MERIT GROUP

ANNUAL REPORT
2022

WE INFORM.
Merit Group is a data and intelligence business.

Merit Group plc

Contents

Registered and Head Office
Merit Group plc
11th Floor, The Shard
32 London Bridge Street
London SE1 9SG

Telephone: +44 (0)207 593 5500

Email: information@meritgroupplc.com
www.meritgroupplc.com

Registered Number
04267888

About Merit Group plc

We are experts in data, business information and political intelligence.

We use our proprietary technology to gather and enhance high value, complex and hard-to-acquire data from thousands of sources. We have developed a series of machine learning tools to transform raw data into business intelligence. Our expert teams provide analysis and intelligence covering a wide range of political, regulatory, industry and marketing data.

Our Strategy

Data and Intelligence will remain at the core of everything that we do. We use technology, human expertise and artificial intelligence to enable us to add the greatest value to the data we provide to our customers.

We will grow through the expansion of the sectors we cover and by constantly improving the proprietary technology platforms our customers use to access our data and business intelligence.

We will improve our margins with technology-led efficiencies and a tightly controlled cost base.

The key drivers of our business success are: the provision of high quality actionable data; leading technological solutions that allow our customers to generate revenue and value from their data; and very high levels of customer service that helps build strong customer relationships, over multiple years.

DATA AND INTELLIGENCE

Artificial Intelligence | Technology | Human Analysis

Data | Political Intelligence | Software and Technology | Political Engagement

Actionable Data | Technological Solutions | Service

Chairman’s statement

Progress in another exceptional year

In a second year of Covid-19 pandemic impacted trading, the Group made good progress and returned Revenue and Adjusted EBITDA to pre-pandemic levels.

Before going into further detail on the results for the year, I would like to once again pay tribute to the resilience and dedication of our staff. Both in India, where the majority of our people are based, and in Europe, the year in review saw further lockdowns and work from home instructions and many individual stories of hardship and loss. Despite this, our people have risen to the challenges and delivered for our customers. On behalf of all our shareholders I would like to record my sincere thanks to them for all their efforts.

Results for the financial year

The Group grew revenue by 11% to £27.4 million in the year (FY21 £24.7 million), with the growth being driven by stronger markets, especially in those areas of the business that were hardest hit during the pandemic. As well as delivering top line growth, the Group has maintained strong cost control to be able to increase gross profit by 31% to £10.9 million (FY21 £8.3 million) and gross margins by 18% to 39.6% (FY21 33.6%).

Net margins increased by more than two percentage points and the Adjusted EBITDA of £2.8 million is 39% ahead of the previous year (FY21 £2.0 million).

	FY2022 £m	FY2021 £m	Change[4]
Revenue	27.4	24.7	+11%
Gross profit	10.9	8.3	+31%
Gross margin %[1]	39.6%	33.6%	+18%
Adjusted EBITDA[2]	2.8	2.0	+39%
Net margin %[3]	10.3%	8.2%	+26%
Loss before tax	(1.9)	(3.1)	-40%
Adjusted Earnings per share (pence)[5]	*1.9p*	*(2.7p)*	*+4.6p*

(1) Gross margin is Gross profit as a percentage of Revenue
(2) Adjusted EBITDA is calculated as earnings before tax, depreciation, amortisation of intangible assets, share-based payments and non-recurring items
(3) Net margin is Adjusted EBITDA as a percentage of Revenue
(4) Year-on-year percentage change figures are calculated on unrounded numbers
(5) Adjusted EPS is calculated based on the profit/(loss) for the year before amortisation of intangible assets, share-based payments and non-recurring items

Cash

As disclosed in our last annual report and accounts, during the year to March 2021 the Group benefited from deferring the payments of operating liabilities totalling £1.7 million, of which VAT (£1.4 million) was the most significant element. During FY22, £1.2 million of the £1.7 million deferred operating liabilities were discharged. This, along with Capex of £1.2 million and an investment of £0.45 million in DataWorks, contributed to the Group moving to a year end net debt[6] position of £2.1 million (31 March 2021: net cash of £1.0 million).

During the Covid-19 pandemic, the Group benefitted from its strong relationship with Barclays which agreed to the deferral and rescheduling of repayments on our term loan. Since the year end the Board is pleased to have agreed a new bank facility with Barclays that provides the Group with a new £3 million term loan and £2 million revolving credit facility, further detail can be found in the Financial Review section on page 9.

The Group has today announced the disposal of its 30% shareholding in Social 360 for a cash consideration of £420,000.

Board Changes

On 7 September 2021 we appointed David Beck as CEO, after he had served a brief period as Interim CEO. We also announced that Simon Bullock would be stepping down from the Board and that Philip Machray would be appointed as CFO. Philip subsequently joined the Board on 17 November 2021. Cornelius Conlon, MD of our Merit Data & Technology (“MD&T”) division, took on the additional role of CTO on 7 September 2021.

David and Philip’s appointments have given a new energy to the business. The Board has every confidence that it has the right team in place to drive the business forward and implement its strategy.

Strategy

In April 2021 the Group changed its name from Dods Group plc to Merit Group plc to signal its intention to focus its strategy on the business and political intelligence sector through its technology-enabled data and intelligence business streams.

(6) Net debt/net cash comprises the aggregate of gross debt, excluding IFRS16 lease liabilities, and cash and cash equivalents

Chairman's statement

(continued)

The Group is a leading provider of UK and European political intelligence to a subscriber base of in excess of 800 blue chip clients. Through its MD&T division, the Group also provides large volume data capture and analysis using its proprietary technology and skilled workforce based in Chennai, India. Both of these parts of the Group benefit from very high levels of recurring revenue, with the political intelligence product sold as a long term subscription service.

The Group's ongoing recovery and improved financial performance will allow us to concentrate on our strategic goal of building a strong growth company focused on technology enabled business intelligence.

Current trading and outlook

These results demonstrate good progress in a year that was still impacted by Covid. We have grown Adjusted EBITDA to pre-Covid levels with a significant increase in Gross and Net Margins.

Although we have seen a recovery from Covid, the macro-economic conditions are forecast to provide challenges for all businesses in the coming year. Inflation, supply chain issues, labour shortages and geopolitical instability are all driving uncertainty and caution.

Against this background the Group is well positioned to build on the improvement achieved in the last year and is pleased with trading in the first quarter of FY23. The Board is anticipating another year of progress.

Mark Smith
Chairman

8 August 2022

Operational Review

Operating Results

In the year under review, our operating businesses continued their recovery from the difficult trading caused by the Covid-19 pandemic. In the UK, we were able to start getting people back to our offices from the middle of the financial year. In India, where the impacts of the pandemic were felt later, it was the end of the financial year before our people could return to our offices.

Merit Data & Technology ("MD&T") revenues were up by 3.9% to £10.7 million, which together with tight cost control helped the business to grow EBITDA by 27% to £1.9 million at an adjusted EBITDA margin of 18%. MD&T's marketing data business was negatively impacted by the impact of Covid-19 restrictions on our events and conferences clients, who contribute 70% of our marketing data revenues. We are now seeing a strong rebound in this market segment as the events industry moves to host more live events and refresh their marketing databases after two years of reduced activity. In FY22, we expanded our footprint in several of our clients (Haymarket, Wilmington, BiP and others) and secured new business from Hanson Wade, Intertrust, Lowry Solutions and Partnerize. Our technology resourcing segment grew revenue by 15% to over £5 million as demand for IT and digital services continues to be strong.

The MD&T business benefits from very stable and long term customer relationships based on close integration of our services into our clients' operations, giving us high levels of recurring revenue and very good visibility of future earnings. To maintain those key customer relationships, we focus on delivering very high levels of customer service, which in turn requires us to recruit exceptional, talented people.

Dods Political Intelligence revenues were stable at £6.9 million ahead of the major re-platforming that was implemented in January 2022, towards the end of the reporting period. In a subscription service, churn is a key measure of the quality of service and customer satisfaction. We are pleased to have seen a reduction in churn despite the challenge of migrating customers to the new platform. We are also taking advantage of the improvements we have made in our service to strengthen our sales and marketing initiatives, and are encouraged by the progress to date. Dods Political Intelligence reported a gross profit of £4.2 million at a gross profit margin of 61%. As well as attractive margins, the business benefits from subscription revenues from a large and stable customer base.

Dods Political Engagement, comprising our media, events and training segments, grew revenue by 30% to £9.8 million. All three revenue streams saw good recovery with the return to face-to-face engagements in the latter part of the year, enabling both events and training to have a strong last quarter. Our media titles performed well with good growth in both digital and print revenues as advertisers and sponsors returned to more active campaigning.

We are seeing higher demand for face-to-face events and, for the first time in three years, a return to a full schedule of in-person events at party conferences. In our Training business, we are focusing on growing our international business to pre-pandemic levels, with training already delivered to teams from India and Ethiopia. However, the war in Ukraine and uncertainty in the UK political landscape are having a negative impact on media advertising. To address this, we have put in place a more data-driven marketing strategy, are increasing our focus on higher value content deals, and are increasing our sales efforts to European customers.

The improvement in margins across the Group has come from a tighter control of costs. The Group's average number of employees during the year was 1,067, which is an 8% reduction on the prior year.

Investing for growth

The Group invests to ensure its future growth and has been able to do so even in the difficult pandemic years.

We continue to invest in people. As well as the Board appointments already referred to in the Chairman's Statement, we have recently welcomed Joanna Edwards as Chief Revenue Officer of our MD&T business and Ludovica D'Angelo as Head of Sales Operations for the Dods business.

In January 2022, we moved our core Political Intelligence product to a new platform which we had developed at a cost of £1.25 million. Dods Political Intelligence is the market-leading global political intelligence service facilitating comprehensive monitoring of people, political and policy developments. The new platform reinforces our position as the market leader and has enabled us to improve the speed, choice and reliability of the service that we offer customers. The re-platforming has already helped to reduce customer churn and is enabling us to target new customers with a much improved user experience and competitively priced product.

Operational Review

(continued)

In May 2021, we made a £0.45 million investment in DataWorks for a 9.1% equity stake and a commercial agreement allowing us to market the DataWorks product and service. DataWorks is a start-up technology company focused on the creation and deployment of a market leading web data integration engine. Web data is useful information on websites which companies collect and use to inform them about their customers and market trends, as well as giving them a competitive edge over their rivals. DataWorks' platform and technology is focused on the e-commerce market and has the ability to gather very large data sets from multiple sites and geographies in real time. Since we made our investment in DataWorks, the business has won its first significant revenue-generating projects, and we are encouraged by the progress being made in securing customers for its services.

Merit Data & Technology ("MD&T")

Our India-based MD&T operating business is a leading data solutions provider, specialising in harvesting, aggregating & transforming data. We provide a highly bespoke service for each client, combining tech solutions, AI and manual analysis. Our areas of specialist expertise cover marketing and retail data as well as wider Industry Data Intelligence.

The business has very long standing client relationships, many of our most significant clients have been working with us for over ten years. We are very focused on operational delivery and the provision of excellent customer service which helps us enjoy very high levels of customer satisfaction and recurring revenue.

Our model of servicing largely UK-based clients with a highly skilled staff base located in India continues to be successful. With the advent of higher inflation, including in India, we will continue to offer customers a cost effective solution to their data intelligence needs.

Alongside our data business we have a strong technology resourcing offer. Merit has been a trusted partner in digital transformation for some of the world's largest B2B intelligence providers for over 15 years. Our agile solutions are industry agnostic, client centric and cover a wide range of project sizes and scope from large scale digital upgrade and transformation systems and Data Management Solutions to simpler systems for Data Operations, Data Migration and Bespoke AI driven data products. Leveraging years of data and digital expertise, MD&T's solutions help customers shape their products, build robust systems, uncover deep insights, power automation and accelerate growth.

Whilst competition for talent remains tight, we are proud of the quality of the people we are able to attract and retain in the business. 97% of our developers are graduates, of whom 27% have a Master's degree or equivalent. Three quarters of our developers have at least 5 years' experience working with us.

Glenigan | THOMSON REUTERS | The Economist INTELLIGENCE UNIT | DOW JONES | DMGT
Partnerize | informa | Wilmington plc | haymarket
LexisNexis | VIXIO REGULATORY INTELLIGENCE | rbi reed business information | FOR HEALTHCARE LEADERS HSJ

A selection of MD&T customers

Operational Review

(continued)

Dods Political Intelligence

Dods Political Intelligence is a leading provider of comprehensive monitoring and analysis packages covering political and policy developments across the UK and EU. We help our clients make informed decisions and develop effective strategies to deal with a fast changing and complex political and policy environment.

Dods Political Intelligence delivers objective, relevant and contextual insights through a unique combination of expert consultants and innovative technologies. The political landscape in the EU and UK generates lots of complex information, Dods Political Intelligence acts as an expert guide. We draw on human connection, real-time analysis and our deep understanding of people, parliament and policy to bring our customers impartial insights that matter.

Our monitoring service is delivered through a market leading platform that was upgraded and relaunched in January 2022 allowing customers greater control of the content and sectors that they wish to be informed about. Our technology allows us to monitor over 13,000 sources of information from 35 different sectors and provide customers with real time updates. Our premium offering gives customers access to advice from our specialist consultants and their dedicated research.

We provide political intelligence to over eight hundred customers from a wide range of sectors: corporates, charities, NGOs and even government departments. The main service covers both the EU and Westminster parliaments, and we also offer both French and German language monitoring. During the year we have won new mandates from, amongst others, Amnesty International, Centrica, Bet 365 and Bouygues.

A selection of our Political Intelligence customers.

Operational Review

(continued)

Dods Political Engagement

Our Political Engagement business comprises our media titles, events business and training offer.

Our media titles include The House Magazine, Parliament and Holyrood, which focus on the workings and news of the parliaments in Westminster, Brussels and Holyrood respectively. Our political news website, Politics Home, now has an average of over 300,000 unique monthly users, over 122,000 Twitter followers, and 9,000 newsletter subscribers.

Civil Service World ("CSW") is a digital-only publication targeted at senior civil servants across the UK, the highly influential audience that is in charge of decision making and is a must-have audience for all those who want to engage with the public sector. Public Technology is the UK's leading provider of news, information and events, for all those who work in the digital and data landscapes across the public sector. TJ (formerly Training Journal) has been supporting the continuing professional development of all those involved in workplace training, learning and development for over 50 years. Our media portfolio performed very well in FY22, reporting revenue growth of 29.5%.

Dods Events is run by a team based across London, Brussels and Edinburgh that delivers a range of events across the political landscape, from small in-person policy briefings to large scale expo-style events. Dods is on the Government Framework and works in partnership with the Civil Service, Home Office and Ministry of Defence to deliver a number of events across the UK. It also organises awards, webinars and panel discussions for clients both at Parliament (Westminster, EU, and Holyrood) as well as at Party Conferences.

We also have our own franchises such as the Diversity & Inclusion ("D&I") series of events which is targeted at public sector employees; a particular success has been the Women in Leadership series that recently won an award for Best D&I Initiative at The British Media Awards. Our events business grew revenue by 24.3% in the year.

Dods Training specialises in providing training on Policy, Communications, Public Affairs and Media. Our Training team uses a network of specialist freelance trainers to deliver training sessions both virtually and in person.

We are a provider of Civil Service Learning courses through framework contracts with KPMG, EY and Capita. This area of the business is growing and allows us to develop and deliver new topics and sectors on a continuous basis. For international clients, we deliver training on policy, cyber and security essentials by working with the FCDO and a variety of EU Associations. In the UK, we provide training to brands as diverse as the Welsh Government and BAE Systems. After a difficult FY21, our training business recovered strongly growing revenues in FY22 of £2.3 million, an increase of 42%.

Financial Review

The Group's financial results for the year ended 31 March 2022 and its financial position at that date are presented on pages 35 to 81.

	FY 2022 £m	FY2021 £m
Revenue	27.4	24.7
Gross profit	10.9	8.3
Gross margin %[1]	*39.6%*	*33.6%*
Adjusted EBITDA[2]	2.8	2.0
Statutory operating loss	(1.6)	(2.5)
Statutory loss before tax	(1.9)	(3.1)
Income tax credit	0.3	0.4
Loss for the year	(1.6)	(2.7)
Statutory EPS (pence per share)	*(7.0p)*	*(13.3p)*
Adjusted EPS (pence per share)[3]	*1.9p*	*(2.7p)*
Net (debt)/cash[4]	(2.1)	1.0

(1) Gross margin is Gross profit as a percentage of Revenue

(2) Adjusted EBITDA is calculated as earnings before tax, depreciation, amortisation of intangible assets, share-based payments and non-recurring items

(3) Adjusted EPS is calculated based on the profit/(loss) for the year before amortisation of intangible assets, share-based payments and non-recurring items

(4) Net (debt)/cash comprises the aggregate of gross debt, excluding IFRS16 lease liabilities, and cash and cash equivalents

Adjusted results are prepared to provide a more comparable indication of the Group's core business performance by removing the impact of certain items including non-recurring items, depreciation and amortisation relating to investment activities, share-based payments and other separately reported items.

In addition, the Group also measures and presents performance in relation to various other non-GAAP measures including Adjusted EBITDA. Adjusted results are not intended to replace statutory results. These have been presented to provide users with additional information and analysis of the Group's performance, consistent with how the Board monitors results.

Revenue and operating results

The Group's revenue from continuing operations increased by 11% to £27.4 million (2021: £24.7 million) and gross profit increased by 31% to £10.9 million (2021: £8.3 million). Gross margin increased from 33.6% to 39.6% as Political Engagement activities returned from a pandemic-impacted period.

Adjusted EBITDA increased to £2.8 million (2021: £2.0 million), returning to pre-pandemic levels.
The Group's operating loss was £1.6 million (2021: £2.5 million), after non-cash items including an amortisation charge of £0.9 million (2021: £0.9 million) for business combinations and an amortisation charge of £0.3 million (2021: £0.5 million) for intangible software assets. The depreciation charge for property, plant and equipment in the year increased slightly to £0.7 million (2021: £0.6 million) and a right-of-use depreciation charge was £1.3 million (2021: £1.3 million). Non-recurring costs, impairment expense, people-related costs and other costs were £1.3 million (20210: £1.2 million).

The statutory loss before tax for the year was reduced to £1.9 million from (2021: £3.1 million).

Taxation

The Group has a tax credit of £0.3 million for the year resulting from the current year loss (2021: tax credit of £0.4 million).

Earnings per share

Earnings per share, both basic and diluted, from continuing operations in the year were a loss of 7.03 pence (2021: loss of 13.28 pence) and were based on the loss for the year of £1.6 million (2021: loss of £2.7 million) with a basic weighted average number of shares in issue during the year of 22,367,910 (2021: 20,512,125 shares).

Adjusted earnings per share, both basic and diluted, from continuing operations in the year were 1.93 pence (2021: loss of 2.74 pence) and were based on the profit after tax for the year of £0.4 million (2021: loss of £0.6 million).

Dividend

The Board is not proposing a dividend (2021: £nil).

Assets

Non-current assets of £47.0 million comprise goodwill of £28.9 million (2021: £28.9 million), intangible assets of £9.8 million (2021: £10.4 million), property, plant and equipment of £1.8 million (2021: £2.2 million), IFRS 16 right of use assets of £5.7 million (2021: £6.7 million), and Investments of £0.8 million (2021: £0.7 million).

Financial Review

(continued)

Non-current asset Investments have increased by £0.1 million during the year. This movement is the net of the Group's investment in the year of £0.5 million in DataWorks, plus a £0.1 million increase in the Group's carrying value in Sans Frontières Associates (SFA) reflecting its share of Associate's profits, less £0.5 million in respect of its investment in Social 360, which was impaired by £0.1 million and has been transferred to current assets held for resale.

In addition to its investment in Sans Frontières Associates (SFA), the Group has also loaned SFA £0.2 million (2021: £0.6 million). The loan is unsecured, carries no interest charge and is shown in current assets.

Trade and other receivables, excluding deferred tax, decreased by £0.4 million to £5.2 million (2021: £5.6 million).

Liabilities

Current liabilities fell by £3.1 million to £14.3 million (2021: £17.4 million) due to settlement of deferred consideration through the issue of shares, and a significant reduction in Trade and other payables, excluding deferred tax of £2.9 million. Of this reduction of £2.9 million, £1.2 million related to the payment of HMRC and rent liabilities that had been deferred at 31 March 2021 due to Covid-19. Amounts payable under the bank facility increased by £0.6 million to £2.9 million (2021: £2.3 million) in line with the bank loan repayment schedule at the year end date.

Non-Current liabilities fell by £2.2 million to £6.8 million (2021: £9.2 million). Key changes in the year were a reduction in bank debt of £0.9 million and a reduction in lease liabilities of £1.4 million.

Capital and Reserves

Total equity increased by £0.4 million to £34.4 million (2021: £34.0 million), reflecting the loss for the year offset by the issue of shares in October 2021.

Liquidity and capital resources

At 31 March 2022, the Group had bank debt of £4.4 million (2021: £4.6m), comprising amounts owed on a term loan and amounts drawn down on a revolving credit facility (RCF).

The Group had a term loan of £2.4 million (2021: £2.6 million) over a five-year period, with interest at 3.75% over Bank of England interest rate. The loan was taken out during FY20. In addition, the Group had a drawn RCF of £2.0 million and the full balance was outstanding at end of year (2021: £2.0 million).

The Group had a cash and cash equivalents balance of £2.3 million (2021: £5.6 million) and a net debt position of £2.1 million (2021: net cash of £1.0 million).

Updated banking facilities

On 22 July 2022, the Group agreed new secured loan facilities with Barclays which includes:

- Term Loan: a £3 million, five-year term loan, amortising on a straight-line basis at £150,000 per quarter;
- RCF: a £2 million non-amortising, revolving credit facility for the five-year duration of the Term Loan;
- Both the Term Loan and RCF accruing interest at 4.75% above Bank of England base rate;
- Covenants: leverage covenants measured quarterly from September 2022, Cash cover measured quarterly from June 2023 and Interest cover measured quarterly from December 2023, each for the duration of the facilities. Debt service covenants measured quarterly from June 2022 to March 2023.

These revised facilities will help support the Group in the aftermath of the Covid-19 pandemic and we are appreciative for the support of Barclays throughout the pandemic and going forward.

