

# GBG proposed acquisition of Acuant

Creating a global leader in digital identity  
verification and fraud prevention

November 2021

GBG helps build trust in a digital world

Our vision is to create a world where everyone can  
transact online with confidence



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# Agenda

1. **Overview:** Compelling strategic combination
2. **Acuant:** Leader in the fast growing digital identity verification and fraud prevention markets
3. **Strategic rationale:** Accelerating our strategy to create a global leader with enhanced growth potential
4. **Financials, transaction structure and timetable**
5. **Conclusion**

# GBG: building trust in a digital world

Our vision is to create a world where everyone can transact online with confidence



At the forefront of the fast-growing and global digital identity sector



GBG works with the best data, best technology, and best people



Compelling strategy to deliver long-term sustainable growth



Attractive financial model; strong balance sheet



Our people and culture underpin our success



M&A is a core part of our strategy – 13 successful acquisitions in last 10 years

## 1. Overview

Compelling strategic combination

# Creating a global leader in the digital identity and fraud prevention markets

GBG's acquisition of Acuant brings together two of the leaders in the global digital identity market, with combined revenue of c. £265 million



Increases US presence and enhances platform for accelerated global expansion

- Acquisition enables GBG to expand further in the US – the world's largest and most strategically-important market
- Creates global leader in biometric and automated document verification
- Combined product portfolio primes enlarged Group for accelerated expansion into APAC and other new geographies over time



Accelerated product, data & platform strategy

- Complementary products and data sets. Accelerates product development by approximately two years
- Accelerates digital/SaaS business model and reach
- Diversifies customer base with meaningful cross-sell opportunities
- Highly additive in terms of scarce, top-quality talent



Attractive financial profile, delivering accelerated revenue growth

- Strong blended top line growth and opportunity to enhance margins through operating leverage
- Acuant achieved LTM revenue of US\$58.1m to September 2021 and will accelerate GBG's revenue growth profile going forwards
- Highly cash generative with cash conversion c. 100% and net negative working capital

A combination that is entirely consistent with our long term strategy for global growth

# Acquisition of Acuant for an enterprise value of \$736m

A financing structure that maintains GBG's prudent and efficient capital allocation, while also incentivising key talent



## Consideration<sup>(1)</sup>

- \$619m cash
- \$117m in GBG shares
  - Management owns 14% of Acuant and will be rolling \$23m, 28% of holding, with 24 month lock up
  - Audax (Acuant's Private Equity owner) owns 83% of Acuant and will be rolling \$94m, 19% of holding, with six month lock up and orderly market arrangement



## Financing<sup>(1)</sup>

- £300m placing of ordinary shares in GBG
- \$117m equity issued to sellers
- Balance from a combination of approximately \$210m from partial draw-down of a new £175m RCF facility and existing cash on balance sheet
- Pro-forma net leverage for FY22 expected to be c. 2x

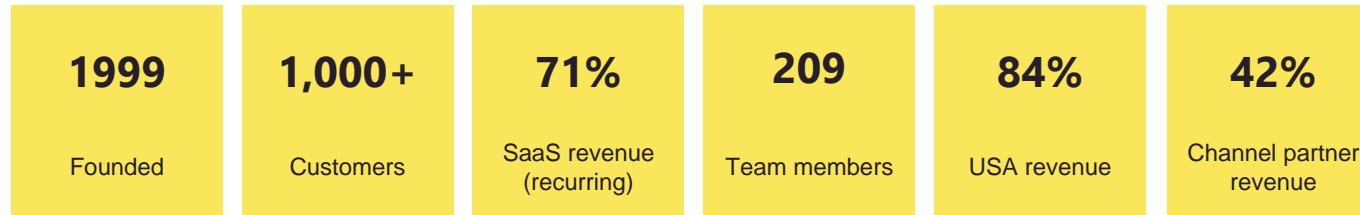
## 2. Acuant

Leader in the fast-growing digital identity verification and fraud prevention markets



