



MERIT
G R O U P

Unaudited Preliminary Results 2021

Mark Smith – Chairman
David Beck – Interim Group CEO
Simon Bullock - CFO

Disclaimer

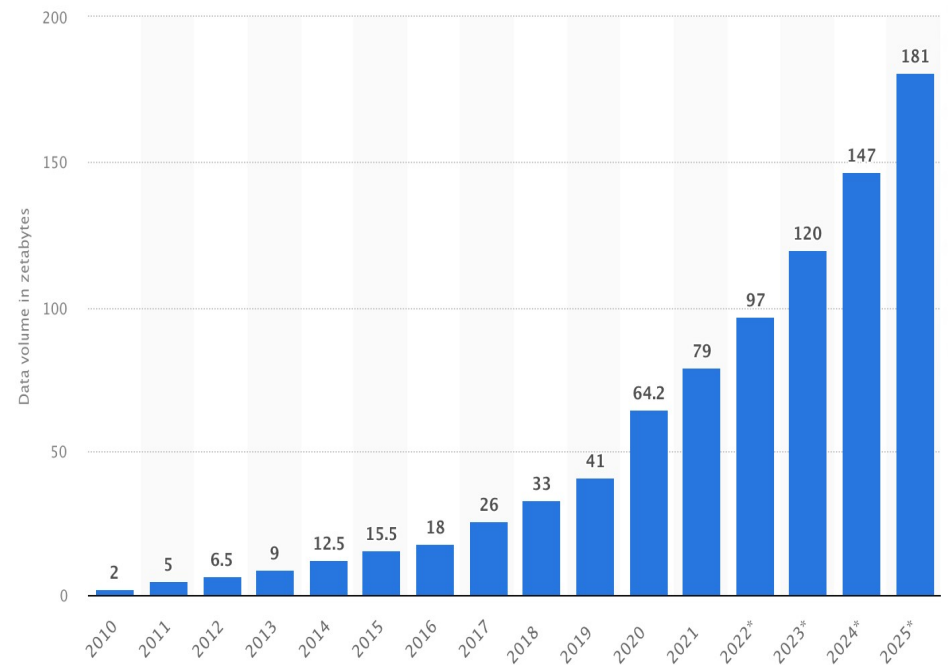
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Market context

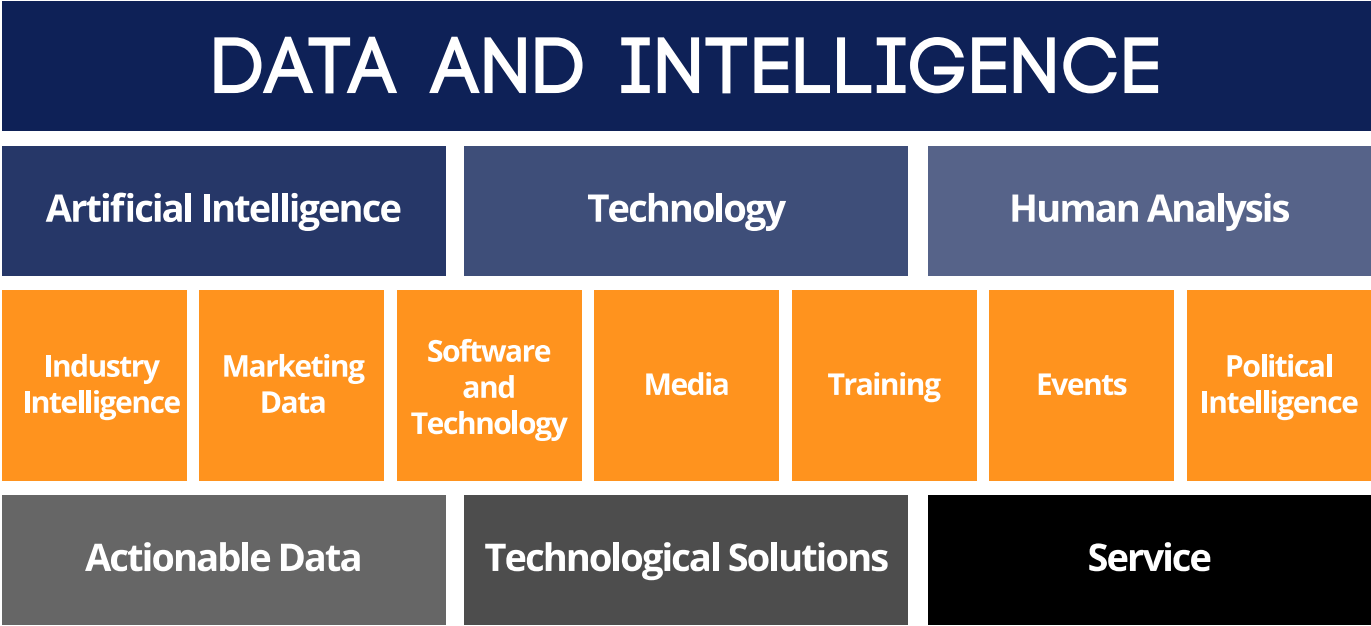
- Relentless growth in data
- Business managers, policy makers and regulators all struggling to interpret the volume and complexity of data available
- Data capture and data interpretation are separate but relatable skills
- Strong 'data and intelligence' market growth
- AI and machine learning increasingly important
- Premiums paid for quality, actionable data



