

13 November 2024

Merit Group plc

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

UNAUDITED INTERIM RESULTS TO 30 SEPTEMBER 2024

Merit Group plc (AIM: MRIT), the data and intelligence business, announces its unaudited interim results for the half year ended 30 September 2024 which are in line with the Trading Update announced on 21 October 2024.

Financial Highlights

- Revenue of £9.3m down 6.1% (H1 FY24: £9.9m)
- Adjusted EBITDA decreased by 32% to £1.2m (H1 FY24: £1.8m)
- Adjusted EBITDA margin decreased by 5.1 percentage points from 18.5% to 13.4%
- Net cash generated from operating activities of £0.7m (H1 FY24: £0.7m)
- Loss before tax of £0.2m (H1 FY24: profit of £0.5m)
- Net Debt ¹ of £2.3m as at 30 September 2024 (30 September 2023: £2.5m) with total available debt facilities of £3.7m

	H1 FY25 30 Sep 24	H1 FY24 30 Sep 23	Change ⁵
Revenue	£9.3m	£9.9m	-6.1%
Gross profit	£4.1m	£4.7m	-13.8%
<i>Gross margin</i> ²	44.0%	47.9%	
Adjusted EBITDA ³	£1.2m	£1.8m	-32.0%
<i>Adjusted EBITDA margin</i> ⁴	13.4%	18.5%	
(Loss)/profit before tax	-£0.2m	£0.5m	
Basic (Loss)/earnings per share	-1.27p	1.47p	

1. Net debt comprises the aggregate of gross debt, excluding IFRS16 lease liabilities, and cash and cash equivalents as outlined in Note 9.

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

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

4. Adjusted EBITDA margin is Adjusted EBITDA as a percentage of Revenue.

5. Year-on-year percentage change figures and margins are calculated on unrounded numbers.

Operational Highlights

We have invested in the products which are core to our client offerings and the tools & technology which enable our colleagues to deliver first class services, including having:

- Developed and launched an AI-led, marketing data collection platform; enabling MD&T to profitably serve clients faster, with more accurate data and at a competitive price point;

- Developed and integrated a new Dods People platform, providing extensive and unrivalled coverage of the Westminster and Brussels political and public affairs communities;
- Within MD&T, developed a Knowledge Agent platform using multiple AI models to enable users to extract data points from reports, diagrams, correspondence, web sites and PDFs.
- Delivered election specific content packages for the UK and European Union elections undertaken in H1;
- Renewed user IT equipment for 70% of our global workforce and commenced the renewal of our IT infrastructure to ensure we have the capabilities, security and resilience expected in our marketplaces;

We have continued to invest in expanding our sales & marketing capabilities, in order to drive long-term growth, including having:

- Further added to MD&T's sales capabilities with the recruitment of a dedicated technology sales team who have proven experience in technology solutions;
- increased the size of our MD&T outbound tele-sales teams who are now delivering 40-50 new business appointments each month;
- completed the recruitment of our expanded Dods Political Intelligence sales & marketing team with a Brussels-based Marketing manager and additional new business sales resource;

Whilst making these investments, we continue to tightly manage our costs and cashflows, evidenced as follows:

- Dods Political Intelligence EBITDA margin maintained at 30%+, and on an underlying basis (excluding contribution from Other Operating Income) at 25%+
- MD&T EBITDA margin held at double-digit levels (10% v 19% in H1 FY24), despite the fall in revenue and additional investment in sales & marketing
- Net cash generated from operating activities maintained at £0.7m (H1 FY24: £0.7m)

Phil Machray, CEO and CFO of Merit Group plc, said;

"The underlying market demand for data and data-related technology is forecast to continue to grow in the coming years and MD&T is well positioned to benefit from this structural market growth. We have taken steps to strengthen sales and marketing capabilities across the Group and expect to see growth in the sales pipeline and an improvement in prospect conversion over the next 18 months. Clearly the current dip in revenues combined with the additional costs of investment in product, sales & marketing is having and will have an impact on profitability in the short-term. We are confident of returning revenue to growth in the year to 31 March 2026; and, given the Company's strong operational gearing, expect to report a strong return to profitability. We remain confident in delivering FY25 performance in line with the guidance provided in our October 2024 Trading Update.

