

8 November 2023

Merit Group plc

("Merit", the "Company" or "the Group")

UNAUDITED INTERIM RESULTS TO 30 SEPTEMBER 2023

Merit Group plc (AIM: MRIT), the data and intelligence business, announces its unaudited interim results for the half year ended 30 September 2023.

Financial Highlights

- Accelerating revenue growth; Revenue from Continuing Operations of £9.9m up 9.3% (H1 FY23: £9.1m) ¹
- Adjusted EBITDA increased by 67% to £1.8m (H1 FY23: Adj EBITDA £1.1m)
- Adjusted EBITDA margin increased by six percentage points from 12.1% to 18.5%
- Net cash generated from continuing operating activities of £0.7m (H1 FY23: £0.4m)
- Return to profit before tax of £0.5m (H1 FY23: loss of £0.3m), representing 1.47 pence per share.
- Net Debt ² of £2.5m as at 30 September 2023, (31 March 2023: £2.6m) with total available debt facilities of £4.0m.

Continuing Operations¹

	H1 FY24 30 Sep 23	H1 FY23 30 Sep 22 ¹	Change ⁶
Revenue	£9.9m	£9.1m	9.3%
Gross profit	£4.7m	£4.3m	10.7%
Gross margin ³	47.9%	47.4%	
Adjusted EBITDA ⁴	£1.8m	£1.1m	66.6%
Net margin ⁵	18.5%	12.1%	
Profit/(loss) before tax	£0.5m	(£0.3m)	
Basic Earnings per share	1.47p	(1.82p)	

1. Comparative figures for the six-month period to 30 September 2022 have been restated to remove Discontinued Operations as outlined in Note 5.

2. Net debt comprises the aggregate of gross debt, excluding IFRS16 lease liabilities, and cash and cash equivalents as outlined in Note 11.

3. Gross margin is Gross profit as a percentage of Revenue.

4. Adjusted EBITDA is calculated as earnings before interest, tax, depreciation, amortisation of intangible assets, share-based payments and non-recurring items.

5. Net margin is Adjusted EBITDA as a percentage of Revenue.

6. Year-on-year percentage change figures are calculated on unrounded numbers.

Operational Highlights

- Expanded sales team in Merit Data & Technology now delivering new customers underpinning accelerating growth; 13.3% revenue growth in H1 FY24 compared to 7.8% in the preceding half year.
- Margin improvement program within Merit Data & Technology has already delivered a six percentage point improvement in EBITDA margins to 19.5%.
- Ongoing investment in AI initiatives, in which the business has a five-year track record, is delivering both cost competitiveness and further margin improvement opportunities.
- Dods Political Intelligence has begun the acceleration of its revenue growth, achieving 2.7%, up from 0.4% in the first half of last year.
- With £3.5m of revenue Dods PI delivered an Adjusted EBITDA of £1.1m, up 20%, and an operating profit of £0.7m, up 175%, demonstrating its strong operational gearing.
- Group Adjusted EBIT was £0.9m in H1 FY24, up from a loss of £0.3m in H1 FY23.

David Beck, CEO of Merit Group plc, said;

“We are pleased to be able to announce further progress and a very good set of first half numbers, including a return to profit before tax. Despite challenging economic conditions, the Group is accelerating its revenue growth whilst also increasing its margins. Both operating businesses are working to detailed growth plans which, when combined with their high levels of subscription or recurring revenue and operational gearing, is helping to drive profitability faster than revenue growth.

“The Group’s deep technology skills and increasing use of AI to drive both new revenue opportunities and operational efficiencies gives the Board further confidence in the business’ ability to build on the progress already achieved.”

Mark Smith, Chairman, commented;

“With the Group’s restructuring complete the focus is now on growth and driving shareholder value. Small listed companies do not always see their value fully reflected in their share prices, the Board of Merit recognises that it has a duty to all shareholders to maximise value.”

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This announcement is released by Merit Group plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 ("MAR"), and is disclosed in accordance with the Group's obligations under Article 17 of MAR. With the publication of this announcement, this information is now considered to be in the public domain.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Group by David Beck, Chief Executive Officer.

BUSINESS AND OPERATIONAL REVIEW

The Group had a very good first half and is benefitting from the restructuring of both its operations and cost base achieved in the prior year. Despite challenging economic conditions, in the first half year the Group has delivered revenue growth and an increase in Adjusted EBITDA from Continuing Operations to £1.8m, compared to £1.1m in the prior year. Both operating divisions, Merit Data & Technology (Merit D&T) and Dods Political Intelligence (Dods) performed strongly.

The revenue growth in both operating businesses combined with cost efficiencies has helped drive an Adjusted EBITDA margin improvement of six percentage points in Merit D&T and four percentage points in Dods.

The Group has returned to a Profit before tax of £0.5m in the half year (H1 FY23: loss before tax of £0.3m), a significant improvement driven in part by the reduction in depreciation of right-of-use assets following the successful disposal of the Group's excess London office space at the end of the previous financial year.

Merit Data & Technology

The Merit Data & Technology (Merit D&T) business has long-standing customers that provide the business with high levels of recurring revenue. We provide a range of data and intelligence products and services, as well as data solutions to a loyal customer base. The business uses its proprietary technology and AI skills to gather and enhance industry intelligence and marketing data.

Merit D&T saw strong and accelerating revenue growth in the first half, up 13.3% to £6.4m from £5.6m in H1 FY23. Adjusted EBITDA of £1.2m in the first half benefitted from the recovery in the Sterling/INR exchange rate and compares to the £0.7m in the same period in the previous year.

The upgraded sales and marketing function within Merit D&T that was recruited and expanded in FY23 is helping to generate new customers and new revenue from existing customers across all areas of the business. The business secured new clients in Pythian, Media 42, Hyve and ION, and has also secured additional work from existing clients Jato, Lloyds List Intelligence and Wilmington amongst others.

With the increasing acceptance of AI tools as a driver of business efficiency Merit D&T is able to actively pursue new revenue opportunities from customers seeking to implement AI solutions. The business is also using increasing amounts of AI within its own operations; reducing costs to make it even more price competitive and to continue to deliver margin improvements.

Dods Political Intelligence

Dods is a provider of mission critical UK and European policy and political data and intelligence to approximately 800 subscribers. Dods is the UK's industry leader with an enviable reputation for the comprehensiveness of its service and the quality of its analysis and consultancy. The business benefits from subscription revenues from a large, diverse and loyal subscriber base of blue-chip customers.

In the first half the Continuing Operations of Dods grew revenue by 2.7% to £3.5m and made Adjusted EBITDA of £1.1m against £0.9m in the same period last year. An adjusted EBITDA margin of 30.9% was flattered by the inclusion of Other Operating Income (not included in revenue) from the provision of transitional services to the businesses that were disposed of in

November 2022. Those transitional services arrangements have largely come to an end and will therefore not recur in the second half, a normalised first half margin taking out the other operating income and associated costs would be circa 25%.

The increased focus on, and investment in, the Dods business to focus on growth commenced with the recruitment of a new Director of Sales and Marketing at the end of the first half. The newly restructured business now benefits from a three year growth plan underpinned by new customer research and investment in further product and service improvements. New customers in the period include Drax, Thakeham Homes, The Royal College of Surgeons and the German Animal Welfare Association.

Central

Central costs continue to be closely managed; despite some inflationary pressures in the costs of professional fees and insurance, central costs reduced by 8% year-on-year to £0.5m in the first half.

In contrast to prior years, the Group reports no non-recurring items in the period, reflecting the substantial completion of the Group's restructuring.

Outlook

Despite challenging economic conditions, the Group is accelerating its revenue growth whilst also increasing its margins. Both operating businesses are delivering improved results by working to detailed growth plans which, when combined with their high levels of subscription or recurring revenue, maximises their natural operational gearing.

The Group's deep technology skills and increasing use of AI to drive both new revenue opportunities and operational efficiencies gives the Board further confidence in the business' ability to build on the progress already achieved.

David Beck

CEO

Merit Group plc

FINANCIAL REVIEW

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 and therefore excluded from the presentation of items on a Continuing Operations basis in prior periods to provide a like-for-like comparator.

Income Statement – Continuing Operations

The Group's revenue from Continuing Operations increased by 9.3% to £9.9m (H1 FY23: £9.1m).

Revenues from Merit Data and Technology (MD&T) were £0.8m higher than the equivalent prior half year (H1 FY24: £6.4m compared to H1 FY23: £5.6m), representing an increase of 13%. Dods revenues for the period increased by 3% to £3.5m (H1 FY23: £3.4m).

Gross profit for the period increased to £4.7m compared to the prior period (H1 FY23: £4.3m). Gross margin increased from 47% to 48%, driven by the Group's improving revenue growth and operational gearing.

Adjusted EBITDA increased by £0.7m to £1.8m (H1 FY23: £1.1m) due to strong revenue growth, operational gearing, and the net £0.2m benefit of transitional services provided to the disposed MET business during the period.

The return to operating profit, from a loss of £0.6m in H1 FY23 to a profit of £0.9m, reflects the increase in Adjusted EBITDA, a reduction in depreciation following the disposal of the Shard lease in the prior year and the lack of non-recurring charges. The Group's operating profit is stated after a right-of-use assets charge of £0.4m (H1 FY23: £0.7m), an amortisation on acquired intangibles under business combinations of £0.3m (H1 FY23: £0.3m), a charge for intangible assets amortisation of £0.1m (H1 FY23: £0.2m) and a charge for depreciation of tangible assets of £0.1m (H1 FY23: £0.3m).

The net finance expense for the year of £0.3m compares to a net finance credit of £0.1m in H1 FY23, reflecting the increase in interest rates and the impact of foreign exchange hedging.

The profit for the year from Continuing Operations, after a tax charge of £0.2m (H1 FY23: £0.2m), amounted to £0.4m (H1 FY23: £0.4m loss).

Earnings and Dividends

Earnings per share (basic and diluted) from Continuing Operations in the period were 1.47 pence (H1 FY23: loss of 1.82 pence, basic and diluted) and were based on the profit for the period of £0.4m (H1 FY23: £0.4m loss) with a weighted average number of shares in issue during the period of 23,956,124.

Adjusted earnings per share, both basic and diluted, from Continuing Operations in the period were 3.16 pence (H1 FY23: loss of 0.49 pence) and were based on the adjusted profit after tax for the period of £0.8m (H1 FY23: loss of £0.1m).

Total Earnings per share, both basic and diluted, in the period were 1.47 pence (H1 FY23: loss of 4.17 pence) and were based on the profit after tax for the period of £0.4m (H1 FY23: loss of £1.0m).

Whilst the Company's focus remains on maintaining financial flexibility and repositioning the business for future growth, the Board is not proposing a dividend (H1 FY23: £nil).