# Acuant at a glance

A high-growth provider of digital identity verification solutions



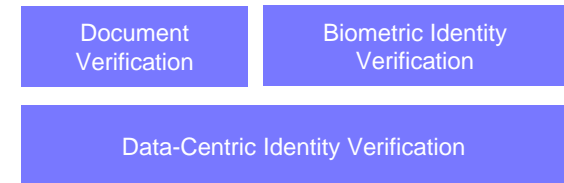
**One platform to establish trust anywhere in the world**

- Market-leading AI-powered digital identity verification with LTM\* revenue of \$58.1m with high and growing proportion of SaaS revenue
- Established presence and brand with 20+ years of knowledge and experience
- More than 1,000 customers across diversified vertical markets in North America and internationally via partners
- Headquartered in Los Angeles, CA with 209 team members globally
- R&D capabilities in the US, UK and Israel, with depth in data science, biometrics and platform design & build
- Core technical strengths include Cloud-first / omni-channel architecture, vast document library (6,000 documents covering 200 countries/territories) and advanced data platform
- 30+ Digital Identity and IDV patents

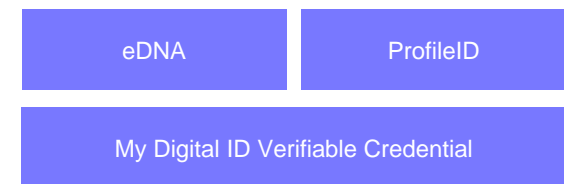
## Acuant Compliance



## Acuant Verify



## Acuant Identity



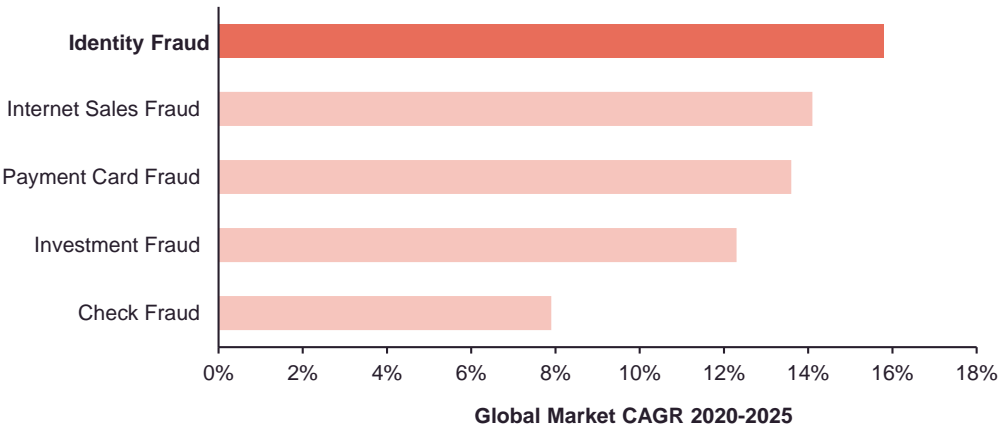
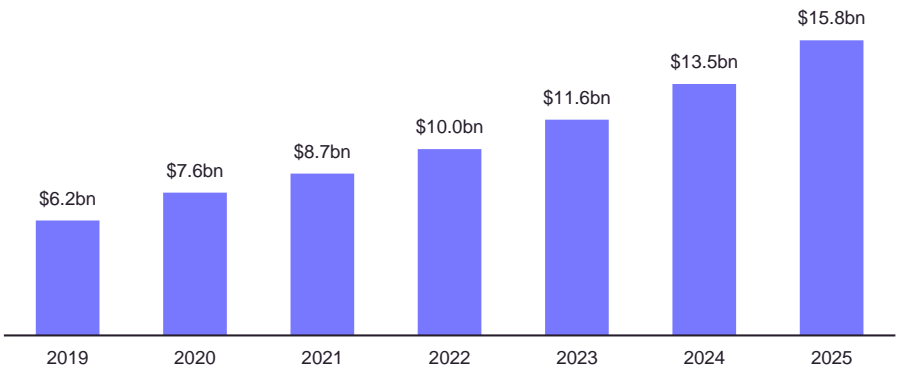
# Digital identity markets: large, fast growing and global

Acquisition of Acuant strengthens our offering in the fast-growing category of identity fraud

Identity Verification\*  
**\$15.8bn**

&

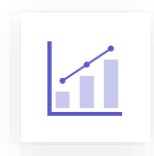
Identity Fraud\*  
**\$9.6bn**



(1) \*Projected value for 2025. Source: Markets and Markets Identity Verification, and Fraud Detection and Prevention Reports (2020-2021). Information shall be circulated, copied, quoted, or otherwise reproduced without the prior written approval of MarketsandMarkets™.

