company digitalisation initiatives and permanently shifted consumer activity online, creating a long-term demand environment for all three of our solution sets. The services we offer have proven to be mission critical to customers within both traditional and new industries and I am excited by the prospect of continuing to broaden our customer base geographically and across sectors.

We are pleased to report that the new financial year has got off to a good start, in line with the Board's expectations. We have continued to see strong transactional volumes in identity, driven in part by increases in transactions in crypto currency trading, which has smoothed some of the impact of the high transaction volumes from stimulus activity in the USA last year. While this is unlikely to continue in the long term, it gives us good momentum and we continue to be encouraged by the vaccine-driven relaxing of lockdowns in some of our key geographies. However, the situation in other countries offers a timely reminder that the pandemic is not over and due to elevated pandemic uncertainties a wide range of outcomes remains possible.

I am pleased with our strategic progress and we plan to continue to make investments in the coming year to enable us to capture the medium-term opportunity.



Chris Clark

Chief Executive Officer

14 June 2021

Finance Review

As the year progressed the underlying trends of how Covid-19 would impact the business became clearer and allowed the focus to shift back to driving sustainable organic growth.

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 help create a world where everyone can transact online with confidence and build trust in a digital world.

The performance of the Group is reported by segment, reflecting how we run the business and the economic characteristics of each segment. There are three reportable segments, Location, Identity and Fraud.

The Group results are set out in the Consolidated Statement of Profit or Loss 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.

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.

The primary focus at the beginning of the year was to protect the business in light of the uncertainty of how Covid-19 would impact our customers, people and operations. This resulted in a number of cash preservation measures being taken such as not paying a final dividend, a non-essential recruitment and pay freeze and deferral of director bonus payments.

	2021 £'000	2020 £'000	Change £'000	Change %
Revenue	217,659	199,101	18,558	9.3%
Adjusted operating profit	57,896	47,945	9,951	20.8%
Adjusted operating profit margin	26.6%	24.1%	2.5%	10.5%
Share-based payments charge	(5,170)	(4,541)	(629)	13.9%
Amortisation of acquired intangibles	(17,671)	(19,008)	1,337	(7.0%)
Adjusted operating profit before exceptional items	35,055	24,396	10,659	43.7%
Exceptional items	448	(1,552)	2,000	-
Operating profit	35,503	22,844	12,659	55.4%
Net finance costs	(1,240)	(2,218)	978	(44.1%)
Profit before tax	34,263	20,626	13,637	66.1%
Total tax charge	(7,385)	(3,562)	(3,823)	107.3%
Profit for the year	26,878	17,064	9,814	57.5%
Final dividend per share	3.40	-	-	-
Adjusted earnings	49,271	42,165	7,106	16.9%
Basic weighted average number of shares ('000)	195,225	193,631	1,594	0.8%
Basic earnings per share (pence)	13.8	8.8	5.0	56.8%
Adjusted basic earnings per share (pence)	25.2	21.8	3.4	15.6%

As the year progressed the underlying trends of how Covid-19 would impact the business became clearer and allowed the focus to shift back to driving sustainable organic growth. Whilst the level of revenue growth was influenced by non-recurring revenue linked to the US Government's Covid-19 stimulus package, the underlying growth was still ahead of expectations at the start of the year.

The level of profitability, combined with strong cash generation, has allowed full repayment of the Group's loan facility by the year-end. This will enable cash generated in the coming year to be invested back into the business to support our organic growth plans, in addition to providing funding for acquisitions.

Adjusted EBITDA

Adjusted EBITDA was £61.4 million (2020: £51.7 million), consisting of adjusted operating profit of £57.9 million (2020: £47.9 million), depreciation (including right-of-use assets) of £3.3 million (2020: £3.6 million) and amortisation of purchased software and internally developed software of £0.2 million (2020: £0.2 million).

Amortisation of Acquired Intangibles

The charge for the year of £17.7 million (2020: £19.0 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.

Exceptional Items

Exceptional income of £0.4 million (2020: exceptional costs of £1.6 million) was generated/incurred by the Group in the year and have been detailed in note 7 to the accounts.

Net Finance Costs

The Group has incurred net finance costs for the year of £1.2 million (2020: £2.2 million). The significant reduction was due to the loan repayments made during the year reducing the level of interest paid.

Taxation

The total tax charge of £7.4 million (2020: £3.6 million) includes £12.4 million of current tax payable on the Group's profits in the year (2020: £4.8 million), offset by a deferred tax credit of £5.0 million (2020: £1.2 million).

Finance Review continued

The effective tax rate for the group has increased from 17.3% in 2020 to 21.6% in 2021. The principal reason for this change is that included within the prior year total tax charge was 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 was a corresponding cost within exceptional items to reflect the increase in the contingent consideration liability. Excluding this one-off the prior year effective tax rate would have been 21%.

Deferred Income

Deferred income at the end of the year increased by 11.5% to £42.8 million (2020: £38.4 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 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.

Dividend

In order to preserve short term liquidity no final dividend was declared in respect of the year ended 31 March 2020. Following strong trading performance in the first half of the year the Board of Directors declared an interim dividend of 3.00 pence per share which was paid in January 2021 at a cash cost of £5.9 million.

With respect to the year ended 31 March 2021, the Board of Directors will propose a final ordinary dividend of 3.40 pence per share (2020: nil), amounting to £6.7 million (2020: £nil). If approved, this will be paid on 3 August 2021 to ordinary shareholders whose names were on the register on 25 June 2021. The Group continues to operate a Dividend Reinvestment Plan, allowing eligible shareholders to reinvest their dividends into GBG shares.

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)
- 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 56.8% from 8.8 pence to 13.8 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 £49.3 million (2020: £42.2 million) resulting in a 15.6% increase in adjusted basic earnings per share from 21.8 pence to 25.2 pence.

The basic weighted average number of shares at 31 March 2021 increased to 195.2 million (2020: 193.6 million), partly due to the issue of 0.8 million shares to fund the investment in CredoLabs and acquisition of HooYu.

Cash Flows

Group operating activities before tax payments and exceptional items generated £73.4 million of cash and cash equivalents (2020: £49.3 million) representing Adjusted EBITDA to cash conversion ratio of 119.5% (2020: 95.2%).

The increase in the cash conversion was partly attributable to cash receipts in the first half of the year related to large multi-year deals where the profit was recognised at the end of the previous financial year. Notwithstanding this, operating cash flows continued to be strong and the Group continually monitors its measures of cash generation and collection.

The cash generated from operations, in addition to the disposal proceeds from the Employ and Comply business disposal, enabled debt repayments of £62.5 million to be made during the year to clear the outstanding loan balance. Further detailed analysis of this movement is included in the Consolidated Cash Flow Statement.

In January 2021 the £110 million Revolving Credit Facility was extended by a further year. The facility now expires in February 2023.

Acquisitions

During the year, an investment was made into CredoLabs Pte Ltd, acquiring 10.53% of the share capital of the company. The investment, based in Singapore, has been designated as a financial instrument and as such will be held at fair value through other comprehensive income. This investment was funded by the issue of new GBG shares with a value of USD \$3 million (£2.3 million).

In December 2020, the Group acquired 100% of the share capital of Investigate 2020 Ltd (HooYu Investigate) immediately following a transfer of assets from HooYu Limited. HooYu Investigate uses leading database and UX technologies to improve the productivity of an investigation process. The Investigate product complements GBG's existing Connexus portfolio. This acquisition was funded by the issue of new GBG shares with a value of £4.0 million. The purchase price allocation has attributed the majority of the value to the technology acquired, with remaining goodwill of £0.1 million.

Further information regarding the acquisition has been detailed in note 35.

Disposals

In the second half of the year the Group disposed of two businesses which were not part of our core global capabilities in location intelligence, identity verification and fraud prevention.

In January 2021, the Group disposed of its Marketing Services business to HH Global Interactive Limited and in March 2021 the Employ and Comply business was sold to First Advantage Europe Limited. The net cash proceeds from the disposals was £5.3 million.

Further information regarding the disposals has been detailed in note 35.

Treasury Policy and Financial Risk

The Group's treasury operation is managed by a Treasury Committee within formally defined policies and reviewed by the Board. 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.

During the pandemic the Treasury Committee received weekly cash information to monitor liquidity across the Group and ensure that significant cash outflows, such as the interim dividend and loan repayments, could be made without exposing the Group to undue risk.

The Group finances its activities principally with cash, short-term deposits and borrowings but has the ability to draw down up to £110 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 14 June 2021.



Dave Wilson

CFO & COO

14 June 2021

Principal Risks And Uncertainties

Risk Management - Identifying and Managing Risk

GBG's approach to identifying and managing risk is key to how we run the business. We consider it to be fundamental to achieving our strategic objectives and it supports us in delivering long-term stakeholder value whilst protecting our business, people, assets, capital and reputation.

We have established an ongoing process to identify, evaluate and manage the significant risks that we face and the effectiveness of the related controls. The Audit & Risk Committee formally reviews this process every six months, then report their findings to the Board. These half-year updates to the Audit Committee members and the Board have been further supplemented by risk updates from the Executive Directors at each Board meeting held during the year.

I am pleased to report that the skillset of GBG's management team has been supplemented during the year by the appointment of a Chief Regulation Officer ("CRO") in August 2020 with specific risk management experience. The CRO will be responsible for implementing the improvements and developments to our risk management processes as identified through our internal audit review by BDO LLP. She has also briefed the Audit & Risk Committee on risk matters on a number of occasions since her appointment.

Coronavirus (Covid-19)

At the start of the pandemic we correctly anticipated that the key risk themes described in our risk profile (see below) would continue to be a focus in 2021. The pace and impact of the pandemic, along with the potential for unexpected financial and operational implications, were also carefully considered and addressed as part of the Group's risk management activities. We consider that this approach has contributed positively to GBG's present financial and operational status, as well as maintaining high levels of engagement and productivity among team members.

Further details of the actions and strategies that GBG undertook in response to the pandemic are set out in our Covid-19 statement on pages 6 to 7. The following summarises the responses and actions that the Committee has overseen during the year.

At an early stage of the pandemic it was agreed by the Audit & Risk Committee and the Board that there was a heightened perception of exposure to all of GBG's material risk areas due to the unknown and dynamic nature of the Covid-19 pandemic and how it would develop. As reported last year, at the start of the crisis we established a sub committee of the Internal Controls Team, chaired by the CEO and supported by members of the Group's Executive Team, to deal specifically with the impact of the Covid-19 pandemic and its impact on the business (known as the "Covid Team"). The Covid Team established a number of risk assessment 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: Team Members, Customers, Financial Health, Operations, Governance and Opportunities.

GBG conducted thorough assessments of the potential impact of Covid-19 on the Group's principal risks from a strategic, commercial and operational perspective. This ensured that the business could provide the appropriate response to our team members and customers in order to support our plans regarding GBG's longer-term sustainability and viability for the benefit of all our stakeholders. This approach continues to be the case in response to the ongoing effects of the pandemic.

Specifically, in relation to Covid-19, the risk management process operating before the pandemic allowed the GBG team to respond quickly and with confidence to the challenges and demands raised by Covid-19. The key aspects of the Group's risk management process that were identified at that time and remain so, are:

- The continued operation of the Group's Covid Team
- The health and wellbeing of our team members
- Careful consideration of costs and cash expenditure
- Supporting our customers and continuing to offer excellent, high quality services
- Going concern reviews and regular assessments of debtor, bad debt and cash positions
- Maintaining high quality controls in our global finance functions whilst team members work remotely
- Supplier viability assessments through detailed audit reviews

- High levels of vigilance to potential cyber threats and improvements to our cyber defences
- Continuous improvement of GBG's business continuity planning ("BCP") processes, having greater visibility of key systems and suppliers and updating actions to mitigate challenges

A summary of the focus areas that have been addressed during the year include:

- Prioritising the health and wellbeing of our team members with special consideration to the challenges posed by continued and prolonged periods of remote working
- Robust going concern reviews which consider a range of potential impact scenarios on GBG's operations and investment activities
- Greater awareness and consideration of the potential negative effects on global economies as financial stimuli from national governments for businesses and citizens were implemented and varied
- Monitoring the potential of increased competition from major/niche players who have been able to leverage their position and/or raise additional funding during the pandemic
- Considering actions for access to markets and customers whilst international/local travel restrictions continue
- Maintaining the pace of retiring legacy systems where there were increased commercial challenges due to Covid-19
- Loss of key staff to competitors, or inability to attract new employees, if we become unable to provide appropriate incentives and conditions to retain team members
- Reviewing the Group's portfolio of property leases to consider the potential effects of flexible working arrangements of team members post-pandemic

Before the pandemic, our business model already had a number of features that worked to GBG's ongoing benefit. These included the ability of all of our team members to work remotely and securely; a diverse commercial portfolio that is not overly reliant on, or exposed to, a particular customer, market or geography together with providing market-leading products and services that support organisations during upturns and downturns. These features, combined with taking immediate and appropriate steps to preserve GBG's cash position, has meant that we have been able to respond positively to the challenges presented by the pandemic. The longer-term effects on international economies and therefore on GBG's business, remains uncertain but we continue to be vigilant in monitoring the situation and potential exposures as matters develop. In turn, we 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, mitigate 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 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 CEO and the Chair of the Audit & Risk Committee on matters of internal control and risk assessment. As stated above, as we navigate through the pandemic the risk assessment and mitigation work of the Internal Controls Team has been included within the scope of work of the GBG Covid Team.

Principal Risks And Uncertainties continued

With the appointment of the CRO, the risk management framework is currently being strengthened to make further enhancements as a result of the recommendations made by BDO LLP, following its review of GBG's risk management and internal controls processes. This includes refinements to ensure that everyone at GBG understands their role in identifying, assessing, managing and monitoring risk; that we have the most effective set of key controls to mitigate our principal risks; and that a thorough assessment of our principal risks is conducted by each line of defence. Quarterly progress reports will be presented to the Audit & Risk Committee until this work is completed in the first quarter of FY23.

The Executive Team

Each member of our Executive Team is responsible for managing the specific risks within their own business unit or function. Collectively the Executive Team will, where necessary, establish crisis response teams to address and manage emerging material risks – seconding key team members from across the Group to support its activities and ensuring the crisis teams have access to the necessary resources, management and advisors to operate effectively and at pace.

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.

BDO LLP were appointed to provide GBG with an outsourced internal audit arrangement. BDO's initial scope of work included conducting a strategic report 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 FY20 (just as the full effects of the Covid-19 pandemic were being experienced) and the recommendations were incorporated into our ongoing risk review process and cyber strategy. During the current financial year, BDO's work was extended to cover a strategic report of the Group's procurement and financial controls processes.

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, assess, manage and mitigate, rather than eliminate, the risk of failure to achieve business objectives or to successfully deliver our business strategy. As part of this process both external and internal risks across the Group's operations are considered in addition to the likelihood, financial impact and reputational impact of identified risk areas.

Risks are owned and managed within the business and reviewed formally by our first and second lines of defence function 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. During the pandemic, reviews have been conducted more regularly and are monitored through the regular weekly meeting of the Covid Team.

The key elements 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 strategic objectives. We acknowledge that the system is a means to mitigate, rather than eliminate risk.
- Risk Management – the Internal Controls Coordinator (the Company Secretary) presents the results of the Group's risk reviews and the risk register to the Audit & Risk Committee. Presently, the Internal Control Coordinator (but in future the Chief Regulation Officer) is responsible for regularly monitoring and assessing our risk management processes and reporting 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 the reports it receives, 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 Co-ordinator or the External or the Internal Auditor. The Committee also sets the audit programme for the Internal Auditor.

- **Financial Reporting Process** – GBG's management team and our Finance Team are responsible for ensuring the appropriate maintenance of financial records, controls 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 advisors 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 and Financial Planning** – we have established a 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 at scheduled 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 and Safety** – we have established health and safety standards and benchmarks, our performance against 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 a safe working environment for all our team members.

Principal Risks And Uncertainties continued

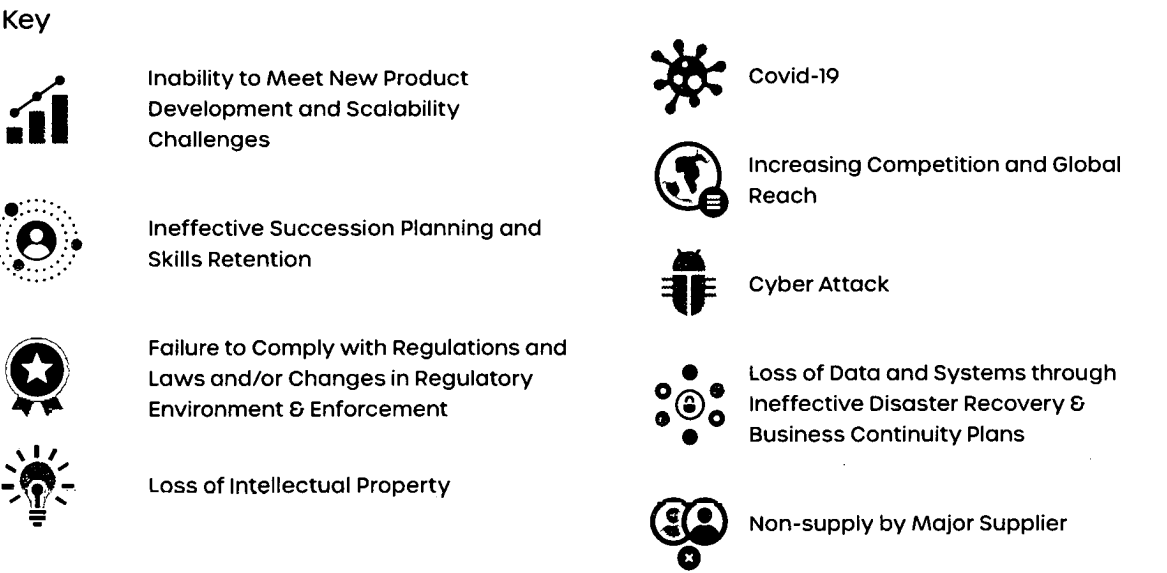
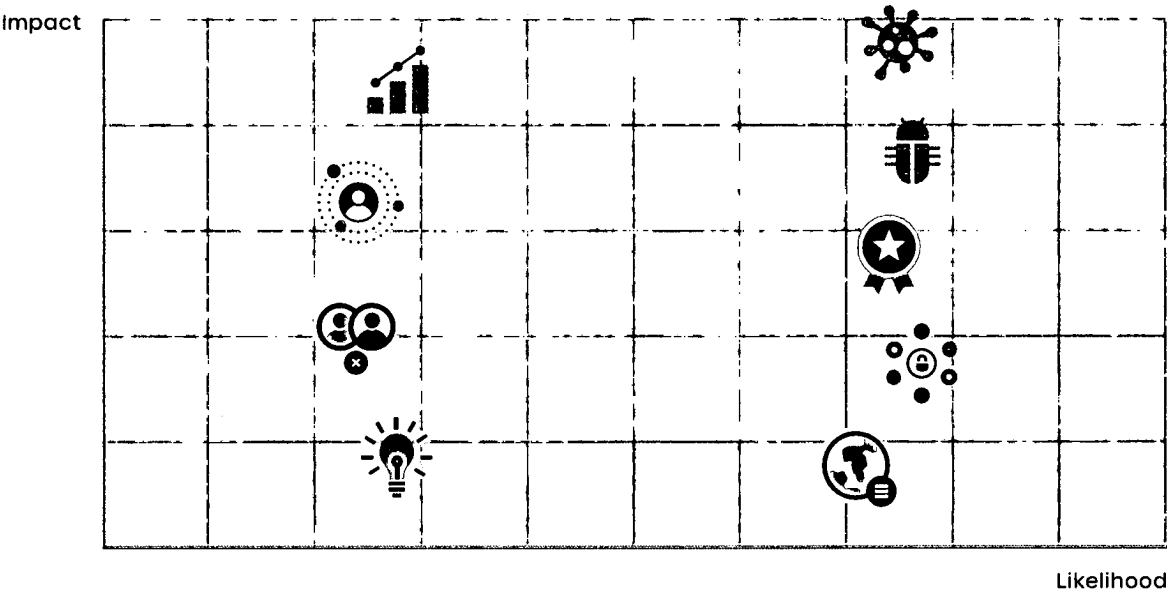
Our Risk Profile

Our risk identification process 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 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 Internal Controls Team
- A top-down approach at a Group level. This identifies the principal risks that threaten the delivery of our strategy

The diagram on this page summarises our principal risk profile and threat levels since the last reporting period. Compared to last year, the principal risks remain the same.

Principal Risk Profile



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, we identify the likelihood and assess the impact using quantitative and qualitative information. As a result of the exceptional circumstances presented by Covid-19 and the unexpected consequences that have affected economies and organisations globally, GBG suspended the periodic scoring of risks. We focussed on the more immediate and dynamic nature of the risks and implementing and monitoring the mitigation actions that were implemented.

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.

As a public company, reputational damage is an omni-present risk and as such is a key area of concern for the Board. The potential effects on our good name and reputation are not under-estimated by the Board. 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.

In addition to updates on GBG's internal audit reviews, during the year the Board has been appraised regularly on a range of risk matters and actions taken. These have included: overall Group strategy; Covid-19 matters; detailed going concern reviews; new product and technology strategy updates; information security matters; people initiatives; relationships with investors; remuneration matters; succession planning; Brexit; governance developments; and regulatory matters.

Risk	Description	Mitigation
Failure to Comply with Regulations and Laws and/or Changes in Regulatory Environment & Enforcement	<p>Regulation continues to increase 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.</p> <p>We are committed to responding positively to regulatory change to ensure compliance, as this could affect the pricing for, or adversely affect the revenue from, the services the Group offers or cause reputational issues.</p> <p>We also acknowledge that we are required to maintain a number of accreditations and registrations to meet a number of contractual and statutory obligations.</p> <p>We are aware of increasing international regulation for data processing and privacy in the geographies in which we operate.</p>	<p>We have 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. We continue to invest and have increased the number and skills levels of the respective teams in the past year. The strength of the management team has been augmented by the appointment, during the year, of a Chief Regulation Officer ("CRO") with risk management experience.</p> <p>We have established procedures which we invoke when presented by material issues and changes (such as Covid-19, Brexit and regulatory challenge), which involves: bringing together a senior team; assessing the issue and scoping a plan of action; assigning activities and monitoring progress and developments. There is also an established process for keeping the Board informed and escalating matters.</p> <p>We have access to an extensive and global range of external professional advisors.</p>

Principal Risks And Uncertainties continued

Risk	Description	Mitigation
		<p>We have a Group-wide intranet through which we advise, train and provide ongoing development to all of our team members, globally, about our policies. This provides us with the means to ensure (and demonstrate) ongoing compliance with regulatory obligations including those required under data protection and privacy legislation. Our monitoring processes allow us to ensure that all team members undertake the necessary training and we can present the evidence to regulators and customers where needed.</p> <p>GBG is committed to continued investment in training team members in relation to data handling and privacy best practices.</p> <p>During this pandemic our priorities have been to protect our team members and to support their health and wellbeing, to look after our customers and to secure our business both financially and operationally.</p> <p>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 within our Covid Team which consider changes in legislation and guidance, in conjunction with our professional advisors. This ensures that we have assimilated 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.</p> <p>As reported in previous periods, 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 positively with the Commissioner as part of that review. We will keep the market informed of any material developments.</p> <p>We work closely with our tax advisors to ensure we comply with international regulations that are appropriate for the Group but not to take positions that are open to challenge and/or misinterpretation.</p>

Risk	Description	Mitigation
Increasing Competition	<p>Our markets continue to be increasingly competitive and intensified competition could lead to pricing pressures.</p> <p>A reduction in the rate at which we add, grow and retain customers may decrease the size of our market share if customers choose to receive services from other providers.</p>	<p>Our business development and product functions track the activities of both our long established and market disruptor competitors. This insight is used by management to quickly adapt our go-to-market strategy.</p> <p>We always seek to differentiate ourselves from the competition and have increased our focus on data sourcing, product innovations, product marketing and pricing to support this.</p> <p>We continue to enhance our product portfolio and focus on innovation through a mix of internal development; partnering; acquisition and investment; and strategic recruitment.</p> <p>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.</p> <p>Our acquisition strategy has opened up new markets and territories enabling cross selling, as well as leveraging opportunities to increase the size of our customer base within established markets. We remain vigilant to future acquisition opportunities to further develop our strategic aims.</p> <p>We have increased focus on our core strengths of location, identity and fraud and have exited businesses (such as marketing services and employee onboarding) that do not add to these strengths. In our core business we have increased focus on product development, both organically and inorganically, such as with the acquisition of HooYu Investigate in December 2020.</p>
Non-supply by Major Supplier	<p>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 interruptions in supply could quickly and adversely affect our operations and result in the loss of revenue and/or additional expenditure.</p>	<p>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.</p> <p>Suppliers are carefully selected to minimise risk of supplier failure or insolvency.</p> <p>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.</p>

Principal Risks And Uncertainties continued

Risk	Description	Mitigation
		<p>In support of our work undertaken prior to the pandemic, as part of our Covid-19 business continuity plan ("BCP") process, we conducted 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.</p> <p>This list was prioritised to deal with our most critical suppliers initially and work then continued during the period to assess those suppliers further down the priority. This review process now forms part of the onboarding of new suppliers.</p>
Cyber Attack	<p>The nature of our business means 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.</p>	<p>Cyber risk continues to be an ever-increasing threat and the Group's strategy ensures continuing improvements in developing, maturing and testing our defences.</p> <p>Natalie Gammon, GBG's Non-Executive Director with a specific technology background, meets the Chief Technical Officer and Chief Information Security Officer regularly. In addition, they provide the Board and Audit & Risk Committee with regular updates and progress reports on our information security plans and strategy through written reports in Board packs and in-person updates at Audit & Risk Committee and Board meetings.</p> <p>We have cyber insurance in place and have policies established and monitored by our Chief Information Security Officer to protect the Group against a cyber-attack and any security breaches in this area.</p> <p>The Group's Information Security ("InfoSec") capability has been strengthened during the year as part of our ongoing cyber strategy, providing additional support and expertise.</p> <p>We continue to develop our InfoSec awareness programme with all of our team members to raise the knowledge of cyber risk and information security. We use our global intranet training programme to ensure that all team members undergo training and development on cyber threats and good IT business practices.</p> <p>Penetration testing is conducted via an approved third-party specialist.</p>

Risk	Description	Mitigation
		<p>GBG has been diligent in maintaining the scope of review and monitoring of cyber threats. We are keenly aware of the increase during Covid-19 of phishing and fraud attempts and have dealt with these issues proactively including awareness campaigns to update all of our team members to supplement prior training given.</p>
<p>Loss of Data and Systems Despite Disaster Recovery & Business Continuity Plans</p>	<p>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.</p>	<p>Our global business continuity programme covers policies and procedures for the key components of each of the Group's operating units. During the 2021 financial year, the Group completed 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.</p> <p>Disaster recovery requirements and network security are regularly reviewed, back-ups are maintained in databases and data centres have off-site provisions. These policies and programmes are subject to annual review and audit.</p> <p>We engage and undertake due diligence with our data partners and suppliers to ensure vulnerabilities are identified and mitigated.</p> <p>For risk analysis and mitigation processes relating to products and services that we either provide or consume. We feed these into a risk matrix where we track treatment plans against each risk.</p> <p>As part of our increased monitoring of this risk area, the Covid Team receives weekly 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.</p>

Principal Risks And Uncertainties continued

Risk	Description	Mitigation
Inability to Meet New Product Development and Scalability Challenge	<p>We invest significant amounts of resource into our product development in order to maintain a competitive advantage.</p> <p>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 may be smaller than originally envisaged or the product may fail to reach the production stage.</p> <p>It is also imperative that our developments have the ability to scale as the business grows both in size and complexity.</p>	<p>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.</p> <p>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.</p> <p>We have invested in improvements in methods, tools and skills in our product and technology teams to reinforce best practice development approaches.</p> <p>We have increased our focus on product retirement, as part of our Product Lifecycle Management approach, to ensure our development resources are focused on the activities that drive growth.</p> <p>We are investing in modernisation of our customer-facing platforms to enable greater scale and reach. In FY21 these developments included the front-end platforms for location and fraud the back-end platform for identity and plans are in hand to extend this investment in FY22. As well as improving our product platforms, we are investing in business support systems and have established a new team to drive automation and other improvements that help the business scale.</p>
Loss of Intellectual Property	<p>We protect our proprietary application software products and services by licensing rights to use the applications rather than selling or licensing the computer source code.</p> <p>In addition to verifying 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.</p>	<p>All of our contracts include provisions to protect the proprietary rights of the Group. GBG's legal function also ensures that such rights are secured and protected during any negotiation with customers or suppliers.</p> <p>Where appropriate, we register trademarks globally and work closely with external advisors to ensure that our business rights are safeguarded in all the territories in which we operate.</p> <p>GBG has also invested in increasing resources to improve how proactively we conduct audits of customer compliance with licensing obligations and successfully enforce our rights.</p>

Risk	Description	Mitigation
<p>Ineffective Succession Planning and Dependence on Highly Skilled People</p>	<p>Our people are key to our success. We operate in very competitive markets and acknowledge that the skills that our people possess are attractive to other employers. There is the risk that not having the right people and skills could impact negatively on our ability to serve our customers and grow the business.</p> <p>It is important that we maintain high levels of employee engagement to ensure that we are able to retain and attract the best talent.</p>	<p>We are very mindful that we operate in a highly competitive talent market. As a result we have ensured especially during the pandemic that we continue to provide high levels of support and consideration to our team members' wellbeing and ongoing development. In light of Covid-19, the Board and the Remuneration Committee have also 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.</p> <p>We invest in developing the skills and abilities of our people across all our locations and geographies.</p> <p>We offer competitive total benefits packages (compensation and benefits) and these are reviewed and benchmarked regularly.</p> <p>Employee engagement is monitored formally every six months through a Group-wide survey and the results are used to focus on improvement activities. This survey has continued during the Covid-19 pandemic.</p> <p>We monitor attrition rates by business function and location in order to identify issues and prioritise restorative action where necessary.</p> <p>We strongly believe that diversity throughout the Group is a driver of success and recognise it has significant benefits. We have taken a number of proactive steps to promote diversity and equality within GBG under our Group-wide initiative, be/yourself. Launched over three years ago this initiative supports a range of activities in our focus areas of: nationality, race & religion; sexual identities; experience & age as well as addressing gender imbalances in our business, our industry and our communities.</p> <p>We also monitor the effectiveness and skill set of the Board and recruit additional members where necessary. This enables effective succession to supplement the Board's skill set as well as maintaining a strong independent director.</p>

Principal Risks And Uncertainties continued

Emerging Risks

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

Our risk landscape continues to change as both business and regulatory environments evolve. The pace of change and need for greater visibility across the business is growing and we adapt our risk practices accordingly. In addition to known principal risks and the recent Covid-19 pandemic, we continue to identify and analyse emerging ones and discuss as appropriate in different forums, including the Audit & Risk Committee.

As a result of Covid-19, a further key and emerging risk to the Group's strategy is the impact of the continued effects of the pandemic on the geo-political and macro-economic environment. Our risk review processes prior to Covid-19 already addressed matters relating to potential economic downturn and political change in the jurisdictions in which we operate (as was the case with the challenges and opportunities posed by Brexit). The precise duration and depth of the downturn caused by the pandemic continues to be uncertain, but our focus is and will continue to be, on managing the emerging risks associated with the disruption caused to our business.

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 nonfinancial 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 evolving 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. Market volatility during the pandemic and uncertainty as markets emerge from the pandemic at different rates 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
- 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.

Non-Financial Statement

Our Annual Report and Accounts details our approach to environmental, social and employee related matters. The table below outlines where in the report you can find this information and where additional information can be found on our website.