Principal Risks and Uncertainties

The Group puts the management of risk at the centre of its corporate governance in order to protect its business, people, reputation, assets and ultimately its shareholders' investment.

The Board holds overall responsibility for risk management and compliance, it is supported in this work by the audit committee of the Board that specifically considers financial risks. The four Executive Directors meet weekly to review operational issues and as part of their agenda they consider operational, strategic and regulatory risks. They are supported by dedicated compliance resource as well as specialist teams in IT, finance, HR and legal.

The Board has identified the following principal risks and uncertainties and has put in mitigating actions as detailed below. Risks are divided into strategic, financial, operational and regulatory.

Risks	Mitigating Actions
Strategic	
Market changes leading to obsolete technology or services	We continue to invest in technology and skilled technology resource to ensure that we maintain and enhance our market position. For example, in the FY22 year the Group completed a re-platforming of its political intelligence product at a cost of £1.25 million. Including during recent difficult times the Board has demonstrated it recognises the need to continue to invest in its products and services to maintain its competitive position. Merit Data & Technology ("MD&T"), based in Chennai in India, employs a strong team of software engineers who are focused entirely on R&D and product development in order to ensure we can continue to offer customers market leading solutions.
Macro-economic downturn, inflation or geo-political tensions leading to loss of revenue	In a complex world, data and business intelligence are tools that our customers use to drive efficiency and effectiveness through their businesses and organisations. We focus on delivering products and services that help them achieve their objectives regardless of the wider economic climate. The group reviews and updates its operating plans, financial budgets and projections on a quarterly basis. The Executive team monitors performance against those projections on a weekly basis and identifies any emerging trends or revenue risks in order to take corrective or mitigating actions on a timely basis. The Group has strengthened its cost control procedures in the last year. It maintains a strong focus on margins to ensure that it remains cost competitive.
Financial	
Ability to finance the business	The Group has a long-standing relationship with Barclays in the UK and RBL in India. The Executive monitors cashflows and working capital management on a weekly basis and reports to the Board on a monthly basis, including bank loan covenant compliance. The Group has recently agreed a new five-year facility with Barclays.
Foreign exchange – the Group has a significant proportion of its cost base in India, and the majority of its revenues are earned in the UK or Europe	The Group has a cautious approach to forex risk and uses hedging instruments to mitigate the risk of forex losses between its Indian Rupee-based costs and £ Sterling, US Dollar and/or Euro earnings. It takes advice from its Indian bank RBL and aims to hedge a significant proportion of its exposure using a rolling program of hedging contracts.

Principal Risks and Uncertainties

(continued)

Risks	Mitigating Actions
Operational	
Customer dissatisfaction and/or loss of significant customers	The Group benefits from long standing customer relationships and sells the majority of its services on long term contracts which are competitively priced. The Group undertakes regular customer satisfaction surveys and has dedicated account management teams responsible for staying close to customers and understanding their changing needs. The Executive team monitors and reviews customer contract renewals and cancellations as part of its monthly business unit reviews. The Group has a diverse customer base with no single customer accounting for more than 5% of Group Revenue.
Compliance with Data security; loss of data, including customer data; cyber attack	The Group has effective data management systems and policies detailing where all business data is stored and backed up. We also have policies and procedures for how Personally Identifying Information (PII) is stored and retained to comply with GDPR regulations. We have intrusion detection software installed on all company computers and carry out a regular VAPT (*vulnerability assessment and penetration testing*) regime. The Group maintains both ISO27001 and Cyber Essentials certifications.
Difficulty in hiring sufficiently qualified staff, staff turnover and/or loss of critical talent	Our reputation in the employment market matters and we always seek to be a fair and good employer. In the last year we undertook a comprehensive survey of employees' attitudes and concerns and have made employee engagement a priority. We have strengthened our internal HR resource through the appointment of a new Group HR manager. In India, where the majority of our people are based, we have a particularly comprehensive package of retention and recruitment incentives.
Regulatory	
Compliance with our duties as a listed company on the AIM market	The Group consults with its Nominated Advisor (Nomad), Canaccord Genuity, on all matters relating to its duties as a plc listed on the AIM market. Canaccord provides regular updates to the Board on the Directors' ongoing obligations under the AIM rules.

Directors' Section 172(1) Statement

Below, the Directors outline the matters they must consider in meeting the requirements of Section 172(1) of the Companies Act 2006:

- **The likely consequences of any decision in the long term** – Strategic and other long-term decisions made by the Board are made after Board and, where appropriate, senior management discussion and in conjunction with supporting information, compiled by either senior management, or external advisers. The considerations outlined in the five points below form part of any decision that may have a long-term impact.

- **The interests of the Group's employees** – The Group values the interests of its employees, which are its biggest asset. Employee involvement and engagement is discussed on pages 23 and 24 of this annual report.

- **The need to foster the Group's business relationships with suppliers, customers and others** – The Board understands that long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (customers, suppliers, regulators and others). The Group is dedicating significant time to understanding and acting on the needs and requirements of each of these groups via meetings, surveys, feedback and appraisals.

- **The impact of the Group's operations on the community and the environment** – By their nature, the Group's regular operations are judged to have a low environmental impact. Despite this, the Group will continue to look to make improvements to the impact it may have on the environment.

- **The desirability of the Company maintaining a reputation for high standards of business conduct** – As outlined in the Corporate Governance section of this annual report, the Group has decided to apply, so far as it is reasonable and practical to do so given the size of the Group, the QCA Code and its ten principles. In addition to being guided by the QCA Code, the Company has various policy and procedure documents in place, including a whistleblower policy, to ensure employee conduct is of a high standard.

- **The need to act fairly between shareholders of the Group** – The Group regularly seeks the advice of its Nomad on matters relating to this point. It maintains a clear contact page on its website which investors can use to communicate with the Group and communications are reviewed by the Chairman and executive. The Company Secretary can also be contacted by shareholders on matters of governance and investor relations.

Streamlined energy and carbon reporting (SECR)

The Group's employees are located in 6 different offices around the world.

In some locations, energy usage is metered and the Group pays for energy directly consumed. In other locations, energy usage is pooled across all building tenants and the Group pays a service charge that includes energy consumed. The Group's energy consumption has been calculated by collating data from both methods.

The Group's greenhouse gas emissions have been calculated using a conversion factor of 0.212 tCO_2e per MWh; this greenhouse gas emissions conversion factor is as recommended by the UK Government.

Emissions are classified from Scope 1 to 3:

- Scope 1 being direct emissions – activities under the Group's control
- Scope 2 being indirect emissions – electricity purchased and used by the Group; emissions are created during the production of the energy and eventually consumed by the Group
- Scope 3 being all other indirect emissions – from activities of the Group, occurring from sources that they do not own or control.

The Group has no significant energy consumption which falls into scope 1. The majority of the Group's emission fall within Scope 2.

Emissions data 2022	**UK**	**International**	**Total 2022**	Total 2021
Energy Consumption (MWh)	**470**	**698**	**1,167**	1,124
Emissions (tCO_2e)	**100**	**148**	**248**	262
Employees	**172**	**895**	**1,067**	1,158
tCO_2e per employee	**0.58**	**0.17**	**0.23**	0.23

The Group's most significant consumption of energy are in the operation of its largest offices in Chennai, India and The Shard in London.

In Chennai, there is a sustained effort to reduce water, electricity and energy consumption through a variety of measures. Key measures include:

- the active regulation of the dedicated outdoor air system (DOAS) operation timings based on building occupancy and ambient temperatures;
- installation of a new low-capacity Diesel Genset to manage weekend occupancy and minimum load;
- planting of 867 trees in partnership with an NGO.

The Chennai and Mumbai facilities commenced work on a plan to securing ISO 14064 accreditation in H2 2022.

As an occupier of The Shard, the Group participates in all environmental initiatives operated by the landlord including recycling of paper and plastic in line with local authority guidelines and facilities, having a 'zero landfill' policy, and participating in the Cycle to Work scheme.

The Group continues to identify actions to further reduce its energy consumption and greenhouse gas emissions but acknowledges that this will be dependent on its ability to rationalise its office space requirements, particularly in London, following a move towards a hybrid home/office working model.

The Strategic report was approved by the Board of Directors and was signed on its behalf by:

David Beck
Chief Executive Officer

8 August 2022

Philip Machray
Chief Financial Officer

8 August 2022

Directors' report

Review of the business and future development

The Strategic Report (comprising the Chairman's statement, Operational Review, Financial Review, Principal Risks and Uncertainties, Directors' Section 172(1) statement, and Streamlined Energy and Carbon Reporting) and the Corporate Governance Report set out:

- the issues, factors and stakeholders considered in determining that the Directors have complied with their responsibilities under section 172(1) of the Companies Act 2006 (Directors' Section 172(1) statement, Corporate Governance Report);
- the methods used to engage with stakeholders and understand the issues to which the Directors must have regard under section 172 of the Companies Act 2006 and the effect on the Company's decisions and strategies during the year (Directors' Section 172(1) statement, Corporate Governance Report);
- the way that management views the business (Chairman's statement, Operational Review, Financial Review);
- its strategy, positioning, and objectives (Chairman's statement, Operational Review).
- its historic financial performance (Chairman's statement, Operational Review, Financial Review);
- an assessment of its future development and potential (Chairman's statement, Operational Review, Financial Review);
- its key performance indicators (Financial Review); and
- its key business risks (Principal Risks and Uncertainties).

Principal activities and business review

The Group's principal activity is the creation and aggregation of high quality information and data and the provision of services through a combination of online information and digital services, training courses, conferences and events, publications and other media. The Group operates primarily in the UK, Europe and India and has market-leading positions in much of its portfolio.

The purpose of the Annual Report is to provide information to the shareholders of the Company and other stakeholders. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve risk and uncertainty, since future events and circumstances can cause results and developments to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast.

Results and dividends

The Group's financial results for the year are shown in the Consolidated income statement on page 35. The Board of Directors have decided not to propose to pay a dividend.

Financial instruments

Details of financial instruments can be found in Note 19 to the accounts.

Directors

The Directors who held office during the period and up to the date of signing these financial statements were:

Mark Smith	Non-Executive Chairman
Diane Lees CBE	Non-Executive Director
Richard Boon	Non-Executive Director
Angela Entwistle	Non-Executive Director
Vijay Vaghela	Non-Executive Director
David Beck	Chief Executive Officer (appointed 7 September 2021)
Philip Machray	Chief Financial Officer (appointed 17 November 2021)
Cornelius Conlon	Chief Technology Officer, and Managing Director, Merit Data & Technology
Munira Ibrahim	Managing Director, Dods
Simon Bullock	Chief Financial Officer (resigned 17 November 2021)

Directors' report

(continued)

Directors' biographies

Mark Smith (A, M)

Non-Executive Chairman

Mark Smith is an experienced COO, CFO and Non-Executive Director, and is a qualified Chartered Accountant. Mark served as Chief Operating Officer and CFO of Chime Communications plc from 1994 to 2017. He is currently Non-Executive Chairman of Holiday Extras, a major travel and leisure business which is privately owned, Non-Executive Chairman of TPX Impact Holdings plc, an AIM listed company delivering digital transformation projects for clients mostly in the Public Sector, and Non-Executive Chairman of The Unlimited Marketing Group, a UK based private equity owned marketing services business. He is also Chairman of Mokum Communications Limited, Cognito Europe Limited and is Chairman of Trustees of Britain Thinks. He joined the Merit Group plc Board on 29 November 2017 and was appointed Chairman on 26 November 2020.

Dame Diane Lees DBE (R)

Non-Executive Director

Dame Diane Lees DBE is Director General of Imperial War Museums, She is also Chair of the Board of Governors for the University of Lincoln. Other board positions include being Vice President of the American Air Museum in Britain, Trustee of the Gerry Holdsworth Special Forces Trust, and Director of IWM Trading Company. She is a member of the Women Leaders in Museums Network. She was awarded a CBE for services to museums in 2015 and a DBE for services to museums and cultural heritage in 2022.

Richard Boon (A, M)

Non-Executive Director

Richard Boon is a Chartered Financial Analyst with over 30 years of investment experience, having earlier professionally qualified in both Law and Accountancy. After working in corporate finance on privatisations in N.Z during the late 1980s, he moved to the UK as Head of Regulatory Policy at The Post Office in 1993, when its privatisation was first considered.

From 1995-2001 he worked as a Global Equity portfolio manager at Morgan Stanley Asset Management and from 2001-2004 as a Managing Director and U.S. Equity portfolio manager at Merrill Lynch Investment Managers. In 2005 he founded hedge fund manager Artefact Partners LLP and has acted as an advisor to private equity firms from 2013 onwards. Over the past decade, he has been active in the media and real estate sectors, and was an investor in and Non-Executive Director of Local World at the time of its successful sale in 2015 to Reach plc. He is also a Non-Executive Director of AIM listed KCR Residential Reit plc.

Angela Entwistle (R)

Non-Executive Director

Angela is a Corporate Communications Specialist working with companies in the private sector, including Deacon Street Partners Limited, Conservative Home Limited and Biteback Publishing Limited. She was appointed as Non-Executive Director of Merit Group in November 2017. She is also a Non-Executive Director of Impellam Group plc, a leading Global Talent Acquisition and Managed Workforce Solutions provider, and Carlisle Support Services, one of the leading suppliers of value-added solutions across the public and private sectors in the UK and Ireland. Angela was Corporate Communications Director of ADT Limited, an international business services company and the world's leader in electronic security solutions, from 1986 to 1997. Angela is significantly involved in a number of charities including acting as Trustee of both Crimestoppers, the only UK charity dedicated to solving crimes, and Prospect Education (Technology) Trust Limited, the umbrella charity of the Ashcroft Technology Academy.

Vijay Vaghela (A)

Non-Executive Director

Vijay has extensive media, M&A and restructuring experience and is a qualified Chartered Accountant. He is currently Chief Operating Officer for National World plc. Vijay was previously Group Finance Director of Reach plc (formerly Trinity Mirror plc) for 15 years to February 2019. He was Interim Chief Executive from June 2012 to August 2012 and was Company Secretary from 2015. Vijay held a number of roles from 1994 to 2003 at Reach plc, including Head of Internal Audit, Group Treasurer and Deputy Finance Director.

He served as member of the Audit Committee of the Football Association from 2011 to 2017 and was a Non-Executive Director and Chairman of the Audit Committee of Local World Limited for three years from 2012 to 2015 prior to the Company being acquired by Reach plc.

Directors' report

(continued)

David Beck

Chief Executive Officer

David Beck was appointed CEO of the Group on 7 September 2021 after a short period as Interim CEO. David is an experienced Managing Partner, COO and adviser to the Boards of a very wide range of listed companies and professional service firms, having previously worked in the investor relations and communications industry. David has significant experience of corporate transactions including mergers and acquisitions. He has been involved in raising money for MBOs and start-up businesses.

Between 2002 and 2006, David was a member of the executive management team of Marconi Plc.

Philip Machray

Chief Financial Officer

Philip ("Phil") Machray is a Chartered Accountant with over 25 years' experience in the media sector as an advisor, Board member and Executive. Most recently Phil worked for 16 years to July 2020 at Reach plc (formerly Trinity Mirror plc) where he held roles including Director of Corporate Development, Chief Operating Officer of Regionals, and Managing Director of Specialist Digital. Phil began his career at Deloitte LLP and was a Director within Deloitte's Technology, Media & Telecoms practice. Phil is currently a Non-Executive Director of System1 Group plc and a Non-Executive Director of Digitalbox plc, where he serves as Chairman of the Audit Committee.

Phil joined Merit Group plc as CFO on 18 October 2021 and was formally appointed to the Board on 17 November 2021.

Cornelius Conlon

Group CTO and Managing Director, Merit Data & Technology ("MD&T")

Cornelius ("Con") Conlon is the founder of MD&T, which was acquired by the Group in July 2019. Con is a technology entrepreneur with over 25 years of experience in the data and software realms, in addition to a successful track record of building high performing teams and running successful technology businesses in Ireland, the UK and India. Con joined the Board on 1 July 2020.

Munira Ibrahim

Managing Director, Dods

Munira Ibrahim joined as Group CRO in May 2019, was promoted to Managing Director, Dods on 1 June 2020, and was appointed to the Board on 1 July 2020. Munira is a media professional with strong management, financial (ACCA Qualified), sales and business development credentials and an in-depth knowledge of international media across all platforms. After qualifying as an accountant and moving to CNBC, Munira moved to the sales and production side of the business in 2002 where she led the sales operations side of the business and built the international team's branded content and digital capabilities. After 15 years at CNBC, Munira joined Reuters as Head of Broadcast Solutions, overseeing the global editorial teams across 12 locations, later being promoted to SVP of Sales and Content Solutions.

(A) Member of the Audit Committee
(R) Member of the Remuneration Committee
(M) Member of the Mergers & Acquisitions Committee

Directors' report

(continued)

Directors' interests

Details of the Directors' interests (including those of their immediate families and any connected persons) in the share capital of the Company at the beginning and end of the year are set out below. Save as disclosed, no contracts or arrangements were entered into during the year or subsisted at the year-end in which a director had, directly or indirectly, a material interest which was significant in relation to the Group's business.

	Interest in ordinary shares	
	At 1 April 2021 (or date of appointment if later)[(1)]	At 31 March 2022
Mark Smith	22,180	**40,671**
Dame Diane Lees DBE	1,523	**1,523**
Richard Boon and immediate family	38,460	**38,460**
Angela Entwistle	-	**-**
Vijay Vaghela	13,736	**13,736**
David Beck (appointed 7 September 2021)	-	**107,732**
Philip Machray (appointed 17 November 2021)	-	**100,000**
Cornelius Conlon	726,059	**1,580,791**
Munira Ibrahim	5,495	**5,495**

(1) Restated for share consolidation and subdivision undertaken in the year – see note 24

As one of the three core sellers of Meritgroup Limited, Cornelius Conlon was entitled under the purchase agreement to receive ordinary shares in the Company on the first and second anniversaries of the acquisition, as part consideration for the acquisition. The second anniversary issue was completed on 1 October 2021 and Cornelius Conlon was issued 854,732 shares, taking his interest in ordinary shares to 1,580,791.

David Beck and Philip Machray hold options over 762,376 shares and 658,415 shares respectively under the Performance Share Plan as further detailed in Note 26 of the finanical statements. On a fully diluted basis, three Directors have individual interests in excess of 3% of the Company's issued share capital.

Fully Diluted Shareholding	
Cornelius Conlon	6.60%
David Beck	3.60%
Philip Machray	3.16%

Save as disclosed, none of the Directors had any interest in the securities of the Company or any Subsidiary.

The market price of a Company share during the 12 months was as follows:

Opening share price(1): 1 April 2021	83.9 pence
Closing share price: 31 March 2022	44.5 pence
Average share price during the year	56.8 pence

(1) Restated for share consolidation and subdivision undertaken in the year – see note 24

Share listing

The Company's Ordinary shares are listed on the Alternative Investment Market (AIM: MRIT.L), which is regulated by the London Stock Exchange.

Directors' Section 172(1) statement

The Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year. This has been outlined on page 12.

Directors' report

(continued)

Employee involvement

The Group aims to attract, retain and motivate its employees by encouraging and rewarding high performance, both on an individual and team contribution basis, through competitive remuneration and incentive arrangements. Efforts are made to provide employees with continuing opportunities to develop their full potential and advance to positions of greater responsibility by gaining the relevant skills and experience required to deliver upon both the Group's business objectives and the individual's own personal objectives. The Group is committed to providing equality of opportunity to all existing and prospective employees without discrimination. In addition, it is supportive of the employment and advancement of disabled persons. All operations within the Group actively encourage employee involvement and communication, both through regular employee briefings and by direct access to managers and Directors at all levels.

Political and charitable donations

No political donations were made in the year (2021: £nil). Charitable donations of £21k (2021: £14k) were made during the year through the Merit Data & Technology business in India.

Retirement and rotation of Directors

Pursuant to the Company's Articles of Association, all Directors are subject to re-election at least every three years. The service contracts of the Executive Directors and the letters of appointment of the Non-Executive Directors are available for inspection by shareholders at the Company's registered office during normal business hours.

Directors' and Officers' indemnity insurance

The Group has taken out an insurance policy to indemnify the Directors and officers of the Company and its subsidiaries in respect of certain liabilities which may attach to them in their capacity as Directors or officers of the Group, as far as permitted by law. This insurance policy subsisted throughout the year and remains in place at the date of this report. The Group has also given Directors a limited indemnity as allowed under the Companies Act 2006.

Substantial shareholdings

As at 30 June 2022, the Company had been notified of the following interests in 3% or more of its issued share capital:

Lord Ashcroft KCMG PC	42.00%
Gresham House Asset Management Limited	10.19%
Schroder Investment Management Limited	7.47%
Sasqua Fields Management LLC	6.79%
Cornelius Conlon	6.60%
Anthony Buttanshaw	5.05%

Share capital

As at 31 March 2022, the issued share capital of the Company was 23,956,124 ordinary shares of 28 pence each.

On 16 April 2021, shareholders approved a reorganisation of the parent company's share capital. This reorganisation included cancellation of the 151,998,453 Deferred Shares and the consolidation and sub-division of the parent company's Ordinary Shares (including the purchase of certain of the parent company's shares), having the impact of reducing the total number of Ordinary Shares by a factor of 28 and to increase the nominal value by a factor of 28 (from 1 pence to 28 pence nominal).

On 1 October 2021, the parent company issued 1,675,749 ordinary shares due as contingent consideration on the acquisition of Meritgroup Limited in 2019.

On 1 October 2021, the parent company issued 1,492,000 ordinary shares in a fundraising subscription at 62.4 pence per share, raising £908,000, net of costs.

Health, safety and environmental

The Executive Directors are responsible to the Board for the health, safety and environmental performance of the Group. Local management has been delegated responsibility for practical day-to-day compliance with relevant legislation at operating unit level. This includes

Directors' report

(continued)

the requirement for a local policy statement, the provision of appropriate related training as well as the communication to all employees of the need to create and maintain a safe and healthy working environment. In appreciating the importance of good environmental practice, we seek to ensure that our operations and products cause minimum detrimental impact to the environment. The Group's objective is to comply with environmental legislation in all countries in which it operates and to promote effective environmental management throughout its business.