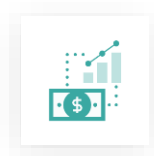
# High performing business with an attractive financial profile

Acuant is a fast-growing, profitable and cash generative business which is strategically aligned with GBG



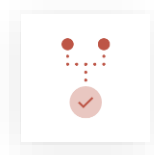
## **Strong growth track record**

- Acuant generates 84% of its revenue from the high-growth US market
- Acuant achieved 22% revenue growth LTM to September 2021
- Acuant gives additional capabilities in Identity Fraud, the fastest-growing adjacent sector to the IDV market



## **Robust, high margins, strong cashflow characteristics and well invested**

- Acuant exhibits a strong margin profile, delivering adjusted operating profit margins of over 20%
- Acuant has consistently invested in R&D and Sales & Marketing
- The business model drives high cash generation, negative working capital and c. 100% cash conversion



## **Strategically positioned with a wide capability set that can be leveraged and enhanced by GBG**

- Acuant is complementary to GBG's current North American offering
- Acuant's extensive product suite will provide GBG with a strong platform on which to accelerate growth in the region and expedite global expansion
- Acuant's channel capabilities can be leveraged to deliver GBG's solutions to new customers

### 3. Strategic rationale

Accelerating our strategy with enhanced growth potential

# Combination accelerates growth and enhances our competitive positioning



## **Geographic expansion**

- Delivers additional scale in key US market
- Combined product portfolio primes enlarged Group for accelerated expansion into APAC and other new geographies over time



## **Expanded customer base**

- Complementary customer sectors and enlarged, diversified customer base provide multiple sales opportunities
- Strength in channel partner sales



## **Data, product and technology enhancement**

- Complementary product suite accelerates product, data and platform development by approximately two years
- Creates a global leader in digital IDV and fraud prevention, delivering at all stages of the customer lifecycle