Going Concern

The Directors have considered the position and projections of the Group for the purpose of assessing Going Concern and remain satisfied with the Group's funding and liquidity position.

Statement of Financial Position

Assets

Non-current assets of £37.7m (31 March 2023: £37.7m) comprise goodwill of £26.9m (31 March 2023: £26.9m), intangible assets of £7.6m (31 March 2023: £7.9m), property, plant and equipment of £0.4m (31 March 2023: £0.3m), IFRS 16 rights-of-use assets of £2.2m (31 March 2023: £1.9m), investments of £0.5m (31 March 2023: £0.4m) and deferred tax assets amounting to £0.5m (31 March 2023: £0.5m). Movements in the year reflect amortisation and depreciation charges in the period offset by the addition of a new London premises lease (£0.7m).

Current assets comprise Trade and other receivables of £5.5m (31 March 2023: £5.5m) and cash balances.

The Group had a cash balance of £1.1m at the period end (31 March 2023: £2.1m), reduced as the group actively manages the level of RCF drawing to minimise interest costs. Net debt amounted to £2.5m at the period end (31 March 2023: £2.6m).

Total assets of the Group were £44.3m (31 March 2023: £45.3m).

Liabilities

Current liabilities of £9.7m (31 March 2023: £10.8m) comprise Trade and other payables of £6.1m (31 March 2023: £6.6m), bank loans and borrowings of £2.9m (31 March 2023: £3.4m), IFRS16 lease liabilities of £0.6m (31 March 2023: £0.7m) and defined benefit pension liabilities of £0.1m (31 March 2023: £0.1m).

Non-current liabilities of £2.5m (31 March 2023: £2.8m) comprise bank loans and borrowings of £0.6m (31 March 2023: £1.3m), IFRS16 lease liabilities of £1.6m (31 March 2023: £1.2m) and defined benefit pension liabilities of £0.3m (31 March 2023: £0.2m).

Movement in the year primarily reflect the repayment of £1.2m of bank loans and borrowings, the repayment of £0.5m of IFRS16 lease liabilities and the addition of £0.7m of IFRS16 lease liabilities in respect of the new London premises lease.

Capital and reserves

Total equity increased by £0.3m to £32.1m (31 March 2023: £31.8m), reflecting the retained profit for the period.

Cash flows, liquidity and capital resources

Net cash generated by operations was an £0.8m inflow in the period by comparison to an £0.0m in H1 FY23 (£0.6m from Continuing operations). After tax, net cash used in operating activities amounted to £0.7m (H1 FY23: outflow of £0.2m in total of which Continuing Operations generated £0.4m and Discontinued Operations used £0.6m).

Investing activities, primarily related to the addition of IT equipment, leasehold improvements within the new London premises and the internal development of software amounted to £0.2m in the period, compared to £0.2m in the prior period which was offset by £0.5m of proceeds from the disposal of Associates.

Total financing outflows were £1.4m in the period (H1 FY23: £0.5m) as the group significantly reduced gross bank debt. This comprised £1.9m used in the servicing of bank debt and interest and capital repayments on leases, offset by the receipt of £0.5m in the period in respect of recoverable VAT paid on the disposal of the Shard lease in the prior period.

Net debt amounted to £2.5m at the period end (31 March 2023: £2.6m).

At 30 September 2023, the Group had bank debt of £3.5m (31 March 2023: £4.7m) comprising amounts owed on term loans and amounts drawn on a revolving credit facility (RCF).

The Group had a term loan with £0.8m outstanding (31 March 2023: £0.9m) taken out in July 2022 over a five-year period, with interest at 4.75% over Bank of England interest rate. A further £1.2m (31 March 2023: £1.8m) was outstanding on a £1.8m term loan 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 £2.0m RCF facility available through to September 2027, of which £1.5m was drawn at the period end (31 March; £2.0m). Due to its revolving nature, this loan is all shown as due within one year.

Phil Machray
Chief Financial Officer

Merit Group plc

Condensed consolidated income statement For the half year ended 30 September 2023

Continuing Operations ⁽¹⁾	Note	Unaudited Half year ended 30 Sept 2023 £'000	Unaudited Half year ended 30 Sept 2022 (restated ⁽¹⁾) £'000	Audited Year ended 31 Mar 2023 £'000
Revenue	3	9,899	9,055	18,585
Cost of sales		(5,154)	(4,767)	(10,033)
Gross profit		4,745	4,288	8,552
Administrative expenses		(4,170)	(4,861)	(12,628)
Other operating income		293	-	416
Operating profit/(loss) from Continuing Operations		868	(573)	(3,660)
Memorandum:				
Adjusted EBITDA⁽²⁾	3	1,829	1,098	2,652
Depreciation of property, plant and equipment		(88)	(301)	(620)
Depreciation of right-of-use assets		(406)	(661)	(1,313)
Amortisation of intangible assets acquired through business combinations		(294)	(294)	(587)
Amortisation of software intangible assets		(142)	(161)	(314)
Adjusted EBIT⁽³⁾		899	(319)	(182)
Share-based payments		(31)	(31)	(63)
Non-recurring items	4			
Loss on disposal of investments in Associates		-	-	(303)
Losses on disposal of Shard lease		-	-	(2,927)
People-related costs		-	(150)	(123)
Other non-recurring items		-	(73)	(62)
Operating profit/(loss) from Continuing Operations		868	(573)	(3,660)
Net finance credit/(expense)		(339)	68	(249)
Share of profit of Associate		-	252	252
Profit/(loss) before tax from Continuing Operations		529	(253)	(3,657)
Income tax (charge)/credit		(176)	(182)	88
Profit/(loss) for the period from Continuing Operations		353	(435)	(3,569)
Loss/(profit) from Discontinued Operations		-	(564)	884
Profit/(loss) for the period		353	(999)	(2,685)

⁽¹⁾ Comparative figures for the half year ended 30 September 2022 have been restated to reflect Continuing Operations only as outlined in Note 5.

⁽²⁾ Adjusted EBITDA is defined as the operating profit/(loss) after adding back depreciation, amortisation, share-based payments, and non-recurring items.

⁽³⁾ Adjusted EBIT is defined as the operating profit/(loss) after adding back share-based payments and non-recurring items.

Earnings per share (pence)

Basic and Diluted		p per share	p per share	p per share
Continuing Operations	6	1.47p	(1.82p)	(14.90p)
Discontinued Operations	6	-	(2.35p)	3.69p
Basic total	6	1.47p	(4.17p)	(11.21p)

The notes on pages 13 to 27 form part of these unaudited interim results.

Merit Group plc

Condensed consolidated statement of comprehensive income For the half year ended 30 September 2023

	Unaudited Half year ended 30 Sept 2023 £'000	Unaudited Half year ended 30 Sept 2022 £'000	Audited Year ended 31 Mar 2023 £'000
Profit/(loss) for the period	353	(999)	(2,685)
Items that may be subsequently reclassified to Profit and loss:			
Foreign currency translation:			
Exchange differences on translation of foreign operations	2	21	(27)
Loss reclassified to profit and loss on disposal of foreign operations	-	-	(48)
	2	21	(75)
Remeasurement of defined benefits obligation	(31)	36	45
Other comprehensive income for the period	(29)	57	(30)
Total comprehensive profit/(loss) for the period	324	(942)	(2,715)

The notes on pages 13 to 27 form part of these unaudited interim results.

Merit Group plc
Condensed consolidated statement of financial position
As at 30 September 2023

	Note	Unaudited 30 Sept 2023 £'000	Unaudited 30 Sept 2022 (restated*) £'000	Audited 31 Mar 2023 £'000
Non-current assets				
Goodwill	8	26,919	27,642	26,919
Intangible assets	9	7,566	8,679	7,908
Property, plant and equipment	10	381	1,673	341
Right-of-use assets		2,198	4,869	1,874
Investments		474	997	450
Deferred tax assets		184	346	184
Total non-current assets		37,722	44,206	37,676
Current assets				
Trade and other receivables		5,503	4,102	5,502
Loan receivable		-	140	-
Cash and cash equivalents		1,069	1,834	2,144
		6,572	6,076	7,646
Assets held for resale		-	3,591	-
Total current assets		6,572	9,667	7,646
Total assets		44,294	53,873	45,322
Current liabilities				
Trade and other payables		6,085	6,168	6,648
Defined benefit pension obligation		77	84	76
Bank loan/RCF	11	2,910	2,200	3,373
Lease liability	11	597	1,640	678
Liabilities directly associated with assets classified as held for resale		-	3,101	-
Total current liabilities		9,669	13,193	10,775
Non-current liabilities				
Deferred tax liability		-	-	-
Pension obligation		312	232	249
Bank loan/RCF	11	621	2,800	1,342
Lease liability	11	1,583	4,153	1,202
Total non-current liabilities		2,516	7,185	2,793
Capital and reserves				
Issued capital	12	6,708	6,708	6,708
Share premium		1,067	1,067	1,067
Retained profit/(loss)		10,700	12,033	10,347
Redemption reserve		13,680	13,680	13,680
Translation reserve		(122)	(28)	(124)
Other reserves		(28)	(6)	3
Share option reserve		104	41	73
Total equity		32,109	33,495	31,754
Total equity and liabilities		44,294	53,873	45,322

* Comparative figures for the financial position as at 30 September 2022 have been restated to present deferred tax assets within Non-current assets as outlined in Note 16.

The notes on pages 13 to 27 form part of these unaudited interim results.

Merit Group plc

Condensed consolidated statement of changes in equity For the half year ended 30 September 2023

Unaudited	Share capital £'000	Share premium reserve ¹ £'000	Retained earnings £'000	Capital redemption reserve ² £'000	Translation reserve ³ £'000	Other reserves £'000	Share option reserve ⁴ £'000	Total shareholders' funds £'000
At 1 April 2022	6,708	1,067	13,032	13,680	(49)	(42)	10	34,406
Total comprehensive income:								
Loss for the six-month period to 30 September 2022	-	-	(999)	-	-	-	-	(999)
Currency translation differences	-	-	-	-	21	-	-	21
Remeasurement of defined benefits obligations	-	-	-	-	-	36	-	36
Share-based payments	-	-	-	-	-	-	31	31
At 30 September 2022	6,708	1,067	12,033	13,680	(28)	(6)	41	33,495
Total comprehensive income:								
Loss for the six-month period to 31 March 2023	-	-	(1,686)	-	-	-	-	(1,686)
Currency translation differences	-	-	-	-	(96)	-	-	(96)
Remeasurement of defined benefits obligations	-	-	-	-	-	9	-	9
Share-based payments	-	-	-	-	-	-	32	32
At 31 March 2023	6,708	1,067	10,347	13,680	(124)	3	73	31,754
Total comprehensive income:								
Profit for the six-month period to 30 September 2023	-	-	353	-	-	-	-	353
Currency translation differences	-	-	-	-	2	-	-	2
Remeasurement of defined benefits obligations	-	-	-	-	-	(31)	-	(31)
Share-based payments	-	-	-	-	-	-	31	31
At 30 September 2023	6,708	1,067	10,700	13,680	(122)	(28)	104	32,109

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

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

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

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

The notes on pages 13 to 27 form part of these unaudited interim results.