Volume of data/information created, captured, copied, and consumed worldwide from 2010 to 2025 - Statista 2021

The Merit Group

- A data and intelligence business
- A trusted provider of actionable, balanced and timely sourced information
- Adding value to data



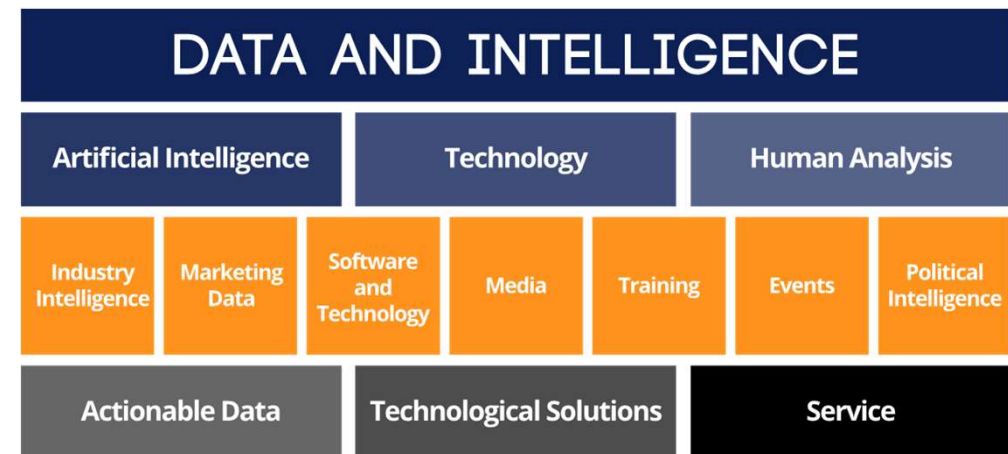
The Merit Group

- Trusted brands
- Managed as two divisions
- Loyal customers
 - 1,250 income generating clients
 - Over half of net income from customers of more than 5 years duration
- Two thirds of net income from recurring contracts
- Market leading technology
- Operating in growth markets
- Digitally enabled workforce



Group Strategy

- Keep data and intelligence at our core
- Invest in technology, human and artificial intelligence
- Growth from
 - New market sectors including;
 - Ecommerce
 - Healthcare
 - Fintech
 - Improvements in our proprietary technology (new Political Intelligence platform)
 - Margin improvement
 - New geographies, UK currently accounts for 80% of revenue



Sources of Group operating income

Industry intelligence

- Provider of critical data to clients in healthcare, finance, automotive, metals, advertising, and construction sectors
- Proprietary software enables data collection at scale
- Machine Learning tools enable classification, de-duplication and labelling of the data in a consistent way
- Skilled labour pool in India augments and enhances raw data
- c14% of group net income
- Mid 20's% gross margin and growing
- Investment in Dataworks will help this segment to grow rapidly in next three years

 **Glenigan**

 **DOW JONES**

**AIR BUSINESS**

Lloyd's List Intelligence 
Maritime intelligence | informa

DataWorks Investment

- Access to market leading technology focussed on very fast growing e-commerce sector
- Huge data sets, 70m lines per day, of commercially important and publicly available information
- DataWorks tech is significantly ahead of anything else currently available
- Merit will provide sales engine and has acquired the rights to sell the DataWorks technology
- Opportunity with existing clients and to expand client portfolio
- 10.9% equity stake and board representation