	GBG policies and standards which govern our approach	Further information
Environmental Matters	ESG Statement SECR information	ESG Statement (pages 42 to 57) Directors Report (pages 94 to 98)
Employees	Be/yourself policy One GBG Family Friendly policy Health & Safety policy	ESG Statement (pages 42 to 57) Nomination Committee Report (pages 92 to 93)
Social Matters	ESG Statement	ESG Statement (pages 42 to 57) S.172 Statement (pages 99 to 103)
Human Rights	Modern Slavery policy and procedures Be/yourself policy	ESG Statement (pages 42 to 57) https://www2.gbgplc.com/hubfs/GBG/GBG-Modern-Slavery-Statement-2020.pdf
Anti-Fraud, Bribery and Corruption	Anti-corruption and bribery policy and procedures Whistleblowing policy and procedures Anti-tax evasion policy Share dealing code and policy	Audit & Risk Committee Report (pages 72 to 77) ESG Statement (pages 42 to 57)
Business Model, Principal Risks & Non-Financial KPI's	Business Model Principal risks Non-Financial KPI's	Key performance indicators (pages 18 to 19) Business Model (pages 14 to 15) Principal Risks & Uncertainties (pages 28 to 40) Audit & Risk Committee Report (pages 72 to 77)

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Environmental, Social and Governance Statement

Introduction from Natalie Gammon (Non-Executive Director Responsible for ESG)

At GBG, our focus on Environmental, Social and Governance ('ESG') is a fundamental part of everything we do. It is integral to our business and strategy, underpinning our strategic pillars (people, customers, product, technology and brand) and a key driver of our culture, behaviour and ethical practices. We have based our ESG framework on our purpose, 'to build trust in a digital world' and our vision – a world where everyone can transact online with confidence.

We recognise the urgency to drive global sustainable development and the duty of businesses to play their part, so we are aligning our ESG programme with the United Nations Sustainability Development Goals ('SDGs') to positively contribute to meaningful progress. In this year's report, we have identified six SDGs that are the most relevant to our business and sphere of influence. We will report on our contribution to these goals annually. This is an evolving process and we aim to further enhance reporting next year as we continue to develop our approach. We believe the SDGs will give us a constructive framework, which we can use to evaluate the success of our ESG activities and efforts. The Board has recently made the decision to establish an ESG Committee to formulate our ESG framework and set Group-level targets that are authentic and realistic. The ESG Committee will meet formally for the first time in July 2021 with myself as Chair and I will have ultimate responsibility for monitoring and reporting on progress against the ESG targets set.

We are already working hard to increase our transparency in ESG reporting. In 2021, we published a new section of our website dedicated to ESG topics (see www.gbGPLC.com/investors/corporate-responsibility/) and we have achieved an MSCI ESG rating of AA.

Governance

Our products and services are supported by robust corporate governance (read more on pages 64 to 71), a strong corporate culture and solid ethical practices. We strongly believe that by getting governance right, we can ensure we have the systems, policies, ethics and culture in place to effectively manage our environmental and social impacts. This, in turn, creates value for all of our stakeholders.

Data security, protection and privacy remain a priority for us. We maintain compliant and ethical practices in line with regulations and best practice and provide robust training programmes for all our team members. We also adapt our practices in line with legislative updates. There have been a number of significant changes globally during the year, including regulatory amendments in Singapore, New Zealand and the US, as well as developments in the UK as a result of Brexit.

Social

We remain focused on the wellbeing of our team members. I have been enormously impressed by their continued dedication and commitment to GBG in light of the challenging conditions we are all facing as a result of the Covid-19 pandemic. You can read more about our response to Covid-19 on pages 6 to 7. Despite remote working conditions, we have maintained a cohesive, collaborative team. We have done this by communicating and engaging with all our team members and prioritising training and development. We have also worked with a health and wellbeing consultant to help us build resilience and improve the mental fitness of our team members.

We are committed to reducing inequalities, broadening diversity and facilitating inclusion within our Company, industry and society. We have a number of initiatives to help us improve in this critical area, including our 'be/yourself' programme and our new 'Family Friendly Policy'. We are proud of the contributions we make to the communities in which we work and that we were able to continue our support in 2021, while adjusting our approach due to the pandemic.

Environmental

We have a duty to use resources responsibly and to minimise any environmental impacts of our activities. As part of this, we operate a 'Cloud-first policy' aimed at improving the energy efficiency of our activities. We are also implementing a CO₂ dashboard to measure our carbon footprint, so we can identify ways of reducing and offsetting our carbon emissions.

We believe that one of the most tangible ways our business can positively impact society is through the societal, ethical and environmental benefits our products and services offer. Our identity verification and fraud capabilities contribute to fraud reduction. Our accurate address data saves carbon emissions by preventing failed deliveries. In all these ways, GBG provides measurable benefits for our customers and their consumers around the globe.

In summary, we are always looking for the best ways of establishing trust between our customers and their consumers; working in a responsible manner; empowering our team members; creating broader societal value and protecting the environment.


Natalie Gammon

Non-Executive Director

14 June 2021

Environmental, Social and Governance Statement continued

Our contribution to the UN SDGs



SDG	Commitment	
 <p>4 QUALITY EDUCATION</p>	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Training and development play an important role in running our business successfully. We consider skills development and learning as important ways of delivering value to and inspiring our team members, advancing our strategy and maintaining a great place to work.</p> <p>Science, technology, engineering and mathematics ('STEM') education is a key theme within our community support programmes.</p>
 <p>5 GENDER EQUALITY</p>	<p>Achieve gender equality and empower all women and girls</p>	<p>We strongly believe that diversity throughout the Group provides us with access to a greater range of talent and is a driver of success. By focusing on diversity, we believe GBG can be a more effective, successful and profitable company. This will also ensure our team members continue to view GBG as a great place to work.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Trust, responsibility and ethics are the cornerstones of an effective organisation. We actively promote a culture of honesty, integrity and respect across the business. We also look to uphold human rights, encourage equality and promote good governance.</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	<p>GBG is the trusted strategic partner for 19,000+ businesses globally. We facilitate numerous social and environmental benefits for our customers as a result of the products and solutions we offer. Technology is one of the five pillars that underpin our corporate strategy and we aim to develop innovative solutions to meet the needs of our customers and society.</p> <p>We contribute to responsible and sustainable digital acceleration around the globe by supporting fintechs and financial services businesses with customer onboarding and verification and ensuring safety and security. Our use of Cloud technology and the wide geographic reach of our providers, enable us to offer services to those who require it, virtually anywhere in the world.</p>

2020/21 highlights

Related objectives

- | | |
|---|---|
| <ul style="list-style-type: none"> ■ 17,679 hours spent on training ■ £320,000 invested in training and development ■ Quarterly updates to training material on our 'be/developed' platform ■ 100% of our apprentices completed their technical apprenticeships in information technology ('IT'), supporting our work to bridge the skills gap ■ We have encouraged our Technology team members to become STEM ambassadors through a national initiative in the UK | <ul style="list-style-type: none"> ■ Improve the take-up of professional development and career development activity ■ Increase the number of team members carrying out training to attain relevant qualifications |
| <ul style="list-style-type: none"> ■ 37% women in our workforce ■ 33% female representation on our Board ■ 20% female representation in the Executive Leadership Team ■ 'Family Friendly Policy' launched in 2020, affording enhanced maternity leave and added flexibility | <ul style="list-style-type: none"> ■ We aim to increase the number of women across all levels of our organisation ■ We are working with 'Women in Identity' to develop an industry Code of Conduct for inclusivity in digital identity |
| <ul style="list-style-type: none"> ■ 91% employees recommend GBG as a great place to work ■ 9.9% Group voluntary attrition ■ Publication of annual Modern Slavery Statement ■ Code of Conduct supported by robust whistleblowing procedures ■ Supplier Code of Conduct ■ Publication of annual Gender Pay Gap Report | <ul style="list-style-type: none"> ■ Maintain employee satisfaction above 90% ■ Further strengthening of policies and related procedures across the Group |
| <ul style="list-style-type: none"> ■ GBG's products and services help prevent financial and identity fraud, protecting citizens and reducing losses for businesses. This includes: the launch of our "passive liveness" functionality which is helping support our financial services customers against fraudulent account takeover and impersonation checks. ■ Loqate technology reduces failed deliveries, thereby lowering carbon emissions for our customers. We also supported Sainsburys in the safe and speedy delivery of food throughout the pandemic. ■ US\$3.0m investment into Credolabs which uses AI to help institutions make lending decisions for applicants without depending on traditional credit bureau data. | <ul style="list-style-type: none"> ■ Lowering barriers to consumption and adoption through increased use of Cloud technology ■ Improving accessibility, through our GBG Design System. Our goal is to ensure our services are accessible to all, despite physical disabilities (in line with Disability Discrimination Act 1992 ('DDA') and Sector 508 in US) |

Environmental, Social and Governance Statement continued

SDG	Commitment
 <p>Reduce inequality within and among countries</p>	<p>We are committed to equal opportunities and to recruiting, training, promoting and retaining skilled and motivated people regardless of gender, age, marital status, disability, sexual orientation, race and religion, or ethnic or national origin. As part of our Group-wide initiative 'be/yourself', we take proactive steps to promote diversity and equality and address imbalances in our business, industry and communities.</p>
 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p>Our business model is built upon our ability to engender trust with our data partners, the businesses using our products and their end consumers. 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. We also consider privacy to be a fundamental human right.</p> <p>As the digital leader in identity verification, we facilitate inclusion in society more broadly through the products and services we provide.</p>

2020/21 highlights

Related objectives

- | | |
|--|---|
| <ul style="list-style-type: none"> ■ Further development of 'be/yourself' initiative, including confirming its structure and resources and carrying out a number of projects and initiatives ■ We conducted various training sessions to further promote diversity and inclusion throughout the Group in 2021 ■ Working in partnership with external organisations to support our 'be/yourself' initiative | <ul style="list-style-type: none"> ■ Plan and conduct appropriate data collection across our various employment jurisdictions, which will then identify and support meaningful objectives in the future |
| <ul style="list-style-type: none"> ■ ISO 27001 accredited ■ Responsible data collection, processing and analysis in compliance with General Data Protection Regulation and California Consumer Privacy Act ■ Member of the International Association of Privacy Professionals ■ Regular penetration testing ■ We facilitate inclusion in eCommerce as a result of our global location data, which enables our customers to verify and locate their customers, facilitating successful goods delivery - our services have helped vulnerable citizens receive essential deliveries during the pandemic and charities to reach donors ■ Using multiple data sources enables inclusion for citizens who may not have a financial background, thereby reducing inequalities in society. | <ul style="list-style-type: none"> ■ Maintain ISO 27001 accreditation ■ Continue to prioritise data protection and align our policies and practices with relevant regulations as they evolve ■ Remediation of all vulnerabilities within company agreed service-level agreements |

Environmental, Social and Governance Statement continued

Governance



Trust, responsibility and ethics

Our Board takes ultimate responsibility for ethical issues throughout the Group and looks to lead by example. At GBG, we promote a culture of honesty, integrity, trust and respect. We are committed to conducting business in an ethical manner, supported by a rigorous governance framework and the required policies, procedures and risk management processes.

Corporate Governance

The Board ensures that the highest standards of corporate governance are practiced within the Company and that it conducts itself in the best interests of the Group's many stakeholders. GBG complies in full with the Quoted Companies Alliance Corporate Governance Code and a comprehensive account of our compliance and corporate governance activities is detailed on pages 62 to 71.

Ethical practices and policies

GBG has a Code of Conduct (the 'Code') which forms the basis of our approach to ethical behaviour. We expect all of our team members to act in a professional, honest and ethical manner and we do not tolerate practices which could lead to a GBG team member feeling victimised or compromise GBG's reputation. We provide training as part of our Group learning management system, 'be/developed', which outlines how to apply an ethical framework to decision making in the workplace with the aim of contributing to an ethical culture at GBG. GBG has an externally facilitated, 24/7 whistleblowing hotline to enable team members to report unethical practices or concerns in complete confidence, without fear of reprisals. The hotline provides access to local operators who deliver a wider scope of support in local languages. No issues were reported during the year.

We recognise that all businesses play a key role in preventing modern slavery and human trafficking. We are therefore committed to continuously improving our practices to ensure that these activities 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. We have a policy on modern slavery, setting out the standards we expect from our stakeholders that is reviewed each year. We publish a Modern Slavery Statement, which is available at www.gbgplc.com and updated annually. All new starters are required to review and confirm their understanding of our Modern Slavery Statement as part of their online induction process. Our standard Terms and Conditions includes a modern slavery clause and we assess instances of non-compliance on a case-by-case basis, tailoring remedial actions appropriately.

GBG takes a zero-tolerance approach to bribery and corruption. We are committed to acting professionally, fairly and with integrity and implementing and enforcing effective systems to counter bribery. GBG's Anti-corruption and Bribery Policy applies to all team members. It provides guidance on acceptable behaviour and encourages the reporting of any suspected bribery activities through our independent whistleblowing channel. We communicate the policy to all suppliers, contractors and business partners. All team members receive regular, relevant training on how to implement and adhere to it, both during the new employee induction process and as part of ongoing ethical training. We also have 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.

GBG's Supplier Code of Conduct sets out the highest standards of ethical and professional behaviour, with commitments in the fields of human rights and employment, occupational health and safety, sustainable procurement, environmental impact, information security, counter fraud, anti-corruption, anti-money laundering and corporate social responsibility. In selecting suppliers, we perform checks in line with procurement regulations. We guarantee fair access to opportunities for all suppliers and equal treatment during selection processes, as well as stringent information security and data compliance examinations. We have implemented a new, Group-wide supplier management tool at

GBG, that enables us to introduce information relating to our suppliers own corporate responsibility agenda and use this when selecting suppliers.

As part of our risk review process, we have identified areas for improvement in the Company's approach to policies. We will be addressing these to ensure:

- That we have all relevant policies in place
- That we are providing comprehensive training
- That we are conducting necessary checks throughout our supply chain

Safeguarding data security and privacy

Our customers need innovative digital solutions to grow, reduce online fraud and meet increasingly stringent compliance regulations. The variety and complexity of fraud is increasing across the board, especially as a result of the global Covid-19 pandemic, which has caused a sudden "digital acceleration". Our business model bases itself on our ability to establish and engender trust with our data partners, the businesses using our products and end consumers. This places us at the heart of the global digital economy.

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. We also consider privacy to be a fundamental human right. Therefore, our ability to safeguard data at every step of the supply chain is one of our most material issues and central to our corporate responsibility strategy.

We recognise our duty to think carefully about how we source, process and use data. This ensures we maintain a high standard of data ethics within the business and enables our customers and their end-consumers to do the same. Our overarching aim is to protect both information and systems from malicious or accidental data loss, damage or abuse.

As our highest governing body, the Board has oversight of this fundamental area of the business, with clear lines of responsibility through the Executive Directors to the Privacy Council and Privacy Forum. Together with the Privacy Council, GBG's Privacy Forum works to embed privacy into operations. It supports GBG's 'three lines of defence' model (see Principal Risks on pages 28 to 40) to ensure all team members are aware of regulatory requirements in order to protect GBG's stakeholders. The Privacy Forum consists of 40 company representatives ('GBG's Data Privacy Champions') covering all key teams. The Privacy Council meets on a monthly basis and the Forum operates a bi-monthly programme.

GBG is committed to ensuring that all team members are fully aware of their responsibilities in relation to data protection and security. We have created mandatory training modules, which all team members must complete, regardless of their employment status. All team members can access these via 'be/developed'. We review these modules in line with any legislative changes or on an annual basis (whichever is soonest). In addition to the generic training for all team members, we provide role-specific training to ensure team members are fully aware of what they need to do to enable GBG to fulfil its obligations in relation to privacy and security.

Data protection and privacy

We are committed to collecting, processing and analysing data compliantly, in line with data privacy legislation. As a global company, this covers many jurisdictions and laws, such as the General Data Protection Regulation ('GDPR') in the EU & the UK, the California Consumer Privacy Act ('CCPA') in North America, the Singapore Data Protection Act and the New Zealand Privacy Act. We are also working towards compliance with new US legislation, such as California Privacy Rights Act ('CRPA'), Virginia & Washington. Given the significant changes to data protection and privacy legislation during the year, we have worked to ensure compliance wherever required. GBG has a robust privacy plan in place to manage any amendments as a result of Brexit. GBG's Privacy Policy, which can be found on our website, has been expanded this year to include a Products & Services Privacy Policy, which was agreed with the Information Commissioner's Office in October 2020. We also have region-specific privacy notices that clearly set out individual privacy rights, including the right to deletion, in the regions we are located.

Environmental, Social and Governance Statement continued

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 (available to all our team members through our intranet), which include GBG's Data Protection Policy. This policy 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 our 'be/compliant' framework.

With a data network spanning over 160 partners worldwide, we recognise our obligation to source data in a responsible manner to ensure that we can maintain our high credentials in this area.

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.

The Principal Risks and Uncertainties Report on pages 28 to 40 contains additional information on what we have done to assess and mitigate data privacy and information security risks.

IT security

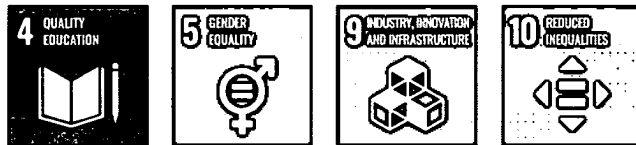
Our Information Security Management System ('ISMS') aims to safeguard our systems and networks from unauthorised access, compromise and or/disclosure of data. Its goal is to protect the confidentiality, integrity and availability of information resources and assets held by GBG and its customers. ISMS meets ISO 27001 requirements and considers other industry standard requirements, including Payment Card Industry Data Security Standard ('PCI-DSS'), System and Organisation Control ('SOC') 2 and other best practices.

The Company has rigorous information security policies, processes, systems and networks. We conduct a continuous measurement programme to test and validate the effectiveness and currency of our security measures. This programme includes regular penetration testing, annual internal and external audits and risks assessments.

We conduct annual penetration testing across GBG products. We also complete a Global Threat Assessment ('RedTeam') exercise across the entire business. We conduct vulnerability scans with all Cloud environments at least once a month, in addition to conducting a continuous security test ('CST') service. GBG maintains a proactive and resilient approach to threat mitigation via its Global SOC team. GBG's SOC team utilises controls such as 'Threat Intelligence', 'End Point Protection' and 'Behaviour Analytics' – using machine learning to identify any abnormal user or entity behaviour.

The number of phishing and fraud attempts has increased during the Covid-19 pandemic and we have proactively addressed this issue. Our cyber operations have been audited by an external provider and as a result, we have ensured that our cyber strategy reflects the ever-increasing threat that surrounds us. We have increased investment in cyber defences across the Group to address this risk.

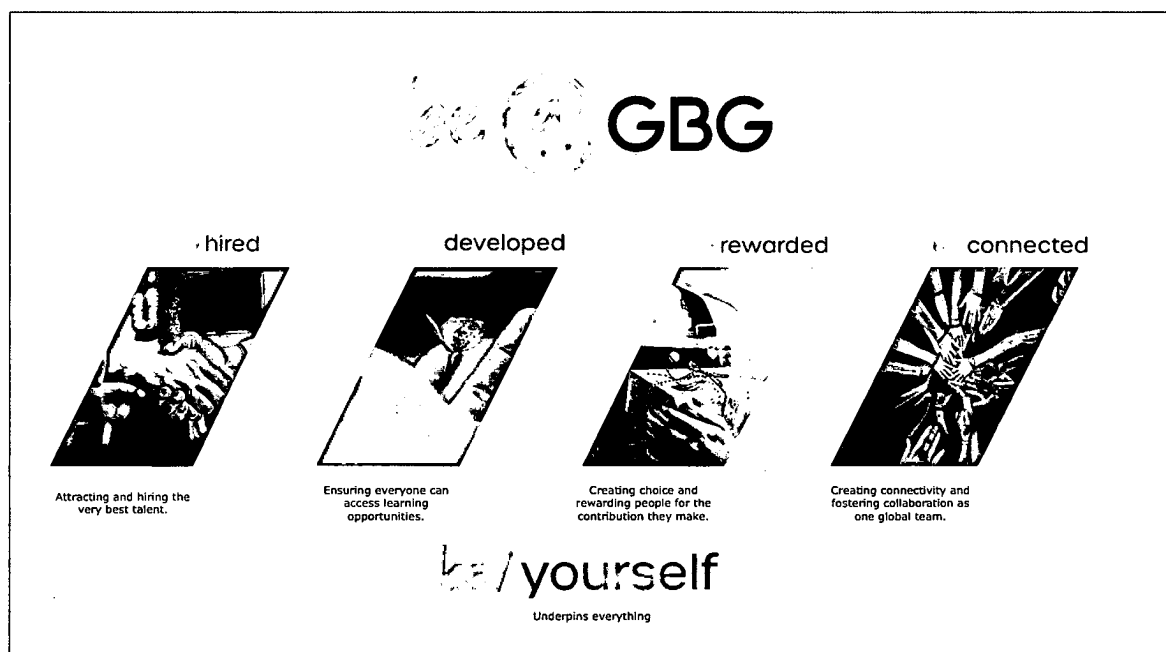
Social



Our team members

Our team members are central to the long-term success and sustainability of our business – they make us who we are. We look to attract and retain the best and most engaged people in the industry. We prioritise effective employee engagement as well as investing in the training and development of our people. We aim to cultivate a strong, committed and innovative culture within a diverse and inclusive workforce.

Our people vision is the origin of our employee experience brand, 'be@GBG' which sits in the centre of everything we do. We have built our People Plan to create an engaged workforce where our people are able to deliver at their best every day. We have ambitious aspirations as a business and having a People Plan, which is understood by everyone, will help enable this growth.



At GBG, we work together and empower every single team member to make decisions, own their future and collaborate for the best results. We place significant trust in our team members and afford them the freedom that drives our success.

Culture

Our culture is a fundamental aspect of who we are as a company. We have made deliberate efforts to enhance our culture and remain committed to our key behaviours of "Quickly, Differently, Together".

These behaviours describe the way we move at pace to deliver for our customers, whilst also acting collaboratively and innovatively in everything we do. They form part of our quarterly team member/manager review process.

One of our ways of assessing the effectiveness of GBG's organisational culture is through Glassdoor, the anonymous public online employee-to-company review platform. During 2021, we increased our score from 3.75 to 4.02, which we consider a strong achievement, given the average rating for all organisations is 3.2.

Environmental, Social and Governance Statement continued

Equality, diversity and inclusion

We recognise the significant benefits of a diverse workforce. We believe that, by focusing on diversity, GBG can be a more effective, successful and profitable company; a company our team members continue to consider a great place to work. By broadening the diversity of our team, we are able to access a greater range of talent. We aim to continue to focus on identifying candidates who can support our ambition to improve the overall diversity of the GBG team.

We do not tolerate discrimination, harassment or victimisation in the workplace. 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 continue to look at ways of broadening diversity and have specific initiatives to further this goal. These include our 'be/yourself' programme, which aims to support and promote an inclusive and diverse culture at GBG and encourage individuals to be their authentic selves at work. It supports numerous activities in our focus areas of nationality, race, religion and location, sexual identities (inclusive of LGBTQ+ definitions and gender fluidity), experience and age. The initiative also looks at addressing gender imbalances in our business, industry and communities. It is targeted at assessing opinions and views, raising awareness and providing opportunities for learning and sharing knowledge. In September 2020, the Company dedicated a week to holding important discussions around diversity and inclusion with our global team. This generated conversation and built appetite for future programme initiatives, as well as increasing the profiles and visibility of our 'be/yourself' champions.

We conducted various training sessions to further promote diversity and inclusion throughout the Group in 2021, including 'Leading in an Inclusive World', 'Allyship versus Advocacy', 'Effective Networks' and 'Conscious Inclusion Training'.

Currently, women comprise 37% of our total workforce (2020: 36%), 20% of the Executive Leadership Team (2020: 17%) and 33% of our Board of Directors (2020: 43%). Being aware of the barriers to entry for many women in the technology sector, we have a number of ways of encouraging more female representation – read more below in 'Attracting and retaining talent'. We recognise that, in order to progress our 'be/yourself' programme and make meaningful changes in terms of equality, we need to collect and monitor other diversity statistics within the business beyond gender. We are therefore currently determining the best way to collect relevant data from our teams. We want to make sure we are sensitive to cultural nuances, personal data and data collection privacy issues, as well as remaining legislatively compliant across our regions.

GBG is reaching out to work with external networks and agencies who can support us with resources, training and benchmarking on diversity and equality metrics. Currently, we work with INvolve People, a specialist, cross-sectional advisory group, which is our partner for education and people management support. Last year, our CEO signed an open letter with Audeliss (sister company to INvolve) committing to taking long-term sustainable action on Black inclusion within the workplace.

We will also be joining as a signatory for the 'Tech Talent Charter' ('TTC'), a non-profit organisation leading a movement to address inequality in the UK tech sector and drive inclusion and diversity in a practical and uniquely measurable way. We focus on inclusivity and accessibility in all of our products and are currently working with 'Women in Identity', a non-profit membership organisation which aims to inspire, elevate and support a more diverse workforce in the digital identity industry, to develop an industry Code of Conduct for inclusivity in digital identity.

GBG publishes an annual Gender Pay Gap Report for the UK, available on our website at www.gbtplc.com/about-us/gender-pay-report. The mean UK gender pay gap in hourly pay for women's earnings was 28.7% in 2020 (2019: 30.9%). We continue to work to meet our commitments and we have seen positive progress in these areas, with sustained and steady year-on-year progress evident.

Attracting and retaining talent

In order to recruit the best people around the world, we believe in accessing the broadest and most diverse range of candidates. We use our 'be@GBG' message, aimed at clearly expressing why GBG is a great place to work, to encourage future talent to work with us and to motivate and energise existing team members to do their very best. Our approach involves fair and transparent recruitment practices, with a focus on gender neutral job descriptions. We use artificial intelligence ('AI') technology to identify and eliminate gender-biased wording and strive to be inclusive in the candidate interview process. All our managers have completed unconscious bias training.

The Group has a flexible working policy and we also encourage working from home where possible. By being as flexible as possible in how we recruit, we are able to attract a broader range of candidates. We are currently working to confirm details, but moving forward in a post-Covid world, we will continue with working flexibly and adopt a hybrid way of working.

CASE STUDY

GBG's Family Friendly Policy

For our business to thrive, we are aware of the benefits afforded by supporting our team members in their family lives. Therefore, earlier this year, we launched a 'Family Friendly Policy'. This policy provides for enhanced paid maternity leave, up to 10 paid 'keeping in touch' days for team members on maternity leave and offers added flexibility for both genders to support their family.

Since the introduction of the policy, we have retained 100% of all team members on their return from family friendly leave, demonstrating the success of the policy.

Group voluntary attrition provides a useful measure of the Company's ability to retain its people. In FY 2021, we saw a turnover of 9.9% (2020: 9.2%).

Communications with team members

Our team comprises 1,024 people (2020: 1,050) (the vast majority of whom are in permanent positions) in 14 countries. Given our size and geographic spread, successful internal communications are vital for the cohesion of our workforce – particularly with remote working as a result of Covid-19. Via our 'be/connected' platform, we look to ensure all team members feel connected with each other and can communicate and collaborate effectively. Our global intranet is an indispensable tool for sharing information, managing knowledge and disseminating news, improving our internal communications globally and creating greater connectivity. We also use tools such as Office 365 to facilitate online collaboration and work effectively together throughout the business. Demonstrating its significance to our people, 'be/connected' is visited by 87.5% of the business monthly.

We communicate regularly with team members via:

- Bi-weekly CEO webinars
- Roundtable sessions
- Q&A panels
- Regular video calls between managers and their teams
- Monthly manager and bi-weekly all team member newsletters
- Annual events

Engagement and satisfaction

We strongly believe that all our team members should have a voice within the Group and feel that they are truly valued. Our twice-yearly employee engagement survey enables them to provide feedback and allows us to respond to any issues which might impact engagement and/or employee satisfaction before any problems emerge. This continues to be a highly successful programme and we saw that 91% of the global team would recommend GBG as a great place to work in our March 2021 survey (2020: 91%). This year 94% of the team participated in the engagement survey (2020: 92%).

Environmental, Social and Governance Statement continued

Our focus on employee engagement is defined against the best practice principles set by global consultancy, Gallup, who we partner with in this respect. Demonstrating its significance to the Group, successful employee engagement is used as a metric to reward senior management and Executive Directors within the business (see further detail in the Remuneration Report on page 78).

Given the requirement for team members to work from home during Covid-19, we initiated an equipment allowance to enable people to work effectively. We made reasonable adjustments to those team members who were managing multiple priorities, including caring and/or parental responsibilities, whilst ensuring business needs were met. These included carer's furlough schemes paid for by the Company, as well as adjustments in working hours and days. We have prioritised an empathetic approach towards every individual's circumstance throughout the global pandemic.

As we look ahead, all our office locations are prepared to re-open when local government guidelines allow.

Training and development

Training and development are vital tools that help us:

- Successfully run our business
- Deliver value to and inspire our team members
- Advance our strategy
- Maintain a great place to work

We prioritise learning experiences to maintain compliance, succeed in building core skills that increase our team members' employability and provide access to recognised qualifications, professional development opportunities and certifications. In FY 2021, 42 team members were pursuing external professional development opportunities, including technical certifications (ITIL, AWS and Microsoft) project management, accountancy and company secretarial.

Our internal training platform 'be/developed' ensures that everyone has access to a large variety of learning opportunities relevant to their role, ranging from soft and digital skills development, to management leadership and information and security compliance. In FY 2021, team members dedicated 17,679 hours to learning and development through 'be/developed' (2020: 19,873 hours).

At GBG, we are focusing on broadening our learning offering. We update training content on a quarterly basis to keep pace with new and emerging areas to support the ongoing professional development of our team members.

We build our reputation on excellence in technology. We have implemented a career progression framework in our technology areas which offers levelled descriptions of the professional skills and competencies required and provides a clear pathway for career progression. In 2021, we launched 'progression@GBG' in Technology, with the goal of expanding the initiative more widely throughout the business in due course. 'progression@GBG' aims to support personal development, linked to our career development pathways and personal development planning.

As part of our work to bridge the skills gap, we employ five apprentices across our IT services management team and our facilities team. In FY 2021, 100% of our apprentices completed their apprenticeships as planned.

In FY 2021, GBG committed £320,000 to the training and development of our people (2020: £201,345) mainly focusing on developing technical and sales skills, as well as funding specific courses in line with individual personal development plans. We plan to increase our investment in training in Technology for FY 2022, when compared to FY 2021.

Recognition and incentives

'be/rewarded' is our philosophy of fairly rewarding our team members for the contribution they make. We operate an annual Save-As-You-Earn ('SAYE') Share Option Scheme (the 'Scheme'), which affords all team members at GBG (except for China where there are challenges in respect of personal share ownership) the opportunity to share in the Group's performance. Currently, we have 54% of team members investing across the various schemes.

We have continued to recognise success through our Group Vision, Objectives and Strategies ('VOS') awards. We also acknowledge and reward our team members who have demonstrated consistent exceptional performance through our Annual Incentive Scheme.

Health and safety and wellbeing

Our first priority is to keep our people safe. We are committed to effectively managing health and safety and to protecting our team members' wellbeing. Our Health and Safety Policy details key standards, systems and procedures and we train all team members, especially those with specific duties and responsibilities (such as fire wardens and first aiders). We share best practice and guidance updates around health and safety issues with team members on a regular basis. We report all accidents and near misses, even if they do not lead to employee absences and we identify and take the necessary steps to prevent them from happening again. 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 guide us on all health and safety matters.

Ensuring that our team is safe and secure has remained paramount throughout the Covid-19 pandemic. To that end, we have been working with a health and wellbeing consultant to build resilience and improve mental fitness amongst team members. We have used virtual webinars, intranet resources and by introducing our 'Global Employee Assistance Programme', which ensures that all team members have 24/7 confidential support. We have also communicated health and safety guidance on our intranet to ensure that we reach all team members at a time when they are working from home.

Society

We are committed to contributing to the communities in which we work and society as a whole. We aspire to do so through the innovative and unique products and solutions we offer and through community outreach, investment and volunteering.

CASE STUDY

Societal benefits of our products and solutions

As the trusted strategic partner for over 19,000 businesses globally, we believe that the most material way we can positively influence society is through our products and solutions. We tackle some of the most prevalent issues related to fraud, identity and digital environment protection facing today's global society. Through this work, we contribute by protecting businesses and their consumers. We help our customers to mitigate ethical risk within their own business and keep principled practices at the heart of their business models.