Merit Group plc

Condensed consolidated statement of cash flows For the half year ended 30 September 2023

	Note	Unaudited Half year ended 30 Sept 2023 £'000	Unaudited Half year ended 30 Sept 2022 £'000	Audited Year ended 31 Mar 2023 £'000
Cash generated by operations	7	836	6	1,325
Taxation paid		(181)	(163)	(429)
Net cash (used in)/generated from operating activities		655	(157)	896
Cash flows from investing activities				
Interest and similar income received		18	40	77
Additions to intangible assets		(94)	(108)	(175)
Additions to property, plant and equipment		(128)	(132)	(69)
Acquisition of investments		(24)	-	-
Proceeds from disposal of Associates		-	410	654
Proceeds on disposal of operations		-	-	3,846
Repayment of long-term loan by Associate		-	70	210
Net cash raised/(used) in investing activities		(228)	280	4,543
Cash flows from financing activities				
Interest and similar expenses paid		(215)	(153)	(378)
Payment of lease liabilities		(494)	(967)	(1,901)
Payment on disposal of lease liabilities		462	-	(3,683)
Net drawdowns/(repayments) of bank facility		(1,184)	622	337
Net cash raised/(used) in financing activities		(1,431)	(498)	(5,625)
Net decrease in cash and cash equivalents		(1,004)	(375)	(186)
Opening cash and cash equivalents		2,144	2,321	2,321
Effect of exchange rate fluctuations on cash held		(71)	(112)	9
Closing cash at bank		1,069	1,834	2,144
Comprised of:				
Cash and cash equivalents		1,069	1,834	2,144
Closing cash at bank		1,069	1,834	2,144

The notes on pages 13 to 27 form part of these unaudited interim results.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

1. General information

Nature of operations

The principal activities of Merit Group plc and its subsidiaries (the "Group") is the creation and aggregation of high-quality data and intelligence information and the provision of data technology services.

The Group operates primarily in the UK, Europe and India.

Merit Group plc is a Company incorporated in England and Wales and listed on the Alternative Investment Market (AIM) in London. The registered office of the Company and head office of the Group is 9th Floor, The Shard, 32 London Bridge Street, London SE1 9SG.

Basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the UK. The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006. As required by AIM Rules, the condensed set of financial statements has been prepared applying accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 March 2023.

The condensed consolidated financial statements are neither audited in accordance with International Standards on Auditing (UK) nor subject to review as per International Standard on Review Engagements (ISRE) 2410. The comparative figures for the year ended 31 March 2023 have been extracted from the Group's statutory accounts for that financial period. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Going concern

The Directors have considered the financial projections of the Group, including cash flow forecasts and the availability of committed bank facilities for the coming 12 months. They are satisfied that the Group has adequate resources for the foreseeable future and that it is appropriate to continue to adopt the going concern basis in preparing these interim financial statements.

Approval date

The condensed set of interim financial statements have been prepared on a going concern basis and were approved by the Board on 7 November 2023.

2. Critical accounting estimates and judgements

When preparing financial statements, the Group makes estimates and judgements concerning the future. These estimates and judgements are typically based on historical experience and expectations of future events that are believed to be reasonable at the time. In the future, by definition, actual events and experience may deviate from these estimates and judgements.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

2. Critical accounting estimates and judgements (continued)

The Directors considered the critical accounting judgements and estimates applied in the condensed consolidated financial statements were the same as those applied in the Group's last statutory accounts for the year ended 31 March 2023.

3. Segmental information

Business segments

The Group 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 and intelligence, including marketing data, and the provision of data-related technology, including data engineering, machine learning, software development, 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 and PLC listing.

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

Continuing Operations⁽¹⁾	Unaudited Half year ended 30 Sept 2023 £'000	Unaudited Half year ended 30 Sept 2022 (restated⁽¹⁾) £'000	Audited Year ended 31 Mar 2023 £'000
Merit Data & Technology	6,376	5,626	11,644
Dods	3,523	3,429	6,941
	9,899	9,055	18,585

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

Group Revenue by stream	Unaudited Half year ended 30 Sep 2023 £'000	Unaudited Half year ended 30 Sep 2022 (restated⁽¹⁾) £'000	Audited Year ended 31 Mar 2023 £'000
Continuing Operations⁽¹⁾			
Data and Intelligence	3,414	2,981	6,743
Data Technology	2,962	2,645	4,901
Political Intelligence	3,523	3,429	6,941
	9,899	9,055	18,585

(1) Prior periods have been restated to present Continuing Operations only as outlined in Note 5.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

3. Segmental information (continued)

Unaudited half year ended 30 Sep 2023 Business segment profit before tax	MD&T 30 Sep 2023 £'000	Dods 30 Sep 2023 £'000	Central 30 Sep 2023 £'000	Total 30 Sep 2023 £'000
Continuing Operations				
Adjusted EBITDA	1,241	1,087	(499)	1,829
Depreciation of property, plant and equipment	(55)	(33)	-	(88)
Depreciation of right-of-use assets	(260)	(146)	-	(406)
Amortisation of intangible assets acquired through business combinations	(255)	(39)	-	(294)
Amortisation of software intangible assets	-	(142)	-	(142)
Share based payments	-	-	(31)	(31)
Operating profit/(loss)	671	727	(530)	868
Net finance income/(expense)	(80)	(45)	(214)	(339)
Profit/(loss) before tax from Continuing Operations	591	682	(744)	529

Unaudited half year ended 30 Sep 2022 Business segment profit before tax	MD&T 30 Sep 2022 £'000	Dods 30 Sep 2022 (restated ⁽¹⁾) £'000	Central 30 Sep 2022 £'000	Total 30 Sep 2022 (restated ⁽¹⁾) £'000
Continuing Operations⁽¹⁾				
Adjusted EBITDA	733	907	(542)	1,098
Depreciation of property, plant and equipment	(140)	(161)	-	(301)
Depreciation of right-of-use assets	(281)	(211)	(169)	(661)
Amortisation of intangible assets acquired through business combinations	(255)	(39)	-	(294)
Amortisation of software intangible assets	-	(161)	-	(161)
Share based payments	-	-	(31)	(31)
Non-recurring items				
People-related costs	(34)	(23)	(93)	(150)
Other non-recurring items	-	(48)	(25)	(73)
Operating profit/(loss)	23	264	(860)	(573)
Net finance income/(expense)	45	11	12	68
Share of profit of Associate	-	-	252	252
Profit/(loss) before tax from Continuing Operations	68	275	(596)	(253)

(1) Prior periods have been restated to present Continuing Operations only as outlined in Note 5.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

3. Segmental information (continued)

Audited year ended 31 Mar 2023	MD&T	Dods	Central	Total
Business segment profit before tax	31 Mar	31 Mar	31 Mar	31 Mar
Continuing Operations	2023	2023	2023	2023
	£'000	£'000	£'000	£'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 income/(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)

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

4. Non-recurring items

Continuing Operations ⁽¹⁾	Unaudited Half year ended 30 Sep 2023 £'000	Unaudited Half year ended 30 Sep 2022 (restated ⁽¹⁾) £'000	Audited Year ended 31 Mar 2023 £'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)
People-related costs	-	(150)	(123)
Other:			
- Professional services and consultancy	-	(73)	(62)
	-	(223)	(3,415)

(1) Prior periods have been restated to present Continuing Operations only as outlined in Note 5.

People-related costs incurred in prior periods include deferred cash consideration on the acquisition of Meritgroup Limited. Also included are redundancy costs reflecting the effect of Group initiatives to appropriately restructure the business.

Other non-recurring costs incurred in prior periods relate to one-off consultancy and professional fees associated with the rental review of the London premises.

5. 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. These activities were treated as Discontinued Operations within the unaudited interim results for the period to 30 September 2022, as reported on 1 December 2022.

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. These activities are also treated as Discontinued Operations.

The activities of the MET Operations and Le Trombinoscope have been classified as Discontinued Operations within the Consolidated income statement and therefore excluded from the presentation of items on a Continuing Operations basis. The unaudited half year for the period to 30 September 2022, which included 6 months of both MET operations and Le Trombinoscope, was previously presented to exclude the MET Operations as Discontinued. It has now been further restated to also exclude Le Trombinoscope as Discontinued Operations.

The results of the Discontinued Operation for the year ended 31 March 2023, which include the results of the MET operations for 8 months and Le Trombinoscope for 9.5 months, are unchanged from previously reported on 6 September 2023.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

5. Disposal (continued)

The results of the Discontinued Operations are as follows:

Discontinued Operations	Unaudited Half year ended 30 Sept 2023 £'000	Unaudited Half year ended 30 Sept 2022 (restated*) £'000	Audited Year ended 31 Mar 2023 £'000
Revenue	-	4,944	6,913
Cost of sales	-	(4,154)	(5,861)
Gross profit	-	790	1,052
Administrative expenses	-	(1,325)	(1,450)
Operating loss	-	(535)	(398)
Memorandum:			
Adjusted EBITDA	-	(287)	(69)
Depreciation of property, plant and equipment	-	(45)	(58)
Depreciation of right-of-use assets	-	(19)	(25)
Amortisation of intangible assets acquired through business combinations	-	(137)	(183)
Amortisation of software intangible assets	-	(2)	(8)
Non-recurring items: people-related costs	-	(45)	(55)
Operating loss	-	(535)	(398)
Net finance expense	-	(29)	(66)
Loss before tax	-	(564)	(464)
Income tax credit	-	-	58
Loss for the period from Discontinued Operations	-	(564)	(406)
Profit on disposal of Discontinued Operations after tax	-	-	1,290
(Loss)/Profit from Discontinued Operations for the period	-	(564)	884

* Comparative figures for the half year ended 30 September 2022 have been restated to remove Discontinued Operations as above.

