MERIT
GROUP

ANNUAL REPORT
2023

WE INFORM.

Merit Group is a data and intelligence business.

Merit Group plc

Contents

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About Merit Group plc

The Merit Group is a B2B data and intelligence business. We use technology-led data capture and analysis techniques to provide our customers with high quality data across three market segments:

- Global industry data covering a range of key verticals
- Policy and political data in the UK and Europe
- Marketing data

In all three areas we use our proprietary technology to gather and enhance high value, complex and hard-to-acquire data from thousands of sources.

Data is the building block on which Artificial Intelligence applications are built as it serves as the foundation for training and improving machine learning models. We have developed a series of machine learning tools to transform raw data into business intelligence. Our expert teams provide additional analysis and intelligence to add further value to the data we provide to our customers. We also provide data engineering solutions that complement our data services.

Our mission is to provide actionable data and intelligence to our customers to help them make more informed decisions and grow.

The key drivers of our business success are:

- very high levels of customer service that builds strong customer relationships, over multiple years
- the provision of high quality actionable data that is accurate, targeted and timely
- the use of leading technological solutions to enable our competitive pricing

"The Group's more than five years of experience in the field of Artificial Intelligence and Machine Learning and its expertise in data capture and analysis present the Group with exciting opportunities."

Chairman's statement

A year of significant progress

The year under review was remarkable for the significant changes that were made to the Group. A programme of disposals of non-core assets has concentrated the Group on two operating units both focused on data and intelligence. We have invested in sales and marketing resource to drive the future growth of these two units and have afforded that investment through a restructuring of the Group's cost base. Whilst the full effects of the cost restructuring measures taken will not be felt until the FY24 year, the Group is already leaner and stronger and its future financial projections are much enhanced. The Board's restructuring plan is now largely complete, leaving management free to pursue a growth agenda and to focus on generating significant value for shareholders.

The Board is grateful to all employees for the contributions they have made to a successful year and to the management team that have delivered the transformation of the Group.

Results for the financial year

The continuing operations of the Group comprise its two operating businesses, Merit Data & Technology (MD&T) and Dods Political Intelligence (Dods PI). These are supported by a small Central team which is reported on separately in our financial statements. The businesses that were disposed of during the year are reported on within the statutory results as Discontinued Operations; my statement will cover the Continuing Operations of the Group.

The Group grew revenue from Continuing Operations by 5.6% to £18.6 million in the year (FY22 £17.6 million), with the growth being driven by stronger markets, especially in those areas of the business that were hardest hit during the pandemic. The Group has maintained strong cost control with gross profit of £8.6 million (FY22 £8.9 million), being only £0.3 million behind FY22 despite an unfavourable year-on-year exchange rate movement on the Group's Indian cost base.

Net margins increased by 0.3 percentage points and the Adjusted EBITDA of £2.7 million is 7.7% ahead of the previous year (FY22 £2.5 million).

Continuing Operations	FY2023 £m	FY2022 £m	Change[5]
Revenue	18.6	17.6	+5.6%
Gross profit	8.6	8.9	-3.5%
Gross margin %[1]	46.0%	50.4%	-8.7%
Adjusted EBITDA[2]	2.7	2.5	+7.7%
Net margin %[3]	14.3%	14.0%	+2.1%
Loss before tax	(3.7)	(1.7)	+118.1%
Adjusted earnings per share (pence)[4]	*0.8p*	*(0.9p)*	*+1.7p*
Net debt[6]	*(2.6)*	*(2.1)*	*+25.0%*

(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) Net margin is Adjusted EBITDA as a percentage of Revenue

(4) Adjusted EPS is calculated based on the profit/(loss) for the year before amortisation of intangible assets, share-based payments and non-recurring items (see note 13)

(5) Year-on-year percentage change figures are calculated on unrounded numbers

(6) Net (debt)/cash comprises the aggregate of gross debt, excluding IFRS16 lease liabilities, and cash and cash equivalents (see note 23)

Disposals

During the year, the Group disposed of the Media, Events and Training operations ("the MET operations") of its Dods segment for £4.5 million. The Group also disposed of both of its investments in Associates during the year, selling its 30% shareholding in Social 360 and its 40% shareholding in Sans Frontières Associates.

Cash

The year-on-year change to the Group's net debt[6] position, from £2.1 million to £2.6 million, masks some significant movements during the year.

The Group received proceeds from the sale of non-core assets of £4.8 million during FY23. The Group fully settled its deferred liabilities from prior periods, namely £0.5 million of deferred VAT and rent built up during the COVID pandemic, and £0.3 million of deferred consideration on the 2019 acquisition of Meritgroup Limited.

Chairman's statement

(continued)

As reported in more detail below, before the end of FY23 the Group paid £3.5 million (including recoverable VAT) as a reverse premium to dispose of its lease of 16,893 sq ft of prime office space in The Shard, thereby extinguishing £7.4 million from future cash outflows in respect of this property.

The Group's Continuing Operations generated operating cash of £2.9 million.

Board Changes

Following the disposal of the Dods MET operations late in 2022, Munira Ibrahim, the MD of the Dods business, resigned and left the Board in December 2022. Given the consequent reduced complexity of the Group, and in support of the Board's decision to reduce the size of the Board, Richard Boon and Vijay Vaghela also resigned in January 2023.

The Company was extremely well-served by Richard and Vijay as non-executive Directors, and I am very grateful for their contribution and wise counsel during their time on the Board.

Lord Ashcroft KCMG PC, the Company's largest shareholder, joined the Board in December 2022.

Strategy

Data and Intelligence is, and will remain, at the core of everything that we do. We use technology, human expertise and Artificial Intelligence to collate, transform and add the greatest value to the data we provide our customers.

We will grow through the expansion of the sectors and markets we address and by constantly improving the proprietary technology platforms our customers use to access our data and business intelligence. This growth will be driven by our excellent reputation for the provision of highly valuable data and intelligence at a competitive price point.

Our business benefits from very high levels of recurring revenue from long standing customers; we will maintain our focus on these subscription and recurring revenue customers. We will continue to improve our profit margins with technology-led efficiencies and a tightly controlled cost base.

Current trading and outlook

Having successfully completed its restructuring, the Group is in a much stronger position. It benefits from less complexity, greater focus, and a clear strategy for growth, supported by investment in its core businesses.

Despite a challenging macro-economic environment and the impacts of both higher inflation and interest rates, the Group has made a positive start to the FY24 year. The significant cost reduction from the disposal of our London office lease and other operational savings already made will have a beneficial impact on the Group's FY24 performance. This, along with the investments made in growing its two operating businesses, gives the Board confidence in anticipating further growth in both revenue and profitability in FY24 and beyond.

Mark Smith
Chairman

6 September 2023

Chief Executive's Review

Overview

The year to 31 March 2023 was the Group's first full year under a new management team. Having agreed the strategy with the Board at the beginning of the year, the executive team has been fully focused on delivering the first phase of the strategic plan, the tidying up of the Group's operations, the disposal of non-core assets, and the resolution of the remaining legacy issues facing the Group. I am delighted to be able to report significant progress on all fronts.

Disposal of operations

The disposal of the Dods Media, Events and Training ("MET operations"), announced in October and completed in November 2022, was the most significant change as it represented approximately one third of the Group's revenue and involved the carving out from the Dods business of nearly one hundred employees. The £4.5 million consideration represented a 9x multiple on the FY22 EBITDA of c£0.5 million.

As well as the MET disposal, during the year the Group also disposed of:

- its 30% shareholding in Social 360 for a cash consideration of £420,000;
- its 40% shareholding in Sans Frontières Associates for a cash consideration of £250,000;
- the trade and assets of its Paris-based media and directory business, Le Trombinoscope, for a cash consideration of €60,000.

In aggregate, the Group raised £5.2 million from disposals in the year, of which £4.8 million of cash proceeds was received during the year and £450,000 is due for payment in October 2023.

Exit from lease in The Shard

The other significant disposal that took place during the financial year was the exit from the Group's unnecessarily large lease of 16,893 sq ft on the 11th floor of The Shard, which ran until July 2026 at an annualised total cost of £2.1 million, giving a total outstanding cashflow over the remaining term of the lease of £7.4 million, including dilapidations and a £3.1 million IFRS 16 lease liability. In March 2023, we announced the disposal of this lease through an assignment at a cost of £2.9 million. We anticipate that the disposal will reduce recognised profit & loss costs (including operating costs and IFRS 16 charges) by approximately £1.4 million per annum, after taking into account alternative accommodation costs. The Group has reduced its UK office footprint by 80% and now operates from four offices globally: Chennai, Mumbai, London and Brussels.

Settlement of remaining legacy deferred liabilities

At the beginning of the year the Group had outstanding legacy deferred liabilities comprising £0.5 million of deferred VAT and rent built up during the COVID pandemic, and £0.3 million of deferred consideration on the 2019 acquisition of Meritgroup Limited. All deferred liabilities have now been settled which, when combined with the removal of the significant lease liability, has strengthened the Group's balance sheet.

Funding

The lease disposal was funded in part with the provision of a new £1.8 million short term loan from Barclays Bank which amortises on a straight-line basis over the next eighteen months. The effective swapping of rent and service charge costs for bank debt repayments further strengthens the Group's financial outlook and should allow the Group to eliminate its net debt position over time.

Operating results

The Group's statutory revenue having been reduced by £9.8 million as a result of the disposal of non-core operations, it is pleasing to be able to report an Adjusted EBITDA from our Continuing Operations of £2.7 million very similar to the prior year figure of £2.8 million for the larger Group pre disposals. On a like-for-like Continuing Operations basis, the Group increased Adjusted EBITDA by 8% from £2.5 million in the prior year.

The restructured Group benefits from very good visibility of its revenues, with Dods PI's income being almost entirely subscription based and Merit D&T's having a very stable long term customer base with 85% of revenue recurring.

Chief Executive's Review

(continued)

Merit Data & Technology ("MD&T") revenue was up by 9% to £11.6 million; this business unit now represents nearly two thirds of the Group's revenues. MD&T's Adjusted EBITDA of £1.8 million (FY22: £1.9m) was impacted by sterling currency weakness particularly in the first half of the year. Without the year-on-year currency impact, Merit D&T's full year Adjusted EBITDA would have been £390k higher and shown growth of 20% year on year. In the second half of the year the GBP/INR rate recovered, and the stability of that exchange rate has continued since.

Dods Political Intelligence revenues were flat at £6.9 million (FY22: £6.9 million); however, Adjusted EBITDA rose 18% to £1.8 million as it benefitted from a lower cost base and some non-operating income from the provision of transitional services to the disposed of MET Operations. The business will be the primary beneficiary of the further cost savings to come in FY24 from the downsizing of the Group's London office costs.

Focus on growth

The newly restructured Group is now able to focus on its future growth plan. The Group's more than five years of experience in the field of Artificial Intelligence and Machine Learning and its expertise in data capture and analysis present the Group with exciting opportunities.

Merit Data & Technology is already benefiting from investments made in FY23 that will help accelerate the growth of the business. We have an expanded and reinvigorated sales and marketing team that is focused on the eight key verticals where we have experience and a track record. We are also seeing opportunities, and have already won business, from geographies that we were not previously addressing.

MD&T is also benefitting from a clearer technology proposition and is winning new business by offering data engineering solutions to both existing and new customers.

Dods will benefit from having a simpler business entirely focused on its core political intelligence service. Whilst the economic challenges facing companies are having an impact on its customer base, Dods PI is an essential service to many of its customers. The unit has been able to partly mitigate the impacts of higher inflation with higher price increases on renewing contracts than has been possible in the past.

Dods PI is looking to recruit specialist consultants in specific service areas where it sees opportunity to grow market share. We are looking to appoint a new leader for our Dods PI Sales and Marketing team to help us capitalise on the strong operational gearing that this business enjoys.

Chief Executive's Review

(continued)

Merit Data & Technology ("MD&T")

MD&T is a leading data solutions provider, specialising in harvesting, aggregating & transforming large sets of data for many of the world's leading information businesses. We provide a highly bespoke service for each client, combining tech solutions, AI and manual analysis. We help clients to source and manage data in multiple industries, including retail, shipping, construction, automotive, energy, healthcare and pharma.

The business has very long-standing client relationships, and many of our most significant clients have been working with us for over ten years. We are very focused on developing technology tools to manage and transform data in a scalable way, in addition to operational excellence and a level of customer service which helps us enjoy very high levels of customer satisfaction and recurring revenue.

Selection of MD&T customers

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

With many years' experience of applying machine learning techniques to data transformation, we have a proven capability to enable AI innovation amongst our clients, where data will be critical to the development of new models and AI-led solutions.

Alongside our data business, we provide a strong technology solutions service to multiple customers. Merit has been a trusted partner in digital transformation for some of the world's largest B2B information businesses 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 upgrades and Data Management Solutions to simpler systems for Data Operations, Data Migration and 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.

We have built a very distinct and attractive corporate culture with a progressive mix of Western and Indian best practices at our offices in India, where we employ over 900 people, 97% of whom are graduates. 30% of our employees have been with us for over 5 years.

Our employee value proposition is very strong with the right mix of learning & development and career growth opportunities. Our values and policies nurture, develop and engage employees to the highest level of their potential.

Chief Executive's Review

(continued)

Dods Political Intelligence

Dods Political Intelligence (Dods PI) is a leading provider of a comprehensive subscription-based monitoring and analysis service 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. We also offer the leading database of people that matter in the world of politics and policy, including Parliamentarians and civil servants in both the UK and EU.

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 PI acts as an expert guide. We draw on human connection, real-time analysis and our deep understanding of people, parliaments and policy to bring our customers impartial insights that matter.

A selection of our Political Intelligence customers.

Our monitoring service is delivered through a market leading platform 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. In addition, Dods PI's stakeholder management tools enable our customers to identify and engage with key decision makers and influencers in their sector.

We provide political intelligence to 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, KPMG, Rio Tinto and Bayer.

David Beck
Chief Executive Officer

6 September 2023

Financial Review

The Group's financial results for the year ended 31 March 2023 and its financial position at that date are presented on pages 44 to 92.

	FY 2023 £m	FY2022 £m
Revenue from Continuing Operations	18.6	17.6
Gross profit from Continuing Operations	8.6	8.9
Gross margin %[1] from Continuing Operations	*46.0%*	*50.4%*
Adjusted EBITDA[2] from Continuing Operations	2.7	2.5
Statutory operating loss from Continuing Operations	(3.7)	(1.4)
Statutory loss before tax from Continuing Operations	(3.7)	(1.7)
Income tax credit/(charge) from Continuing Operations	0.1	(0.1)
Loss for the year from Continuing Operations	(3.6)	(1.8)
Loss for the year	(2.7)	(1.6)
Statutory EPS (pence per share)	*(11.2p)*	*(7.0p)*
Adjusted EPS (pence per share)[3]	*(3.1p)*	*1.9p*
Net (debt)/cash[4]	(2.6)	(2.1)

(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 (see Note 23)

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 5.6% to £18.6 million (2022: £17.6 million) and gross profit decreased by 3.5% to £8.6 million (2022: £8.9 million). Gross margin decreased from 50.4% to 46.0%, reflecting an investment in additional sales and marketing resources, together with inflationary cost pressure.

Adjusted EBITDA from Continuing Operations increased to £2.7 million (2022: £2.5 million), exceeding pre-pandemic and pre-disposal levels. The Group's operating loss from Continuing Operations was £3.7 million (2022: £1.4 million), after non-cash items including an amortisation charge of £0.6 million (2022: £0.6 million) for business combinations and an amortisation charge of £0.3 million (2022: £0.3 million) for intangible software assets. The depreciation charge for property, plant and equipment in the year increased slightly at £0.6 million (2022: £0.6 million) and a right-of-use depreciation charge was £1.3 million (2022: £1.3 million). Non-recurring costs, including profits and losses on disposals, people-related costs and other costs, were £3.4 million (2022: £1.2 million).

The loss before tax from Continuing Operations for the year was £3.7 million, up from £1.7 million in 2022 primarily as a result of non-recurring items, and the loss for the year from Continuing Operations was £3.6 million, up from £1.8 million in 2022.

Taxation

The Group has a tax credit on Continuing Operations of £0.1 million for the year resulting from the current year loss (2022: tax charge of £0.1 million).

Financial Review

(continued)

Earnings per share

Earnings per share, both basic and diluted, in the year were a loss of 11.21 pence (2022: loss of 7.03 pence) and were based on the loss for the year of £2.7 million (2022: loss of £1.6 million) with a basic weighted average number of shares in issue during the year of 23,956,124 (2022: 22,367,910 shares).

Adjusted earnings per share, both basic and diluted, in the year were a loss of 3.14 pence (2022: 1.93 pence) and were based on the Adjusted loss after tax for the year of £0.8 million (2022: profit of £0.4 million).

Dividend

The Board is not proposing a dividend (2022: £nil).

Assets

Non-current assets of £37.7 million (2022 restated*: £47.4 million) comprise goodwill of £26.9 million (2022: £28.9 million), intangible assets of £7.9 million (2022: £9.8 million), property, plant and equipment of £0.3 million (2022: £1.8 million), IFRS 16 right-of-use assets of £1.9 million (2022: £5.7 million), Investments of £0.5 million (2022: £0.8 million), and deferred tax assets of £0.1 million (2022: £0.4 million). Significant year-on-year decreases reflect the disposal of MET operations and disposal of the Shard lease.

Non-current asset Investments have decreased by £0.3 million during the year, reflecting the disposal of the Group's shareholdings in its former Associates, Sans Frontières Associates Ltd and Social 360 Limited. Trade and other receivables, excluding deferred consideration receivable and deferred tax, have decreased by £0.1 million to £5.1 million (2022: £5.2 million).