Many of our products and solutions have inherent societal benefits such as facilitating customer verification, ensuring that age-restricted products and services are not offered to children as well as providing data tools to police forces to assist in crime prevention and detection.

Through our identity verification tools, we expand inclusion by helping the excluded find their place in society.

GBG ID3global solutions enable our customers to tackle the growing problems of identity fraud and money laundering. By supporting fintechs and financial services businesses with customer onboarding and verification as well as ensuring safety and security, we are contributing to responsible and sustainable digital acceleration around the globe. During the pandemic, GBG/IDology's platform, ExpectID played an important role in both removing friction and managing risk in distributing funds to the right people and within tight timeframes.

Environmental, Social and Governance Statement continued

Community support

We take a global, strategic approach to community support. Our goal is to contribute consistently and meaningfully. We continually consider ways of maximising the positive societal contributions we make as a business. Every year, we select a different issue to focus on; for FY 2021, we chose Covid-19.

Employee contribution is a fundamental element of our community support strategy. We believe that by encouraging volunteering and involvement, we promote collaboration and cooperation between team members, afford personal enrichment and provide our team members with the opportunity to think differently and use a wide variety of skills.

Our APAC team organised online events and raised funds for a range of charities, supporting everything from the supply of personal protective equipment ('PPE') to educational resources to the prevention of domestic abuse. In the UK and US, our teams replaced the annual outdoor hiking/cycling event with an individual challenge. They collectively achieved a total of 2,843 miles in the UK and 6,009 miles in the US by walking, running, cycling or swimming over a 12-hour period, raising funds for various charities.

In addition to our annual charitable cause, we are also committed to longer-term schemes. One of our key areas of focus is science, technology, engineering and mathematics ('STEM') education, as we believe this to be fundamental to bridging the skills gaps for future generations. In Technology, we have encouraged team members to become STEM ambassadors through a national initiative in the UK. We support their applications and allow time to participate. Whilst the pandemic has impacted to some degree their ability to participate and volunteer, we consider this an important programme to encourage STEM education.

In FY 2021, 222 team members committed a total of circa 11,100 hours and raised approximately £21,459 for community support programmes. In addition to this, GBG spent £15,186 on community investment.

Environment



We recognise our duty to use resources responsibly and to minimise any environmental impacts of our business activities. Climate change is one of the biggest challenges facing our society and we are aware of the increasing responsibility of business to tackle some of the world's most urgent environmental issues.

Given the nature of our operations, as an office-based operator using leased facilities, our environmental impact is relatively low compared with other sectors. Nonetheless, we are committed to reducing energy consumption and waste production within our office environments wherever possible and we have a number of strategies in place to achieve this.

This year, in the UK, we have increased the accuracy of our emissions data through compliance with the Streamlined Energy and Carbon Reporting (SECR) regulations. We are publishing energy usage and emissions data for our business activities in the UK (involving the combustion of gas, fuels and the purchase of electricity) and we intend this year to form the base year to enable us to set realistic targets for future comparison. This information can be found in the Director's Report on page 97. As reported last year we calculated direct emissions, from combustion of fuel (diesel and petrol) and operations of facilities, was 494 tonnes of CO₂ (2,006,498 KWH). Alongside our mandatory reporting requirements we have built a CO₂ dashboard, for use globally and we are making good progress in being able to measure our carbon footprint. This will help us investigate ways of reducing and offsetting our emissions at all our locations. This dashboard includes emissions from Cloud providers as well.

We operate a 'Cloud-first policy' aimed at improving the energy efficiency of our activities. Each of the main Cloud providers has their own carbon-neutral agendas, thereby contributing to our own environmental impact. Additional energy efficiency actions taken include the installation of light sensors and air conditioning and heating timers in our offices. We employ electrical sensors to minimise water usage in our offices, though we already have a relatively low consumption on account of our business.

As a result of Covid-19, we heavily reduced business travel during FY 2021, which has had a positive effect on our environmental impact. This period has shown us how much travel can be replaced by video conferencing and online engagement, so we will aim to maintain lower levels of physical travel going forward. We are investing in technology that promotes more hybrid working and encourages virtual meetings.

We operate a 'reduce, reuse and recycle' policy across all our offices, which includes technology and office consumables. Wherever possible, equipment is donated to local causes and charities. Our recommendation to all team members is to move to paperless wherever possible and we believe we are moving towards this goal.

GBG complies with all relevant environmental regulations.

CASE STUDY

Environmental benefits of our products and solutions

We facilitate certain environmental benefits for our customers as a result of our products and solutions. We believe this represents our most material capability of positively impacting on the environment on a global scale.

Our Loqate technology, which provides accurate consumer addresses for e-commerce customers, offers benefits, one of which is the reduction in carbon emissions as a result of enhanced successful deliveries. With a 50% reduction in failed deliveries, we are able to help deliver material reductions in carbon emissions for our customers, as they use our technology to optimise first time delivery & reduce 'drive-time' by defining the most efficient routes. At the same time, GBG's solutions help improve address accuracy, preventing lost and undelivered mail which could end up in landfill.

Directors And Officers

David Rasche

Chairman (Aged 71)

Appointed to the Board in September 2010.

N (Chair)

David has close to 50 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 Officer (Aged 52)

Appointed to the Board in April 2017.

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 59)

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 Eazafone (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.

David Ward

Chief Financial Officer (Aged 45)

David Ward joined GBG on 17 May 2021 and will replace Dave Wilson when he retires at the end of June. It is anticipated that David will be appointed to the Board on 1 July 2021 and will, being eligible, stand for election at the AGM taking place that same month (in accordance with GBG's Articles of Association). David's biography has therefore been included in this year's Annual Report and Accounts for the benefit of shareholders who will be asked to vote on his appointment.

Prior to joining GBG, David held the position of Finance Director and Company Secretary at Aveva Group plc where he led the Finance function and Legal and Commercial Operations Teams. He was heavily involved in the M&A and integration that lifted Aveva to the FTSE 100. David trained as a Chartered Accountant with Ernst & Young where he spent 14 years. He holds a bachelor's degree in Economics and Accounting and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Committee membership key:

A Audit & Risk R Remuneration N Nomination

Directors And Officers continued

Nick Brown

Group Managing Director (Aged 60)

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. Nick is also an independent Non-Executive Director of Proactis Holdings plc where he is also Chair of its Remuneration Committee, the Senior Independent Director and member of its Audit Committee.

Liz Catchpole

Non-Executive Director (Aged 56)

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 and Independent Non-Executive Chair of the architectural and design practice TP Bennett. 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, British Gas, 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 43)

Appointed to the Board in November 2019.

R (Chair) A

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.

Annabelle Burton

Company Secretary (Aged 40)

(Secretary to all Committees)

Annabelle has over 17 years' experience in governance, compliance and company law. Annabelle originally joined GBG's Governance Team in 2007 and was Deputy Company Secretary until 2019, managing the Governance Team and supporting the Company Secretary. In 2019 Annabelle left GBG to become Group Company Secretary at Phoenix UK, a pharmaceutical wholesale company, returning to GBG in 2021 as Company Secretary. Annabelle has a passion for governance and a pragmatic approach to how the Governance Team supports the wider business, she is a Fellow of the Chartered Governance Institute (FCG) and holds a law degree (LLB) from the University of Newcastle upon Tyne.

Committee membership key:

A Audit & Risk R Remuneration N Nomination

Letter From The Chairman

Dear Shareholder

GBG has adopted the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') as the basis of our governance framework. In this statement, we will report how we have complied in all respects with the QCA Code.

As Chairman it is my responsibility, working with my fellow Board members, to ensure we follow the highest practicable standards of corporate governance and manage the Board in the best interests of our many stakeholders. It is also my responsibility to communicate regularly with shareholders and ensure that the Board are made aware of any shareholder concerns in a timely manner.

As a Board we place great importance on corporate governance and believe that in doing so, we are able to build a successful and sustainable business, which reflects the long-term interests of all our stakeholders. Our commitment to corporate governance and promoting a culture of honesty, transparency and respect has enabled us to build a healthy corporate culture throughout the Group. We are committed to responsible and ethical practices when we make business decisions, whether at Board level or in day-to-day operations. This is particularly important to us as an acquisitive business. As we acquire more global companies, we recognise that we need to maintain and monitor our culture. Our focus on governance, throughout the Group, has resulted in GBG achieving an MSCI ESG rating of AA.

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, 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 identify any issues that need addressing. You can find more information on our culture and Group policies in our Environmental, Social and Governance ("ESG") Statement on pages 42 to 57.

Changes to the Board & Committees

There have been a number of changes to the Board during the year. Charmaine Carmichael stepped down from her role as Non-Executive Director in August 2020 as she took up a new full-time executive role, which required her to relinquish her external non-executive board commitments. As a result of this, we have started the process of searching for a replacement Non-Executive Director.

In addition to this, Dave Wilson, CFO and COO, will be stepping down from the Board and retiring as CFO and COO. I am pleased to say that David Ward will be appointed to the Board as our new CFO, replacing Dave. David Ward joined us in May 2021, with Dave Wilson leaving at the end of June 2021, providing sufficient time to complete an orderly handover.

I would like to thank both Charmaine and Dave for their significant contribution to the growth and success of the Group during their time on the Board.

I have stepped down from the Audit & Remuneration Committees in response to feedback from governance proxy, agencies and institutional shareholders and taking into account their guidelines relating to long-serving directors also serving on Board committees. As soon as the Board has appointed a new Non-Executive Director they will be appointed to the appropriate committees.

Changes to the Executive Team

There have also been a number of changes to the Executive Team during the year. We appointed three new Executive team members, Lara Clark as Chief Regulation Officer, Dev Dhiman as APAC Regional Managing Director and Boris Huard as Managing Director of Identity and Fraud. Further information on their appointments can be found in the Nomination Committee Report on pages 92 to 93.

In addition, Annabelle Burton was appointed as Group Company Secretary from 1 April 2021, replacing John Constantin who retires but will remain with the Group until the end of June 2021. I would like to thank John for the support he has provided to the Board during his 27-year tenure.

Year in summary

This last year the Board and wider GBG team focus has inevitably shifted towards addressing the effects of the Covid-19 pandemic. As a result, the Board's activities and meetings have increased in frequency to address the ever-changing situation. The following page contains a summary of the matters the Board has dealt with during the year.

Although it has been an exceptionally challenging year and the year ahead appears uncertain, the Board continues to take decisions that create long-term sustainable value for our stakeholders, whilst supporting the wider GBG team in delivering the Groups' strategy.

Annual General Meeting (AGM)

As a result of measures imposed by the UK Government in response to the Covid-19 pandemic, we conducted last year's AGM as a closed meeting. We asked shareholders to submit their votes in advance by proxy and to not attend in person.

At the time of writing, we are facing similar challenges. We understand, however, that the AGM is an important event that gives shareholders the opportunity to engage with our Board. As such, we have taken the decision to conduct a 'hybrid' AGM this year.

At the time of writing, shareholders still have the right to physically attend and vote at the AGM. However, we have reminded them that, due to the ongoing Covid-19 pandemic, the Board recommends that shareholders attend the AGM virtually instead. This is to protect the health and wellbeing of our shareholders, directors, team members and other key stakeholders.

You can find more information about this in the Notice of AGM.

If shareholders have any questions or concerns regarding the AGM, we encourage you to send an email ahead of the meeting to GBG's Governance Team (Governance@gbgplc.com) who will endeavour to respond promptly.



David Rasche

Chairman

14 June 2021

Corporate Governance Statement

Summary of Board Activity	Further information
Governance	
Reviewed developments to Corporate Governance reporting and made necessary changes	Corporate Governance Statement
Took part in annual internal evaluation of the Board, Directors & Committees	Corporate Governance Statement
Approved our 2020 Modern Slavery statement	
Received an update on AIM obligations & market from NOMAD	
Review of the Board, Executive Team and Committees' Terms of Reference	
The Non-Executive Directors held an investor roadshow in March 2021, to address governance points of importance to investors	Corporate Governance Statement
People	
Continued discussions on succession planning and initiated successful planning for replacement CFO and Company Secretary	Nomination Committee Report
Considered Board & Group diversity and approved the appointment of Lara Clark (Chief Regulation Officer), Annabelle Burton (Company Secretary), Dev Dhiman (APAC Regional Managing Director) and Boris Huard (Managing Director of Identity and Fraud)	Nomination Committee Report
Discussed and approved developments to the Share Save Scheme to offer more inclusivity and encourage more take-up from team members	ESG Statement
Discussed the results of our annual employee engagement survey and put in place action plans to deal with any issues we identified	ESG Statement
Discussed the findings of our 2021 Gender Pay Gap Report	ESG Statement
Strategy	
Held our annual strategy meeting to discuss our ongoing vision, the direction of our business and our strategic priorities	
Received and reviewed regular 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	Principal Risks and Uncertainties Report
Financial	
Reviewed and approved the FY21/22 Budget	
Considered the impact of 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 2021 Annual Report and Accounts	
Approved LTIP, Share Match and Share Save schemes	Remuneration Report

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

Deliver growth

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

Our vision is to help create a world where everyone can transact online with confidence with our purpose being to build trust in a digital world. 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 set out on pages 11 to 17. 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, team members 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 day-to-day business.

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 on steps to mitigate them and we always look to follow these steps whenever the risks appear. You can find more details on our internal control and risk management process on pages 28 to 40.

We believe that our AIM listing continues to add long-term value to our shareholders. It gives us access to capital markets, flexibility to make acquisitions and the ability to incentivise and reward management through share schemes. It also provides a regulatory environment that is 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. For the past 17 years GBG has consistently paid a final dividend. However, due to uncertainties presented by Covid-19, we made the decision to suspend declaring and paying a final dividend for FY20 until our outlook was more certain. Thanks to prudent steps GBG took at the start of the pandemic to preserve liquidity, combined with strong performance and confidence in the outlook of the Group, the Board reinstated the progressive dividend policy and declared an interim dividend of 3 pence per share in December 2020. The Chairman's Statement on page 8 and in the Directors' Report on page 94 contain further information on this financial year's dividend.

You can also see a total shareholder return graph in the Remuneration Committee Report on page 89.

Seek to understand and meet shareholder needs and expectations

Chris Clark (CEO), Dave Wilson (CFO & COO) and where appropriate, other members of the Board communicate regularly with institutional investors and analysts through our investor roadshows. Here, they give updates on any changes to our business, strategy, marketplace and acquisition pipeline. Understanding what analysts and investors think about GBG and in turn, helping them understand our business, is a key part of driving the business and investment forward. We tailor our communication based on whether we are speaking with new or longstanding investors.

The AGM is the main forum for dialogue between private investors and the Board. The chairs of the Board and its Committees, along with all other Directors, attend the AGM and are available to answer shareholder's questions formally during the meeting, or, informally afterwards. The AGM is also a chance to demonstrate our products and services and explain how they work and how our customers use them. This year's AGM and all future AGM's will be held as hybrid meetings to allow shareholders the option to attend in person, or join via electronic means.

During the year, myself, Liz Catchpole and Natalie Gammon, conducted a 'Non-Executive Director Investor Roadshow'. The Roadshow gave our major investors the chance to virtually meet with us and raise any questions or concerns they wanted us to address. We felt that this was particularly important this year due to the uncertainties presented by the Covid-19 pandemic. I am pleased to say that the event was a success and we discussed in depth many important topics, including: Environmental, Social and Governance ('ESG') matters and what additional disclosures shareholders would like GBG to make. We also discussed ensuring an orderly succession of the departing CFO and general governance matters, such as remuneration. Shareholders indicated their approval of our Remuneration Committee's work and the remuneration framework adopted. These conversations allow us to gain greater insight into what our investors expect of us and what improvements we may need to make throughout the Group.

Corporate Governance Statement continued

Whenever any of the Board meets with investors, they always give feedback to the other Board members either verbally on an as and when basis, or through the monthly investor update provided to the Board.

As always, Liz Catchpole (Senior Independent Director) and I are available to speak with shareholders to discuss governance and anything else that is important to them. You can send a meeting request to: investor.relations@gbgplc.com to arrange this.

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

Engaging with our stakeholders strengthens our relationships and helps us make better business decisions that deliver on our commitments. We take our wider stakeholder and social responsibilities seriously. That means maintaining effective working relationships with stakeholders including team members, partners, customers, suppliers and regulatory authorities. There is more detail on how we do this in our ESG Statement on page 42, Directors' Report on page 94 and through our Section 172 Statement on page 99.

In our operations and working methods, we balance the needs of all of these stakeholder groups while still ensuring our success. We promote a culture of honesty, integrity, trust and respect. We expect all members of our team to operate in an ethical way, whether they are dealing with people inside or outside the business.

Our customers and suppliers are mainly long-term partners, so an important part of our culture is to establish and maintain relationships of trust. Our priority is to create a positive customer experience across our whole business, including our product experience, customer success management, professional services and helpdesk.

As part of our commitment to continually improve the GBG Customer Experience, we listen to customers across all business areas. Each year we welcome direct feedback from all our customers and in the last 12 months we have received over 2,000 pieces of feedback. As part of our Voice of the Customer programme, we use this feedback to drive material improvements that are evidenced in key metrics over time. We continue to use the feedback we receive to inform our strategy, product roadmap and customer interactions across all parts of the customer journey.

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

Risk management and controls

The Board and Group approach to risk is set out in the Principal Risks & Uncertainties Report on pages 28 to 40 and the Audit & Risk Committee report on pages 72 to 77.

The Board has overall responsibility for our approach to assessing risk, systems of internal control and our risk appetite, with the Audit and Risk Committee taking responsibility for monitoring and reviewing how effective these systems are. These systems are designed to manage risks rather than eliminate them. They provide only reasonable and not absolute assurance against material misstatement or loss and flag 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.

Budgets

As reported last year, the events of Covid-19 and the uncertainties this placed on agreeing to any meaningful and accurate budget meant that the formal annual budget was replaced with regular updates from the Executive Directors on the Group's financial performance. These updates included but were not limited to, revenue, growth and cash and helped us monitor progress, trends and assessment of the Group banking covenants.

For the FY22 financial year, we have reverted to the normal process of approving an annual budget which has been reviewed, challenged and approved by the Board. The Executive Directors will provide regular updates on performance against this Budget and any updates to the forecast results due to Covid-19 or other factors.

The Board has conducted 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 carry out an extensive renewal programme which allows us to review the sums we insure and what type of cover we have across the Group and assess whether current cover is still suitable for a company of our size operating in our current industry.

Maintain a dynamic management framework

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

As at 31 March 2021, the Board was made up of the Non-Executive Chair David Rasche, three Executive Directors, Chris Clark, Dave Wilson and Nick Brown plus two Non-Executive Directors, Liz Catchpole and Natalie Gammon.

David Rasche, Chairman of the Board stood down from being a member of the Audit & Remuneration Committees effective 31 March 2020. This action was as in response to feedback from governance proxy agencies and institutional shareholders, taking into account their guidelines for long-serving directors who also serve on Board committees.

In compliance with the QCA Code, independence is to be determined by the Board. In the Board's opinion, Liz and Natalie are independent in both character and judgement. The Board have considered David Rasche's length of service and remain 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 58 to 61. In the Chair's opinion and as confirmed in the annual Board evaluation, each member of the Board dedicates the appropriate amount of time to fulfil their responsibilities.

In accordance with our Articles of Association all Directors' retire by rotation and are subject to election by shareholders at least once every three years. In line with best practice, Non-Executive Directors who have served on the Board for 9 years or more, will be subject to annual re-election. Currently this only applies to David Rasche. To see which Directors have been put forward for re-election at the 2021 AGM, please go to the Directors' Report on pages 94 to 98 and the Notice of AGM. The service agreements for each of the Directors are available from our registered office in Chester.

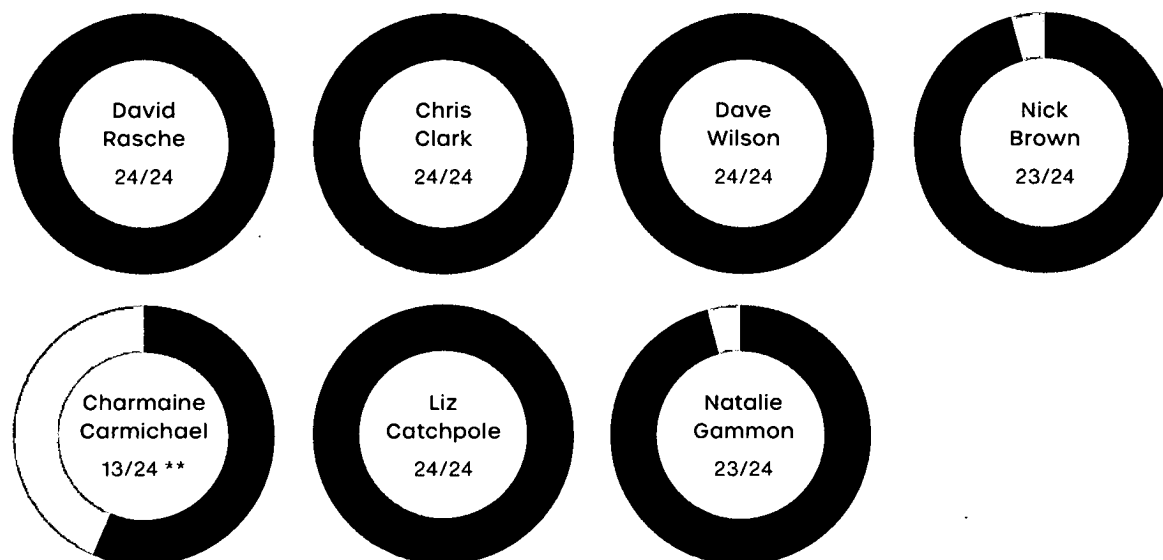
The Board has a formal schedule of matters reserved for it to decide on, which is available on our website.

The Non-Executive Directors have also met during the year without the Executive Directors and Chair being present.

In the year to 31 March 2021, the Board met virtually on twenty-four occasions. A summary of their attendance is as below.

Corporate Governance Statement continued

Board Meeting Attendance



** Charmaine resigned from the Board effective 30 August 2020 and her attendance is calculated against the number of meetings she was eligible to attend prior to her resignation.

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

The Directors' biographies can be found on pages 58 to 61, these outline their experience and skills, along with their Committee memberships. The Board and Nomination Committee are satisfied that the Board composition currently has the right balance of experience, skills, independence and expertise to deliver the strategy of the company. In terms of gender balance, the Board are satisfied that positive steps have been taken in recent years to address this, with the Board (following the departure of Charmaine Carmichael) including two female members and four male members. Gender balance and diversity of thought and remains an important factor in any Board appointments.

Throughout the year, Board members receive regular business updates and have full access to the Company Secretary and external advisors. Each member of the Board is accountable for maintaining their skills and furthering their knowledge and experience, which includes (but is not limited to) roles and experience with other boards and organisations as well as formal training.

Liz Catchpole holds the Senior Independent Director role (the 'SID') to give shareholders another channel of communication and to act as an intermediary for the other Directors where needed. All Directors are able to seek 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 Chair also regularly meets with the Chief Executive and other Directors to discuss progress and Board performance. In addition to this, the Board as a whole maintain ongoing communications throughout the year, between formal meetings.

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 suggest improvements on a number of areas such as Board structure, functionality, objectives, meetings (including the quality of information presented at such meetings) administration and the committees. The responses to the questionnaire are collated by the Company Secretary and then passed on to the Chair in a detailed report to discuss and take forward any resulting action plans.

This year, the annual evaluation showed that the main areas of focus were continuing to work towards effective management succession and improving Board composition and balance, all of which, were highlighted in the last external evaluation. We have taken and continue to take steps to improve our review of succession planning from operational and strategic standpoints. We continue to keep the Board composition in mind when recruiting for further Board appointments, as we intend to do this year. We plan on carrying out another external evaluation towards the end of the next financial year and will report on the outcome of this in next year's Annual Report.

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. During the process, the Chair or Chief Executive Officer takes up any performance issues with the individual Director and the Chair assesses whether they need any training and development.

The Chair 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

The Nomination Committee is responsible for recommending appointments taking into account 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. They also meet with senior managers of the Group for detailed information and presentations on Group strategy, products and services.

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

Overall employee experience is really important at GBG, from traditional HR and talent management practices to business ethics, the environment, internal communications and our office spaces. Our culture is about honesty, integrity, trust and respect. We expect all members of our team to operate in an ethical way, whether they are dealing with people inside or outside the business. GBG does not tolerate behaviour that goes against this, or that could damage our reputation.

Our vision is to have 'the best and most engaged people' because we understand the link between highly engaged people and results. We have clear strategies for how to achieve this objective and each year our Annual Report aims to demonstrate what we are doing to make it happen. We run an engagement survey twice a year (the Q12 survey) to give all team members a voice and allow us to identify and respond to any issues that might affect engagement. On the back of the Q12 results, all senior managers and Executive Team members must champion action plans in each of their areas for any improvements that need to happen. More information on the results of this year's Q12 surveys can be found on in our ESG Statement on page 53.

The Board and Executive Team communicates with team members regularly to keep them informed about how the business is performing through our global intranet platform called 'be/connected'. This platform also lets team members share news stories and access learning resources and general information about GBG.

Chris Clark, CEO, also hosts fortnightly virtual live business updates across the Group, ensuring that all team members are kept up to date with how the business is performing and any key changes they need to know about. Team members also have the opportunity to ask the CEO any questions they may have. Throughout the first half of the year and in response to the Covid-19 pandemic, the CEO held weekly business updates to keep team members as informed as

Corporate Governance Statement continued

possible during uncertain times and also to address any key concerns. We believe this approach promotes transparency throughout the Group.

More information on our culture can be found in our ESG Statement on pages 42 to 57.

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

Our Board believes that good corporate governance is essential for building a successful and sustainable business in the long-term interests of all our stakeholders.

- The Executive Directors have day-to-day responsibility for the operational management of our activities
- The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions
- The Board sets the direction for the Group through a formal schedule of matters reserved for it to decide on

There is a clear separation of the roles of Chief Executive Officer and Non-Executive Chair:

- The Chair is responsible for overseeing the running of the Board, making sure that no individual or group dominates the Board's decision-making and seeing that Non-Executive Directors are properly briefed. The Chair is responsible for corporate governance overall and chairs the Nomination Committee
- The Chief Executive Officer is responsible for implementing the strategy of the Board and managing day-to-day business activities
- The Company Secretary is responsible for making sure the Board follows its procedures and sticks to rules and regulations

A calendar of Board meetings and key matters for discussion are agreed at the beginning of each year. As a result of the Covid-19 pandemic, throughout the financial year, the Board met on a weekly basis up until August, on a fortnightly basis from August to October and then held monthly meetings thereafter. This was the caveat that should any urgent business arise, the Board would once again hold weekly meetings (this is reflected in the attendance table on page 68).

Board papers are usually circulated securely via our Board Intelligence portal five days before each meeting. This allows for sufficient reading time and any necessary clarifications ahead of the meeting. However in response to the weekly meeting calendar adopted at the start of the year, verbal updates were given at each meeting to ease the administrative burden of producing formal papers. The Board found that this approach was just as useful as producing the usual papers, as it allowed members to have focussed discussions. Prior to the Covid-19 pandemic the Board would usually meet in person at the Chester or London offices. The Board has met virtually since March 2020 and this continues to work well. We do though intend to resume some face to face meetings after the Summer and will then continue with a combination of virtual and in person meetings.

The Board has established Audit & Risk, Remuneration and Nomination Committees with formally delegated duties and responsibilities. The Terms of Reference for each can be found on our website and a summary of their work for the year ended 31 March 2021, found in each individual report.

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

It is the Chair's responsibility to:

- Communicate with shareholders and make sure that the Board is made aware of any concerns in a timely manner
- Make sure members of the Board, particularly the Non-Executive Directors, understand major shareholders' views
- 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 do this through regular announcement and update statements to the London Stock Exchange and through our website, particularly the investors section where you can register for emails about our future announcements.

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

You can read our historical financial reports and AGM Notices 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, in situations where more than 20 percent of shareholders voted against a resolution.

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 2021.

Accounts that are fair, balanced and understandable

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly prepared, reviewed and reported. Our role includes ensuring the integrity of the financial statements including examining documentation relating to the Annual Report, Interim Report, preliminary announcements and other related reports. We are responsible for reviewing internal control systems, risk management systems and the accounting principles, policies and practices adopted for preparing public financial information. We are satisfied that this 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.

Key Responsibilities

The Committee reviews its terms of reference annually and these are available on the Group's website www.gbgrp.com/investors.

The role of the Committee is to provide oversight in the following areas:

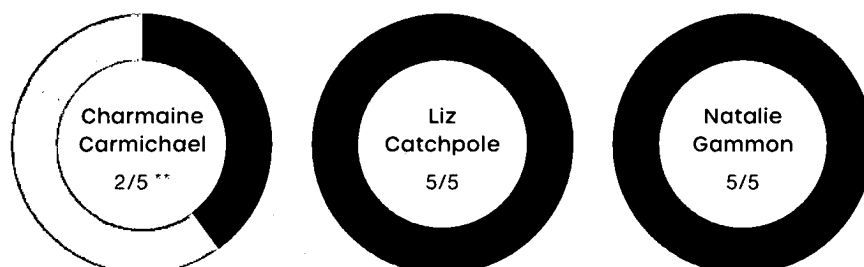
- Financial reporting, including reviewing the financial statements and other formal announcements and challenging and reviewing the significant judgements contained in these documents
- Risk management and related controls and compliance
- Monitoring the relationship with the external auditor and reviewing the effectiveness, scope, objectivity and independence of auditor
- Approving the external auditor's remuneration and terms of engagement, including making recommendations regarding its re-appointment
- Internal audit, including agreeing the plan, findings and implementation of these findings
- Ensuring whistleblowing processes are robust
- Reporting to the Board on how the Committee has discharged its responsibilities throughout the year

The Audit Committee

The Board is confident that the Committee has sufficient recent financial experience, relevant to the sector in which the Group operates. I am a Chartered Certified Accountant with an MBA and also chair the audit committees of other boards. Natalie Gammon also serves on the audit committee of other companies. We seek professional advice at the Company's expense, if needed, although no such advice has been sought during the year.

Committee Membership and Attendance

The Audit & Risk Committee held 5 meetings during the year. The attendance details are set out below:



Note: Two of the meetings held this year were scheduled meetings timed to coincide with key dates in the Group's financial reporting and audit cycle. At the end of each of these meetings, the Committee met separately with the external auditors, without the Executive Directors or management being present.

By invitation, this year's meetings were attended by the Executive Directors, Company Secretary, external auditors, internal auditors and management. David Rasche stepped down from Audit committee membership effective 31 March 2020. David was invited to attend the meetings in his capacity as Chair of the Board and not as a committee member.

** Charmaine Carmichael resigned from GBG on 30 August 2020 and her attendance is based on the number of meetings she was required to attend during this time.

Key Activities Report during the year

Financial Reporting

The Committee has reviewed and discussed with Executive Management and the external auditor, the audited consolidated financial statements in the FY21 Annual Report. The Committee also reviewed the half year results.

Our rigorous challenges and discussions focussed on:

- The quality, not just the acceptability, of the accounting principles
- The reasonableness of significant judgments and estimates
- 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

Significant issues

The Committee, external auditors, internal auditors and management considered the following issues are significant in relation to the financial statements.

Audit & Risk Committee Report continued

Matter Considered	Conclusion
Revenue recognition	The Committee assessed Management's analysis of contracts under IFRS15 and after challenge, concluded that revenue has been properly recorded in the period in accordance with accounting standards
Accounting for business combinations	This is an area requiring accounting judgement particularly around discount rates, tax rates, growth rates and attrition rates. In the current year this also specifically concerned the valuation of the technology intangible asset acquired as part of the HooYu acquisition. The Committee reviewed and challenged these assumptions and looked at external evidence and the Committee's own market knowledge. The Committee was satisfied this area has been appropriately disclosed.
Going Concern	The Committee reviewed Management's papers, scenario modelling and disclosures regarding going concern. The Committee was satisfied that it was appropriate to produce the accounts on a going concern basis.
Disclosure of disposed businesses	The Committee considered whether the financial results of the Marketing Services and Employ and Comply businesses which were disposed of during the year, should be presented as discontinued operations in accordance with IFRS 5. The Committee agreed with Management's assessment that neither business 'represents a separate major line of business or geographical area of operations' and therefore did not meet the criteria for this classification.
Impairment of goodwill and intangible assets	The Committee reviewed Management's papers and after challenge, concluded that it agreed with the impairment in the Group accounts of goodwill in the e-Ware Interactive cash generating unit and impairment in the Company accounts of goodwill related to the disposal of Employ and Comply. The Committee concluded that the goodwill and intangible assets in the other cash-generating units were supportable based on future cashflows, which were approved as part of the Budget process.

