29 October 2019

Dods Group plc
(“Dods” or “the Group”)

UNAUDITED INTERIM RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2019

Dods, a leading technology company specialising in data, code, business intelligence and media, announces its unaudited interim results for the half year ended 30 September 2019. The Group continues to enhance its business credentials as a leading provider of *Augmented Intelligence*[2] by embedding its services into client workflows, further enabled by the acquisition of Meritgroup Limited (“Merit”) on 18 July 2019.

Financial Highlights
Continuing operations

	H1 2020	H1 2019
	30 Sept 19	30 Sept 18
Total revenue (£)	**12.5m**	10.7m
Gross margin (%)	**34%**	42%
Adjusted EBITDA (£) [1]	**1.4m**	1.5m
Adjusted EBIT (£) [2]	**0.2m**	0.9m
(Loss) / profit before tax (£)	**(0.3m)**	0.4m
Adjusted basic EPS (Pence)	**0.04p**	0.30p
Basic EPS (Pence)	**(0.08p)**	0.11p
Cash at bank (£)	**6.8m**	8.3m
Debt (£)	**5.0m**	-
Total assets (£)	**64.3m**	39.5m

1. Adjusted EBITDA is calculated as earnings before interest, tax, depreciation, amortisation of intangible assets, share based payments and non-recurring items.
2. Adjusted EBIT is calculated as operating profit plus non-recurring costs.

Operational Highlights

- Successful completion of the acquisition of Merit for £22.4 million, with associated net assets of £2.3 million
- Integration of Merit proceeding well and realisation of annual synergies of £0.5 million on track
- Commencement of technology upgrade of current business intelligence platform with phase one scheduled for delivery first half of calendar year 2020
- Delivery of an enterprise resource planning software system due to be completed before year end.

Board Changes in H1 2020

- As disclosed on 2 September 2019, Dods Group plc received notice of resignation from Nitil Patel, Director and Chief Financial Officer. Nitil has a notice period of 12 months and will facilitate an orderly transition to his successor.

Outlook

The results for the period have been in line with the Board's expectations and following completion of the Merit acquisition, the Group will benefit from an 8-month contribution from Merit in the current financial year. The Group continues to be cash generative and has strengthened and diversified its capabilities.

Due to the uncertainties in the political and economic environment, and with an approaching general election in the UK, the Board remains cautious about the outlook for the second half of the year.

Dr David Hammond, Chairman, commented:

"The Group continues to deliver quality products and services in a challenging environment. The addition of Merit has enabled us to diversify and increase our recurring revenue base. Notwithstanding the current cautious outlook, the Board views the Group's medium to long-term prospects with confidence."

This announcement is released by Dods 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.

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 Nitil Patel, Chief Financial Officer.

For further information, please contact:

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Nitil Patel – CFO

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Liberum (Nomad and Broker)
Neil Patel 020 3100 2000
Cameron Duncan
Louis Davies

Business and operational review

The interim results are in line with expectations and progress continues to be made in building a sustainable growth business with higher annual recurring revenues.

Having completed the acquisition of Merit and substantially concluded the integration on 30 September 2019, Dods is now one step closer to realising our ambition to become a leading *Augmented Intelligence*[2] business, acting as trusted adviser to prominent brands seeking to navigate an increasingly complex political and economic environment.

Through the period, the operational priorities were:

- complete the acquisition and integration of Merit;
- leverage the expertise of Merit's founder as Chief Technology Officer of the enlarged Group;
- develop and invest in digital products to continue to drive recurring revenue;
- maintain focus on improving the retention of recurring revenues;
- explore opportunities to sell Merit's services to Dods customers and vice versa;
- search, appoint and induct the Chief Revenue Officer and the Chief Information Officer;
- continue to invest in data management, marketing automation and the Group's sales effectiveness;
- focus our growth in revenue across our owned events and engagement portfolio.

During the period the Group secured a number of notable contracts including those with Oracle, Fuji Film, Boehringer, GE, Google and the Coca-Cola Corporation and extended a contract with UK Government to provide Civil Service Live to October 2020.

Our Training division continued to win international contracts and deliver various programmes across the globe from the Supreme Court (UK), United Nations, CBI and the Government of India and over 315 (H1 FY2019: 220) training workshops to the UK Government.

Our digital media titles have continued to enjoy strong growth in readership, with page views for PoliticsHome up 104% on the same period to 10.6 million and unique visitors up 63% to 6.7 million.

We continue to expand our points of contact within our customer base, going beyond public affairs and into the Chief Data Science, Information, Technology and Marketing Officer's agenda as we seek to help customers manage risk and find competitive advantage in the regulated markets within which they operate.

We do this by providing data and technology solutions that inform, engage and connect professionals who wish to drive actionable insights for business-critical decisions, not just in political and policy areas, but increasingly across new and existing regulated markets.