Liabilities

Current liabilities fell by £3.5 million to £10.8 million (2022: £14.3 million) due to a significant reduction in Trade and other payables. Of this reduction, £0.5 million related to the payment of HMRC liabilities that had been deferred at 31 March 2021 due to Covid-19. A further £1.0 million reduction in current liabilities related to lease payments due under the Shard lease which has now been disposed of. Amounts payable under the bank facility increased by £0.5 million to £3.4 million (2022: £2.9 million) in line with the bank loan repayment schedule at the year-end date, which requires £1.2 million of the term loan taken out to part-fund the disposal of the Shard lease to be repaid within the next 12 months.

Non-current liabilities fell by £4.0 million to £2.8 million (2022: £6.8 million). Key changes in the year were a reduction in bank debt of £0.2 million and a reduction in lease liabilities of £3.8 million, in part due to the lease disposal.

Capital and Reserves

Total equity decreased by £2.7 million to £31.8 million (2022: £34.4 million), reflecting the loss for the year.

Liquidity and capital resources

At 31 March 2023, the Group had bank debt of £4.7 million (2022: £4.4 million), comprising amounts owed on term loans and amounts drawn down on a revolving credit facility (RCF).

The Group had a term loan with £0.9 million outstanding (2022: £2.4 million) taken out in July 2022 over a five-year period, with interest at 4.75% over Bank of England interest rate. A further £1.8 million term loan was taken out in March 2023 over an 18-month period, to part-fund disposal of the Shard lease. This loan has the same interest rates and covenants as the Group's existing term loan.

In addition, the Group had a drawn RCF of £2.0 million and the full balance was outstanding at end of year (2022: £2.0 million).

The Group had a cash and cash equivalents balance of £2.1 million (2022: £2.3 million) and a net debt position of £2.6 million (2022: net debt of £2.1 million).

* see note 30

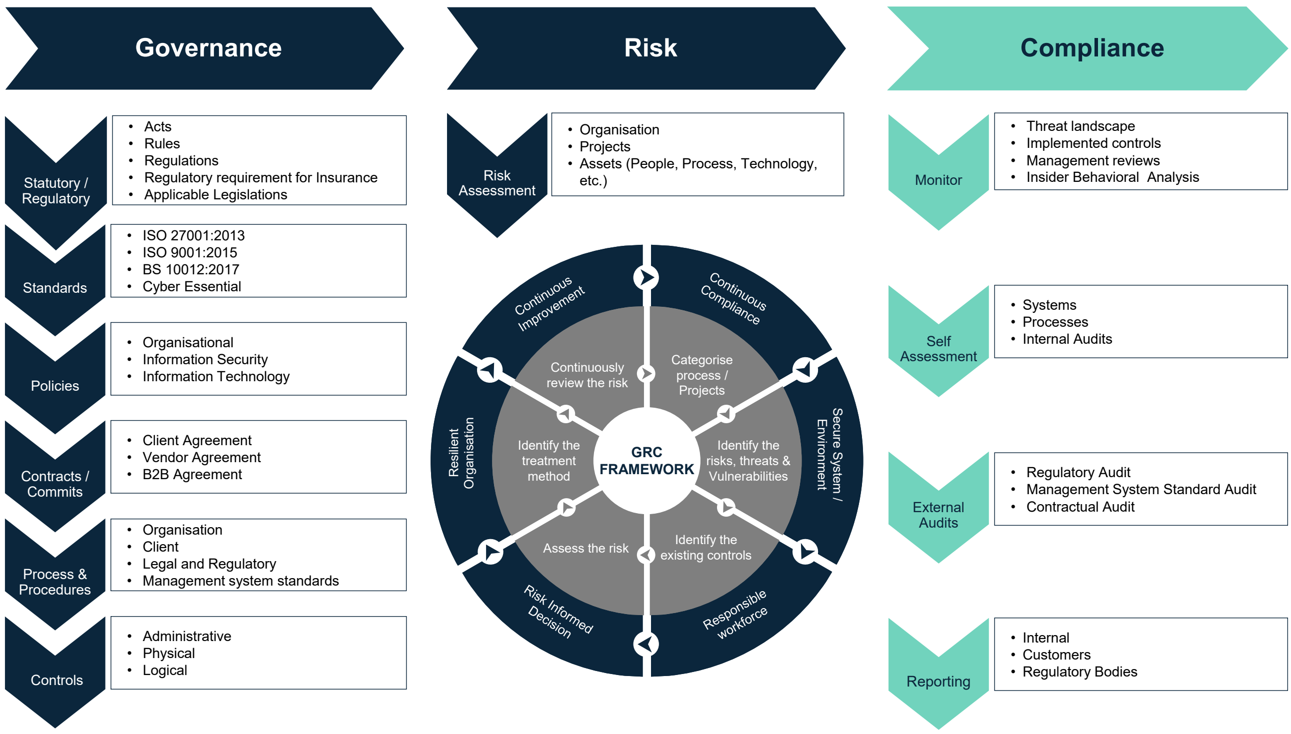
Risk Management

The Board recognises the critical importance of compliance and effective risk management and has put in place a comprehensive Risk and Mitigation plan. Our risk management process aligns with globally recognised standards and is specifically designed to be agile and adaptable in response to a rapidly evolving business landscape.

The overarching goal of our risk management strategy is to facilitate and enhance the achievement of business objectives through intelligent risk assessment and mitigation. We prioritise the constant identification and mitigation of risks across all categories within the organisation. To ensure the highest level of effectiveness, our framework has been extensively benchmarked against industry best practices and undergoes continuous strengthening and improvement.

To oversee and govern our risk management efforts, we have a dedicated Risk and Governance Committee made up of the executive Directors supported by other employees with relevant specialist skills and experience. This committee is responsible for administering our risk management framework and ensuring its consistent implementation throughout the organisation. Additionally, we have implemented a multi-layered risk governance structure that spans across the enterprise, providing comprehensive support for our risk management initiatives.

We use a Governance, Risk, Compliance (GRC) model to identify and manage risks as outlined in the table below.



Risk Management

(continued)

Principal Risks and Uncertainties

Having used the GRC model to identify fifteen Principal Risks and Uncertainties, the executive team undertook an exercise to rate those risks and uncertainties in a matrix covering both likelihood and impact. This process was used to identify the five highest rated risks from the list of fifteen principal risks.

The five key risks identified are:

Information and Cyber-Security Risk	
RISK	The need to ensure a dependable, secure and resilient technological environment within the company to safeguard the confidentiality, integrity and availability of systems and data while also mitigating risks associated with the expansion of device usage.
MITIGATION PLAN	• Implementation of measures to identify and disable inactive devices as a control mechanism. • Deployment of effective security controls to identify, prevent and remediate potential threats. • Vulnerability and penetration testing audits are carried out annually to strengthen our security. • Ongoing reinforcement of stringent security policies, including enhanced awareness building to mitigate risks such as phishing and fraudulent calls. • Emphasis on continuous enhancement of security controls through the adoption of new processes and cutting-edge technology solutions.
Operation Service Delivery and Obligation Management Risk	
RISK	The cornerstone of any customer interaction is Delivery and Operational excellence. It is imperative to provide secure, compliant and resilient business solutions that meet the needs of the customer. Failure to do so could result in customer dissatisfaction, penalties, litigation or loss of revenue.
MITIGATION PLAN	• Implementation of an integrated Risk Management framework to enhance organisational resilience. • A periodic evaluation of potential risks is conducted for large value projects. • Compliance programs are established to manage risks proactively and address emerging risks, with a particular emphasis on contractual obligations. • Planning and implementation Governance Risk and Compliance Tool for Risk Governance and Contract Management purposes.
Technology & Innovation Risk	
RISK	Our ability to continuously develop innovative technological solutions in response to the evolving needs of clients is critical. Failure to do so could lead to a loss of clients and revenue for the organisation.
MITIGATION PLAN	To maintain competitiveness in emerging fields, we are strategically investing in the development of unparalleled expertise in cutting-edge technologies such as ML and AI. This includes initiatives such as reskilling, targeted hiring, research, and intellectual property creation, all of which are informed by a comprehensive understanding of client needs in specific domains.

Risk Management

(continued)

Business Continuity Risk	
RISK	The risk that as an organisation we may not adequately prepare, test, and successfully carry out crucial processes, leaving us unable to restore and sustain business operations following a disruption caused by internal, third-party, physical, or natural factors, among others.
MITIGATION PLAN	• The implementation of a Business Continuity framework is in place across all delivery locations, encompassing customer accounts and service functions. • To reinforce the framework, an impartial assessment of the Business Continuity framework is conducted. • The core Business Continuity team, a cross-functional team, consisting of members of the Leadership team, Delivery, and Support Functions, is responsible for identifying and managing Business Continuity risks periodically. • Implementation of cloud BCP infrastructure for core business critical services.
Software Service Delivery and Obligation Management Risk	
RISK	Aging systems and internal applications with inadequate documentation could result in customer dissatisfaction, penalties, litigation, or other negative outcomes.
MITIGATION PLAN	• Implementation of centre of excellence framework to ensure Delivery and Operation excellence. • Redesigning of existing systems and internal applications to be more flexible and customer centric. • Enhanced code repository with adequate documentation for systems. • Implementation of integrated Risk Management framework to enhance organisational resilience. • Planning and implementation Governance Risk and Compliance Tool for Risk Governance and Contract Management purposes. • Implementation of secure code development in alignment with security standards and to ensure vulnerability testing before deployment.

Risk Management

(continued)

The remaining ten identified Principal Risks and Uncertainties were rated lower than the top five; nevertheless, they continue to be monitored and mitigation plans have been put in place for each. They are:

Finance Risk	
RISK	The Group's debt financing is subject to interest rate risk, with the bank's margin applied to UK Bank of England base rates and interest payments therefore subject to variability. The current financing is subject to ongoing covenant compliance and renewal of facilities in the future would be subject to market conditions. The Group's revenues and costs arise in different international territories. As such the Group is subject to currency exchange risk that can affect the Group's consolidated results when reported in Pounds Sterling (GBP) and is subject to different forms and rates of direct and indirect taxation, creating complexity in compliance and management of the Group's effective tax rate. The Group is subject to inflation in different territories which can increase the costs to the Group.
MITIGATION PLAN	• The Group actively manages its finance risks and consults with the Audit Committee of the Board as well as taking advice from external experts. • Around 60% of the Group's cost are incurred in currencies other than Sterling – predominantly Indian Rupees. The net foreign cash flow exposure is managed by entering into foreign exchange contracts that limit the risk from movements in Indian Rupee exchange rates with Sterling. Contracts are entered into in line with our Board-approved treasury policy. A further mitigation to the risk of currency fluctuations is the natural hedge we have from Euro denominated revenues generated in Dods PI with the circa 10% of the Group's costs incurred in Euros. • The Group operates a focused approach to cost management, including mitigating the impact of inflation. As a Group we have a relatively low percentage of external supplier spend compared to the costs attributable to payroll and related costs and would look to mitigate increases in these through efficiency savings, hence we do not see any significant risk from this area. • We monitor and review tax and treasury matters of the Group and engage external advisers for tax advice to both plan our tax exposure and manage compliance across the world.

Risk Management

(continued)

Talent and Culture Risk	
RISK	A skilled and motivated workforce is a crucial asset for any organisation, and efficient people management can provide a competitive edge in the marketplace. Failing to recruit, retain and manage personnel effectively could result in potential risks for the organisation. There is a risk of employee attrition if compensation is not at par with market benchmarking.
MITIGATION PLAN	• We adopt a multi-channel recruitment approach which leverages job portals, social media, employee referral programs, campus hiring and walk-ins. • Our robust performance management system drives high performance across the organisation. Performance differentiation is enabled by clear rating definitions which are based on outcomes. Rewards are closely linked to performance outcomes and career growth is based on sustained high performance. • To promote a learning culture at Merit, we ensure that every employee, across all levels has access to learning programs. We have customised programs designed for individual contributors, first-time people managers and leaders at various levels. Additionally, Merit has an e-learning platform, to build a self-driven learning culture where employees drive their learning and growth. The platform allows all employees to upskill, reskill, or cross-skill in their professional and personal spaces. • We are working on strengthening our Employer branding and Employer Value Proposition to attract top talent and improve retention.

Risk Management

(continued)

Strategic and Market Risk	
RISK	Our strategy is to help our clients create value from data that is often difficult to acquire and needs to be captured and put into a form that makes it actionable. Our growth is predicated on a focus on specific markets and sectors, and the provision of best-in-class data services and solutions to a loyal customer base. Failure to align our strategy with our customers' objectives may jeopardise growth, market share, and profitability.
MITIGATION PLAN	• Understanding our customers' needs and providing them with tailored solutions is fundamental to our success and we invest time and resource in ensuring we stay close to our customers and regularly survey their attitudes using a CSAT system. • CSAT calls are designed to capture detailed and accurate customer feedback related to service delivery, quality, systems & process, people, and future plans. This ensures alignment with customer expectations and enables us to mitigate risks in a structured and efficient manner. • Frequent in-person meetings with several key customer stakeholders of each account allow us to strengthen relationships, scope potential opportunities, and measure the demand levels for existing and future services. • Our Merit Data & Tech customers have clear statements of works and service level agreements as part of their contracts and we monitor these through a quality assurance process. In FY23 Merit Data & Tech hired a new head of QA as part of an improvement plan of our QA processes. • The Dods PI business provides consultancy as well as intelligence feeds and this allows us to better understand our customers' needs, which in turn helps reduce churn. We employ two dedicated customer service personnel to support customers, resolve queries and onboard new customers. • We invest in training and learning & development programs to ensure our staff adopt best practice when dealing with customers. Within Merit D&T over half our workforce completed an L&D course in the year. In Dods PI we have recently launched a managers' training course for 15 senior managers.

Risk Management

(continued)

Legal, statutory, Regulatory and Compliance Risk	
RISK	The risk stemming from any failure to comply with state, local, and foreign laws that govern various aspects of business operations which could result in financial liabilities and/or harm the organisation's reputation.
MITIGATION PLAN	To address this risk, an initiative has been implemented to conduct routine reviews of statutory compliance along with an external advisor. This program tracks all relevant regulations, obligations and necessary steps to ensure adherence to the applicable laws.
Data Privacy Compliance Risk	
RISK	Failure to adhere to contractual and regulatory data privacy requirements poses a substantial risk to an organisation.
MITIGATION PLAN	• Continuously strengthen privacy programs through reviews of local regulations, particularly those pertaining to service delivery, including EU and UK regulations. Re-validating existing frameworks, policies and processes that cover all applicable areas of operations and geographies. • Implement ongoing assessments and mitigation actions for new requirements and existing controls. • Enhance cross-border data transfer procedures and controls through adequate data transfer/data processing agreements for clients and vendors. • Integrate privacy by design, privacy impact assessment, and record of processing activities into all new data processing applications, processes, surveys or changes to existing applications/processes. • Educate stakeholders on privacy by design frameworks related to AI, ML and other decentralised technologies. • Consult data protection experts if there is a change in the data protection regime and update client contracts to ensure they are in compliance with applicable laws. • Detailed data protection clauses in all contracts where the contemplated services involve a transfer of personal data to ensure compliance with relevant data protection laws, including GDPR.

Risk Management

(continued)

Intellectual Property (IP) Infringement Risk	
RISK	Violation of IP rights by third parties or clients can lead to legal claims and expose Merit Group plc to reputational and financial risks. Inadequate safeguarding of Merit Group plc's intellectual property could result in the loss of ownership and revenue.
MITIGATION PLAN	• Merit Group plc ensures non-infringement of third-party IP by having in place IP-related organisation policies, frameworks and mechanisms. • IP protection clauses in contracts to effectively safeguard Merit Group plc's IP as well as the client/vendor's IP. • Employee awareness and mandatory training programs, along with systemic controls and periodic reviews, are in place to promote adherence to IP protection policies and procedures. • Review policies, contractor and vendor contracts on a regular basis to update the IP-related clauses if and when required. • Educate stakeholders on privacy by design frameworks related to AI, ML, and other decentralised technologies. • Include IP-related warranties in purchase and sale contracts and appropriate indemnification clauses to protect against any infringement.
Macro-economic and Political Risk	
RISK	The danger of macro-economic impacts as a result of protectionist policies or geopolitical situations affecting both business operations and employee safety.
MITIGATION PLAN	• The Group seeks to operate in stable economic regions and markets and avoids markets where there is heightened risk. • A framework for assessing country risk is taken into account before entering a new market. • The Group takes a conservative view of its financing needs when considering its going concern position to ensure it can withstand a period of economic downturn. • Merit D&T's near twenty-year trading history in India and its senior leadership team made up of experienced local managers allows it to understand and plan for the risk of changes to the local political climate.
Third Party/Supplier Risk	
RISK	If we fail to effectively identify and manage suppliers and partners who provide products or services and have access to sensitive information, it could result in contractual, legal, and regulatory risks if a breach occurs.
MITIGATION PLAN	• A fair evaluation process during the onboarding of new suppliers. • Regular compliance reviews, performance evaluations, and business continuity assessments of critical vendors. • The development of a structured program and governance framework to manage high-risk vendors. • Comprehensive clauses related to protection of confidentiality in contracts when third party vendors have access to sensitive data. • Detailed clauses related to indemnification, liability, warranties, breach etc. in vendor contracts and reviewing them on a regular basis to ensure they are updated as and when required.

