

27 March 2023

Merit Group plc
("Merit", the "Company" or "the Group")
Assignment of lease liability

Merit Group plc (AIM: MRIT), the data and intelligence business, announces that it has disposed of the lease relating to its London office in The Shard by assigning it to a third party.

Merit's lease of 16,893 sq ft on the 11th floor of The Shard ran until July 2026 at an annualised total cost of £2.1m, giving a total outstanding cashflow liability over the term of the lease of £7.4m (including dilapidations). The Group has agreed to pay a total reverse premium of £2.9m to assign the lease to a third party. After allowing for financing, alternative accommodation, relocation and other costs the Group estimates that it will make a cash saving from the assignment of approximately £2.3m over the remaining term of its lease. The disposal received Landlord's consent and was completed on 24 March 2023.

The Group will fund the costs of the disposal from its existing debt facilities and a new short term loan of £1.8m, provided by its existing lender Barclays, which will amortise over 18 months.

The Directors expect the disposal of the current lease and the move to alternative accommodation to reduce recognised profit & loss costs (inc. post IFRS 16 impact) by approximately £1.4m per annum.

David Beck, CEO of Merit Group plc, said;

"This agreement will deliver significant cost savings and allow the Group to improve its free cash flow.

"This disposal largely completes the first phase of management's turnaround plan and leaves the Group with two strong operating businesses that are profitable, generate cash and benefit from very high levels of recurring or subscription revenue."

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This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

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