Our focus remains on strong operational management, whilst pursuing revenue and earnings growth, and we remain confident in the longer term outlook of the business."

Mark Smith, Chairman, commented;

"Whilst our focus remains on operational management and investing in organic growth, we will continue to explore opportunities to generate growth beyond what we can expect organically within the context of maximising value for shareholders."

For further information, please contact:

Merit Group plc

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BUSINESS AND OPERATIONAL REVIEW

Whilst trading of the Dods Political Intelligence business continues to perform in line with management's expectations, the revenues of MD&T in the period have fallen by 8.5% year-on-year, as projects within the Data Technology division have reached their conclusion and conversion of the sales pipeline for new work has fallen short of expectations with both macro and local factors impacting prospects' willingness to commit to scale IT projects.

Group Revenue therefore decreased by 6.1% compared to H1 FY24, with Dods Political Intelligence revenues of £3.5m in line with the £3.5m reported in H1 FY24 and MD&T revenues of £5.8m falling 8.5% compared to the £6.4m reported in H1 FY24.

The reduction in revenue is mirrored by a £0.7m reduction in Gross profit, as the investments in product, sales and marketing have offset the natural reduction in costs to serve. Gross profit margin has therefore reduced by four percentage points from 48% in H1 FY24 to 44% in the current period.

Administration costs have been tightly controlled in the period and are down 7.7% compared to H1 FY24, despite inflationary cost pressures in both the UK and India. £0.1m of Other Operating Income was recognised in the period, primarily relating to R&D tax credits, which helped to offset the £0.3m reduction in Other Operating Income derived from transitional services provided to the previously disposed MET operations during the comparative period.

The lower group revenue performance, combined with the above mentioned investments and cost movements has driven a reduction in Adjusted EBITDA - down 32.1% from £1.8m in H1 FY24 to £1.2m in the current period.

Merit Data & Technology

The Merit Data & Technology (Merit D&T) business provides a range of data and intelligence products and services, as well as data technology solutions.

For data & intelligence, the business has a long-standing customer base that provide the business with high levels of recurring revenue. Revenues of £3.3m in the period from these activities were relatively stable (down 4% on the £3.4m reported in H1 FY24). Within Data Technology, projects are shorter in nature and typically have a scheduled project-end or reduced level of activity after the core technology-build phase. As a consequence, revenues are less recurring in nature. Having achieved significant growth in these revenues last year, adding some £1.2 million of Data Technology revenues in FY24, it is disappointing to report a 13.6% decline to £2.6m in the period (H1 F24: £3.0m) as a consequence of not winning and onboarding sufficient opportunities to replace the completed projects.

Revenue and gross profit shortfalls, have resulted in an Adjusted EBIDTA for MD&T of £0.6m in the period, down 51% compared to H1 FY24.

Despite the pressure on revenues, we have retained our focus on pursuing long-term growth and continue to operate with an increased level of sales & marketing resources compared to prior periods. We have recruited a dedicated technology sales team who have proven experience in technology solutions. We have secured new clients in the period including Diversified Communications, With Intelligence, Hyve, Honch and TMT Finance.

In addition, we continued to invest in our capabilities, including having developed and launched

a new AI-led, marketing data collection platform which allows us to serve our marketing data clients faster, with more accurate data and at a competitive price point. We continue to make similar developments in our data-scraping and data-collecting technologies including the development of a Knowledge Agent platform, which uses multiple AI models to enable users to extract data points from reports, diagrams, correspondence, web sites and PDFs.

Dods Political Intelligence

Dods Political Intelligence (Dods) is a provider of mission critical UK and European policy and political data and intelligence to over 700 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 public, private and not-for-profit sectors.

In the first half of the year, Dods revenue declined by 1.8% to £3.5m. Whilst the period included some short-term revenues from Election Package products, the elections in both Westminster and Brussels provide a degree of disruption to the renewal of clients' subscriptions as a result of their being a moratorium on new policy statements by both parliaments during this time. With new Parliaments now elected in Europe and the UK, we expect a busier period in the rest of the year.