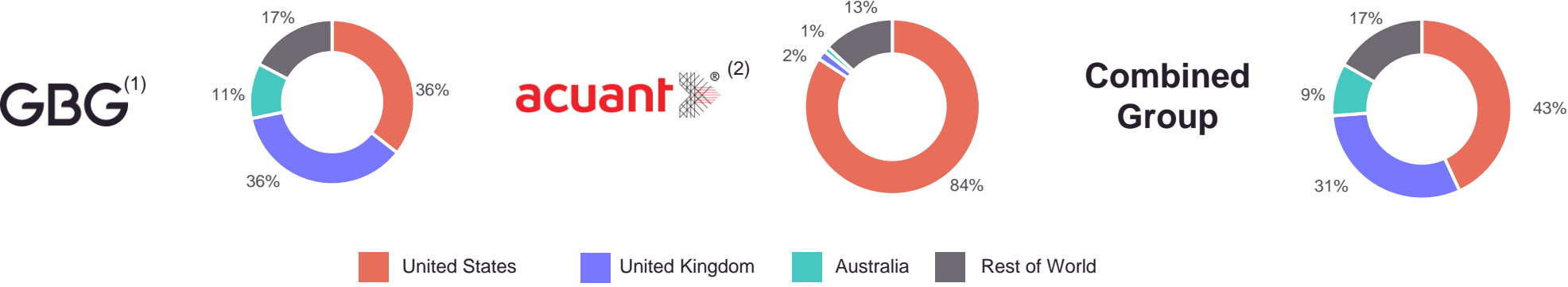
## **Financial benefits**

- Accelerates growth and maintains robust margin profile

Underpinned by shared vision, culture and larger pool of retained talent

# Combination of Acuant and GBG creates exciting growth opportunities in the US and worldwide

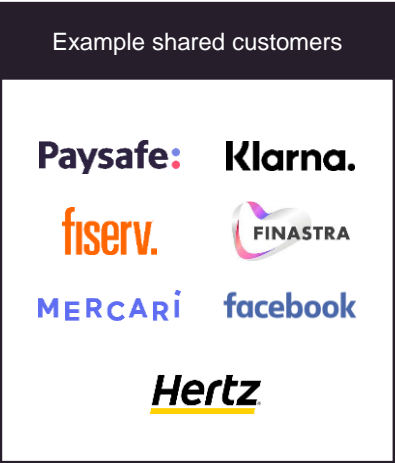
- Acuant acquisition increases GBG's exposure to the large and fast-growing US market
- Acuant products benefit from access to GBG's global datasets
- Combined portfolios prime GBG for further expansion into APAC and other new geographies, through GBG's existing go-to-market capabilities
- Acuant channel partners offer further global expansion opportunities



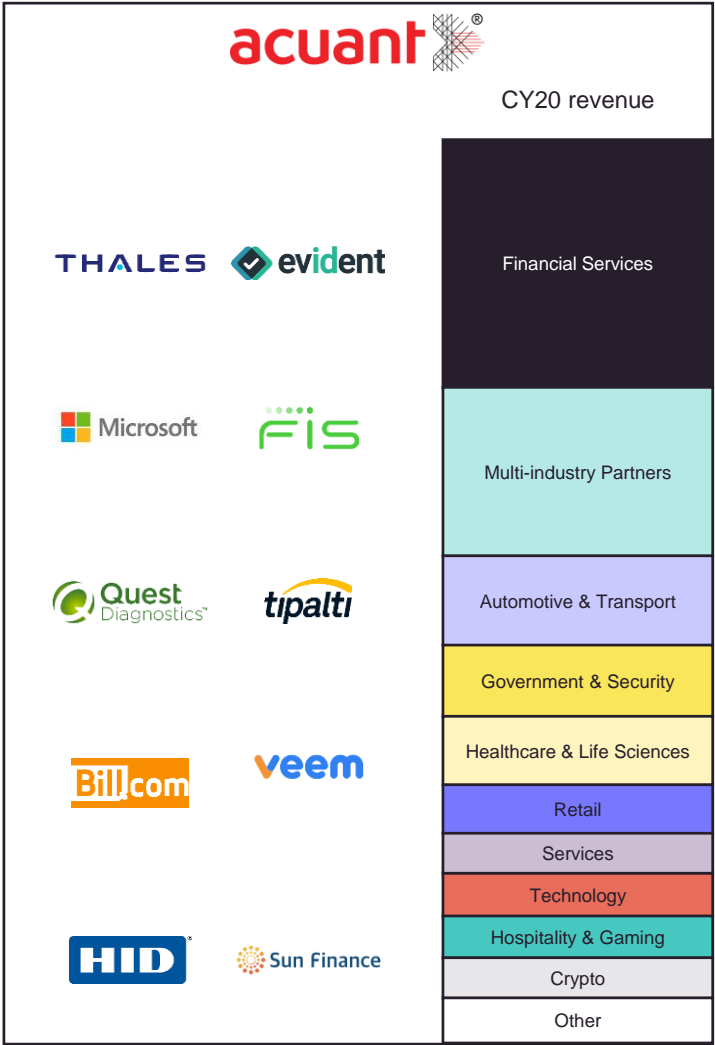
(1) Geographic revenue breakdown per GBG's Mar-21A results  
 (2) Geographic revenue breakdown per Acuant's Dec-20A results

# Customer base expansion and diversification

New customer verticals and complementary customer bases provide multiple sales opportunities

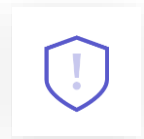


Strong channel partners



# Combination accelerates our data, product and technology ambitions by approximately two years

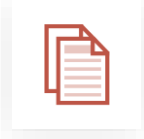
Five key roadmap accelerators:



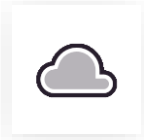
Acuant brings a market-ready SaaS version of GBG's existing on-premise fraud products. This will focus future investment in GBG fraud products on further product innovation