Anti-bribery

It is our policy to conduct all our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships.

Statement of disclosure of information to the auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations. The Directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

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

To the best of our knowledge:

- The consolidated financial statements of Merit Group plc have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its Parent Company financial statements in accordance with FRS 102; these are presented after the notes to the consolidated financial statements; and
- the Strategic Report and Directors' Report include a fair review of the development and 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 that they face.

Auditor

A resolution to reappoint Grant Thornton UK LLP as auditor and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM.

Annual General Meeting

The Annual General Meeting of the Company will be held at 12 noon on 21 September 2022 at the offices of Fieldfisher, Riverbank House, 2 Swan House, London, EC4R 3TT.

The Directors will present their annual report together with the audited financial statements of Merit Group plc (the "Company") and its subsidiaries (together, the "Group") for the 12 months ended 31 March 2022. The Notice of Meeting accompanies this document.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Annual Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Directors' report

(continued)

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law and as required by the AIM Rules of the London Stock Exchange to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and to prepare the Company financial statements in accordance with United Kingdom applicable accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with relevant accounting standards and in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate governance

For the year ended 31 March 2022

Corporate governance

It is a requirement of Rule 26 of the AIM Rules for Companies that the Company's website contains details of the corporate governance code that the Group has decided to apply and how the Company complies with that code.

As a company listed on AIM, Merit Group plc is not required to comply with the UK Corporate Governance Code. The corporate governance code that the Directors have decided to apply instead, so far as it is reasonable and practical to do so given the size of the Group, is the Corporate Governance Code for Small and Mid-Size Quoted Companies (2018) produced by the Quoted Companies Alliance (the "QCA Code"). The Board notes that the QCA Code refers to certain minimum disclosures which must be seen to be addressed in order for a company to say that it complies with the QCA Code.

The ten principles of the QCA Code are as follows:

- Principle 1 – Establish a strategy and business model which promote long-term value for shareholders.
- Principle 2 – Seek to understand and meet shareholder expectations.
- Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success.
- Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation.
- Principle 5 – Maintain the board as a well-functioning, balanced team led by the chair.
- Principle 6 – Ensure that between them the directors have the necessary up-to-date experience skills and capabilities.
- Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.
- Principle 8 – Promote a corporate culture that is based on ethical values and behaviours.
- Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.
- Principle 10 – Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Board

The Board currently comprises of the Non-Executive Chairman, four Non-Executive Directors and four Executive Directors. Short biographical details of each of the Directors are set out on pages 15-16. The Board is responsible to the shareholders for the proper management of the Group and generally meets quarterly to set the overall direction and strategy of the Group, and such other times as necessary.

The roles of Chief Executive Officer and Chairman are intended to be separate and there is a clear division of their responsibilities. All Directors are subject to re-election at least every three years.

Board committees

Audit Committee

The composition of the Audit Committee is disclosed on pages 15-16 and comprises solely of Non-Executive Directors. By invitation, the meetings of the Audit Committee may be attended by the other Directors and the external auditor. The Committee meets not less than twice annually. The Audit Committee's responsibilities include the monitoring of the adequacy and effectiveness of the Group's internal controls, accounting policies and financial reporting and provides a forum for reporting by the Group's external auditor. Its duties include keeping under review the scope and results of the audit and its cost effectiveness, consideration of management's response to any major audit recommendations and the independence and objectivity of the auditor, and other such matters as directed by the Board.

Remuneration Committee

The composition of the Remuneration Committee is disclosed on pages 15-16 and comprises solely of Non-Executive Directors. The Remuneration Committee, on behalf of the Board, meets as and when necessary to review and approve as appropriate the contract terms, remuneration and other benefits of Executive Directors. The Remuneration Committee also approves the remuneration of senior management and remuneration plans for the Group as a whole as part of the budget and in line with delegated limits of authority.

The Remuneration Committee approves the setting of objectives for Executive Directors and authorises any bonus payments for achievement of objectives.

Corporate governance

For the year ended 31 March 2022

The Remuneration Committee aims to put in place remuneration packages that are sufficient to attract, retain and motivate Executive Directors required to run the Group successfully, but seeks to not pay more than is necessary for their services.

M&A Committee

The Mergers and Acquisitions (M&A) Committee was established on 7 December 2018. The composition of the M&A Committee is disclosed on pages 15-16 and currently comprises two Non-Executive Directors. This Committee exists to evaluate and implement M&A activity for approval by the Board.

Company Secretary

The Company Secretary is responsible for advising the Board through the Chairman on all governance issues. All Directors have access to the advice and services of the Secretary.

Attendance at Board and Committee meetings

The Directors attended the following board and committee meetings during the year ended 31 March 2022:

	Board	Remuneration	Audit
Total Meetings Held	**7**	**5**	**6**
Mark Smith	7	5	6
Diane Lees CBE	7	5	-
Richard Boon	7	–	4
Angela Entwistle	7	5	–
Vijay Vaghela	7	–	6
David Beck (appointed 7 September 2021)	5	4*	5*
Philip Machray (appointed 17 November 2021)	2	2*	2*
Simon Bullock (resigned 17 November 2021)	5	–	5*
Cornelius Conlon	7	–	–
Munira Ibrahim	7	–	–

* By invitation, other Directors may be invited to attend the Remuneration, Audit Committee and M&A Committee meetings. There were no meetings of the M&A Committee during the year.

Relationships with shareholders

The Board recognises the importance of effective communication with the Group's shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders. The Group communicates with investors through Interim Statements, audited Annual Reports, press releases and the Company's website www.meritgroupplc.com. Shareholders are entitled to attend the Group's AGM (notice of which is provided with this Report).

Internal controls

The Board acknowledges its responsibility for establishing and maintaining the Group's system of internal controls and will continue to ensure that management keeps these processes under regular review and improves them where appropriate.

Going concern

The Directors have considered the implications for going concern below, for a period of at least twelve months from the signing of these accounts.

The Directors have approved a budget for the period of 12 months from the balance sheet date, and have additionally prepared and approved monthly-phased projections for the 24 months from the balance sheet date. The Directors consider the budget and projections to be reasonable.

The Directors have assessed the future funding requirements of the Group within the budget and projections, compared them with the level of available borrowing facilities, and assessed the impact of them on the Group's cash flow, facilities and headroom within its future banking covenants. In addition, the Directors have prepared a five-year forecast, which reflects the expected trading environment over that period. The Directors consider the forecast to be reasonable.

Corporate governance

(continued)

Based on this work, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future.

For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Group continues to have the support of Barclays and on 22 July 2022, the Group agreed new secured loan facilities with Barclays which includes:

- Term Loan: a £3 million, five-year term loan, amortising on a straight-line basis at £150,000 per quarter;
- RCF: a £2 million non-amortising, revolving credit facility for the five-year duration of the Term Loan;
- Both the Term Loan and RCF accruing interest at 4.75% above Bank of England base rate;
- Covenants: leverage covenants measured quarterly from September 2022, Cash cover measured quarterly from June 2023 and Interest cover measured quarterly from December 2023, each for the duration of the facilities. Debt service covenants measured quarterly from June 2022 to March 2023.

These revised facilities and covenants will help support the Group in the aftermath of the Covid-19 pandemic and we are appreciative for the support of Barclays throughout the pandemic and going forward.

Environment

By their nature, the Group's regular operations are judged to have a low environmental impact and are not expected to give rise to any significant inherent environmental risks over the next 12 months.

Employment

The Board recognises its legal responsibility to ensure the wellbeing, safety and welfare of its employees and to maintain a safe and healthy working environment for them and for visitors.

Employee Engagement

The Group measures its employee engagement and conducted an all employee survey in the autumn of 2021 using an online platform, WeThrive. The results were encouraging with generally positive scores above the industry averages provided by WeThrive. The platform enables detailed analysis by both function, department and individual manager and also suggests training and development needs to address areas of concern. The MD&T team are now working towards gaining the Great Place to Work accreditation, which will involve regular engagement and surveys with staff.

MD&T has established a number of employee engagement initiatives to attract and retain staff and to build a stronger culture. It has introduced a 6-month induction process, ensuring that all new joiners are welcomed into the organisation and feel supported throughout the onboarding process. It hosts a number of engagement events for staff throughout the year and promotes a CSR initiative which encourages staff to support a Chennai-based charity working with the less fortunate and homeless. MD&T has also developed a new Learning and Development framework which provides clarity on career progression by role, grade and division.

The recently formed Dods Social and Wellbeing Committee in the UK reviews our health, wellbeing and social activities. The committee will create a schedule of events which we can celebrate across the group, and to promote awareness about specific topics. The Committee raised awareness of Mental Health Awareness Week (MHAW) in May 2021. Recognising the MHAW's theme of loneliness, we encouraged staff to connect with one another and gave them tips on how they could stay connected. Later in the year we plan to hold a Staff Away Day, with a focus on team building and sharing our organisational strategy.

Employee Performance management

We have implemented a new performance appraisal process across the Group. The new process provides a framework for staff to define and review their objectives, enables constructive feedback on performance that motivates staff and helps them to improve, and provides a space to discuss career aspirations and development opportunities. Performance appraisals are vital for the next stage of our growth as a company. It will allow all team members to understand the value they bring to the organisation and how we as a company can support their growth. The new process will include quarterly check-ins and a formal appraisal at the end of the calendar year, held between an individual and their line manager.

HR processes review

Our Group HR Manager, who joined us in March 2022, is undertaking a review of our operational processes and redesigning them where necessary. For example, our recruitment adverts and job descriptions have been revamped to make them more attractive to prospective candidates, updating the style, language and format of our job adverts. The aim is to create a series of toolkits for managers to support them in their day to day roles, covering areas such as recruitment, performance management and sickness absence.

Employee Benefits

We have been conducting a review of the benefits that we offer to staff and launched a survey to get feedback from staff on our current benefits package. Our new, and yet to be launched, benefits package will aim to:

- Strengthen our employee benefits to attract prospective candidates;
- Retain staff for longer and reduce staff turnover;
- Support employee health and wellbeing;
- Recognise and reward our staff; and
- Increase levels of motivation and engagement across our staff.

Social Mobility

We conducted a staff survey to gather base information for our focus on social mobility. The survey gave us an idea of the background of our employees and whether there are any steps we need to take to increase diversity in our workforce. The Social Mobility Committee will meet soon to discuss how we can improve diversity and inclusion at Dods.

Corporate social responsibility

The Group's Corporate Social Responsibility initiatives are largely focused in India, where the majority of the Group's employees are based. The Covid pandemic had a significant impact on many of our employees and their families. Working from home was a particular challenge for some of our younger members of staff. For those with children at home whilst schools were closed, home education was made more difficult by the lack of access to online education tools.

We responded by donating tablets and laptops to the school-aged children of our employees, many of whom who were trying to keep up with school work with only a smart phone. We also support two children's charities, the first being a home for orphans, and the second being to support children affected by HIV.

We have helped fund two young Chennai-based sailors who represented India in the Tokyo Olympics in 2021. KC Ganapathy and Varun Thakkar competed in their debut Olympics in 49er class, after which they visited our offices and shared their experience with our staff.

In total we made charitable donations totalling £21k in the year (2021: £14k) through the MD&T business.

AIM rule compliance report

Merit Group plc is traded on AIM and as a result the Group has complied with AIM Rule 31 which requires the following:

- sufficient procedures, resources and controls to enable its compliance with the AIM Rules;
- the Group to seek advice from Nominated Adviser ("Nomad") regarding its compliance with the Rules whenever appropriate and take that advice into account;
- the Group to provide the Nomad with any information it reasonably requests in order for the Nomad to carry out its responsibilities under the AIM Rules and the AIM Rules for Nominated Advisers, including any proposed changes to the Board and provision of draft notifications in advance;
- the Group to ensure that each of the Directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and
- the Group to ensure that each Director discloses without delay all information which the Group needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the Director or could with reasonable diligence be ascertained by the Director.

The Directors' Report was approved by the Board of Directors and was signed on its behalf by:

David Beck	**Philip Machray**
Chief Executive Officer	Chief Financial Officer
8 August 2022	8 August 2022

Independent auditor's report

to the members of Merit Group plc (formerly Dods Group plc)

Our opinion on the financial statements is unmodified

We have audited the financial statements of Merit Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the Parent Company balance sheet, the Parent Company statement of changes in equity and the notes to the consolidated and the Parent Company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- 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 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements 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 and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the Key Audit Matters section of our report.

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's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Independent auditor’s report

(continued)

Our approach to the audit

Grant Thornton

Overview of our audit approach

Overall materiality:

- Group: £129,500, which represents approximately 0.5% of the Group’s revenue.
- Parent Company: £116,500, which represents 1% of the Parent Company’s total assets, capped at 90% of Group materiality.

Key audit matters were identified as

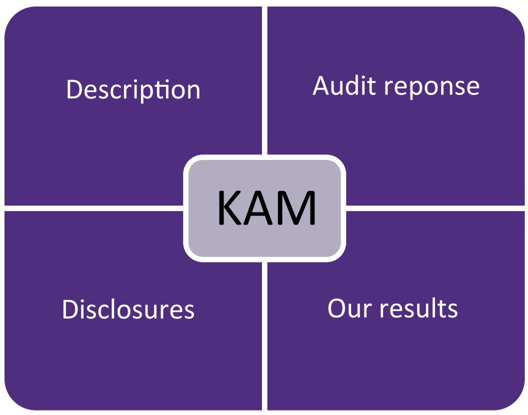
- Impairment of the carrying value of goodwill and other intangible assets (same as previous year); and
- Going concern (same as previous year).

Our auditor’s report for the year ended 31 March 2021 included no key audit matters that have not been reported as key audit matters in our current year’s report.

We performed full scope audit procedures on the financial information of the significant components of the Group. These include Merit Group plc, Dods Group Limited and Merit Data & Technology Limited. A full scope audit of the financial information of Merit Data & Technology Private Limited was performed by component auditors in India based on the Group audit instructions we issued to them. We performed audit of specific classes of transactions and balances on the financial information of Holyrood Communications Ltd. For all other components, we performed analytical procedures on their financial information.

Key audit matters

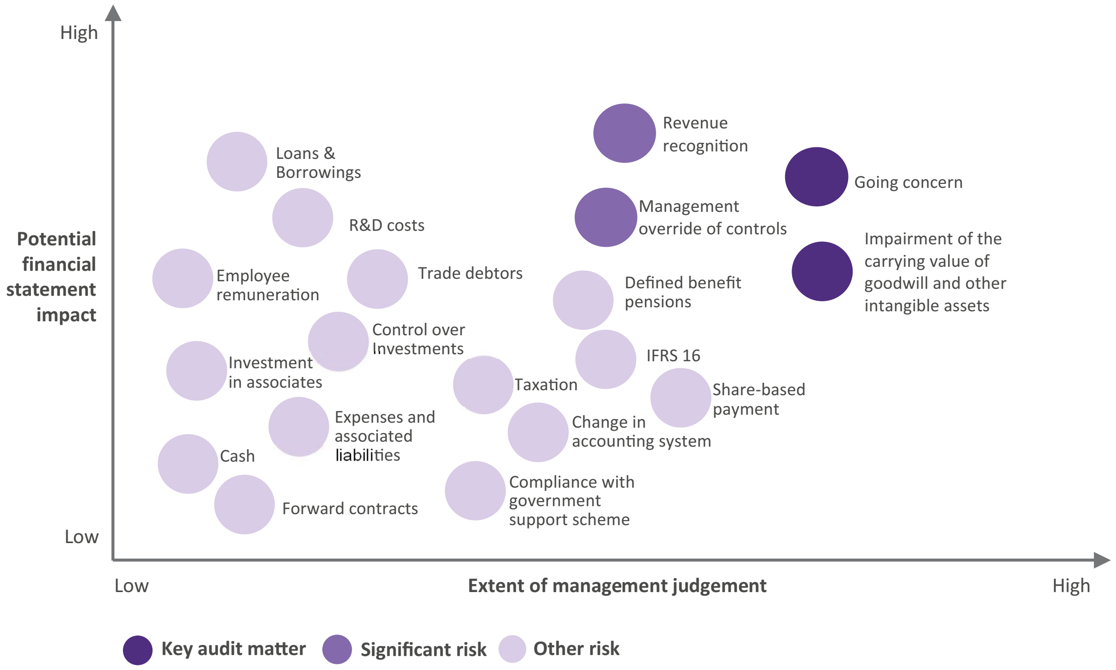
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that 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 forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditor's report

(continued)

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter – Group	How the matter was addressed in the audit – Group
Impairment of the carrying value of goodwill and other intangible assets We identified the impairment of goodwill and other intangible assets as one of the most significant assessed risks of material misstatement due to error. At the year end, the Group has £28.9m of goodwill (2021: £28.9m) and £9.8m of other intangible assets (2021: £10.4m). Under IAS 36 'Impairment of Assets', management is required to perform a quantified impairment test annually for goodwill acquired in a business combination, and for intangible assets acquired if there is an indicator for impairment. There is a risk that the carrying value of the goodwill and other intangible assets may be higher than the recoverable amount. The process of making the impairment assessment through identification of cash generating units (CGUs), forecasting of future cash flows, the determination of the appropriate discount rate and other assumptions to be applied are characterised by significant judgement and therefore subject to management bias, and the associated outcomes can significantly impact the results of impairment assessment.	In responding to the key audit matter, we performed the following audit procedures: • We assessed whether the Group's accounting policy on impairment was in line with the requirements of IAS 36; • We evaluated the design effectiveness of controls relevant to the process of impairment of goodwill and other intangible assets; • We evaluated management's assessment of impairment, including the discounted cash flow model and challenged their assessment of its appropriateness and methodology in line with the requirement of IAS 36. This includes the consideration that the Group has two CGUs; • We challenged the key assumptions around the EBITDA forecast (as a proxy for operating cash flow forecast) for the next five years, growth rate and discount rates included within the discounted cash flow model by assessing the actuals vs forecast, inspecting the evidence to support inputs to the calculations and comparing to the country's growth rate; • We agreed inputs of the discount rate to observable inputs such as the risk-free rate and recalculated the cost of equity using our own inputs; • We performed downward sensitivity analysis on all key assumptions; and • We reviewed the disclosures on impairment for compliance with financial reporting requirements.

Independent auditor's report

(continued)

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Relevant disclosures in the Annual Report 2022 • Financial statements: Note 1, Statement of significant accounting policies and judgements – Goodwill, Intangible assets, and Intangible assets – Impairment; Note 2 – Significant financial judgements Note 2(d), Identification of cash generating units for goodwill impairment testing, and Significant financial estimates Note 2(a), Carrying value of goodwill; Note 13, Goodwill; and Note 14, Intangible assets.	**Our results** Our audit testing did not identify any material misstatements in relation to the impairment of goodwill and other intangible assets.
Going concern We identified going concern as one of the most significant assessed risks of material misstatement due to fraud and error. This determination was as a result of the significant management judgements required to conclude on whether there is a material uncertainty related to going concern. The Group's results for the prior financial years were significantly impacted since the outbreak of Covid-19. In the current financial year, the Group has recovered from the outbreak; however, at the date of this report there is still high level of uncertainty in relation to the ultimate impact of this event on the Group. This event increases the extent of judgement and estimation uncertainty associated with management's decision to adopt the going concern basis of accounting in the preparation of the financial statements. In undertaking their assessment of going concern for the Group for 12 months from the approval of the Group financial statement, management performed a scenario testing exercise for the period covered by the going concern forecast, including considering a reasonable 'base case' forecast, a sensitised case scenario and reverse stress test scenario.	In responding to the key audit matter, we performed the following audit procedures: • Obtaining and reviewing management's Group cash flow forecasts covering the period to March 2024; • Evaluating management assumptions made in the forecast and management's outlook of the business in the light of the current economic climate. We considered the inherent risks associated with the Group's and the Parent Company's business model including effects arising from macroeconomic uncertainties such as Brexit and Covid-19; and analysed how those risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period; • Evaluating the appropriateness of the forecasts by corroborating to our understanding of the business derived from other detailed audit work undertaken, applying relevant sensitivities to the underlying assumptions, and challenging those assumptions; • We assessed and challenged the reasonableness of the forecasts in the base-case and sensitised scenarios, including the reasonable downside scenario, and we evaluated the sufficiency of cash headroom for each scenario over the going concern period. We also evaluated the reverse stress scenario in order to determine what breaks the going concern model as well as whether this was reasonably possible over the going concern period; • Assessing covenant compliance and obtaining supporting evidence from the lender confirming the revisions to the Group's banking facilities and covenants; • Assessing the accuracy of management's past forecasting by comparing management's forecasts for last year to the actual results for last year and considering the impact on the base-case cash flow forecast; • Consulting with our transaction advisory service to provide a specialist assessment of going concern; and • Assessing the adequacy of related disclosures within the financial statements.