Dods reported Adjusted EBITDA of £1.1m, in line with the £1.1m in the same period last year, despite a reduction in Other Operating Income derived from the provision of transitional services to the businesses that were disposed of in November 2022. Those transitional services arrangements (reported as Other Operating Income, not Revenue) largely came to an end in FY24. On an underlying basis, excluding the other operating income and associated costs, the first half margin was 27% compared to 25% in H1 FY24.

In April, we launched a three year growth plan for Dods, the 'Strategy for Growth', underpinned by new customer research and investment in further product and service improvements, with the first significant success being the launch of a new integrated Dods People platform, providing extensive and unrivalled coverage of the Westminster and Brussels political and public affairs communities within our core Political Intelligence Platform. We also completed the recruitment of our expanded Dods sales & marketing team with a Brussels-based marketing manager and additional new business sales resource.

Central

Central costs continue to be closely managed and were reduced by 14% year-on-year to £0.4m in the first half, driven in part by the restructuring of the Board roles in January 2024.

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 and the recent fall in revenue, the underlying market demand for data and data-related technology is forecast to continue to grow in the coming years and the Board believes that MD&T is well positioned to benefit from this structural market growth. The Board has taken steps to strengthen sales and marketing capabilities across the Group and expects to see growth in the sales pipeline and an improvement in prospect conversion over the next 18 months. The Board is confident of delivering performance in line with the guidance provided in our October 2024 Trading Update; returning revenue to growth in the year to 31 March 2026; and, given the Company's strong operational gearing, expects to then report a strong return to profitability.

FINANCIAL REVIEW

Income Statement

INCOME STATEMENT

The Group's revenue decreased by 6.1% to £9.3m (H1 FY24: £9.9m).

Revenues from Merit Data and Technology (MD&T) were £0.5m lower than the equivalent prior half year (H1 FY25: £5.8m compared to H1 FY24: £6.4m), representing a decrease of 8%. Dods revenues for the period decreased by 2% to £3.5m (H1 FY24: £3.5m).

Gross profit for the period decreased to £4.1m compared to the prior period (H1 FY24: £4.7m). Gross margin decreased from 48% to 44%, driven by the Group's reduced revenue and the impact of its operational gearing.

Adjusted EBITDA decreased by £0.6m to £1.2m (H1 FY24: £1.8m) due to the fall in revenue, operational gearing, and a reduction of £0.2m in the contribution from transitional services provided to the disposed MET business during the period.

The reduction in operating profit, from £0.9m in H1 FY24 to an operating profit of £0.2m in the current period, reflects the £0.7m period-on-period reduction in Gross Profit, together with the reduction in other operating income relating mainly to the transitional services (see Note 12), offset by a £0.2m saving in Administrative expenses. The Group's operating profit is stated after non-cash depreciation and amortisation charges of £1.0m (H1 FY24: £0.9m).

The net finance expense for the year of £0.5m compares to £0.3m in H1 FY24, reflecting a £0.3m adverse movement in the mark-to-market valuation of forward currency swaps, with the INR/GBP rate increasing to 112 Indian Rupees to the pound at 30 September 2024.

The loss for the year from Continuing Operations, after a tax charge of £0.1m (H1 FY24: £0.2m), amounted to £0.3m (H1 FY24: profit of £0.4m).

Earnings and Dividends

Earnings per share (basic and diluted) from Continuing Operations in the period were a loss of 1.27 pence (H1 FY24: earnings of 1.47 pence, basic and diluted) and were based on the loss for the period of £0.3m (H1 FY24: profit of £0.4m) 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 1.08 pence (H1 FY24: 3.16 pence) and were based on the adjusted profit after tax for the period of £0.3m (H1 FY24: £0.8m).

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 FY24: £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 £36.9m (31 March 2024: £37.3m) comprise goodwill of £26.9m (31 March 2024: £26.9m), intangible assets of £7.2m (31 March 2024: £7.3m), property, plant and equipment of £0.6m (31 March 2024: £0.6m), IFRS16 rights-of-use assets of £1.5m (31 March 2024: £1.9m), investments of £0.4m (31 March 2024: £0.4m) and deferred tax assets amounting to £0.3m (31 March 2024: £0.3m). Movements in the year reflect amortisation and depreciation charges in the period.

Current assets comprise Trade and other receivables of £3.8m (31 March 2024: £4.3m) and cash balances of £0.5m at the period end (31 March 2024: £0.8m).