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

Discontinued Operations	Unaudited Half year ended 30 Sept 2023 £'000	Unaudited Half year ended 30 Sept 2022 (restated*) £'000	Audited Year ended 31 Mar 2023 £'000
Net cash (outflow) from operating activities	-	(594)	(1,621)
Net cash (outflow)/inflow from investing activities	-	(2)	3,846
Net cash (outflow) from financing activities	-	(48)	(95)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts from Discontinued Operations	-	(644)	2,130

* Comparative figures for the half year ended 30 September 2022 have been restated as above.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

6. Earnings per share

	Unaudited Half year ended 30 Sep 2023 £'000	Unaudited Half year ended 30 Sep 2022 (restated ⁽¹⁾) £'000	Audited Year ended 31 Mar 2023 £'000
Continuing Operations⁽¹⁾			
Profit/(loss) attributable to shareholders	353	(435)	(3,569)
Add: non-recurring items	-	223	3,415
Add: amortisation of intangible assets acquired through business combinations	294	294	587
Add: net exchange losses/(gains)	79	(230)	(297)
Add: share-based payment (credit)/expense	31	31	63
Adjusted post-tax profit/(loss) from Continuing Operations attributable to shareholders	757	(117)	199

(1) Comparative figures for the half year ended 30 September 2022 have been restated to present Continuing Operations only as outlined in Note 5.

	Unaudited Half year ended 30 Sep 2023 £'000	Unaudited Half year ended 30 Sep 2022 (restated*) £'000	Audited Year ended 31 Mar 2023 £'000
Discontinued Operations			
(Loss)/profit attributable to shareholders	-	(564)	884
Add: non-recurring items	-	45	(2,019)
Add: amortisation of intangible assets acquired through business combinations	-	137	183
Adjusted post-tax profit/(loss) from Discontinued Operations attributable to shareholders	-	(382)	(952)

* Comparative figures for the half year ended 30 September 2022 have been restated as outlined in Note 5.

	Unaudited Half year ended 30 Sept 2023 Ordinary shares	Unaudited Half year ended 30 Sept 2022 Ordinary shares	Audited Year ended 31 Mar 2023 Ordinary shares
Weighted average number of shares			
In issue during the period – basic	23,956,124	23,956,124	23,956,124
Adjustment for share options	-	-	-
In issue during the period – diluted	23,956,124	23,956,124	23,956,124

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

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

6. Earnings per share (continued)

Continuing Operations⁽¹⁾	Unaudited Half year ended 30 Sep 2023 Pence per share	Unaudited Half year ended 30 Sep 2022 (restated⁽¹⁾) Pence per share	Audited Year ended 31 Mar 2023 Pence per share
Earnings per share – Continuing Operations			
Basic	1.47	(1.82)	(14.90)
Diluted	1.47	(1.82)	(14.90)
Adjusted earnings per share – Continuing Operations			
Basic	3.16	(0.49)	0.83
Diluted	3.16	(0.49)	0.83

(1) Comparative figures for the half year ended 30 September 2022 have been restated to present Continuing Operations only as outlined in Note 5.

Discontinued Operations	Unaudited Half year ended 30 Sep 2023 Pence per share	Unaudited Half year ended 30 Sep 2022 (restated*) Pence per share	Audited Year ended 31 Mar 2023 Pence per share
Earnings per share – Discontinued Operations			
Basic	-	(2.35)	3.69
Diluted	-	(2.35)	3.69
Adjusted earnings per share – Discontinued Operations			
Basic	-	(1.59)	(3.97)
Diluted	-	(1.59)	(3.97)

* Comparative figures for the half year ended 30 September 2022 have been restated as outlined in Note 5.

TOTAL	Unaudited Half year ended 30 Sep 2023 Pence per share	Unaudited Half year ended 30 Sep 2022 Pence per share	Audited Year ended 31 Mar 2023 Pence per share
Earnings per share			
Basic	1.47	(4.17)	(11.21)
Diluted	1.47	(4.17)	(11.21)
Adjusted earnings per share			
Basic	3.16	(2.08)	(3.14)
Diluted	3.16	(2.08)	(3.14)

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

7. Cash generated by operations

	Unaudited Half year ended 30 Sept 2023 £'000	Unaudited Half year ended 30 Sept 2022 £'000	Audited Year ended 31 Mar 2023 £'000
Cash flows from operating activities			
Profit/(loss) for the period	353	(999)	(2,685)
Depreciation of property, plant and equipment	88	346	678
Depreciation of right-of-use assets	406	680	1,338
Amortisation of intangible assets acquired through business combinations	294	431	770
Amortisation of other intangible assets	142	163	322
Share-based payments charge/(credit)	31	31	63
Share of profit of Associate	-	(252)	(252)
Lease interest expense	64	161	298
Profit on disposal of operations (before tax)	-	-	(2,074)
Loss on disposal of IFRS16 finance lease	-	-	2,927
Loss on disposal and impairment of investments in associates	-	-	303
Interest income	(18)	(40)	(77)
Interest expense	215	153	378
Foreign exchange on operating items	4	24	1
Income tax charge/(credit)	176	182	638
Operating cash flows before movement in working capital	1,755	880	2,628
(Increase)/decrease in inventories		14	(16)
(Increase)/decrease in trade and other receivables	(463)	(422)	(1,520)
Decrease in trade and other payables	(456)	(466)	233
Cash generated by operations	836	6	1,325

8. Goodwill

	Unaudited Half year ended 30 Sep 2023 £'000	Unaudited Half year ended 30 Sep 2022 £'000	Audited Year ended 31 Mar 2023 £'000
Cost and net book value			
Opening balance	26,919	28,911	28,911
Disposals in the year	-	-	(1,992)
Reclassified as assets held for resale	-	(1,269)	-
Closing balance	26,919	27,642	26,919

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

9. Intangible assets

	Assets acquired through business combinations £'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	-	-	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
Additions – internally generated	-	-	94	94
At 30 September 2023	11,209	2,176	238	13,623
Accumulated amortisation				
At 1 April 2023	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
Charge for the period	294	142	-	436
At 30 September 2023	5,384	673	-	6,057
Net book value				
At 31 March 2022 – audited	7,897	1,929	-	9,826
At 31 March 2023 – audited	6,119	1,645	144	7,908
At 30 September 2023 – unaudited	5,825	1,503	238	7,566

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

10. 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 tangible 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
Additions	21	107	128
At 30 September 2023	21	1,556	1,577
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
Charge for the period	2	86	88
At 30 September 2023	2	1,194	1,196
Net book value			
At 31 March 2022 – audited	909	898	1,807
At 31 March 2023 – audited	-	341	341
At 30 September 2023 – unaudited	19	362	381

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

11. Net debt

Net debt comprises the aggregate of loans and borrowings, excluding IFRS16 lease liabilities, and cash and cash equivalents, as follows:

	Unaudited Half year ended 30 Sep 2023 £'000	Unaudited Half year ended 30 Sep 2022 £'000	Audited Year ended 31 Mar 2023 £'000
Bank loan / RCF due within one year	2,910	2,200	3,373
Bank loan due after more than one year	621	2,800	1,342
	3,531	5,000	4,715
Cash and cash equivalents	(1,069)	(1,834)	(2,144)
Net Debt	2,462	3,166	2,571

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.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

12. Leases

	Right-of-use assets £'000	Lease liabilities £'000
As at 1 April 2022	5,660	(6,721)
Depreciation	(1,338)	-
Lease Interest	-	(298)
Lease payments ¹	-	1,897
Disposal	(2,448)	3,242
As at 31 March 2023	1,874	(1,880)
Addition	730	(730)
Depreciation	(406)	-
Lease Interest	-	(64)
Lease payments ¹	-	494
As at 30 September 2023	2,198	(2,180)
Current		(597)
Non-current		(1,583)

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

	Unaudited Half year ended 30 Sep 2023 £'000	Unaudited Half year ended 30 Sep 2022 £'000	Audited Year ended 31 Mar 2023 £'000
Depreciation charge of right-of-use assets	406	680	1,338
Interest expense (included in finance cost)	64	161	298

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 (H1 FY23: £nil).

Lease liabilities includes liabilities in respect of IT equipment with a cost of £77,000 (31 March 2023: £77,000). These assets are capitalised within IT equipment (see Note 10).

13. Issued Share Capital

	28p ordinary shares Number	Total £'000
Issued share capital as at 30 September 2022	23,956,124	6,708
Issued share capital as at 31 March 2023	23,956,124	6,708
Issued share capital as at 30 September 2023	23,956,124	6,708

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

14. Related party transactions

MET operations

The disposal of the MET Operations on 30 November 2022 was to Political Holdings Limited. Political Holdings Limited is considered a related party as it is controlled by Lord Ashcroft KCMG PC, a substantial shareholder in the Company and Angela Entwistle, a non-executive director of the Company, is a director of Political Holdings Limited.

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 £293,364 for these services during the period (H1 FY23: £nil), which has been recognised as Other Operating Income within the Income Statement. At 30 September 2023, a balance of £14,563 (31 March 2023: £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 £56,476 (H1 FY23: £nil) during the period for marketing and data services. At 30 September 2023, there was a balance of £30,688 (31 March 2023: £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 period, revenue of £887,393 (H1 FY23: £nil) was invoiced, cash of £1,968,961 (H1 FY23: £nil) was collected and payments for purchases and payroll amounting to £769,009 (H1 FY23: £nil) 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 30 September 2023, £38,957 (31 March 2023: £233,053) of funds were held on trust for Political Holdings Limited group companies.

Investments and Associates

During the period, the Group billed £125,800 (H1 FY23: £131,000) for technology services to Acolyte Resource Group Limited, a company in which the Group had a 13.5% investment, and of which Cornelius Conlon is a Director. At 30 September 2023, there was a balance of £78,400 (31 March 2023: £64,000) due.

Meritgroup Limited acquisition

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 period, payments of £366,800 (H1 FY23: £400,900) were made to Merit Software Services Private Limited in relation to the lease and other property-related costs.

Other related party transactions

During the current and previous period, Deacon Street Partners Limited, a company related by virtue of Angela Entwistle, a Director of the Company also being a Director, invoiced £15,000 (H1 FY23: £15,000) to the Company for the services of Angela Entwistle as a Non-Executive Director. At 30 September 2023 the balance outstanding was £2,500 (31 March 2023: £2,500).

System1 Group plc, a company related by virtue of Philip Machray, a Director of the Company also being a Director, is a customer of MD&T and was billed £76,700 (H1 FY23: £55,900) for Technology Resourcing Services. At 30 September 2023 the balance outstanding was £12,100 (31 March 2023: £44,400).

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

15. Subsequent events

On 20 October 2023, the Group received £450,000 from Political Holdings Limited, being the deferred consideration receivable on the disposal of the MET Operations on 30 November 2022.

16. Prior period restatement

The consolidated statement of financial position for the period ended 30 September 2022 has been restated to correctly classify deferred tax assets of £346,000 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 30 September 2022, nor the Comprehensive income for the period ended 30 September 2022.

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

At 30 September 2022	As previously reported £'000	Change £,000	As restated £'000
Total non-current assets	43,860	346	44,206
Current assets	6,422	(346)	6,076
Assets held for resale	3,591	-	3,591
Total current assets	10,013	(346)	9,667
Total assets	53,873	-	53,873

8 November 2023

Merit Group plc

("Merit", the "Company" or "the Group")

UNAUDITED INTERIM RESULTS TO 30 SEPTEMBER 2023

Merit Group plc (AIM: MRIT), the data and intelligence business, announces its unaudited interim results for the half year ended 30 September 2023.