Risk Management

(continued)

Fraud Risk and Anti-Bribery and Anti-Corruption (ABAC)	
RISK	Maintaining integrity is crucial in preserving the trust of clients and ensuring market confidence. Failing to comply with regulations or engaging in fraudulent behaviour can result in significant reputational and financial harm to an organisation.
MITIGATION PLAN	• A strong governance is guaranteed by the Code of Business Conduct and organisation policies and frameworks. • Implement effective organisation and technical measures to ensure transparency in all operations and reduce the opportunity for fraud. • Warranties related to anti-bribery, anti-corruption etc. in vendor agreements to ensure vendors do not engage in any fraudulent activities during the term of their engagement with Merit Group plc. • Effective procurement-related policies and conducting risk assessment before onboarding certain third-party vendors.
Employee Workplace, Environment, Health & Safety Risk	
RISK	Failure to create a safe and healthy work environment can damage employee productivity and retention, cause reputational damage, as well as erode the organisation's competitive advantage.
MITIGATION PLAN	• To ensure the emotional and mental well-being of our employees, we have partnered with an employee assistance program (EAP) provider. It enables employees to reach out to counsellors 24x7 to seek assistance for issues pertaining to personal or professional life. We conduct multiple sessions on topics including Health, Work from Home and Emotional Well-being to enable employees to cope with the new ways of working and remain emotionally strong. • To ensure employees can strike a work-life balance, we have a flexible working policy and work from home options along with policies that allow employees to adjust their hours based on their personal commitments.

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

David Beck
Chief Executive Officer

6 September 2023

Philip Machray
Chief Financial Officer

6 September 2023

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 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 data and data engineering services. 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 44. The Board of Directors have decided not to propose to pay a dividend.

Financial instruments

Details of financial instruments can be found in Note 20 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 Director, Chairman
Lord Ashcroft KCMG PC	Non-Executive Director (appointed 13 December 2022)
Dame Diane Lees DBE	Non-Executive Director
Angela Entwistle	Non-Executive Director
Richard Boon	Non-Executive Director (resigned 31 January 2023)
Vijay Vaghela	Non-Executive Director (resigned 31 January 2023)
David Beck	Chief Executive Officer
Cornelius Conlon	Chief Technology Officer, and Managing Director, Merit Data & Technology
Philip Machray	Chief Financial Officer
Munira Ibrahim	Managing Director, Dods (resigned 1 December 2022)

Directors' biographies

Mark Smith (A)

Non-Executive Director and 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.

Lord Ashcroft KCMG PC

Non-Executive Director

Lord Ashcroft KCMG PC is an international businessman, philanthropist, author and pollster. He is the former Treasurer and Deputy Chairman of the Conservative Party in the UK, the current Honorary Chairman and former Treasurer of the International Democrat Union (IDU), and currently a Privy Council member. He was formerly the Prime Minister's Special Representative for Veterans' Transition.

In the UK, he is the founder and Chair of Trustees of both Crimestoppers and the Ashcroft Technology Academy. He is a former Chancellor of Anglia Ruskin University (which awarded him an Honorary Doctorate in 1999), a former Patron of the Forces in Mind Trust Research Centre, a former Trustee of Imperial War Museums and a former President of the West India Committee. He is currently Vice Patron of the Intelligence Corps Museum, a Trustee of the Cleveland Clinic in the US and a Life Governor of the Royal Humane Society. As well as donating tens of millions of pounds to good causes, he signed up to The Giving Pledge in 2013, a commitment by some of the world's richest people to dedicate the majority of their wealth to charity.

Lord Ashcroft has varied and substantial business interests around the world in public and private companies. His current business roles include being Chairman of Waterloo Investment Holdings Limited and Non-Executive Chairman of Impellam Group plc.

He has written 26 books, largely on politics and bravery. He was knighted and created a life peer in 2000, but he resigned from the House of Lords in 2015 to concentrate on other areas of his work. Lord Ashcroft carries out extensive polling, mainly linked to his interest in politics, and the quality of his work in this area is widely acclaimed.

Dame Diane Lees DBE (R, A)

Non-Executive Director

Most recently, Diane Lees was Director-General of Imperial War Museums from October 2008 to March 2023. She now runs a charity advisory company.

Diane Lees began her career as an historic buildings researcher and then moved into exhibitions, education and interpretation. She has worked on some of the most challenging and exciting projects in the country, including the rescue and relocation of a hat block manufacturer's workshop in central Manchester, the recovery and display of the Mary Rose flagship in Portsmouth Harbour and the redisplay of the Nelson Galleries at the Royal Naval Museum. She project-managed the creation of the UK standard for the recording of information about museum collections (SPECTRUM) and was responsible for the creation of the only museum of law in the country, the multi-award-winning Galleries of Justice in Nottingham.

Since April 2018 she has been Pro-Chancellor and Chair of the University of Lincoln's Board of Governors. She is a member of the Worshipful Company of Goldsmiths and a Freeman of the City of London. She is also an Ambassador for the Halo Trust. She remains Emeritus Vice President for the American Air Museum in Britain and a member of the expert panel for the Holocaust Memorial Day Trust.

Diane Lees was awarded a CBE in the Queen's New Year's Honours list in January 2015 and a DBE in the Queen's New Year's Honours list in January 2022 for services to museums. She was awarded an Honorary Doctor of Letters degree by the University of Reading in July 2015 and an Honorary Doctor of Arts degree by Nottingham Trent University in June 2017.

Directors' report

(continued)

Angela Entwistle (R)

Non-Executive Director

Angela Entwistle was appointed a Non-Executive Director of the Company in November 2017. Angela is a Corporate Communications Specialist working with companies in the private sector. She is Chair of Total Politics, a media, events and training company focused on politics, government and public policy which also owns Biteback Publishing Limited, Britain's leading publisher of political and current affairs titles and Conservative Home, Britain's leading independent conservative news, comment, analysis and campaigns blog. She is a Non-executive Director of Impellam Group plc, the largest staffing business in the UK and 8th largest MSP worldwide and a Non-Executive Director of 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 and Deputy Chair of Crimestoppers, the only UK charity dedicated to solving crimes, and Trustee of Prospect Education (Technology) Trust Limited, the umbrella charity of the Ashcroft Technology Academy.

David Beck

Chief Executive Officer

David Beck was appointed CEO of the Group on 6 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.

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.

Philip Machray

Chief Financial Officer

Philip ("Phil") Machray was appointed CFO of the Group on 17 November 2021. He 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. He is also a Trustee Governor of Brentwood School.

(A) Member of the Audit Committee
(R) Member of the Remuneration 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 2022 (or date of appointment if later)	At 31 March 2023
Lord Ashcroft KCMG, PC	10,061,771	**10,061,771**
Cornelius Conlon	1,580,791	**1,580,791**
David Beck	107,732	**107,732**
Philip Machray	100,000	**100,000**
Mark Smith	40,671	**40,671**
Dame Diane Lees DBE	1,523	**1,523**
Angela Entwistle	–	**–**

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 27 of the financial statements. On a fully diluted basis, four Directors have individual interests in excess of 3% of the Company's issued share capital.

Fully Diluted Shareholding	
Lord Ashcroft KCMG, PC	42.00%
Cornelius Conlon	6.60%
David Beck	3.61%
Philip Machray	3.17%

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

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.

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

Opening share price: 1 April 2022	44.5 pence
Closing share price: 31 March 2023	30.0 pence
Average share price during the year	37.7 pence

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 25.

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. Further details on the way the Group manages its employees can be found in the Social section of the ESG Report on pages 27 to 29.

Directors' report

(continued)

Political donations

No political donations were made in the year (2022: £nil).

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 31 August 2023, 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	7.38%
Sasqua Fields Management LLC	6.79%
Cornelius Conlon	6.60%
Anthony Buttanshaw	5.05%

Share capital

As at 31 March 2023, the issued share capital of the Company was 23,956,124 ordinary shares of 28 pence each.

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 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.

Directors' report

(continued)

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 9.00 am on 29 September 2023 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 2023. 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.

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.

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 27 to 29 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.

Environmental Social and Governance (ESG) report

ESG Reporting – Environmental

Streamlined energy and carbon reporting (SECR)

The Group's ongoing operations employees are located in 4 offices. 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 largest two offices are both in India, where 924 employees working within Merit D&T are based in Chennai and Mumbai.

In 2022, the Group started to capture emissions data in four categories as follows:

- Category 1 emissions include all direct CO2 emissions emitted from its operational activities. These emissions include sources owned or controlled by Merit such as fuel consumption, wastewater treatment and other emissions in the form of refrigerant. Wastewater treatment is likely to generate biogenic emissions, however considering that there is not stagnation and entire treated water is reused for flushing and gardening purposes.
- Category 2 emissions include energy indirect emissions emitted from the consumption of purchased electricity by Merit. These emissions occur at the source where electricity is produced. Electricity consumption for the wastewater treatment is also included in this category.
- Category 3 emissions include Green House Gas ('GHG') emissions occurring from sources located outside the organisational boundaries. These emissions include fuel consumption for business travels via road as well as air and due to the employees' own commutes.
- Category 4 emissions include GHG emissions occuring from sources located outside the organisational boundaries associated with goods used by the organisation. These emissions include the electricity consumed by the employees while working from home and combustion of wastes from food, plastic, and garden materials processed outside the organisation.

In FY23, we are reporting in line with last year, with a focus on emissions emitted from the consumption of Category 2 purchased electricity. We have not reported on Category 1, Category 3 or Category 4 emissions as it has not been practicable to collect this data for all territories in a reliable manner. In future years, the Group will report on each category of emissions, with benchmark data for prior periods.

As part of a commitment made on World Environment Day in 2022 to make a positive, environment-friendly impact, Merit D&T planted 867 trees in May-June 2022, one tree for every employee in Merit D&T at that time. This was done in partnership with Trees, www.trees.org.in, a non-profit organisation working for climate change. Since then, we have been planting a tree on every new joiner's first anniversary with the company. In total we have planted 904 trees in FY23.

We welcome new joiners in Merit D&T with welcome kits containing jute folders, pens (embedded with plant seed), note pads and fridge magnets. What is unique about these eco-friendly kits is that each of the products in these starter hampers is made by young people who are neuro-diverse (impacted by autism), while the cloth bags are made by differently abled women. This is our way to help organisations with a social cause.

In the UK, as an occupier of The Shard, the Group participated 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. We have mirrored the tree planting initiative established in our Indian operations by partnering with the Future Forest Company, whereby a tree is planted to celebrate an employee's one year anniversary with Dods.

Environmental Social and Governance (ESG) report

(continued)

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

Emissions data 2023	UK	International	Total 2023	Total 2022
Energy Consumption (MWh)	**431**	**932**	**1,363**	1,167
Emissions (tCO_2e)	**91**	**198**	**289**	248
Employees	**118**	**924**	**1,042**	1,067
tCO_2e per employee			**0.28**	0.23

The increase in energy consumption in India and the resultant increase in tCO_2e are driven by the return of employees to the office post Covid. The Group continues to identify actions to further reduce its energy consumption and greenhouse gas emissions. With the disposal of the Group's excess office space in London, and a move to a smaller office space, we expect our UK carbon footprint to reduce significantly in FY24. The continuation of the hybrid home/office working model and a reduction in business travel across the Group will also support this.

ESG Reporting – Social

Employment

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

Employee Engagement

The MD&T team in India gained the Great Place to Work accreditation in November 2022 with a completion rate of 93%, and 72% of the employees nominating the company as a Great Place to Work. We presented the results and celebrated this achievement with the employees and drew up action plans to address areas where we had room for improvement. MD&T was also recognised as one of the '25 Safest Places to Work for Women in India'.

In February 2023, the Group conducted an employee survey for all UK based staff using WeThrive, an online engagement platform. We had an excellent completion rate at 70% and the results were encouraging with generally positive scores. We presented the results to staff and held engagement sessions to get a better sense of the areas we should celebrate and the areas we can improve. This work has been used to support the development of a People Strategy that supports the delivery of the Group's strategic agenda, as well as review our values and employer branding proposition.

The Dods Social and Wellbeing Committee in the UK team reviews our health, wellbeing and social activities. The committee organises a schedule of events at which we celebrate achievement from across the Group, and promote awareness about specific topics.

Social Mobility

Dods Social Mobility Network formed a partnership with the Social Mobility Foundation (SMF) in 2022. The SMF is a charity which aims to make practical improvement in social mobility for young people, providing opportunities and networks of support for 16-17 year olds who are unable to get them from their school or families. In FY23 we hosted a number of placements for students, providing them with work experience and giving them an insight into politics and the professional world.

Charity Support

The MD&T business supports a range of local charities in India, including: The Shelter Trust, focused on the welfare of HIV positive children; STEPS a home for young girls who, have been abandoned, abused or trafficked; Rehoboth, an organisation that works to uplift the lives of destitute women with intellectual disabilities; and Little Drops, which helps destitute and homeless old men and women who are living on the streets of Chennai.

MD&T have been supporting these homes for the last 8 years with: supplementary nutrition providing milk and eggs every month; education fees for some children; groceries – health drinks, rice, dal, oil, sugar (through the Joy of Giving Week employee donations in June every year); new clothes around Christmas (through the Joy of Giving Week employee donations in December every year). Rehoboth also puts up a stall every month at our Chennai office to sell products made by the women in this home; we also get the bags in our Welcome kits for new joiners made by these women.

Environmental Social and Governance (ESG) report

(continued)

Following the international Disasters Emergency Committee campaign for donations to help the victims of the earthquakes in Turkey and Syria, we asked staff across the Group if they would like to donate to the appeal. We raised nearly £2,000 from staff contributions, which the Group matched to take the total raised to £4,000.

As part of our new benefits package launched in December 2022, we encourage staff at Dods to volunteer for a charity of their choice up to two days a year, and to use the time to contribute positively to their communities.

Employee Performance management

In order to improve role clarity and focus on core areas of work, MD&T reviewed and refreshed all its Job Descriptions during the year. We also revised the Goal Sheets process to bring a higher level of transparency in the performance management process this year.

In FY23 we implemented a new performance management process for UK staff. The 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 scores were collated at the end of the calendar year and fed into the pay review process in March. Teams carry out Quarterly check in meetings to focus on the appraisee's well-being, recognise recent performance and achievements, identify any development opportunities and discuss career aspirations.

Learning and Development

We invest in our staff's development to support them in reaching their career goals and to ensure they have the opportunity to gain new skills.

In FY23, MD&T focused on building a culture of upskilling amongst both individual contributors and people managers across all divisions. We launched a new L&D Framework and utilised our existing online learning initiative that enabled us to hit a record of 52% unique employee coverage.

MD&T's learning initiatives centred around certain key themes and focused role groups:

- An online learning program with curated courses provided for individual contributors across the organisation on the themes of Interpersonal Skills, Planning & Organising, Ownership & Accountability & Basics of MS Office.
- An initiative based on the theme of improving holistic communication skills for those who are potential Team Leads and first time Team Leads/ Tech Leads.
- A First Time Manager (FTM) program was launched which ran as a learning journey for 3 to 4 months with an extended 5 to 6 months post-program development assistance effort. Key themes covered in this were on Leading Self, Leading Teams and Leading Work.
- An in-house online learning platform which enables employees to choose areas of upskilling in both personal and professional development.

Within Dods PI we launched our new L&D programme which included the following initiatives:

- An enhanced L&D programme which includes a list of recommended activities focused on developing technical skills. This is available for staff to refer to and for managers to signpost their teams towards if there are learning areas they could develop further.
- Provided general information on how staff can enhance their career development and promotion opportunities whilst working at Dods.
- Introduced a Professional Development Policy which provides support for staff who wish to participate in professional training and qualifications costing over £3,000.
- Developed a management programme for line managers with an external facilitator. The training focuses on building management and leadership capability, giving managers the tools to develop essential soft skills and support their staff to achieve their full potential.

HR processes review

Operational processes are reviewed and redesigned where necessary, taking account of local market best practice.

MD&T enhanced maternity insurance coverage for employees and introduced group parental insurance as an optional benefit for employees and introduced a new paternity leave policy.

We launched a new benefits package for UK staff which included:

- Enhanced family leave policies, including updated maternity and paternity options.

Environmental Social and Governance (ESG) report

(continued)

- Annual leave entitlement which rewards length of service.
- Greater flexibility in how and where staff work.
- Continued learning, professional development, and career progression opportunities.
- Cost of living support for staff on lower pay.

All staff in the London office undergo a Shard health and safety induction, and complete a Health Questionnaire and Display Screen Equipment form upon joining the organisation. This ensures that any medical conditions are taken into account and reasonable adjustments can be put in place. We have a number of staff trained in first aid and fire warden training across Dods to ensure our staff are safe at work, with all new staff being orientated to the office and the emergency evacuation points on their first day. For staff based in London, we comply with the Shard's health and safety procedures and have a detailed fire evacuation plan in place.

ESG Reporting – Governance

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.

Details of how the Group complies with the Code can be found in the Investor Relations section of the Group's website at www.meritgroupplc.com.

The Board

The Board currently comprises of the Non-Executive Chairman, three Non-Executive Directors and three Executive Directors. Short biographical details of each of the Directors are set out on pages 20 – 21. 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.

Environmental Social and Governance (ESG) report

(continued)

Board committees

Audit Committee

The composition of the Audit Committee is disclosed on pages 20 – 21 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 20 – 21 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.

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.

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 2023:

	Board	Remuneration	Audit
Total Meetings Held	**8**	**2**	**4**
Mark Smith	6	2	4
Diane Lees DBE	8	2	1
Richard Boon (resigned 31 January 2023)	7	–	2
Angela Entwistle	6	2	–
Vijay Vaghela (resigned 31 January 2023)	7	–	3
Lord Ashcroft KCMG PC (appointed 13 December 2022)	1	–	–
David Beck	8	2*	4*
Philip Machray	8	–	4*
Cornelius Conlon	8	–	–
Munira Ibrahim (resigned 1 December 2022)	5	–	–

* By invitation, other Directors may be invited to attend the Remuneration and Audit Committee meetings

Environmental Social and Governance (ESG) report

(continued)

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 prepared and approved monthly-phased projections for the 21 months from the balance sheet date. The Directors consider the projections to be reasonable.