Independent auditor's report

(continued)

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Relevant disclosures in the Annual Report 2022 • Financial statements: Note 1, Statement of significant accounting policies and judgements, Going concern; and Note 2, Significant financial judgements, Note 2(a) Going concern; and • Corporate governance: Going concern, page 22.	**Our results** We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing, and extent of our audit work.	
Materiality threshold Significant judgements made by auditor in determining materiality	£129,500, which is approximately 0.5% of the Group's revenue. In determining materiality, we made the following significant judgements: • Revenue is considered to be the most appropriate benchmark because the Group made a loss for the year, meaning that an earnings benchmark would not be appropriate due to volatility in earnings. Other benchmarks were also considered, such as total assets. However, as this is a trading Group, revenue was considered the most appropriate benchmark. Materiality for the current year is higher than the level that we determined for the year-ended 31 March 2021 to reflect the significant increase in the Group's revenue in the current year.	£116,500, which is approximately 1% of the Parent Company's total assets, capped at 90% of Group materiality. In determining materiality, we made the following significant judgements: • Total assets is considered to be the most appropriate benchmark because the Parent Company is a non-trading company, which exists to hold investments in the subsidiary companies. Materiality for the current year is higher than the level determined for the year-ended 31 March 2021 to reflect the higher cap as a result of Group materiality being higher in the current year compared to the prior year.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	

Independent auditor's report

(continued)

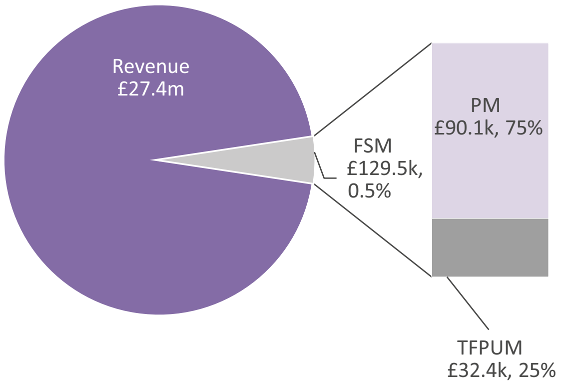
Materiality measure	Group	Parent Company
Performance materiality threshold Significant judgements made by auditor in determining performance materiality	£97,100, which is 75% of financial statement materiality. In determining performance materiality, we made the following significant judgements: • We determined our expectation of misstatements in the current year to be low, which is based on our experience of the number, size and nature of prior year misstatements. • We determined the control environment, including controls relevant to financial reporting, as sufficiently effective to reduce to risk of misstatement in the current year. • There were no major changes in senior management during the year which would have a significant impact on our expectation of misstatement. • There were no significant changes in business objectives and strategy during the year which would have a significant impact on our expectation of misstatement.	£87,400, which is 75% of financial statement materiality. In determining performance materiality, we made the following significant judgements: • We determined our expectation of misstatements in the current year to be low, which is based on our experience of the number, size and nature of prior year misstatements. • We determined the control environment, including controls relevant to financial reporting, as sufficiently effective to reduce to risk of misstatement in the current year. • There were no major changes in senior management during the year which would have a significant impact on our expectation of misstatement. • There were no significant changes in business objectives and strategy during the year which would have a significant impact on our expectation of misstatement.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality threshold	We determined a lower level of specific materiality for the following areas: • Director's remuneration; and • Related party transactions.	
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£6,500 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£5,800 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Independent auditor's report

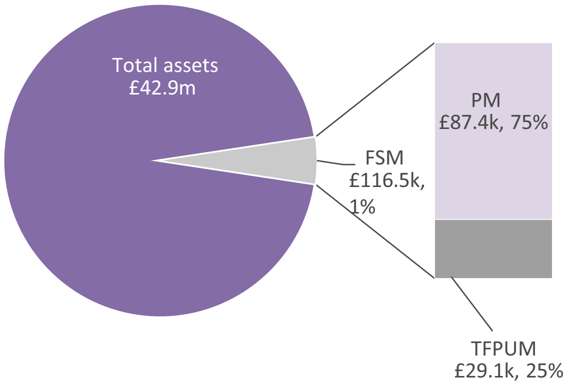
(continued)

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent Company



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the Parent Company's business, and in particular matters related to:

Understanding the Group, its components, and their environments, including Group-wide controls

- the engagement team obtained an understanding of the Group and its environment, including Group-wide controls, and assessed the risks of material misstatement at the Group level; and
- Merit Group Plc has centralised processes and controls over the key areas of our audit focus. Group management are responsible for all judgemental processes and significant risk areas. A centralised finance team performs all accounting processes for all Group components with the exception of the component in India – Merit Data & Technology Private Limited, which has its own finance team based in India.

Identifying significant components

- the engagement team identified and evaluated the components to assess their significance and to determine the planned audit response based on a measure of materiality. We determined significance as a percentage of the Group's total assets, revenue, and loss before tax.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- the audit work relating to Merit Data & Technology Private Limited was performed by the component auditor. All other audit work was performed by the Group engagement team;
- we performed full scope audit procedures on the financial information of Merit Group plc, Dods Group Limited and Merit Data & Technology Limited, using component materiality, which was capped at Group performance materiality. A full scope audit of the financial information of Merit Data & Technology Private Limited was performed by the component auditor in India based on the Group audit instructions we issued to them;
- we performed audit of specific classes of transactions and balances on the financial information of Holyrood Communications Ltd; and
- we performed analytical procedures on the financial information of Fenman Limited, Total Politics Limited and Le Trombinoscope SAS.

Performance of our audit

- the total percentage coverage of revenue and total assets achieved from procedures performed on all full scope entities were 95% and 96% respectively. .

Independent auditor’s report

(continued)

Audit approach	No. of components	% coverage Revenue	% coverage Total assets	% coverage PBT
Full-scope audit	4	95%	96%	97%
Audit of specific classes of transactions and balances	1	4%	1%	1%
Analytical procedures	3	1%	3%	2%

Communications with component auditor

- we issued Group instructions to the component auditor and maintained communication with them through regular calls to discuss the results of their work and resolve any queries. We also used video conferencing to review the component auditor’s documentation.

Changes in approach from prior year

- our audit approach was to rely on controls, through testing operating effectiveness, for our audit of certain material revenue streams and third-party costs incurred during the year. Our audit procedures in these areas were supplemented by substantive testing. A fully substantive approach was used for all other areas, which is consistent with our approach taken in the prior year.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report 2022, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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 the directors’ report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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.

Independent auditor's report

(continued)

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, 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's and the 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.

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

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and Parent Company, and the industry in which they operate. We determined that the following laws and regulations were most significant: UK-adopted international accounting standards (for the Group), Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (for the Parent Company), the Companies Act 2006 and taxation laws;
- We obtained an understanding of how the Group and Parent Company comply with laws and regulation by making enquiries with management and those responsible for legal and regulatory compliance. We corroborated our enquiries through review of board minutes;
- We assessed the susceptibility of the Parent Company's and Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team include:
  - identifying and assessing the implementation and design effectiveness of controls put in place to prevent and detect fraud;
  - making enquiries to obtain an understanding of how those charged with governance considered and addressed the potential for management override of controls or other inappropriate influence over the financial reporting process;
  - challenging assumptions and judgments made by management on significant accounting estimates;
  - engaging with our tax specialists to address the risk of non-compliance relating to tax legislation; and
  - making enquiries with those outside the finance team including, human resources and key management personnel as to their knowledge of any actual or suspected fraud in the business.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting

Independent auditor's report

(continued)

a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery, or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The engagement partner assessed the appropriateness of the collective competence and capability of the engagement team by considering the engagement team's understanding of, and practical experience with, audit engagement of similar nature and complexity;
- Relevant laws and regulations and potential fraud risks were communicated to all engagement team members. We remained alert to any indication of fraud or non-compliance with laws and regulations throughout the audit. There were no matters relating to non-compliance with laws and regulations which were determined as key audit matters; and
- For components where audit procedures were performed, we requested the component auditors to report to us regarding any instances of non-compliance with laws and regulations that could give rise to a risk of material misstatement of the Group financial statements.

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.

Sergio Cardoso
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

8 August 2022

Consolidated income statement

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Revenue	3	**27,399**	24,690
Cost of sales		**(16,540)**	(16,402)
Gross profit		**10,859**	8,288
Administrative expenses		**(12,490)**	(11,476)
Other operating income	4	**42**	688
Operating loss		**(1,589)**	(2,500)
Memorandum:			
Adjusted EBITDA[(1)]		**2,821**	2,024
Depreciation of property, plant and equipment	15	**(689)**	(612)
Depreciation of right-of-use assets	25	**(1,315)**	(1,330)
Amortisation of intangible assets acquired through business combinations	14	**(862)**	(862)
Amortisation of software intangible assets	14	**(255)**	(488)
Share-based payments	26	**48**	(27)
Non-recurring items			
Impairments and asset write offs	5	**(843)**	–
People-related costs	5	**(448)**	(995)
Other non-recurring items	5	**(46)**	(210)
Operating loss		**(1,589)**	(2,500)
Net finance expense	9,10	**(419)**	(669)
Share of profit of Associate	17	**144**	56
Loss before tax	6	**(1,864)**	(3,113)
Income tax credit	11	**292**	389
Loss for the year		**(1,572)**	(2,724)

(1) Adjusted EBITDA is defined as the operating loss after adding back depreciation, amortisation, share-based payments, and non-recurring items.

100% of the loss is attributable to owners of the parent.

Earnings per share (pence)		**p per share**	**p per share (Restated*)**
Basic	12	**(7.03p)**	(13.28p)
Diluted	12	**(7.03p)**	(13.28p)

* Prior period earnings per share have been restated in accordance with IAS 33 to reflect the share consolidation undertaken on 16 April 2021, as detailed in Note 24.

All amounts relate to continuing activities.

The Notes on pages 40 to 81 form part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 March 2022

		2022 £'000	2021 £'000
Loss for the year		**(1,572)**	(2,724)
Items that may be subsequently reclassified to Profit and loss:			
Exchange differences on translation of foreign operations		**31**	(19)
Remeasurement of defined benefits obligations	27	**3**	(45)
Other comprehensive income/(loss) for the year		**34**	(64)
Total comprehensive loss for the year		**(1,538)**	(2,788)

The Notes on pages 40 to 81 form part of these financial statements.

Consolidated statement of financial position

As at 31 March 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Goodwill	13	**28,911**	28,911
Intangible assets	14	**9,826**	10,449
Property, plant and equipment	15	**1,807**	2,184
Right-of-use assets	25	**5,660**	6,688
Investments	17	**777**	717
Total non-current assets		**46,981**	48,949
Current assets			
Work in progress and inventories	18	**14**	36
Trade and other receivables	20	**5,569**	5,584
Loan receivable	17	**210**	560
Cash and cash equivalents	20	**2,321**	5,565
		8,114	11,745
Assets held for resale	17	**410**	–
Total current assets		**8,524**	11,745
Total assets		**55,505**	60,694
Current liabilities			
Trade and other payables	21	**9,718**	12,582
Defined benefit pension obligation	27	**85**	73
Deferred consideration	24	**–**	1,046
Bank loan/RCF	22	**2,860**	2,253
Lease liability	25	**1,679**	1,467
Total current liabilities		**14,342**	17,421
Non-current liabilities			
Deferred tax liability	23	**–**	222
Defined benefit pension obligation	27	**197**	166
Bank Loan	22	**1,518**	2,378
Lease liability	25	**5,042**	6,469
Total non-current liabilities		**6,757**	9,235
Capital and reserves			
Issued capital	24	**6,708**	19,501
Share premium		**1,067**	20,866
Merger reserves		**–**	409
Retained profit/(loss)		**13,032**	(6,671)
Capital redemption reserve		**13,680**	–
Translation reserve		**(49)**	(80)
Other reserves		**(42)**	(45)
Share option reserve		**10**	58
Total equity		**34,406**	34,038
Total equity and liabilities		**55,505**	60,694

The Notes on pages 40 to 81 form part of these financial statements.

These financial statements were approved by the Board of Directors and were signed on its behalf by:

Philip Machray
Chief Financial Officer
8 August 2022

Consolidated statement of changes in equity

For the year ended 31 March 2022

	Share capital £'000	Share premium reserve[1] £'000	Merger reserve[2] £'000	Retained earnings £'000	Capital redemption reserve[3] £'000	Translation reserve[4] £'000	Other reserves £'000	Share option reserve[5] £'000	Total shareholders' funds £'000
At 1 April 2020	19,239	20,082	409	(3,991)	–	(61)	–	75	35,753
Total comprehensive income									
Loss for the year	–	–	–	(2,724)	–	–	–	–	(2,724)
Currency translation differences	–	–	–	–	–	(19)	–	–	(19)
Remeasurement of defined benefits obligation	–	–	–	–	–	–	(45)	–	(45)
Lapsed Share Options	–	–	–	44	–	–	–	(44)	–
Share-based payment	–	–	–	–	–	–	–	27	27
Transactions with owners									
Issue of ordinary shares	**262**	**784**	**–**	**–**	**–**	**–**	**–**	**–**	**1,046**
At 31 March 2021	**19,501**	**20,866**	**409**	**(6,671)**	**–**	**(80)**	**(45)**	**58**	**34,038**
At 1 April 2021	**19,501**	**20,866**	**409**	**(6,671)**	**–**	**(80)**	**(45)**	**58**	**34,038**
Total comprehensive income									
Loss for the year	–	–	–	(1,572)	–	–	–	–	(1,572)
Currency translation differences	–	–	–	–	–	31	–	–	31
Remeasurement of defined benefits obligation	–	–	–	–	–	–	3	–	3
Share based payments	–	–	–	–	–	–	–	(48)	(48)
Transactions with owners:									
Share consolidation (Note 24)	(13,680)	(20,866)	(409)	21,275	13,680	–	–	–	–
Issue of ordinary shares (Note 24)	887	1,067	–	–	–	–	–	–	1,954
At 31 March 2022	**6,708**	**1,067**	**–**	**13,032**	**13,680**	**(49)**	**(42)**	**10**	**34,406**

(1) The share premium reserve represents the amount paid to the Company by shareholders above the nominal value of shares issued.

(2) The merger reserve represents accounting treatment in relation to historical business combinations.

(3) The capital redemption reserve is a non-distributable reserve created on cancellation of deferred shares.

(4) The translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling.

(5) The share option reserve represents the cumulative expense recognised in relation to equity-settled share-based payments.

The Notes on pages 40 to 81 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Loss for the year		**(1,572)**	(2,724)
Depreciation of property, plant and equipment	15	**689**	612
Depreciation of right-of-use assets	25	**1,315**	1,330
Amortisation of intangible assets acquired through business combinations	14	**862**	862
Amortisation of other intangible assets	14	**255**	488
Share-based payments (credit)/charge	26	**(48)**	27
Share of profit of Associate	17	**(144)**	(56)
Lease interest expense	25	**369**	422
Loss on disposal of fixed assets	6	**2**	-
Write off of intangible assets	6,13	**746**	-
Impairment of investments in associates	6,17	**97**	-
Interest income	9	**(28)**	(6)
Interest expense	10	**213**	253
Income tax credit	11	**(292)**	(389)
Operating cash flows before movement in working capital		**2,464**	819
Decrease in inventories	18	**22**	237
Decrease in trade and other receivables		**430**	852
(Decrease)/increase in trade and other payables		**(2,220)**	670
Cash generated by operations		**696**	2,578
Taxation paid		**(332)**	–
Net cash generated from operating activities		**364**	2,578
Cash flows from investing activities			
Interest and similar income received	9	**28**	16
Additions to property, plant and equipment	15	**(314)**	(662)
Additions to intangible assets	14	**(1,240)**	(561)
Acquisition of investment	16	**(450)**	–
Repayment of long-term loan by Associate	17	**350**	–
Net cash used in investing activities		**(1,626)**	(1,207)
Cash flows from financing activities			
Proceeds from issue of share capital		**908**	–
Interest and similar expenses paid	10	**(213)**	(262)
Payment of lease liabilities	25	**(2,055)**	(1,181)
Payment of lease interest	25	**(369)**	(362)
Net drawings from bank facility	22	**–**	2,000
Repayment of bank loan		**(253)**	(369)
Net cash used in financing activities		**(1,982)**	(174)
Net (decrease)/increase in cash and cash equivalents		**(3,244)**	1,197
Opening cash and cash equivalents		**5,565**	4,368
Effect of exchange rate fluctuations on cash held		**–**	–
Closing cash at bank		**2,321**	5,565
Comprised of:			
Cash and cash equivalents		**2,321**	5,565
Closing cash at bank	20	**2,321**	5,565

The Notes on pages 40 to 81 form part of these financial statements.

Notes to the consolidated financial statements

1. Statement of significant accounting policies and judgements

Merit Group plc is a Company incorporated in England and Wales.

The consolidated financial statements of Merit Group plc have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its Parent Company financial statements in accordance with FRS 102; these are presented after the notes to the consolidated financial statements.

The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The accounting policies set out below have, unless otherwise stated, or as outlined in the ‘Standards adopted’ section below, been applied consistently to all periods presented in these Group financial statements.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.

Accounting developments

This report has been prepared based on the accounting policies detailed in the Group’s financial statements for the year ended 31 March 2022 and is consistent with the policies applied in the previous financial year.

The following IFRS standards, amendments or interpretations became applicable during the year ended 31 March 2022 but have not had a material effect on the consolidated financial statements:

Amendment to IFRS 16	Leases (Covid-19-Related Rent Concessions)

There are no other new standards, amendments and interpretations which are effective for periods beginning on or after 1 April 2021, which had any impact on the Group’s accounting policies and disclosures in these financial statements.

New and revised accounting standards in issue but not yet effective

Accounting standards, amendments and interpretations issued, but not yet effective, up to the date of the issuance of the consolidated financial statements are disclosed below. The Group expects to adopt these standards, if applicable, in the accounting period in which they become effective.

Standard		**Effective Date***
Amendments to IFRS 3	Reference to the Conceptual Framework	1 Jan 2022
Amendments to IAS 16	Property, Plant and Equipment (Proceeds before intended use)	1 Jan 2022
Amendments to IAS 37	Onerous Contracts (Cost of fulfilling a contract)	1 Jan 2022
Amendments to IFRS 1, 9, 16 and IAS 41	Annual improvements to IFRS Standards 2018 – 2020	1 Jan 2022
Amendments to IAS 1	Disclosure of accounting policies	1 Jan 2023
Amendments to IAS 8	Definition of accounting estimates	1 Jan 2023
Amendment to IAS 12	Deferred tax relating to assets and liabilities arising from a single transaction	1 Jan 2023

*Effective for accounting periods starting on or after this date

Notes to the consolidated financial statements

(continued)

1. Statement of significant accounting policies and judgements (continued)

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, except for: goodwill (stated at the greater of its value in use and fair value less costs to sell); forward contracts (stated at fair value at year end); and defined benefit pension obligations (stated at fair value at year end).

In addition to statutory disclosures, the Group also measures and presents performance in relation to various other non-GAAP measures including Adjusted EBITDA. Adjusted results are not intended to replace statutory results. These have been presented to provide users with additional information and analysis of the Group's performance, consistent with how the Board monitors results.

Adjusted EBITDA is presented to provide a more comparable indication of the Group's core business performance by removing the impact of certain items including non-recurring items, depreciation and amortisation relating to investment activities, share-based payments and other separately reported items.

The following Group entities are exempt from audit by virtue of Section 479A of the Companies Act 2006. Merit Group plc has provided statutory guarantees to the following entities in accordance with Section 479C of the Companies Act 2006:

- Fenman Limited
- Total Politics Limited
- Holyrood Communications Limited
- Training Journal Limited

Going Concern

The Directors have considered the implications for going concern below, for a period of at least twelve months from the signing of these accounts.

The Directors have approved a budget for the period of 12 months from the balance sheet date, and have additionally prepared and approved monthly-phased projections for the 24 months from the balance sheet date. The Directors consider the budget and projections to be reasonable. The Directors have assessed the future funding requirements of the Group within the budget and projections, compared them with the level of available borrowing facilities, and assessed the impact of them on the Group's cash flow, facilities and headroom within its future banking covenants. In addition, the Directors have prepared a five-year forecast, which reflects the expected trading environment over that period. The Directors consider the forecast to be reasonable.

Based on this work, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future.

In the 12 month period from the balance sheet date, capital repayments of £2.9 million were due to the bank with the remaining £1.5 million due in subsequent periods.

The Group continues to have the support of Barclays, and agreement has been reached with them on new banking facilities, including a new term loan and Revolving Credit Facility (RCF), with revised covenants through to 2027.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control is achieved where the Group is exposed to, or has rights to, variable returns and has the ability to affect those returns. The results of subsidiaries acquired or sold are included in the consolidated financial statements from the date that control commences to the date that control ceases. Where necessary, adjustments are made to the results of the acquired subsidiaries to align their accounting policies with those of the Group. All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

Notes to the consolidated financial statements

(continued)

1. Statement of significant accounting policies and judgements (continued)

Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Revenue policy

Revenue is the total amount of income generated by the sale of goods or services relating to the Group's primary operations. The Group has multiple revenue streams, being revenue from Data, Software & Technology Resourcing, Political Intelligence, and Political Engagement,.

Our Merit Data and Technology ("MD&T") business provides services within Data and Software & Technology Resourcing. Across each of these services, the performance obligation is the delivery of the service as agreed with the client in the contract. The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group. The revenue is measured using input method as the hours used relative to the total expected hours to the satisfaction of that performance obligation.

Political Intelligence is a subscription-based service; the revenue is recognised on a straight-line basis over the life of the subscription. The performance obligation is the provision and availability of the subscription platform; the obligation is deemed to be satisfied as the client has ongoing access to the subscription platform.

Political Engagement activities include events and training, along with media publications which comprise both on-line (website advertising) and off-line (printed magazines) offerings. Events and training are delivery-based activities and so revenue is recognised upon delivery of the service. The performance obligation is the delivery of the event or training course. Revenue for on-line media is recognised at the point of publication; the performance obligation is publication onto the relevant digital platform. Revenue for off-line media is recognised at the point of distribution; where a campaign runs over a number of print issues/editions, revenue is recognised equally across the period of the campaign. The performance obligation for off-line media is distribution (typically mailing) of the magazine or publication.

Leases

A contract contains a lease if the contract gives a right to control the use of an asset for a period of time in exchange for consideration. Leases which meet the criteria of "short-term," for which the lease term is less than 12 months, or "low-value assets" are exempt from IFRS 16. Lease payments associated with "short-term" and "low-value assets" are expensed on a straight-line basis over the life of the lease.

For all other leases, at the lease commencement date, a right-of-use asset and corresponding lease liability are recognised in the Consolidated statement of financial position. The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. Right-of-use assets are measured at the value of the associated lease liability plus any initial direct costs incurred, adjusted for any prepaid or accrued lease payments. The right-of-use asset is initially recognised at cost, and subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease liability is increased by the interest cost and decreased by the lease payments made.

Notes to the consolidated financial statements

(continued)

1. Statement of significant accounting policies and judgements (continued)

During the prior year, in response to the Covid-19 pandemic, the Group negotiated a revised payment profile relating to one of its property leases, which continued into but ended in the current year. At 31 March 2022, all rental payments have been made in accordance with the original lease terms. During the current year, a rent review was completed and agreed in respect of the remaining 5-year term of the London premises lease. As a consequence of this review, both the Rights-of-use assets and Lease liability were remeasured accordingly.

Post-retirement benefits – defined contribution

The Group contributes to independent defined contribution pension schemes. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Defined benefits pensions

The Group operates a defined benefit pension plan for eligible employees based in India. The assets of the scheme are held separately from those of the Group.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit credit method.