Financial Highlights

- Accelerating revenue growth; Revenue from Continuing Operations of £9.9m up 9.3% (H1 FY23: £9.1m) ¹
- Adjusted EBITDA increased by 67% to £1.8m (H1 FY23: Adj EBITDA £1.1m)
- Adjusted EBITDA margin increased by six percentage points from 12.1% to 18.5%
- Net cash generated from continuing operating activities of £0.7m (H1 FY23: £0.4m)
- Return to profit before tax of £0.5m (H1 FY23: loss of £0.3m), representing 1.47 pence per share.
- Net Debt ² of £2.5m as at 30 September 2023, (31 March 2023: £2.6m) with total available debt facilities of £4.0m.

Continuing Operations¹

	H1 FY24 30 Sep 23	H1 FY23 30 Sep 22 ¹	Change ⁶
Revenue	£9.9m	£9.1m	9.3%
Gross profit	£4.7m	£4.3m	10.7%
Gross margin ³	47.9%	47.4%	
Adjusted EBITDA ⁴	£1.8m	£1.1m	66.6%
Net margin ⁵	18.5%	12.1%	
Profit/(loss) before tax	£0.5m	(£0.3m)	
Basic Earnings per share	1.47p	(1.82p)	

1. Comparative figures for the six-month period to 30 September 2022 have been restated to remove Discontinued Operations as outlined in Note 5.

2. Net debt comprises the aggregate of gross debt, excluding IFRS16 lease liabilities, and cash and cash equivalents as outlined in Note 11.

3. Gross margin is Gross profit as a percentage of Revenue.

4. Adjusted EBITDA is calculated as earnings before interest, tax, depreciation, amortisation of intangible assets, share-based payments and non-recurring items.

5. Net margin is Adjusted EBITDA as a percentage of Revenue.

6. Year-on-year percentage change figures are calculated on unrounded numbers.

Operational Highlights

- Expanded sales team in Merit Data & Technology now delivering new customers underpinning accelerating growth; 13.3% revenue growth in H1 FY24 compared to 7.8% in the preceding half year.
- Margin improvement program within Merit Data & Technology has already delivered a six percentage point improvement in EBITDA margins to 19.5%.
- Ongoing investment in AI initiatives, in which the business has a five-year track record, is delivering both cost competitiveness and further margin improvement opportunities.
- Dods Political Intelligence has begun the acceleration of its revenue growth, achieving 2.7%, up from 0.4% in the first half of last year.
- With £3.5m of revenue Dods PI delivered an Adjusted EBITDA of £1.1m, up 20%, and an operating profit of £0.7m, up 175%, demonstrating its strong operational gearing.
- Group Adjusted EBIT was £0.9m in H1 FY24, up from a loss of £0.3m in H1 FY23.

David Beck, CEO of Merit Group plc, said;

“We are pleased to be able to announce further progress and a very good set of first half numbers, including a return to profit before tax. Despite challenging economic conditions, the Group is accelerating its revenue growth whilst also increasing its margins. Both operating businesses are working to detailed growth plans which, when combined with their high levels of subscription or recurring revenue and operational gearing, is helping to drive profitability faster than revenue growth.

“The Group’s deep technology skills and increasing use of AI to drive both new revenue opportunities and operational efficiencies gives the Board further confidence in the business’ ability to build on the progress already achieved.”

Mark Smith, Chairman, commented;

“With the Group’s restructuring complete the focus is now on growth and driving shareholder value. Small listed companies do not always see their value fully reflected in their share prices, the Board of Merit recognises that it has a duty to all shareholders to maximise value.”

For further information, please contact:

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This announcement is released by Merit Group plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 ("MAR"), and is disclosed in accordance with the Group's obligations under Article 17 of MAR. With the publication of this announcement, this information is now considered to be in the public domain.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Group by David Beck, Chief Executive Officer.

BUSINESS AND OPERATIONAL REVIEW

The Group had a very good first half and is benefitting from the restructuring of both its operations and cost base achieved in the prior year. Despite challenging economic conditions, in the first half year the Group has delivered revenue growth and an increase in Adjusted EBITDA from Continuing Operations to £1.8m, compared to £1.1m in the prior year. Both operating divisions, Merit Data & Technology (Merit D&T) and Dods Political Intelligence (Dods) performed strongly.

The revenue growth in both operating businesses combined with cost efficiencies has helped drive an Adjusted EBITDA margin improvement of six percentage points in Merit D&T and four percentage points in Dods.

The Group has returned to a Profit before tax of £0.5m in the half year (H1 FY23: loss before tax of £0.3m), a significant improvement driven in part by the reduction in depreciation of right-of-use assets following the successful disposal of the Group's excess London office space at the end of the previous financial year.

Merit Data & Technology

The Merit Data & Technology (Merit D&T) business has long-standing customers that provide the business with high levels of recurring revenue. We provide a range of data and intelligence products and services, as well as data solutions to a loyal customer base. The business uses its proprietary technology and AI skills to gather and enhance industry intelligence and marketing data.

Merit D&T saw strong and accelerating revenue growth in the first half, up 13.3% to £6.4m from £5.6m in H1 FY23. Adjusted EBITDA of £1.2m in the first half benefitted from the recovery in the Sterling/INR exchange rate and compares to the £0.7m in the same period in the previous year.

The upgraded sales and marketing function within Merit D&T that was recruited and expanded in FY23 is helping to generate new customers and new revenue from existing customers across all areas of the business. The business secured new clients in Pythian, Media 42, Hyve and ION, and has also secured additional work from existing clients Jato, Lloyds List Intelligence and Wilmington amongst others.

With the increasing acceptance of AI tools as a driver of business efficiency Merit D&T is able to actively pursue new revenue opportunities from customers seeking to implement AI solutions. The business is also using increasing amounts of AI within its own operations; reducing costs to make it even more price competitive and to continue to deliver margin improvements.

Dods Political Intelligence

Dods is a provider of mission critical UK and European policy and political data and intelligence to approximately 800 subscribers. Dods is the UK's industry leader with an enviable reputation for the comprehensiveness of its service and the quality of its analysis and consultancy. The business benefits from subscription revenues from a large, diverse and loyal subscriber base of blue-chip customers.

In the first half the Continuing Operations of Dods grew revenue by 2.7% to £3.5m and made Adjusted EBITDA of £1.1m against £0.9m in the same period last year. An adjusted EBITDA margin of 30.9% was flattered by the inclusion of Other Operating Income (not included in revenue) from the provision of transitional services to the businesses that were disposed of in

November 2022. Those transitional services arrangements have largely come to an end and will therefore not recur in the second half, a normalised first half margin taking out the other operating income and associated costs would be circa 25%.

The increased focus on, and investment in, the Dods business to focus on growth commenced with the recruitment of a new Director of Sales and Marketing at the end of the first half. The newly restructured business now benefits from a three year growth plan underpinned by new customer research and investment in further product and service improvements. New customers in the period include Drax, Thakeham Homes, The Royal College of Surgeons and the German Animal Welfare Association.

Central

Central costs continue to be closely managed; despite some inflationary pressures in the costs of professional fees and insurance, central costs reduced by 8% year-on-year to £0.5m in the first half.

In contrast to prior years, the Group reports no non-recurring items in the period, reflecting the substantial completion of the Group's restructuring.

Outlook

Despite challenging economic conditions, the Group is accelerating its revenue growth whilst also increasing its margins. Both operating businesses are delivering improved results by working to detailed growth plans which, when combined with their high levels of subscription or recurring revenue, maximises their natural operational gearing.

The Group's deep technology skills and increasing use of AI to drive both new revenue opportunities and operational efficiencies gives the Board further confidence in the business' ability to build on the progress already achieved.

David Beck

CEO

Merit Group plc

FINANCIAL REVIEW

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 and therefore excluded from the presentation of items on a Continuing Operations basis in prior periods to provide a like-for-like comparator.

Income Statement – Continuing Operations

The Group's revenue from Continuing Operations increased by 9.3% to £9.9m (H1 FY23: £9.1m).

Revenues from Merit Data and Technology (MD&T) were £0.8m higher than the equivalent prior half year (H1 FY24: £6.4m compared to H1 FY23: £5.6m), representing an increase of 13%. Dods revenues for the period increased by 3% to £3.5m (H1 FY23: £3.4m).

Gross profit for the period increased to £4.7m compared to the prior period (H1 FY23: £4.3m). Gross margin increased from 47% to 48%, driven by the Group's improving revenue growth and operational gearing.

Adjusted EBITDA increased by £0.7m to £1.8m (H1 FY23: £1.1m) due to strong revenue growth, operational gearing, and the net £0.2m benefit of transitional services provided to the disposed MET business during the period.

The return to operating profit, from a loss of £0.6m in H1 FY23 to a profit of £0.9m, reflects the increase in Adjusted EBITDA, a reduction in depreciation following the disposal of the Shard lease in the prior year and the lack of non-recurring charges. The Group's operating profit is stated after a right-of-use assets charge of £0.4m (H1 FY23: £0.7m), an amortisation on acquired intangibles under business combinations of £0.3m (H1 FY23: £0.3m), a charge for intangible assets amortisation of £0.1m (H1 FY23: £0.2m) and a charge for depreciation of tangible assets of £0.1m (H1 FY23: £0.3m).

The net finance expense for the year of £0.3m compares to a net finance credit of £0.1m in H1 FY23, reflecting the increase in interest rates and the impact of foreign exchange hedging.

The profit for the year from Continuing Operations, after a tax charge of £0.2m (H1 FY23: £0.2m), amounted to £0.4m (H1 FY23: £0.4m loss).

Earnings and Dividends

Earnings per share (basic and diluted) from Continuing Operations in the period were 1.47 pence (H1 FY23: loss of 1.82 pence, basic and diluted) and were based on the profit for the period of £0.4m (H1 FY23: £0.4m loss) with a weighted average number of shares in issue during the period of 23,956,124.

Adjusted earnings per share, both basic and diluted, from Continuing Operations in the period were 3.16 pence (H1 FY23: loss of 0.49 pence) and were based on the adjusted profit after tax for the period of £0.8m (H1 FY23: loss of £0.1m).

Total Earnings per share, both basic and diluted, in the period were 1.47 pence (H1 FY23: loss of 4.17 pence) and were based on the profit after tax for the period of £0.4m (H1 FY23: loss of £1.0m).

Whilst the Company's focus remains on maintaining financial flexibility and repositioning the business for future growth, the Board is not proposing a dividend (H1 FY23: £nil).