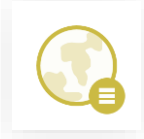
Acuant®GO – industry-leading No Code IDV solution



Acuant's document library has far greater coverage in the US and other markets, accelerating GBG's access to new markets via documents and biometrics



Acuant accelerates GBG's platform strategy with advanced customer interfaces, data capabilities, and technology already deployed via cloud. This enables future platform investment to focus on further product innovation

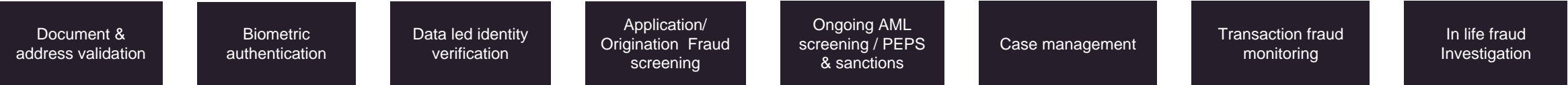
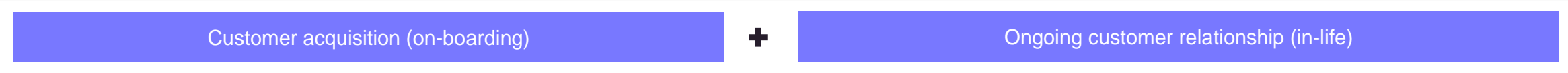


Acuant's approach to Big Data and the use of customer data for the building of a network will accelerate GBG's development, a key enabler of digital identity with a data model built around a unique person ID

- The combination of GBG and Acuant's considerable assets and roadmaps will be complementary:
- GBG brings great IDV experience and roadmaps with a large breadth of data suppliers
- Acuant brings key platform capabilities, in-life expertise and sustainable competitive advantage through data management and unique person insight



# Creates a global leader in electronic ID verification, delivering a differentiated proposition across the customer lifecycle



A combination with differentiated solutions for all points of the identity verification and identity fraud customer journey...

...underpinned by a common journey / orchestration layer enabling GBG to sell individual solutions or the entire end-to-end combination of solutions



# Enlarged technology platform provides the complete customer journey for trusted identities globally

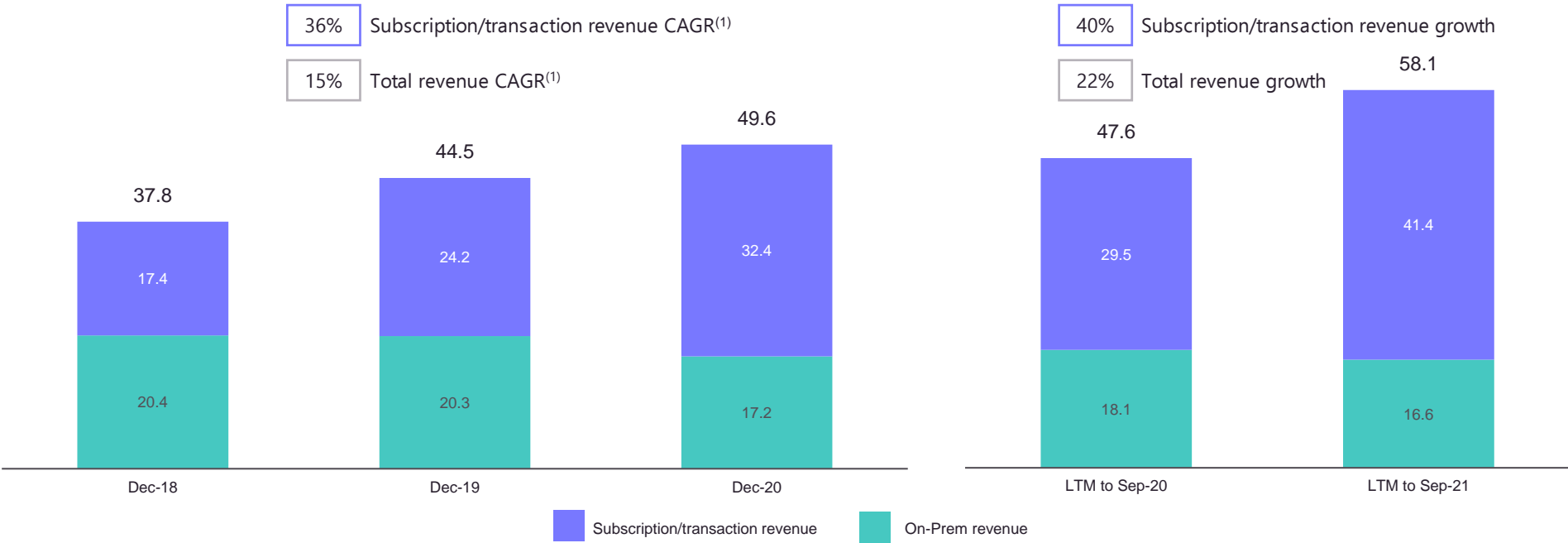
Combined end-to-end capability provides a more comprehensive product offering