Past service cost and settlement gains are recognised immediately in the Income Statement. Remeasurements comprising of actuarial gains and losses as well as the difference between the return on plan assets and the amounts included in net interest on the net defined benefit liability/asset, are recognised in other comprehensive income (OCI), net of income taxes.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full.

Non-recurring items

Non-recurring items are items which in management's judgement need to be disclosed by virtue of their size, incidence or nature. Such items are included on the income statement on an independent line to which they relate and are separately disclosed either in the notes to the consolidated financial statements or on the face of the Consolidated income statement.

Non-recurring items are not in accordance with any specific IFRS definition and therefore may be different to other companies' definition of non-recurring items.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on taxable profit for the year and any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's assets and liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax nor the accounting profit other than in a business combination.

Notes to the consolidated financial statements

(continued)

1. Statement of significant accounting policies and judgements (continued)

Deferred tax liabilities are recognised for temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates enacted or that are expected to apply (substantively enacted) at the balance sheet dated when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Goodwill

Goodwill represents the difference between the cost of acquisition of a business and the fair value of identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment. Any impairment is recognised immediately in profit or loss.

Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis over their useful lives in accordance with IAS 38 Intangible Assets. Assets are not revalued. The amortisation period and method are reviewed at each financial year end and are changed in accordance with IAS 8 Accounting Policies, "Changes in Accounting Estimates and Errors" if this is considered necessary, there were no changes from last year. The estimated useful lives are as follows:

Publishing rights	20-75 years (one specific right is deemed to have a useful economic life of 75 years)
Brand names	15-20 years
Customer relationships	1-8 years
Customer list	4-8 years
Order books	1 year
Other assets	1 year

Software which is not integral to a related item of hardware is included in intangible assets and amortised over its estimated useful lives of between 3-6 years. The salaries of staff employed in the development of new software relating to the Group's information services products and salaries of staff employed in building our digital platform architecture within the Group are capitalised into software.

Intangible assets – research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use;
- its intention to complete and its ability and intention to use the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Notes to the consolidated financial statements

(continued)

1. Statement of significant accounting policies and judgements (continued)

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation of the asset begins from the date development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is charged to the income statement. During the period of development, the asset is tested for impairment.

The Directors assess the useful life of the completed capitalised projects to be 3-10 years from the date of when benefits begin to be realised and amortisation will begin at that time.

Intangible assets – Impairment

The carrying amounts of the Group's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at each balance sheet date.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell.

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.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is provided to write off the cost less estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	Over the shorter of the life of the asst or lease period
Equipment, fixtures and fittings	3-7 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1. Statement of significant accounting policies and judgements (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are subsequently measured at average weighted cost.

Cash

Cash includes cash in hand and in the bank.

Foreign currencies

The individual financial statements of each Group Company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group Company are expressed in Pounds Sterling, which is the presentation currency of the Group.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated but remain at the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period ended on the balance sheet date. Exchange rate differences arising, if any, are recognised directly in equity in the Group's translation reserve. Such translation differences are recognised as income or as expense in the income statement in the period in which the operation is disposed of.

Provisions

A provision is recognised on the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Financial Instruments

Financial assets

Financial assets are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

All of the Group's derivatives and forward contracts are measured at their fair value at the end of each period. Derivatives and forward contracts that mature within one year are classified as current.

Notes to the consolidated financial statements

(continued)

1. Statement of significant accounting policies and judgements (continued)

Financial assets

Financial Assets are measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through income statement (FVTPL). The measurement basis is determined by reference to both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The Group's financial assets comprise of trade and other receivables and cash and cash equivalents.

Trade receivables

Trade receivables are measured at amortised costs and are carried at the original invoice amount less allowances for expected credit losses.

Expected credit losses are calculated in accordance with the simplified approach permitted by IFRS 9, using a provision matrix applying a historical credit loss experience to the trade receivables. The expected credit loss rate varies depending on whether, and the extent to which, settlement of the trade receivables is overdue and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. For the purpose of determining credit loss rates, customers are classified into groupings that have similar loss patterns. The key driver of the loss rates are the ageing of the debtor. When a trade receivable is determined to have no reasonable expectation of recovery it is written off, firstly against any credit loss allowance available, and then to the income statement.

Subsequent recoveries of amounts previously provided for or written off are credited to the income statement. Long term receivables are discounted where the effect is material.

Cash & cash equivalents

Cash held in deposit accounts is measured at fair value.

Financial Liabilities

The Group's financial liabilities consist of trade payables, loans and borrowings, and other financial liabilities. Trade payables are non-interest bearing. Trade payables are initially recognised at their fair value and subsequently measured at their amortised cost. Loans and borrowings and other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Interest expense is measured on an effective interest rate basis and recognised in the income statement over the relevant period.

Fixed asset investments

Investments in unlisted entities which are held for long term investment purposes are held at historic cost less any provision for impairment. The carrying amount of the Group's fixed asset investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

Notes to the consolidated financial statements

(continued)

1. Statement of significant accounting policies and judgements (continued)

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued, or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Periodically management assesses whether there is any sign of impairment in the investment in Associate, management make judgment in regard to the investee's ability to fulfil financial obligations, significant adverse changes in the environment where the investee operate. If management judge that evidence of impairment exists, an impairment test will be conducted. The entire carrying amount of the investment is tested for impairment as a single asset by comparing its carrying amount to its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. If the carrying amount of an investment in Associate is higher than its recoverable amount, an impairment charge is recognised in the Consolidated income statement.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Gains and losses arising from partial disposals or dilutions in investments in associated companies are recognised in the income statement. Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Government grants

The Group recognises government grants under the accruals model, which requires that the grant be recognised as "revenue based", in the financial statements. This is recognised within other operating income. Grants which are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs or unfulfilled conditions and other contingencies attached to the government assistance, shall be recognised in income in the period in which it becomes available.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income on a straight-line basis over the vesting period. Fair value is calculated using the Monte Carlo simulation model, details of which are given in Note 26.

Non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Notes to the consolidated financial statements

(continued)

2. Critical accounting estimates and judgements and adopted IFRS not yet effective

The key assumptions concerning the future and other key sources of estimation and judgements at the balance sheet date that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Significant Financial Judgements

a) Going concern

Management applies judgement when determining to apply the going concern basis for preparation of the financial statements, through evaluation of financial performance and forecasts. See "Going concern" section on pages 22-23 for further details.

b) Recognition of deferred tax assets

Judgement is applied in the assessment of deferred tax assets in relation to losses to be recognised in the financial statements. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. See Note 23 for further details.

c) Capitalisation of development costs

Management applies judgement when determining the value of development costs to be capitalised as an intangible asset in respect of its product development program. Judgement includes the technical feasibility, intention and availability of resources to complete the intangible asset so that the asset will be available for use and assessment of likely future economic benefits. Details of intangible assets capitalised are available in Note 14.

d) Identification of cash generating units for goodwill impairment testing

Judgement is applied in the identification of cash-generating units (CGUs). The Directors have judged that the primary CGUs used for impairment testing should be MD&T and Dods. See Note 13 for further details.

e) Non-recurring administrative expenses

Due to the Group's significant restructuring and acquisition related activity in recent years, there are a number of items which require judgement to be applied in determining whether they are non-recurring in nature. In the current year these relate largely to restructuring and redundancy costs. See Note 5 for further details.

f) Contingent cash pay-out

The expense relating to amounts payable arising on the acquisition of Meritgroup is contingent upon the continued employment of certain employees. During the prior year no expense was recognised, the Group now believes these amounts are highly probable to be paid; accordingly the expense is now being recognised over the period the payments are due.

g) Investments

The Group takes into account the power over its investee, its exposure and rights to variable returns from its involvement with the investee, and its ability to use the power over the investee to affect the amount of the investor's return to determine whether the investment is treated as an associate or a controlling interest. See Note 17 for further details. Where a controlling interest exists, the investee is consolidated.

Notes to the consolidated financial statements

(continued)

2. Critical accounting estimates and judgements and adopted IFRS not yet effective (continued)

Significant Financial Estimates

a) Carrying value of goodwill

The Group uses forecast cashflow information and estimates of future growth to assess whether goodwill is impaired. Key assumptions include the EBITDA margin allocated to each CGU, the growth rate to perpetuity and the discount rate. If the results of an operation in future years are adverse to the estimates used for impairment testing, impairment may be triggered at that point. Further details regarding impairment testing of goodwill are available in Note 13.

b) Bad debt allowance

Under the IFRS 9 simplified approach, a bad debt allowance is calculated by segmenting debtors into categories and estimating a credit loss risk percentage for each category. Using this approach, a bad debt allowance of £103,000 was estimated for the year (2021: £162,000). Further details are available in Note 19.

c) Pensions

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit credit method.

Past service cost and settlement gains are recognised immediately in the Income Statement. Remeasurements comprising of actuarial gains and losses as well as the difference between the return on plan assets and the amounts included in net interest on the net defined benefit liability/asset, are recognised in other comprehensive income (OCI), net of income taxes.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. Further details of the estimate are in Note 27.

d) Share based payments

Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. At the end of each reporting period the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to the original estimates, if any, in the Consolidated statement of comprehensive income, with a corresponding adjustment to equity.

This requires a judgement as to how many options will meet the future vesting criteria as well as the judgements required in estimating the fair value of the options.

Adopted IFRS not yet applied

This report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 March 2022 and is consistent with the policies applied in the previous financial year. There are no other new standards, amendments and interpretations which are effective for periods beginning on or after 1 April 2021, which had any impact on the Group's accounting policies and disclosures in these financial statements. None of the new standards, amendments and interpretations, which are effective for periods beginning after 1 April 2021 and which have not been adopted early, are expected to have a significant effect on the consolidated financial statements of the Group.

Notes to the consolidated financial statements

(continued)

3. Segmental information

The basis on which operating results are reviewed and resources allocated is examined from both a business and geographic perspective by the senior management team.

Business segments

The Group now considers that it has two operating business segments, Merit Data & Technology (MD&T) and Dods, plus a (non-revenue generating) central corporate segment. In the prior period, the Group reported activity against only the two operating business segments, and therefore the prior period segmental analysis has been restated to reflect a like-for-like comparison with the 2022 disclosures.

The Merit Data & Technology business segment focuses on the provision of data, data engineering and machine learning, and on the provision of software and technology resourcing.

The Dods business segment concentrates on the provision of key information and insights into the political and public policy environments around the UK and the European Union.

The central corporate segment contains the activities and costs associated with the Group's head office functions.

The following table provides an analysis of the Group's segment revenue by business segment.

Revenue by business segment	2022 £'000	2021 £'000
Merit Data & Technology	**10,696**	10,296
Dods	**16,703**	14,394
	27,399	24,690

No client accounted for more than 10 percent of total revenue.

Revenue by stream	2022 £'000	2021 £'000 (Restated*)
Data	**5,567**	5,825
Software & Technology Resourcing	**5,129**	4,471
Political Intelligence	**6,866**	6,839
Political engagement	**9,837**	7,555
	27,399	24,690

*Prior period segmental analysis has been restated to reflect a like-for-like comparison with the 2022 disclosures, as outlined above.

Notes to the consolidated financial statements

(continued)

3. Segmental information (continued)

2022 Loss before tax by business segment	MD&T 2022 £'000	Dods 2022 £'000	Central 2022 £'000	Total 2022 £'000
Adjusted EBITDA	**1,898**	**1,914**	**(991)**	**2,821**
Depreciation of property, plant and equipment	**(279)**	**(410)**	**-**	**(689)**
Depreciation of right-of-use assets	**(531)**	**(451)**	**(333)**	**(1,315)**
Amortisation of intangible assets acquired through business combinations	**(511)**	**(351)**	**–**	**(862)**
Amortisation of software intangible assets	**–**	**(255)**	**–**	**(255)**
Share based payments	**–**	**–**	**48**	**48**
Non-recurring items				
Impairments and asset write offs	**–**	**(746)**	**(97)**	**(843)**
People-related costs	**–**	**(132)**	**(316)**	**(448)**
Other non-recurring items	**–**	**–**	**(46)**	**(46)**
Operating profit/(loss)	**577**	**(431)**	**(1,735)**	**(1,589)**
Net finance expense	**74**	**(383)**	**(110)**	**(419)**
Share of profit of Associate	**–**	**–**	**144**	**144**
Loss before tax	**651**	**(814)**	**(1,701)**	**(1,864)**

2021 Loss before tax by business segment	MD&T 2021 £'000	Dods 2021 (Restated*) £'000	Central 2021 (Restated*) £'000	Total 2021 £'000
Adjusted EBITDA	1,494	1,216	(686)	2,024
Depreciation of property, plant and equipment	(220)	(392)	–	(612)
Depreciation of right-of-use assets	(577)	(441)	(312)	(1,330)
Amortisation of intangible assets acquired through business combinations	(511)	(351)	–	(862)
Amortisation of software intangible assets	–	(488)	–	(488)
Share based payments	–	–	(27)	(27)
Non-recurring items				
Impairments and asset write offs	–	–	–	–
People-related costs	–	(678)	(317)	(995)
Other non-recurring items	(42)	(126)	(42)	(210)
Operating profit/(loss)	144	(1,260)	(1,384)	(2,500)
Net finance expense	(245)	(304)	(120)	(669)
Share of profit of Associate	–	–	56	56
Loss before tax	(101)	(1,564)	(1,448)	(3,113)

*Prior period segmental analysis has been restated to reflect a like-for-like comparison with the 2022 disclosures, as outlined above.

Notes to the consolidated financial statements

(continued)

3. Segmental information (continued)

The following table provides an analysis of the Group's segment revenue by geographical market. Segment revenue is based on the geographical location of customers.

Revenue by geographical segment	2022 £'000	2021 £'000
UK	**21,974**	19,708
Belgium	**2,109**	1,943
USA	**424**	489
France	**796**	768
Germany	**552**	391
Rest of world	**1,544**	1,391
	27,399	24,690

Non-current assets by geographical segment	2022 £'000	2021 £'000
UK	**44,288**	**45,611**
Goodwill	28,911	28,911
Intangible assets	9,826	10,449
Property, plant and equipment	1,272	1,535
Right-of-use asset	3,502	3,999
Investments	777	717
India	**2,693**	**3,338**
Property, plant and equipment	535	649
Right-of-use asset	2,158	2,689
	46,981	**48,949**

Group Deferred revenue

The following table provides an analysis of the Group's deferred revenue:

Aggregate Deferred Revenue	2022 £'000	2021 £'000
Merit Data & Technology	**16**	46
Dods	**5,244**	4,749
	5,260	4,795

The Group expects to recognise £5.1 million over the next year ending 31 March 2023, and the remainder in the period up to 31 March 2024.

During the current year, the Group recognised £4.1 million of deferred revenue from prior period, based on the performance obligation being satisfied. The remaining £0.7 million is yet to be recognised, and is expected to be recognised in the year ending 31 March 2023. This also forms part of the current year balance.

Notes to the consolidated financial statements

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4. Other operating income

During the year, the Group participated in the UK Government's Coronavirus Job Retention Scheme (CJRS) for its London and Edinburgh based employees. Details of the scheme criteria and eligibility are well documented.

The Group has accounted for this scheme using the accrual model; all amounts received are recognised as Other Income in the Consolidated income statement. There are no unfulfilled conditions and other contingencies attaching to the government assistance.

The number of employees who were put on the CJRS varied from month to month up to a maximum of 6 (2021: 140). The total amount received during the year was £39,000 (2021: £648,000).

In August 2021, the Group also received a grant from the Scottish Government. The grant was issued by the Pivotal Event Businesses Fund (the Issuer) and was for £2,500 (2021: £40,000). The Group has accounted for this scheme using the accrual model; all amounts received are recognised as Other operating income in the Consolidated income statement.

5. Non-recurring items

	2022 £'000	2021 £'000
Impairments and asset write offs	**843**	–
People-related costs	**448**	995
Other:		
– Professional services and consultancy	**46**	85
– Other	**–**	125
	1,337	1,205

During the year the Group made an impairment charge of £97k (2021: £nil) against the carrying value of Investments in Associates and wrote off £746k (2021: £nil) of intangible fixed assets under construction.

People-related costs include deferred cash consideration on the Meritgroup Limited acquisition. Also included are redundancy costs reflecting the effect of Group initiatives to appropriately restructure the business. Prior year costs included redundancy and recruitment of senior management for roles which have been newly created within the Group.

Other non-recurring costs in the current year relate to one-off consultancy and professional fees associated with the rental review of the London premises. Other non-recurring costs in the prior year include branding and marketing expenses, costs relating to ongoing strategic corporate review and initiatives, various legal fees and one-off consultancy expenses. These are classified as non-recurring as they relate to the rental reviews on a long term lease, the Company name change, and the share capital restructure, and are therefore highly unlikely to arise again.

Notes to the consolidated financial statements

(continued)

6. Loss before tax

Loss before tax has been arrived at after charging:

	Note	2022 £'000	2021 £'000 (Restated*)
Depreciation of property, plant and equipment	15	**689**	612
Depreciation of right-of-use assets	25	**1,315**	1,330
Amortisation of intangible assets acquired through business combinations	14	**862**	862
Amortisation of other intangible assets	14	**255**	488
Staff costs	8	**15,812**	15,706
Non-recurring items	5	**1,337**	1,205
Share of profit of Associate	17	**144**	56
Interest income	9	**(28)**	(6)
Interest expense	10	**582**	600
Net foreign exchange (gain)/loss	9,10	**(147)**	68
Loss on disposal of fixed assets	15	**2**	–

*Prior year staff costs have been restated to include £579,000 of bonuses and commissions, which were omitted in error in the 2021 disclosures.

Auditor's remuneration	2022 £'000	2021 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**26**	22
Fees payable to the Company's auditor and its associates for other services:		
– The audit of the Company's subsidiaries, pursuant to legislation	**125**	102
– Non-audit services in relation to review of interim accounts	**3**	–
– Non-audit services in relation to review of ERS tax returns	**7**	4
	161	128

Notes to the consolidated financial statements

(continued)

7. Directors' remuneration

The remuneration of the Directors of the Group for the years ended 31 March 2022 and 31 March 2021 is set out below:

		Salaries/ fees £	Committee Fees £	Pension contributions £	Other Benefits[5] £	Total £
Executive Directors						
David Beck[1]	**2022**	**125,000**	**–**	**–**	**1,014**	**126,014**
Chief Executive Officer	2021	–	–	–	–	–
Munira Ibrahim	**2022**	**210,000**	**–**	**8,400**	**720**	**219,120**
Managing Director	2021	204,166	–	1,313	725	206,204
Cornelius Conlon	**2022**	**163,412**	**–**	**3,000**	**260,929**	**427,341**
Managing Director	2021	202,061	–	3,436	220,768	426,265
Philip Machray[2]	**2022**	**70,530**	**–**	**–**	**555**	**71,085**
Chief Financial Officer	2021	–	–	–	–	–
Simon Bullock[3]	**2022**	**158,333**	**–**	**6,333**	**1,252**	**165,918**
Former Chief Financial Officer	2021	192,487	–	1,094	1,483	195,064
Non-executive Directors						
Richard Boon	**2022**	**25,000**	**5,000**	**–**	**–**	**30,000**
Non-Executive Director	2021	22,917	4,583	–	–	27,500
Angela Entwistle[4]	**2022**	**25,000**	**5,000**	**–**	**–**	**30,000**
Non-Executive Director	2021	22,917	4,583	–	–	27,500
Diane Lees	**2022**	**25,000**	**5,000**	**–**	**–**	**30,000**
Non-Executive Director	2021	22,917	4,583	–	–	27,500
Mark Smith	**2022**	**50,000**	**5,000**	**–**	**–**	**55,000**
Non-Executive Chairman	2021	42,917	7,500	–	–	50,417
Vijay Vaghela	**2022**	**25,000**	**10,000**	**–**	**–**	**35,000**
Non-Executive Director	2021	8,333	3,333	–	–	11,666
Total for 2022		**877,275**	**30,000**	**17,733**	**264,470**	**1,189,478**
Total for 2021		718,715	24,582	5,843	222,976	972,116

(1) Appointed as Interim Chief Executive Officer on 13 July 2021. Appointed as Chief Executive Officer and to the Board on 7 September 2021. In addition to the above Director's remuneration, David Beck received £40,000 remuneration prior to his appointment to the Board.

(2) Appointed as Chief Financial Officer on 17 November 2021. In addition to the above Director's remuneration, Philip Machray received £15,944 remuneration prior to his appointment to the Board.

(3) Resigned as a Director on 17 November 2021.

(4) The £30,000 (2021: £27,500) paid for the services of Angela Entwistle as a Non-Executive Director is paid to Deacon Street Partners Limited. See also related party transactions – Note 28.

(5) Other benefits are health insurance, overseas living allowance and deferred cash consideration on acquisition of Meritgroup Limited.

The current Directors and their interests in the share capital of the Company at 31 March 2022 are disclosed within the Directors' Report on page 17.

Remuneration of the highest paid Director was £427,341 (2021: £426,265).

The highest paid Director received pension contributions of £3,000 (2021: £3,436).

Notes to the consolidated financial statements

(continued)

8. Staff costs

The average number of persons employed by the Group (including Executive Directors) during the year within each category was:

	2022 Number	2021 Number
Editorial and production staff	**109**	117
Sales and marketing staff	**33**	36
Managerial and administration staff	**30**	31
Technology and support staff	**895**	974
	1,067	1,158

	2022 £'000	2021 £'000
Wages and salaries	**14,275**	14,147
Social security costs	**1,255**	1,295
Pension and other costs	**330**	237
Share-based payment (credit)/charge	**(48)**	27
	15,812	15,706

* Prior year wages and salaries have been restated to include £579,000 of bonuses and commissions, which were omitted in error in the 2021 disclosures.

Staff costs do not include deferred cash consideration in relation to the Meritgroup Limited acquisition. This is treated as non-recurring and is included in Note 7.

9. Finance income

	2022 £'000	2021 £'000
Bank interest income	**28**	6
Pension finance credit	**9**	10
Net foreign exchange gain(1)	**147**	–
	184	16

(1) Includes £35k FX gain on derivative (2021: £nil).

10. Finance expense

	2022 £'000	2021 £'000
Bank interest payable expense	**213**	195
Pension finance charge	**21**	17
Lease interest expense	**369**	405
Net foreign exchange loss (1)	**–**	68
	603	685

(1) Prior year includes £6k FX gain on derivative.