The Directors have assessed the future funding requirements of the Group within the 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 considered reasonable downside risks and their potential impact on the projections and headroom.

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.

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 a 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
Chief Executive Officer

6 September 2023

Philip Machray
Chief Financial Officer

6 September 2023

Independent auditor’s report

to the members of Merit 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 2023, 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 notes to the Consolidated financial statements including a summary of significant accounting policies, the parent company balance sheet, the parent company statement of changes in equity and notes to 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 2023 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.

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.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report

(continued)

Our approach to the audit

Overview of our audit approach

Overall materiality:

Group: £190,000, which represents 0.75% of the group's gross revenues, including those disclosed within discontinued operations (note 6 of the consolidated financial statements).

Parent company: £171,000, which is determined by reference to 1.5% of the parent company's total assets, and then capped at 90% of the group materiality.

Key audit matters were identified as

- Discontinued operations (new for the current financial year);
- Occurrence of discontinued revenues related to Media, Events and Training (MET) business (new for the current financial year);
- Impairment of goodwill and identified intangible assets (the same as previous year); and
- The appropriateness of the going concern basis of preparation (same as previous year).

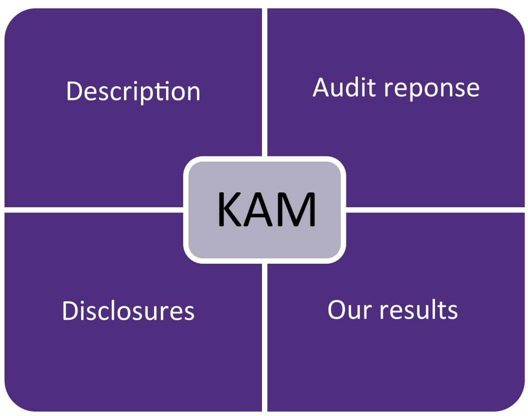
The key audit matter identified in relation to the appropriateness of the going concern basis of preparation is applicable to both the group and parent company financial statements.

Our auditor's report for the year ended 31 March 2022 included no key audit matters that have not been reported as key audit matters in our current year's report.

We performed an audit of the financial statements of the significant components of the group, namely, Merit Group Plc, Dods Group Limited and Merit Data & Technology Limited. An audit of the financial statements of Merit Data & Technology Private Limited was performed by component auditors in India based on the group audit instructions issued by us. For all other components, analytical procedures have been performed by us.

Key audit matters

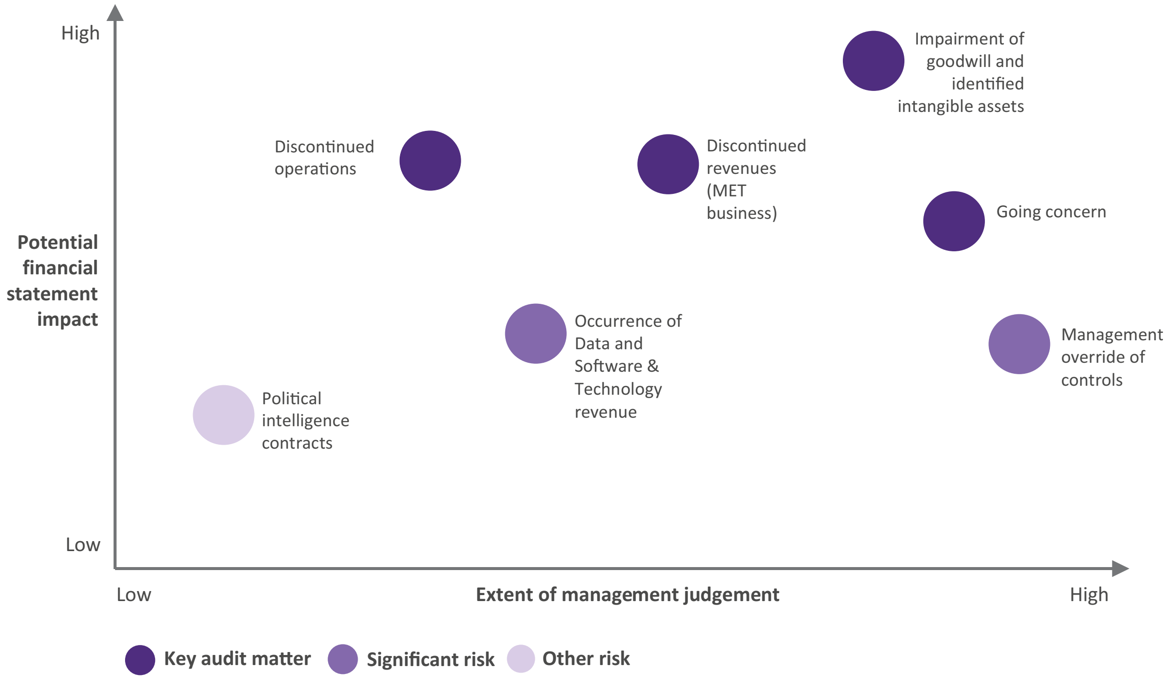
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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 our scope addressed the matter – Group
Discontinued operations We identified the disposal accounting of the Media, Events and Training (MET) business as one of the most significant assessed risks of material misstatement due to fraud and error. During the year, the group has undergone a number of disposals, including the disposal of MET operations of its Dods business segment which was the most significant of all. Merit Group plc announced its decision to sell the MET operations of its Dods business segment for a cash consideration of £4.5m, which was completed on 30 November 2022. The MET operation was sold to a company connected to a substantial shareholder. We have pinpointed our significant risk and key audit matter in respect of disposal accounting on this transaction considering the significant judgments involved, including the identification of the business as a discontinued operation in line with IFRS 5 : Non-current Assets Held for Sale and Discontinued Operations. As disclosed in note 6, the disposal of the business involved the sale of the majority of the Dods group business to a related party of the group, as further disclosed in Note 29.	In responding to the key audit matter, we performed the following audit procedures: • Checked all agreements/contracts entered into between the buyer and seller for completeness and accuracy of the accounting applied; • Agreed the accounting for consideration, including deferred and contingent consideration, to supporting legal agreements; • Assessed the loss of control over the operation by looking into the underlying agreement and the date when the control was passed to the buyer in relation to the discontinued operation; • Obtained comfort over completion adjustments to the assets and liabilities disposed of, along with the profit/(loss) calculation for the discontinued operation; • Checked the accounting policy in line with the relevant accounting standard, IFRS 5; • Checked the appropriateness of disclosures related to the discontinued operation in the financial statements; and • Checked the consistency of the related party disclosures made against the disclosures made in respect of the disposal.

Independent auditor's report

(continued)

Key Audit Matter – Group	How our scope addressed the matter – Group
Relevant disclosures in the Annual Report and Accounts 2023 • Financial statements: Note 2, Critical accounting estimates and judgments and adopted IFRS not yet effective – a) continuing and discontinued operations, c) non-recurring administrative expenses; Note 4, Other operating income; Note 5, Non-recurring items; Note 6, Disposal; Note 29, Related party transactions.	**Our results** We have not identified material misstatements in respect of the accounting for the disposal or the presentation or disclosure of the discontinued operation, and its disposal to a related party.
Occurrence of discontinued revenues related to the MET business We identified the occurrence of revenues presented within discontinued operations of the MET business, as mentioned within the Discontinued operations above, as one of the most significant assessed risks of material misstatement due to fraud. The significant risk is tied to the occurrence of revenues the cut-off risk around recognition of revenues prior to the disposal of the MET business.	In responding to the key audit matter, we performed the following audit procedures: • Checked the revenue recognition policies and assessed their compliance with IFRS 15, Revenue from contracts with customers; and • Performed substantive procedures on a sample of revenue items where we obtained evidence over the occurrence of the transaction, including supporting contracts, evidence of delivery of the contractual output, and payment. Period of service has also been corroborated to supporting documentation to ensure that the revenue is recognised in the correct period that it relates to.
Relevant disclosures in the Annual Report and Accounts 2023 • Financial statements: Note 1, Statement of significant accounting policies and judgments– Revenue; Note 2, Critical accounting estimates and judgments and adopted IFRS not yet effective – a) continuing and discontinued operations; Note 3, Segmental information; Note 4, Other operating income; Note 5, Non-recurring items; Note 6, Disposal; Note 29, Related party transactions.	**Our results** We have not identified material misstatements in respect of occurrence of discontinued revenue related to the MET business.

Independent auditor’s report

(continued)

Key Audit Matter – Group	How our scope addressed the matter – Group
Impairment of the carrying value of goodwill and other intangible assets We identified 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 had £27.6m of goodwill (2022: £28.9m) and £7.9m of other intangible assets (2022: £9.8m). Under International Accounting Standard (IAS) 36 ‘Impairment of Assets’, management is required to perform an impairment test annually for goodwill acquired in a business combination, and for intangible assets acquired to determine 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), determination of appropriate inputs to the assessed fair value (including appropriate comparator companies and trading multiples 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: • Assessed whether the group’s accounting policy on impairment was in line with the requirements of IAS 36; • Evaluated management’s assessment of impairment under the ‘fair value less costs to sell’ model and challenged their assessment of its appropriateness and methodology in line with the requirement of IAS 36. This included challenging management’s conclusion that the Group has two CGUs; • Challenged the composition of the portfolio of comparator companies identified by management in determining fair value, and considered whether any further comparator companies identified by us would alter the determination of an appropriate trading multiple to apply; • Challenged the EBITDA used by management to estimate fair value, including the allocation of central costs and the repeatability of earnings; • Engaged internal valuation specialists as auditor’s experts to assess the appropriateness of the valuation techniques adopted by management and the inputs used; • Performed downward sensitivity analysis on all key assumptions including the earnings and composition of the comparative companies basket; and • Checked the disclosures on impairment for compliance with IAS 36.
Relevant disclosures in the Annual Report and Accounts 2023 • Financial statements: Note 1, Statement of significant accounting policies and judgements – Goodwill, Intangible assets, and Intangible assets – Impairment; Note 2 – Significant judgements and Estimates, Note 2 (d), Identification of cash generating units for goodwill impairment testing, and Significant financial estimates, Carrying value of goodwill; Note 14, Goodwill; and Note 15, Intangible assets.	**Our results** We have not identified material misstatements in respect of impairment of the carrying value of goodwill and other intangibles.

Independent auditor's report

(continued)

Key Audit Matter – Group	How our scope addressed the matter – Group
Appropriateness of the going concern basis of preparation 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 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 arising from macro-economic uncertainties such as inflationary pressures. 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 consolidated financial statements, management performed a scenario-based exercise for the period covered by the going concern forecast, including considering a reasonable 'base case' forecast, a sensitised downside scenario and a reverse stress test scenario.	In responding to the key audit matter, we performed the following audit procedures: • Obtained and checked management's Group cash flow forecasts covering the period to December 2024; • Evaluated management's assumptions made in the forecast and management's outlook for 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 cost of living crisis; 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; • Evaluated 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, assessing the controllable mitigating actions available to the management and challenging those assumptions; • Assessed and challenged the reasonableness of the forecasts in the base-case and sensitised scenarios, including the sensitised downside scenario, and evaluated the sufficiency of cash headroom for each scenario over the going concern period; • evaluated the reverse stress test scenario in order to determine what breaks the going concern model as well as whether this was plausible over the going concern period; • Assessed covenant compliance and obtaining supporting evidence from the lender confirming the revisions to the Group's banking facilities and covenants; • Challenged management on the inclusion of mitigating upside factors into their forecasting, and obtained supporting evidence for the controllability and/or implementation of those mitigating upside factors; • Assessed 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; • Engaged internal specialist auditors to assist the engagement team in the assessment of the going concern basis of preparation; and • Assessed the adequacy of related disclosures within the financial statements.

Independent auditor’s report

(continued)

Key Audit Matter – Group	How our scope addressed the matter – Group
Relevant disclosures in the Annual Report and Accounts 2023 • Financial statements: Note 1, Statement of significant accounting policies and judgements, Going concern; and Note 2, Significant financial judgements, Note 2(b) Going concern	**Our results** Based on our audit work, we are satisfied that the assumptions made in management’s assessment of the use of the going concern assumption in preparation of financial statements were appropriate. We consider that the group’s disclosure to be in accordance with IAS 1, Presentation of financial statements.

We did not identify any key audit matters relating to the audit of the financial statements of the parent company only.

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	£190,000, which is 0.75% of the group’s gross revenues, including those disclosed within discontinued operations (note 6 of the consolidated financial statements).	£171,000, which is determined by reference to 1.5% of the parent company’s total assets, capped at 90% of group materiality.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: • Revenue is considered to be the most appropriate benchmark given historic loss-making and the changes in the business arising from the disposal of the MET business, due to which an earnings based benchmark would not be appropriate. 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 2022 to reflect the increase in the group’s revenue in the current year as well as audit experience gained in the previous year.	In determining materiality, we made the following significant judgements: • Total assets is considered to be the most appropriate benchmark as 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 that we determined for the year ended 31 March 2022 as a result of group materiality being higher in the current year compared to the prior year.

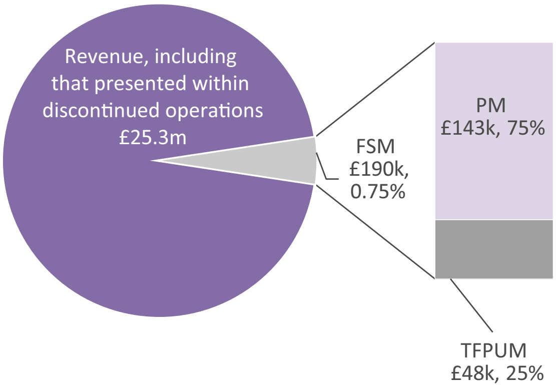
Independent auditor's report

(continued)

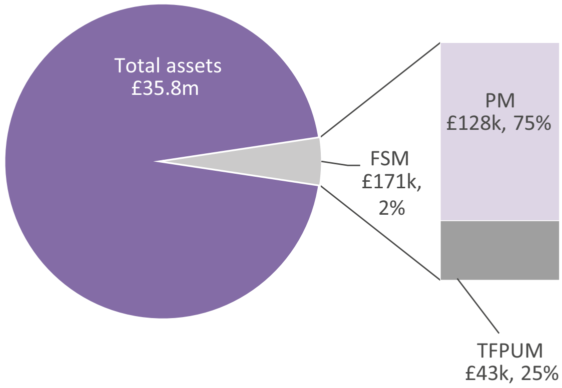
Materiality measure	Group	Parent Company
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£142,500, which is 75% of financial statement materiality.	£128,250, which is 75% of financial statement materiality.
Significant judgements made by auditor in determining performance 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.	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: • Related party transactions; and • Directors' remuneration	
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£9,500 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£8,600 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

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;
- 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 an audit of the financial statements (full-scope audit) of significant components, namely, Merit Group plc, Dods Group Limited and Merit Data & Technology Limited, using component materiality, which was capped at Group performance materiality. An audit of the financial statements of Merit Data & Technology Private Limited was performed by the component auditor in India based on the Group audit instructions issued by us; and
- we performed analytical procedures at group level (analytical procedures) on the financial information of all other entities within the group.

Independent auditor's report

(continued)

Performance of our audit

Audit approach	No. of components	% coverage Revenue	% coverage Total assets	% coverage PBT
Full-scope audit	4	97%	100%	97%
Analytical procedures	3	3%	0%	3%

- As shown in the above table, the total percentage coverage of revenue, total assets and PBT achieved from procedures performed on all full scope entities were 97%, 100% and 97%, respectively.

Communications with component auditors

- we issued group instructions to the component auditor and maintained communication with them through regular calls/virtual meetings to discuss the results of their work and resolve any queries and performed a review of the component auditor's documentation.

Changes in approach from previous period

- our audit approach included performing a combination of audit data analytics and substantive audit procedures for certain material revenue streams; our approach in the prior year relied on testing the operating effectiveness of internal controls. A full substantive approach was used for all other areas, which is consistent with our approach taken in the prior year.

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and financial statements. 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.

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 themselves. 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 their 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 24, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 (in respect of the consolidated financial statements), Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (in respect of the parent company financial statements), the Companies Act 2006 and taxation laws in the group's principal jurisdictions;
- 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 group and parent company financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries, in particular journal entries posted by senior management personnel, those that affect EBITDA, and those with unusual accounts combinations that reclassified costs between the balance sheet and income statement;
  - potential management bias in determining accounting estimates, especially in relation to the calculation of impairment of goodwill and other intangible assets; and
  - transactions with related parties.
- Our audit procedures involved:
  - evaluation of the design and implementation of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on journal entries posted by senior management personnel, those that affect EBITDA, and those with unusual accounts combinations that reclassified costs between the balance sheet and income statement;
  - utilising a valuation specialist to assist the audit team in challenging management's impairment calculation;
  - challenging assumptions and judgements made by management in its significant accounting estimates;
  - testing the completeness of the group's related party transactions through information obtained at the parent and component entities and testing that these transactions had a valid business purpose;

Independent auditor's report

(continued)

- – completing audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements;
- – 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 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 engagements 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.

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.

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.