Going Concern

The Directors have considered the position and projections of the Group for the purpose of assessing Going Concern and remain satisfied with the Group's funding and liquidity position.

Statement of Financial Position

Assets

Non-current assets of £37.7m (31 March 2023: £37.7m) comprise goodwill of £26.9m (31 March 2023: £26.9m), intangible assets of £7.6m (31 March 2023: £7.9m), property, plant and equipment of £0.4m (31 March 2023: £0.3m), IFRS 16 rights-of-use assets of £2.2m (31 March 2023: £1.9m), investments of £0.5m (31 March 2023: £0.4m) and deferred tax assets amounting to £0.5m (31 March 2023: £0.5m). Movements in the year reflect amortisation and depreciation charges in the period offset by the addition of a new London premises lease (£0.7m).

Current assets comprise Trade and other receivables of £5.5m (31 March 2023: £5.5m) and cash balances.

The Group had a cash balance of £1.1m at the period end (31 March 2023: £2.1m), reduced as the group actively manages the level of RCF drawing to minimise interest costs. Net debt amounted to £2.5m at the period end (31 March 2023: £2.6m).

Total assets of the Group were £44.3m (31 March 2023: £45.3m).

Liabilities

Current liabilities of £9.7m (31 March 2023: £10.8m) comprise Trade and other payables of £6.1m (31 March 2023: £6.6m), bank loans and borrowings of £2.9m (31 March 2023: £3.4m), IFRS16 lease liabilities of £0.6m (31 March 2023: £0.7m) and defined benefit pension liabilities of £0.1m (31 March 2023: £0.1m).

Non-current liabilities of £2.5m (31 March 2023: £2.8m) comprise bank loans and borrowings of £0.6m (31 March 2023: £1.3m), IFRS16 lease liabilities of £1.6m (31 March 2023: £1.2m) and defined benefit pension liabilities of £0.3m (31 March 2023: £0.2m).

Movement in the year primarily reflect the repayment of £1.2m of bank loans and borrowings, the repayment of £0.5m of IFRS16 lease liabilities and the addition of £0.7m of IFRS16 lease liabilities in respect of the new London premises lease.

Capital and reserves

Total equity increased by £0.3m to £32.1m (31 March 2023: £31.8m), reflecting the retained profit for the period.

Cash flows, liquidity and capital resources

Net cash generated by operations was an £0.8m inflow in the period by comparison to an £0.0m in H1 FY23 (£0.6m from Continuing operations). After tax, net cash used in operating activities amounted to £0.7m (H1 FY23: outflow of £0.2m in total of which Continuing Operations generated £0.4m and Discontinued Operations used £0.6m).

Investing activities, primarily related to the addition of IT equipment, leasehold improvements within the new London premises and the internal development of software amounted to £0.2m in the period, compared to £0.2m in the prior period which was offset by £0.5m of proceeds from the disposal of Associates.

Total financing outflows were £1.4m in the period (H1 FY23: £0.5m) as the group significantly reduced gross bank debt. This comprised £1.9m used in the servicing of bank debt and interest and capital repayments on leases, offset by the receipt of £0.5m in the period in respect of recoverable VAT paid on the disposal of the Shard lease in the prior period.

Net debt amounted to £2.5m at the period end (31 March 2023: £2.6m).

At 30 September 2023, the Group had bank debt of £3.5m (31 March 2023: £4.7m) comprising amounts owed on term loans and amounts drawn on a revolving credit facility (RCF).

The Group had a term loan with £0.8m outstanding (31 March 2023: £0.9m) taken out in July 2022 over a five-year period, with interest at 4.75% over Bank of England interest rate. A further £1.2m (31 March 2023: £1.8m) was outstanding on a £1.8m term loan 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 £2.0m RCF facility available through to September 2027, of which £1.5m was drawn at the period end (31 March; £2.0m). Due to its revolving nature, this loan is all shown as due within one year.

Phil Machray
Chief Financial Officer

Merit Group plc

Condensed consolidated income statement For the half year ended 30 September 2023

Continuing Operations ⁽¹⁾	Note	Unaudited Half year ended 30 Sept 2023 £'000	Unaudited Half year ended 30 Sept 2022 (restated ⁽¹⁾) £'000	Audited Year ended 31 Mar 2023 £'000
Revenue	3	9,899	9,055	18,585
Cost of sales		(5,154)	(4,767)	(10,033)
Gross profit		4,745	4,288	8,552
Administrative expenses		(4,170)	(4,861)	(12,628)
Other operating income		293	-	416
Operating profit/(loss) from Continuing Operations		868	(573)	(3,660)
Memorandum:				
Adjusted EBITDA⁽²⁾	3	1,829	1,098	2,652
Depreciation of property, plant and equipment		(88)	(301)	(620)
Depreciation of right-of-use assets		(406)	(661)	(1,313)
Amortisation of intangible assets acquired through business combinations		(294)	(294)	(587)
Amortisation of software intangible assets		(142)	(161)	(314)
Adjusted EBIT⁽³⁾		899	(319)	(182)
Share-based payments		(31)	(31)	(63)
Non-recurring items	4			
Loss on disposal of investments in Associates		-	-	(303)
Losses on disposal of Shard lease		-	-	(2,927)
People-related costs		-	(150)	(123)
Other non-recurring items		-	(73)	(62)
Operating profit/(loss) from Continuing Operations		868	(573)	(3,660)
Net finance credit/(expense)		(339)	68	(249)
Share of profit of Associate		-	252	252
Profit/(loss) before tax from Continuing Operations		529	(253)	(3,657)
Income tax (charge)/credit		(176)	(182)	88
Profit/(loss) for the period from Continuing Operations		353	(435)	(3,569)
Loss/(profit) from Discontinued Operations		-	(564)	884
Profit/(loss) for the period		353	(999)	(2,685)

⁽¹⁾ Comparative figures for the half year ended 30 September 2022 have been restated to reflect Continuing Operations only as outlined in Note 5.

⁽²⁾ Adjusted EBITDA is defined as the operating profit/(loss) after adding back depreciation, amortisation, share-based payments, and non-recurring items.

⁽³⁾ Adjusted EBIT is defined as the operating profit/(loss) after adding back share-based payments and non-recurring items.

Earnings per share (pence)

Basic and Diluted		p per share	p per share	p per share
Continuing Operations	6	1.47p	(1.82p)	(14.90p)
Discontinued Operations	6	-	(2.35p)	3.69p
Basic total	6	1.47p	(4.17p)	(11.21p)

The notes on pages 13 to 27 form part of these unaudited interim results.

Merit Group plc

Condensed consolidated statement of comprehensive income For the half year ended 30 September 2023

	Unaudited Half year ended 30 Sept 2023 £'000	Unaudited Half year ended 30 Sept 2022 £'000	Audited Year ended 31 Mar 2023 £'000
Profit/(loss) for the period	353	(999)	(2,685)
Items that may be subsequently reclassified to Profit and loss:			
Foreign currency translation:			
Exchange differences on translation of foreign operations	2	21	(27)
Loss reclassified to profit and loss on disposal of foreign operations	-	-	(48)
	2	21	(75)
Remeasurement of defined benefits obligation	(31)	36	45
Other comprehensive income for the period	(29)	57	(30)
Total comprehensive profit/(loss) for the period	324	(942)	(2,715)

The notes on pages 13 to 27 form part of these unaudited interim results.

Merit Group plc
Condensed consolidated statement of financial position
As at 30 September 2023

	Note	Unaudited 30 Sept 2023 £'000	Unaudited 30 Sept 2022 (restated*) £'000	Audited 31 Mar 2023 £'000
Non-current assets				
Goodwill	8	26,919	27,642	26,919
Intangible assets	9	7,566	8,679	7,908
Property, plant and equipment	10	381	1,673	341
Right-of-use assets		2,198	4,869	1,874
Investments		474	997	450
Deferred tax assets		184	346	184
Total non-current assets		37,722	44,206	37,676
Current assets				
Trade and other receivables		5,503	4,102	5,502
Loan receivable		-	140	-
Cash and cash equivalents		1,069	1,834	2,144
		6,572	6,076	7,646
Assets held for resale		-	3,591	-
Total current assets		6,572	9,667	7,646
Total assets		44,294	53,873	45,322
Current liabilities				
Trade and other payables		6,085	6,168	6,648
Defined benefit pension obligation		77	84	76
Bank loan/RCF	11	2,910	2,200	3,373
Lease liability	11	597	1,640	678
Liabilities directly associated with assets classified as held for resale		-	3,101	-
Total current liabilities		9,669	13,193	10,775
Non-current liabilities				
Deferred tax liability		-	-	-
Pension obligation		312	232	249
Bank loan/RCF	11	621	2,800	1,342
Lease liability	11	1,583	4,153	1,202
Total non-current liabilities		2,516	7,185	2,793
Capital and reserves				
Issued capital	12	6,708	6,708	6,708
Share premium		1,067	1,067	1,067
Retained profit/(loss)		10,700	12,033	10,347
Redemption reserve		13,680	13,680	13,680
Translation reserve		(122)	(28)	(124)
Other reserves		(28)	(6)	3
Share option reserve		104	41	73
Total equity		32,109	33,495	31,754
Total equity and liabilities		44,294	53,873	45,322

* Comparative figures for the financial position as at 30 September 2022 have been restated to present deferred tax assets within Non-current assets as outlined in Note 16.

The notes on pages 13 to 27 form part of these unaudited interim results.

Merit Group plc

Condensed consolidated statement of changes in equity For the half year ended 30 September 2023

Unaudited	Share capital £'000	Share premium reserve ¹ £'000	Retained earnings £'000	Capital redemption reserve ² £'000	Translation reserve ³ £'000	Other reserves £'000	Share option reserve ⁴ £'000	Total shareholders' funds £'000
At 1 April 2022	6,708	1,067	13,032	13,680	(49)	(42)	10	34,406
Total comprehensive income:								
Loss for the six-month period to 30 September 2022	-	-	(999)	-	-	-	-	(999)
Currency translation differences	-	-	-	-	21	-	-	21
Remeasurement of defined benefits obligations	-	-	-	-	-	36	-	36
Share-based payments	-	-	-	-	-	-	31	31
At 30 September 2022	6,708	1,067	12,033	13,680	(28)	(6)	41	33,495
Total comprehensive income:								
Loss for the six-month period to 31 March 2023	-	-	(1,686)	-	-	-	-	(1,686)
Currency translation differences	-	-	-	-	(96)	-	-	(96)
Remeasurement of defined benefits obligations	-	-	-	-	-	9	-	9
Share-based payments	-	-	-	-	-	-	32	32
At 31 March 2023	6,708	1,067	10,347	13,680	(124)	3	73	31,754
Total comprehensive income:								
Profit for the six-month period to 30 September 2023	-	-	353	-	-	-	-	353
Currency translation differences	-	-	-	-	2	-	-	2
Remeasurement of defined benefits obligations	-	-	-	-	-	(31)	-	(31)
Share-based payments	-	-	-	-	-	-	31	31
At 30 September 2023	6,708	1,067	10,700	13,680	(122)	(28)	104	32,109

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

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

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

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

The notes on pages 13 to 27 form part of these unaudited interim results.