	Orchestration / Journeys	Single API	Single UI	No Code Interfaces	Low Code Interfaces	Great Developer Experience	Supplier Hub	Data Network & AI Scores	Unique Person ID	Case Management	Cloud Native
<b>GBG</b>	✓	✓		✓		✓	✓			✓	✓
<b>acuant</b>	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
<b>GBG + acuant</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Powered by GBG global data sets											

## 4. Financials, transaction structure and timetable

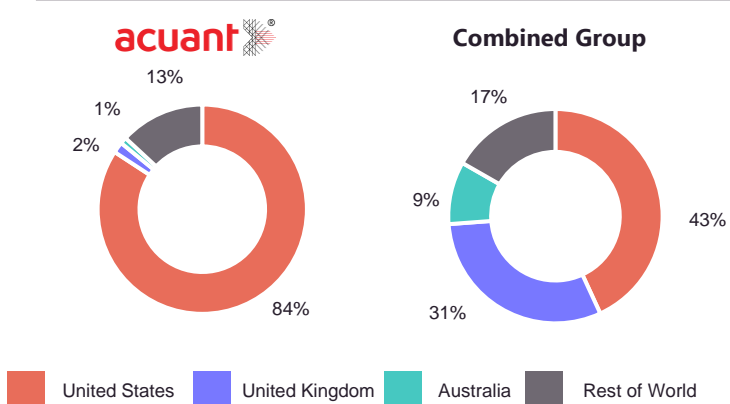
# Strong revenue growth in fast-growing market

## Acuant revenue profile (\$m)



- Acuant is predominantly US-centric and has a proven track-record of revenue growth – this is expected to enhance GBG’s revenue growth rate
- Acuant subscription/transaction revenues are faster growing and represented 71% of total in 12 months to September 2021
  - Subscription/transaction revenue for enlarged GBG will be c. 90%
- Channel is an important part of Acuant’s route to market and will be additive to GBG
- Services and hardware revenue are c. 12% of Acuant and less than 3% of enlarged GBG

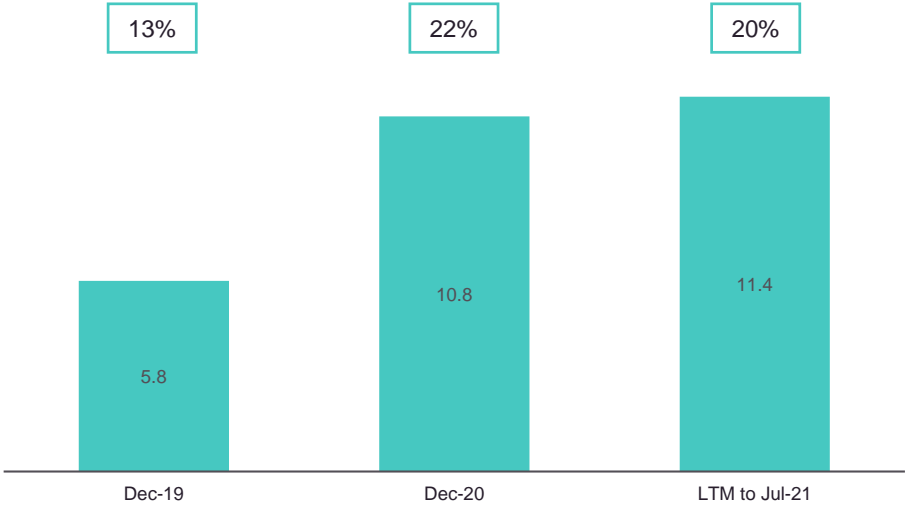
## CY20 geographical breakdown (%)