DataWorks fits perfectly within our strategy to invest in technology that enables us to provide the best quality data and intelligence

Marketing data

- Focus on marketing data for events and conference businesses
- B2B data - not consumer data
- Strong in healthcare, Fin services and leisure sectors
- c10% of group net income and growing
- Gross margins forecast to recover to mid 30s% after covid related impacts in FY21
- Exciting growth area as digital marketing continues to dominate
- Customers seeking to refresh data post covid disruption



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Software and tech resourcing

- 10 year track record of supplying IT technical staff to clients in the UK
- Industry unique use of expatriate management in India to oversee project delivery
- Focus on SME and mid market as lower risk and shorter lead times
- c13% of group net income
- Gross margins of 20+% achievable, despite some wage inflation in India
- Anticipated continued double digit growth in net income based on strong demand for IT services supported by increased marketing spend

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information

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AIR BUSINESS

Proagrica

Media

- Publisher of respected and independent titles in the policy, regulatory and political sector
- Critical to the Group's reputation and brand
- Drives income and provides data
- c11% of group net income
- Shift to digital ongoing
- Historically a low margin business but now improving
- Premium nature of content gives opportunity to shift key titles to 'freemium' model to improve profitability



Training

- Long term contracts with key clients EY and KPMG support future contribution
- Smallest segment at c5% of group net income
- Competitive market but with highly attractive gross margin %
- Growth from expansion of international training
- Low central costs and use of freelance resources



**United
Nations**



**World Health
Organization**

Events

- Significant Covid impact in FY21 as face to face events cancelled
- Strong bounce back in H2 as events successfully moved online
- Restructured cost base, lower direct costs and recovery in revenues will drive increases in gross contribution
- c11% of group net income
- Focus on higher margin events and withdrawal from large but low margin expos
- Positive signs of return of face to face events later this year



Events

Political intelligence

- Cash generative core of the Dods business
- c30% of group net income
- Supplier of business critical political and regulatory intelligence to global and blue chip client base
- Key investment area in FY22, enhanced platform with new functionality to stay ahead of competition
- Investment will reduce churn, give impetus to acquisition of new clients
- Excellent gross margin, scope for future growth with new platform
- Increased data will allow for a more robust pricing strategy