Stephen Osborne
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London, United Kingdom

6 September 2023

Consolidated income statement

For the year ended 31 March 2023

Continuing Operations[1]	Note	2023 £'000	2022 (restated) £'000
Revenue	3	**18,585**	17,598
Cost of sales		**(10,033)**	(8,732)
Gross profit		**8,552**	8,866
Administrative expenses		**(12,628)**	(10,276)
Other operating income	4	**416**	–
Operating loss from Continuing Operations		**(3,660)**	(1,410)
Memorandum:			
Adjusted EBITDA[2]		**2,652**	2,463
Depreciation of property, plant and equipment	16	**(620)**	(596)
Depreciation of right-of-use assets	26	**(1,313)**	(1,277)
Amortisation of intangible assets acquired through business combinations	15	**(587)**	(588)
Amortisation of software intangible assets	15	**(314)**	(255)
Adjusted EBIT[3]		**(182)**	(253)
Share-based payments	27	**(63)**	48
Non-recurring items			
Loss on disposal of Investments in Associates	5	**(303)**	–
Profits and losses on disposal of Shard lease	5	**(2,927)**	–
Impairments and asset write offs	5	**–**	(843)
People-related costs	5	**(123)**	(316)
Other non-recurring items	5	**(62)**	(46)
Operating loss from Continuing Operations		**(3,660)**	(1,410)
Net finance expense	10,11	**(249)**	(411)
Share of profit of Associate	18	**252**	144
Loss before tax from Continuing Operations	7	**(3,657)**	(1,677)
Income tax credit/(charge)	12	**88**	(129)
Loss for the year from Continuing Operations	7	**(3,569)**	(1,806)
Profit for the year from Discontinued Operations	6	**884**	234
Loss for the year		**(2,685)**	(1,572)

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.
(2) Adjusted EBITDA is defined as the operating loss after adding back depreciation, amortisation, share-based payments, and non-recurring items.
(3) Adjusted EBIT is defined as the operating loss after adding back share-based payments and non-recurring items.

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

Earnings per share (pence)	Note	2023 p per share	2022 (restated) p per share
Basic from Continuing Operations	13	**(14.90p)**	(8.07p)
Diluted from Continuing Operations	13	**(14.90p)**	(8.07p)
Basic from Discontinued Operations	13	**3.69p**	1.05p
Diluted from Discontinued Operations	13	**3.69p**	1.05p

The Notes on pages 49 to 92 form part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Loss for the year		**(2,685)**	(1,572)
Items that may be subsequently reclassified to Profit and loss:			
Foreign currency translation:			
Exchange differences on translation of foreign operations		**(27)**	31
Loss reclassified to profit and loss on disposal of foreign operations		**(48)**	–
		(75)	31
Remeasurement of defined benefits obligations	28	**45**	3
Other comprehensive income for the year		**(30)**	34
Total comprehensive loss for the year		**(2,715)**	(1,538)

The Notes on pages 49 to 92 form part of these financial statements.

Consolidated statement of financial position

As at 31 March 2023

	Note	2023 £'000	2022 (restated)* £'000
Non-current assets			
Goodwill	14	**26,919**	28,911
Intangible assets	15	**7,908**	9,826
Property, plant and equipment	16	**341**	1,807
Right-of-use assets	26	**1,874**	5,660
Investments	18	**450**	777
Deferred tax assets	24	**184**	415
Total non-current assets		**37,676**	47,396
Current assets			
Work in progress and inventories	19	**–**	14
Trade and other receivables	21	**5,502**	5,154
Loan receivable	18	**–**	210
Cash and cash equivalents	20,21	**2,144**	2,321
		7,646	7,699
Assets held for resale	18	**–**	410
Total current assets		**7,646**	8,109
Total assets		**45,322**	55,505
Current liabilities			
Trade and other payables	22	**6,648**	9,718
Defined benefit pension obligation	28	**76**	85
Bank loan / RCF	20, 23	**3,373**	2,860
Lease liability	26	**678**	1,679
Total current liabilities		**10,775**	14,342
Non-current liabilities			
Defined benefit pension obligation	28	**249**	197
Bank Loan	20, 23	**1,342**	1,518
Lease liability	26	**1,202**	5,042
Total non-current liabilities		**2,793**	6,757
Capital and reserves			
Issued capital	25	**6,708**	6,708
Share premium		**1,067**	1,067
Merger reserves		**–**	–
Retained profit/(loss)		**10,347**	13,032
Capital redemption reserve		**13,680**	13,680
Translation reserve		**(124)**	(49)
Other reserves		**3**	(42)
Share option reserve		**73**	10
Total equity		**31,754**	34,406
Total equity and liabilities		**45,322**	55,505

* Comparative figures for the year ended 31 March 2022 have been restated to present deferred tax assets within Non-current assets as outlined in Note 30.

The Notes on pages 49 to 92 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
6 September 2023

Consolidated statement of changes in equity

For the year ended 31 March 2023

	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 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 benefit pension obligation	–	–	–	–	–	–	3	–	3
Share-based payment	–	–	–	–	–	–	–	(48)	(48)
Transactions with owners									
Share consolidation (Note 25)	(13,680)	(20,866)	(409)	21,275	13,680	–	–	–	–
Issue of ordinary shares	**887**	**1,067**	**–**	**–**	**–**	**–**	**–**	**–**	**1,954**
At 31 March 2022	**6,708**	**1,067**	**–**	**13,032**	**13,680**	**(49)**	**(42)**	**10**	**34,406**
At 1 April 2022	**6,708**	**1,067**	**–**	**13,032**	**13,680**	**(49)**	**(42)**	**10**	**34,406**
Total comprehensive income									
Loss for the year	–	–	–	(2,685)	–	–	–	–	(2,685)
Currency translation differences	–	–	–	–	–	(75)	–	–	(75)
Remeasurement of defined benefit pension obligation	–	–	–	–	–	–	45	–	45
Share based payments	–	–	–	–	–	–	–	63	63
At 31 March 2023	**6,708**	**1,067**	**–**	**10,347**	**13,680**	**(124)**	**3**	**73**	**31,754**

(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 49 to 92 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Loss for the year		**(2,685)**	(1,572)
Depreciation of property, plant and equipment	16	**678**	689
Depreciation of right-of-use assets	26	**1,338**	1,315
Amortisation of intangible assets acquired through business combinations	15	**770**	862
Amortisation of other intangible assets	15	**322**	255
Share-based payments charge/(credit)	27	**63**	(48)
Share of profit of Associate	18	**(252)**	(144)
Lease interest expense	26	**298**	369
Loss on disposal of fixed assets	7	**–**	2
Write off of intangible assets	5,15	**–**	746
Profit on disposal of operations (before tax)	6	**(2,074)**	–
Loss on disposal of IFRS16 finance lease	5	**2,927**	–
Loss on disposal and impairment of investments in associates	5,17	**303**	97
Interest income	10	**(77)**	(28)
Interest expense		**378**	213
Foreign exchange charge on operating items		**1**	–
Income tax charge/(credit)		**638**	(292)
Operating cash flows before movement in working capital		**2,628**	2,464
(Increase)/Decrease in inventories	19	**(16)**	22
(Increase)/Decrease in trade and other receivables		**(1,520)**	430
Increase/(Decrease) in trade and other payables		**233**	(2,220)
Cash generated by operations		**1,325**	696
Taxation paid		**(429)**	(332)
Net cash generated from operating activities		**896**	364
Cash flows from investing activities			
Interest and similar income received	10	**77**	28
Additions to intangible assets	15	**(175)**	(1,240)
Additions to property, plant and equipment	16	**(69)**	(314)
Acquisition of investment	17	**–**	(450)
Proceeds from disposal of Associate	18	**654**	–
Proceeds from disposal of operations	6	**3,846**	–
Repayment of long-term loan by Associate	18,29	**210**	350
Net cash generated from/(used in) investing activities		**4,543**	(1,626)
Cash flows from financing activities			
Proceeds from issue of share capital		**–**	908
Interest and similar expenses paid		**(378)**	(213)
Payment of lease liabilities	26	**(1,901)**	(2,424)
Payment on disposal of lease liabilities	26	**(3,683)**	–
Net drawdowns/(repayments) on bank loans	20,23	**337**	(253)
Net cash used in financing activities		**(5,625)**	(1,982)
Net (decrease) in cash and cash equivalents		**(186)**	(3,244)
Opening cash and cash equivalents		**2,321**	5,565
Effect of exchange rate fluctuations on cash held		**9**	–
Closing cash at bank		**2,144**	2,321
Comprised of:			
Cash and cash equivalents		**2,144**	2,321
Closing cash at bank	21	**2,144**	2,321

The Notes on pages 49 to 92 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 UK-adopted 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 2023 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 2023 but have not had a material effect on the consolidated financial statements:

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

*Effective for accounting periods starting on or after this date

There are no other new standards, amendments and interpretations which are effective for periods beginning on or after 1 April 2022, 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 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 forward contracts (stated at fair value at year end) and defined benefit pension obligations (stated at the projected unit credit method in accordance with IAS 19 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.

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 prepared and approved monthly-phased projections for the 21 months from the balance sheet date. The Directors consider the projections to be reasonable. The Directors have assessed the future funding requirements of the Group within the 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 considered reasonable downside risks and their potential impact on the projections and headroom.

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 £3.4 million were due to the bank with the remaining £1.3 million due in subsequent periods.

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.

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.

Notes to the consolidated financial statements

(continued)

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

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 (now Discontinued – see note 6).

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 or via periodic delivery of data where that is the contractual requirement. Revenue is recognised either:

- in line with the hours used under the contract for services in line with our right to invoice for the actual hours used at a fixed contractual rate per hour; or
- on delivery of the data where this reflects the completion of the contractual deliverable;

in each case in accordance with IFRS15 and dependent upon the nature of the contractual arrangement.

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. Where subscriptions are paid in advance, the contract balances for services not yet delivered are treated as deferred income.

Political Engagement activities (now Discontinued – see note 6) 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.

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.

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

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.

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.

Notes to the consolidated financial statements

(continued)

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

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.

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.

Notes to the consolidated financial statements

(continued)

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

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 possible impairment. If any such indication of possible impairment exists, then the asset's recoverable amount is estimated and compared with the asset's carrying value. 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 asset or lease period
Equipment, fixtures and fittings	3-10 years

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

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.

Notes to the consolidated financial statements

(continued)

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

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.

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.

Notes to the consolidated financial statements

(continued)

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

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 is 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 fair value through profit and loss ("FVTPL"). The carrying amount of the Group's fixed asset investments are reviewed at each reporting date, with changes in fair value recognised in other gains/(losses) in the consolidated income statement.

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.

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 judgement 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 costs 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.

Notes to the consolidated financial statements

(continued)

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

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 27.

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.

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 Judgements and Estimates

a) Continuing and Discontinued Operations

During the year, the Group completed the disposal of the Media, Events and Training operations of its Dods segment, including the trade and assets of Le Trombinoscope SAS, which together constituted the entire Media, Events and Training operations of the Group. Further details of the disposals are disclosed in Note 6. Whilst these operations were only part of the Dods CGU, they generated approximately 60% of the revenues of that CGU and 35% of total Group revenues. It is management's judgement that these operations represented separate major lines of business, were part of a single coordinated plan to dispose of that line of business, and given the scale of these operations, it is appropriate to consider the disposed activities as Discontinued Operations under IFRS 5. Accordingly, management has adopted IFRS 5 disclosures in presenting the Consolidated Income Statement and supporting Notes on a Continuing Operations basis, including the results of the Discontinued Operations as a single line within the Consolidated Income Statement and restating the comparative figures accordingly.

Notes to the consolidated financial statements

(continued)

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

b) 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 page 31 for further details.

c) 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 disposals, restructuring and redundancy costs. See Note 5 for further details.

d) Impairment testing

Where indicators of a possible impairment are identified, the Directors use the value in use or fair value less costs to sell to determine recoverable value. In the current year, the Directors have used the fair value less costs to sell model. The key judgements and estimates required in this model are:

- 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.
- the assessment of fair value, which was assessed using the expected recurring earning of the CGUs and the average earnings multiples for a group of listed businesses which the Directors consider comparable to the MD&T and Dods CGUs and for which published information allowing a comparable assessment is available, with the key judgement being the identification of comparable entities for which the Directors used their own experience to identify entities that could be considered comparable.
- the estimate of costs to sell, which was based on management's knowledge and experience of costs incurred on transactions to buy and sell similar assets.

See Note 14 for further details.

e) 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 15.

f) 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 24 for further details.

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 18 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)

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 2023 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 2022, 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 2022 and which have not been adopted early, are expected to have a significant effect on the consolidated financial statements of the Group.

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.

- 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.

On 30 November 2022, the Group completed the disposal of the Media, Events and Trading operations (the 'MET operations') of its Dods segment. On 13 January 2023, the Group completed the disposal of the trade and assets of Le Trombinoscope from its Dods segment. Current year figures are presented on a Continuing Operations basis, excluding the results of these disposed operations (the "Discontinued Operations"), and prior year figures have been similarly restated to exclude Discontinued Operations as outlined in Note 6.

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

Revenue by business segment – continuing operations[1]	2023 £'000	2022 (restated) £'000
Merit Data & Technology	**11,644**	10,696
Dods	**6,941**	6,902
	18,585	17,598

[1] Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

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

Revenue by stream – continuing operations[1]	2023 £'000	2022 (restated) £'000
Data	**6,743**	5,567
Software & Technology Resourcing	**4,901**	5,129
Political Intelligence	**6,941**	6,866
Political Engagement	**–**	36
	18,585	17,598

[1] Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6

Notes to the consolidated financial statements

(continued)

3. Segmental information (continued)

2023 Profit/(loss) before tax by business segment **Continuing operations[1]**	**MD&T 2023 £'000**	**Dods 2023 £'000**	**Central 2023 £'000**	**Total 2023 £'000**
Adjusted EBITDA	**1,809**	**1,838**	**(995)**	**2,652**
Depreciation of property, plant and equipment	**(252)**	**(368)**	**–**	**(620)**
Depreciation of right-of-use assets	**(552)**	**(517)**	**(244)**	**(1,313)**
Amortisation of intangible assets acquired through business combinations	**(510)**	**(77)**	**–**	**(587)**
Amortisation of software intangible assets	**–**	**(314)**	**–**	**(314)**
Share based payments	**–**	**–**	**(63)**	**(63)**
Non-recurring items				
Profits and losses on disposals	**–**	**–**	**(3,230)**	**(3,230)**
People-related costs	**(35)**	**10**	**(98)**	**(123)**
Other non-recurring items	**–**	**–**	**(62)**	**(62)**
Operating profit/(loss)	**460**	**572**	**(4,692)**	**(3,660)**
Net finance expense	**83**	**(226)**	**(106)**	**(249)**
Share of profit of Associate	**–**	**–**	**252**	**252**
Profit/(loss) before tax from continuing operations	**543**	**346**	**(4,546)**	**(3,657)**

2022 Profit/(loss) before tax by business segment **Continuing operations[1]**	**MD&T 2022 £'000**	**Dods 2022 £'000**	**Central 2022 £'000**	**Total 2022 £'000**
Adjusted EBITDA	1,898	1,556	(991)	2,463
Depreciation of property, plant and equipment	(279)	(317)	–	(596)
Depreciation of right-of-use assets	(531)	(413)	(333)	(1,277)
Amortisation of intangible assets acquired through business combinations	(511)	(77)	–	(588)
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	–	–	(316)	(316)
Other non-recurring items	–	–	(46)	(46)
Operating profit/(loss)	577	(252)	(1,735)	(1,410)
Net finance expense	74	(375)	(110)	(411)
Share of profit of Associate	–	–	144	144
Profit/(loss) before tax from continuing operations	651	(627)	(1,701)	(1,677)

[1] Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

Notes to the consolidated financial statements

(continued)

3. Segmental information (continued)

Geographical segments

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 – continuing operations[1]	2023 £'000	2022 (restated) £'000
UK	**15,333**	14,176
Belgium	**1,707**	1,793
USA	**662**	390
France	**321**	351
Germany	**424**	500
Rest of world	**138**	388
	18,585	17,598

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

Non-current assets by geographical segment[2]	2023 £'000	2022 £'000
UK	**35,171**	**43,511**
Goodwill	26,919	28,911
Intangible assets	7,908	9,826
Property, plant and equipment	76	1,272
Right-of-use asset	268	3,502
India	**1,871**	**2,693**
Property, plant and equipment	265	535
Right-of-use asset	1,606	2,158
	37,042	**46,204**

(2) Excluding investments held as non-current assets (see Note 18) and deferred tax assets (see Note 24).

Group Deferred revenue

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

Aggregate Deferred Revenue	2023 £'000	2022 £'000
Merit Date & Technology	**10**	16
Dods	**3,132**	5,244
	3,142	5,260

Of revenue deferred at the year-end date, the Group expects to recognise all £3.1 million over the next year ending 31 March 2024.

During the current year, the Group recognised £3.1 million of deferred revenue from the prior period within Continuing Operations, and £1.5 million within Discontinued Operations and disposed of £0.5m, based on the performance obligation being satisfied. The remaining £0.1 million is yet to be recognised, and is expected to be recognised in the year ending 31 March 2024. This also forms part of the current year balance.

4. Other operating income

Continuing Operations

During the year, the Group provided transitional services to the Political Holdings Limited group, the purchaser of the disposed Media, Events and Training operations, as part of the agreed disposal. These services included finance, IT and occupancy services, for which the costs are primarily incurred within the Dods segment. The fees arising in the period from 1 December 2022 to 31 March 2023 of £416,000 have been recognised within Other operating income.

Discontinued Operations

During the prior 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 in the prior year varied from month to month up to a maximum of 6 and the total amount received during the prior year was £39,000. In the current year, no amounts were claimed for any employees.

In the prior year, 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. The Group accounted for this scheme using the accrual model, with the total grant being recognised as Other operating income in the prior year Consolidated income statement.