External audit

In the 2019 Annual Report and Accounts I reported that we had carried out a rigorous audit tender process in accordance with FRC best practice guidelines and EY were reappointed as auditors, but with a new senior audit partner, Jenn Hazlehurst, now leading our audit. During the year 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). The current audit partner was reappointed for the audit of the year ending 31 March 2021. I have been in regular contact with them during the year to discuss, amongst other things, progress of this year's audit, succession planning regarding our CFO and specific actions required in response to the Covid-19 pandemic. In addition, the Chairman met with EY UK Chair and UK and Ireland Managing Partner to discuss proposed changes to EY fee structure.

Non-audit services

The only non-audit services provided by EY in the year were the review of the Group's half-year results and agreed upon procedures regarding covenant compliance in accordance with the Group's banking facilities. EY did not perform any other non-audit services during the year. We do not expect EY to perform any non-audit services (except for the review of the half-year results and covenant compliance procedures in the coming year). EY were selected for these tasks as they would normally be undertaken by the external auditor as detailed in note 6 to the financial statements.

Auditor independence

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

The Committee has and will continue to assess the independence, tenure and quality of the external auditor at least once a year, 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 for 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.

Internal audit

BDO LLP was appointed as the Group's internal auditors last year. Their role is providing the Committee and Management with assurance on the adequacy of the Group's internal control arrangements, including risk management and governance.

In their first year of working with us, BDO reviewed the Group's Risk Management Framework. Their approach to this was to conduct interviews with relevant team members across the Group to understand the design of controls that were currently in place. They also requested any relevant documentation to review the effectiveness and application of controls in the areas of scope. The review then focussed on how risks are identified, captured and assessed on an ongoing basis to critically challenge the control processes identified. They also considered the mechanisms in place to escalate risks across the Group's global entities.

The review identified a number of areas of good practice that the Group had already implemented before engaging with the internal auditor. However, it also identified areas where the Group can look to improve, to make sure our Risk Management Framework remains aligned and can scale with the Group's size and future ambitions.

Since this review, Lara Clark, Chief Regulation Officer has worked alongside Executive Management and BDO to establish a roadmap plan of action to address each of the reviews findings. Despite the effects of the Covid-19 pandemic, I am pleased to say that we have made positive progress against the roadmap plan of action and we continue to receive regular management reports monitoring progress.

Despite some early challenges posed by Covid-19, the internal audit plan for the year to 31 March 2021 was finalised within the year and it was agreed that the plan would focus mainly on areas of procurement and financial controls. Before this review, management had already invested in systems for technology procurement, due to the level of spend in this area and had started to implement a group-wide supplier management and purchase order system. The internal audit review covered the full procurement lifecycle to assess whether the new system and management's plans for further investment in procurement outside of technology were appropriate.

In respect of financial controls, the findings were that there were no significant improvements required and that the new finance systems (see section below) enhanced the visibility of expenditure across the Group.

Our intention was always to ensure that there were systems in place that could support the operation of group-wide policies and procedures, before a group-wide procurement system was created. Whilst the implementation of this system continues, the findings of the Internal Audit report showed that if implemented as designed, it will achieve this aim. We were pleased that the internal audit report recognised that in many areas the procurement processes the technology team had adopted were considered best practice and so provide a good platform to rollout to other areas of the Group.

In May 2021 GBG recruited a Group Procurement Manager to design, own and communicate group-wide procurement policies to be followed throughout the procurement lifecycle, which can be managed and monitored through the new systems.

Audit & Risk Committee Report continued

The Committee maintained regular contact with BDO throughout the year to discuss progress and the status of our internal audit programme. In addition, the Committee has also met with BDO and the Executive management team to review and challenge the reports produced by BDO and management's responses to BDO findings.

Internal control and risk management

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. However, there is a robust ongoing process for identifying, evaluating and managing the principal and emerging risks the Group faces. Full details of our risk management and internal control systems and processes can be found in our Principal Risks & Uncertainties report on pages 28 to 40.

Board-level reporting on risk management and internal control

This year, we have reviewed reports from the external and internal 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.

Anti-tax evasion policy

The Group adopted and has 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. The policy is reviewed on an annual basis and updated as required.

Global Finance Systems

During the year a suite of cloud-based finance systems was implemented across the Group, covering core financial operations, purchase order management, consolidations and budgeting.

The Audit Committee has provided oversight of this significant project from the outset, approving the project at the outset and then through regular monitoring. A monthly status report on progress versus the intended timetable has been provided by the Director of Finance Operations. Due to the impact of the pandemic and the finance team working remotely the original timetable was updated to delay the implementation in certain countries to ensure that day-to-day operations were not impacted. The Audit Committee supported and approved these decisions.

These systems will provide greater visibility to the Group finance team on subsidiary operations, reduce reliance on manual spreadsheets in order to improve accuracy and efficiency and also improve controls on spending throughout the Group.

Future focus for Audit Committee

After 12 years Dave Wilson, is retiring from the role of CFO. Dave has made a significant contribution to the growth and success of GBG and to the maturity, stability and development of both the global finance team and the Group's internal controls. I would like to thank Dave for his hard work and to say how grateful I am for all the support Dave has given me. The Audit Committee was heavily involved in the thorough and rigorous search process for Dave's successor and as mentioned previously Dave Wilson is being replaced by David Ward, who is a very experienced Finance Director and chartered accountant. I will be working with David to support a smooth handover from Dave and to ensure David has an excellent induction to the business and is well positioned for future success in the role.

The rollout of the global finance systems will continue under David Ward's stewardship. The Audit Committee will continue to monitor progress and ensure that the finance team has the appropriate resources to deliver the project and the committee will provide challenge to ensure that the expected efficiencies are achieved.

The Audit Committee will also be reviewing and considering UK governance changes proposed in the recent BEIS White Paper on Audit Reform.

Ernst & Young LLP ('EY') has audited the Group's accounts since 1993 and as mentioned earlier in this report, were reappointed in 2019 following a rigorous tender process. Although the Board and the Committee have been satisfied with EY's quality of service, independence and objectivity, the Committee is closely monitoring the reforms being proposed in the recent BEIS White Paper on Audit Reform and the impact and timing of these reforms on future external auditor appointment. In accordance with recommendations from BEIS GBG will look to conduct a tender process for external audit with EY being replaced and a new auditor taking over for the audit of the year beginning 1 April 2023.

Annual Committee Evaluation

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 continues to discharge its duties effectively.



Liz Catchpole

Audit & Risk Committee Chair

14 June 2021

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 2021. It sets out the remuneration policy and the remuneration details for the Executive and Non-Executive Directors of GBG. As an AIM-quoted company, we have to disclose this information to fulfil the requirements of AIM Rule 19. In accordance with AIM Rule 26, GBG complies with the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). While GBG is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, we are 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 very pleased to present our Directors' Remuneration Report for the year ended 31 March 2021, my first since taking up the Chair of the Remuneration Committee in August 2020. In keeping with last year's structure, we have separated the Report into three sections: the Annual Statement; the Directors' Remuneration Policy; and the Director's Annual Report on Remuneration, which describes how we have implemented the policy throughout the year and looks ahead to 2021-22. As in previous periods, we have presented the remuneration policy as a table to make it clear and simple, 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 reviewing (and making recommendations to the Board about) share incentive plans and performance related pay schemes and their associated targets, as well as employee benefit structures across the Group. In addition, the Committee also monitors remuneration structures below Board level and considers proposals and remuneration packages when bringing key talent into the Group. As it does these things, the Committee considers the wider economy, the markets in which GBG operates and the Group's overall performance.

The Committee will put an advisory resolution to shareholders at the 2021 Annual General Meeting (AGM) to consider and approve this Report. Shareholders considered a similar resolution at the 2020 AGM and supported it by 98.53% of the votes cast.

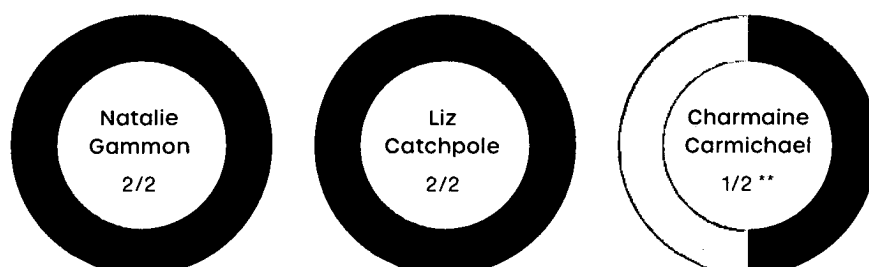
We firmly believe that our remuneration policy effectively rewards and incentivises our Executive Team and Senior Management, as well as ensuring fair pay, wellbeing and engagement across all of our team members. By considering the distribution of incentives across all GBG team members and closely aligning our remuneration to achieve GBG's strategic aims, we believe these incentives result in value creation for our stakeholders for the long term.

Transition Remuneration Committee Chair and Committee Composition

As reported in last year's Annual Report and Accounts, I replaced Charmaine Carmichael as the Chair of the Remuneration Committee at the conclusion of GBG's 2020 AGM on 10 August 2020. Charmaine subsequently resigned from her position at GBG as Non-Executive Director on 30 August 2020. David Rasche, Chairman of the Board, also stood down from being a member of the Committee with effect from 31 March 2020. David's decision to stand down was in response to feedback from governance proxy agencies and institutional shareholders, taking into account their guidelines for long-serving directors also serving on Board committees. The Committee is made up of the two independent Non-Executive Directors and continues to operate effectively, satisfying its quorum requirements.

The Committee at a Glance

The Remuneration Committee held 2 meetings during the year. The attendance details are set out below:



** Charmaine Carmichael resigned from GBG on 30 August 2020 and her attendance is based on the number of meetings Charmaine was required to attend during this time.

The Committee has discharged its responsibilities throughout the year by:

- Considering and approving bonus measure & KPIs*
- Considering and approving Executive salary*
- Approving Executive bonuses earned during the 2019-20 year but deferred as a result of the Covid-19 pandemic and paid during FY20/21
- Approving Executive bonuses earned during the 2020-21 year and awarded this year
- Considering and approving share matching awards for Executive Directors*
- Considering and approving the exercise and sale of Executive Directors' share awards*
- Reviewing and considering the Group's LTIP structure to ensure that it remains appropriate, fair and effective in supporting the Group's growth strategy and is aligned with shareholders' interests*

Note*: The impact of the Covid-19 pandemic was thoroughly considered when agreeing these matters, further information in relation to GBG's position as a result of the pandemic can be found in our Covid-19 statement on pages 6 to 8 of the Annual Report.

Impact of Covid-19 on remuneration decisions

As we have previously reported, the Board took a number of actions during the year to conserve cash and preserve short-term liquidity in light of the Covid-19 pandemic. These include agreeing on a Group-wide pay freeze; deferring payment of Executive Directors' bonuses which resulted in an inevitable delay with awards under the Group's share matching scheme and not declaring a final dividend for FY20. Additionally, the Executive Team, with the support of the Board, looked at Government grants and incentives available to support the business. The Group decided not to place anyone on compulsory furlough and instead we redeployed team members whose roles were diminished as a result of Covid-19 impacts, to other teams with resource needs. We did however offer voluntary 'carer furlough' to those team members who felt that they needed additional personal support. 13 team members elected for this and whilst the duration varied, the total funding we received was £54,000.

However, reflecting the strong first-half performance and confidence in the outlook for the business, the Board made the decision to reimburse all financial support initially taken under the furlough in November 2020 and declared an interim dividend at the date of the half-year results. Consequently, the Board also approved payment of the Executive Directors' bonuses accrued in FY20 and the Executive Directors used their maximum allowances of bonus and salary to make market purchases of GBG's shares in order to participate in GBG's share matching scheme.

After thoroughly reviewing the Executive remuneration packages during the year, the Committee reviewed the annual bonus targets for the year. The targets remain the same as the previous year and the Committee decided to keep the EPS growth targets for the annual bonus as per pre-Covid expectations but adjust those for the share matching option scheme ("Share Matching Plan"). Regarding the Share Matching Plan, EPS CAGR was adjusted because of the scale of

Remuneration Policy

the business, meaning compound growth rates went from 10-17% to 8-15%. The Committee believes setting the targets at this level would make sure they continue to stretch and motivate our executives. The policy table on pages 82 to 83 sets out further details of the performance metrics.

In line with the Group-wide pay freeze, we did not implement any increases in salary, fees or benefits for any director (Executive or Non-Executive) during the year.

During FY22, the Committee will continue to review executive bonus targets and performance metrics closely ahead of FY21/22 to make sure they reflect current circumstances.

New CFO Recruitment

During the financial year, GBG undertook a recruitment exercise to appoint a successor to the CFO. In doing so, the Board sought benchmarking information from our remuneration advisor, as well as other market insights. On this basis, an appropriate competitive package was determined to appoint a high calibre Executive, and following an extensive search supported by Odgers Bernstein, the Remuneration and Nomination Committee approved an offer to David Ward. David joined GBG in May 2021. Upon his appointment David Ward received a base salary of £375,000, a car allowance of £12,000, a 5% pension contribution (mirroring standard UK team member contribution), a bonus of up to 130%, and he will be eligible for share options under GBG's Share Matching Plan. Both bonus and Share Matching Plan are in line with current CFO and Group MD plans. In addition and as previously reported, David Ward received 150,000 incentive Options upon joining, which vest in equal tranches from years one to three. These options are awarded as compensation to match the earnings and incentives forfeited on leaving his former employer.

Performance and Decisions on Remuneration Taken During 2020-21

Company performance

Despite the impact of Covid-19 on the business and operations, GBG has continued to meet the Board's growth expectations throughout the year, with revenue increasing by 9.3% and organic growth of 12.1% on a constant currency basis.

Payment of Deferred Bonus for Executive Directors

As noted above, the Committee initially deferred the payment of the Executive bonuses accrued during 2019/20 then following a strong half-year performance paid the bonuses to the Executive Directors in December 2020.

Annual Bonus

In light of this year's strong performance and targets being met, the CEO, CFO & COO and the Group Managing Director earned annual bonuses for FY21 totalling 143.3%, 123.3% and 123.3% of their respective salaries.

Share option awards

On 18 December 2020, the CEO, CFO & COO and Group Managing Director received share match awards under the Company's share matching scheme following their reinvestment of salary and bonus in purchasing shares in GBG. In response to feedback from shareholders, vesting of awards made from FY20 onwards are now subject to an additional Total Shareholder Return (TSR) performance measure. As a result, vesting of 75% of the award will be based on GBG's EPS growth and vesting of 25% of the award will be subject to GBG's TSR, measured against the FTSE250 (excluding Investment Trusts).

Further details of these awards together with share option vesting and exercises, all of which have been publicly announced, are set out on pages 87 to 88.

Workforce & Fair pay

Our reward philosophy (be/rewarded) is to ensure our team members are fairly rewarded for the contribution they make. During the financial year we have made two exceptional bonuses to our team, to ensure that every team member (where not receiving other types of bonus or variable pay) was recognised for the strong performance across the Group. We have also continued to conduct market evaluation and pay benchmarking exercises, to ensure competitive and fair pay practices. In some markets we have added to benefits such as health insurance, to ensure we remain competitive and fair to our team.

Engagement with Shareholders

During the 2020/21 financial year, we consulted with major shareholders in relation to a number of aspects of executive remuneration for the year ahead. The Committee continues to monitor closely the impact of Covid-19 on the business and wider economy in light of future developments.

Committee evaluation

The Committee's performance was evaluated during the year with no areas of focus to report.

Looking forward to financial year 2021-2022

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 82 to 84 sets out how annual bonus and long-term incentives operate under the remuneration policy with some information on the historic parameters.

We hope that 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. You can find further information about how we engage with stakeholders in our Section 172 Statement on pages 99 to 103.



Natalie Gammon

Remuneration Committee Chair

14 June 2021

Executive Director Remuneration Policy

Our remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement our business strategy to optimise long-term value for our stakeholders. It is our intention that this policy should conform to best-practice standards, continuing to apply these for 2021 and later years. We will continue to review these on an ongoing basis. The policy is based on the following key principles:

- The total reward level is competitive enough to attract and retain high-calibre executives
- Executives earn total incentive-based rewards by meeting demanding performance standards consistent with shareholder interests
- The Committee will structure incentive plans, performance measures and targets to operate soundly throughout the business cycle
- The Committee will prudently design long-term incentives so these do not expose shareholders to unreasonable financial risk
- In considering the market positioning of reward elements, the Committee will consider the performance of the Group and of each individual Executive Director
- Reward practice will conform to best practice standards as far as reasonably practicable

Remuneration Policy continued

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 comparable type and seniority in other companies whose activities are similar to GBG. 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 were advised by h2glenfer 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. We maintain an appropriate balance 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 subsequently maintain, a minimum level of share ownership in GBG shares. Details of the minimum shareholding policy are outlined in the table below.

This part of the report sets out the Executive Director's remuneration policy. The table below details the policy on each element of remuneration and how it operates.

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 2020: 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 and dental insurance. The Company provides cash in lieu of any car benefits.	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

Element	Link to remuneration policy/ strategy	Key features/ Operation	Potential value	Performance metrics
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. Executives can re-invest up to 80% of their bonus in the Share Matching Plan. In the past, Executives 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.
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. For years ended 31 March 2018 and 31 March 2019: matching rates of 1.75x and 2.0x were applied respectively. For the year ended 31 March 2020: 2.0x matching rate was applied. For year ended 31 March 2021: 2.25x matching rate was applied.	The EPS CAGR and Total Shareholder Return ("TSR") conditions detailed below are measured over three consecutive financial years. For the award made during the year ended 31 March 2018 and 31 March 2019, 25% of the award will vest if 10% EPS CAGR is achieved with full vesting being applied where a level of 22.5% EPS CAGR is achieved. For the awards made during the year ended 31 March 2020, 25% of the award will vest if 10% EPS CAGR is achieved with full vesting being applied where a level of 17.5% EPS CAGR is achieved. For the awards made during the year ended 31 March 2021, two performance criteria (EPS CAGR and TSR) have been applied with 75% of the award being subject to the achievement of an EPS CAGR measure and 25% of the award being subject to the achievement of a TSR measure (against the FTSE250 as a peer group), as follows:

Remuneration Policy continued

Element	Link to remuneration policy/ strategy	Key features/ Operation	Potential value	Performance metrics
				<ul style="list-style-type: none"> where EPS CAGR is a measure, 25% of this part of the award will vest if 8% EPS CAGR is achieved with full vesting being applied where a level of 15% EPS CAGR is achieved. where TSR is a measure, 25% of this part of the award will vest where medium TSR performance is achieved with full vesting being applied where upper quartile performance is achieved.
Shareholding guideline	<p>Incentivises executives to achieve the Company's long-term strategy and create sustainable stakeholder value.</p> <p>Aligns with shareholder interests.</p>	<p>Target value to be achieved over five years:</p> <p>CEO – 200% of salary</p> <p>CFO & COO – 200% of salary</p> <p>GMD – 200% of salary</p> <p>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.</p>	n/a	n/a

Performance share plan ("PSP"):

The Company operates a PSP for all team members which we use for senior managers and key staff. When adopted, the Company stated that the awards were intended for team members below the level of Executive Director. No awards to Executive Directors have been made to date. Awards are subject to a three-year EPS performance condition and a TSR performance measure. 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 employment conditions of team members throughout the Group when determining executive 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 it plans any major policy changes and decisions. The Chair 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.

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			
David Rasche	1 September 2020	5	1
Liz Catchpole	1 September 2020	29*	1
Natalie Gammon	26 October 2020	7	1

* Liz Catchpole has a 3-year fixed term contract which commenced on 1 September 2020. In accordance with GBG's Articles of Association, her subsequent reappointment is subject to shareholder approval at an AGM.

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 Chair and the other Non-Executive Directors' remuneration comprise only of fees. The Board approves the Chair's fee on the recommendation of the Remuneration Committee. The Board approved the other Non-Executives' fees on the recommendation of the Chair 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 was made. For 2021-22 it is proposed that Non-Executive base fees increase with the standard percentage applied to our UK based team members. The fees for the Non-Executives are presented in the table below:

Position	2020-21 Fee	2021-22 Fee
Non-Executive Chair	£145,000	£149,000
Non-Executive Director	£55,000	£56,500
Committee Chair	£7,100	£10,000
Senior Independent Director	£7,600	£10,000

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 2021.

Information subject to audit

Directors' Remuneration

2021

	Salaries / Fees £'000	Cash in lieu of benefits in kind £'000	Benefits in kind £'000	Bonuses £'000	Pension £'000	2021 Total £'000
Executives						
Chris Clark	504	100	2	723	–	1,329
Dave Wilson	294	14	2	363	37	710
Nick Brown	294	12	2	363	37	708
Non-Executives						
David Rasche	145	–	–	–	–	145
Charmaine Carmichael*	26	–	–	–	–	26
Liz Catchpole	70	–	–	–	–	70
Natalie Gammon	60	–	–	–	–	60

* Charmaine Carmichael resigned from her position as a Non-Executive Director with effect from 30 August 2020.

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 were deferred due to the Covid-19 pandemic and paid following strong half year performance. 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 £88,253 (2020: £90,352). 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, the Executive Directors have earned this bonus based on the Company's performance in the year ended 31 March 2021.

The details of the Executive Bonus Scheme 2020-21 are set out below and includes details of the annual bonus targets, threshold and maximum levels, also the 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 and Group MD
- achieving non-financial key performance indicators (KPIs), aligned to our strategic objectives and covering:

- Improvements in employee engagement
- Increasing GBG's Net Promoter Scores (NPS)
- 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.

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%	13.3%	143.33%	£723
Dave Wilson	40%	110%	20%	130%	110%	13.3%	123.33%	£363
Nick Brown	40%	110%	20%	130%	110%	13.3%	123.33%	£363

Long-Term Incentive Awards - Grants

Following the Executive Directors investment in acquiring shares in the Group in 2020-21, Chris Clark, Dave Wilson and Nick Brown received share matching awards of 173,267, 89,062 and 89,864 shares respectively on 18 December 2020. The amount of their investment was grossed up for income taxes and the match rate of 2.25 times deemed investment applied. 75% of the share matching awards are subject to a three-year adjusted EPS compound annual growth performance condition and 25% to the TSR vesting requirements. The EPS element will vest on a sliding scale from 25% if 8% EPS CAGR is achieved over three consecutive financial years with full vesting being applied where a level of 15% EPS CAGR is achieved. In terms of the portion of the award subject to the TSR measure, 25% of the award vests at median performance against the peer group (FTSE250) and 100% of award vests at upper quartile, i.e. the 75th percentile.

Long-Term Incentive Awards - Vesting and Exercises

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 vests 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%. We previously reported that based on GBG's EPS performance, 72.3% of this first tranche of Chris Clark's incentive option vested. We can confirm that this proportion of his option was subsequently exercised on 8 July 2020. At the time of this report and based on GBG's EPS performance, 71.01% of the second tranche of Chris Clark's incentive option has vested.

Dave Wilson and Nick Brown received share matching awards of 113,208 and 119,917 shares respectively on 5 February 2018 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%. We previously reported that based on GBG's EPS performance, these awards vested fully. We can confirm that these options were subsequently exercised on 8 July 2020.

Chris Clark, Dave Wilson and Nick Brown received share matching awards of 128,853, 125,379 and 125,376 shares respectively on 27 February 2019 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 1.75 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%. At the time of this report, based on GBG's EPS performance, these awards 73.72% of each award has vested.

Annual Report On Remuneration continued

Information subject to audit

Directors' Interest in the Group's Share Option Schemes

Executive Directors	Share Option Scheme	At 31 March 2020	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	-	230,762	92,333	666,667	293.00	2020-27
	SMP	128,853	-	-	-	128,853	2.50	2021-22
	SMP	206,136	-	-	-	206,136	2.50	2022-23
	SMP	-	173,267	-	-	173,267	2.50	2023-24
		1,334,989	173,267	241,000	92,333	1,174,923		
Dave Wilson	SMP	113,208	-	113,208	-	-	2.50	2020-21
	SMP	125,379	-	-	-	125,379	2.50	2021-22
	SMP	125,226	-	-	-	125,226	2.50	2022-23
	SMP	-	89,062	-	-	89,062	2.50	2023-24
		363,813	89,062	113,208	-	339,667		
Nick Brown	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
	SMP	-	89,864	-	-	89,864	2.50	2023-24
		368,014	89,864	119,917	-	337,961		

SOS: Share option plans adopted in or prior to 2010 SMP: Share Matching Plan

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 179 to 181 of this Remuneration Report.

The aggregate gains made on the exercise of options during the year was £2,611,658 (2020: £5,936,428).

Information not subject to audit

At 31 March 2021, GBG's quoted share price on the London Stock Exchange was 848p and the lowest and highest prices during the year ended 31 March 2021 were 511p and 954p on 3 April 2020 and 29 December 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 2021	1 April 2020
David Rasche	699,333	699,333
Chris Clark	239,264	273,050
Dave Wilson	142,009	170,122
Nick Brown	575,085	500,000
Charmaine Carmichael	N/A	27,937
Liz Catchpole	12,195	12,195
Natalie Gammon	5,872	-

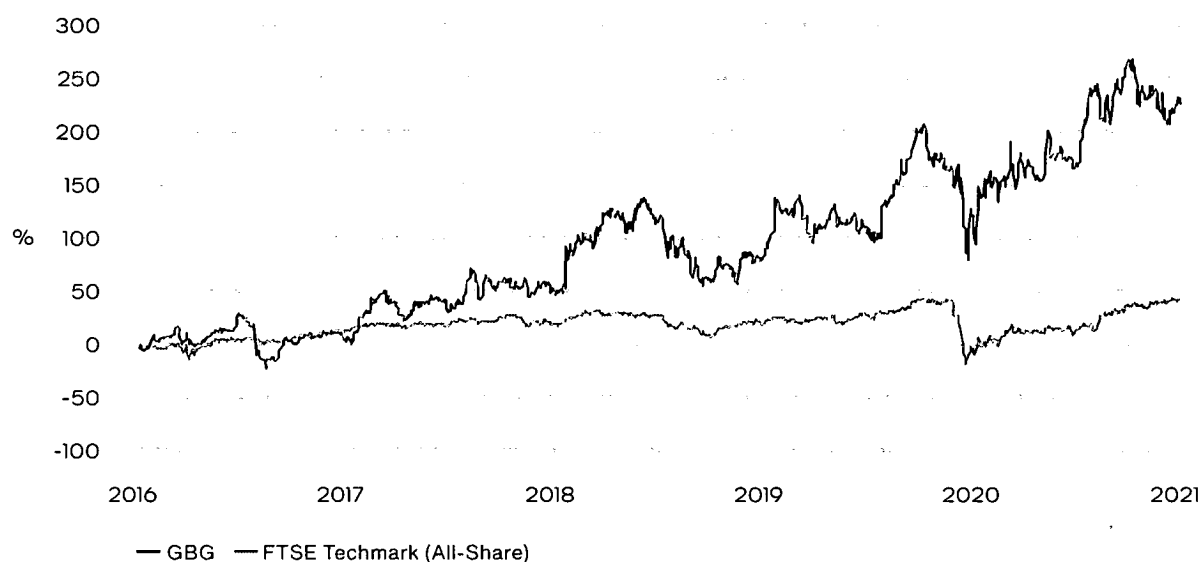
There have been no other changes to Directors' interests in the shares of the Group from the end of the year to 14 June 2021. The Register of Directors' Interests contains full details of the Directors' interests in the Group's shares and is open to inspection.

In accordance with the calculations set out in GBG's Shareholding Policy, based on the closing share price at 1 July 2021 of 678p, the value of Chris Clark, Dave Wilson and Nick Brown's shareholding represented 322%, 327% and 1325% of their salaries. This means that their holdings comply with the Shareholding Guidelines.

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.



Annual Report On Remuneration continued

Remuneration in 2021-22

Salary	<p>There will be no change to the annual salaries of the Executive Directors for the year commencing 1 April 2021, which are as follows:</p> <p>CEO: £504,300 Exiting CFO & COO: £294,175 Group Managing Director: £294,175 New CFO: £375,000</p> <p>The Remuneration Committee will continue to monitor the remuneration of Executive Directors of other companies in the IT sector and other listed companies with similar market capitalisation to ensure that the Executive Directors remain sufficiently rewarded to promote long-term success. The Remuneration Committee did approve a standard rate company pay increase of 2.8% for each Executive Director for the year commencing 1 April 2021 which they each chose to decline.</p>
Benefits	<p>There will be no change to the benefits for the Executive Directors in the year commencing 1 April 2021.</p>
Annual Bonus	<p>Annual bonus for the year commencing 1 April 2021 will be operated within the policy disclosed in this report. The principles of bonus criteria which will be applied to each Executive Director during the year ending 31 March 2022 will be similar to those applied during the year ended 31 March 2021, with the addition of a 4th KPI focused on ESG. The targets for the annual bonus for 2021-22 are not being disclosed in this report as that information is deemed commercially sensitive and may be interpreted as forecast. That information will be disclosed retrospectively in the 2022 Annual Report.</p>

<p>Long-Term Incentives</p>	<p>The Remuneration Committee intends to make further Share Matching Awards in 2021-22. These will be made in line with the remuneration policy. The Remuneration Committee intends to apply a matching rate of 2.25x for awards for EDs and a matching rate of 3.0x of awards to the CEO to be made in the current year. The Committee will determine the levels, performance conditions, weighting and growth targets to be applied at the time of award and disclose them in the 2022 Annual Report. To create alignment and drive business performance the Committee sees that it is appropriate to move to an Absolute EPS Threshold for 2021-22 scheme awards in order to overcome the specific Covid-related volatility of 2020-21. In view of the performance of the company's significantly increased size and its strategic outlook, the Committee sees that it is appropriate to vary the vesting and target ranges for the award to be made this year so that 50% of the award will vest if the Adjusted EPS target is achieved in 2023-24, with full vesting being applied only if EPS is a further 10% higher than the target. The adjusted EPS target has been set by the Remuneration Committee to align with current market/analyst consensus performance levels. We believe that the new range represents robust and demanding targets in view of the company's increased scale.</p>
<p>Non-Executive Director Remuneration</p>	<p>The Executive Directors together with the Chairman determined that, taking taken into account the substantial demands on NED time with significant acquisition discussions and reviews, as well as the additional governance required on all committees and overall board work, the base fees for GBG's two NEDs and the Chairman will be increased by the standard company rate of 2.8% to £56,500 and £149,000 per annum, respectively. The additional fees for the Audit and Remuneration Committee Chairs and Senior Independent Director of £7,100 and £7,600, respectively, will increase to £10,000 each.</p>

Nomination Committee Report

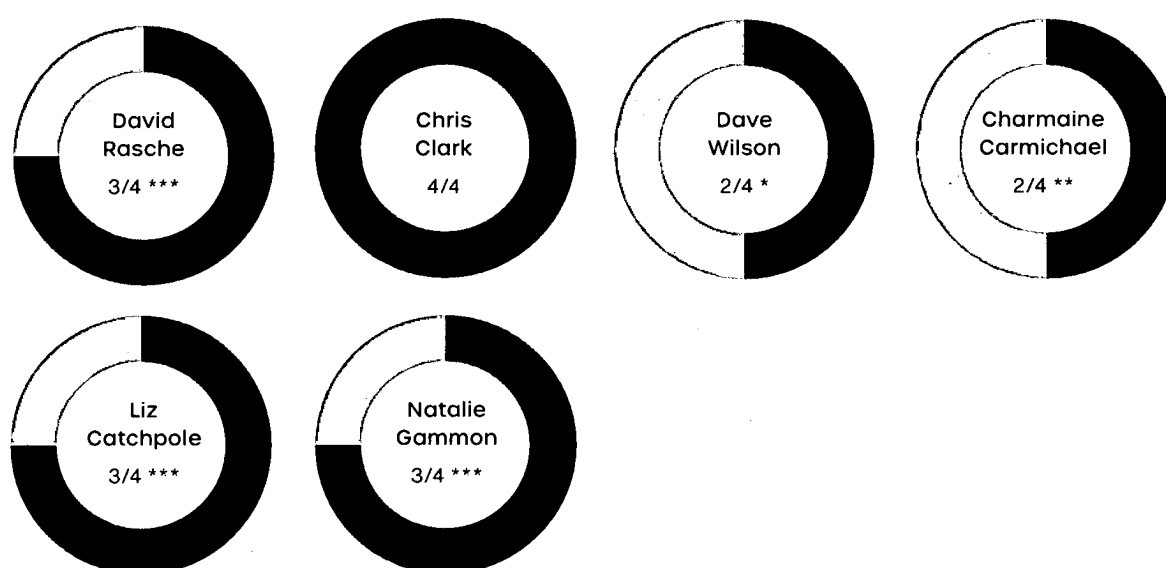
Key Responsibilities

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, knowledge and diversity of the Board
- 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

Committee Meeting and Attendance

The Nomination Committee held 4 meetings during the year. The attendance details are set out below:



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

* Dave did not serve on the Committee for the appointment of his successor.