Merit Group plc

Condensed consolidated statement of cash flows For the half year ended 30 September 2023

	Note	Unaudited Half year ended 30 Sept 2023 £'000	Unaudited Half year ended 30 Sept 2022 £'000	Audited Year ended 31 Mar 2023 £'000
Cash generated by operations	7	836	6	1,325
Taxation paid		(181)	(163)	(429)
Net cash (used in)/generated from operating activities		655	(157)	896
Cash flows from investing activities				
Interest and similar income received		18	40	77
Additions to intangible assets		(94)	(108)	(175)
Additions to property, plant and equipment		(128)	(132)	(69)
Acquisition of investments		(24)	-	-
Proceeds from disposal of Associates		-	410	654
Proceeds on disposal of operations		-	-	3,846
Repayment of long-term loan by Associate		-	70	210
Net cash raised/(used) in investing activities		(228)	280	4,543
Cash flows from financing activities				
Interest and similar expenses paid		(215)	(153)	(378)
Payment of lease liabilities		(494)	(967)	(1,901)
Payment on disposal of lease liabilities		462	-	(3,683)
Net drawdowns/(repayments) of bank facility		(1,184)	622	337
Net cash raised/(used) in financing activities		(1,431)	(498)	(5,625)
Net decrease in cash and cash equivalents		(1,004)	(375)	(186)
Opening cash and cash equivalents		2,144	2,321	2,321
Effect of exchange rate fluctuations on cash held		(71)	(112)	9
Closing cash at bank		1,069	1,834	2,144
Comprised of:				
Cash and cash equivalents		1,069	1,834	2,144
Closing cash at bank		1,069	1,834	2,144

The notes on pages 13 to 27 form part of these unaudited interim results.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

1. General information

Nature of operations

The principal activities of Merit Group plc and its subsidiaries (the "Group") is the creation and aggregation of high-quality data and intelligence information and the provision of data technology services.

The Group operates primarily in the UK, Europe and India.

Merit Group plc is a Company incorporated in England and Wales and listed on the Alternative Investment Market (AIM) in London. The registered office of the Company and head office of the Group is 9th Floor, The Shard, 32 London Bridge Street, London SE1 9SG.

Basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the UK. The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006. As required by AIM Rules, the condensed set of financial statements has been prepared applying accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 March 2023.

The condensed consolidated financial statements are neither audited in accordance with International Standards on Auditing (UK) nor subject to review as per International Standard on Review Engagements (ISRE) 2410. The comparative figures for the year ended 31 March 2023 have been extracted from the Group's statutory accounts for that financial period. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Going concern

The Directors have considered the financial projections of the Group, including cash flow forecasts and the availability of committed bank facilities for the coming 12 months. They are satisfied that the Group has adequate resources for the foreseeable future and that it is appropriate to continue to adopt the going concern basis in preparing these interim financial statements.

Approval date

The condensed set of interim financial statements have been prepared on a going concern basis and were approved by the Board on 7 November 2023.

2. Critical accounting estimates and judgements

When preparing financial statements, the Group makes estimates and judgements concerning the future. These estimates and judgements are typically based on historical experience and expectations of future events that are believed to be reasonable at the time. In the future, by definition, actual events and experience may deviate from these estimates and judgements.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

2. Critical accounting estimates and judgements (continued)

The Directors considered the critical accounting judgements and estimates applied in the condensed consolidated financial statements were the same as those applied in the Group's last statutory accounts for the year ended 31 March 2023.

3. Segmental information

Business segments

The Group 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 and intelligence, including marketing data, and the provision of data-related technology, including data engineering, machine learning, software development, 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 and PLC listing.

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

Continuing Operations⁽¹⁾	Unaudited Half year ended 30 Sept 2023 £'000	Unaudited Half year ended 30 Sept 2022 (restated⁽¹⁾) £'000	Audited Year ended 31 Mar 2023 £'000
Merit Data & Technology	6,376	5,626	11,644
Dods	3,523	3,429	6,941
	9,899	9,055	18,585

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

Group Revenue by stream	Unaudited Half year ended 30 Sep 2023 £'000	Unaudited Half year ended 30 Sep 2022 (restated⁽¹⁾) £'000	Audited Year ended 31 Mar 2023 £'000
Continuing Operations⁽¹⁾			
Data and Intelligence	3,414	2,981	6,743
Data Technology	2,962	2,645	4,901
Political Intelligence	3,523	3,429	6,941
	9,899	9,055	18,585

(1) Prior periods have been restated to present Continuing Operations only as outlined in Note 5.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

3. Segmental information (continued)

Unaudited half year ended 30 Sep 2023 Business segment profit before tax	MD&T 30 Sep 2023 £'000	Dods 30 Sep 2023 £'000	Central 30 Sep 2023 £'000	Total 30 Sep 2023 £'000
Continuing Operations				
Adjusted EBITDA	1,241	1,087	(499)	1,829
Depreciation of property, plant and equipment	(55)	(33)	-	(88)
Depreciation of right-of-use assets	(260)	(146)	-	(406)
Amortisation of intangible assets acquired through business combinations	(255)	(39)	-	(294)
Amortisation of software intangible assets	-	(142)	-	(142)
Share based payments	-	-	(31)	(31)
Operating profit/(loss)	671	727	(530)	868
Net finance income/(expense)	(80)	(45)	(214)	(339)
Profit/(loss) before tax from Continuing Operations	591	682	(744)	529

Unaudited half year ended 30 Sep 2022 Business segment profit before tax	MD&T 30 Sep 2022 £'000	Dods 30 Sep 2022 (restated ⁽¹⁾) £'000	Central 30 Sep 2022 £'000	Total 30 Sep 2022 (restated ⁽¹⁾) £'000
Continuing Operations⁽¹⁾				
Adjusted EBITDA	733	907	(542)	1,098
Depreciation of property, plant and equipment	(140)	(161)	-	(301)
Depreciation of right-of-use assets	(281)	(211)	(169)	(661)
Amortisation of intangible assets acquired through business combinations	(255)	(39)	-	(294)
Amortisation of software intangible assets	-	(161)	-	(161)
Share based payments	-	-	(31)	(31)
Non-recurring items				
People-related costs	(34)	(23)	(93)	(150)
Other non-recurring items	-	(48)	(25)	(73)
Operating profit/(loss)	23	264	(860)	(573)
Net finance income/(expense)	45	11	12	68
Share of profit of Associate	-	-	252	252
Profit/(loss) before tax from Continuing Operations	68	275	(596)	(253)

(1) Prior periods have been restated to present Continuing Operations only as outlined in Note 5.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

3. Segmental information (continued)

Audited year ended 31 Mar 2023	MD&T	Dods	Central	Total
Business segment profit before tax	31 Mar	31 Mar	31 Mar	31 Mar
Continuing Operations	2023	2023	2023	2023
	£'000	£'000	£'000	£'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 income/(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)

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

4. Non-recurring items

Continuing Operations ⁽¹⁾	Unaudited Half year ended 30 Sep 2023 £'000	Unaudited Half year ended 30 Sep 2022 (restated ⁽¹⁾) £'000	Audited Year ended 31 Mar 2023 £'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)
People-related costs	-	(150)	(123)
Other:			
- Professional services and consultancy	-	(73)	(62)
	-	(223)	(3,415)

(1) Prior periods have been restated to present Continuing Operations only as outlined in Note 5.

People-related costs incurred in prior periods include deferred cash consideration on the acquisition of Meritgroup Limited. Also included are redundancy costs reflecting the effect of Group initiatives to appropriately restructure the business.

Other non-recurring costs incurred in prior periods relate to one-off consultancy and professional fees associated with the rental review of the London premises.

5. 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. These activities were treated as Discontinued Operations within the unaudited interim results for the period to 30 September 2022, as reported on 1 December 2022.

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. These activities are also treated as Discontinued Operations.

The activities of the MET Operations and Le Trombinoscope have been classified as Discontinued Operations within the Consolidated income statement and therefore excluded from the presentation of items on a Continuing Operations basis. The unaudited half year for the period to 30 September 2022, which included 6 months of both MET operations and Le Trombinoscope, was previously presented to exclude the MET Operations as Discontinued. It has now been further restated to also exclude Le Trombinoscope as Discontinued Operations.

The results of the Discontinued Operation for the year ended 31 March 2023, which include the results of the MET operations for 8 months and Le Trombinoscope for 9.5 months, are unchanged from previously reported on 6 September 2023.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

5. Disposal (continued)

The results of the Discontinued Operations are as follows:

Discontinued Operations	Unaudited Half year ended 30 Sept 2023 £'000	Unaudited Half year ended 30 Sept 2022 (restated*) £'000	Audited Year ended 31 Mar 2023 £'000
Revenue	-	4,944	6,913
Cost of sales	-	(4,154)	(5,861)
Gross profit	-	790	1,052
Administrative expenses	-	(1,325)	(1,450)
Operating loss	-	(535)	(398)
Memorandum:			
Adjusted EBITDA	-	(287)	(69)
Depreciation of property, plant and equipment	-	(45)	(58)
Depreciation of right-of-use assets	-	(19)	(25)
Amortisation of intangible assets acquired through business combinations	-	(137)	(183)
Amortisation of software intangible assets	-	(2)	(8)
Non-recurring items: people-related costs	-	(45)	(55)
Operating loss	-	(535)	(398)
Net finance expense	-	(29)	(66)
Loss before tax	-	(564)	(464)
Income tax credit	-	-	58
Loss for the period from Discontinued Operations	-	(564)	(406)
Profit on disposal of Discontinued Operations after tax	-	-	1,290
(Loss)/Profit from Discontinued Operations for the period	-	(564)	884

* Comparative figures for the half year ended 30 September 2022 have been restated to remove Discontinued Operations as above.