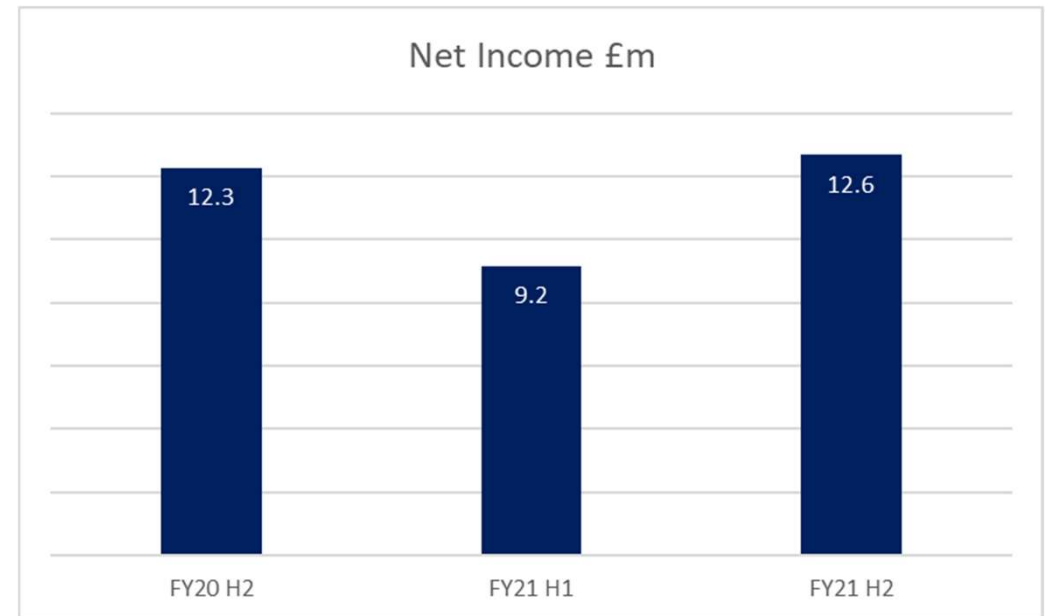


HM Revenue
& Customs



Net Income Growth

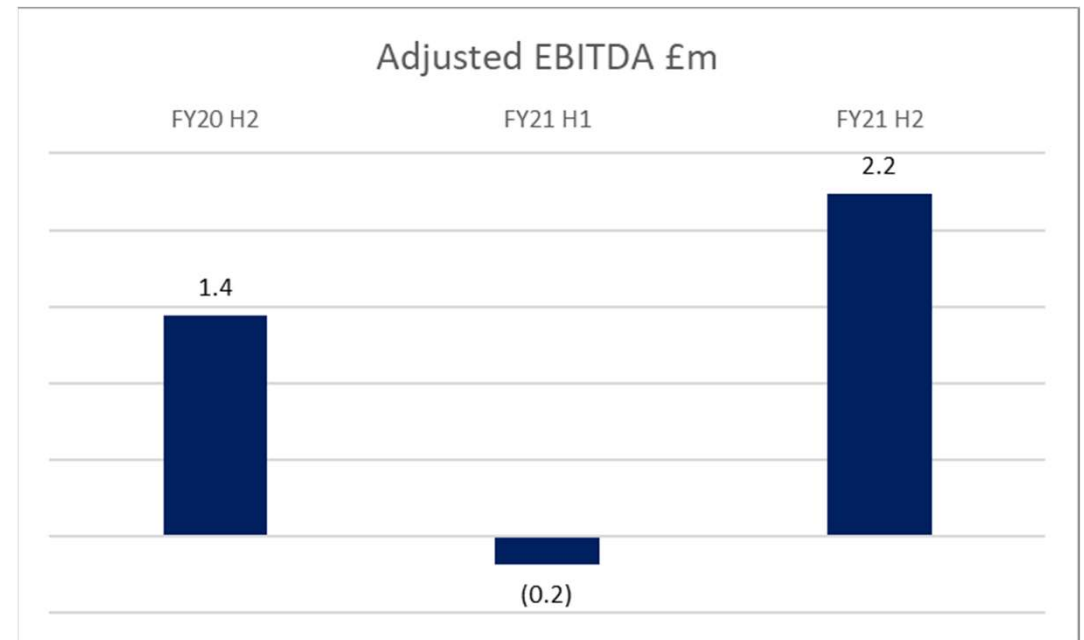
- FY21 Net Income £21.8m
- Pandemic impact on H1
- Net income fully recovered in H2 to be ahead of prior year
- Recurring revenue accounts for 2/3rds of net income
- Customer numbers maintained
- Loyal customer base
- Renewed focus on revenue per customer



Group financials

Strong recovery in EBITDA in H2

- 2nd half EBITDA ahead of same period last year
- FY21 Adj EBITDA of £2.0m
- EBITDA/Net income margin of 17.5% in H2
- Headcount reduced from 1,252 to 1,044 – down 17%
- H1 stated after furlough benefit of £0.5m



Balance sheet and Debt facility

- Year end net cash of £1m
- Group debt made up of
 - £2.6m term loan
 - RCF of £2.0m
- Deferred liabilities of £1.7m will unwind in FY22
- Cash generative (£2.6m operating cash in FY21)