Notes to the consolidated financial statements

(continued)

11. Income tax credit

	2022 £'000	2021 £'000
Current tax		
Current tax on income for the year at 19% (2021: 19%)	**27**	–
Adjustments in respect of prior periods	**–**	–
	27	–
Overseas tax		
Current tax expense on income for the year	**318**	251
Total current tax expense	**345**	251
Deferred tax (see Note 23)		
Origination and reversal of temporary differences	**(434)**	(479)
Effect of change in tax rate	**(79)**	–
Adjustments in respect of prior periods	**(124)**	(161)
Total deferred tax income	**(637)**	(640)
Total income tax credit	**(292)**	(389)

The tax credit for the year differs from the standard rate of corporation tax in the UK of 19% (2021: 19%). A reconciliation is provided in the table below:

	2022 £'000	2021 £'000
Loss before tax	**(1,864)**	(3,113)
Notional tax credit at standard rate of 19% (2021: 19%)	**(354)**	(591)
Effects of:		
Expenses not deductible for tax purposes	**(24)**	185
Non-qualifying depreciation	**7**	69
Adjustments to bought forward value	**(124)**	(161)
Effect of deferred tax rate changes on realisation and recognition	**(80)**	–
Deferred tax not recognised	**46**	39
Utilisation of losses not provided for	**–**	(97)
Tax losses carried forward	**127**	107
Adjustment to agree foreign tax charge	**72**	66
Other	**38**	(6)
Total income tax credit	**(292)**	(389)

In the Spring Budget on 3 March 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000.

As at the balance sheet date, the increase in rates has been substantively enacted and therefore deferred taxation has been recognised at 25% as it is expected that the underlying timing differences will reverse after 1 April 2023.

Notes to the consolidated financial statements

(continued)

12. Earnings per share

	2022 £'000	2021 £'000
Loss attributable to shareholders	**(1,572)**	(2,724)
Add: non-recurring items	**1,337**	1,205
Add: amortisation of intangible assets acquired through business combinations	**862**	862
Add: net exchange (gains)/losses (Notes 9, 10)	**(147)**	68
Add: share-based payment (credit)/expense	**(48)**	27
Adjusted post-tax profit/(loss) attributable to shareholders	**432**	(562)

	2022 Ordinary shares	2021 Ordinary shares (Restated*)
Weighted average number of shares		
In issue during the year – basic	**22,367,910**	20,512,125
Adjustment for share options	**–**	57,870
In issue during the year – diluted	**22,367,910**	20,569,995

Performance Share Plan (PSP) options over 1,420,791 Ordinary shares have not been included in the calculation of diluted EPS because their exercise is contingent on the satisfaction of certain criteria that had not been met at 31 March 2022.

	2022 Pence per share	2021 Pence per share (Restated*)
Earnings per share – continuing operations		
Basic	**(7.03)**	(13.28)
Diluted	**(7.03)**	(13.28)
Adjusted earnings per share – continuing operations		
Basic	**1.93**	(2.74)
Diluted	**1.93**	(2.74)

*Prior period figures for number of ordinary shares and earnings per share have been restated in accordance with IAS 33 to reflect the share consolidation undertaken on 16 April 2021, as detailed in Note 24.

Notes to the consolidated financial statements

(continued)

13. Goodwill

	2022 £'000	2021 £'000
Cost and net book value		
As at 31 March	**28,911**	28,911

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination. Of the carrying value of goodwill, £15.6 million has been allocated to the MD&T CGU (2021: £15.6 million), and £13.3 million had been allocated to the Dods CGU (2021: £13.3 million).

Goodwill is not amortised but is tested annually for impairment with the recoverable amount being determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rates and forecasts of income and costs.

The Group assessed whether the carrying value of goodwill was supported by the discounted cash flow forecasts of the Group based on financial forecasts approved by management covering a three-year period, considering both past performance and expectations for future market developments. Management estimates the discount rate using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to each separate business.

The impairment charge in the year was £nil (2021: £nil).

Cash generating units (CGUs)

The recoverable amount of each CGU is determined from value in use calculations. The CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other group of assets. Management determined that the smallest level they could reasonably allocate the group of assets to was MD&T CGU and Dods CGU, the MD&T CGU being the assets from prior year acquisition and the Dods CGU being the historical element of the Group.

Value in use was determined by discounting future cash flows generated from the continuing use of the assets and was based on the following most sensitive assumptions:

- cash flows for year ended 31 March 2023 were projected based on the budget of the CGUs for the year;
- cash flows for years ending 31 March 2024 were projected based on the forecasts of the CGUs, which reflect management's view on likely revenues, costs and trading conditions for that year;
- cash flows for years ending 31 March 2025 to 2027 were projected based on the Group five-year projections, which assume revenue and cost growth rates, and underlying working capital assumptions based on management's view on likely growth for those years;
- cash flows beyond 2027 are extrapolated using a 2% growth rate for both MD&T and Dods;
- cash flows were discounted using the CGU's pre-tax discount rate of 10.52% for MD&T and Dods.

Based on the above sensitivity assumptions, the calculations disclosed headroom against the carrying value of goodwill for both the MD&T and Dods CGUs.

Notes to the consolidated financial statements

(continued)

14. Intangible assets

	Assets acquired through business combinations[1] £'000	Software £'000	Under Construction capitalised costs £'000	Total £'000
Cost				
At 1 April 2021	28,042	4,834	746	33,622
Additions – internally generated	–	1,240	–	1,240
Asset write off	–	–	(746)	(746)
At 31 March 2022	**28,042**	**6,074**	**–**	**34,116**
Accumulated amortisation				
At 1 April 2021	19,283	3,890	–	23,173
Charge for the year	862	255	–	1,117
At 31 March 2022	**20,145**	**4,145**	**–**	**24,290**
Net book value				
At 31 March 2021	8,759	944	746	10,449
At 31 March 2022	**7,897**	**1,929**	**–**	**9,826**

[1] Assets acquired through business combinations comprise:

	Publishing rights £'000	Brand names £'000	Customer relationships and lists £'000	Other assets £'000	Total £'000
Cost					
At 1 April 2021	18,934	1,277	7,677	154	28,042
At 31 March 2022	**18,934**	**1,277**	**7,677**	**154**	**28,042**
Accumulated amortisation					
At 1 April 2021	13,390	1,277	4,462	154	19,283
Charge for the year	352	–	510	–	862
At 31 March 2022	**13,742**	**1,277**	**4,972**	**154**	**20,145**
Net book value					
At 31 March 2021	5,544	–	3,215	–	8,759
At 31 March 2022	**5,192**	**–**	**2,705**	**–**	**7,897**

Notes to the consolidated financial statements

(continued)

14. Intangible assets (continued)

The useful economic lives of the intangible assets are as follows:

Publishing rights	20-75 years (one specific right is deemed to have a useful economic life of 75 years)
Brand names	15-20 years
Customer relationships	1-8 years
Customer list	4-8 years
Order books	1 year
Software	3-6 years

The carrying value of publishing rights with a useful economic life of 75 years is £4.0 million (2021: £4.1 million).

Included within intangible assets are internally generated assets with a net book value of £1.6 million (2021: £0.5 million).

During the period there was £nil expenses to income statement for Research & Development (2021: £nil)

15. Property, plant and equipment

	Leasehold Improvements £'000	IT Equipment and Fixtures and Fittings £'000	Total £'000
Cost			
At 1 April 2021	2,037	2,255	4,292
Additions	–	314	314
Disposals	–	(48)	(48)
At 31 March 2022	**2,037**	**2,521**	**4,558**
Accumulated depreciation			
At 1 April 2021	918	1,190	2,108
Charge for the year	210	479	689
Disposals	–	(46)	(46)
At 31 March 2022	**1,128**	**1,623**	**2,751**
Net book value			
At 31 March 2021	1,119	1,065	2,184
At 31 March 2022	**909**	**898**	**1,807**

IT equipment additions include £nil (2021: £77,000) of leased equipment. Lease liabilities are recognised in Note 25.

Notes to the consolidated financial statements

(continued)

16. Subsidiaries

Company	Activity	% holding	Country of registration
Dods Group Limited[(1)]	Publishing	100	England and Wales
Fenman Limited[(1)]	Publishing	100	England and Wales
Holyrood Communications Ltd[(2)]	Publishing	100	Scotland
Le Trombinoscope SAS[(3)]	Publishing	100	France
Total Politics Limited[(1)]	Publishing	100	England and Wales
Training Journal Limited[(1)]	Holding company	100	England and Wales
Merit Data & Technology Limited[(1)]	Data and technology	100	England and Wales
Merit Data and Technology Private Limited[(4)] (formerly Letrim Intelligence Services Private Limited)	Data and technology	99.99	India
Merit Processes Limited[(1)]	Dormant	100	England and Wales
European Parliamentary Communications Services SPRL[(5)]	Dormant	100	Belgium
Monitoring Services Limited[(1)]	Dormant	100	England and Wales
Vacher Dod Publishing Limited[(1)]	Dormant	100	England and Wales
VDP Limited[(1)]	Dormant	100	England and Wales
Subsidiaries dissolved during the year:			
Merit Processes Limited[(6)]	n/a	n/a	n/a

(1) Registered address: 11th Floor, The Shard, 32 London Bridge Street, London, SE1 9SG.

(2) Registered address: Panmure Court, 32 Calton Road, Edinburgh, EH8 8DP.

(3) Registered address: Tour Voltaire, 1 place des Degrés – La Défense, 92800 Puteaux, Paris, France.

(4) Registered address: SP 52, 3rd Street, Ambattur Industrial Estate, Chennai 600 058.

(5) Registered address: Boulevard Carlemagne 1, 1041 Bruxelles, Belgium

(6) Dissolved on 27 July 2021

During the current year the Group has elected to provide a parental guarantee to Fenman Limited, Total Politics Limited, Holyrood Communications Limited and Training Journal Limited in accordance with section 479C of the Companies Act 2006, meaning that they are exempt from the requirement to have a statutory audit.

There were no acquisitions during the current year.

Notes to the consolidated financial statements

(continued)

17. Investments

Investments are presented on the balance sheet as follows:

	2022 £'000	2021 £'000
Non-current asset investments		
Investments in Associates	**327**	717
Other Unlisted Investments	**450**	–
	777	717
Current asset investments		
Investment in Associate held for resale	**410**	–
	1,187	717

The above balances are represented by:

	2022 £'000	2021 £'000
Investments in Associates	**737**	717
Other unlisted investments	**450**	-
	1,187	717

Investments in Associates

Set out below are the Associates of the Group as at 31 March 2022 which, in the opinion of the Directors, are individually not material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	% ownership	Carrying amount 2021 £'000	Share of profit before tax in year £'000	Share of tax charge £'000	Impairment in the year £'000	Carrying amount 2022 £'000
Sans Frontières Associates Ltd[1]	40	229	125	(27)	–	**327**
Social 360 Limited[2]	30	488	19	–	(97)	**410**
		717	144	(27)	(97)	**737**

Place of business/country of incorporation of both entities is England and Wales. The Group accounts for both entities as equity-accounted Associates.

(1) On 16 February 2017, the Group purchased 40% of the issued share capital of Sans Frontières Associates Limited (SFA), a company registered in England and Wales, for £40.

SFA's objective is to redefine the approach taken to international geopolitical and crisis communications consulting.

As at the year end the Group had loaned SFA £210,000 (2021: £560,000). The unsecured loan of £210,000 carries no interest rate charge and is repayable during the 2022 calendar year. Recoverability is reviewed on an annual basis.

After taking into account the Group's power over its investee, its exposure and rights to variable returns from its involvement with the investee, and its ability to use the power over the investee to affect the amount of investor's return, the Directors have concluded that the Group does not have a controlling interest in SFA as it is not able to direct the activities of SFA. Therefore SFA has been accounted for as an Associate in these financial statements.

No dividend was received for the year (2021: £nil)

As required by IFRS12, the financial information from the unaudited abridged accounts of SFA dated 30 November 2021 is as follows: Current Assets £1,148k of which £1,011k is cash and cash equivalents, non-current assets £6k, current liabilities £90k, non-current liabilities £626k. The depreciation recorded was £3k.

Notes to the consolidated financial statements

(continued)

17. Investments (continued)

(2) On 16 November 2017, the Group purchased 30% of the enlarged share capital of Social 360 Limited (Social360), a company registered in England and Wales, for £1.68 million in cash including acquisition costs. Social360 provides intelligent digital media monitoring and analysis.

No dividend was received for the year (2021: £nil)

As required by IFRS12, the financial information from the unaudited filleted abridged accounts of Social360 dated 31 August 2021 is as follows: Current Assets £959k of which £413k is cash and cash equivalents, non-current assets £1k, current liabilities £198k, non-current liabilities £285k. The depreciation recorded was £4k.

The total share of profit recognised from Associates which is based on the unaudited management accounts as 31 March 2022 is £117k (2021: £56k). This is the net of the Group's share of Associates' profit before tax of £144k less share of Associates' tax charge of £27k.

During the year, the Group made an impairment charge of £97k (2021: £nil) against the carrying value of its investment in Social 360 Limited.

Other unlisted Investments

Fair value of net assets acquired	£'000
At 1 April 2021	–
Acquisitions in the year	**450**
At 31 March 2022	**450**

The Group acquired a 13.3% stake in Acolyte Resource Group Limited as part of the acquisition of Meritgroup Limited in 2019. Acolyte Resource Group Limited is an unlisted business registered in and operated from England & Wales and is engaged in the development and operation of an online recruitment platform. The Group's investment was written down to £nil on acquisition.

During the year, the Group acquired a 9.1% stake in Web Data Works Limited ("DataWorks") for £450k.

DataWorks is an unlisted business registered in and operated from the Republic of Ireland, engaged in the development of e-commerce data management software and applications.

After taking into account the Group's voting rights, exposure and rights to variable returns from its involvement with the investee, and its ability to use the power over the investee to affect the amount of investor's return, the Directors have concluded that the Group does not have a significant influence over DataWorks. The investment is therefore carried as a fixed asset investment, at the lower of historic cost and net realisable value.

18. Work in progress and inventories

	2022 £'000	2021 £'000
Work in progress and inventories	**14**	36
	14	36

Notes to the consolidated financial statements

(continued)

19. Financial instruments

The carrying amount of financial assets and liabilities recognised at the balance sheet date of the reporting periods under review may also be categorised as follows:

	2022 £'000	2021 £'000
Financial assets		
Trade and other receivables (amortised cost)	**4,346**	3,996
Derivative Contracts (FVTPL*)	**35**	6
Loan receivable (amortised cost)	**210**	560
Cash and cash equivalents (amortised cost)	**2,321**	5,565
	6,912	10,127
Financial liabilities		
Trade and other payables (amortised cost)	**(4,618)**	(9,926)
Lease liabilities (amortised cost)	**(6,721)**	(7,936)
Bank loan & RCF (amortised cost)	**(4,378)**	(4,631)
	(15,717)	(22,493)
Net financial assets and liabilities	**(8,805)**	(12,366)

*FVTPL stands for "Fair value through profit and loss"

The loan receivable has no discount rate. The fair value of the loan is the same as the booked value and therefore there is no discounting on the outstanding amount. During the financial year there were no repayments on the loan.

On 14 February 2022, the Group signed five forward contracts of total value approximately £1.2 million with a maturity date ranging from 21 April 2022 to 23 May 2022. The forward contracts are for currency pairing of GBP to INR.

The Group has exposure to several forms of risk through its use of financial instruments. Details of these risks and the Group's policies for managing these risks are included below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's principal financial assets are trade and other receivables, and cash.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

At 31 March 2022, £475,000 of the Group's trade receivables were exposed to risk in countries other than the United Kingdom (2021: £350,000).

Notes to the consolidated financial statements

(continued)

19. Financial instruments (continued)

The ageing of trade receivables at the reporting date was:

	Gross 2022 £'000	Provided Loss Allowance 2022 £'000	Gross 2021 £'000	Provided Loss Allowance 2021 £'000
Trade Receivables	**3,971**	**(103)**	3,882	(162)
	3,971	**(103)**	3,882	(162)

The maximum credit risk exposure for which the Group has made provision is £103,000.

	Gross carrying amount £'000	Default rate	Lifetime expected credit losses* £'000
Current	2,977	1.11%	33
1-30 days past due	785	1.62%	13
31-60 days past due	60	4.56%	3
61-90 days past due	46	9.98%	5
More than 90 days past due	103	47.93%	49
	3,971		**103**

* Expected credit losses = Gross carrying amount x Default rate.

The loan receivable has not been assessed for credit losses as the Group believes that the expectation for default is not probable given the subsequent repayment and SFA's declaration to continue repaying. SFA is also currently in a strong cash position.

The movement in allowance for doubtful accounts in respect of trade receivables during the year was as follows:

	2022 £'000	2021 £'000
Balance at the beginning of the year	**162**	64
Charged in the year	**–**	98
Released in the year	**(59)**	–
Balance at the end of the year	**103**	162

19. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The contractual cash flows of each financial liability are materially the same as their carrying amount.

A reconciliation of the Group's liabilities arising from financing activities is disclosed below.

	2022 £'000	2021 £'000
Loan and RCF balance at the beginning of the year	**4,631**	3,000
Drawdown of RCF	**–**	2,000
Repayments of principal	**(253)**	(369)
Loan and RCF Balance at the end of the year	**4,378**	4,631

Banking covenants

Under the Group's new bank facilities agreed on 22 July 2022 (see Note 22), the Group is subject to selected covenant compliance tests on a rolling 12 month basis and at each quarter end date. These covenant compliance tests are as follows:

Covenant	Compliance test
Leverage ratio	Gross debt shall not be more than x Adjusted EBITDA
Profit Cover Ratio	Gross financing costs (capital & interest) shall not be less than x Adjusted EBITDA
Interest Cover Ratio	Net finance expense shall not be less than x Adjusted EBITDA
Cashflow Cover Ratio	Gross financing costs (capital & interest) shall not be less than x cashflow before financing

Adjusted EBITDA: earnings before interest, tax, depreciation & amortisation adjusted for share based payments and non-recurring items

Rolling 12 month basis, ending on	Leverage Ratio	Profit Cover Ratio	Interest Cover Ratio	Cashflow Cover Ratio
30 June 2022	2.5x	3.0x	n/a	n/a
30 September 2022	2.5x	3.0x	n/a	n/a
31 December 2022	2.0x	3.0x	n/a	n/a
31 March 2023	2.0x	3.0x	n/a	n/a
30 June 2023	1.5x	n/a	n/a	n/a
30 September 2023	1.5x	n/a	n/a	n/a
31 December 2023	1.5x	n/a	3.0x	1.5x
31 March 2024	1.5x	n/a	3.0x	1.5x
30 June 2024	1.5x	n/a	3.0x	1.5x
30 September 2024	1.5x	n/a	3.0x	1.5x
31 December 2024	1.5x	n/a	3.0x	1.5x
31 March 2025	1.5x	n/a	3.0x	1.5x
30 June 2025	1.0x	n/a	3.0x	1.5x
30 September 2025	1.0x	n/a	3.0x	1.5x
31 December 2025 and thereafter	1.0x	n/a	3.0x	1.5x

Notes to the consolidated financial statements

(continued)

19. Financial instruments (continued)

The Directors have approved a budget for a period of 12 months from the balance sheet date and have additionally prepared and approved monthly-phased projections for the 24 months from the balance sheet date and a five-year annual forecast. The Directors consider the budget, projections and forecasts to be reasonable.

In agreeing to the above covenants, the forecasts were sensitised to ensure suitable headroom to enable compliance with the covenant tests.

Based on this work the Directors are satisfied that the Group is unlikely to breach any of the above covenants.

Maturity of financial liabilities:

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities as at 31 March 2022. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Due within 1 year £'000	2-5 years £'000	Total £'000
Trade and other payables	4,623	-	**4,623**
Lease liability	1,679	5,042	**6,721**
Bank loan/RCF	2,860	1,518	**4,378**

The Group has a long standing and supportive relationship with Barclays and has recently agreed new secured loan facilities for a five-year period to 2027 to give it further headroom for development of the Group. The Group has a five-year plan that has been shared with Barclays and formed the basis of the new banking arrangements that were put in place.

The Group has a strong track record on cash and working capital management and carefully monitors its aged debtors to ensure its cash receipts are as expected. The Group does not anticipate paying dividends to shareholders at this time.

Currency risk

The Group is exposed to currency risk on transactions denominated in Euros, US Dollars and Indian Rupees.

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. For further details of share capital, see Note 24.

Sensitivity analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, changes in foreign exchange and interest rates would have an impact on consolidated earnings. The balances of the financial assets and liabilities exposed to these sensitivities are £349,000 Trade receivables, £578,000 Cash and cash equivalents and £45,000 Trade payables for the year.

At 31 March 2022, it is estimated that a general increase of one percentage point in interest rates would have decreased the Group's profit before tax by approximately £50,000 (2021: £34,000).

It is estimated that a general increase of one percentage point in the value of the Euro and Dollar against Sterling would have decreased the Group's profit before tax by approximately £14,000 (2021: £13,000).

It is estimated that a general increase of one percentage point in the value of the Rupee against Sterling would have increased the Group's profit before tax by approximately £72,000 (2021: £1,000).

19. Financial instruments (continued)

Fair values

The Directors consider that the fair value of financial instruments is materially the same as their carrying amounts.

Capital management

The Group manages its capital to ensure that all entities will be able to continue as a going concern while maximising return to stakeholders, as well as sustaining the future development of the business. The capital structure of the Group consists of cash and cash equivalents and equity attributable to the owners of the parent, comprising issued share capital, other reserves and retained earnings.

Capital Management	2022 £'000	2021 £'000
Cash & cash equivalents	**2,321**	5,565
Share Capital	**6,708**	19,501
Other reserves	**14,666**	21,208
Retained Earnings	**13,032**	(6,671)
	36,727	39,603

20. Other financial assets

Trade and other receivables	2022 £'000	2021 £'000
Trade receivables	**3,868**	3,720
Other receivables	**513**	281
Deferred tax asset (Note 23)	**415**	–
Prepayments and accrued income	**773**	1,583
	5,569	5,584

Trade and other receivables denominated in currencies other than Sterling comprise £339,000 (2021: £336,000) denominated in Euros, £49,000 (2021: £13,000) denominated in USD and £87,000 (2021: £nil) denominated in Indian Rupees.