Total assets of the Group were £41.2m (31 March 2024: £42.4m).

Liabilities

Current liabilities of £8.5m (31 March 2024: £8.8m) comprise Trade and other payables of £5.2m (31 March 2024: £5.7m), bank loans and borrowings of £2.4m (31 March 2024: £2.1m), IFRS16 lease liabilities of £0.8m (31 March 2024: £1.0m) and defined benefit pension liabilities of £0.1m (31 March 2024: £0.1m).

Non-current liabilities of £1.4m (31 March 2024: £1.7m) comprise bank loans and borrowings of £0.5m (31 March 2024: £0.6m), IFRS16 lease liabilities of £0.6m (31 March 2024: £0.9m) and defined benefit pension liabilities of £0.3m (31 March 2024: £0.3m).

Movements in the year primarily reflect the repayment of £0.5m of IFRS16 lease liabilities and the drawdown of £0.2m of bank loans and borrowings.

Capital and reserves

Total equity decreased by £0.6m to £31.3m (31 March 2024: £31.9m), reflecting the retained loss for the period of £0.3m and £0.3m of exchange differences on translation of foreign operations

Cash flows, liquidity and capital resources

Net cash generated by operations was an £0.7m inflow in the period by comparison to £0.8m in H1 FY24. After tax, net cash generated from operating activities amounted to £0.7m (H1 FY24: inflow of £0.7m).

Investing activities, primarily related to the addition of IT equipment and the internal development of software amounted to £0.5m in the period, compared to £0.2m in H1 FY24.

Total financing outflows were £0.4m in the period (H1 FY24: £1.4m) comprising capital repayments on leases (£0.5m) and repayment of scheduled term-loan payments (£0.7m), offset by a further £0.9m draw down on the RCF facilities.

Net debt amounted to £2.3m at the period end (31 March 2024: £1.9m).

At 30 September 2024, the Group had bank debt of £2.9m (31 March 2024: £2.6m) comprising amounts owed on term loans and amounts drawn on a revolving credit facility (RCF).

The Group had a term loan with £0.6m outstanding (31 March 2024: £0.7m) taken out in July 2022 over a five-year period, with interest at 3.5% over Bank of England interest rate. The £1.8m term loan taken out in March 2023 to part-fund disposal of the Shard lease, of which £0.6m was outstanding at 31 March 2024, had been fully repaid at the period end.

In addition, the Group had a £3.0m RCF facility available through to September 2027, of which £2.2m was drawn at the period end (31 March: £1.3m). Due to its revolving nature, this loan is all shown as due within one year.

Phil Machray

Chief Executive Officer & Chief Financial Officer
Merit Group plc

Condensed consolidated income statement

For the half year ended 30 September 2024

	Note	Unaudited Half year ended 30 Sept 2024 £'000	Unaudited Half year ended 30 Sept 2023 £'000	Audited Year ended 31 Mar 2024 £'000
Revenue	3	9,293	9,899	19,895
Cost of sales		(5,201)	(5,154)	(10,730)
Gross profit		4,092	4,745	9,165
Administrative expenses		(3,965)	(4,170)	(7,850)
Other operating income		114	293	346
Operating profit		241	868	1,661
Memorandum:				
Adjusted EBITDA⁽¹⁾	3	1,243	1,829	3,989
Depreciation of property, plant and equipment		(129)	(88)	(173)
Depreciation of right-of-use assets		(421)	(406)	(833)
Amortisation of intangible assets acquired through business combinations		(293)	(294)	(587)
Amortisation of software intangible assets		(187)	(142)	(345)
Adjusted EBIT⁽²⁾		213	899	(2,051)
Share-based payments credit/(charge)		28	(31)	(63)
Non-recurring items	4			
People-related costs		-	-	(202)
Fair value movement on investments		-	-	(125)
Operating profit		241	868	1,661
Net finance credit/(expense)		(465)	(339)	(777)
(Loss)/profit before tax from Continuing Operations		(224)	529	884
Income tax charge		(80)	(176)	(336)
(Loss)/profit for the period from Continuing Operations		(304)	353	548
Loss from Discontinued Operations		-	-	(354)
(Loss)/profit for the period		(304)	353	194

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

(2) Adjusted EBIT is defined as the operating profit 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	5	(1.27p)	1.47p	2.29p
Discontinued Operations	5	-	-	(1.48p)
Basic total	5	(1.27p)	1.47p	0.81p

The notes on pages 14 to 24 form part of these unaudited interim results.