5. Non-recurring items

Continuing operations[1]	**2023 £'000**	**2023 £'000**	**2022 (restated) £'000**
Transaction-related non-recurring items:			
Loss on disposal of investments in Associates	**(303)**		
Loss on disposal of Shard lease	**(2,927)**		
Profits and losses on disposals		**(3,230)**	–
Impairments and asset write offs		**–**	(843)
People-related costs		**(123)**	(316)
Other: Professional services, consultancy and finance fees		**(62)**	(46)
		(3,415)	(1,205)

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

No impairments or asset write offs were made during the current year. During the prior year, the Group made an impairment charge of £97k against the carrying value of Investments in Associates and wrote off £746k 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 prior year relate to one-off consultancy and professional fees associated with the rental review of the London premises. These costs are classified as non-recurring as they related to a one-off rent review under the London lease, which has since been reassigned to a third party, and are therefore highly unlikely to arise again.

Notes to the consolidated financial statements

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6. Disposal

On 30 November 2022, the Group completed the disposal of the Media, Events and Training operations of its Dods segment (together, the "MET Operations") for a cash consideration of £4.5 million to Political Holdings Limited.

On 12 January 2023, the Group completed the disposal of the trade and assets of Le Trombinoscope SAS, the Paris-based activities of the Dods segment ("Le Trombinoscope") to Trombimedia Limited for £0.1 million cash consideration.

As a consequence of the disposals, the activities of the MET Operations and Le Trombinoscope have been classified as Discontinued Operations within the Consolidated income statement.

The results of Discontinued Operations for the year, which for 2023 includes the results of the MET operations for 8 months (2022: 12 months) and Le Trombinoscope for 9.5 months (2022: 12 months), are as follows:

6(a) – Profit from Discontinued Operations

Discontinued Operations	2023 £'000	2022 £'000
Revenue	**6,913**	9,801
Cost of sales	**(5,861)**	(7,864)
Gross profit	**1,052**	1,937
Administrative expenses	**(1,450)**	(2,158)
Other operating income	**–**	42
Operating loss	**(398)**	(179)
Memorandum:		
Adjusted EBITDA	**(69)**	358
Depreciation of property, plant and equipment	**(58)**	(93)
Depreciation of right-of-use assets	**(25)**	(38)
Amortisation of intangible assets acquired through business combinations	**(183)**	(274)
Amortisation of software intangible assets	**(8)**	–
Non-recurring items – people-related costs	**(55)**	(132)
Operating loss	**(398)**	(179)
Net finance expense	**(66)**	(8)
Loss before tax	**(464)**	(187)
Income tax credit	**58**	421
(Loss)/profit for the period from Discontinued Operations	**(406)**	234
Profit on disposal of Discontinued Operations after tax (see Note 6(c))	**1,290**	-
Profit from Discontinued Operations for the period	**884**	234

Notes to the consolidated financial statements

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6. Disposal (continued)

6(b) – Cashflows from Discontinued Operations

Cashflows generated by the Discontinued Operation for the period were as follows:

Discontinued Operations	2023 £'000	2022 £'000
Net cash outflow from operating activities	**(1,621)**	(330)
Net cash inflow from investing activities	**3,846**	–
Net cash outflow from financing activities	**(95)**	(44)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts from Discontinued Operations	**2,130**	(374)

6(c) – Disposal details

	2023 £'000	2022 £'000
Consideration received and receivable:		
Cash (net of transaction costs)	**3,846**	–
Deferred consideration	**450**	–
Total disposal consideration	**4,296**	–
Carrying amount of net assets sold	**2,290**	–
Gain on disposal before tax and reclassification of foreign currency translation reserve	**2,006**	–
Reclassification of foreign currency translation reserve	**68**	–
Tax charge on disposal	**(784)**	–
Profit on disposal of Discontinued Operations after tax	**1,290**	–

Notes to the consolidated financial statements

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7. Loss before tax

Loss before tax from Continuing Operations[1] has been arrived at after charging/(crediting):

Continuing Operations:	Note	2023 £'000	2022 £'000
Depreciation of property, plant and equipment	16	**620**	596
Depreciation of right-of-use assets	26	**1,313**	1,277
Amortisation of intangible assets acquired through business combinations	15	**587**	588
Amortisation of software intangible assets	15	**314**	255
Staff costs	9	**11,991**	12,336
Non-recurring items	5	**3,415**	1,205
Share of profit of Associate	18	**252**	144
Interest income	10	**(77)**	(28)
Interest expense	11	**607**	574
Net foreign exchange (gain)/loss	10	**(297)**	(147)
Loss on disposal of fixed assets	16	**–**	2

[1] Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

Loss before tax has been arrived at after charging:

Auditor's remuneration	2023 £'000	2022 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**51**	26
Fees payable to the Company's auditor and its associates for other services:		
– The audit of the Company's subsidiaries, pursuant to legislation	**137**	125
– Non-audit services in relation to review of interim accounts	**5**	3
– Non-audit services in relation to review of ERS tax returns	**4**	7
	197	161

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8. Directors' remuneration

The remuneration of the Directors of the Group for the years ended 31 March 2023 and 31 March 2022 is set out below:

		Salaries/ fees £	Bonus £	Committee Fees £	Pension contributions £	Other Benefits[8] £	Total £
Executive Directors							
David Beck	**2023**	**227,820**	**25,000**	**–**	**–**	**2,379**	**255,199**
Chief Executive Officer	2022	125,000[1]	–	–	–	1,014	126,014
Cornelius Conlon	**2023**	**153,459**	**–**	**–**	**3,375**	**270,708**	**427,542**
Managing Director	2022	163,412	–	–	3,000	260,929	427,341
Philip Machray	**2023**	**197,900**	**25,000**	**–**	**658**	**2,071**	**225,629**
Chief Financial Officer	2022	70,530[2]	–	–	–	555	71,085
Munira Ibrahim[3]	**2023**	**145,000**	**–**	**–**	**5,800**	**149,379**	**300,179**
Managing Director	2022	210,000	–	–	8,400	720	219,120
Simon Bullock[4]	**2023**	**–**	**–**	**–**	**–**	**–**	**–**
Former CFO	2022	158,333	–	–	6,333	1,252	165,918
Non-Executive Directors							
Lord Ashcroft KCMG PC[5]	**2023**	**–**	**–**	**–**	**–**	**–**	**–**
Non-Executive Director	2022	–	–	–	–	–	–
Richard Boon[6]	**2023**	**25,000**	**–**	**5,000**	**–**	**–**	**30,000**
Non-Executive Director	2022	25,000	–	5,000	–	–	30,000
Angela Entwistle[7]	**2023**	**25,000**	**–**	**5,000**	**–**	**–**	**30,000**
Non-Executive Director	2022	25,000	–	5,000	–	–	30,000
Diane Lees	**2023**	**25,000**	**–**	**5,000**	**–**	**–**	**30,000**
Non-Executive Director	2022	25,000	–	5,000	–	–	30,000
Mark Smith	**2023**	**50,000**	**–**	**5,000**	**–**	**–**	**55,000**
Non-Executive Chairman	2022	50,000	–	5,000	–	–	55,000
Vijay Vaghela[6]	**2023**	**25,000**	**–**	**10,000**	**–**	**–**	**35,000**
Non-Executive Director	2022	25,000	–	10,000	–	–	35,000
Total for 2023		**874,179**	**50,000**	**30,000**	**9,833**	**424,537**	**1,388,549**
Total for 2022		877,275	–	30,000	17,733	264,470	1,189,478

(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, in the prior year 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 30 November 2022.

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

(5) Lord Ashcroft was appointed to the Board on 13 December 2022. During the year he received £nil remuneration.

(6) Resigned as a Director on 31 January 2023.

(7) The £30,000 (2022: £30,000) 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 29.

(8) Other benefits are health insurance, overseas living allowance, and (i) deferred cash consideration on acquisition of Meritgroup Limited.in respect of Cornelius Conlon, and (ii) redundancy and compensation for loss of office payments in respect of Munira Ibrahim.

Remuneration of the highest paid Director was £427,542 (2022: £427,341). The highest paid Director received pension contributions of £3,375 (2022: £3,000).

During the year, three (2022: three) directors accrued benefits under money purchase pension schemes.

The current Directors and their interests in the share capital of the Company at 31 March 2023 are disclosed within the Directors' Report on page 19.

Notes to the consolidated financial statements

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9. Staff costs

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

Continuing Operations[1]	2023 Number	2022 (restated) Number
Editorial and production staff	**39**	35
Sales and marketing staff	**17**	15
Managerial and administration staff	**17**	25
Technology and support staff	**904**	895
	977	970

Continuing Operations[1]	2023 £'000	2022 (restated) £'000
Wages and salaries	**10,810**	11,298
Social security costs	**976**	922
Pension and other costs	**142**	164
Share-based payment charge/(credit)	**63**	(48)
	11,991	12,336

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

Staff costs do not include deferred cash consideration in relation to the Meritgroup Limited acquisition. This is treated as non-recurring (see Note 5) and is included in Directors' Remuneration (see Note 8).

10. Finance income

Continuing Operations[1]	2023 £'000	2022 £'000
Bank interest income	**77**	28
Pension finance credit	**8**	9
Net foreign exchange gain[2]	**297**	147
	382	184

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.
(2) Includes £5k FX loss on derivative (2022: £35k gain).

11. Finance expense

Continuing Operations[1]	2023 £'000	2022 £'000
Bank interest expense	**313**	205
Pension finance charge	**24**	21
Lease interest expense	**294**	369
	631	595

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6

Notes to the consolidated financial statements

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12. Income tax credit

Continuing Operations[1]	2023 £'000	2022 £'000
Current tax		
Current tax on income for the year at 19% (2022: 19%)	**32**	27
Adjustments in respect of prior periods	**10**	–
	42	27
Overseas tax		
Current tax expense on income for the year	**364**	318
Total current tax expense	**406**	345
Deferred tax (see Note 24)		
Origination and reversal of temporary differences	**(416)**	(286)
Effect of change in tax rate	**–**	95
Adjustments in respect of prior periods	**(78)**	(25)
Total deferred tax income	**(494)**	(216)
Total income tax (credit)/charge	**(88)**	129

[1] Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

The tax credit for the year differs from the standard rate of corporation tax in the UK of 19% (2022: 19%). A reconciliation is provided in the table below:

Continuing Operations[1]	2023 £'000	2022 £'000
Loss before tax	**(3,657)**	(1,677)
Notional tax credit at standard rate of 19% (2022: 19%)	**(695)**	(319)
Effects of:		
Expenses not deductible for tax purposes	**429**	(24)
Non-qualifying depreciation	**–**	7
Adjustments to brought forward value	**(78)**	(25)
Effect of deferred tax rate changes on realisation and recognition	**–**	94
Deferred tax not recognised	**32**	46
Utilisation of losses not provided for	**5**	–
Tax losses carried forward	**104**	240
Adjustment to agree foreign tax charge	**119**	72
Other	**(4)**	38
Total income tax (credit)/charge	**(88)**	129

[1] Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

Notes to the consolidated financial statements

(continued)

13. Earnings per share

Continuing Operations[1]	2023 £'000	2022 £'000
Loss attributable to shareholders	**(3,569)**	(1,806)
Add: non-recurring items	**3,415**	1,205
Add: amortisation of intangible assets acquired through business combinations	**587**	588
Add: net exchange (gains)/losses (Note 10)	**(297)**	(147)
Add: share-based payment expense/(credit)	**63**	(48)
Adjusted post-tax profit/(loss) attributable to shareholders	**199**	(208)

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

Discontinued Operations	2023 £'000	2022 £'000
Profit attributable to shareholders	**884**	234
Add: non-recurring items	**(2,019)**	132
Add: amortisation of intangible assets acquired through business combinations	**183**	274
Adjusted post-tax (loss)/profit attributable to shareholders	**(952)**	640

	2023 Ordinary shares	2022 Ordinary shares
Weighted average number of shares		
In issue during the year – basic	**23,956,124**	22,367,910
Adjustment for share options	**–**	–
In issue during the year – diluted	**23,956,124**	22,367,910

Performance Share Plan (PSP) options over 1,420,791 Ordinary shares have not been included in the calculation of diluted EPS for the year ended 31 March 2023 because their exercise is contingent on the satisfaction of certain criteria that had not been met at that date.

Notes to the consolidated financial statements

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13. Earnings per share (continued)

Continuing Operations[1]	2023 Pence per share	2022 Pence per share
Earnings per share – continuing operations		
Basic	**(14.90)**	(8.07)
Diluted	**(14.90)**	(8.07)
Adjusted earnings per share – continuing operations		
Basic	**0.83**	(0.93)
Diluted	**0.83**	(0.93)

(1) Comparative figures for the year ended 31 March 2022 have been restated to remove Discontinued Operations as outlined in Note 6.

Discontinued Operations	2023 Pence per share	2022 Pence per share
Earnings per share – continuing operations		
Basic	**3.69**	1.05
Diluted	**3.69**	1.05
Adjusted earnings per share – continuing operations		
Basic	**(3.97)**	2.86
Diluted	**(3.97)**	2.86

TOTAL	2023 Pence per share	2022 Pence per share
Earnings per share		
Basic	**(11.21)**	(7.03)
Diluted	**(11.21)**	(7.03)
Adjusted earnings per share		
Basic	**(3.14)**	1.93
Diluted	**(3.14)**	1.93

Notes to the consolidated financial statements

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14. Goodwill

	2023 £'000	2022 £'000
Cost as at 1 April	**28,911**	28,911
Disposals in the year	**(1,992)**	–
Cost as at 31 March	**26,919**	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. The CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cashflows from other groups of assets. Management determined that the smallest level that they could reasonably allocate the group of assets to was MD&T CGU and Dods CGU.

Of the carrying value of goodwill, £15.6 million has been allocated to the MD&T CGU (2022: £15.6 million), and £11.3 million had been allocated to the Dods CGU (2022: £13.3 million).

Goodwill is not amortised but is tested annually for impairment.

In the prior year, the assessment for impairment was undertaken 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 five-year period, considering past performance, known developments and committed plans, and expectations for future business developments. Management selected a discount rate (10.52%) reflective of the Group's estimated weighted average cost of capital and the cost of debt financing for the Group, which it considered reflected the market assessments of the time value of money and the risks specific to each separate business.

In the current year, the assessment for impairment has been undertaken with the recoverable amount being determined as fair value less costs to sell, under Level 3 of the fair value hierarchy of IFRS 13. The key assumptions being the assessment of fair value and the estimate of costs to sell.

The Group assessed fair value using the expected recurring earnings of the CGUs, based on the Board's approved projections, and the average earnings multiples for a group of listed businesses which the Directors consider comparable to the MD&T and Dods CGUs and for which published information allowing a comparable assessment is available. The estimate of costs to sell was based on management's knowledge and experience of costs incurred on transactions to buy and sell similar assets.

The Directors have changed the basis for assessment as they consider the fair value less costs to sell method to be more applicable to the Group's circumstances and strategy.

Based on the above assessments, the Directors concluded at each year-end that the recoverable amount for each CGU was in excess of their carrying value, including the value of goodwill, for both the MD&T and Dods CGUs. Therefore no impairment charge was recognised in the year (2022: £nil).

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15. Intangible assets

	Assets acquired through business combinations[1] £'000	Software £'000	Under Construction capitalised costs £'000	Total £'000
Cost				
At 1 April 2022	28,042	6,074	–	34,116
Transferred from tangible fixed assets (Note 16)	–	–	70	70
Additions – internally generated	–	101	74	175
Disposals	(16,833)	(3,999)	–	(20,832)
At 31 March 2023	**11,209**	**2,176**	**144**	**13,529**
Accumulated amortisation	11,209	2,176	144	13,529
At 1 April 2022	20,145	4,145	–	24,290
Charge for the year	770	322	–	1,092
Disposals	(15,825)	(3,936)	–	(19,761)
At 31 March 2023	**5,090**	**531**	**–**	**5,621**
Net book value				
At 31 March 2022	7,897	1,929	–	9,826
At 31 March 2023	**6,119**	**1,645**	**144**	**7,908**

[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 2022	18,934	1,277	7,677	154	28,042
Disposals	(13,451)	(1,277)	(2,051)	(54)	(16,833)
At 31 March 2023	**5,483**	**–**	**5,626**	**100**	**11,209**
Accumulated amortisation					
At 1 April 2022	13,742	1,277	4,972	154	20,145
Charge for the year	260	–	510	–	770
Disposals	(12,443)	(1,277)	(2,051)	(54)	(15,825)
At 31 March 2023	**1,559**	**–**	**3,431**	**100**	**5,090**
Net book value					
At 31 March 2022	5,192	–	2,705	–	7,897
At 31 March 2023	**3,924**	**–**	**2,195**	**–**	**6,119**

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15. 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 £3.9 million (2022: £4.0 million).

Included within intangible assets are internally generated assets with a net book value of £1.8 million (2022: £1.6 million).

During the period there was £nil expense to income statement for Research & Development (2022: £nil)

16. Property, plant and equipment

	Leasehold Improvements £'000	IT Equipment and Fixtures and Fittings £'000	Total £'000
Cost			
At 1 April 2022	2,037	2,521	4,558
Transferred to intangible fixed assets	–	(70)	(70)
Additions	–	69	69
Foreign exchange differences	–	(1)	(1)
Disposals	(2,037)	(1,070)	(3,107)
At 31 March 2023	**–**	**1,449**	**1,449**
Accumulated depreciation			
At 1 April 2022	1,128	1,623	2,751
Charge for the year	209	469	678
Disposals	(1,337)	(984)	(2,321)
At 31 March 2023	**–**	**1,108**	**1,108**
Net book value			
At 31 March 2022	909	898	1,807
At 31 March 2023	**–**	**341**	**341**

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17. Subsidiaries

Company	Activity	% holding	Country of registration
Dods Group Limited[(1)]	Political monitoring	100	England and Wales
Le Trombinoscope SAS[(2)]	Political monitoring	100	France
Merit Data & Technology Limited[(1)]	Data and technology	100	England and Wales
Merit Data and Technology Private Limited[(3)]	Data and technology	99.99	India
European Parliamentary Communications Services SPRL[(4)]	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

On 30 November 2022, the Group disposed of its shareholdings in the following companies:

Company	Activity
Political Engagement Limited[(5)]	Publishing
Fenman Limited	Publishing
Holyrood Communications Ltd	Publishing
Total Politics Limited	Publishing
Training Journal Limited	Holding company

On 14 March 2023, notice to strike off and dissolve three of the Group's subsidiaries – Monitoring Services Limited, Vacher Dod Publishing Limited, and VDP Limited – was published in the London Gazette. These three companies were formally dissolved on 30 May 2023.