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

Discontinued Operations	Unaudited Half year ended 30 Sept 2023 £'000	Unaudited Half year ended 30 Sept 2022 (restated*) £'000	Audited Year ended 31 Mar 2023 £'000
Net cash (outflow) from operating activities	-	(594)	(1,621)
Net cash (outflow)/inflow from investing activities	-	(2)	3,846
Net cash (outflow) from financing activities	-	(48)	(95)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts from Discontinued Operations	-	(644)	2,130

* Comparative figures for the half year ended 30 September 2022 have been restated as above.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

6. Earnings per share

	Unaudited Half year ended 30 Sep 2023 £'000	Unaudited Half year ended 30 Sep 2022 (restated ⁽¹⁾) £'000	Audited Year ended 31 Mar 2023 £'000
Continuing Operations⁽¹⁾			
Profit/(loss) attributable to shareholders	353	(435)	(3,569)
Add: non-recurring items	-	223	3,415
Add: amortisation of intangible assets acquired through business combinations	294	294	587
Add: net exchange losses/(gains)	79	(230)	(297)
Add: share-based payment (credit)/expense	31	31	63
Adjusted post-tax profit/(loss) from Continuing Operations attributable to shareholders	757	(117)	199

(1) Comparative figures for the half year ended 30 September 2022 have been restated to present Continuing Operations only as outlined in Note 5.

	Unaudited Half year ended 30 Sep 2023 £'000	Unaudited Half year ended 30 Sep 2022 (restated*) £'000	Audited Year ended 31 Mar 2023 £'000
Discontinued Operations			
(Loss)/profit attributable to shareholders	-	(564)	884
Add: non-recurring items	-	45	(2,019)
Add: amortisation of intangible assets acquired through business combinations	-	137	183
Adjusted post-tax profit/(loss) from Discontinued Operations attributable to shareholders	-	(382)	(952)

* Comparative figures for the half year ended 30 September 2022 have been restated as outlined in Note 5.

	Unaudited Half year ended 30 Sept 2023 Ordinary shares	Unaudited Half year ended 30 Sept 2022 Ordinary shares	Audited Year ended 31 Mar 2023 Ordinary shares
Weighted average number of shares			
In issue during the period – basic	23,956,124	23,956,124	23,956,124
Adjustment for share options	-	-	-
In issue during the period – diluted	23,956,124	23,956,124	23,956,124

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

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

6. Earnings per share (continued)

Continuing Operations⁽¹⁾	Unaudited Half year ended 30 Sep 2023 Pence per share	Unaudited Half year ended 30 Sep 2022 (restated⁽¹⁾) Pence per share	Audited Year ended 31 Mar 2023 Pence per share
Earnings per share – Continuing Operations			
Basic	1.47	(1.82)	(14.90)
Diluted	1.47	(1.82)	(14.90)
Adjusted earnings per share – Continuing Operations			
Basic	3.16	(0.49)	0.83
Diluted	3.16	(0.49)	0.83

(1) Comparative figures for the half year ended 30 September 2022 have been restated to present Continuing Operations only as outlined in Note 5.

Discontinued Operations	Unaudited Half year ended 30 Sep 2023 Pence per share	Unaudited Half year ended 30 Sep 2022 (restated*) Pence per share	Audited Year ended 31 Mar 2023 Pence per share
Earnings per share – Discontinued Operations			
Basic	-	(2.35)	3.69
Diluted	-	(2.35)	3.69
Adjusted earnings per share – Discontinued Operations			
Basic	-	(1.59)	(3.97)
Diluted	-	(1.59)	(3.97)

* Comparative figures for the half year ended 30 September 2022 have been restated as outlined in Note 5.

TOTAL	Unaudited Half year ended 30 Sep 2023 Pence per share	Unaudited Half year ended 30 Sep 2022 Pence per share	Audited Year ended 31 Mar 2023 Pence per share
Earnings per share			
Basic	1.47	(4.17)	(11.21)
Diluted	1.47	(4.17)	(11.21)
Adjusted earnings per share			
Basic	3.16	(2.08)	(3.14)
Diluted	3.16	(2.08)	(3.14)

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

7. Cash generated by operations

	Unaudited Half year ended 30 Sept 2023 £'000	Unaudited Half year ended 30 Sept 2022 £'000	Audited Year ended 31 Mar 2023 £'000
Cash flows from operating activities			
Profit/(loss) for the period	353	(999)	(2,685)
Depreciation of property, plant and equipment	88	346	678
Depreciation of right-of-use assets	406	680	1,338
Amortisation of intangible assets acquired through business combinations	294	431	770
Amortisation of other intangible assets	142	163	322
Share-based payments charge/(credit)	31	31	63
Share of profit of Associate	-	(252)	(252)
Lease interest expense	64	161	298
Profit on disposal of operations (before tax)	-	-	(2,074)
Loss on disposal of IFRS16 finance lease	-	-	2,927
Loss on disposal and impairment of investments in associates	-	-	303
Interest income	(18)	(40)	(77)
Interest expense	215	153	378
Foreign exchange on operating items	4	24	1
Income tax charge/(credit)	176	182	638
Operating cash flows before movement in working capital	1,755	880	2,628
(Increase)/decrease in inventories		14	(16)
(Increase)/decrease in trade and other receivables	(463)	(422)	(1,520)
Decrease in trade and other payables	(456)	(466)	233
Cash generated by operations	836	6	1,325

8. Goodwill

	Unaudited Half year ended 30 Sep 2023 £'000	Unaudited Half year ended 30 Sep 2022 £'000	Audited Year ended 31 Mar 2023 £'000
Cost and net book value			
Opening balance	26,919	28,911	28,911
Disposals in the year	-	-	(1,992)
Reclassified as assets held for resale	-	(1,269)	-
Closing balance	26,919	27,642	26,919

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

9. Intangible assets

	Assets acquired through business combinations £'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	-	-	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
Additions – internally generated	-	-	94	94
At 30 September 2023	11,209	2,176	238	13,623
Accumulated amortisation				
At 1 April 2023	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
Charge for the period	294	142	-	436
At 30 September 2023	5,384	673	-	6,057
Net book value				
At 31 March 2022 – audited	7,897	1,929	-	9,826
At 31 March 2023 – audited	6,119	1,645	144	7,908
At 30 September 2023 – unaudited	5,825	1,503	238	7,566

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

10. 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 tangible 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
Additions	21	107	128
At 30 September 2023	21	1,556	1,577
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
Charge for the period	2	86	88
At 30 September 2023	2	1,194	1,196
Net book value			
At 31 March 2022 – audited	909	898	1,807
At 31 March 2023 – audited	-	341	341
At 30 September 2023 – unaudited	19	362	381

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

11. Net debt

Net debt comprises the aggregate of loans and borrowings, excluding IFRS16 lease liabilities, and cash and cash equivalents, as follows:

	Unaudited Half year ended 30 Sep 2023 £'000	Unaudited Half year ended 30 Sep 2022 £'000	Audited Year ended 31 Mar 2023 £'000
Bank loan / RCF due within one year	2,910	2,200	3,373
Bank loan due after more than one year	621	2,800	1,342
	3,531	5,000	4,715
Cash and cash equivalents	(1,069)	(1,834)	(2,144)
Net Debt	2,462	3,166	2,571

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.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

12. Leases

	Right-of-use assets £'000	Lease liabilities £'000
As at 1 April 2022	5,660	(6,721)
Depreciation	(1,338)	-
Lease Interest	-	(298)
Lease payments ¹	-	1,897
Disposal	(2,448)	3,242
As at 31 March 2023	1,874	(1,880)
Addition	730	(730)
Depreciation	(406)	-
Lease Interest	-	(64)
Lease payments ¹	-	494
As at 30 September 2023	2,198	(2,180)
Current		(597)
Non-current		(1,583)

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

	Unaudited Half year ended 30 Sep 2023 £'000	Unaudited Half year ended 30 Sep 2022 £'000	Audited Year ended 31 Mar 2023 £'000
Depreciation charge of right-of-use assets	406	680	1,338
Interest expense (included in finance cost)	64	161	298

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 (H1 FY23: £nil).

Lease liabilities includes liabilities in respect of IT equipment with a cost of £77,000 (31 March 2023: £77,000). These assets are capitalised within IT equipment (see Note 10).

13. Issued Share Capital

	28p ordinary shares Number	Total £'000
Issued share capital as at 30 September 2022	23,956,124	6,708
Issued share capital as at 31 March 2023	23,956,124	6,708
Issued share capital as at 30 September 2023	23,956,124	6,708

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

14. Related party transactions

MET operations

The disposal of the MET Operations on 30 November 2022 was to Political Holdings Limited. Political Holdings Limited is considered a related party as it is controlled by Lord Ashcroft KCMG PC, a substantial shareholder in the Company and Angela Entwistle, a non-executive director of the Company, is a director of Political Holdings Limited.

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 £293,364 for these services during the period (H1 FY23: £nil), which has been recognised as Other Operating Income within the Income Statement. At 30 September 2023, a balance of £14,563 (31 March 2023: £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 £56,476 (H1 FY23: £nil) during the period for marketing and data services. At 30 September 2023, there was a balance of £30,688 (31 March 2023: £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 period, revenue of £887,393 (H1 FY23: £nil) was invoiced, cash of £1,968,961 (H1 FY23: £nil) was collected and payments for purchases and payroll amounting to £769,009 (H1 FY23: £nil) 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 30 September 2023, £38,957 (31 March 2023: £233,053) of funds were held on trust for Political Holdings Limited group companies.

Investments and Associates

During the period, the Group billed £125,800 (H1 FY23: £131,000) for technology services to Acolyte Resource Group Limited, a company in which the Group had a 13.5% investment, and of which Cornelius Conlon is a Director. At 30 September 2023, there was a balance of £78,400 (31 March 2023: £64,000) due.

Meritgroup Limited acquisition

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 period, payments of £366,800 (H1 FY23: £400,900) were made to Merit Software Services Private Limited in relation to the lease and other property-related costs.

Other related party transactions

During the current and previous period, Deacon Street Partners Limited, a company related by virtue of Angela Entwistle, a Director of the Company also being a Director, invoiced £15,000 (H1 FY23: £15,000) to the Company for the services of Angela Entwistle as a Non-Executive Director. At 30 September 2023 the balance outstanding was £2,500 (31 March 2023: £2,500).

System1 Group plc, a company related by virtue of Philip Machray, a Director of the Company also being a Director, is a customer of MD&T and was billed £76,700 (H1 FY23: £55,900) for Technology Resourcing Services. At 30 September 2023 the balance outstanding was £12,100 (31 March 2023: £44,400).

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2023

15. Subsequent events

On 20 October 2023, the Group received £450,000 from Political Holdings Limited, being the deferred consideration receivable on the disposal of the MET Operations on 30 November 2022.

16. Prior period restatement

The consolidated statement of financial position for the period ended 30 September 2022 has been restated to correctly classify deferred tax assets of £346,000 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 30 September 2022, nor the Comprehensive income for the period ended 30 September 2022.

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

At 30 September 2022	As previously reported £'000	Change £,000	As restated £'000
Total non-current assets	43,860	346	44,206
Current assets	6,422	(346)	6,076
Assets held for resale	3,591	-	3,591
Total current assets	10,013	(346)	9,667
Total assets	53,873	-	53,873