** Charmaine resigned from the Board effective 30 August 2020 and her attendance is calculated against the number of meetings she was eligible to attend prior to her resignation.

*** David, Liz and Natalie did not serve on the committee for their own re-appointment, therefore their attendance reflects their absence from this particular meeting.

Dear Shareholder

On behalf of your Board, I am pleased to present the Nomination Committee Report for the year ended 31 March 2021.

Appointments to the Board

During the year, the Committee led the succession plan for the Chief Financial Officer (CFO) and recommended to the Board the appointment of David Ward to the position of CFO, replacing Dave Wilson when he retires from the Board and Group. David Ward joined the Group in May 2021 to work alongside Dave Wilson on an orderly handover, with Dave Wilson expected to officially step down from his role at the end of June 2021. The Committee was also involved in the succession plan for the Company Secretary and recommended to the Board the appointment of Annabelle Burton, replacing John Constantin when he retired as Group Company Secretary on 31 March 2021.

Charmaine Carmichael stepped down from the Board in August 2020 as a result of her taking up a new full-time executive role, which required her to relinquish her external non-executive board commitments. The Committee would have usually carried out a search process for a replacement Non-Executive Director immediately once Charmaine's

departure was known, however, the Committee purposely focused its efforts on guiding the Company through the Covid-19 pandemic. I am pleased to say that the Committee has now started the process with an executive search firm and I look forward to updating you on progress made in this area in due course.

I am also pleased that Natalie Gammon has settled in well, following her appointment to the Board, which we reported last year and is making positive contributions to the Board and the committees she sits on.

As always, the Committee continues to monitor the balance of skills and experience on the Board as well as its independence, diversity and knowledge. We have good diversity of thought and an open culture which allows all Board members to express their opinions and challenge the executives constructively. We would wish to continue this open culture.

Appointments to the Executive Team

During the year, we have also seen some changes to our Executive Team. In August, Lara Clark joined us as Chief Regulation Officer, in October Dev Dhiman joined as Regional Managing Director in APAC and Chris Luttrell was promoted to CEO of IDology. Finally, Boris Huard was appointed Managing Director of Identity and Fraud in November 2020. All of these appointments have been made to further support GBG in delivering its strategy and to strengthen the diversity of our Executive Team.

Diversity and Inclusion

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, experience and diversity 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, religion, ethnicity 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 of women in roles across the Group, with women comprising 37% of our total workforce (2020: 36%), 20% of the Executive Leadership Team (2020: 17%) and 33% of our Board of Directors (2020: 43%) following the departure of Charmaine Carmichael in August 2020.

During the year, the Group launched a 'be/yourself' programme centred on ethnicity & culture, gender, experience, age and LGBTQ+. The 'champions' of this campaign produced excellent content to support each area and further educate other team members of GBG. This supports our intentions of becoming an even more inclusive organisation that is representative of our ambitions. More information on this can be found in our ESG Statement on pages 46 to 52.

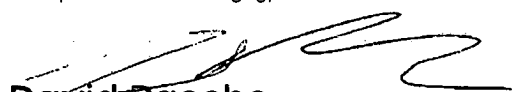
Board & Committee Evaluation

The annual Board & Committee evaluation took place during the year and showed that the main areas of focus were; continuing to work towards effective management succession and improving Board composition and balance, all of which were highlighted in the last external Board evaluation. We have taken and continue to take steps, to improve our reviews of succession planning from operational and strategic standpoints. We will also continue to keep the Board composition in mind when recruiting for further Board appointments, as we intend to do this year. We expect to carry out another external evaluation towards the end of the year and will report on the outcome of this in next year's Annual Report.

The Committee's performance was also reviewed as part of the annual evaluation, with no areas of focus to report

Terms of Reference

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.gbtplc.com/investors



David Rasche

Nomination Committee Chair

14 June 2021

Directors' Report

The Directors present their report, together with the audited accounts in relation to the Group activities for the year ended 31 March 2021.

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 Report or elsewhere in this document as indicated in the table below and is incorporated into this report by reference.

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Financial Results and Dividend

The Group's financial results, risk management objectives and policies are discussed in the Finance Review on pages 24 to 27 and within note 27. The Directors have recommended a final ordinary dividend of 3.40 pence per share (2020: nil pence per share) amounting to £6.7 million (2020: £nil). If approved by shareholders at the Annual General Meeting (AGM), the final dividend will be paid on 3 August 2021 to ordinary shareholders whose names were on the Register of Members on 25 June 2021. A Dividend Reinvestment Plan (DRIP) will be offered, allowing eligible shareholders to reinvest their dividends into GBG shares. Further information regarding the DRIP is set out on page 26.

Substantial Shareholders

In accordance with the Disclosure and Transparency Rules, 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 2021 is detailed below:

Substantial Shareholder	No. of Shares Owned at 31 March 2020	Percentage of Shares Owned at 31 March 2021
Aegon Asset Management UK	12,652,839	6.45%
Octopus Investments	12,446,881	6.34%
Capital Group	10,093,000	5.55%
Aberdeen Standard Investments	7,905,221	4.03%
Swedbank Robur	7,842,380	4.00%
Kabouter Management	7,642,510	3.89%

Substantial Shareholder	No. of Shares Owned at 31 March 2020	Percentage of Shares Owned at 31 March 2021
BlackRock	7,443,079	3.79%
Liontrust Sustainable Investments	7,134,025	3.63%
AXA Framlington Investment Managers	6,899,678	3.51%

Since 31 March 2021 to the date of release of this Annual Report and Accounts, we have not received any notifications from our shareholders in accordance with the Disclosure and Transparency Rules

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 2021, the Group's issued share capital comprised:

	No.	£'000	% of Total Share Capital
Ordinary shares of 2.5p each	196,303,554	4,908	100%

Restrictions on transfers

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

Ordinary shares

On a show of hands at a General Meeting of the Group, 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.

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)
- Pursuant to the internal policies of the Company whereby certain employees team members of the Company require the approval of the Company to deal in the Company's securities

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 are not recommending any changes.

Directors and their interests

The names and brief biographical details of each Director as at the date of this report are set out on page 58.

The Directors who have served during the year ended 31 March 2021 and details of their interests in the share capital and share options are set out in the Report on Directors' Remuneration on pages 88 to 89.

Directors' Report continued

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. In accordance with the Articles of Association, David Ward, who is expected to be appointed to the Board on 1 July 2021, will, being eligible, stand for election at the next AGM.

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. In accordance with the Articles of Association, Liz Catchpole having been appointed in 2018 will be retiring by rotation and seeking reappointment by the Group's shareholders.

Any Non-Executive Director 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 2021 this applies to David Rasche and he will be seeking re-election at this year's AGM.

The Directors confirm that, having conducted the board performance evaluation process Liz Catchpole 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 85.

Directors' liabilities

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 employment engagement

We continue to involve our team members in the future development of the business. Information is provided to team members through virtual briefing sessions, our website and intranet 'be/connected,' which is continually updated. How we engage our team members and have due regard to their interests in considering principal decisions taken during the year are demonstrated in the s172 statement on page 99.

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 team members we provide various benefit packages including share options schemes in order to align team members' interests with the long-term strategic objectives of the Group. We are committed to our equality and diversity policies and seek regular feedback and engagement from our work force. Further information regarding our work policies and engagement can be found on page 51 of the ESG Statement. Information regarding GBG's activities to promote diversity is contained within the Nomination Committee report on page 93.

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 customers' 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 occurs because of 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 29 July 2021, 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 are in the best interest of the shareholders.

Financial

The Group's financial risk management objectives and policies are discussed in the Finance Review on pages 24 to 27 and within note 27.

Research and development

Research and development activities continue 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 2021, approximately 34% (2020: 38%) of our employees were employed in research and development 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.

Directors' statement as to 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 58 to 61. 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
- 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

Environment

Last year we calculated direct emissions from combustion of fuel (diesel and petrol) and operations of facilities, as 494 tonnes of CO₂ (2,006,498 KWH). This year, in the UK, we have increased the accuracy of our emissions data with the Streamlined Energy and Carbon Reporting (SECR) regulations. The data included this year covers greenhouse gas emissions and energy use data for the period 1 April 2020 to 31 March 2021 and will be used for future comparison. The data covers energy usage across all UK entities in the Group. Energy usage from subsidiaries outside of the UK are outside the scope of this report and therefore excluded from the figures below.

UK energy use	FY 2021
Energy consumption used to calculate emissions (kWh)	571,221
Energy consumption break down (kWh):	
Natural Gas	76,716
Electricity	434,073
Reimbursed Mileage	60,432
Consumption in metric tonnes CO ₂ e	
UK energy use	FY 2021
Natural Gas (scope 1)	14.11
Purchased Electricity (scope 2)	101.20
Reimbursed fuel and electricity (scope 3)	23.69
Total gross emissions in metric tonnes CO ₂ e	139.00
Intensity ratio in tonnes CO ₂ e per UK employee (FTE)	0.27

Directors' Report continued

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in tCO₂e/FTE

Measures taken to improve energy efficiency

GBG continues to strive for energy and carbon reduction arising from their activities, however during this financial reporting period no principal energy efficiency actions were undertaken.

Section 172 statement

Our s172 statement can be found on pages 99 to 103.

Going concern

The Group's business activities, together with the factors likely to affect our future development, performance and position are set out in the Chief Executive's Review on pages 20 to 23. The financial position of the Group, its cash flows and liquidity position are described in the Finance Review in pages 24 to 27.

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

Following consideration of the budget, downside and stress test scenarios, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence beyond the assessment period which covers through to 30 September 2022. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

By Order of the Board



Annabelle Burton

Company Secretary

14 June 2021

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. This has never been more relevant than during the current Covid-19 pandemic, where we continue to work hard to keep our team members safe and our business viable. The information below sets out how we treat and interact with our stakeholder groups, which we believe demonstrates how seriously the Board takes its responsibilities under section 172. You can find more information on each of the statements and further detail on how the directors engage with each stakeholder group in the corresponding section of this Annual Report (as indicated in the table below).

Consequences of any decisions in the long-term	Page Ref:
<p>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.</p> <p>We carefully consider key and material decisions regarding the likely consequences on all stakeholders and where appropriate, we discuss these matters with the affected stakeholder group. This helps us understand their views and factor their feedback into our decision process.</p> <p>The business units and our central services teams regularly report to the Board about the strategy, performance and key decisions they've taken. This assures the Board that we consider stakeholder interests in decision-making and also that we consult the Board on matters and decisions that require its support and approval</p>	<p>See the table on page 101 (below) which sets out some of the key decisions we have taken this year</p>
The interests of all our team members	Page Ref:
<p>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. Their cooperation creates a unique environment in GBG, which our colleagues continue overwhelmingly to recommend as a great place to work.</p> <p>We support this culture by engaging with our team members through regular surveys; a bi-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 and encouraging and supporting a range of team building events. We support a number of initiatives and activities that focus on the health and wellbeing of our people; diversity and inclusion; personal development opportunities and charitable activities within the communities where we work.</p> <p>The Board also regularly considers matters and initiatives as part of its commitment to promote diversity and equality across all of our teams.</p>	<p>ESG pages 42 to 57</p> <p>ESG pages 42 to 57</p> <p>ESG pages 42 to 57</p>

Section 172 Statement continued

The need to foster GBG's business relationships with suppliers, customers and others

Page Ref:

Suppliers: There is a direct correlation between the way we interact with our key suppliers and the quality of the product and services we deliver to our customers. Alongside looking for 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.

Strategic Report pages 12 to 57

Customers: We build strong lasting relationships with our customers. We spend considerable time understanding their needs and views, listening to how we can improve our products for them. We support this with our annual Voice of the Customer Survey.

Strategic Report pages 12 to 57

Bankers: We actively engage with our bankers to secure optimum rates and terms, while also providing them with information about the Group's prospects and governance. By doing this, we continue to secure long-term relationships, built on trust and mutual benefit.

Finance Review pages 24 to 27

Government and Regulators: Compliance with laws and regulations, especially in relation to data privacy, accounting standards, health & safety and governance, are key focus areas for the business. We actively engage with regulators as and when required.

ESG pages 42 to 57

GBG's impact on the community and environment

Page Ref:

We engage with the communities where we operate by supporting local and international charities, 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.

ESG pages 42 to 57

We operate a 'reduce, reuse and recycle' policy across all our offices, which includes technology and office consumables. To conserve energy, we have installed light sensors as well as air conditioning and heating timers in our offices. We actively promote video conferencing for team meetings to reduce unnecessary travel between offices.

ESG pages 42 to 57

GBG's reputation for high standards of business and ethical conduct

Page Ref:

GBG has a Code of Conduct which forms the basis of our approach to ethical behaviour. We do not tolerate practices which breach any laws or regulations which could result in reputational damage to the business. All members of our team are trained on the basic compliance principles that underpin GBG's Code of Conduct including: Modern Slavery; Anti Bribery and Corruption and Anti-Tax Evasion. If team members have concerns, they have access to a confidential, whistleblowing hotline that operates internationally.

ESG pages 42 to 57

To act fairly between GBG's members

Page Ref:

GBG has only one class of share in issue and so shareholders benefit from the same rights as set out in GBG's Articles of Association. The Board recognises its legal and regulatory duties and does not take decisions or actions, such as selectively disclosing confidential or inside information that would provide any shareholder with an unfair advantage. We have many lines of communication with our shareholders, including regular investor presentations, results webcasts and the Annual General Meeting. Discussions with shareholders cover a wide range of topics, including financial performance, strategy, outlook and governance matters.

Corp Gov page 64

Key Decisions Made

The Board has operated effectively during the year and made a wide range of decisions in a way that would most likely promote the success of the Company for the benefit of its members as a whole, having regard to the factors set out in section 172 of the Companies Act 2006. Below, we've set out a number of decisions which demonstrates how the Board have exercised this duty and considered the views of different stakeholder groups:

Issue	Decision:	Impact:	Stakeholder consideration:
Covid-19 Pandemic	The changing environment caused by Covid-19 meant that the Board had to quickly approve and support a range of decisions to conserve cash and preserve liquidity, including: an immediate Group-wide pay freeze and 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 meant the Board could give appropriate assurances about GBG's going concern, viability and banking covenants.	In making its decisions, the Board carefully considered the long-term interests of stakeholders, especially our team members, investors, customers, suppliers and bankers. The Board also considered the importance in securing the support of its bankers by demonstrating GBG's longer-term credentials to ensure continued access to debt funding.
Appointment of a New CFO	As detailed in the Nomination Committee Report, David Ward was appointed to the Board on 1 July 2021 having joined GBG on 17 May 2021. The Nomination Committee proposed the appointment decision and the Board approved it.	The Board agreed that David's appointment was key to adding a director with specific technical skills and knowledge to support its competencies and input as GBG continues to grow and develop.	The Board considered the impact of the appointment on the Board's composition and skill set, as well as how the position would support the Non-Executive directors in having an Executive Director with specific technical skills.
Divestment of Marketing Services business	The Board carefully considered the proposed divestment, having originally discussed the matter in December 2018, provisionally approved it in June 2019 and then finally approved it in January 2021.	The Board agreed that the sale of GBG's Marketing Services business would support GBG's strategic focus on its core global capabilities in Location Intelligence, Identity Verification and Fraud Prevention.	The Board considered the potential implications for various stakeholders (i.e. team members, investors and GBG as a whole). The Board noted that selling to a company in the same sector, could save some team member positions, rather than GBG potentially being forced to close the business in the future.

Section 172 Statement continued

Issue	Decision:	Impact:	Stakeholder consideration:
Divestment of Employ & Comply business	<p>The Board had discussed this divestment case for some time.</p> <p>The Board determined that significant ongoing investment would be needed in this non-core area with declining revenues.</p>	<p>The Board agreed that the sale of GBG's Employ & Comply business would support GBG's strategic focus on its core global capabilities in Location Intelligence, Identity Verification and Fraud Prevention.</p>	<p>The Board agreed that the post divestment position would increase GBG's organic revenue growth and EBIT margins, which would allow us to increase investment capacity, increase GBG shareholder value and provide additional net cash. The Board considered that, seen from a team perspective; while a difficult decision, it would provide a more certain long-term future for those in roles that would be transferred across to the buyer.</p>
Investigate Investment	<p>The investment case was originally made to the Board in January 2020. It was then followed up and approved by the Board.</p>	<p>GBG Connexus is a highly profitable line of business which, although niche to the UK, provides a strong flow of cash to support our broader businesses.</p> <p>The rationale for acquiring Investigate (for £4m in GBG equity) was to enable GBG to access HooYu Investigate's IP in order to protect and subsequently grow GBG Connexus revenue quickly.</p>	<p>GBG Investigate will be available to all UK GBG customers, enabling them to conduct efficient and compliant investigations.</p> <p>For team members, this investment makes sure that we will continue to develop opportunities and income from our markets.</p> <p>In terms of our shareholders, we made sure we bought a well-priced asset and conducted extensive due diligence to ensure the best chance of success.</p>
CredoLab Investment	<p>The investment case was made to the Board in June 2020. The Board decided to make a \$3m (c.£2.5m) investment through issue of GBG shares for an 11% stake.</p>	<p>The Board agreed that Credolabs was a sound investment.</p>	<p>The Board considered it a lower risk to invest in a company with proven skills and customers, rather than develop these competences ourselves. This provided a quicker route to opportunities in a fast-paced market.</p>
Team Member Incentive	<p>GBG operates an annual high achievers incentive trip initiative to recognise members of our teams who have performed exceptionally throughout the financial year.</p> <p>With travel restrictions imposed by Covid-19, we offered a share award incentive instead.</p>	<p>The Board recognised the issue and approved the solution proposed by management to make an award totalling c. 18k shares to 37 team members in July 2020, with the condition that they could exercise the option if they were still employed by GBG on 1 May 2021.</p>	<p>Team member engagement was a major consideration, as well as the long-term uncertainty of when travel restrictions would be lifted. The Board decided we should continue to recognise team members' contribution to maintain employee motivation and engagement.</p>

Issue	Decision:	Impact:	Stakeholder consideration:
Award of share save options to all team members on an annual basis	During the year, the Board approved the award of share options to all of GBG's team members on an annual basis under the Group's share save scheme.	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 in aligning their interests with that of our long-term investors.	As well as considering the benefits to team members, the Board also considered the potential impact of this decision on investors in terms of the long-term effect of share dilution and share scheme headroom limits.
Asset Reunification and Share Forfeiture	The Board decided to introduce a share forfeiture programme following the completion of a tracing and notification exercise to any shareholders who have not had contact with the Company over the past 12 years. The Company's Articles of Association were amended to allow for this. Under the share forfeiture programme the shares and dividends associated with shares of untraced members are forfeited.	We were able to trace and reconnect with over 100 shareholders representing c. 100k shares. For those whom we were unable to trace, their shares and unclaimed dividends were forfeited. The net proceeds to GBG of this process was c. £2.7m in cash.	<p>Reuniting shareholders with their assets, demonstrates best practice in corporate governance.</p> <p>We have removed the ongoing requirement and cost of servicing Untraced Members.</p> <p>Where unsuccessful in tracing shareholders, the return of funds to GBG has improved GBG's cash position. This has both enabled us to reduce our requirement on borrowings and the associated costs involved and it has also allowed us to invest in our vision to build trust in a digital world.</p> <p>In addition the Board has continued to reimburse those shareholders that have come forward after the deadline of being able to make a claim, under the share forfeiture programme, in respect of their forfeited shares.</p>

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 international accounting standards in conformity with the requirements of the Companies Act 2006.

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.
- b) The strategic report includes a fair review of the development or performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties.
- c) 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

14 June 2021



D J Wilson

Director

14 June 2021

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 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with section 408 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 (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise:

Group	Parent company
Consolidated Balance Sheet as at 31 March 2021	Company Balance Sheet as at 31 March 2021
Consolidated Statement of Profit or Loss for the year then ended	Company Statement of Changes in Equity for the year then ended
Consolidated Statement of Comprehensive Income for the year then ended	Company Cash Flow Statement for the year then ended
Consolidated Statement of Changes in Equity for the year then ended	Related notes 1 to 36 to the financial statements including a summary of significant accounting policies
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	

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards to the parent company financial statements, as applied in accordance with section 408 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. We are independent of the group 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.

Independent Auditor's Report continued

To The Members Of GB Group Plc

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- In conjunction with our walkthrough of the group's financial statement close process, we confirmed our understanding of management's going concern assessment process and also provided feedback to management to ensure all key risk factors were considered in their assessment;
- We obtained and reviewed the going concern assessment prepared by management for the period to 30 September 2022, being the going concern review period. We assessed the financial forecasts of the group to consider its ability to continue to meet its liabilities as they fall due and remain in compliance with the covenants associated to the group's revolving credit facility;
- We obtained management's forecasts for the period to 30 September 2022 and checked the appropriateness of the model, including the arithmetical accuracy, as well as the starting cash position as at 1 April 2021;
- We considered past historical accuracy of management's forecasting;
- We evaluated management's assumptions applied in preparing the forecasts by corroborating to third party data and/or by assessing changes from the prior period and considering whether there was any indication of management bias, including consideration of any contrary evidence;
- Management has modelled a downside scenario in their cash flow forecast in order to assess the impact of a decline in revenue on covenant compliance and liquidity position. We evaluated the headroom under management's downside scenario, which formed the basis of management's conclusions regarding going concern;
- We evaluated management's reverse stress testing on the forecast to understand how severe the downside scenario would have to be to result in a covenant breach and/or elimination of the liquidity headroom;
- We performed our own independent sensitivity analysis to assess the impact of changes in key assumptions, including revenue growth rates, gross margin percentage and cash conversion rate;
- We obtained an understanding of the availability and duration of the group's revolving credit facility, including evidence of extension of the facility to February 2023 and review of correspondence with the banks;
- We reperformed covenant calculations and assessed cash flow forecasts along with appropriate sensitivity analysis and reverse stress testing to assess current and projected covenant compliance by reference to the revolving credit facility agreement;
- We read board minutes for any inconsistencies with the risks considered in the going concern assessment;
- We assessed current trading performance by inspecting the April 2021 period end management accounts in addition to making inquiries of management to identify any issues with the group's current trading and profitability through to the date of our audit report;
- We enquired of management as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern and compared their response to our understanding from completion of our audit procedures; and
- We read the disclosures in the Annual Report and Accounts to confirm that they were consistent with our understanding of the going concern assessment that had been undertaken by the directors and that they appropriately reflected the risks that had been considered and were in conformity with the relevant standards.

We note that management has performed a going concern assessment with a base case scenario, downside scenario and reverse stress testing. They have extended the revolving credit facility in the period to February 2023.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern over the forecast period to 30 September 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

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 profit before tax and exceptional items, 99% of Revenue and 99% of total assets.
Key audit matters	■ Revenue recognition: cut-off around year end
	■ Accounting for business combinations – HooYu acquisition
Materiality	■ Overall group materiality of £1,674,000 which represents 5% of profit before tax and exceptional items.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company 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 effectiveness of group wide controls and changes in the business environment when assessing the level of work to be performed at each company.

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 ten reportable components within the group.

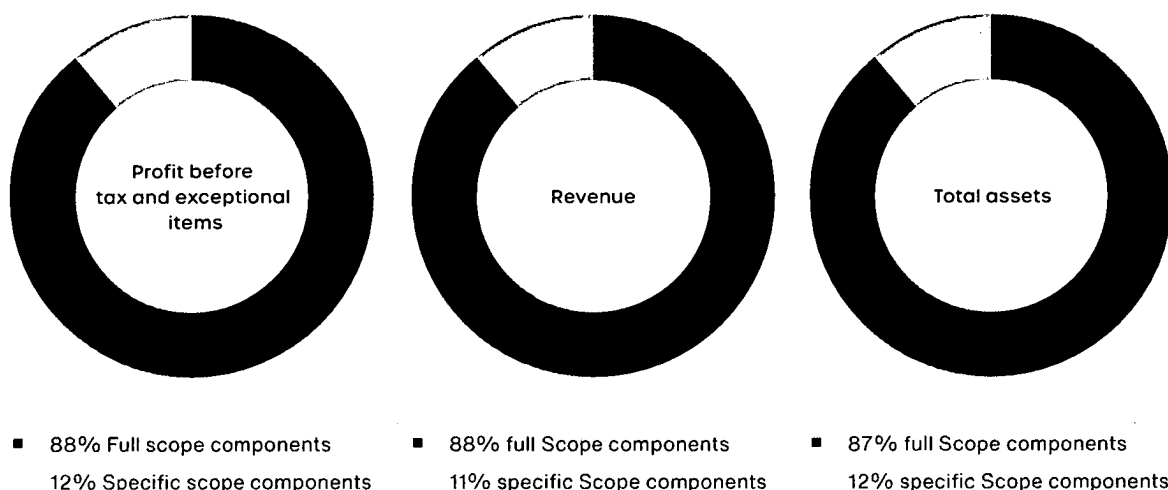
Of the ten components identified, we performed an audit of the complete financial information of four components ("full scope components") which were selected based on their size or risk characteristics. For the remaining six components ("specific scope components"), we performed audit procedures on specific accounts within that component 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% (2020: 100%) of the group's profit before tax and exceptional items, 99% (2020: 99%) of the group's revenue and 99% (2020: 100%) of the group's total assets. For the current year, the full scope components contributed 88% (2020: 96%) of the group's profit before tax and exceptional items, 88% (2020: 88%) of the group's revenue and 87% (2020: 90%) of the group's total assets. The specific scope components contributed 12% (2020: 4%) of the group's profit before tax and exceptional items, 11% (2020: 11%) of the group's revenue and 12% (2020: 10%) 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.

Independent Auditor's Report continued

To The Members Of GB Group Plc

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



Changes from the prior year

There have been no changes in the components where we performed full or specific scope procedures.

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 audit team. For the six specific scope components, where the work was performed by component auditors, 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 teams 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.

The Covid-19 outbreak and lockdown restrictions have continued across the group's financial year. As a result of these measures, the site visits were held virtually through the use of video or teleconferencing facilities, including meetings with local management. Close meetings for component teams were held via video conference in May 2021 with attendance from the primary team, including the senior statutory auditor. For all components, the year end review of relevant audit work papers was facilitated by the EY electronic audit file platform, screen sharing or the provision of copies of work papers direct to the primary team. Based upon the above approach we are satisfied that we have been able to perform sufficient and appropriate oversight of our component teams.

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
<p>Revenue recognition: cut off around year end</p> <p>(Revenue 2021: £217.7m, 2020: £199.1m)</p> <p>Refer to the Audit Committee Report (page 74); Accounting policies (pages 134 to 137 and 141); and Note 3 of the Consolidated Financial Statements (page 142)</p> <p>The business has multiple revenue sources which can be grouped into two types of revenue stream: Licence based ("Licence" revenue, as per Note 3 of the financial statements) and Usage based ("Transactional" revenue and "Services" revenue as per Note 3 of the financial statements).</p> <p>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:</p> <ul style="list-style-type: none"> by processing invalid journals to revenue as part of the year end financial statement close consolidation process; and within the processing of transactions if these are not in line with contractual arrangements (price, duration, classification) for licence based revenue or if inaccurate usage data/costs are used in the recognition of usage based revenue around the year-end date. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Understanding the revenue recognition processes, including identification and walkthrough of management's key controls over revenue recognition, for licence based and usage based revenue streams; <p>Licence based</p> <ul style="list-style-type: none"> For a sample of sales recognised in March and April 2021 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. <p>Usage based</p> <ul style="list-style-type: none"> For a sample of sales recognised in March and April 2021 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. <p>Procedures across both revenue streams:</p> <ul style="list-style-type: none"> For a sample of credit notes raised in March and April 2021, we assessed their impact on the value of revenue recognised and whether the revenue in the period was fairly stated. In addition to testing transactions around the year end, we considered manual journals to revenue at in scope components and on consolidation and agreed any journals affecting revenue to supporting documentation to ensure they were valid. 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 the group, including review of management's accounting papers where available. 	<p>Revenue has been appropriately recorded in the period, in all material respects, in accordance with the requirements of IFRS 15, Revenue Recognition.</p>

Independent Auditor's Report continued

To The Members Of GB Group Plc

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Accounting for business combinations – HooYu Investigate ('HooYu') acquisition	We have reviewed and considered management's accounting paper in relation to the acquisition accounting adopted.	The purchase price allocation, which includes the identification and fair value of the assets and liabilities acquired, is materially correct.
Refer to the Audit Committee Report (page 74); Accounting policies (pages 127 to 130 and 142); and Note 35 of the Consolidated Financial Statements (pages 184 to 186)	We inspected the sale and purchase agreement and business transfer agreement for HooYu to assess the completeness of the acquired assets and liabilities, including intangible assets identified by management, and agreed key details into the accounting applied.	The related disclosures in the financial statements are in accordance with IFRS.
The group acquired 100% of the share capital of HooYu Investigate on 14 December 2020. The consideration paid was £4m and management identified £5.3m of identified intangibles (which includes £4.6m related to technology intangible), net liabilities acquired of £0.4m, deferred tax liability of £1.0m and goodwill of £0.1m.	We critically challenged the key inputs used in the technology intangible valuation, as well as the PFI used in management's model, by reference to external sources such as the financial due diligence report, the amount of costs capitalised in relation to when the asset was initially built and consistency with internal forecasts.	
Accounting for business combinations under IFRS 3 (Revised) involves estimation on the part of management; in particular in the area of intangible asset valuation. The identification of separately identifiable intangible assets and the appropriate valuation methodology used to determine fair value involves a high degree of judgement and the inputs used in the models include significant estimation assumptions around the future performance of the business (prospective financial information, 'PFI') and replacement asset costs. Small changes in key assumptions could make a material difference to the valuation of intangible assets acquired.	We engaged EY valuation specialists to assist us with the audit of the acquisition accounting model including commenting on the methodology selected for valuing intangible assets including the technology asset, independently calculating an internal rate of return (IRR) and determining a reasonable range for the transaction as a corroboration for the appropriateness of the discount rate used by management.	
There is a risk that the judgements and assumptions underpinning the acquisition model lead to a material error in the acquisition accounting and specifically the purchase price allocation, including the identification and fair value of the assets and liabilities acquired.	We assessed the completeness and appropriateness of the financial statement disclosures for the acquisition.	

In the prior year, our auditor's report included a key audit matter in relation to impact of Covid-19 and the implications for going concern and other areas, such as the impairment of goodwill and provision for impairment of financial assets, where the level of estimation uncertainty increased as a result of the pandemic. In the current year, the experience in the past year gives the directors enhanced ability to identify which products and services are impacted by Covid-19 and this is reflected in their forecasting process. On this basis, we have not identified a key audit matter in this area.