Condensed consolidated statement of comprehensive income

For the half year ended 30 September 2024

	Unaudited Half year ended 30 Sept 2024 £'000	Unaudited Half year ended 30 Sept 2023 £'000	Audited Year ended 31 Mar 2024 £'000
(Loss)/profit for the period	(304)	353	194

Items that may be subsequently reclassified

to Profit and loss:

Foreign currency translation:

Exchange differences on translation of foreign operations	(254)	2	(138)
Remeasurement of defined benefits obligation	(254)	2	(138)
Other comprehensive income for the period	(247)	(29)	(153)
Total comprehensive (loss)/profit for the period	(551)	324	41

The notes on pages 14 to 24 form part of these unaudited interim results.

Condensed consolidated statement of financial position

As at 30 September 2024

	Note	Unaudited 30 Sept 2024 £'000	Unaudited 30 Sept 2023 £'000	Audited 31 Mar 2024 £'000
Non-current assets				
Goodwill		26,919	26,919	26,919
Intangible assets	7	7,174	7,566	7,300
Property, plant and equipment	8	604	381	584
Right-of-use assets	10	1,493	2,198	1,914
Investments		350	474	350
Deferred tax assets		334	184	277
Total non-current assets		36,874	37,722	37,344
Current assets				
Trade and other receivables		3,750	5,503	4,299
Cash and cash equivalents		545	1,069	782
Total current assets		4,295	6,572	5,081
Total assets		41,169	44,294	42,425
Current liabilities				
Trade and other payables		5,267	6,085	5,692
Defined benefit pension obligation		70	77	79
Bank loan/RCF	9	2,391	2,910	2,091
Lease liability	10	790	597	977
Total current liabilities		8,518	9,669	8,839
Non-current liabilities				
Pension obligation		261	312	283
Bank loan/RCF	9	462	621	552
Lease liability	10	649	1,583	893
Total non-current liabilities		1,372	2,516	1,728
Capital and reserves				
Issued capital	11	6,708	6,708	6,708
Share premium		1,067	1,067	1,067
Retained profit		10,237	10,700	10,541
Redemption reserve		13,680	13,680	13,680
Translation reserve		(516)	(122)	(262)
Other reserves		(5)	(28)	(12)
Share option reserve		108	104	136
Total equity		31,279	32,109	31,858
Total equity and liabilities		41,169	44,294	42,425

The notes on pages 14 to 24 form part of these unaudited interim results.

Condensed consolidated statement of changes in equity

For the half year ended 30 September 2024

	Share Share premium	Share Retained profit	Capital Redemption reserve	Capital Translation	Other
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Unaudited	Share capital £'000	Premium reserve ¹ £'000	Retained earnings £'000	Redemption reserve ² £'000	Translation reserve ³ £'000	Own reserve £'000
At 1 April 2023	6,708	1,067	10,347	13,680	(124)	
Total comprehensive income:						
Profit for the six-month period to 30 September 2023	-	-	353	-	-	
Currency translation differences	-	-	-	-	2	
Remeasurement of defined benefits obligations	-	-	-	-	-	(3)
Share-based payments	-	-	-	-	-	
At 30 September 2023	6,708	1,067	10,700	13,680	(122)	(2)
Total comprehensive income:						
Loss for the six-month period to 31 March 2024	-	-	(159)	-	-	
Currency translation differences	-	-	-	-	(140)	
Remeasurement of defined benefits obligations	-	-	-	-	-	
Share-based payments	-	-	-	-	-	
At 31 March 2024	6,708	1,067	10,541	13,680	(262)	(1)
Total comprehensive income:						
Loss for the six-month period to 30 September 2024	-	-	(304)	-	-	
Currency translation differences	-	-	-	-	(254)	
Remeasurement of defined benefits obligations	-	-	-	-	-	
Share-based payments	-	-	-	-	-	
At 30 September 2024	6,708	1,067	10,237	13,680	(516)	()

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 14 to 24 form part of these unaudited interim results.