The Group had a balance of £421,000 of accrued income relating to contract assets (2021: £146,000).

Cash related	2022 £'000	2021 £'000
Cash and cash equivalents	**2,321**	5,565
	2,321	5,565

Cash includes £141,000 (2021: £618,000) denominated in Euros, £126,000 (2021: £480,000) denominated in USD and £311,000 (2021: £438,000) denominated in Indian Rupees.

Notes to the consolidated financial statements

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21. Trade and other payables

Current	2022 £'000	2021 £'000
Trade creditors	**396**	2,663
Other creditors including tax and social security	**2,876**	2,895
Accruals and deferred income	**6,446**	7,024
	9,718	12,582

Current liabilities denominated in currencies other than Sterling compromise £24,000 (2021: £24,000) denominated in Euros, £nil (2021: £8,000) denominated in USD and £21,000 (2021: £113,000) denominated in Indian Rupees.

The Group had a balance of £5.1 million of deferred revenue relating to contract liabilities (2021: £4.8 million).

22. Interest-bearing loans and borrowings

Throughout the year, the Company had a term loan facility of £3 million, borrowed in 2020 and amortising over a 5-year period, incurring an interest rate (at the year-end) of 3.75% above Bank of England interest rate (2021: 3.25% over LIBOR). The Company also held throughout the year a revolving credit facility (RCF) of £2 million (2021: £2 million) incurring a rate of 4.0% above Bank of England interest rate (2021: 3.5% over LIBOR).

As at 31 March 2022, the balance outstanding on the term loan was £2.4 million and on the RCF was £2.0 million. Of the total £4.4 million outstanding with the bank at 31 March 2022, £2.9 million was due to be repaid within a 12 month period with the remaining £1.5 million due in subsequent periods.

See Note 19 for the maturity analysis of the bank loan.

On 22 July 2022, the Group agreed new secured loan facilities with Barclays which includes:

- Term Loan: a £3 million, five-year term loan, amortising on a straight-line basis at £150,000 per quarter;
- RCF: a £2 million non-amortising, revolving credit facility for the five-year duration of the Term Loan;
- Both the Term Loan and RCF accruing interest at 4.75% above Bank of England base rate;
- Covenants: leverage covenants measured quarterly from September 2022, Cash cover measured quarterly from June 2023 and Interest cover measured quarterly from December 2023, each for the duration of the facilities. Debt service covenants measured quarterly from June 2022 to March 2023.

These revised facilities and covenants will help support the Group in the aftermath of the Covid-19 pandemic and we are appreciative for the support of Barclays throughout the pandemic and going forward.

Notes to the consolidated financial statements

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23. Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Group, and movements thereon during the current year and prior year:

	Liabilities	Assets			
	Intangible assets arising on consolidation £'000	Other timing differences £'000	Accelerated capital allowances £'000	Tax losses £'000	Total £'000
At 31 March 2020	(1,111)	(41)	40	250	**(862)**
Charge/(credit)	152	65	(15)	438	**640**
At 31 March 2021	(959)	24	25	688	**(222)**
Charge/(credit)	(99)	62	37	637	**637**
At 31 March 2022	**(1,058)**	**86**	**62**	**1,325**	**415**

Deferred tax assets and liabilities have been offset in both the current year and preceding year as the current tax assets and liabilities can be legally offset against each other, and they relate to taxes levied by the same taxation authority or the Group intends to settle its current tax assets and liabilities on a net basis.

At the balance sheet date, the Group has total carried forward tax losses of £13.6 million (2021: £10.5 million) available to offset against future taxable profits. Of these, the Group has recognised deferred tax assets of £1,325,000 (2021: £688,000) in respect of carried forward tax losses of £5.3 million (2021: £3.5 million) as it is probable that these assets shall be recovered against the taxable profits over the foreseeable period. On the remaining £8.3 million (2021: £7.0 million) carried forward taxable losses, the Group has not recognised a deferred tax asset as it is less probable that the potential asset would be utilised.

24. Issued capital

	9p deferred shares Number	1p ordinary shares Number	28p ordinary shares Number	Total £'000
Issued share capital as at 1 April 2021	151,998,453	582,071,380	–	19,501
Shares cancelled during the year	(151,998,453)	–	–	(13,680)
Share consolidation during the year	–	582,071,380	20,788,375	–
Shares issued during the year	–	–	3,167,749	887
Issued share capital as at 31 March 2022	**–**	**–**	**23,956,124**	**6,708**

On 16 April 2021, shareholders approved a reorganisation of the parent company's share capital. This reorganisation included cancellation of the 151,998,453 Deferred Shares and the consolidation and sub-division of the parent company's Ordinary Shares (including the purchase of certain of the parent company's shares), having the impact of reducing the total number of Ordinary Shares by a factor of 28 and to increase the nominal value by a factor of 28 (from 1 pence to 28 pence nominal).

On 1 October 2021, the parent company issued 1,675,749 ordinary shares due as contingent consideration on the acquisition of Meritgroup Limited in 2019.

On 1 October 2021, the parent company issued 1,492,000 ordinary shares in a fundraising subscription at 62.4 pence per share, raising £908,000, net of costs.

Notes to the consolidated financial statements

(continued)

25. Leases

	Right-of-use assets £'000	Lease liabilities £'000
As at 1 April 2020	7,926	(9,216)
Additions	713	(765)
Depreciation	(1,330)	–
Lease Interest	–	(422)
Lease payments(1)	–	1,846
Disposals	(89)	72
Translation	(532)	549
As at 31 March 2021	6,688	(7,936)
Additions	287	(287)
Depreciation	(1,315)	–
Lease Interest	–	(369)
Lease payments(1)	–	1,871
As at 31 March 2022	**5,660**	**(6,721)**
Current		(1,679)
Non-current		(5,042)

(1) Total lease payments in the year amounted to £2,424k, of which £553k was in settlement of trade creditors and accruals at 31 March 2021.

The Consolidated income statement shows the following amounts relating to leases:

	2022 £'000	2021 £'000
Depreciation charge of right-of-use assets	**1,315**	1,330
Interest expense (included in finance cost)	**370**	422

The right-of-use assets relate to office space in five locations and at the balance sheet date have remaining terms ranging up to 8 years.

There were £nil of expenses relating to diminutive payments not included in the measurement of lease liabilities (2021: £nil).

Lease liabilities includes £77,000 of IT equipment. These assets are capitalised within IT equipment (see Note 15).

26. Share-based payments

Long-Term Incentive Plan (LTIP)

On 21 September 2018, the Company granted the former Chief Executive Officer a conditional award under a new long-term incentive plan. No more awards will be made under this scheme.

Grant date	Outstanding options at 1 April 2021 (Restated*)	Granted during the year	Lapsed During the year	Outstanding options at 31 March 2022
21 September 2018	55,786	–	(55,786)	**–**
	55,786	–	(55,786)	**–**

* Outstanding options in the prior period have been restated to reflect the share consolidation on 16 April 2021, as detailed in Note 24.

To become exercisable, the options were dependent on the market capitalisation of the Group. The options had a contractual life of 3 years and lapsed, unexercised, on 21 September 2021.

Details of the LTIP share options outstanding during the year are as follows.

	Number of Ordinary shares (Restated*)	Weighted average exercise price (pence)
As at 1 April 2020	59,357	n/a
Lapsed during the year	(3,571)	n/a
As at 31 March 2021	**55,786**	**n/a**
Lapsed during the year	**(55,786)**	**n/a**
As at 31 March 2022	**–**	**n/a**

There were no options outstanding under the Company's LTIP as at 31 March 2022.

The income statement credit in respect of the LTIP for the year was £58,000 (2021: charge of £27,000).

Performance Share Plan (PSP)

During the year, the Company granted a conditional award to two executive Directors under a new performance share plan as follows:

Grant date	Director	Outstanding options at 1 April 2021	Granted during the year	Lapsed during the year	Outstanding options at 31 March 2022
28 January 2022	Chief Executive Officer	–	762,376	–	**762,376**
28 January 2022	Chief Financial Officer	–	658,415	–	**658,415**
		–	1,420,791	–	**1,420,791**

The options become exercisable on the third anniversary of the date of announcement of the intention to grant (17 November 2021). The performance condition for full vesting of these options is for the share price of the Company to increase by 100% from the closing share price on the day prior to approval of intention to grant the options, which was 50.5 pence.

Notes to the consolidated financial statements

(continued)

26. Share-based payments (continued)

A Monte Carlo Arithmetic Brownian Motion simulation model has been used to determine the fair value of the share options on the date of grant. The fair value is expensed to the income statement on a straight-line basis over the vesting period. The model assesses a number of factors in calculating the fair value. These include the market price on the day of grant, the exercise price of the share options, the expected share price volatility of the Company's share price, the expected life of the options, the risk-free rate of interest and the expected level of dividends in future periods.

The inputs into the model were as follows:

	Risk free rate	Share price volatility	Share price at date of grant
28 January 2022	2.3%	40.0%	50.5p

Expected volatility was determined by calculating the historical volatility of the Company's share price for three years prior to the date of grant. The expected life used in the model is the term of the options.

Details of the PSP share options outstanding during the year are as follows.

	Number of Ordinary shares	Weighted average exercise price (pence)
As at 31 March 2021	**–**	**n/a**
Granted during the year	**1,420,791**	**n/a**
As at 31 March 2022	**1,420,791**	**n/a**

The following options were outstanding under the Company's PSP scheme as at 31 March 2022:

	Number of Ordinary shares	Exercise price per share (pence)	Exercise period
28 January 2022	1,420,791	nil	Nov 2024
	1,420,791		

The income statement charge in respect of the PSP for the year was £10,000 (2021: £nil).

27. Pensions

Defined benefit pension

The Group operates a defined benefit pension scheme for qualifying employees based in India known as Gratuity Benefits which is classified as Post-Retirement Benefits under IAS19 (revised). Under the scheme, the eligible employees are entitled to a retirement benefit in cash based on final salary on attainment of retirement age (or earlier withdrawal/resignment or death) after 5 years of continual service. The assets of the scheme are held separately to the assets of the Group in a trustee administered fund.

The Group employed an independent actuary to update the Gratuity Benefits valuation to measure the scheme's liabilities.

The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. The projected unit credit method is based on the plan's accrual formula and upon services as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The plan liability is the actuarial present value of the "projected accrued benefits" as of the beginning of the year for active members.

The scheme's costs are borne by the Group. Any surplus or deficits in the scheme may affect the Group through periodic adjustments to the Group's contribution rate as determined by the actuary.

The plan exposes the Group to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation risk.

- Interest rate risk – The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds.
- Investment risk – The entire plan assets at 31 March 2022 comprise an insurance policy. The value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases the present value of the asset is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the valuation period.
- Longevity risk – The Group is required to provide benefits for the members in the gratuity scheme. Increases in the continual tenure of employment will increase the defined benefit liability.
- Inflation risk – A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability. High salary growths will lead to higher level of benefits to be paid by the Group.

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate, and the withdrawal rates. The assumptions used for the valuation of the defined benefits obligation are as follows in the table "Principal actuarial assumptions" on page 78.

Notes to the consolidated financial statements

(continued)

27. Pensions (continued)

Funded status of the plan

	2022 £'000	2021 £'000
Present value of funded defined benefit obligations	**(392)**	(371)
Fair value of plan Assets	**110**	132
Present value of unfunded defined benefit obligations	**(282)**	(239)
Current	**(85)**	(73)
Non-current	**(197)**	(166)
Net Deficit	**(282)**	(239)
Net Liability	**(282)**	(239)

Movement in present value of obligation

	2022 £'000	2021 £'000
At 1 April	**(371)**	(294)
Current service cost	**(73)**	(70)
Interest cost	**(21)**	(17)
Remeasurement losses (gains) (OCI)		
Due to changes in financial assumptions	**11**	(48)
Due to experience adjustments	**(7)**	4
Benefits paid from fund	**72**	33
FX revaluation	**(3)**	21
At 31 March	**(392)**	(371)

Movement in fair value of plan assets

	2022 £'000	2021 £'000
At 1 April	**132**	156
Net interest Income	**9**	10
Return on plan assets	**(1)**	(1)
Contribution by employer	**41**	11
Benefits paid	**(72)**	(33)
FX revaluation	**1**	(11)
At 31 March	**110**	132

The plan asset relates 100% to an insurance policy. The plan assets are all based geographically in India.

27. Pensions (continued)

The amounts included in the Consolidated income statement, Consolidated statement of other comprehensive income and Consolidated statement of financial position arising from the Group's obligations in respect of its defined benefit pension scheme are as follows:

Amounts recognised in Consolidated income statement

	2022 £'000	2021 £'000
Service cost	**73**	70
Interest cost	**21**	17
Interest Income	**(9)**	(10)
FX Revaluation	**2**	(10)
Total expense recognised in Consolidated income statement	**87**	67

Amounts recognised in Consolidated statement of OCI

	2022 £'000	2021 £'000
Actuarial changes in financial assumptions	**(11)**	48
Actuarial experience adjustments	**7**	(4)
Return on plan assets	**1**	1
Total (credit)/expense recognised in Consolidated statement of OCI	**(3)**	45

Movement in pension scheme net deficit

	2022 £'000	2021 £'000
Opening pension scheme net deficit	**(239)**	(138)
Contributions by employer	**41**	11
Consolidated income statement	**(87)**	(67)
Consolidated statement of OCI	**3**	(45)
Closing pension scheme net deficit	**(282)**	(239)

Principal actuarial assumptions (expressed as weighted averages) are as follow:

Principal actuarial assumptions

	2022 p.a	2021 p.a
Discount rate	**6.70%**	6.25%
Salary growth rate	**8.50%**	8.50%
Withdrawal rates by age		
Below 35	**25.00%**	25.00%
35 to 45	**15.00%**	15.00%
Above 45	**10.00%**	10.00%
Rate of return on plan assets	**6.70%**	6.25%

Notes to the consolidated financial statements

(continued)

27. Pensions (continued)

In valuing the liabilities of the pension fund, mortality assumptions have been made as indicated below.

Mortality rates

Age (in years)	2022	2021
20	**0.09%**	0.09%
30	**0.10%**	0.10%
40	**0.17%**	0.17%
50	**0.44%**	0.44%
60	**1.12%**	1.12%

At 31 March 2022 the mortality rates were derived from the Indian Assured Lives Mortality (2012-2014) report.

The Group expects to contribute approximately £85,000 in the next financial year.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 6.13 years (2021: 5.90 years).

The calculation of the defined benefit obligation (DBO) is sensitive to the assumptions set out above. The following table summarises how the define benefit obligation at the end of the reporting period would have been because of a change in the respective assumptions.

Sensitivity to key assumptions

	2022 £'000 p.a	2021 £'000 p.a
Discount rate		
Increase by 0.5%	**381**	360
Decrease by 0.5%	**405**	382
Salary growth rate		
Increase by 0.5%	**402**	379
Decrease by 0.5%	**384**	362
Withdrawal rate (W.R)		
W.R x 110%	**388**	365
W.R x 90%	**398**	376

Notes to the consolidated financial statements

(continued)

28. Related party transactions

During the year, the Group received a repayment of £350,000 (2021: £nil) on its interest free loan to its Associate Sans Frontières Associates (SFA). At 31 March 2022, the balance outstanding was £210,000 (2021: £560,000).

During the year, an amount of £62,945 (2021: £69,493) was payable to an Associate, Social 360 Limited, in relation to profit-share for monitoring services provided. At 31 March 2022, £16,973 (2021: £nil) of this balance was outstanding.

On acquisition of Meritgroup Limited, an arm's length non-repairing 7-year lease was entered into between a Merit subsidiary (Letrim Intelligence Services Private Limited) and Merit Software Services Private Limited. Cornelius Conlon, a Director of the Group, is the beneficial owner of Merit Software Services Private Limited. The lease relates to the Chennai office of MD&T. During the year, payments of £781,000 (2021: £752,000) were made to Merit Software Services Private Limited in relation to the lease and other property-related costs.

Cornelius Conlon, a Director of the Group, is entitled to shares and a cash consideration on the first three anniversaries of the Meritgroup Limited acquisition in 2019. During the year, Cornelius Conlon was issued 854,732 ordinary shares of value of £533,352, and was paid cash consideration of £220,000.

During the year, an amount of £105,000 (2021: £nil) was recognised in the profit and loss account in relation to licence fees to software charged by Web Data Works Limited, a company in which the Group has a 9.2% investment, and of which Cornelius Conlon is a Director. At 31 March 2022, there was a balance of £105,000 (2021: £nil) outstanding.

During the year, an amount of £56,000 (2021: £nil) was billed in relation to recruitment services charged by Acolyte Resource Group Limited, a company in which the Group has a 13.3% investment, and of which Cornelius Conlon is a Director. At 31 March 2022, there was a balance of £nil (2021: £nil) outstanding.

Acolyte Resource Group Limited is also a customer of MD&T and was billed £290,000 (2021: £303,000) for Software and Technology Resourcing services. At 31 March 2022, there was a balance of £104,000 (2021: £78,000) due.

During the current and previous years, Deacon Street Partners Limited, a company related by virtue of Angela Entwistle, a Director of the Company also being a Director, invoiced £30,000 (2021: £27,500) to the Company for the services of Angela Entwistle as a Non-Executive Director. At 31 March 2022 the balance outstanding was £2,500 (2021: £2,000).

The Executive Directors of the Group are considered key management personnel. See Note 7 for details of Directors' remuneration.

Notes to the consolidated financial statements

(continued)

29. Events occurring after the reporting date

On 7-8 July 2022, the Company received loan repayments totalling £70k from its Associate, Sans Frontières Associates Limited.

On 8 August 2022, the Company completed the sale of its 30% stake in Social 360 Limited for cash consideration of £420,000.

On 22 July 2022, the Group agreed new secured loan facilities with Barclays which includes:

- Term Loan: a £3 million, five-year term loan, amortising on a straight-line basis at £150,000 per quarter;
- RCF: a £2 million non-amortising, revolving credit facility for the five-year duration of the Term Loan;
- Both the Term Loan and RCF accruing interest at 4.75% above Bank of England base rate;
- Covenants: leverage covenants measured quarterly from September 2022, Cash cover measured quarterly from June 2023 and Interest cover measured quarterly from December 2023, each for the duration of the facilities. Debt service covenants measured quarterly from June 2022 to March 2023.

These revised facilities and covenants will help support the Group in the aftermath of the Covid-19 pandemic and we are appreciative for the support of Barclays throughout the pandemic and going forward.

Parent Company balance sheet

As at 31 March 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Intangible assets	32	**1,393**	1,596
Tangible fixed assets	33	**1,132**	1,415
Investments	34	**33,775**	42,342
Total non-current assets		**36,300**	45,353
Current assets			
Trade and other receivables	35	**6,296**	5,026
Loan receivable		**210**	560
Cash	36	**123**	294
Total current assets		**6,629**	5,880
Total assets		**42,929**	51,233
Current liabilities			
Trade and other payables	37	**1,888**	2,708
Deferred consideration		**–**	1,046
Bank loan / RCF	38	**2,860**	2,253
Lease liability	41	**24**	17
Total current liabilities		**4,772**	6,024
Non-current liabilities			
Trade and other payables	37	**1,250**	–
Bank Loan	38	**1,518**	2,378
Lease liability	41	**38**	60
Total non-current liabilities		**2,806**	2,438
Capital and reserves			
Called-up share capital	39	**6,708**	19,501
Share premium account		**1,067**	20,866
Merger reserve		**-**	409
Profit and loss account		**13,886**	1,968
Redemption reserve		**13,680**	–
Share option reserve		**10**	27
Total equity		**35,351**	42,771
Total equity and liabilities		**42,929**	51,233

During the year, the Company made a loss of £9,357,000 (2021: profit of £602,000).

The Notes on pages 84 to 93 form part of these financial statements.

These financial statements were approved by the Board of Directors and were signed on its behalf by:

Philip Machray
Chief Financial Officer

8 August 2022

Company number: 04267888

Parent Company statement of changes in equity

For the year ended 31 March 2022

	Share capital £'000	Share premium reserve[1] £'000	Merger reserve[2] £'000	Capital redemption reserve[3] £'000	Profit and loss account £'000	Share option reserve[4] £'000	Total shareholders' funds £'000
At 1 April 2020	19,239	20,082	409	–	1,366	–	41,096
Total comprehensive income							
Profit for the year	–	–	–	–	602	–	602
Share-based payment charge	–	–	–	–	–	27	27
Transactions with the owners							
Issue of ordinary shares	262	784	–	–	–	–	1,046
At 31 March 2021	**19,501**	**20,866**	**409**	**–**	**1,968**	**27**	**42,771**
Total comprehensive income							
Loss for the year	**–**	**–**	**–**	**–**	**(9,357)**	**–**	**(9,357)**
Share-based payment credit	**–**	**–**	**–**	**–**	**–**	**(17)**	**(17)**
Transactions with the owners							
Share consolidation (Note 39)	**(13,680)**	**(20,866)**	**(409)**	**13,680**	**21,275**	**–**	**–**
Issue of ordinary shares (Note 39)	**887**	**1,067**	**–**	**–**	**–**	**–**	**1,954**
At 31 March 2022	**6,708**	**1,067**	**–**	**13,680**	**13,886**	**10**	**35,351**

[1] The share premium reserve represents the amount paid to the Company by shareholders above the nominal value of shares issued.

[2] The merger reserve represents accounting treatment in relation to historical business combinations.

[3] The capital redemption reserve is a non-distributable reserve created on cancellation of deferred shares.

[4] The share option reserve represents the cumulative expense recognised in relation to equity-settled share-based payments

The Notes on pages 84 to 93 form part of these financial statements.

Notes to the Parent Company financial statements

30. Statement of Accounting Policies – Company

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of accounting

The financial statements have been prepared in accordance with United Kingdom applicable accounting standards, including Financial Reporting Standard 102, and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement.

The individual accounts of the Company have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes;
- financial instrument disclosures, including: categories of financial instruments, items of income, expenses, gains or losses relating to financial instruments, and exposure to and management of financial risks;
- the requirement to present share-based payment disclosures; and
- the requirement to disclose key management personnel compensation.