Our application of materiality

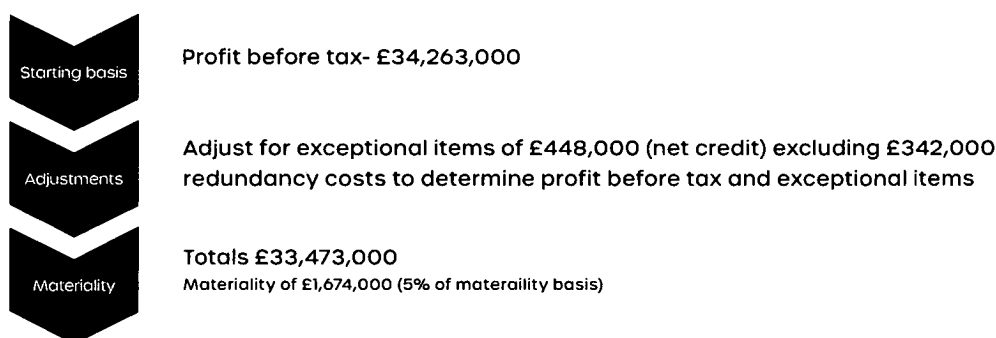
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

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 £1,674,000 (2020: £1,108,000), which is 5% of profit before tax and exceptional items (2020: 5% of profit before tax and exceptional items). We believe that profit before tax and exceptional items provides us with the most appropriate financial statement measure that is important to users of the financial statements. The increase in materiality is primarily due to increased revenue and associated profit in the year.

We determined materiality for the parent company to be £1,503,000 (2020: £1,176,000), which is 5% (2020: 5%) of profit before tax and exceptional items.



During the course of our audit, we reassessed initial materiality and the actual profit before tax adjusted for exceptional items was higher than the group's initial estimates used in planning and at the commencement of our year-end audit testing. However, whilst we updated for the initial consolidated results compared to planning (where the difference was significant), we did not change our materiality assessment at year end for the final actual results, as the impact was not significant.

Independent Auditor's Report continued

To The Members Of GB Group Plc

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% (2020: 50%) of our materiality, namely £837,000 (2020: £554,000). We have set performance materiality at this percentage due to our past experience on the audit which 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 £165,000 to £537,000 (2020: £55,000 to £359,000).

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 £83,000 (2020: £55,000), 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 104 other than the financial statements (excluding Note 37) and our auditor's report thereon. The directors are responsible for the other information within the annual report.

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.

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 course of 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 themselves. 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 104, 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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Independent Auditor's Report continued

To The Members Of GB Group Plc

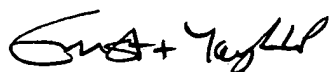
However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to data protection and privacy, financial reporting framework (International Accounting Standards in conformity with the requirements of Companies Act 2006), AIM rules and the relevant tax compliance regulations in the jurisdictions in which the group operates.
- We understood how GB Group plc is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and papers provided to the Audit Committee, as well as observation in Audit Committee meetings and consideration of the results of our audit procedures across the group. We also obtained and reviewed the latest correspondence received from the Information Commissioner's Office, the data industry regulator in the UK, to understand how the group is progressing with regards to the ongoing review, as referenced in Note 33.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by assessing the risk of fraud absent of controls, and then identifying controls which are in place at the entity level and whether the design of those controls is sufficient for the prevention and detection of fraud, utilising internal and external information to perform our fraud risk assessment. We considered the risk of fraud through management override and considered the design and implementation of controls at the financial statement level to prevent this, as well as incorporating data analytics across manual journal entries into our audit approach, which was designed to provide reasonable assurance that the financial statements were free from material fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business; enquiries of legal counsel and management and obtaining legal confirmations. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards and UK legislation.
- Specific enquiries were made with the component teams to confirm any non-compliance with laws and regulations and this was reported through their audit deliverables based on the procedures detailed in the previous paragraph. There were no significant instances of non-compliance with laws and regulations.

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.



Jennifer Hazlehurst (Senior statutory auditor)

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

Liverpool

15 June 2021

Consolidated Statement of Profit or Loss

Year Ended 31 March 2021

	Note	2021 £'000	2020 £'000
Revenue	3	217,659	199,101
Cost of sales		(65,096)	(54,914)
Gross profit		152,563	144,187
Operating expenses before amortisation of acquired intangibles, equity-settled share-based payments and exceptional items		(94,667)	(96,242)
Operating profit before amortisation of acquired intangibles, equity-settled share-based payments and exceptional items (adjusted operating profit)		57,896	47,945
Amortisation of acquired intangibles	16	(17,671)	(19,008)
Equity-settled share-based payments	29	(5,170)	(4,541)
Exceptional items	7	448	(1,552)
Group operating profit		35,503	22,844
Finance revenue	3, 9	120	143
Finance costs	10	(1,360)	(2,361)
Profit before tax		34,263	20,626
Income tax charge	11	(7,385)	(3,562)
Profit for the year attributable to equity holders of the parent		26,878	17,064
Earnings per share	13		
- basic earnings per share for the year		13.8p	8.8p
- diluted earnings per share for the year		13.5p	8.7p
- adjusted basic earnings per share for the year		25.2p	21.8p
- adjusted diluted earnings per share for the year		24.8p	21.4p

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Consolidated Statement Of Comprehensive Income

Year Ended 31 March 2021

	2021 £'000	2020 £'000
Profit after tax for the period attributable to equity holders of the parent	26,878	17,064
Other comprehensive income:		
Exchange differences on retranslation of foreign operations (net of tax)*	(20,559)	6,756
Total comprehensive income for the period attributable to equity holders of the parent	6,319	23,820

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

Consolidated Statement Of Changes In Equity

Year Ended 31 March 2021

	Note	Equity share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2019		4,821	261,149	6,575	3	(2,803)	51,277	321,022
Profit for the period		-	-	-	-	-	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	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
Profit for the period		-	-	-	-	-	26,878	26,878
Other comprehensive income		-	-	-	-	(20,559)	-	(20,559)
Total comprehensive income for the period		-	-	-	-	(20,559)	26,878	6,319
Issue of share capital	21	53	5,979	3,343	-	-	-	9,375
Share-based payments	29	-	-	-	-	-	5,170	5,170
Tax on share options		-	-	-	-	-	1,700	1,700
Share forfeiture receipt	21	-	-	-	-	-	2,641	2,641
Equity dividend	12	-	-	-	-	-	(5,883)	(5,883)
Balance at 31 March 2021		4,908	267,627	9,918	3	(16,606)	98,406	364,256

Company Statement Of Changes In Equity

Year Ended 31 March 2021

	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 2019		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
Profit for the period		-	-	-	-	-	25,844	25,844
Total comprehensive income for the period		-	-	-	-	-	25,844	25,844
Issue of share capital	21	53	5,979	3,343	-	-	-	9,375
Share-based payments charge	29	-	-	-	-	-	5,170	5,170
Tax on share options		-	-	-	-	-	1,700	1,700
Share forfeiture receipt	21	-	-	-	-	-	2,641	2,641
Equity dividend	12	-	-	-	-	-	(5,883)	(5,883)
Balance at 31 March 2021		4,908	267,627	9,918	3	4,489	97,037	383,982

Consolidated Balance Sheet

As At 31 March 2021

	Note	2021 £'000	2020 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	3,706	4,653
Right-of-use assets	15	3,231	4,767
Intangible assets	16	377,663	414,505
Investments	18	2,288	-
Deferred tax asset	11	7,676	6,294
		394,564	430,219
Current assets			
Inventories		123	128
Trade and other receivables	19	58,617	66,554
Current tax		5,778	1,803
Cash and short-term deposits	20	21,135	27,499
		85,653	95,984
Total assets		480,217	526,203
Equity and liabilities			
Capital and reserves			
Equity share capital	21, 31	4,908	4,855
Share premium	21, 31	267,627	261,648
Merger reserve	31	9,918	6,575
Capital redemption reserve	31	3	3
Foreign currency translation reserve	31	(16,606)	3,953
Retained earnings		98,406	67,900
Total equity attributable to equity holders of the parent		364,256	344,934
Non-current liabilities			
Loans	22	-	62,139
Lease liabilities	23	2,286	3,713
Provisions	25	1,010	1,016
Deferred revenue		545	787
Deferred tax liability	11	22,120	27,155
		25,961	94,810
Current liabilities			
Lease liabilities	23	1,650	2,012
Trade and other payables	24	41,067	40,641
Deferred revenue		42,298	37,627
Contingent consideration	36	3,662	6,179
Current tax		1,323	-
		90,000	86,459
Total liabilities		115,961	181,269
Total equity and liabilities		480,217	526,203

Approved by the Board on 14 June 2021

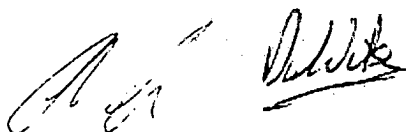
C G Clark

Director

D J Wilson

Director

Registered in England number 2415211



Company Balance Sheet

As At 31 March 2021

	Note	2021 £'000	2020 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	2,752	3,447
Right-of-use assets	15	1,277	2,098
Intangible assets	16	123,681	133,289
Investments	18	309,124	303,483
Deferred tax asset	11	4,733	3,867
		441,567	446,184
Current assets			
Inventories		120	124
Trade and other receivables	19	32,626	41,290
Current tax		-	1,212
Cash and short-term deposits	20	11,947	15,031
		44,693	57,657
Total assets		486,260	503,841
Equity and liabilities			
Capital and reserves			
Equity share capital	21, 31	4,908	4,855
Share premium	21, 31	267,627	261,648
Merger reserve	31	9,918	6,575
Capital redemption reserve	31	3	3
Other reserves	31	4,489	4,489
Retained earnings		97,037	67,565
Total equity attributable to equity holders of the parent		383,982	345,135
Non-current liabilities			
External loans	22	-	62,139
Intercompany loans	22	9,825	4,156
Lease liabilities	23	983	1,978
Deferred revenue		312	467
Provisions	25	797	843
Deferred tax	11	4,555	4,474
		16,472	74,057
Current liabilities			
Trade and other payables	24	49,296	47,747
Deferred revenue		31,780	30,019
Lease liabilities	23	704	704
Contingent consideration	36	3,662	6,179
Current tax		364	-
		85,806	84,649
Total liabilities		102,278	158,706
Total equity and liabilities		486,260	503,841

During the year the Company made a profit of £25,844,000 (2020: £23,271,000).

Approved by the Board on 14 June 2021

C G Clark

Director

D J Wilson

Director

Registered in England number 2415211

Annual Report and Accounts 2021

Consolidated Cash Flow Statement

Year Ended 31 March 2021

	Note	2021 £'000	2020 £'000
Group profit before tax:		34,263	20,626
Adjustments to reconcile Group profit before tax to net cash flows			
Finance revenue	9	(120)	(143)
Finance costs	10	1,360	2,361
Depreciation of plant and equipment	14	1,433	1,760
Depreciation of right-of-use assets	15	1,838	1,850
Amortisation of intangible assets	16	17,914	19,192
Impairment of goodwill	16	154	-
Loss on disposal of plant and equipment and intangible assets	5	-	260
Profit on disposal of businesses	35	(1,403)	-
Fair value adjustment on contingent consideration	36	245	971
Share-based payments	29	5,170	4,541
Decrease in inventories		6	213
Increase in provisions		88	-
Decrease/(increase) in trade and other receivables		10,028	(5,725)
Increase in trade and other payables		1,655	2,592
Cash generated from operations		72,631	48,498
Income tax paid		(14,205)	(6,386)
Net cash generated from operating activities		58,426	42,112
Cash flows from/(used in) investing activities			
Acquisition of subsidiaries, net of cash acquired	36	(2,762)	(86)
Purchase of plant and equipment	14	(455)	(1,199)
Purchase of software	16	(283)	(140)
Proceeds from disposal of plant and equipment		-	5
Net proceeds from disposal of businesses	35	5,307	-
Interest received	9	20	143
Net cash flows from/(used in) investing activities		1,827	(1,277)
Cash flows used in financing activities			
Finance costs paid		(1,231)	(1,911)
Proceeds from issue of shares	21	3,087	490
Proceeds from share forfeiture	21	2,641	-
Repayment of borrowings	22	(62,500)	(24,914)
Repayment of lease liabilities	23	(2,252)	(2,043)
Dividends paid to equity shareholders	12	(5,883)	(5,761)
Net cash flows used in financing activities		(66,138)	(34,139)
Net (decrease)/increase in cash and cash equivalents		(5,885)	6,696
Effect of exchange rates on cash and cash equivalents		(479)	(386)
Cash and cash equivalents at the beginning of the period		27,499	21,189
Cash and cash equivalents at the end of the period	20	21,135	27,499

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Company Cash Flow Statement

Year Ended 31 March 2021

	Note	2021 £'000	2020 £'000
Company profit before tax:		28,479	24,659
Adjustments to reconcile Company profit before tax to net cash flows			
Finance costs		1,656	2,200
Depreciation of plant and equipment	14	911	1,214
Depreciation of right-of-use assets	15	561	675
Amortisation of intangible assets	16	4,899	5,720
Impairment of goodwill		6,112	-
Loss on disposal of plant and equipment and intangible assets		-	256
Profit on disposal of businesses		(1,113)	-
Fair value adjustment on contingent consideration	36	245	971
Dividends received recognised within income statement		(21,855)	(16,604)
Share-based payments	29	4,341	4,271
Decrease in inventories		4	214
Decrease in provisions		56	-
Decrease/(increase) in trade and other receivables		7,600	(4,325)
Increase in trade and other payables		1,293	3,069
Cash generated from operations		33,189	22,320
Income tax paid		(781)	(3,678)
Net cash generated from operating activities		32,408	18,642
Cash flows (used in)/from investing activities			
Acquisition of subsidiaries, net of cash acquired		(2,762)	(86)
Dividends received		21,855	16,604
Purchase of plant and equipment	14	(226)	(452)
Purchase of software	16	(283)	(140)
Net proceeds from disposal of businesses		5,306	3
Net cash flows from investing activities		23,890	15,929
Cash flows (used in)/from financing activities			
Finance costs paid		(1,611)	(1,884)
Proceeds from issue of shares	21	3,087	490
Proceeds from share forfeiture	21	2,641	-
Proceeds from new borrowings	22	5,669	4,156
Repayment of borrowings	22	(62,500)	(23,500)
Repayment of lease liabilities	23	(785)	(832)
Dividends paid to equity shareholders	12	(5,883)	(5,761)
Net cash flows used in financing activities		(59,382)	(27,331)
Net (decrease)/increase in cash and cash equivalents		(3,084)	7,240
Cash and cash equivalents at the beginning of the period		15,031	7,791
Cash and cash equivalents at the end of the period	20	11,947	15,031

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 14 June 2021.

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.

The Company, GB Group plc is the ultimate group company of the consolidated group.

2. Accounting Policies

2.1 Basis of Preparation

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and with those parts of the Companies Act 2006 applicable to companies reporting under International Accounting Standards. 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 2021 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 2022. Although GBG has a robust budgeting and forecasting process, the continued 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 budget including comparison against external data sources available and a potential downside scenario
- 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

Notes To The Accounts continued

2. Accounting Policies continued

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

Following the outbreak of the Covid-19 pandemic the market consensus forecast for the year to 31 March 2021 was a decline in revenue of 10.3% (£175 million). The actual performance was significantly ahead of this with revenue of £217.7 million, representing revenue growth of 9.3% (12.3% on an organic constant currency basis).

The Board of Directors are aware that future Covid-19 outbreaks could lead to further economic uncertainty, but the experience in the past year gives enhanced confidence to be able to forecast which of our products and services are positively or negatively impacted by Covid-19 and therefore what steps are needed to react to this. The overall performance has illustrated the relevance and importance of our products and services, even in a time of significant economic decline in many of our key markets.

During the pandemic approximately 7% of revenue came from two customers in the United States who provided services directly related to Covid. We would not expect this level of revenue to recur in the year to 31 March 2022. Aside from this one-off, GBG does not have a high customer concentration risk with no individual customer generating more than 4% 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. There was a decline in revenue from the financial services sector in Fraud (principally in Asia Pacific) as these contracts are generally larger and more complex in nature and can require onsite installation which was more difficult during the pandemic. However, this was more than offset by the growth in Identity services from the financial services sector.

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 we are already seeing growth in these sectors as the pandemic restrictions are lifted.

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 further 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:

- Continued compliance requirements globally
- The ongoing existence of fraud globally, with Covid-19 giving fraudsters new opportunities such as with government support loans, 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 a supplier failure to be able to move to an alternative supplier with minimal disruption to customers or to the wider business.

Liquidity

	31 March 2021 £'000	31 March 2020 £'000	Variance £'000
Operating cashflow before tax and exceptional items paid (note 37)	73,385	49,279	24,106
Adjusted EBITDA (note 37)	61,410	51,739	9,671
Cash conversion %	119.5%	95.2%	24.3%
Cash (note 20)	21,135	27,499	(6,364)
Loans (excluding unamortised loan fees) (note 22)	-	(62,500)	62,500
Net Cash/(Debt)	21,135	(35,001)	56,136
Leverage	Positive Cash	0.68	(0.68)

At 31 March 2021 GBG was in a net cash position of £21.1 million, an improvement of £56.1 million since 31 March 2020. The outstanding RCF loan was fully repaid during the year.

During the year to 31 March 2021, GBG's cash conversion improved with an EBITDA to operating cash ratio of 119.5%, an improvement of 24.3% on the prior year. The increase in the cash conversion was partly attributable to cash receipts in the first half of the year related to large multi-year deals where the profit was recognised at the end of the previous financial year. Notwithstanding this, operating cash flows continued to be strong and the Group continually monitors its cash generation and collection.

The RCF has a maximum level of £110 million which could be drawn down for working capital purposes if required. The expiry of this facility was extended by one year in January 2021, so this now expires in February 2023 (previously February 2022).

At 31 March 2021 the Group was in a net current liabilities position of £4.3 million (2020: net current assets of £9.5 million). However, within current liabilities is deferred revenue of £42.3 million (2020: £37.6 million) which represents a liability to provide a future service rather than a direct cash liability. Whilst there is a cash cost to providing these services (principally related data costs or employee wages) these costs would be lower than the value of the deferred revenue liability, and will unwind over the course of the year rather than being a liability settled on demand. On this basis the net current liabilities position is not considered to be a risk from a going concern perspective.

c) Board review and challenge of the budget including comparison against external data sources available and a potential downside scenario

In the prior year the uncertainty around the scale, timing and impact of the coronavirus pandemic meant it was impossible to set a meaningful budget. For the current year we have reverted back to the normal budget process using a detailed bottom-up approach which is then subject to review and challenge by the Executive Team and Board of Directors.

Management note that analyst's forecasts published after the trading update in April 2021 estimate an overall revenue decline in the year to 31 March 2022 due to the impact of the disposed businesses and one-off revenue linked to the Covid-19 in the US. These estimates range from a decline of 4.9% and growth of 0.2% in the year to 31 March 2022 compared to the prior year, with the consensus position being decline of 3.2% which would be revenue of £210 million on a constant currency basis. The budget for the year to 31 March 2022 is within the range of the analyst estimates.

This budget showed continued significant headroom in the covenant compliance tests and sufficient liquidity to maintain operations. The budget model was then adjusted to reflect a realistic downside scenario and under this the covenant compliance and liquidity position did not result in any risk to going concern. Relative to the budget produced by management there have not been any adverse variances in the overall trading performance since the year-end.

Notes To The Accounts continued

2. Accounting Policies continued

- 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 budget 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 Q2 of FY22 it would take a revenue decline of 45% for a covenant breach (interest cover) to occur (31% without any operating expenses savings). This breach would be as at 30 June 2022 although even at this point it would only take an EBITDA increase of £50,000 to remedy this breach.

Based on the prior year trading performance, performance in the period since the year end and through reference to external market data a decline of anywhere near 45% is considered by the Directors to be remote. If this became even a 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.

- 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 occurring, causing a breach of covenants on 30 June 2022 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 2021 level) to increase EBITDA to remedy a covenant breach of £50,000
- Take similar cash conservation measures to those that were implemented in the early stages of the pandemic in 2020. These included not declaring a final dividend, pay and recruitment freezes and a deferral of director bonus payments
- Request a delay to UK Corporation Tax, Employment Tax or Sales Tax payments under the HMRC 'Time to Pay' scheme. In the year to 31 March 2021 Corporation Tax payments averaged £200,000 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 2022) before returning to covenant compliance the following quarter. The business would still be EBITDA positive on a rolling 12-month basis at this point and the Directors believe they would have a reasonable expectation of achieving a temporary covenant waiver from the banks if needed
- Raise cash through an equity placing. Under the 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
- Disposal of part of the business

- f) Conclude upon the going concern assumption

Following consideration of the budget 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 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
- 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
- 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 for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. 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.

Notes To The Accounts continued

2. Accounting Policies continued

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.

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 Consolidated Statement of Profit or Loss 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 Consolidated Statement of Profit or Loss in the year the item is derecognised.

Residual values and estimated remaining lives are reviewed annually.

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.

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

Notes To The Accounts continued

2. Accounting Policies continued

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 Consolidated Statement of Profit or Loss. 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 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.

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.

Notes To The Accounts continued

2. Accounting Policies continued

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.

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.

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.

Notes To The Accounts continued

2. Accounting Policies continued

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.

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.

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 Consolidated Statement of Profit or Loss 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 group contributory pension scheme. Payments are made to individual private defined contribution pension arrangements. Contributions are charged in the Consolidated Statement of Profit or Loss 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.

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 upon which to apply the algorithms. 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.

Notes To The Accounts continued

2. Accounting Policies continued

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 forfeiture is recognised 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.

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:

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

Redundancy costs are only classified within exceptional items if they are linked to a reorganisation of part of the business.

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.

Notes To The Accounts continued

2. Accounting Policies continued

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 Consolidated Statement of Profit or Loss 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).

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

The following standards and amendments were effective for periods beginning on or after 1 January 2020 and as such have been applied in these financial statements. The Group has not early adopted any other standard or interpretation that is issued but not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 provides further clarity on the definition of a business when entering into a business combination. It states that to be classified as a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output as well as clarifying that a business can exist without including all of the inputs and processes needed to create outputs. The Group has considered this in the business combinations entered into during the period ended 31 March 2021, and although did not impact the way in which the combination was recognised, could impact future periods should the business enter into further business combinations.

The following standards and amendments had no impact on the financial statements of the Group:

Amendments to IAS 1 and IAS 8 Definition of Material

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

Conceptual Framework for Financial Reporting issued on 29 March 2018

Amendments to IFRS 16 Covid-19 Related Rent Concessions

New Accounting Standards and Interpretations Issued but not yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current - effective for annual reporting periods beginning on or after 1 January 2023

Reference to the Conceptual Framework – Amendments to IFRS 3 - effective for annual reporting periods beginning on or after 1 January 2022

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 - effective for annual reporting periods beginning on or after 1 January 2022

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 - effective for annual reporting periods beginning on or after 1 January 2022

IFRS 9 Financial Instruments – Fees in the '10%' test for derecognition of financial liabilities - effective for annual reporting periods beginning on or after 1 January 2022

None of the amendments are expected to have a significant impact to the Group, however the Group will continue to consider these and any additional amendments, interpretations and new standards to identify potential future impact.

Notes To The Accounts continued

2. Accounting Policies continued

2.4 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 and Company tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated earlier in note 2.3. 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 and Company goodwill and the assumptions used to test for impairment are set out in note 17.

Impairment of Investments in Subsidiary Undertakings

The Company 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. Refer to note 16 for further details.

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.

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. In the prior year, due to the Covid-19 pandemic the unprecedented economic uncertainty increased the likelihood of a higher level of ECL, but there was no historical comparative evidence to draw upon to build the impact of this pandemic into the normal ECL model used. The Group responded by calculating an additional level of provision to overlay the normal ECL calculation. This overlay was 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 were expected to see the biggest impact of the pandemic.

For the current year this additional overlay has been maintained as, although it is now over 12 months since the pandemic began, the majority of governments have maintained economy support packages throughout this period, such as furlough in the UK. As a result, the past 12 months is not considered to be a fair representation of the potential risk profile for the coming year once these support packages are removed. 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 (both Judgement and Estimate)

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 £13,705,000 (2020: £15,084,000). The carrying value of the recognised deferred tax asset at 31 March 2021 was £7,676,000 (2020: £6,294,000) and the unrecognised deferred tax asset at 31 March 2021 was £3,033,000 (2020: £5,123,000). Further details are contained in note 11.

Disclosure of Discontinued Operations

During the year GBG disposed of two businesses, Marketing Services and Employ and Comply. A judgement was made to consider whether the financial results of the disposed businesses should be presented as discontinued operations in accordance with IFRS 5. The assessment was that neither business 'represents a separate major line of business or geographical area of operations' and therefore did not meet the criteria for this classification. This was based on their level of revenue and adjusted operating profit relative to the overall Group.

Notes To The Accounts continued

2. Accounting Policies continued

Classification of Investment

As detailed in note 18, during the year the Group made an investment in CredoLab Pte Ltd. Management have had to apply judgement to assess the appropriate accounting treatment for this investment.

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

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

Valuation and Asset Lives of Separately Identifiable Intangible Assets (both Judgement and Estimate)

In accounting for acquisitions management are required to make judgements in relation to the identification of separately identifiable intangible assets, the methodologies used to fair value these assets and the key inputs used in the models require significant estimation. During the year, the Company acquired HooYu and in valuing the separately identifiable intangible assets made specific judgements as to the appropriate methodology to be used to value the most significant element of the transaction being the technology intangible asset. This has been done on a replacement cost basis which was considered the most appropriate based on the characteristics of the transaction. The most significant estimate within this methodology was the mark-up applied to the historic internally capitalised costs during the development of the technology to equate these to a market participant replacement value. This estimate was based on consideration of the rates GBG pay development contractors against salary averages.

3. Revenue

Revenue disclosed in the Consolidated Statement of Profit or Loss is analysed as follows:

	2021 £'000	2020 £'000
Licence	61,350	71,543
Transactional	141,278	112,079
Services	15,031	15,479
Revenue	217,659	199,101
Finance revenue	120	143
Total revenue	217,779	199,244

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 £4,877,000 (2020: £6,014,000). 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 £37,701,000 (2020: £35,453,000) was included in the opening contract liability.

4. Segmental Information

The Group's operating segments are internally reported to the Group's Chief Executive Officer as three operating segments: Location, Identity and Fraud. Included within 'Unallocated' is the revenue and profit of the Marketing Services business (which was disposed in January 2021), 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, as defined in note 37.

Information on segment assets and liabilities is not regularly provided to the Group's Chief Executive Officer and is therefore not disclosed below.

Changes to Segmental Analysis for 31 March 2021 Disclosure

During the year to 31 March 21 the Group implemented a new financial system which has enabled transactions to be analysed differently. As a result, the segmental analysis for the year to 31 March 21 includes changes to the classification of revenue between segments and revenue types when compared to the 31 March 20 analysis. As this analysis was not available for the year to 31 March 20 it has not been possible to restate the comparative period, however an estimate of their impact has been detailed below:

- Revenue from Location products in VIX Verify have been able to be reclassified from the Identity segment to the Location segment (2020: estimate of £2,700,000 split between Licence - £1,700,000, Transactional - £975,000 and Services - £25,000)
- Revenue from Location products in the UK have been reclassified between Licence, Transactional and Services revenue. The estimated impact on 2020 revenue is an increase of £590,000 in 2020 Location Licence revenue, £385,000 increase in 2020 Location transactional revenue and £975,000 reduction in 2020 Location services revenue
- Revenue for professional services in the Asia Pacific Fraud business has previously been bundled with the associated Licence revenue. This element has now been separated and presented within Services revenue (2020: estimate of £5,400,000)

Representation of 31 March 2020 Disclosure

The amendments to the presentation of the segmental information for the year ended 31 March 2020 is due to the evolution in the go-to-market strategy of the Datacare part of the business, and the subsequent change in how this is reported internally. Previously Datacare was included within the Unallocated segment whereas it is now presented in Location. The values that have been represented in the year to 31 March 2020 are as follows: revenue £1,689,000, adjusted operating profit £49,000.

Notes To The Accounts continued

4. Segmental Information continued

Year ended 31 March 2021	Fraud £'000	Identity £'000	Location £'000	Unallocated £'000	Total £'000
Licence	19,609	4,653	37,088	-	61,350
Transactional	133	121,130	20,015	-	141,278
Services	6,749	2,302	2,567	3,413	15,031
Total revenue	26,491	128,085	59,670	3,413	217,659
Adjusted operating profit	5,332	47,746	19,472	(14,654)	57,896
Amortisation of acquired intangibles	(749)	(12,295)	(4,331)	(296)	(17,671)
Share-based payments charge	-	-	-	(5,170)	(5,170)
Exceptional items	-	-	-	448	448
Operating profit	4,583	35,451	15,141	(19,672)	35,503
Finance revenue	-	-	-	120	120
Finance costs	-	-	-	(1,360)	(1,360)
Income tax expense	-	-	-	(7,385)	(7,385)
Profit for the year					26,878

Year ended 31 March 2020	Fraud £'000	Identity £'000	(Represented) Location £'000	(Represented) 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	4,045	6,707	15,479
Total revenue	35,506	105,408	51,480	6,707	199,101
Adjusted operating profit	13,444	33,626	14,601	(13,726)	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	10,602	(20,180)	22,844
Finance revenue				143	143
Finance costs				(2,361)	(2,361)
Income tax expense				(3,562)	(3,562)
Profit for the year					17,064

Geographical Information

	Revenues from external customers		Non-current assets	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
United Kingdom	77,302	87,814	123,338	126,945
United States of America	78,998	52,386	223,843	259,558
Australia	23,636	19,063	39,695	37,374
Others	37,723	39,838	12	48
Total	217,659	199,101	386,888	423,925

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.

5. Operating Profit

	2021 £'000	2020 £'000
This is stated after charging:		
Research and development costs recognised as an operating expense	14,970	16,821
Other Technology related costs recognised as an operating expense	12,968	13,043
Total Technology related costs recognised as an operating expense	27,938	29,864
Depreciation of property, plant and equipment (note 14)	1,433	1,760
Depreciation of right-of-use assets (note 15)	1,838	1,850
Expense relating to short term leases	514	447
Expense relating to low value leases	5	5
Expected credit losses of trade receivables (note 27)	25	2,532
Loss on disposal of plant and equipment	-	260
Amortisation of intangible assets (note 16)	17,914	19,192
Foreign exchange loss	188	69

The above information does not include exceptional items which have been disclosed in note 7.

6. Auditor's Remuneration

	2021 £'000	Restated* 2020 £'000
Audit of the financial statements ¹	661	311
Other fees to auditor - other assurance services	123	72
- tax compliance services	-	10
	784	393

¹ £273,000 (2020: £208,000) of this relates to the Company.

* The Audit of the financial statements for the Company for the year-ended 31 March 2020 has been increased by £49,000 from the amount disclosed in the 2020 Annual Report. This is to reflect amounts paid in respect of the 31 March 2020 audit that were agreed and paid subsequent to the publication of those accounts.

7. Exceptional Items

	2021 £'000	2020 £'000
(a) Costs associated with team member reorganisations	(441)	(555)
(b) Impairment of goodwill (note 16 & 35)	(154)	-
(c) Acquisition related costs	(862)	(26)
(d) Recognition of payroll tax credit	747	-
(e) Fair value adjustments to contingent consideration (note 36)	(697)	(829)
(f) Foreign exchange movement on contingent consideration (note 36)	452	(142)
(g) Profit on disposal of businesses (note 35)	1,403	-
	448	(1,552)

(a) 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.