Condensed consolidated statement of cash flows

For the half year ended 30 September 2024

	Note	Unaudited Half year ended 30 Sept 2024 £'000	Unaudited Half year ended 30 Sept 2023 £'000	Audited Year ended 31 Mar 2024 £'000
Cash generated by operations	6	673	836	2,287
Taxation paid		-	(181)	(426)
Net cash generated from operating activities		673	655	1,861
Cash flows from investing activities				
Interest and similar income received		7	18	26
Additions to intangible assets		(354)	(94)	(324)
Additions to property, plant and equipment		(149)	(128)	(418)
Acquisition of investments		-	(24)	(25)
Proceeds on disposal of operations		-	-	450
Net cash used in investing activities		(496)	(228)	(291)
Cash flows from financing activities				
Interest and similar expenses paid		(120)	(215)	(407)
Payment of lease liabilities		(480)	(494)	(1,003)
Receipt on disposal of lease liabilities		-	462	577
Net drawdowns/(repayments) of bank facility		210	(1,184)	(2,072)
Net cash used in financing activities		(390)	(1,431)	(2,905)
Net decrease in cash and cash equivalents		(213)	(1,004)	(1,335)
Opening cash and cash equivalents		782	2,144	2,144
Effect of exchange rate fluctuations on cash held		(24)	(71)	(27)
Closing cash at bank		545	1,069	782

Comprised of:			
Cash and cash equivalents	545	1,069	782
Closing cash at bank	545	1,069	782

The notes on pages 14 to 24 form part of these unaudited interim results.

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 in 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 2024.

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 2024 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 13 November 2024.

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.

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 2024.

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.

	Unaudited Half year ended 30 Sept 2024 £'000	Unaudited Half year ended 30 Sept 2023 £'000	Audited Year ended 31 Mar 2024 £'000
Merit Data & Technology	5,835	6,376	12,869
Dods	3,458	3,523	7,026
	9,293	9,899	19,895

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

Group Revenue by stream	Unaudited Half year ended 30 Sept 2024 £'000	Unaudited Half year ended 30 Sept 2023 £'000	Audited Year ended 31 Mar 2024 £'000
Data and Intelligence	3,276	3,414	6,760
Data Technology	2,559	2,962	6,109
Political Intelligence	3,458	3,523	7,026
	9,293	9,899	19,895

Unaudited half year ended 30 Sep 2024 Business segment profit before tax	MD&T 30 Sep 2024 £'000	Dods 30 Sep 2024 £'000	Central 30 Sep 2024 £'000	Total 30 Sep 2024 £'000
Adjusted EBITDA	615	1,056	(428)	1,243
Depreciation of property, plant and equipment	(86)	(43)	-	(129)
Depreciation of right-of-use assets	(250)	(171)	-	(421)
Amortisation of intangible assets acquired through business combinations	(255)	(38)	-	(293)
Amortisation of software intangible assets	(42)	(145)	-	(187)
Share based payments	-	-	28	28
Operating profit/(loss)	(18)	659	(400)	241
Net finance expense	(298)	(39)	(128)	(465)
Profit/(loss) before tax	(316)	620	(528)	(224)

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

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 expense	(80)	(45)	(214)	(339)
Profit/(loss) before tax	591	682	(744)	529

Audited year ended 31 Mar 2024	MD&T	Dods	Central	Total
Business segment profit before tax	31 Mar 2024	31 Mar 2024	31 Mar 2024	31 Mar 2024
	£'000	£'000	£'000	£'000
Adjusted EBITDA	2,761	2,249	(1,021)	3,989
Depreciation of property, plant and equipment	(98)	(75)	-	(173)
Depreciation of right-of-use assets	(517)	(316)	-	(833)
Amortisation of intangible assets acquired through business combinations	(510)	(77)	-	(587)
Amortisation of software intangible assets	(61)	(284)	-	(345)
Share based payments	-	-	(63)	(63)
Non-recurring items				
People-related costs	-	(27)	(175)	(202)
Fair value movement on investments	-	-	(125)	(125)
Operating profit/(loss)	1,575	1,470	(1,384)	1,661
Net finance expense	(297)	(98)	(382)	(777)
Profit/(loss) before tax from Continuing Operations	1,278	1,372	(1,766)	884

4. Non-recurring items

	Unaudited Half year ended 30 Sep 2024 £'000	Unaudited Half year ended 30 Sep 2023 £'000	Audited Year ended 31 Mar 2024 £'000
Fair value movement on investments	-	-	(125)
People-related costs	-	-	(202)
	-	-	(327)

People-related costs incurred in the year ended 31 March 2024 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.