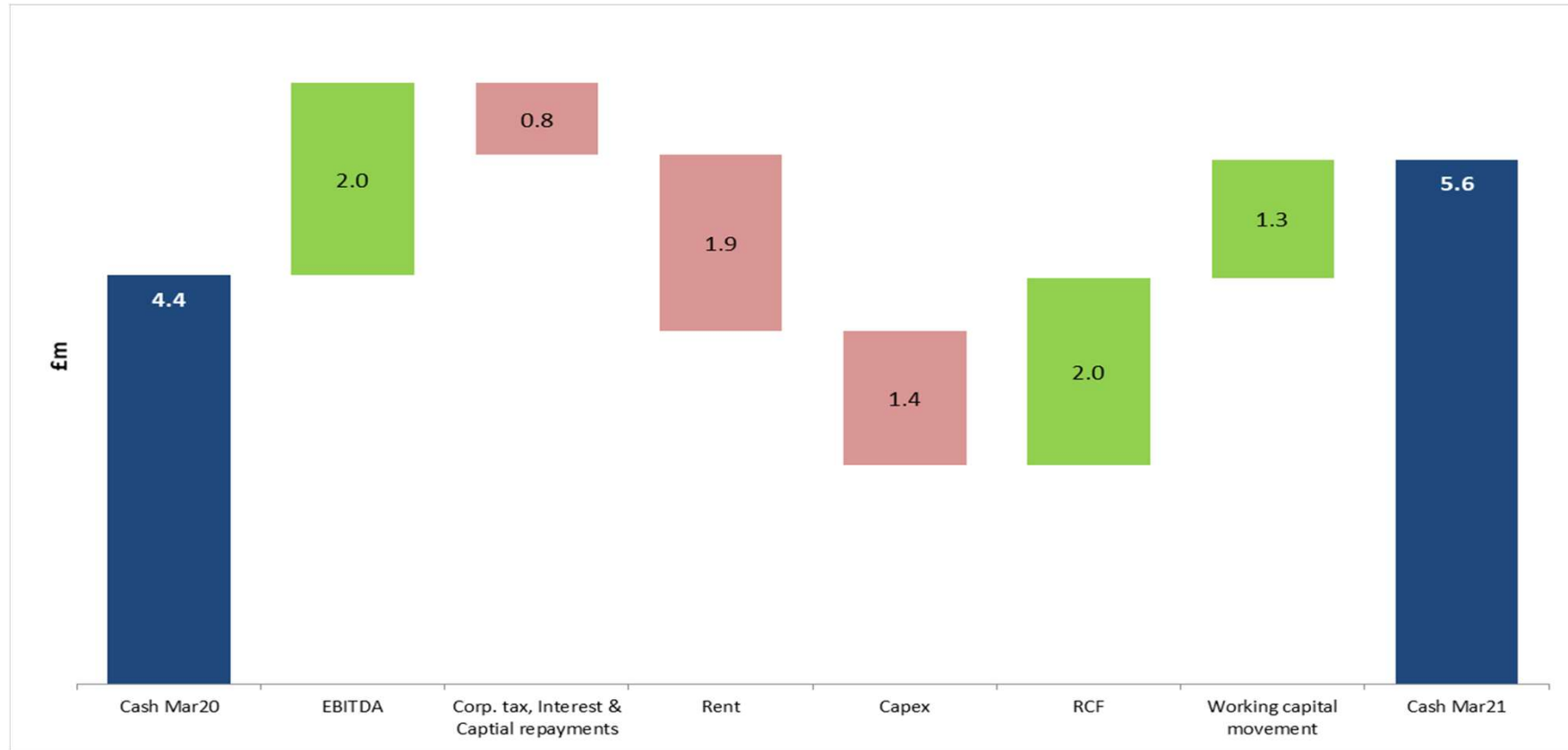
Assets	
Goodwill	28,911
Intangible & Tangible assets	12,633
Lease assets	6,688
Receivables	7,530
Cash	5,565
Total assets	61,327
Liabilities	
Borrowings	-4,631
Payables	-13,135
Deferred consideration	-1,363
Lease liabilities	-7,936
Total liabilities	-27,065
Shareholder Funds	34,262

Bank facilities

- Positive long term relationship with Barclays
- £3.0m term loan (£2.6m outstanding) repayable by June 2024; 3.5% above BoE;
- £2.0m RCF (£2.0m outstanding) with annual rollover (January); 4.0% above BoE
- Revised quarterly covenants agreed
- £1.0m rent guarantee for London premises (The Shard)
- Accordion facility of £2m also available if required



Changes to cash position



Outlook and summary

Current trading & outlook

- New financial year started well, improvement in second half expected to continue
- Return of market growth in key sectors; BI, Events and Technology outsourcing
- Second half recovery a platform for further growth
- Medium term opportunity to make a large saving in property overhead
- Emerged stronger from a challenging year

“We are optimistic this improved trading performance will continue in the current year.”

Merit Group plc – Positive momentum

- Clearly defined purpose and strategic direction
 - **Adding value to data and intelligence to benefit our customers**
- Financial strength
 - **Operating cash generation and well funded**
- Investing for growth
 - **Political Intelligence relaunch**
 - **Expansion of Business Intelligence offering into new sectors**
- Loyal customers and recurring revenues
 - **Visibility of future earnings**
- Renewed focus on investment community
 - **First Canaccord research published**