There were no acquisitions during the current year.

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

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

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

(4) Registered address: Boulevard Charlemagne 1, 1041 Bruxelles, Belgium.

(5) Incorporated on 5 July 2022.

Notes to the consolidated financial statements

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18. Investments

Investments are presented on the balance sheet as follows:

	2023 £'000	2022 £'000
Non-current asset investments		
Investments in Associates	–	327
Other Unlisted Investments	**450**	450
	450	777
Current asset investments		
Investment in Associate held for resale	–	410
	450	1,187

The above balances are represented by:

	2023 £'000	2022 £'000
Investments in Associates	–	737
Other unlisted investments	**450**	450
	450	1,187

Investments in Associates

During the year, the Group disposed of its shareholdings in both of its former Associates, Sans Frontières Associates Ltd (SFA) and Social 360 Limited. The entities each had share capital consisting solely of ordinary shares, which were held directly by the Group prior to disposal The Group accounted for both entities as equity-accounted Associates up to the date of disposal.

Name of entity	% ownership	Carrying amount 2022 £'000	Share of profit before tax in year £'000	Share of tax charge £'000	Disposed in the year £'000	Carrying amount 2023 £'000
Sans Frontières Associates Ltd	40%	327	252	(32)	(547)	–
Social 360 Limited	30%	410	–	–	(410)	–
		737	252	(32)	(957)	–

Place of business/country of incorporation of both entities is England and Wales.

The total share of profit recognised from Associates during the year, which is based on the unaudited management accounts as 31 March 2023, is £220k (2022: £117k). This is the net of the Group's share of Associates' profit before tax of £252k less share of Associates' tax charge of £32k.

The Group recognised a loss on disposal of Associates of £303k during the year, having made an impairment charge of £97k against the carrying value of its investment in Social 360 Limited in the prior year (current year: £nil impairment charge).

Notes to the consolidated financial statements

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18. Investments (continued)

Other unlisted Investments

Fair value	2023 £'000	2022 £'000
At 01 April	**450**	–
Additions	**51**	450
Unrealised losses recognised through profit and loss	**(51)**	–
At 31 March	**450**	450

In 2019, The Group acquired a 13.3% stake in Acolyte Resource Group Limited as part of the acquisition of Meritgroup Limited. 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 participated in a fundraising round by Acolyte Resource Group Limited via a debt-for-equity swap and increased its shareholding to 13.5%. The £51k book cost of this investment was written off during the year.

During the prior financial year, the Group acquired a 9.2% 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 fair value through profit and loss.

The Directors' assessment of the fair value of other unlisted investments falls within Level 3 of the fair value hierarchy of IFRS 13. This assessment has been based on management's experience of investing in unlisted investments and the financial information, including financial projections, received from the investee companies. As such, the fair value can be subject to material change as the investee business develops and performs over time.

The Directors have determined that the fair value (FVTPL) of each investment is as follows:

Investee entity	2023 £'000	2022 £'000
Acolyte Resource Group Limited	**–**	–
Web Data Works Limited	**450**	450

£51,000 of loss in respect of these investments has been recognised in the year (2022: £nil).

19. Work in progress and inventories

	2023 £'000	2022 £'000
Work in progress and inventories	**–**	14
	–	14

Notes to the consolidated financial statements

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20. 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:

	2023 £'000	2022 £'000
Financial assets		
Trade and other receivables (amortised cost)	**4,342**	4,346
Derivative Contracts (FVTPL*)	**–**	35
Loan receivable (amortised cost)	**–**	210
Deferred consideration receivable (amortised cost)	**450**	–
Cash and cash equivalents (amortised cost)	**2,144**	2,321
	6,936	6,912
Financial liabilities		
Trade and other payables (amortised cost)	**(3,501)**	(4,618)
Derivative Contracts (FVTPL*)	**(5)**	–
Lease liabilities (amortised cost)	**(1,880)**	(6,721)
Bank loan & RCF (amortised cost)	**(4,715)**	(4,378)
	(10,101)	(15,717)
Net financial assets and liabilities	**(3,165)**	(8,805)

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

The deferred consideration receivable is due within the next 12 months and accrues no interest. Its fair value is therefore the same as the booked value with no discounting of the outstanding amount.

Between 1 August 2022 and 30 January 2023, the Group signed forward contracts for a total value of approximately £2.1 million with maturity dates ranging from 20 April 2023 to 20 September 2023. 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 2023, £422,000 of the Group's trade receivables were exposed to risk in countries other than the United Kingdom (2022: £475,000).

Notes to the consolidated financial statements

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20. Financial instruments (continued)

The ageing of trade receivables at the reporting date was:

	Gross 2023 £'000	Provided Loss Allowance 2023 £'000	Gross 2022 £'000	Provided Loss Allowance 2022 £'000
Trade Receivables	**3,682**	**(82)**	3,971	(103)
	3,682	**(82)**	3,971	(103)

The maximum credit risk exposure for which the Group has made provision is £82k.

	Gross carrying amount £'000	Default rate	Lifetime expected credit losses* £'000
Current	2,603	0.40%	10
1-30 days past due	827	1.00%	8
31-60 days past due	94	3.40%	3
61-90 days past due	76	34.40%	26
More than 90 days past due	82	41.90%	35
	3,682		**82**

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

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

	2023 £'000	2022 £'000
Balance at the beginning of the year	**103**	162
Charged in the year	**–**	–
Released in the year	**(21)**	(59)
Balance at the end of the year	**82**	103

Notes to the consolidated financial statements

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20. 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.

	Bank Loan and RCF £'000	Lease Liabilities £'000	Total Financing Liabilities £'000
At 1 April 2021	4,631	7,936	12,567
Cash movements:			
Repayments of Term Loan principal	(253)	–	(253)
Lease payments	–	(1,871)	(1,871)
Non-cash movements:			
Lease additions	–	287	287
Lease interest	–	369	369
At 31 March 2022	**4,378**	**6,721**	**11,099**
Cash movements:			
Repayment of 2019 Loan and RCF	(4,378)	–	(4,378)
Drawdown of 2022 Term Loan and RCF	5,000	–	5,000
Repayment and cancellation of 2022 Term Loan	(2,000)	–	(2,000)
Repayments of Term Loan principal	(85)	–	(85)
Drawdown of 2023 Property Term Loan	1,800	–	1,800
Lease payments	–	(1,897)	(1,897)
Non-cash movements:			
Lease disposals	–	(3,242)	(3,242)
Lease interest	–	298	298
At 31 March 2023	**4,715**	**1,880**	**6,595**

Banking covenants

Under the Group's bank facilities (see Note 23), 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
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.

Notes to the consolidated financial statements

(continued)

20. Financial instruments (continued)

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

The Directors have prepared and approved monthly-phased projections for the 21 months from the balance sheet date. The Directors consider the projections to be reasonable.

In agreeing to the above covenants, the projections 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 table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities as at 31 March 2023. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Due within 1 year £'000	Due 2-5 years £'000	Due after 5 years £'000	Total £'000
Trade and other payables	3,501	–	–	**3,501**
Derivative contracts	5	–	–	**5**
Bank loan/RCF	3,373	1,342	–	**4,715**
Lease liabilities	769	1,501	37	**2,307**

The Group has a long standing and supportive relationship with Barclays, having agreed secured loan facilities for a five-year period to 2027 in July 2022. The Group has recently agreed an additional 18-month facility to part fund the disposal of the Group's lease of premises in The Shard, London. The Group has a five-year plan that has been shared with Barclays and formed the basis of the banking arrangements that have been 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.

Notes to the consolidated financial statements

(continued)

20. Financial instruments (continued)

Currency risk

The Group is exposed to currency risk on transactions denominated in Euros, US Dollars and Indian Rupees; see Notes 21 and 22.

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 25.

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 £184,000 Trade receivables, £821,000 Cash and cash equivalents and £263,000 Trade payables for the year.

At 31 March 2023, it is estimated that a general increase of one percentage point in interest rates would have decreased the Group's profit before tax from Continuing Operations by approximately £47,000 (2022: £50,000).

It is estimated that a general increase of one percentage point in the value of the Euro and Dollar against Sterling would have increased the Group's profit before tax from Continuing Operations by approximately £23,000 (2022: £14,000).

It is estimated that a general increase of one percentage point in the value of the Rupee against Sterling would have decreased the Group's profit before tax from Continuing Operations by approximately £84,000 (2022: £72,000).

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	**2023 £'000**	**2022 £'000**
Cash & cash equivalents	**2,144**	2,321
Share Capital	**6,708**	6,708
Other reserves	**14,699**	14,666
Retained Earnings	**10,976**	13,032
	34,527	36,727

21. Other financial assets

Trade and other receivables	2023 £'000	2022 (restated)* £'000
Trade receivables	**3,600**	3,868
Other receivables	**742**	513
Deferred consideration receivable	**450**	–
Prepayments and accrued income	**710**	773
	5,502	5,154

* Comparative figures for the year ended 31 March 2022 have been restated to present deferred tax assets within non-current assets as outlined in Note 30.

Trade and other receivables denominated in currencies other than Sterling comprise £137,000 (2022: £339,000) denominated in Euros, £24,000 (2022: £49,000) denominated in USD and £23,000 (2022: £87,000) denominated in Indian Rupees.

The Group had a balance of £56,000 of accrued income relating to contract assets (2022: £421,000).

Cash related	2023 £'000	2022 £'000
Cash and cash equivalents	**2,144**	2,321
	2,144	2,321

Cash includes £251,000 (2022: £141,000) denominated in Euros, £29,000 (2022: £126,000) denominated in USD and £541,000 (2022: £311,000) denominated in Indian Rupees.

22. Trade and other payables

Current	2023 £'000	2022 £'000
Trade creditors	**490**	396
Other creditors including tax and social security	**1,058**	2,876
Accruals and deferred income	**5,100**	6,446
	6,648	9,718

Current liabilities denominated in currencies other than Sterling compromise £21,000 (2022: £24,000) denominated in Euros, £7,000 (2022: £nil) denominated in USD and £235,000 (2022: £21,000) denominated in Indian Rupees.

The Group had a balance of £3.1 million of deferred revenue relating to contract liabilities (2022: £5.1 million).

Notes to the consolidated financial statements

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23. Net debt

	2023 £'000	2022 £'000
Bank loan / RCF due within one year	**3,373**	2,860
Bank loan due after more than one year	**1,342**	1,518
	4,715	4,378
Cash and cash equivalents	**(2,144)**	(2,321)
Net debt	**2,571**	2,057

Interest-bearing loans and borrowings

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

- 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.

On 1 December 2022, the Company repaid and cancelled £2 million of the Term Loan following receipt of the proceeds of disposals.

On 22 March 2023, the Company secured a further £1.8 million 18-month Term Loan, amortising on a straight-line basis at £300,000 per quarter, in order to fund the disposal of the Company's Shard lease.

At 31 March 2023, the balances outstanding on the Company's loan and RCF facilities were as follows:

Facility	Outstanding at 31 March 2023 £'000
£1 million Term Loan:	915
£1.8 million Term Loan:	1,800
RCF	2,000
Total Term Loans and RCF	**4,715**

See Note 20 for the maturity analysis of the bank loan.

Notes to the consolidated financial statements

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24. 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 2021	(959)	24	25	688	**(222)**
(Charge)/credit	(99)	62	37	637	**637**
At 31 March 2022	(1,058)	86	62	1,325	**415**
(Charge)/credit	165	(83)	119	352	**553**
Derecognised on disposal	252	–	–	(1,036)	**(784)**
At 31 March 2023	**(641)**	**3**	**181**	**641**	**184**

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 £9.6 million (2022: £13.6 million) available to offset against future taxable profits. Of these, the Group has recognised deferred tax assets of £641,000 (2022: £1,325k) in respect of carried forward tax losses of £2.2 million (2022: £5.3 million) as it is probable that these assets shall be recovered against the taxable profits over the foreseeable period. On the remaining £7.4 million (2022: £8.3 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.

25. Issued capital

	9p deferred shares Number	1p ordinary shares Number	28p ordinary shares Number	Total £'000
Issued share capital as at 31 March 2022	–	–	23,956,124	6,708
Issued share capital as at 31 March 2023	**–**	**–**	**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 penny 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

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26. Leases

	Right-of-use assets £'000	Lease liabilities £'000
As at 1 April 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)**
Depreciation	**(1,338)**	**—**
Lease Interest	**—**	**(298)**
Lease payments[1]	**—**	**1,897**
Disposals	**(2,448)**	**3,242**
As at 31 March 2023	**1,874**	**(1,880)**
Current		(678)
Non-current		(1,202)

(1) Total lease payments in the year amounted to £1,901k (2022: £2,424k), of which £4k (2022: £553k) was in settlement of trade creditors and accruals at 31 March 2021.

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

	2023 £'000	2022 £'000
Depreciation charge of right-of-use assets	**1,338**	1,315
Interest expense (included in finance cost)	**298**	370

The right-of-use assets relate to office space in four locations and at the balance sheet date have remaining terms ranging up to 7 years.

There were £nil of expenses relating to diminutive payments not included in the measurement of lease liabilities (2022: £nil).

Lease liabilities includes liabilities in respect of IT equipment with a cost of £77,000 (2022: £77,000). These assets are capitalised within IT equipment (see Note 16).

Notes to the consolidated financial statements

(continued)

27. Share-based payments

Performance Share Plan (PSP)

During the prior year, the Company granted a conditional award to two executive Directors under a performance share plan as below. No awards were made in the current year.

Date of grant	Director	Outstanding options at 1 April 2022	Granted during the year	Lapsed During the year	Outstanding options at 31 March 2023
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.

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:

Date of grant	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. The PSP share options outstanding during the year were as follows:

	Number of Ordinary shares	Weighted average exercise price (pence)
As at 31 March 2022	**1,420,791**	**n/a**
Granted during the year	**–**	**n/a**
As at 31 March 2023	**1,420,791**	**n/a**

The following options were outstanding under the Company's PSP scheme as at 31 March 2023:

Date of grant	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 £63,000 (2022: £10,000 charge in respect of the PSP and £58,000 credit in respect of historic lapsed schemes).

Notes to the consolidated financial statements

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28. 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 2023 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 89.

28. Pensions (continued)

Funded status of the plan

	2023 £'000	2022 £'000
Present value of funded defined benefit obligations	**(374)**	(392)
Fair value of plan assets	**49**	110
Present value of unfunded defined benefit obligations	**(325)**	(282)
Current	**(76)**	(85)
Non-current	**(249)**	(197)
Net Deficit	**(325)**	(282)
Net Liability	**(325)**	(282)

Movement in present value of obligation

	2023 £'000	2022 £'000
At 1 April	**(392)**	(371)
Current service cost	**(83)**	(73)
Interest cost	**(24)**	(21)
Remeasurement losses (gains) (OCI)		
Due to changes in financial assumptions	**41**	11
Due to experience adjustments	**28**	(7)
Benefits paid from fund	**50**	72
FX revaluation	**6**	(3)
At 31 March	**(374)**	(392)

Movement in fair value of plan assets

	2023 £'000	2022 £'000
At 1 April	**110**	132
Net interest Income	**8**	9
Return on plan assets	**(24)**	(1)
Contribution by employer	**6**	41
Benefits paid	**(50)**	(72)
FX revaluation	**(1)**	1
At 31 March	**49**	110

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

Notes to the consolidated financial statements

(continued)

28. 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

	2023 £'000	2022 £'000
Service cost	**83**	73
Interest cost	**24**	21
Interest Income	**(8)**	(9)
FX Revaluation	**(5)**	2
Total expense recognised in Consolidated income statement	**94**	87

Amounts recognised in Consolidated statement of OCI

	2023 £'000	2022 £'000
Actuarial changes in financial assumptions	**(41)**	(11)
Actuarial experience adjustments	**(28)**	7
Return on plan assets	**24**	1
Total credit recognised in Consolidated statement of OCI	**(45)**	(3)

Movement in pension scheme net deficit

	2023 £'000	2022 £'000
Opening pension scheme net deficit	**(282)**	(239)
Contributions by employer	**6**	41
Consolidated income statement	**(94)**	(87)
Consolidated statement of OCI	**45**	3
Closing pension scheme net deficit	**(325)**	(282)

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

Principal actuarial assumptions

	2023 p.a	2022 p.a
Discount rate	**7.35%**	6.70%
Salary growth rate	**7.00%**	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	**7.35%**	6.70%

Notes to the consolidated financial statements

(continued)

28. Pensions (continued)

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

Mortality rates

Age (in years)	2023	2022
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 2023 the mortality rates were derived from the Indian Assured Lives Mortality (2012-2014) report.