5. Earnings per share

Continuing Operations	Unaudited Half year ended 30 Sep 2024 £'000	Unaudited Half year ended 30 Sep 2023 £'000	Audited Year ended 31 Mar 2024 £'000
(Loss)/profit attributable to shareholders	(304)	353	548
Add: non-recurring items	-	-	327
Add: amortisation of intangible assets acquired through business combinations	293	294	587
Add: net exchange (gains)/losses	297	79	250
Add: share-based payment (credit)/expense	(28)	31	63
Adjusted post-tax profit from Continuing Operations attributable to shareholders	258	757	1,775

Unaudited Half year ended 30 Sept 2024	Unaudited Half year ended 30 Sept 2023	Audited Year ended 31 Mar 2024
Ordinary shares	Ordinary shares	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.

	Unaudited Half year ended 30 Sep 2024	Unaudited Half year ended 30 Sep 2023	Audited Year ended 31 Mar 2024
	Pence per share	Pence per share	Pence per share
Continuing Operations			
Earnings per share			
Basic	(1.27)	1.47	2.29
Diluted	(1.27)	1.47	2.29
Adjusted earnings per share			
Basic	1.08	3.16	7.41
Diluted	1.08	3.16	7.41

6. Cash generated by operations

	Unaudited Half year ended 30 Sept 2024 £'000	Unaudited Half year ended 30 Sept 2023 £'000	Audited Year ended 31 Mar 2024 £'000
Cash flows from operating activities			
(Loss)/profit for the period	(304)	353	194
Depreciation of property, plant and equipment	129	88	173
Depreciation of right-of-use assets	421	406	833
Amortisation of intangible assets acquired through business combinations	293	294	587
Amortisation of other intangible assets	187	142	345
Share-based payments charge	(28)	31	63
Loss on disposal of fixed asset	-	-	2
Fair value movement on investments	-	-	125
Lease interest expense	49	64	124
Profit on disposal of operations (before tax)	-	-	354
Interest income	(7)	(18)	(26)
Interest expense	120	215	407
Foreign exchange on operating items	(12)	4	6
Income tax charge	80	176	336
Operating cash flows before movement in working capital	928	1,755	3,523
Decrease/(increase) in trade and other receivables	549	(463)	176
Decrease in trade and other payables	(804)	(456)	(1,412)
Cash generated by operations	673	836	2,287

7. Intangible assets

	Assets acquired through business combinations £'000	Software £'000	Under Construction Capitalised costs £'000	Total £'000
Cost				
At 1 April 2023	11,209	2,176	144	13,529
Additions - internally generated	-	22	302	324
Software brought into use	-	144	(144)	-
At 31 March 2024	11,209	2,342	302	13,853
Additions - internally generated	-	53	301	354
At 30 September 2024	11,209	2,395	603	14,207

Accumulated depreciation

At 1 April 2023	5,090	531	-	5,621
Charge for the year	587	345	-	932
At 31 March 2024	5,677	876	-	6,553
Charge for the period	293	187	-	480
At 30 September 2024	5,970	1,063	-	7,033

Net book value

At 31 March 2023 - audited	6,119	1,645	144	7,908
At 31 March 2024 - audited	5,532	1,466	302	7,300
At 30 September 2024 - unaudited	5,239	1,332	603	7,174

8. Property, plant and equipment

	Leasehold Improvements £'000	IT Equipment and Fixtures and Fittings £'000	Total £'000
Cost			
At 1 April 2023	-	1,449	1,449
Additions	93	325	418
Disposals	-	(4)	(4)
At 31 March 2024	93	1,770	1,863
Additions	-	149	149
Disposals	-	(6)	(6)
At 30 September 2024	93	1,913	2,006