Notes To The Accounts continued

7. Exceptional Items continued

- (b) During the year £79,000 (2020: £nil) has been recognised as an impairment expense relating to the goodwill in the e-Ware Interactive cash generating unit, and £75,000 relating to the goodwill in the Transactis cash generating unit. Refer to note 17 for further details.
- (c) Acquisition related costs of £862,000 (2020: £26,000) include legal and professional advisor costs directly attributable to the transactions and exclude operating or integration costs relating to an acquired business. Also includes costs which were incurred as part of a potential acquisition. In the current year these costs related to fees in relation to the acquisition of HooYu Investigate and the investment in Credolabs. In the prior year the costs relate to the final acquisition costs relating to the acquisition of Idology Inc. Due to the size and nature of these costs, management consider that they would distort the Group's underlying business performance.
- (d) In the first half of the year to 31 March 2021, a previously unrecognised payroll tax credit in the State of Georgia of £747,000 was recognised on the balance sheet, with a corresponding credit being recognised in exceptional items. Previously there was uncertainty over the Group's eligibility to this credit, but this has now been confirmed. As and when the Group receives the benefit of this asset an equivalent amount is due to the sellers of IDology. On this basis the contingent consideration liability was increased by £747,000 with a corresponding exceptional item charge.
- (e) Subsequent to the recognition of the additional contingent consideration of £747,000 referred to in (d) above, in December 2020 the Group agreed to settle this liability with the sellers early, in exchange for a reduction of £50,000 in the amount payable. Therefore, the net exceptional cost in the year related to this was £697,000. 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 reflected that the benefit of this DTA is due to the sellers. On 27 March 2020 in the United States the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law by President Trump. This Act included 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 had increased. In the year to 31 March 2020 GBG 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 was available). The related increase in the liability to the sellers has been recognised as an exceptional item in the year to 31 March 2020 (£829,000) as it arose outside of the 12-month hindsight period permitted for adjustments to the acquisition accounting. A further agreed increase to the deferred consideration was recognised during the year to 31 March 2021 of £749,000.
- (f) The contingent consideration liability is based on the US Dollar value of the losses and deferred tax asset. As a result, the liability was retranslated at the balance sheet date with a gain of £452,000 (2020: loss £142,000) being treated as an exceptional item.
- (g) During the year, the business disposed of its Marketing Services and Employ and Comply businesses. Intangible assets, property plant and equipment, and trading balances were disposed of as part of these transactions and deducted from the proceeds received which has resulted in an overall profit on disposal. The profit recognised on disposal of Employ and Comply is £2,578,000. The loss on disposal of Marketing Services is £1,175,000. Refer to note 35 for further details.

The tax impact of the exceptional items was a tax charge of £818,000 (2020: tax deduction of £969,000 which was principally in relation to the increase in the deferred tax asset of £829,000 related to the IDology tax losses).

8. Team Member Costs and Directors' Emoluments

	Group		Company	
	2021	Restated 2020*	2021	Restated 2020*
	£'000	£'000	£'000	£'000
a) Team Member Costs (including Directors)				
Wages and salaries including commission and bonuses	69,301	67,946	42,362	40,313
Social security costs	6,140	6,126	4,488	4,550
Other pension costs	2,799	2,770	1,509	1,495
Share-based payments	5,170	4,541	4,341	4,271
	83,410	81,383	52,700	50,629

* The components of costs included within this note has been expanded in the current year to include share based payments, bonus costs and commission. As a result, the prior year information has been restated to be consistent.

The average monthly number of team members during the year within each category was as follows:

	Group		Company	
	2021	Restated 2020*	2021	2020
	£'000	£'000	£'000	£'000
Technology	352	355	235	226
General and administration	135	120	103	97
Sales and marketing	560	547	360	364
	1,047	1,022	698	687

* Categorisation of team members have changed in the year following the implementation of the new finance systems and as such the comparatives have been adjusted to be consistent. The overall total remains the same.

	2021	2020
	£'000	£'000
b) Directors' Emoluments		
Wages and salaries	1,526	1,513
Pension	74	74
Bonuses	1,448	1,449
	3,048	3,036
Aggregate gains made by Directors on the exercise of share options	2,611	5,936

The remuneration for the highest paid Director was as follows:

	2021	2020
	£'000	£'000
Wages and salaries	606	607
Bonus	723	723
	1,329	1,330

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 £88,253 (2020: £90,353). The number of share options granted during the year for the highest paid Director was 173,267 (2020: 206,136) and the number of share options exercised during the year was 241,000 (2020: 200,000).

Notes To The Accounts continued

9. Finance Revenue

	2021 £'000	2020 £'000
Bank interest receivable	20	143
Interest income on multi-year contracts	100	-
	120	143

10. Finance Costs

	2021 £'000	2020 £'000
Bank interest payable	957	1,911
Interest on long service award	12	13
Amortisation of bank loan fees	193	192
Lease liability interest	198	245
	1,360	2,361

11. Taxation

a) Tax on Profit

The tax charge in the Consolidated Statement of Profit or Loss for the year is as follows:

	2021 £'000	2020 £'000
Current income tax		
UK corporation tax on profit for the year	3,841	2,760
Amounts underprovided/(overprovided) in previous years	(388)	120
Foreign tax	8,958	1,903
	12,411	4,783
Deferred tax		
Origination and reversal of temporary differences	(5,217)	(2,625)
Amounts underprovided in previous years	311	876
Impact of change in tax rates	(120)	528
	(5,026)	(1,221)
Tax charge in the Statement of Comprehensive Income	7,385	3,562

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:

	2021 £'000	2020 £'000
Consolidated profit before tax	34,263	20,626
Consolidated profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	6,510	3,919
Effect of:		
Permanent differences	157	347
Non-taxable income	-	(489)
Rate changes	(100)	(1,283)
Recognition of previously unrecognised deferred tax assets	(261)	-
Utilisation of losses	-	(14)
Deferred tax release on disposals	480	-
Prior year items	(77)	996
Research and development tax relief	(69)	(880)
Patent Box relief	(579)	(545)
Share option relief	39	9
Effect of higher taxes on overseas earnings	1,285	1,502
Total tax charge reported in the Consolidated Statement of Profit or Loss	7,385	3,562

The Group is entitled to current year tax relief of £1,316,000 (2020: £811,000), calculated at a tax rate of 19% (2020: 19%), in relation to the statutory deduction available on share options exercised in the year.

c) Deferred Tax – Group

Deferred Tax Asset

The recognised and unrecognised potential deferred tax asset of the Group is as follows:

	Recognised		Unrecognised	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Decelerated capital allowances	1,278	1,259	-	-
Share options	3,112	1,848	-	-
Long service award	273	233	-	-
Accrued bonuses	558	522	-	-
Provision for bad debt	189	368	-	-
Other temporary differences	1,888	1,420	-	-
Leases	228	429	-	-
Capital losses	-	-	429	429
Trading losses	150	215	410	2,866
	7,676	6,294	839	3,295

The movement on the deferred tax asset of the Group is as follows:

	2021 £'000	2020 £'000
Opening balance – as reported	6,294	8,222
IFRS 16 transition adjustment	-	326
Opening balance – restated	6,294	8,548
Acquired on acquisition	-	-
Foreign currency adjustments	83	11
Origination and reversal of temporary differences	1,299	(2,265)
	7,676	6,294

Notes To The Accounts continued

11. Taxation continued

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 £2,914,000 (2020: £15,084,000) and unrecognised capital losses of £2,257,000 (2020: £2,257,000). Refer to 11e below for details of movement in the year.

Deferred Tax Liability

The deferred tax liability of the Group is as follows:

	2021 £'000	2020 £'000
Intangible assets	21,518	26,553
Land and buildings	159	186
Leases	183	277
Accelerated capital allowances	260	139
	22,120	27,155

The movement on the deferred tax liability of the Group is as follows:

	2021 £'000	2020 £'000
Opening balance	27,155	29,548
IFRS 16 transition adjustment	-	189
Opening balance - restated	27,155	29,737
Acquisitions	1,000	-
Foreign currency adjustments	(1,532)	713
Origination and reversal of temporary differences	(4,398)	(3,823)
Impact of change in tax rates	(105)	528
	22,120	27,155

d) Deferred Tax - Company

Deferred Tax Asset

The recognised and unrecognised potential deferred tax asset of the Company is as follows:

	Recognised		Unrecognised	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Decelerated capital allowances	1,279	1,259	-	-
Share options	3,041	1,839	-	-
Long service award	84	105	-	-
Provision for bad debt	83	308	-	-
Other temporary differences	101	310	-	-
Leases	-	46	-	-
Capital losses	-	-	429	429
Trading losses	145	-	405	2,866
	4,733	3,867	834	3,295

The movement on the deferred tax asset of the Company is as follows:

	2021 £'000	2020 £'000
Opening balance – as reported	3,867	3,094
IFRS 16 transition adjustment	-	59
Opening balance – restated	3,867	3,153
Origination and reversal of temporary differences	866	714
	4,733	3,867

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 £2,894,000 (2020: £15,084,000) and unrecognised capital losses of £2,757,000 (2020: £2,257,000). Refer to 11e below for details of movement in the year.

Deferred Tax Liability

The deferred tax liability of the Company is as follows:

	2021 £'000	2020 £'000
Intangible assets	4,447	4,362
Land and buildings	108	112
	4,555	4,474

The movement on the deferred tax liability of the Company is as follows:

	2021 £'000	2020 £'000
Opening balance	4,474	5,020
Origination and reversal of temporary differences	(919)	(1,014)
Acquisition	1,000	-
Impact of change in tax rates	-	468
	4,555	4,474

e) Tax Losses

The Group has carried forward trading losses at 31 March 2021 of £2,914,000 (2020: £15,591,000). 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. The reduction in the trading losses is due to a provisional assessment that 80% of the losses related to the Marketing Services business would no longer be available following the disposal of part of that business (detailed in note 35). This assessment will be finalised as part of the submission of the UK tax return for the year to 31 March 2021.

There were also capital losses carried forward at 31 March 2021 of £2,257,000 (2020: £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 United States Deferred Tax Rates

The tax rate applied in the calculation of deferred tax assets and liabilities in the United States has been updated to reflect forecast changes in the effective State tax rate that will apply to these businesses based on the location of customers and business activities. For IDology Inc the rate is 24.9% (2020: 25.2%) and for Loqate Inc the rate is 25.8% (2020: 21.0%).

g) Future Change in United Kingdom Tax Rate

On 3 March 2021 the UK Government announced that effective 1 April 2023 the UK corporation rate will increase from 19% to 25%. As this change had not been substantively enacted at 31 March 2021, UK deferred tax assets and liabilities have continued to be based on a rate of 19%.

Notes To The Accounts continued

11. Taxation continued

h) Unremitted earnings

The Group's foreign subsidiaries have net unremitted earnings of £31,150,000 (2020: £26,979,000), resulting in temporary differences of £21,000 (2020: £Nil) that may be payable as withholding tax if dividends were declared. No deferred tax has been provided in respect of these differences since the timing of the reversals can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

12. Dividends Paid and Proposed

	2021 £'000	2020 £'000
Declared and paid during the year		
Interim dividend for FY21 paid in January 2021: 3.00p (final dividend for FY19 paid in August 2019: 2.99p)	5,885	5,782
Proposed for approval at AGM (not recognised as a liability at 31 March)		
Final dividend for 2021: 3.40p (2020: 0p)	6,674	-

£2,000 (2020: £21,000) was received during the year relating to dividends paid on forfeited shares. The total net cash impact of dividends during the year was therefore £5,883,000 (2020: £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 from continuing operations by the basic weighted average number of ordinary shares in issue during the year.

	2021 pence per share	2021 £'000	2020 pence per share	2020 £'000
Profit attributable to equity holders of the Company	13.8	26,878	8.8	17,064

Diluted

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders from continuing operations 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.

	2021 No.	2020 No.
Basic weighted average number of shares in issue	195,224,730	193,630,621
Dilutive effect of share options	3,281,173	3,144,641
Diluted weighted average number of shares in issue	198,505,903	196,775,262

	2021 pence per share	2021 £'000	2020 pence per share	2020 £'000
Profit attributable to equity holders of the Company from continuing operations	13.5	26,878	8.7	17,064

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.

	2021 £'000	Basic 2021 pence per share	Diluted 2021 pence per share	2020 £'000	Basic 2020 pence per share	Diluted 2020 pence per share
Adjusted operating profit	57,896	29.7	29.2	47,945	24.8	24.4
Less net finance costs	(1,240)	(0.6)	(0.6)	(2,218)	(1.1)	(1.1)
Less tax	(7,385)	(3.9)	(3.8)	(3,562)	(1.9)	(1.9)
Adjusted earnings	49,271	25.2	24.8	42,165	21.8	21.4

14. Property, Plant and Equipment

Group

	Property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2019	1,251	8,541	9,792
Additions	-	1,653	1,653
Disposals	-	(881)	(881)
Foreign currency adjustment	-	(94)	(94)
At 31 March 2020	1,251	9,219	10,470
Additions	-	455	455
Disposals (other than sale of businesses)	-	(145)	(145)
Sale of business disposals	-	(514)	(514)
Foreign currency adjustment	-	(46)	(46)
At 31 March 2021	1,251	8,969	10,220
Depreciation and impairment			
At 1 April 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
Provided during the year	19	1,414	1,433
Disposals (other than sale of businesses)	-	(145)	(145)
Sale of business disposals	-	(504)	(504)
Foreign currency adjustment	-	(87)	(87)
At 31 March 2021	80	6,434	6,514
Net book value			
At 31 March 2021	1,171	2,535	3,706
At 31 March 2020	1,190	3,463	4,653
At 1 April 2019	1,209	3,606	4,815

Notes To The Accounts continued

14. Property, Plant and Equipment continued

Company

	Property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2019	1,233	6,139	7,372
Additions	-	858	858
Disposals	-	(872)	(872)
At 31 March 2020	1,233	6,125	7,358
Additions	-	226	226
Disposals (other than sale of businesses)	-	(145)	(145)
Sale of business disposals	-	(514)	(514)
At 31 March 2021	1,233	5,692	6,925
Depreciation and impairment			
At 1 April 2019	24	3,545	3,569
Provided during the year	19	1,195	1,214
Disposals	-	(872)	(872)
At 31 March 2020	43	3,868	3,911
Provided during the year	11	900	911
Disposals (other than sale of businesses)	-	(145)	(145)
Sale of business disposals	-	(504)	(504)
At 31 March 2021	54	4,119	4,173
Net book value			
At 31 March 2021	1,179	1,573	2,752
At 31 March 2020	1,190	2,257	3,447
At 1 April 2019	1,209	2,594	3,803

15. Right-of-use assets

Group

	Right of use assets £'000	Total £'000
Cost		
At 1 April 2019	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
Additions	504	504
Disposals (other than sale of business)	(912)	(912)
Sale of business disposals	(704)	(704)
Foreign currency adjustment	(91)	(91)
At 31 March 2021	8,914	8,914
Depreciation and impairment		
At 1 April 2019	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
Provided during the year	1,838	1,838
Disposals (other than sale of businesses)	(910)	(910)
Sale of business disposals	(444)	(444)
Foreign currency adjustment	(151)	(151)
At 31 March 2021	5,683	5,683
Net book value		
At 31 March 2021	3,231	3,231
At 31 March 2020	4,767	4,767
At 1 April 2019	5,166	5,166

Notes To The Accounts continued

15. Right-of-use assets continued

Company

	Right of use assets £'000	Total £'000
Cost		
At 1 April 2019 and 31 March 2020	4,691	4,691
Disposals (other than sale of businesses)	(781)	(781)
Sale of business disposals	(704)	(704)
At 31 March 2021	3,206	3,206
Depreciation and impairment		
At 1 April 2019	1,918	1,918
Provided during the year	675	675
At 31 March 2020	2,593	2,593
Provided during the year	561	561
Disposals (other than businesses)	(781)	(781)
Sale of business disposals	(444)	(444)
At 31 March 2021	1,929	1,929
Net book value		
At 31 March 2021	1,277	1,277
At 31 March 2020	2,098	2,098
At 1 April 2019	2,773	2,773

The underlying class of assets and their net book values are leasehold property Group £3,216,000 (2020: £4,760,000), Company £1,277,000 (2020: £2,093,000) and equipment Group £15,000 (2020: £7,000) Company £nil (2020: £5,000).

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 2019	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
Foreign currency adjustment	(5,577)	(1,400)	(434)	(7,411)	(14,369)	(2)	-	(21,782)
Additions – business combinations (note 35)	-	4,620	645	5,265	141	-	-	5,406
Additions – purchased software	-	-	-	-	-	283	-	283
Disposals (other than sale of businesses)	-	-	-	-	-	(705)	-	(705)
Sale of business disposals	(4,842)	(1,446)	-	(6,288)	(2,529)	-	-	(8,817)
At 31 March 2021	109,716	34,949	5,088	149,753	286,505	1,754	1,212	439,224
Amortisation and impairment								
At 1 April 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
Foreign currency adjustment	(783)	(391)	(138)	(1,312)	-	(3)	-	(1,315)
Amortisation during the year	11,682	5,070	919	17,671	-	243	-	17,914
Impairment	-	-	-	-	154	-	-	154
Disposals (other than sale of businesses)	-	-	-	-	-	(705)	-	(705)
Sale of business disposals	(3,375)	(1,446)	-	(4,821)	-	-	-	(4,821)
At 31 March 2021	36,348	20,304	2,206	58,858	154	1,337	1,212	61,561
Net book value								
At 31 March 2021	73,368	14,645	2,882	90,895	286,351	417	-	377,663
At 31 March 2020	91,311	16,104	3,452	110,867	303,262	376	-	414,505
At 1 April 2019	101,390	21,257	4,330	126,977	298,032	615	22	425,646

Notes To The Accounts continued

16. Intangible Assets continued

	Carrying Value of Customer Relationship £'000	Remaining Amortisation Period Years
Data Discoveries Holdings Limited	9	0.25
Capscan Parent Limited	275	0.58
DecTech Solutions Pty Ltd	1,321	3.08
CDMS Limited	267	3.58
Loqate Inc	844	4.08
ID Scan Biometrics Limited	2,057	5.25
Postcode Anywhere (Holdings) Limited	15,126	6.08
VIX Verify Global Pty Limited	5,550	7.50
IDology Inc	47,919	7.83
	73,368	

Goodwill arose on the acquisition of GB Mailing Systems Limited, e-Ware Interactive Limited, Data Discoveries Holdings Limited, Capscan Parent Limited, DecTech Solutions Pty Ltd, CDMS Limited, Loqate Inc., ID Scan Biometrics Limited, Postcode Anywhere (Holdings) Limited, VIX Verify Global Pty Limited, IDology Inc and Investigate 2020 Limited. Under IFRS, goodwill is not amortised and is tested annually for impairment (note 17).

The impairment of £154,000 is in respect of:

- £75,000 for the Transactis CGU. Following the disposal of part of the Marketing Services business detailed in note 35, the future cash flows from the remaining part of the Marketing Services business were not sufficient to support the carrying value of the acquired goodwill.
- £79,000 for the E-Ware Interactive CGU. As detailed in the 2020 Annual Report, the remaining value in use was based on a single remaining customer from the acquisition. During the current year this customer cancelled their contract and as a result the full amount of goodwill in the Group was impaired.

16. Intangible Assets continued

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 2019	26,078	7,818	461	34,357	110,115	2,198	2,353	149,023
Additions – purchased software	-	-	-	-	-	183	-	183
Hive-up adjustment ¹	(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
Additions – business combinations	-	4,620	645	5,265	141	-	-	5,406
Additions- purchased software	-	-	-	-	-	283	-	283
Disposals (other than sale of businesses)	-	-	-	-	-	(705)	-	(705)
Sale of business disposals	-	-	-	-	(4,286)	-	-	(4,286)
At 31 March 2021	26,024	12,438	912	39,374	105,970	1,700	1,794	148,838
Amortisation and impairment								
At 1 April 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
Reclassification	-	-	-	-	-	-	-	-
Amortisation during the year	2,878	1,715	64	4,657	-	242	-	4,899
Impairment	-	-	-	-	6,112	-	-	6,112
Disposals (other than sale of businesses)	-	-	-	-	-	(705)	-	(705)
At 31 March 2021	8,841	6,806	321	15,968	6,112	1,283	1,794	25,157
Net book value								
At 31 March 2021	17,183	5,632	591	23,406	99,858	417	-	123,681
At 31 March 2020	20,061	2,727	10	22,798	110,115	376	-	133,289
At 1 April 2019	23,095	5,123	172	28,390	110,115	623	11	139,139

¹ 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.

Notes To The Accounts continued

16. Intangible Assets continued

	Carrying Value of Customer Relationship £'000	Remaining Amortisation Period Years
ID Scan Biometrics Limited	2,057	5.25
Postcode Anywhere (Holdings) Limited	15,126	6.08
	17,183	

Goodwill arose on the acquisition of ID Scan Biometrics Limited, Postcode Anywhere (Holdings) Limited and Investigate 2020 Limited. Under IFRS, goodwill is not amortised and is tested annually for impairment (note 17).

The impairment of £6,112,000 is in respect of:

- £6,052,000 for the Transactis CGU. Following the disposal of part of the Marketing Services business detailed in note 35, the future cashflows from the remaining part of the Marketing Services business were not sufficient to support the carrying value of the Acquired Goodwill.
- £60,000 for the e-Ware Interactive CGU. As detailed in the 2020 Annual Report, the remaining value in use was based on a single remaining customer from that acquisition. During the current year this customer cancelled their contract and as a result the full amount of goodwill in the Company was impaired.

17. Impairment Testing of Goodwill

Goodwill and intangible assets acquired through business combinations has been allocated for impairment testing purposes to nine 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 and acquired intangibles 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 and Acquired Intangible Assets Allocated to CGUs

Group	2021			2020		
	Goodwill £'000	Acquired Intangibles £'000	Total £'000	Goodwill £'000	Acquired Intangibles £'000	Total £'000
Fraud Unit	3,181	4,990	8,171	3,040	47	3,087
Identity Unit	35,058	2,056	37,114	37,586	3,374	40,960
Location Unit	53,992	16,643	70,635	53,992	20,758	74,750
CAFS Unit	14,461	1,321	15,782	12,922	1,564	14,486
Loqate Unit	7,002	844	7,846	7,731	1,165	8,896
VIX Verify Unit	15,859	6,118	21,977	14,171	6,345	20,516
IDology Unit	156,371	58,656	215,027	173,239	75,958	249,197
e-Ware Interactive Unit	-	-	-	79	-	79
Transactis Unit	427	267	694	502	1,656	2,158
	286,351	90,895	377,246	303,262	110,867	414,129

Company	2021				2020			
	Goodwill £'000	Acquired Intangibles £'000	Investments £'000	Total £'000	Goodwill £'000	Acquired Intangibles £'000	Investments £'000	Total £'000
Fraud Unit	4,796	4,980	3,506	13,282	4,654	-	153	4,807
Identity Unit	35,082	2,056	7,745	44,883	39,368	2,786	7,745	49,899
Location Unit	59,286	16,370	14,928	90,584	59,286	20,012	14,928	94,226
CAFS Unit	-	-	13,868	13,868	-	-	13,868	13,868
Loqate Unit	-	-	5,188	5,188	-	-	5,188	5,188
VIX Verify Unit	-	-	20,639	20,639	-	-	20,639	20,639
IDology Unit	-	-	240,962	240,962	-	-	240,962	240,962
e-Ware Interactive Unit	-	-	-	-	60	-	-	60
Transactis Unit	694	-	-	694	6,747	-	-	6,747
	99,858	23,406	306,836	430,100	110,115	22,798	303,483	436,396

* Investments are presented net of £2,288,000 of equity investments held at Fair Value through Other Comprehensive Income.

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 - 1.9%; USA - 2.2%; Australia - 3.0% (2020: 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.

Notes To The Accounts continued

17. Impairment Testing of Goodwill continued

	2021		2020	
	Pre-tax discount rate %	Growth rate (in perpetuity) %	Pre-tax discount rate %	Growth rate (in perpetuity) %
Fraud Unit	11.1%	1.9%	10.7%	1.8%
Identity Unit	11.1%	1.9%	10.7%	1.8%
Location Unit	11.1%	1.9%	10.7%	1.8%
CAFS Unit	13.7%	3.0%	14.3%	2.5%
Loqate Unit	12.0%	2.2%	12.8%	1.8%
Vix Verify Unit	13.7%	3.0%	14.3%	2.5%
Idology Unit	12.0%	2.2%	12.8%	1.8%
Transactis Unit	11.1%	-	10.7%	-

The sensitivity analysis below is related to the Group. Information on the sensitivities for the Company have been included in instances where there is either an impairment or where a reasonably possible change in assumptions could result in an impairment.

In the case of the Fraud CGU, the annual impairment review as at 31 March 2021 indicated that the recoverable amount exceeded the carrying value of the CGU by £56,117,000. The sensitivities which result in the recoverable amount equalling the carrying value can be summarised as follows:

- an absolute increase of 64.1% in the pre-tax weighted average cost of capital from 11.1% to 75.2%; or
- a reduction of 87% in the forecast profit margins; and

In the case of the Identity CGU, the annual impairment review as at 31 March 2021 indicated that the recoverable amount exceeded the carrying value of the CGU by £148,690,000. The sensitivities, which result in the recoverable amount equalling the carrying value, can be summarised as follows:

- an absolute increase of 35.8% in the pre-tax weighted average cost of capital from 11.1% to 46.9%; or
- a reduction of 80% in the forecast profit margins.

In the case of the Location CGU, the annual impairment review as at 31 March 2021 indicated that the recoverable amount exceeded the carrying value of the CGU by £203,725,000. The sensitivities which result in the recoverable amount equalling the carrying value can be summarised as follows:

- an absolute increase of 25.5% in the pre-tax weighted average cost of capital from 11.1% to 36.6%; or
- a reduction of 74% in the forecast profit margins.

In the case of CAFs CGU, the annual impairment review as at 31 March 2021 indicated that the recoverable amount exceeded the carrying value of the CGU by £14,976,000. The sensitivities which result in the recoverable amount equalling the carrying value can be summarised as follows:

- an absolute increase of 8.7% in the pre-tax weighted average cost of capital from 13.7% to 22.4%; or
- an increase in the GBP/AUD exchange rate from 1.79 to 3.49; or
- a reduction of 49% in the forecast profit margins.

In the case of Loqate CGU, the annual impairment review as at 31 March 2021 indicated that the recoverable amount exceeded the carrying value of the CGU by £50,085,000. The sensitivities which result in the recoverable amount equalling the carrying value can be summarised as follows:

- an absolute increase of 67.4% in the pre-tax weighted average cost of capital from 12.0% to 79.4%; or
- an increase in the GBP/USD exchange rate from 1.36 to 10.04; or
- a reduction of 86% in the forecast profit margins.

In the case of the VIX Verify CGU, the annual impairment review as at 31 March 2021 indicated that the recoverable amount exceeded the carrying value of the CGU by £22,629,000. The sensitivities which result in the recoverable amount equalling the carrying value can be summarised as follows:

- an absolute increase of 10.9% in the pre-tax weighted average cost of capital from 13.7% to 24.6%; or
- an increase in the GBP/AUD exchange rate from 1.79 to 3.63; or
- a reduction of 51% in the forecast profit margins.

In the case of the IDology CGU, the annual impairment review as at 31 March 2021 indicated that the recoverable amount exceeded the carrying value of the CGU by £57,487,000. The sensitivities, which result in the recoverable amount equalling the carrying value, can be summarised as follows:

- an absolute increase of 2.5% in the pre-tax weighted average cost of capital from 12.0% to 14.5% (which is considered reasonably possible); or
- an increase in the GBP/USD exchange rate from 1.36 to 1.72; or
- a reduction of 21% in the forecast profit margins.

The carrying value of the IDology CGU in the Company is £25,935,000 higher than in the Group and therefore the headroom in the Company is £31,552,000. The sensitivities, which result in the recoverable amount equalling the carrying value in the Company, can be summarised as follows:

- an absolute increase of 1.2% in the pre-tax weighted average cost of capital from 12.0% to 13.2% (which is considered reasonably possible); or
- an increase in the GBP/USD exchange rate from 1.36 to 1.54; or
- a reduction of 12% in the forecast profit margins.

In the case of the Transactis CGU, this originated with the acquisition of CDMS Limited which formed part of the Marketing Services business that was disposed during the year. Part of the intangible assets within the CGU were disposed of and the remaining goodwill and intangibles were subject to an impairment review. Due to the disposal of a number of contracts impairment review as at 31 March 2021 indicated that the recoverable amount based on value in use exceeded the carrying value of the CGU in the Group by £75,000, based on a discount rate of 11.1%. This was therefore recorded as an impairment which has been allocated against the goodwill balance of the CGU. Following the impairment there is no headroom and therefore a reduction in the future cashflows would result in a further impairment.

An impairment of £6,052,000 has been recorded in the Company in respect of the Transactis CGU on the same basis as for the Group. The difference in value is due to the previous amortisation of the intangible assets in the Group which have reduced the carrying value, whereas in the Company accounts the carrying value is in goodwill which is not amortised.

In the case of the e-Ware Interactive CGU, as detailed in the 2020 Annual Report, the remaining value in use was based on a single remaining customer from that acquisition. During the current year this customer cancelled their contract and as a result the full amount of goodwill (£79,000) was impaired in the Group. The carrying value of £60,000 in the Company was also fully impaired.

Based on the impairment reviews performed, with the exception of the Transactis CGU and e-Ware Interactive CGU, no impairment has been identified.

Notes To The Accounts continued

18. Investments

Group	2021 £'000	2020 £'000
Cost		
At 1 April	-	-
Acquisition of investment ¹	2,288	-
At 31 March	2,288	-
Company	2021 £'000	2020 £'000
Cost		
At 1 April	305,947	305,940
Acquisition of subsidiary undertakings ²	3,353	7
Addition ¹	2,288	-
At 31 March	311,588	305,947
Provision for impairment		
At 1 April	2,464	2,464
At 31 March	2,464	2,464
Net book value		
At 31 March	309,124	303,483

¹ During the year an investment was made into CredoLab Pte Ltd by the Group (and Company) and on initial recognition the Group (and Company) have elected to designate the equity instrument as Fair Value through Other Comprehensive Income

² See note 35 for detail of business combinations in the period

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	25 Bothwell Street, 2nd Floor, Glasgow, G2 6NL
Data Discoveries Limited ¹	100%	United Kingdom	25 Bothwell Street, 2nd Floor, Glasgow, G2 6NL
Managed Analytics Limited ¹	100%	United Kingdom	25 Bothwell Street, 2nd Floor, Glasgow, G2 6NL
e-Ware Interactive 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
Farebase Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
TMG.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
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	Co Sec Consulting Pty Ltd, 59 Gipps Street, Collingwood, VIC 3066
GBG (Malaysia) Sdn Bhd ¹	100%	Malaysia	Level 7 Menara Millenium, Jalan Damansara Pusat Bandar, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan
GBG (Europe) SL ¹	100%	Spain	08002-Barcelona, Edifici The Triangle, 4th Floor, Placa 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	900 Old Roswell Lakes, Parkway, Suite 310, 30076
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 Yenişehir – Mersin
UAB IDscan Biometrics R&D	100%	Lithuania	Kauno m. Kauno m. I. Kanto g. 18-4B Lithuania

Notes To The Accounts continued

18. Investments continued

Name of company	Proportion of voting rights and shares held	Country of incorporation	Registered office address
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
GBG ANZ 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
VIX Verify International Pty Ltd ¹	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066, Australia
GBG (Singapore) Pte Ltd – changed name from VIX Verify Singapore Pte Ltd on 13 May 2020	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	100%	Indonesia	Karinda Building, 2nd Floor, Suite 4, RT/RW.004/002, JL.Palmerah Selatan No. 30A, Kel. Gelora, Kec. Tanah Abang, Central Jakarta, Indonesia
Investigate 2020 Ltd	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB

The following dormant investments were dissolved during the period:

Fastrac Limited ¹	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
TelMe.com Limited	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
Safer Clubbing At Night Network (Scan Net) Ltd	100%	United Kingdom	The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB
DataSan Pty Ltd ¹	100%	Australia	Co Sec Consulting Pty Ltd, 58 Gipps Street, Collingwood, Victoria 3066, Australia

During the year, PCA Predict Inc. merged into Loqate Inc.

GB Group plc also hold branches in Germany and New Zealand.

The Company accounts for its non-listed equity investments as financial instruments 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
CredoLab Pte Ltd	10.53%	Singapore	111 North Bridge Road #08-18, Peninsula Plaza, Singapore 179098

¹ held indirectly.