The Group expects to contribute approximately £76,000 in the next financial year.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 6.15 years (2022: 6.13 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

	2023 £'000 p.a	2022 £'000 p.a
Discount rate		
Increase by 0.5%	**364**	381
Decrease by 0.5%	**385**	405
Salary growth rate		
Increase by 0.5%	**383**	402
Decrease by 0.5%	**366**	384
Withdrawal rate (W.R)		
W.R x 110%	**373**	388
W.R x 90%	**375**	398

Notes to the consolidated financial statements

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29. Related party transactions

MET operations

On 30 November 2022, the Group completed the disposal of the Media, Events and Training operations of its Dods Political Engagement business (together, the "MET Operations") to Political Holdings Limited, for a cash consideration of £4.5 million. Political Holdings Limited is a private company owned by Lord Ashcroft KCMG PC, a substantial shareholder in the Company as defined by the AIM Rules. Further, Angela Entwistle, a non-executive director of the Company, is a director of Political Holdings Limited. The Disposal therefore constitutes a related party transaction under Rule 13 of the AIM Rules. The Independent Directors of the Company (being all Directors save for Angela Entwistle) consulted with Canaccord Genuity Limited in its capacity as the Company's nominated adviser for the purposes of the AIM Rules and concluded following this consultation that the terms of the Disposal to be fair and reasonable insofar as the Group's shareholders are concerned. At the year-end, 10% of the cash consideration (£450,000) remains outstanding and is due for payment in October 2023.

As part of the disposal of the MET Operations, the Group agreed to provide transitional services to the Political Holdings Limited group of companies covering areas such as occupancy, IT systems and support and finance and accounting services. In total, the group charged £416,000 for these services during the year, which has been recognised as Other Operating Income within the Income Statement. At 31 March 2023, a balance of £145,991 was outstanding in respect of invoicing for these services.

Since its acquisition of the MET operations, the Political Holdings Limited group has been a customer of MD&T and was billed £35,336 during the year for marketing and data services. At 31 March 2023, there was a balance of £16,094 due.

Further, as part of the disposal, the Group has continued to act as agent for the political Holdings Limited group, invoicing customers, collecting book debts and paying for services under contracts which were pending legal novation to Political Holdings Limited group companies. During the year, revenue of £7,722,749 was invoiced, cash of £5,010,321 was collected and payments for purchases and payroll amounting to £3,776,250 were made by the Group on behalf of Political Holdings Limited group companies. None of these revenues or costs, all of which arises post disposal are recognised within the Income Statement of the Group. At 31 March 2023, £233,053 of funds were held on trust for Political Holdings Limited group companies.

Investments and Associates

During the year, the Group received a repayment of £210,000 (2022: £350,000) of its interest free loan to its then Associate, Sans Frontières Associates (SFA), reducing the balance outstanding to £nil (2022: £210,000).

On 3 March 2023, the Company disposed of its 40% equity stake in SFA for cash consideration of £250,000 via a share repurchase by SFA.

During the prior year, an amount of £62,945 was payable to the Company's then Associate, Social 360 Limited, in relation to profit-share for monitoring services provided. The balance outstanding at 31 March 2022 of £16,973 was paid prior to disposal of the Company's shares in Social 360 Limited for cash consideration of £420,000 on 8 August 2022.

During the year, an amount of £nil (2022: £105,000) 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 2023, there was a balance of £105,000 (2022: £105,000) outstanding.

During the year, an amount of £18,000 (2022: £56,000) was billed in relation to recruitment services charged by Acolyte Resource Group Limited, a company in which the Group has a 13.5% investment, and of which Cornelius Conlon is a Director. At 31 March 2023, there was a balance of £nil (2022: £nil) outstanding.

Acolyte Resource Group Limited is also a customer of MD&T and was billed £237,201 (2022: £290,000) for Software and Technology Resourcing services. At 31 March 2023, there was a balance of £63,989 (2022: £104,000) due.

29. Related party transactions (continued)

Meritgroup Limited acquisition

Cornelius Conlon, a Director of the Company was entitled to shares and a cash consideration on the first 3 anniversaries of the Meritgroup Limited acquisition in 2019. During the year, Cornelius Conlon received cash consideration of £220,000, In the prior year, he received cash consideration of £220,00 plus 854,732 ordinary shares having a value of £533,352.

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 £726,000 (2022: £781,000) were made to Merit Software Services Private Limited in relation to the lease and other property-related costs.

Other related party transactions

During the year, an amount of £141,181 (2022: £nil) was billed for Software and Technology Resourcing services to System1 Group plc, a company of which Philip Machray is a Non-Executive Director and shareholder. At 31 March 2023, there was a balance of £44,423 (2022: £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 (2022: £30,000) to the Company for the services of Angela Entwistle as a Non-Executive Director. At 31 March 2023, the balance outstanding was £2,500 (2022: £2,500).

The Spouse of Con Conlon, a Director of the Company, is employed by a subsidiary of the Company and received £44,873 remuneration in the year (2022: £35,897).

The Executive Directors of the Group are considered key management personnel. See Note 8 for details of Directors' remuneration.

30. Prior period restatement

The consolidated statement of financial position for the year ended 31 March 2022 has been restated to correctly classify deferred tax assets of £415,000 as non-current assets. These were previously included within Current assets as part of Trade and other receivables.

The reclassification has no impact on Total assets, Total equity and liabilities or Capital and reserves as at the 31 March 2022, nor the Comprehensive income for the year ended 31 March 2022.

The impact of the reclassification on items within the Consolidated statement of financial position is as follows:

At 31 March 2022	As previously reported £'000	Change £'000	As restated £'000
Total non-current assets	46,981	415	47,396
Current assets	8,114	(415)	7,699
Assets held for resale	410	–	410
Total assets	**55,505**	**–**	**55,505**

Parent Company balance sheet

As at 31 March 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Intangible assets	33	**1,223**	1,393
Tangible fixed assets	34	**–**	1,132
Investments	35	**32,865**	33,775
Total non-current assets		**34,088**	36,300
Current assets			
Trade and other receivables	36	**3,372**	6,296
Loan receivable		**–**	210
Cash	37	**105**	123
Total current assets		**3,477**	6,629
Total assets		**37,565**	42,929
Current liabilities			
Trade and other payables	38	**569**	1,888
Bank loan / RCF	39	**3,373**	2,860
Lease liability	42	**24**	24
Total current liabilities		**3,966**	4,772
Non-current liabilities			
Trade and other payables	38	**–**	1,250
Bank Loan	39	**1,342**	1,518
Lease liability	42	**8**	38
Total non-current liabilities		**1,350**	2,806
Capital and reserves			
Called-up share capital	40	**6,708**	6,708
Share premium account		**1,067**	1,067
Merger reserve		**–**	–
Profit and loss account		**10,721**	13,886
Capital redemption reserve		**13,680**	13,680
Share option reserve		**73**	10
Total equity		**32,249**	35,351
Total equity and liabilities		**37,565**	42,929

During the year, the Company made a loss of £3,165,000 (2022: loss of £9,357,000).

The Notes on pages 95 to 104 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

6 September 2023

Company number: 04267888

Parent Company statement of changes in equity

For the year ended 31 March 2023

	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 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 40)	(13,680)	(20,866)	(409)	13,680	21,275	–	–
Issue of ordinary shares	887	1,067	–	–	–	–	1,954
At 31 March 2022	**6,708**	**1,067**	**–**	**13,680**	**13,886**	**10**	**35,351**
At 1 April 2022	**6,708**	**1,067**	**–**	**13,680**	**13,886**	**10**	**35,351**
Total comprehensive income							
Loss for the year	**–**	**–**	**–**	**–**	**(3,165)**	**–**	**(3,165)**
Share-based payment charge	**–**	**–**	**–**	**–**	**–**	**63**	**63**
At 31 March 2023	**6,708**	**1,067**	**–**	**13,680**	**10,721**	**73**	**32,249**

(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 95 to 104 form part of these financial statements.

Notes to the Parent Company financial statements

31. 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.

31. 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.

Notes to the Parent Company financial statements

(continued)

31. 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. Investments in unlisted investments are held at fair value through profit and loss ("FVTPL").

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)

31. 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)

32. Staff costs – Company

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

	2023	2022
Managerial and administration staff	**5**	8

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

	2023 £'000	2022 £'000
Wages and salaries	**683**	766
Social security costs	**94**	94
Pension and other costs	**7**	13
Share-based payment charge/(credit)	**63**	(17)
	847	856

Detailed disclosures on Directors' remuneration are given in Note 8.

33. Intangible assets – Company

	Publishing rights £'000	Software £'000	Total £'000
Cost			
At 1 April 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
Additions	–	35	35
At 31 March 2023	**1,357**	**799**	**2,156**
Accumulated amortisation			
At 1 April 2021	408	127	535
Charge for the year	68	125	193
At 31 March 2022	476	252	728
Charge for the year	68	137	205
At 31 March 2023	**544**	**389**	**933**
Net book value			
At 31 March 2022	881	512	1,393
At 31 March 2023	**813**	**410**	**1,223**

Notes to the Parent Company financial statements

(continued)

34. Tangible fixed assets – Company

	Leasehold Improvements £'000	IT Equipment £'000	Total £'000
Cost			
At 1 April 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
Disposals	(2,006)	(790)	(2,796)
At 31 March 2023	**–**	**77**	**77**
Accumulated depreciation			
At 1 April 2021	890	526	1,416
Charge for the year	210	130	340
Disposals	–	(15)	(15)
At 31 March 2022	1,100	641	1,741
Charge for the year	301	46	347
Disposals	(1,401)	(610)	(2,011)
At 31 March 2023	**–**	**77**	**77**
Net book value			
At 31 March 2022	906	226	1,132
At 31 March 2023	**–**	**–**	**–**

Notes to the Parent Company financial statements

(continued)

35. Fixed asset investments – Company

	Associates[1] £'000	Unlisted investment[2] £'000	Subsidiary undertakings[1] £'000	Total £'000
Cost or fair value				
At 1 April 2021	463	–	41,879	42,342
Additions	–	449	–	449
At 31 March 2022	463	449	41,879	42,791
Disposals	(463)	–	(9,433)	(9,896)
At 31 March 2023	**–**	**449**	**32,446**	**32,895**

[1] Cost

[2] Fair value through profit and loss

	Associates[1] £'000	Unlisted investment[2] £'000	Subsidiary undertakings[1] £'000	Total £'000
Accumulated amortisation				
At 1 April 2021	–	–	–	–
Impairment charge	53	–	8,963	9,016
At 31 March 2022	53	–	8,963	9,016
Impairment charge	–	–	30	30
Disposals	(53)	–	(8,963)	(9,016)
At 31 March 2023	**–**	**–**	**30**	**30**
Net book value				
At 31 March 2022	410	449	32,916	33,775
At 31 March 2023	**–**	**449**	**32,416**	**32,865**

During the year, the Company sold investments in Associates with a carrying value of £410,000 (2022: £nil), and subsidiary undertakings with a carrying value of £470,000 (2022: £nil).

During the year, the Company made an impairment charge of £30,000 against the carrying value of subsidiary undertakings.

During the prior year, the Company made impairment charges of £53,000 against the carrying value of Associates and £8,963,000 against the carrying value of subsidiary undertakings.

Detailed disclosures on subsidiary undertakings are given in Note 17 and Associates and unlisted investments in Note 18.

36. Trade and other receivables – Company

	2023 £'000	2022 £'000
Other debtors	**1,469**	89
Amounts owed by group undertakings	**1,624**	5,740
Deferred tax asset	**175**	–
Prepayments and accrued income	**104**	467
	3,372	6,296

Notes to the Parent Company financial statements

(continued)

37. Cash and cash equivalents – Company

	2023 £'000	2022 £'000
Cash and cash equivalents	**105**	123

38. Trade and other payables – Company

Trade and other payables: amounts falling due within one year	2023 £'000	2022 £'000
Trade creditors	**152**	42
Amounts owed to group undertakings	**–**	611
Other creditors including tax and social security	**1**	1
Accruals and deferred income	**416**	1,234
	569	1,888

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	2023 £'000	2022 £'000
Amounts owed to group undertaking	**–**	1,250
	–	1,250

39. Interest-bearing loans and borrowings – Company

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

- 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.

On 1 December 2022, the Company repaid and cancelled £2 million of the Term Loan following receipt of the proceeds of disposals.

On 22 March 2023, the Company secured a further £1.8 million 18-month Term Loan, amortising on a straight-line basis at £300,000 per quarter, in order to fund the disposal of the Company's Shard lease.

At 31 March 2023, the balances outstanding on the Company's loan and RCF facilities were as follows:

Facility	Outstanding at 31 March 2023 £'000
£1 million Term Loan:	915
£1.8 million Term Loan:	1,800
RCF	2,000
Total Term Loans and RCF	**4,715**

See Note 20 for the maturity analysis of the bank loan.

Notes to the Parent Company financial statements

(continued)

40. Share capital – Company

	28p ordinary shares Number	Total £'000
Issued share capital as at 1 April 2022	23,956,124	6,708
Issued share capital as at 31 March 2023	**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 penny 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.

41. 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	2023 £'000	2022 £'000
Within one year	**–**	1,123
Between two and five years	**–**	3,395
After five years	**–**	–
	–	4,518

On 24 March 2023, the Company disposed of the lease relating to its London office in The Shard by assigning it to a third party.

42. 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	2023 £'000	2022 £'000
Within one year	**24**	24
Between two and five years	**8**	38
After five years	**–**	–
	32	62

Notes to the Parent Company financial statements

(continued)

43. 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.

MET operations

On 30 November 2022, the Group completed the disposal of the Media, Events and Training operations of its Dods Political Engagement business (together, the "MET Operations") to Political Holdings Limited, for a cash consideration of £4.5 million. Political Holdings Limited is a private company owned by Lord Ashcroft KCMG PC, a substantial shareholder in the Company as defined by the AIM Rules. Further, Angela Entwistle, a non-executive director of the Company, is a director of Political Holdings Limited. The Disposal therefore constitutes a related party transaction under Rule 13 of the AIM Rules. The Independent Directors of the Company (being all Directors save for Angela Entwistle) consulted with Canaccord Genuity Limited in its capacity as the Company's nominated adviser for the purposes of the AIM Rules and concluded following this consultation that the terms of the Disposal to be fair and reasonable insofar as the Group's shareholders are concerned. At the year-end, 10% of the cash consideration (£450,000) remains outstanding and is due for payment in October 2023.

As part of the disposal of the MET Operations, the Company and its subsidiary Dods Group Limited agreed to jointly provide transitional service to the Political Holdings Limited group of companies covering areas such as occupancy, IT systems and support and finance and accounting services. In total, the Company charged £416,000 for these services during the year. At 31 March 2023, a balance of £145,991 was outstanding in respect of invoicing for these services.

Investments and Associates

During the year, the Company received repayment of £210,000 (2022: £350,000) of an interest free loan from its then Associate, Sans Frontières Associates (SFA), reducing the balance outstanding to £nil (2022: £210,000).

On 3 March 2023, the Company disposed of its 40% equity stake in SFA for cash consideration of £250,000 via a share repurchase by SFA.

During the prior year, an amount of £62,945 was payable to the Company's then Associate, Social 360 Limited, in relation to profit-share for monitoring services provided. The balance outstanding at 31 March 2022 of £16,973 was paid prior to disposal of the Company's shares in Social 360 Limited for cash consideration of £420,000 on 8 August 2022.

During the year, an amount of £nil (2022: £105,000) 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 2023, there was a balance of £105,000 (2022: £105,000) outstanding.

Other related party transactions

Cornelius Conlon, a Director of the Company was entitled to shares and a cash consideration on the first 3 anniversaries of the Meritgroup Limited acquisition in 2019. During the year, Cornelius Conlon received cash consideration of £220,000, In the prior year, he received cash consideration of £220,00 plus 854,732 ordinary shares having a value of £533,352.

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 (2022: £30,000) to the Company for the services of Angela Entwistle as a Non-Executive Director. At 31 March 2023, the balance outstanding was £2,500 (2022: £2,500).

Notice of Annual General Meeting

To be held at the offices of Fieldfisher, Riverbank House, 2 Swan Lane, London, EC4R 3TT on 29 September 2023 at 9.00 am.

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 9.00 am on 27 September 2023. 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. Alternatively, shareholders may be able to utilise CREST or Proxymity to appoint a proxy – please refer to the notes section below.

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 receivze the Company's annual accounts for the financial year ended 31 March 2023, 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 Lord Ashcroft KCMG, PC as a Director of the Company pursuant to article 25.3 of the articles of association of the Company.

5. To re-appoint Mark Smith as a Director of the Company who retires by rotation

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

7. To re-appoint Dame Diane Lees DBE 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, 10 and 11 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 2024, 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 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 2024; 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 £670,771 being approximately 10% 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 2024; and

(c) the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 7(a) or paragraph 7(b) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph 7(b) above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

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. That, subject to the passing of Resolution number 9 above, the directors be and they 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 number 9 or by way of a sale of treasury shares as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £670,771.36 such authority to be used only for the purposes of financing (or refinancing, if such refinancing occurs within six months of the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, and

(b) the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 10(a) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph 10(a) above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

and shall expire upon the expiry of the general authority conferred by Resolution 6 above, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offers or agreements as if the power conferred by this Resolution had not expired.

Notice of Annual General Meeting

(continued)

11. 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: 6 September 2023

Registered Office: 9th 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 27 September 2023; 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. Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.

   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 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.

Notice of Annual General Meeting

(continued)

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 & International 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 (Member ID RA10) 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 proxies through Proxymity

5. If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 9.00 am on 27 September 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

Appointment of proxy by joint members

6. 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

7. 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

8. As at 12.00pm on 4 September 2023 (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 shareholderenquiries@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. Link 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
9th 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
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.

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

By email – shareholderenquiries@linkgroup.co.uk

By post – Link Group, 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 2023 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

9th Floor, The Shard, 32 London Bridge Street, London SE1 9SG
Company number: 04267888