Accumulated depreciation

At 1 April 2023	-	1,108	1,108
Charge for the year	23	150	173
Disposals	-	(2)	(2)
At 31 March 2024	23	1,256	1,279
Charge for the period	24	105	129
Disposals	-	(6)	(6)
At 30 September 2024	47	1,355	1,402

Net book value

At 31 March 2023 - audited	-	341	341
At 31 March 2024 - audited	70	514	584
At 30 September 2024 - unaudited	46	558	604

9. 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 2024 £'000	Unaudited Half year ended 30 Sep 2023 £'000	Audited Year ended 31 Mar 2024 £'000
Bank loan / RCF due within one year	2,391	2,910	2,091
Bank loan due after more than one year	462	621	552
	2,853	3,531	2,643
Cash and cash equivalents	(545)	(1,069)	(782)
Net Debt	2,308	2,462	1,861

Interest-bearing loans and borrowings

At 30 September 2024, the Company's secured loan facilities provided by Barclays comprised:

- Term Loan: a £1 million, five-year term loan, amortising on a straight-line basis at c.£50,000 per quarter from July 2022;
- RCF: a £3 million non-amortising, revolving credit facility for the five-year duration of the Term Loan;
- Both the Term Loan and RCF accrues interest at 3.5% above Bank of England base rate.

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. This loan had been fully settled in accordance with its repayment schedule by 30 September 2024.

10. Leases

	Right-of-use assets £'000	Lease liabilities £'000
As at 1 April 2023	1,874	(1,880)
Additions	873	(873)
Depreciation	(833)	-
Lease Interest	-	(124)
Lease payments	-	1,007
As at 31 March 2024	1,914	(1,870)
Depreciation	(421)	-
Lease Interest	-	(49)
Lease payments	-	480
As at 30 September 2024	1,493	(1,439)
Current		(790)
Non-current		(649)

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

	Unaudited Half year ended 30 Sep 2024 £'000	Unaudited Half year ended 30 Sep 2023 £'000	Audited Year ended 31 Mar 2024 £'000
Depreciation charge of right-of-use assets	421	406	833
Interest expense (included in finance cost)	48	64	124

The right-of-use assets relate to office space in four locations and at the balance sheet date have remaining terms ranging up to 5 years.

There were £20,000 of expenses relating to diminutive payments not included in the measurement of lease liabilities (H1 FY24: £20,000).

Lease liabilities includes liabilities in respect of IT equipment with a cost of £77,000 (31 March 2024: £77,000). These assets are capitalised within IT Equipment and Fixtures and Fittings (see Note 8).

11. Issued Share Capital

	28p ordinary shares Number	Total £'000
Issued share capital as at 30 September 2023	23,956,124	6,708
Issued share capital as at 31 March 2024	23,956,124	6,708
Issued share capital as at 30 September 2024	23,956,124	6,708

12. Related party transactions

MET operations

As part of the disposal of the MET Operations in November 2022, 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. 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. In total, the group charged £13,407 for these services during the period (H1 FY24: £293,364), which has been recognised as Other Operating Income within the Income Statement. At 30 September

2024, a balance of £86,206 (31 March 2024: £72,799) 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 £41,130 (H1 FY24: £56,476) during the period for marketing and data services. At 30 September 2024, there was a balance of £102,485 (31 March 2024: £62,302) 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 £nil (H1 FY24: £887,393) was invoiced, cash of £83,807 (H1 FY24: £1,968,961) was collected and payments for purchases and payroll amounting to £105,025 (H1 FY24: £769,009) were made by the Group on behalf of Political Holdings Limited group companies. None of these revenues or costs are recognised within the Income Statement of the Group. At 30 September 2024, £nil (31 March 2024: £12,946) of funds were held on trust for Political Holdings Limited group companies.

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, £303,339 (H1 FY24: £366,800) was payable to Merit Software Services Private Limited in relation to the lease and other property-related costs. At 30 September 2024, a balance of £3,670 (31 March 2024: £nil) was outstanding in respect of these services.

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 FY24: £15,000) to the Company for the services of Angela Entwistle as a Non-Executive Director. At 30 September 2024 the balance outstanding was £2,500 (31 March 2024: £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 £38,705 (H1 FY23: £76,700) for Technology Resourcing Services. At 30 September 2024 the balance outstanding was £8,200 (31 March 2024: £12,100).

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