Going Concern

The Directors have considered the implications for Going Concern for a period of at least twelve months from the signing of these accounts. The Board remains satisfied with the Company's funding and liquidity position as discussed further in Note 1 of the Group financial statements.

The Board remains mindful regarding the uncertainties inherent in the current economic conditions. The Company's forecasts and projections, taking into account reasonable changes in trading performance given these uncertainties, show the Company operating within its current cash flow with headroom going forward.

On the basis of these forecasts, and given the level of cash available, the Board has concluded that the going concern basis of preparation continues to be appropriate.

Share-based payments

The Company operates a number of equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Deferred tax is recognised where it is likely that tax relief will be available on the difference between exercise price and market price at the balance sheet date.

Where the Company grants options over its own shares to the employees of its subsidiaries, it recognises a movement in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its subsidiary's financial statements, with the corresponding movement being recognised directly in equity.

Notes to the Parent Company financial statements

(continued)

30. Statement of Accounting Policies – Company (continued)

Leases

Operating lease rentals are charged to the income statement on a straight-line basis over the period of the lease.

Finance leases are recorded as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments. Finance lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability. The depreciation of the lease asset is the shorter of the lease term and the estimated useful life of the asset, in line with the policy.

Post-retirement benefits – defined contribution

The Company contributes to independent defined contribution pension schemes.

Dividends

Dividends from subsidiary companies are accounted for when payable. Dividends payable to shareholders are recognised when they are approved by the shareholders at the Annual General Meeting. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Tax

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset of a fixed asset have been met, the deferred tax is reversed, recognised, and will be assessed. Deferred tax is recognised when income or expenses from a subsidiary or Associate have been for tax in a future period, except where:

- the Company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

30. Statement of Accounting Policies – Company (continued)

Intangible assets

Intangible assets acquired by the Company are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis over their useful lives. Assets are not revalued. The amortisation period and method are reviewed at each financial year end.

Intangible assets represent publishing rights acquired by the Company. These are amortised over their useful economic life of 20 years.

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use, its intention to complete and its ability to use the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development the asset is tested for impairment annually.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	Over the remaining life of the lease
IT Equipment and fixtures and fittings	3-5 years

Fixed asset investments

In the Company's financial statements, investments in subsidiary undertakings and participating interests are stated at cost less any provisions for impairment.

Impairment of fixed assets and goodwill

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the income statement if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of other comprehensive income until the carrying amount reaches the asset's depreciated historic cost.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to the Parent Company financial statements

(continued)

30. Statement of Accounting Policies – Company (continued)

Reversals of impairment

An impairment loss is reversed on intangible assets only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment on the intangible assets and the value in use or the fair value less cumulative depreciation is above the impaired carrying amount.

For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets, liabilities and equity instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, such as bank loans, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Notes to the Parent Company financial statements

(continued)

31. Staff costs – Company

The average number of persons employed by the Company (including executive Directors) during the year within each category was:

	2022	2021
Managerial and administration staff	**8**	8

The aggregate payroll costs in respect of these employees (including executive Directors) were:

	2022 £'000	2021 £'000
Wages and salaries	**766**	591
Social security costs	**94**	74
Pension and other costs	**13**	2
Share-based payment (credit)/charge	**(17)**	27
	856	694

Detailed disclosures on Directors' remuneration are given in Note 7.

32. Intangible assets – Company

	Publishing rights £'000	Software £'000	Total £'000
Cost			
At 1 April 2020	1,357	607	1,964
Additions	–	167	167
At 31 March 2021	1,357	774	2,131
Additions	–	34	34
Reclassified to tangible fixed assets	–	(44)	(44)
At 31 March 2022	**1,357**	**764**	**2,121**
Accumulated amortisation			
At 1 April 2020	340	–	340
Charge for the year	68	127	195
At 31 March 2021	408	127	535
Charge for the year	68	125	193
At 31 March 2022	**476**	**252**	**728**
Net book value			
At 31 March 2021	949	647	1,596
At 31 March 2022	**881**	**512**	**1,393**

Notes to the Parent Company financial statements

(continued)

33. Tangible fixed assets – Company

	Leasehold Improvements £'000	IT Equipment £'000	Total £'000
Cost			
At 1 April 2020	2,006	748	2,754
Additions	–	77	77
At 31 March 2021	2,006	825	2,831
Additions	–	13	13
Reclassified from intangible fixed assets	–	44	44
Disposals	–	(15)	(15)
At 31 March 2022	**2,006**	**867**	**2,873**
Accumulated depreciation			
At 1 April 2020	667	429	1,096
Charge for the year	223	97	320
At 31 March 2021	890	526	1,416
Charge for the year	210	130	340
Disposals	–	(15)	(15)
At 31 March 2022	**1,100**	**641**	**1,741**
Net book value			
At 31 March 2021	1,116	299	1,415
At 31 March 2022	**906**	**226**	**1,132**

Notes to the Parent Company financial statements

(continued)

34. Fixed asset investments – Company

	Associates £'000	Unlisted investment £'000	Subsidiary undertakings £'000	Total £'000
Cost				
At 1 April 2020 and 1 April 2021	463	–	41,879	42,342
Additions	–	449	-	449
At 31 March 2022	**463**	**449**	**41,879**	**42,791**
Accumulated amortisation				
At 1 April 2020 and 1 April 2021	–	–	–	–
Impairment charge	53	–	8,963	9,016
At 31 March 2022	**53**	**–**	**8,963**	**9,016**
Net book value				
At 31 March 2021	463	–	41,879	42,342
At 31 March 2022	**410**	**449**	**32,916**	**33,775**

During the year the Company received dividends from its subsidiaries in total of £nil (2021: £645,000) which were recognised as income.

During the year the Company made impairment charges of £53,000 (2021: £nil) against the carrying value of Associates and £8,963,000 (2021: £nil) against the carrying value of subsidiary undertakings.

Detailed disclosures on subsidiary undertakings are given in Note 16 and Associates in Note 17.

35. Trade and other receivables – Company

	2022 £'000	2021 £'000
Other debtors	**89**	–
Amounts owed by group undertakings	**5,740**	4,150
Prepayments and accrued income	**467**	876
	6,296	5,026

All amounts owed by group undertakings are interest free and repayable on demand.

Notes to the Parent Company financial statements

(continued)

36. Cash and cash equivalents – Company

	2022 £'000	2021 £'000
Cash and cash equivalents	**123**	294

37. Trade and other payables – Company

Trade and other payables: amounts falling due within one year	2022 £'000	2021 £'000
Trade creditors	**42**	1,102
Amounts owed to group undertakings	**611**	237
Other creditors including tax and social security	**1**	–
Accruals and deferred income	**1,234**	1,369
	1,888	2,708

All amounts owed by group undertakings due within one year are interest free and repayable on demand.

Trade and other payables: amounts falling due after one year	2022 £'000	2021 £'000
Amounts owed to group undertaking	**1,250**	–
	1,250	–

Amounts owed to group undertaking due after one year comprise a loan which accrues interest at 6% per annum and is repayable on 31 March 2024.

38. Interest-bearing loans and borrowings – Company

Throughout the year, the Company had a term loan facility of £3 million, borrowed in 2020 and amortising over a 5-year period, incurring a an interest rate (at the year-end) of 3.75% above Bank of England interest rate (2021: 3.25% over LIBOR). The Company also held throughout the year a revolving credit facility (RCF) of £2 million (2021: £2 million) incurring a rate of 4.0% above Bank of England interest rate (2021: 3.5% over LIBOR).

The current balance outstanding on the term loan is £2.4 million. The current balance outstanding on the RCF is £2 million. In total the Company has £4.4 million of outstanding bank loan.

See Note 19 for the maturity analysis of the bank loan at year end.

On 22 July 2022, the Company agreed new secured loan facilities with Barclays which includes:

- Term Loan: a £3 million, five-year term loan, amortising on a straight-line basis at £150,000 per quarter;
- RCF: a £2 million non-amortising, revolving credit facility for the five-year duration of the Term Loan;
- Both the Term Loan and RCF accruing interest at 4.75% above Bank of England base rate;
- Covenants: leverage covenants measured quarterly from September 2022, Cash cover measured quarterly from June 2023 and Interest cover measured quarterly from December 2023, each for the duration of the facilities. Debt service covenants measured quarterly from June 2022 to March 2023.

These revised facilities and covenants will help support the Company and Group in the aftermath of the Covid-19 pandemic and we are appreciative for the support of Barclays throughout the pandemic and going forward.

Notes to the Parent Company financial statements

(continued)

39. Share capital – Company

	9p deferred shares Number	1p ordinary shares Number	28p ordinary shares Number	Total £'000
Issued share capital as at 1 April 2021	151,998,453	582,071,380	–	19,501
Shares cancelled during the year	(151,998,453)	–	–	(13,680)
Share consolidation during the year	–	582,071,380	20,788,375	–
Shares issued during the year	–	–	3,167,749	887
Issued share capital as at 31 March 2022	**–**	**–**	**23,956,124**	**6,708**

On 16 April 2021, shareholders approved a reorganisation of the Company's share capital. This reorganisation included cancellation of the 151,998,453 Deferred Shares and the consolidation and sub-division of the Company's Ordinary Shares (including the purchase of certain of the Company's shares), having the impact of reducing the total number of Ordinary Shares by a factor of 28 and to increase the nominal value by a factor of 28 (from 1 pence to 28 pence nominal).

On 1 October 2021, the Company issued 1,675,749 ordinary shares due as contingent consideration on the acquisition of Meritgroup Limited in 2019.

On 1 October 2021, the Company issued 1,492,000 ordinary shares in a fundraising subscription at 62.4 pence per share, raising £908,000, net of costs.

40. Operating lease commitments – Company

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

Land and buildings	2022 £'000	2021 £'000
Within one year	**1,123**	1,056
Between two and five years	**3,395**	4,223
After five years	**–**	22
	4,518	5,301

41. Finance lease commitment – Company

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable finance leases which fall due as follows:

IT equipment	2022 £'000	2021 £'000
Within one year	**24**	17
Between two and five years	**38**	60
After five years	**–**	–
	62	77

Notes to the Parent Company financial statements

(continued)

42. Related party transaction disclosures – Company

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Related Party Disclosures Section 33 (33.1A) from disclosing transactions which occurred between wholly owned subsidiaries of the Group headed by Merit Group plc.

During the year, the Company received repayment of £350,000 (2021: £nil) of an interest free loan from its Associate, Sans Frontieres Associates (SFA). At 31 March 2022 the balance outstanding was £210,000 (2021: £560,000).

During the year, an amount of £62,945 (2021: £69,493) was payable to an Associate, Social 360 Limited, in relation to profit-share for monitoring services provided. At 31 March 2022, £16,973 (2021: £nil) of this balance was outstanding.

Cornelius Conlon, a Director of the Company is entitled to shares and a cash consideration on the first 3 anniversaries of the Meritgroup Limited acquisition in 2019. During the year, Cornelius Conlon was issued 854,732 ordinary shares of value of £533,352 and Cash consideration of £220,000.

During the year, an amount of £105,000 (2021: £nil) was payable to Web Data Works Limited, a company in which the Group has a 9.2% investment, and of which Cornelius Conlon is a Director. At 31 March 2022, there was a balance of £105,000 (2021: £nil) outstanding.

During the current and previous years, Deacon Street Partners Limited, a company related by virtue of Angela Entwistle, a Director of the Company also being a Director, invoiced £30,000 (2021: £27,500) to the Company for the services of Angela Entwistle as a Non-Executive Director. At 31 March 2022, the balance outstanding was £2,500 (2021: £2,500).

43. Events occurring after the reporting date – Company

On 7-8 July 2022, the Company received loan repayments totalling £70k from its Associate, Sans Frontières Associates Limited.

On 8 August 2022, the Company completed the sale of its 30% stake in Social 360 Limited for cash consideration of £420,000.

On 22 July 2022, the Group agreed new secured loan facilities with Barclays which includes:

- Term Loan: a £3 million, five-year term loan, amortising on a straight-line basis at £150,000 per quarter;
- RCF: a £2 million non-amortising, revolving credit facility for the five-year duration of the Term Loan;
- Both the Term Loan and RCF accruing interest at 4.75% above Bank of England base rate;
- Covenants: leverage covenants measured quarterly from September 2022, Cash cover measured quarterly from June 2023 and Interest cover measured quarterly from December 2023, each for the duration of the facilities. Debt service covenants measured quarterly from June 2022 to March 2023.

These revised facilities and covenants will help support the Group in the aftermath of the Covid-19 pandemic and we are appreciative for the support of Barclays throughout the pandemic and going forward.

Notice of Annual General Meeting

To be held at the offices of Fieldfisher, Riverbank House, 2 Swan Lane, London, EC4R 3TT on 21 September 2022 at 12 noon.

Shareholders are encouraged to appoint the Chairman of the Meeting as their proxy. Shareholders can do this by utilising one of the methods detailed in paragraph 3, 4 and 5 of the notes to the Notice of AGM and are encouraged to appoint a proxy as early as possible.

Please take note of the following visitor procedures if you attend the AGM:

- All shareholders will enter through reception located on Upper Thames Street.
- Photo I.D. is required to gain entry (a valid passport or driving license).

All votes must be delivered to the Registrar no later than 12.00 pm on 19 September 2022. Please refer to the explanatory notes to the Notice of Annual General Meeting for more information on the appointment of proxies.

You may vote online at the Registrars website at www.signalshares.com. To do this, you will need to log in to your Share Portal account or register for the Share Portal if you have not already done so. To register for the Share Portal you will need your investor code which can be located on your share certificate. Once registered, you will immediately be able to vote.

We invite shareholders to submit any questions in advance of the AGM. Any specific questions on the business of the AGM can be submitted ahead of the AGM by e-mail to ir@meritgroupplc.com (marked for the attention of the CFO). We will publish these questions (other than any questions which the Board considers to be frivolous or vexatious) and answers on our website following the AGM.

Ordinary business

1. To receive the Company's annual accounts for the financial year ended 31 March 2022, together with the Directors' report and the auditor's report on those accounts.

2. To re-appoint Grant Thornton UK LLP as auditor to the Company to hold office from the conclusion of the meeting until the conclusion of the next annual general meeting at which accounts are laid.

3. To authorise the Directors to set the auditor's remuneration.

4. To re-appoint David Beck as a Director of the Company pursuant to article 25.3 of the articles of association of the Company.

5. To re-appoint Philip Machray as a Director of the Company pursuant to article 25.3 of the articles of association of the Company.

6. To re-appoint Richard Boon as a Director of the Company who retires by rotation.

7. To re-appoint Cornelius Conlon as a Director of the Company who retires by rotation.

Special business

As special business, to consider and, if thought fit, to pass the following resolutions which will be proposed as to resolution 8 as an ordinary resolution and to resolutions 9 and 10 as special resolutions:

8. That, in place of all existing authorities to the extent unused, the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £2,233,668.92 (being 7,977,389 ordinary shares of £0.28 each or approximately 33.3% of the Company's issued share capital) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the Company's annual general meeting to be held in 2023, but so that such authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot equity securities (as defined in section 560 of the Act) in pursuance of such offers or agreements as if this authority had not expired.

9. That, subject to and conditional upon Resolution 8 set out in this notice having been passed, in substitution for all subsisting authorities to the extent unused, the Directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by Resolution 8 above and/or where the allotment constitutes an allotment of equity securities by virtue of section 573 of the

Notice of Annual General Meeting

(continued)

Act, as if section 561 of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities:

(a) in connection with a rights issue or open offer in favour of the holders of ordinary shares on the register of members at such record date(s) or any other persons entitled to participate in such rights issue or open offer (other than the Company itself in respect of any shares held by it as treasury shares) as the Directors may determine, where the equity securities respectively attributable to the interest of the ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them on any record date(s), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal practical problems arising under the laws of any territory or the requirements of any recognised regulatory body or stock exchange or otherwise, and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the Company's annual general meeting to be held in 2023; and

(b) the allotment (other than pursuant to paragraph (a) of this Resolution) to any person or persons of equity securities up to an aggregate nominal value of £334,714 being approximately 4.99% of the Company's issued share capital and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the conclusion of the Company's annual general meeting to be held in 2023; but so that such authority shall allow the Company before such expiry to make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if this authority had not expired.

10. To authorise the Company generally and unconditionally to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of £0.28 each provided that:

(a) The maximum aggregate number of ordinary shares that may be purchased is 2,395,612 being 10% of the Company's issued share capital.

(b) The minimum price (excluding expenses) which may be paid for each ordinary share is £0.28.

(c) The maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:

(i) 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day the purchase is made; and

(ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for:

(a) the last independent trade of; and

(b) the highest current independent bid for,

any number of the Company's ordinary shares on the trading venue where the purchase is carried out.

The authority conferred shall expire at the conclusion of the next annual general meeting of the Company or if earlier on the date which is 15 months after the date of this annual general meeting except that the Company may before such expiry make a contract to purchase its own shares which will or may be completed or executed wholly or partly after such expiry.

By order of the Board.

Philip Machray
Chief Financial Officer
Merit Group plc

Date: 8 August 2022

Registered Office: 11th Floor, The Shard, 32 London Bridge Street, London SE1 9SG

Notice of Annual General Meeting

(continued)

Notes:

These notes are important and require your immediate attention.

Entitlement to attend and vote

1. Only those shareholders registered in the Company's register of members at:

    - 6.00 pm on 19 September 2022; or
    - if this meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting,

    shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Website giving information regarding the meeting

2. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, can be found at http://www.meritgroupplc.com/

Appointment of proxies

3. Any member entitled to attend, vote and speak at the meeting convened by the above notice is entitled to appoint one or more proxies to attend, speak and vote at the meeting instead of him. A proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different shares held by the member, but a member may not appoint more than one proxy to exercise rights attached to any one share.

    You will not have received a hard copy proxy form in the post. You can instead submit your proxy vote electronically by accessing the shareholder portal at www.signalshares.com, logging in and selecting the 'Vote Online Now' link. You will require your username and password in order to log in and vote. If you have forgotten your username or password you can request a reminder via the shareholder portal. If you have not previously registered to use the portal you will require your investor code ('IVC') which can be found on your share certificate. Proxy votes should be submitted as early as possible and in any event, no later than 48 hours before the time for the holding of the meeting or any adjournment of it.

    Please indicate the proxyholder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you) when completing your proxy. Please also indicate if the proxy instruction is one of multiple instructions being given.

    To be effective, the proxy vote must be submitted at www.signalshares.com so as to have been received by the Company's registrars not less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it. By registering on the Signal Shares portal at www.signalshares.com, you can manage your shareholding, including:

    – cast your vote
    – change your dividend payment instruction
    – update your address
    – select your communication preference.

    Any power of attorney or other authority under which the proxy is submitted must be returned to the Company's Registrars, Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL. If a paper form of proxy is requested from the registrar, it should be completed and returned to Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL to be received not less than 48 hours before the time of the meeting. Completion of a proxy will not preclude members from attending and voting in person at the meeting.

    Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the General Meeting is close of business 2 days (excluding any part of a day that is not a working day) prior to the time for holding the meeting, or if the meeting is adjourned close of business 2 days (excluding any part of a day that is not a working day)prior to the time for holding the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.

Appointment of proxies through CREST

4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and

Notice of Annual General Meeting

(continued)

those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the issuer's agent (Link Group, IDRA10) not less than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

5. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

Corporate representatives

6. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Issued shares and total voting rights

7. As at 12.00pm on 5 August 2022 (being the last practicable date prior to the publication of this notice), the Company's issued share capital comprised 23,956,124 ordinary shares of nominal value 28 pence each, carrying one vote each. No shares are held in treasury. Therefore, the total voting rights in the Company as at that date are 23,956,124.

   You may not use any electronic address (within the meaning of section 333(4) of the 2006 Act) provided in this Notice of Meeting (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

   If you need help with voting online, or require a paper proxy form, please contact our Registrar, Link Group by email at enquiries@linkgroup.co.uk, or you may call Link on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00– 17:30, Monday to Friday excluding public holidays in England and Wales. Submission of a Proxy vote shall not preclude a member from attending and voting in person at the meeting in respect of which the proxy is appointed or at any adjournment thereof.

Company information

Company Directory

Registered and Head Office

Merit Group plc
11th Floor, The Shard
32 London Bridge Street
London SE1 9SG

Telephone: +44 (0)207 593 5500

Email: information@meritgroupplc.com
www.meritgroupplc.com

Registered Number

04267888

Secretary and Advisors

Secretary

Fieldfisher Secretaries Limited
Riverbank House
2 Swan Lane
London EC4R 3TT

Registrar

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL

Auditors

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Nomad and Broker

Canaccord Genuity
88 Wood Street
London EC2V 7QR

Bankers

Barclays
1 Churchill Place
Canary Wharf
London E14 5HP

Legal Advisors

Fieldfisher LLP
17th Floor, No.1 Spinningfields
1 Hardman Square
Manchester M3 3EB

Company Registrar

You can contact Link's Customer Support Centre which is available to answer any queries you have in relation to shareholding:

By phone – +44 (0)371 664 0300

Calls are charged at the standard geographic rate and will vary by provider.

We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

By email – enquiries@linkgroup.co.uk

By post – Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

Signal Shares is a secure online site where you can manage your shareholding quickly and easily. All you need is your investor code, which can be found on your share certificate. www.signalshares.com.

Company information

(continued)

Merit Group plc is a public limited company registered in England No. 04267888. Its Ordinary shares are listed on the Alternative Investment Market (AIM) (ticker MRIT.L).

Merit Group plc is the Parent Company of the Merit Group of companies. Unless otherwise stated, the text in this Annual Report does not distinguish between the activities and operations of the Parent Company and those of its subsidiary undertakings.

This is the Annual Report of Merit Group plc for the year ended 31 March 2022 and complies with UK legislation and regulations. It is also available on the Company's website: www.meritgroupplc.com.

Cautionary Statement

The purpose of this Annual Report is to provide information to the members of the Company. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve risk and uncertainty, since future events and circumstances can cause results and developments to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast.

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MERIT
GROUP

www.meritgroupplc.com

11th Floor, The Shard, 32 London Bridge Street, London SE1 9SG
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