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Merit Group PLC
04 May 2023

4 May 2023

Merit Group plc

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

Trading update

Merit Group Plc (AIM:MRIT), the data and intelligence business, is pleased to announce a positive post year end update on its financial trading performance for the year ended 31 March 2023 ("FY23").

The Group expects to report continuing operational revenues in FY23 of approximately £18.6m and Adjusted EBITDA¹ from continuing operations, ahead of market expectations² by around 20%, at no less than £2.6million. The Group had net debt of £2.5m as at 31 March 2023.

The Group expects its FY23 financial results statement to reflect the significant progress made in the year which includes;

- the disposal of assets / businesses and associates that were not core to the Group's strategy of building a data and intelligence business focused on subscription or recurring revenue;
- the settlement of all deferred liabilities, namely the deferred consideration on the Meritgroup Limited acquisition and deferred VAT and rent payments built up during the COVID pandemic;
- the disposal of the Group's excess office space in London, which will deliver a significant reduction in the Group's non-operating overheads for FY24 and beyond;
- the strengthening of the Group's balance sheet through the removal of significant property liabilities and the approximately £5m of proceeds from the disposal of non-core assets.

The Board has now turned to the second stage of its plan, a focus on generating significant value for shareholders.

David Beck, CEO of Merit Group plc, said;

"We now have two strong and profitable operating businesses with attractive gross and net margins. Within the Dods Political Intelligence business our revenue is almost entirely subscription based and within Merit Data & Technology over 85% is recurring from our long-standing customer base. The Group therefore now has healthy visibility of earnings. Through our disposal programme we have removed the seasonality that was previously a feature of our trading performance. We continue to focus on reducing non-operating overheads and central costs to ensure that the Group will convert as much as possible of its operating earnings into cash.

"We are targeting further revenue growth in the new financial year which, combined with the significant step down in costs already achieved, will help us drive returns for shareholders."

¹ Adjusted EBITDA is calculated as earnings before tax, depreciation, amortisation of intangible assets, share based payments and non-recurring items in respect of continuing operations

² Based on the £2.2m EBITDA forecast contained in the most recent brokers research note, published on 27 March 2023

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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.

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. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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