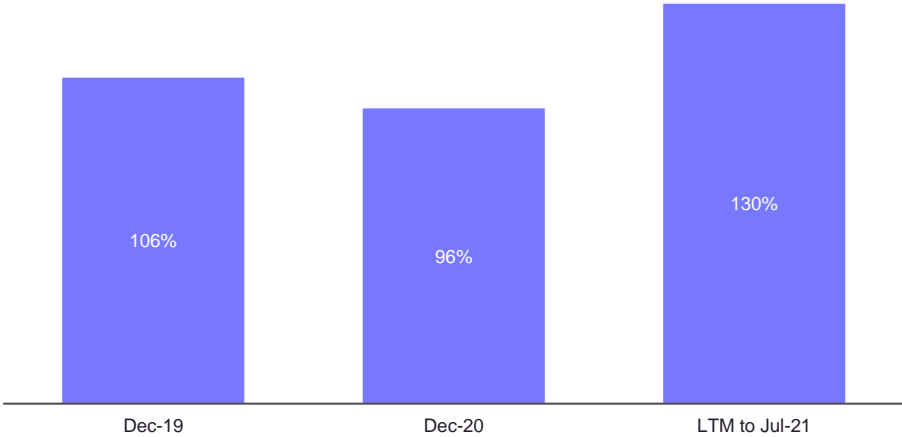
(1) CY18-CY20 CAGR

# Strong cashflow generation and well invested business

Acuant adj. operating profit profile (\$m / % of revenue)



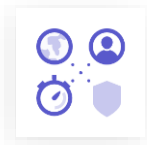
Cash flow conversion (%)



- Acuant’s operating profit margins are similar to GBG’s while continuing to invest for growth – R&D and Sales & Marketing both 22% of revenue in LTM to Jul-21:
  - Acuant has invested strongly in its technology and platform
  - Meaningful expansion of go-to-market capabilities in 2020 & 2021
- The majority of the Acuant’s cost base is labour (86%\*)
- Acuant’s business model drives high cash generation, negative working capital and c. 100% cash conversion

\* LTM to Jul-21

# Familiarity with Acuant business and management team supports confidence in integration and delivery of synergies



## Detailed integration plan

- Detailed plan to be led by highly experienced GBG internal team and in line with GBG's best practice
- 100 and 200 day plans, with clearly identifiable checkpoints and individual responsibility
- Immediate post completion focus on management retention and succession, synergies, and future strategies



## Strong cultural alignment

- Similar culture and common values, demonstrated by existing commercial relationships between Acuant and GBG
- The Acuant team of 209 is an experienced group of digital IDV professionals
- We intend for the entire team to transfer to GBG and are incentivising key individuals accordingly



## Realising the benefits of the combination

- Immediate opportunity in the US to cross-sell between GBG and Acuant customers with further opportunity to leverage GBG's sales team to sell Acuant products into EMEA and APAC
- Cost synergies will be realised as technology capabilities are combined and back office and go-to-market teams are integrated
- A phased approach to the technology combination that balances near-term benefits to customers and mid-term strategic goals
- Through these synergies, the combination is expected to deliver incremental operating profit of approximately £5 million in FY23