² held at zero value

19. Trade and Other Receivables

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade receivables	45,283	52,496	27,551	36,993
Prepayments	8,211	7,855	4,573	3,847
Accrued income	5,123	6,203	502	450
	58,617	66,554	32,626	41,290

Included in prepayments are £361,000 of loan arrangement fees relating to the revolving credit facility which have been reclassified from loans. In the prior year £361,000 of unamortised loan arrangement fees were included in the net borrowings figure. See note 22.

20. Cash

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash at bank and in hand	21,135	27,499	11,947	15,031

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

At 31 March 2021, £5,400,000 of cash from the disposal of the Employ and Comply business was held by lawyers and was received into a GBG bank account on 1 April 2021. However, as the cash was held on behalf of GBG and that the disposal was completed on 31 March 2021, it is appropriate that the cash has been recognised as being received.

Notes To The Accounts continued

21. Equity Share Capital

Group and company	2021 £'000	2020 £'000
Authorised		
196,303,554 (2020: 194,193,861) ordinary shares of 2.5p each	4,908	4,855
Issued		
Allotted, called up and fully paid	4,908	4,855
Share premium	267,627	261,648
	272,535	266,503

	2021 No.	2020 No.
Number of shares in issue at 1 April	194,193,861	192,850,117
Issued in relation to acquisition of subsidiary	446,784	-
Issued in relation to acquisition of financial instrument	321,882	-
Issued in relation to intangible asset acquisition	-	7,352
Issued on exercise of share options	1,341,027	1,336,392
Number of shares in issue at 31 March	196,303,554	194,193,861

	2021 Share Capital £'000	2021 Share Premium £'000	2021 Total £'000	2020 Share Capital £'000	2020 Share Premium £'000	2020 Total £'000
1 April	4,855	261,648	266,503	4,821	261,149	265,970
Consideration in exchange for acquisition of financial instrument	8	2,280	2,288	-	-	-
Consideration in exchange for acquisition of subsidiary	11	646	657	-	-	-
Fair value of assets received on acquisition of intangible asset	-	-	-	-	43	43
Consideration received on exercise of share options	34	3,053	3,087	34	456	490
Number of shares in issue at 31 March	4,908	267,627	272,535	4,855	261,648	266,503

During the year to 31 March 2021, an investment was made into CredoLab Pte Ltd by the Group (and Company) and the consideration was in the form of 321,882 shares in the Company.

During the period, the HooYu acquisition was funded by the issue of 446,784 shares in the Company. Please refer to note 35 for details. In addition to the £657,000 recognised within Share Capital and Share Premium, in accordance with the requirements of section 612 of the Companies Act 2006, £3,343,000 has been recognised within the Merger Relief reserve.

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.

Share Forfeiture

Under Article 43 of GBG's Articles of Association if, for a period of at least 12 years, the Company has been unable to trace a shareholder and dividends have remained uncashed, the shares will be forfeited. Those shares become an asset of the Company and can be sold on the open market, with the net proceeds being "employed in the business of the Company or invested in such investments as the Board may think fit".

Following an extensive exercise in conjunction with the Company's Registrar to trace missing shareholders, in December 2020 338,217 shares in the Company were forfeited and subsequently sold on the open market. This resulted in a cash receipt of £2,578,000 net of fees and commissions related to the forfeiture programme.

In addition, unclaimed dividends related to the forfeited shares totalling £63,000 were repaid to the Company.

Both the receipt from the sale of the forfeited shares and the unclaimed dividends have been recognised directly retained earnings, totalling £2,641,000.

22. Loans

Bank Loans

In February 2019, the Group refinanced its existing revolving credit facility and the total facility was increased to £110,000,000, with a further £30,000,000 accordion option. This facility was due to expire in February 2022, however a one-year extension was agreed in January 2021. An arrangement fee of £192,500 was paid in relation to the extension. The facility now expires in February 2023. This loan fee, along with the remaining loan fees for the original facility have been reclassified to prepayments due to the loan value being nil at 31 March 2021 and the net position is therefore an asset rather than a liability. Consideration has been given as to whether this meets the definition of a debt modification or extinguishment in line with IFRS 9 and on the basis that the terms remained the same it has been accounted for as a modification.

During the current financial year there have been no further drawdowns on this facility. Repayments totalling £62,500,000 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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Opening bank loan	62,139	86,888	62,139	85,447
Repayment of borrowings	(62,500)	(24,914)	(62,500)	(23,500)
Loan fees paid for extension	(193)	-	(193)	-
Amortisation of loan fees	193	192	193	192
Foreign currency translation adjustment	-	(27)	-	-
Reclassification of loan fees to prepayments	361	-	361	-
Closing bank loan	-	62,139	-	62,139
Analysed as:				
Amounts falling due within 12 months	-	-	-	-
Amounts falling due after one year	-	62,139	-	62,139
	-	62,139	-	62,139
Analysed as:				
Bank loans	-	62,500	-	62,500
Unamortised loan fees	-	(361)	-	(361)
	-	62,139	-	62,139

Intercompany Loans

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Opening intercompany loan	-	-	4,156	-
New borrowings	-	-	5,669	4,156
Closing intercompany loan	-	-	9,825	4,156
Analysed as:				
Amounts falling due within 12 months	-	-	-	-
Amounts falling due after one year	-	-	9,825	4,156
	-	-	9,825	4,156

Interest is charged on intercompany loans at a rate of 3.0% per annum. The loans are unsecured, and repayable within 2 years.

Notes To The Accounts continued

23. Lease liabilities

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At 1 April	5,725	6,076	2,682	3,407
Additions	504	1,878	-	-
Disposals (other than sale of business)	-	(299)	-	-
Sale of business disposals	(291)	-	(291)	-
Accretion of interest	198	245	81	107
Payments	(2,252)	(2,043)	(785)	(832)
Foreign currency adjustment	52	(132)	-	-
At 31 March	3,936	5,725	1,687	2,682
Analysed as:				
Amounts falling due within 12 months	1,650	2,012	704	704
Amounts falling due after one year	2,286	3,713	983	1,978
	3,936	5,725	1,687	2,682

24. Trade and Other Payables

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade payables	6,345	10,403	2,122	6,670
Amounts owed to subsidiary undertakings	-	-	23,124	20,622
Other taxes and social security costs	4,202	5,299	3,229	4,751
Accruals	30,520	24,939	20,821	15,704
	41,067	40,641	49,296	47,747

25. Provisions

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Provisions can be analysed as follows:				
Dilapidation provision (see below)	404	465	355	421
Long service award (see note 26)	606	551	442	422
	1,010	1,016	797	843
Dilapidation provision				
At 1 April	465	-	421	-
Disposed as part of businesses	(111)	-	(111)	-
Provided in year	45	465	45	421
Foreign exchange adjustment	5	-	-	-
Closing balance	404	465	355	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. The timing of the outflows is not expected to occur in the following 12 months and as such has been disclosed as a non-current liability. The Group do not expect the final payments to differ materially from those amounts provided.

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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At 1 April	551	528	422	395
Past service cost	-	-	-	-
Service cost	89	100	43	74
Benefits taken	(4)	(21)	(4)	(21)
Actuarial (gain)/loss during the year	(42)	(69)	(28)	(36)
Net interest charge	12	13	9	10
At 31 March	606	551	442	422

The following table lists the inputs to the valuation of the long service award for the years ended 31 March 2021 and 31 March 2020.

	2021	2020
Discount rate (%)	1.5	2.2
Salary increases (%)	3.7	3.0
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 continues to be the Covid-19 pandemic. Although the immediate business impact of the pandemic is better understood there remains uncertainty over the ultimate impact on credit risk because in many countries a range of government stimulus and protection packages continue to be available. It is expected that once these packages are reduced or removed there will be a higher level of business failures and defaulting on debts in some of the sectors to which GBG trades in.

Notes To The Accounts continued

27. Financial Instruments and Risk Management continued

Given the uncertainty how government strategies will evolve on these protection packages 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 in the past twelve months for customers in these sectors against pre-pandemic historical averages. In the current year, the overlay applied to the provision is less than that of the prior year, due to the provision brought forward from the prior period not being fully utilised yet.

The maximum exposure to credit risk at the reporting dates is the carrying value of each class of financial assets as disclosed below:

Year ended 31 March 2021

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade receivables	48,883	56,561	30,716	40,712
Allowance for unrecoverable amounts	(3,600)	(4,065)	(3,165)	(3,719)
	45,283	52,496	27,551	36,993

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 2021

	Trade receivables					
	Days past due					Total
	Current	< 30 days	31 - 60 days	61 - 90 days	> 90 days	
	£'000	£'000	£'000	£'000	£'000	£'000
Gross carrying amount	30,280	9,125	3,246	1,269	4,963	48,883
Expected credit loss	338	338	188	128	2,608	3,600
Net carrying amount	29,942	8,787	3,058	1,141	2,355	45,283
% of total	66%	19%	7%	3%	5%	100%

Group - 31 March 2020

	Trade receivables					
	Days past due					Total
	Current	< 30 days	31 - 60 days	61 - 90 days	> 90 days	
	£'000	£'000	£'000	£'000	£'000	£'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
Net carrying amount	30,717	10,787	3,930	2,371	4,691	52,496
% of total	59%	20%	7%	5%	9%	100%

Company - 31 March 2021

	Trade receivables					Total £'000
	Current £'000	< 30 days £'000	31 - 60 days £'000	61 - 90 days £'000	> 90 days £'000	
Gross carrying amount	18,066	6,597	1,597	455	4,001	30,716
Expected credit loss	276	322	107	71	2,389	3,165
Net carrying amount	17,790	6,275	1,490	384	1,612	27,551
% of total	65%	23%	5%	1%	6%	100%

Company - 31 March 2020

	Trade receivables					Total £'000
	Current £'000	< 30 days £'000	31 - 60 days £'000	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
Net carrying amount	20,408	8,425	3,131	1,586	3,443	36,993
% of total	55%	23%	9%	4%	9%	100%

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Balance at 1 April	4,065	2,127	3,719	1,733
Increase in provision	1,924	2,208	1,829	2,158
Covid-19 provision	28	731	(51)	608
Write-offs	(512)	(600)	(405)	(525)
Release	(1,927)	(407)	(1,927)	(255)
Foreign exchange	22	6	-	-
	3,600	4,065	3,165	3,719

The amount disclosed in note 5, relates to the increase in provision, Covid-19 provision and the amount released in the year.

Sensitivities

A change in the expected credit loss percentage applied to each ageing category of 1% would have the following impact on the overall provision at the year-end:

- Group - increase/decrease of 1% in rates £489,000 (2020: £566,000)
- Company - increase/decrease of 1% in rates £307,000 (2020: £407,000).

Notes To The Accounts continued

27. Financial Instruments and Risk Management continued

Foreign Currency Risk

The Group and Company'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 and Company has currency exposure on its investments in 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 a decrease in equity of £1,117,000 (2020: £1,084,000 decrease). The effect on equity of a 10% decrease in the US Dollar and Sterling exchange rate would be an increase of £914,000 (2020: £887,000 increase).

The Group and Company has currency exposure on its investments in foreign operations in Australia. In terms of sensitivities, the effect on equity of a 10% increase in the Australian Dollar and Sterling exchange rate would be a decrease of £6,044,000 (2020: £5,324,000 decrease). The effect on equity of a 10% decrease in the Australian Dollar and Sterling exchange rate would be an increase of £4,945,000 (2020: £4,356,000 increase).

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 and Company's foreign currency exposure on the net monetary position at 31 March 2021:

Foreign Currency Exposure - Group	USD Rate	EUR Rate	AUD Rate	MYR Rate	CNY Rate
Change in rate	+10%	+10%	+10%	+10%	+10%
Effect on profit before tax (£'000s)	£(1,159)	£(132)	£(644)	£(78)	£(113)
Change in rate	-10%	-10%	-10%	-10%	-10%
Effect on profit before tax (£'000s)	£1,417	£162	£787	£90	£138

Foreign Currency Exposure - Company	USD Rate	EUR Rate	AUD Rate	MYR Rate	CNY Rate
Change in rate	+10%	+10%	+10%	+10%	+10%
Effect on profit before tax (£'000s)	(22)	(91)	(58)	-	-
Change in rate	-10%	-10%	-10%	-10%	-10%
Effect on profit before tax (£'000s)	27	111	71	-	-

The Group's and Company'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 £nil following the full repayment of loan facilities (2020: £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 and Company's financial liabilities based on contractual undiscounted payments and includes contractual interest payments:

Group

	On demand £'000	Less than 12 months £'000	1 to 5 years £'000	Total £'000
Year ended 31 March 2021				
Loans (note 22)	-	-	-	-
Contingent consideration (note 36)	-	3,662	-	3,662
Lease liabilities (note 23)	-	1,650	2,286	3,936
Trade and other payables (note 24)	10,547	30,520	-	41,067
	10,547	35,832	2,286	48,665
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

Company

	On demand £'000	Less than 12 months £'000	1 to 5 years £'000	Total £'000
Year ended 31 March 2021				
Loans (note 22)	-	-	-	-
Contingent consideration (note 36)	-	3,662	-	3,662
Lease liabilities (note 23)	-	704	983	1,687
Trade and other payables (note 24)	5,351	43,945	-	49,296
	5,351	48,311	983	54,645
Year ended 31 March 2020				
Loans (note 22)	-	-	62,139	62,139
Contingent consideration (note 36)	-	6,179	-	6,179
Lease liabilities (note 23)	-	704	1,978	2,682
Trade and other payables (note 24)	11,421	36,325	-	47,746
	11,421	43,208	64,117	118,746

Capital Management

The Group and Company manages its capital structure in order to safeguard the going concern of the Group and Company and maximise shareholder value. The capital structure of the Group and Company 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 and Company 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.

Notes To The Accounts continued

27. Financial Instruments and Risk Management continued

In order to achieve this overall objective, the Group and Company'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 2021 and 31 March 2020.

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:

	2021			2020		
	Loans and receivables	Fair value through profit or loss	Fair value through OCI	Loans and receivables	Fair value through profit or loss	Fair value through OCI
	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets:						
Investments	-	-	2,288	-	-	-
Trade and other receivables	45,283	-	-	52,496	-	-
Total current	45,283	-	2,288	52,496	-	-
Total	45,283	-	2,288	52,496	-	-
Financial liabilities:						
Lease liabilities	2,286	-	-	3,713	-	-
Loans	-	-	-	62,139	-	-
Total non-current	2,286	-	-	65,852	-	-
Trade and other payables	41,067	-	-	40,641	-	-
Lease liabilities	1,650	-	-	2,012	-	-
Loans	-	-	-	-	-	-
Contingent consideration	-	3,662	-	-	6,179	-
Total current	42,717	3,662	-	42,653	6,179	-
Total	45,003	3,662	-	108,505	6,179	-

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 and Company has a three-year revolving credit facility agreement expiring in February 2023 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 and Company 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 2021 and 31 March 2020, the Group or Company was not in breach of any bank covenants.

Financial Liabilities: Interest Bearing Loans and Borrowings

	Interest rate %	Maturity	2021 £'000	2020 £'000
Non-current interest bearing loans and borrowings				
£110,000,000 revolving credit facility	LIBOR + 1.5	Feb 2023	-	62,139
Total non-current interest bearing loans and borrowings				62,139
Total interest-bearing loans and borrowing			-	62,139

Fair Values of Financial Assets and Liabilities

The Group and Company 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 and Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At 31 March 2021	Valuation Technique	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Present value of expected future cash flow					
Financial asset at fair value through other comprehensive income		-	-	2,288	2,288
Investment in CredoLab Pte Ltd (note 18)					
Financial liability at fair value through profit and loss					
Contingent consideration (note 36)	Present value of expected future cash flow	-	-	3,662	3,662
At 31 March 2020					
Financial liability at fair value through profit and loss					
Contingent consideration	Present value of expected future cash flow	-	-	6,179	6,179

Notes To The Accounts continued

28. Changes in Liabilities Arising from Financing Activities

Group	1 April 2020 £'000	Cash flows £'000	Foreign exchange movement £'000	Other movement £'000	New leases £'000	31 March 2021 £'000
Current liabilities						
Interest bearing loans	-	-	-	-	-	-
Lease liabilities	2,012	(2,252)	-	1,890	-	1,650
Non-current liabilities						
Interest bearing loans	62,139	(62,500)	-	361	-	-
Lease liabilities	3,713	-	52	(1,983)	504	2,286
Total liabilities arising from financing activities	67,864	(64,752)	52	268	504	3,936

Other movement in interest bearing loans represents additional loan fees paid during the year and amortisation of those loan fees.

Other movement in lease liabilities includes interest, disposals and the reclassification of non-current lease liabilities to current lease liabilities.

Group	1 April 2019 £'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	92,964	(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, disposals and the reclassification of non-current lease liabilities to current lease liabilities.

Company	1 April 2020 £'000	Cash flows £'000	Foreign exchange movement £'000	Other movement £'000	New leases £'000	31 March 2021 £'000
Current liabilities						
Interest bearing loans	-	-	-	-	-	-
Lease liabilities	704	(785)	-	785	-	704
Non-current liabilities						
Interest bearing loans	62,139	(62,500)	-	361	-	-
Lease liabilities	1,978	-	-	(995)	-	983
Total liabilities arising from financing activities	64,821	(63,285)	-	151	-	1,687

Company	1 April 2019 £'000	Cash flows £'000	Foreign exchange movement £'000	Other movement £'000	New leases £'000	31 March 2020 £'000
Current liabilities						
Interest bearing loans	-	-	-	-	-	-
Lease liabilities	666	(832)	-	870	-	704
Non-current liabilities						
Interest bearing loans	85,447	(23,500)	-	192	-	62,139
Lease liabilities	2,741	-	-	(763)	-	1,978
Total liabilities arising from financing activities	88,854	(24,332)	-	299	-	64,821

Other movement represents the reclassification of non-current interest-bearing loans to current interest-bearing loans.

Other movement in lease liabilities includes interest, disposals and the reclassification of non-current lease liabilities to current lease liabilities.

29. Share-based Payments

Group and Company

The Group operates Executive Share Option Schemes under which Executive Directors, managers and team members 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.

Notes To The Accounts continued

29. Share-based Payments continued

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.

For Share Matching Plan awards granted after 31 March 2020, 75% of the awards are subject to the Adjusted EPS growth targets. The remaining 25% are subject to a Total Shareholder Return (TSR) measure against the peer group (FTSE250). 25% of the TSR element vests at the median performance against the peer group and 100% of award vests at upper quartile, i.e. the 75th percentile.

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 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 team members 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.

For Performance Share Plan awards granted after 31 March 2020, 75% of the awards are subject to the Adjusted EPS growth targets. The remaining 25% are subject to a Total Shareholder Return (TSR) measure against the peer group (FTSE250). 25% of the TSR element vests at the median performance against the peer group and 100% of award vests at upper quartile, i.e. the 75th percentile.

The charge recognised from equity-settled share-based payments in respect of employee services received during the year is £5,170,000 (2020: £4,541,000). Of this amount £4,341,000 (2020: £4,271,000) related to the Company.

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year.

	2021 No.	2021 WAEP	2020 No.	2020 WAEP
Outstanding as at 1 April	5,005,487	175.77p	4,626,400	147.84p
Granted during the year	1,846,549	200.24p	1,807,066	150.95p
Forfeited during the year	(423,085)	256.94p	(78,046)	301.55p
Cancelled during the year	(23,197)	483.63p	(13,541)	333.57p
Exercised during the year	(1,341,027)	230.72p ¹	(1,336,392)	36.56p ²
Expired during the year	(4,277)	356.77p	-	-
Outstanding at 31 March	5,060,450	162.23p	5,005,487	175.77p
Exercisable at 31 March	27,940	359.81p	10,000	275.00p

¹ The weighted average share price at the date of exercise for the options exercised was 768.80p

² The weighted average share price at the date of exercise for the options exercised was 598.45p

For the shares outstanding as at 31 March 2021, the weighted average remaining contractual life is 5.3 years (2020: 5.4 years).

The weighted average fair value of options granted during the year was 531.84pp (2020: 417.31p). The range of exercise prices for options outstanding at the end of the year was 2.5p-739.0p (2020: 2.5p – 544.0p).

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 2021 and 31 March 2020.

	2021	2020
Dividend yield (%)	0.3 – 0.6	0.5 – 0.8
Expected share price volatility (%)	30 – 40	30 – 35
Risk-free interest rate (%)	-0.1 – 1.1	0.2 – 1.1
Lapse rate (%)	0 – 10.0	5.0 – 10.0
Expected exercise behaviour	See below	See below
Expected life of option (years)	0.8 – 5.2	2.3 – 5.2
Exercise price (p)	2.50 – 739.0	2.5 – 544.0
Weighted average share price (p)	768.80	598.45

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 2021 was £25,844,000 (2020: £23,271,000). As permitted by Section 408 of Companies Act 2006, the profit and loss account of the parent company is not presented.

Notes To The Accounts continued

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 and Investigate 2020 Limited 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.

Foreign Currency Translation Reserve

The balance on the foreign currency translation reserve represents the accumulated balance on the translation of foreign subsidiaries previously recognised through other comprehensive income.

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 2021 or 31 March 2020.

Company

	Invoices to related parties £'000	Invoices from related parties £'000	Net amounts owed to/ (by) related parties £'000
Subsidiaries:			
2021			32,949
Intercompany recharges	7,496	8,269	
Central management recharges	4,006	-	
Interest on intercompany loans	-	359	
2020			23,347
Intercompany recharges	17,051	8,422	
Central management recharges	2,367	-	
Interest on intercompany loans	-	13	
Investments:			
2021	-	-	-
2020	-	-	-

Intercompany recharges consist of recharges between entities for costs paid on behalf of other Group companies.

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 2021, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2020: £nil).

	Group	
	2021 £'000	2020 £'000
Compensation of Key Management Personnel (including Directors)		
Short-term employee benefits	2,974	2,962
Post-employment benefits	74	74
Fair value of share options awarded	2,862	2,416
	5,910	5,452

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

There were no events that require disclosure after 31 March 2021.

Notes To The Accounts continued

35. Acquisitions and Disposals

Group and Company

Acquisition of Investigate 2020 Ltd

On 14 December 2020, GB Group plc acquired the entire share capital of Investigate 2020 Limited (HooYu Investigate) following a transfer of assets from HooYu Limited into HooYu Investigate. HooYu Investigate uses leading database and UX technologies to improve the productivity of an investigation process. The Investigate product complements GBG's existing Connexus portfolio. Consideration for the purchase was £4,000,000 in GB Group plc ('GBG') shares (446,784 new ordinary shares of 2.5p each). This consideration was assigned £3,352,675 for the shares of Investigate 2020 Limited and £647,325 to settle the loan due to HooYu Limited after the transfer of the assets from HooYu Limited into HooYu Investigate. Following completion of the purchase, the assets were immediately hived up into GB Group plc. The Consolidated Statement of Profit or Loss includes the results for the three-and-a-half-month period since the acquisition of Investigate 2020 Ltd.

The provisional fair value of the identifiable assets and liabilities of HooYu Investigate as at the date of acquisition was:

	Provisional fair value recognised on acquisition £'000
Assets	
Technology intellectual property	4,620
Non-compete agreements	645
Hardware	3
Prepayments	20
Deferred income	(429)
Deferred tax liabilities	(1,000)
Total identifiable net assets at fair value	3,859
Goodwill arising on acquisition	141
Total purchase consideration transferred	4,000
Purchase consideration:	
Share purchase	3,353
Settlement of loan to HooYu Limited	647
Total purchase consideration	4,000
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(189)
Net cash acquired with the subsidiary	-
Cash paid	-
Acquisition of subsidiaries, net of cash acquired (included in cash flows from investing activities)	-
Net cash outflow	(189)

There is no contingent or deferred consideration recognised as part of this business combination.

GB Group plc issued 446,784 ordinary shares as consideration for the business combination. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was £8.953 per share. The fair value of the consideration given was therefore £4,000,000. £658,000 of the total consideration was recognised within the share capital and share premium with £3,342,000 recognised within the merger relief reserve in accordance with the requirements of section 612 of the Companies Act 2006.

Transaction costs of £189,000 were incurred and included within exceptional expenses. There were no directly attributable share issue costs recognised on this issue.

From the date of acquisition, HooYu Investigate contributed £249,000 of revenue and £303,000 of losses to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue would have been £218,406,000 and profit before tax for the Group would have been £33,344,000.

Disposal of Marketing Services

On 13 January 2021 GBG sold part of its Marketing Services division to HH Global Interactive Limited ('HHG'). The Marketing Service business has existed within GBG for nearly 20 years and was supplemented by the acquisition of the entire issued share capital of CDMS Limited, (trading as Transactis) in November 2014. Immediately upon acquisition the trade and assets of Transactis were hived-up into GB Group plc.

The current contracts within the Marketing Services were a combination of customers that stem either from pre-Transactis, were acquired in the Transactis acquisition or were won afterwards as part of the combined business. Post hive-up it was considered one business from an operational and go-to-market perspective.

Customer Relationships that have been sold in the transaction totalling of £1,093,000 have been derecognised in the Group.

A goodwill balance of £502,000 in the Group and £6,747,000 in the Company was held in respect of the Marketing Services business. This has been fully assigned to the area of the business retained using a fair value approach. As detailed in note 17, this goodwill was impaired by £75,000 in the Group and £6,053,000 in the Company.

As this area of the business did not constitute a major line of business, single geographical area of operation, and was not part of a co-ordinated plan to dispose of a separate major line, the disposal has not been treated as a discontinued operation in line with IFRS 5.

The calculation of the loss on disposal has been detailed below for both the Group and the Company.

	Group £'000	Company £'000
Consideration - cash	10	10
Migration costs ¹	(65)	(65)
Net proceeds/(payment)	(55)	(55)
Intangible assets disposed - Customer Relationship Asset	1,093	-
Accruals	(11)	(11)
Net book value of assets and liabilities disposed	1,082	(11)
Transaction costs of the disposal - paid	38	38
Loss on disposal	(1,175)	(82)
Impairment of Acquired Goodwill	(75)	(6,053)

¹ Migration costs were paid by the group to the purchaser and as such have been included in the net payment amount.

Revenue of £1,075,000 (2020: £4,319,000) from the disposed Marketing Services business has been deducted from total group revenue in the calculation of organic growth.

Disposal of Employ and Comply

On 31 March 2021 GBG disposed of its Employ & Comply (E&C) business to First Advantage Europe Limited ('FADV').

The E&C business was made up of three previous acquisitions that operated as one business:

- Advanced Checking Services Limited (acquired in 2011)
- tmg.tv Limited (acquired in 2012)
- CRD (UK) Limited (acquired in 2013)

E&C is included within the Identity operating segment in note 4.

Notes To The Accounts continued

35. Acquisitions and Disposals continued

The full amount of goodwill and intangibles related to the acquisitions that make up the E&C business has been disposed of.

In respect of the Company, the full amount of Acquired Goodwill attributable to those businesses in the Company have been included in the calculation of the profit on disposal.

As this area of the business did not constitute a major line of business, single geographical area of operation, and was not part of a co-ordinated plan to dispose of a separate major line, the disposal has not been treated as a discontinued operation in line with IFRS 5.

	Group £'000	Company £'000
Consideration - cash*	5,400	5,400
Net proceeds	5,400	5,400
Goodwill	2,529	4,286
Acquired intangible assets – Customer Relationship Asset	374	-
Right-of-use assets	260	260
Plant and equipment	10	10
Prepayments	7	7
Deferred revenue	(76)	(76)
Dilapidation provision	(111)	(111)
Lease liability	(291)	(291)
Net book value of assets and liabilities disposed	2,702	4,085
Transaction costs of the disposal – accrued	120	120
Profit on disposal	2,578	1,195

* At 31 March 2021 the cash was held by Lawyers and was received into a GBG bank account on 1 April 2021. However, as the cash was held on behalf of GBG and that the disposal was completed on 31 March 2021 it is appropriate that the cash has been recognised as being received.

Revenue of £5,584,000 (2020: £6,739,000) from the disposed Employ and Comply business has been deducted from total group revenue in the calculation of organic growth.

There were no business combinations during the year to 31 March 2020.

36. Contingent Consideration

Group and Company	2021 £'000	2020 £'000
At 1 April	6,179	5,287
Recognition on the acquisition of subsidiary undertakings ^{1&2}	747	829
Foreign exchange - realised	-	7
Foreign exchange - unrealised ²	(452)	142
Settlement discount (see note 7e) ²	(50)	-
Settlement of consideration	(2,762)	(86)
At 31 March	3,662	6,179
Analysed as:		
Amounts falling due within 12 months	3,662	6,179
Amounts falling due after one year	-	-
At 31 March	3,662	6,179

¹ The amount recognised on acquisition of subsidiary undertakings in the year to 31 March 2021 is in respect of IDology (refer to note 7d for further details).

² Included in Consolidated Cash Flow Statement within fair value adjustment on contingent consideration line totalling £245,000 (2020: £971,000).

The contingent consideration at 31 March 2021 is in respect to the pre-acquisition tax losses within IDology Inc. As and when GBG receives a cash benefit from these losses, either through a reduction in tax payments or through a tax refund, an amount equal to 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 and disposed businesses.

Constant Currency

Constant currency means that non-Pound Sterling revenue in the comparative period is translated at the same exchange rate applied to the current year non-Pound Sterling revenue. This therefore eliminates the impact of fluctuations in exchange rates on underlying performance.

	2021 £'000	2020 £'000	Growth %
Group revenue	217,659	199,101	9.3
Revenue from acquisitions up to their first anniversary	(249)	-	(0.1)
Revenue from disposals (see note 35)	(6,659)	(11,058)	2.9
Organic revenue	210,751	188,043	12.1
Constant currency adjustment	-	(100)	-
Organic revenue at constant currency	210,751	187,943	12.1

Notes To The Accounts continued

37. Alternative Performance Measures continued

Adjusted Operating Profit

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

	2021 £'000	2020 £'000
Operating profit	35,503	22,844
Amortisation of acquired intangibles	17,671	19,008
Share-based payment charges	5,170	4,541
Exceptional items	(448)	1,552
Adjusted Operating Profit	57,896	47,945

Adjusted Operating Profit Margin

Adjusted operating profit margin Adjusted Operating Profit as a percentage of revenue.

	2021 £'000	2020 £'000
Adjusted Operating Profit	57,896	47,945
Group revenue	217,659	199,101
Adjusted Operating Profit Margin	26.6%	24.1%

Operating Profit Before Exceptional Items

Adjusted operating profit less amortisation of acquired intangibles and share-based payments charge.

	2021 £'000	2020 £'000
Adjusted Operating Profit	57,896	47,945
Amortisation of acquired intangibles	(17,671)	(19,008)
Share-based payment charges	(5,170)	(4,541)
Operating profit before exceptional items	35,055	24,396

Adjusted EBITDA

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

	2021 £'000	2020 £'000
Adjusted Operating Profit	57,896	47,945
Depreciation of property, plant and equipment	1,433	1,760
Depreciation of right-of-use assets	1,838	1,850
Amortisation of non-acquired intangibles	243	184
Adjusted EBITDA	61,410	51,739

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.

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.

	2021 £'000	2020 £'000
Cash and cash equivalents	21,135	27,499
Loans on balance sheet	(361)	62,139
Unamortised loan arrangement fees	361	361
External Loans	-	62,500
Net (Debt)/Cash	21,135	(35,001)

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

	2021 £'000	2020 £'000
Cash generated from operations before tax payments (from Consolidated Cash Flow Statement)	72,631	48,498
Total exceptional items	(448)	1,552
Non-cash exceptional items	1,202	(771)
Cash generated from operations before tax payments and exceptional items paid	73,385	49,279
Adjusted EBITDA	61,410	51,739
Cash Conversion %	119.5%	95.2%

Useful Information

Website

The investors section of the Company's website, www.gbgplc.com, 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 2021

Annual General Meeting	29 July 2021
Announcement of 2021 half year results	December 2021

Shareholder Enquiries

GBG's registrar, Equiniti, can 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 38 2365 (international callers: +44 (0)121 415 7161) 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

Annabelle Burton
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@gbgplc.com
W: www.gbgplc.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