# Acquisition terms and financing

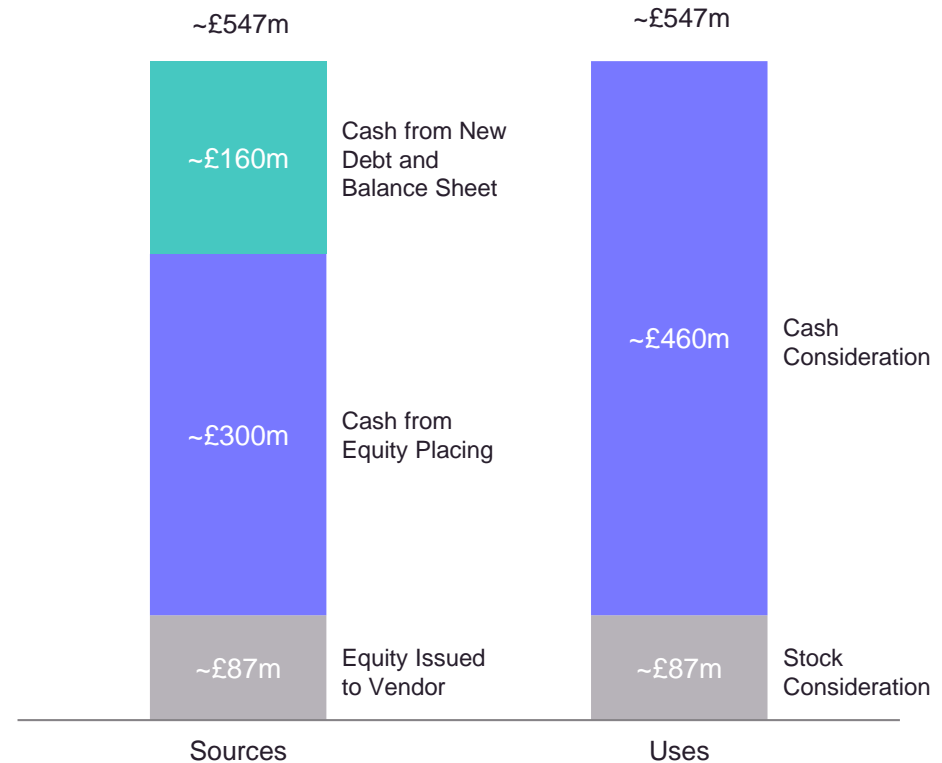
## Acquisition Terms<sup>(1)</sup> & Financing Structure

- Enterprise value of \$736 million (£547 million)
- Satisfied by c. £87 million in share consideration to management and PE owners, a £300 million equity placing, and approximately £160 million from a combination of cash on balance sheet and new debt facilities

## Financing

- Existing RCF replaced by £175 million multi-currency facility with initial 44 month term and 12 + 12 month extension options
- Post transaction leverage expected to be approximately 2x net debt to enlarged Group EBITDA
  - Expected to rapidly de-lever

## Sources and Uses of Funds<sup>(1)</sup>



# Current trading and prospects

## Current Trading

- The Board's expectations for the Group's performance in the current year and beyond remain unchanged since the trading update published on 21 October
- Acuant has traded well during its 2021 financial year which ends on 31 December
- Acuant has achieved LTM revenue to 30 September 2021 of \$58.1m, an increase of 22% on the year to September 2020, with the business continuing to trade strongly on a like-for-like basis since September

## Prospects

- The acquisition of Acuant is expected to be earnings neutral in FY23 (post-synergies), its first full year of ownership, and to be accretive thereafter
- Over the medium term the Board expects Acuant to be able to grow annual revenue at c. 25% (driven by a higher rate of growth in subscription/transaction revenue) reflecting the substantial market opportunity Acuant addresses, especially in the US, and the investment Acuant has made in product and people in recent years
- The Group's operating profit margin target will increase to 23-24% as the full benefits of the combination are realised



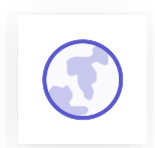
# Timetable

Activity	Expected Date
Transaction and ABB announcement	16:35 18 November
Announce placing results	07:00 19 November
Admission and settlement of placing shares	23 November
Closing of acquisition	29 November

## 5. Conclusion

# Creating a global leader in the digital identity verification and fraud prevention markets

The acquisition of Acuant aligns with GBG's key strategic acquisition criteria



Increased exposure to the fast-growing US market, the largest market for Identity Verification



Extensive product suite and strong R&D capabilities



Diverse customer base spanning a broad range of markets



Attractive financial model; strong growth track record and robust, high margins



Team of 209 people we know well with great technology expertise

Questions?

Thank you

[gbgplc.com](http://gbgplc.com)