Outlook

Whilst it is impossible to predict the extent of the continued political uncertainty and any impact this might have on the second half of the year the Board remains confident in the medium to long-term prospects of the Group.

Simon Presswell
Chief Executive Officer

Financial review
Income statement

The Group's revenue from continuing operations increased by 16.8% to £12.5 million (H1 FY2019: £10.7 million) and gross profit decreased by 6.7% to £4.2 million (H1 FY2019: £4.5 million). This reflects the 2.4 months results of the Merit business.

Gross margin decreased from 42% to 34% in the period. The decrease in gross margin is a combination of the change in the product mix following the addition of Merit and the increased venue and delivery costs experienced by Dods in H2 FY2019.

The Group has adopted IFRS16 and therefore reclassified material operating leases (right-of-use-assets) both on the income statement and statement of financial position. Consequently, administration costs decreased by 6.7% to £2.8 million (H1 FY2019: £3.0 million).

Adjusted EBITDA decreased by 9.3% to £1.36 million (H1 FY2019: £1.5 million). Operating loss was £0.1 million (H1 FY2019: profit of £0.4 million), after a right-of-use assets charge of £0.5 million (H1 FY2019: £nil), an amortisation charge of £0.3 million (H1 FY2019: £0.2 million) for business combinations and a charge of £0.1 million (H1 FY2019: £0.3 million) for intangible assets. The depreciation charge in the period remained flat at £0.2 million (H1 FY2019: £0.2 million). During the period, the Group incurred £0.3 million of non-recurring costs (H1 FY2019: £0.5 million).

Net finance costs have increased for the period to £0.2 million (H1 FY2019: income of £4,000) reflecting IFRS16 adoption (charge of £0.2 million), borrowing costs following the acquisition of Merit (charge of £39,000) and foreign exchange movement during the period (income of £61,000).

The taxation charge for the period was £37,000 (H1 FY2019: £nil) and relates to the Group's Belgian operations. For the overall Group, the tax charge is based on the use of accumulated tax losses.

Adjusted earnings per share, both basic and diluted, from continuing operations in the period were 0.04 pence (H1 FY2019: 0.30 pence) and were based on the adjusted profit for the period of £0.2 million (H1 FY2019: £1.0 million) with a weighted average number of shares in issue during the period of 431,276,215 (H1 FY2019: 341,774,286).

Earnings per share, both basic and diluted, from continuing operations in the period were a loss of 0.08 pence (H1 FY2019: earnings of 0.11 pence) and were based on the net loss for the period of £0.3 million (H1 FY2019: net profit of £0.4 million).

The Board is not proposing a dividend (H1 FY2019: £nil).

Statement of Financial Position

Assets

As mentioned previously, the Group has adopted IFRS16 and has reclassified operating leases as right-of-use assets and corresponding lease liabilities. Under the modified retrospective approach the Group has not restated prior periods. The impact has been to increase non-current assets by £8.6 million (H1 FY2019: £nil) and there is an associated increase in finance lease liability of £10.0 million (H1 FY2019: £nil). This has been shown as £1.5 million as current liability and £8.5 million as non-current liability.

Other non-current assets consisted of goodwill of £28.2 million (H1 FY2019: £13.3 million), intangible assets of £10.3 million (H1 FY2019: £8.0 million) and tangible fixed assets of £2.3 million (H1 FY2019: £2.2 million). The movements in goodwill, intangible and tangible fixed assets reflect the acquisition of Merit during the period.

The Group holds a 40% stake in the issued share capital of Sans Frontières Associates (SFA) and has loaned SFA £0.6 million (H1 FY2019: £0.7 million) at the period end. The loan is unsecured and carries no interest charge. Additionally, the Group holds a 30% stake in Social 360 at a cost of £0.5 million (H1 FY2019: £1.67 million).

Trade and other receivables increased by £1.8 million to £7.0 million (H1 FY2019: £5.2 million), as a result of the Merit acquisition. Included in prepayments is an amount of £0.8 million due in cash to certain vendors of Merit. The corresponding amount is in current and non-current liabilities as deferred consideration. The Group had a cash balance of £6.8 million (H1 FY2019: £8.3 million) and gross borrowings of £5 million at the period end (H1 FY2019: £nil).

The Group has borrowed a term loan of £3 million (H1 FY2019: £nil) over a 5-year period carrying a rate of 3.25% over LIBOR. In addition, it has a revolving credit facility (RCF) of £2 million carrying a rate of 3.5% over LIBOR. The current amount due is £0.3 million and non-current is £4.7 million.

Current liabilities increased by £2.9 million to £12.6 million (H1 FY2019: £9.7 million) as a result of the Merit acquisition, the adoption of IFRS16 and the impact of the current component of the bank loan. Deferred tax liability was £0.5 million (H1 FY2019: £0.8 million). The Group has also recognised a deferred consideration of £1.6 million (H1 FY2019: £nil) which is payable in both shares and cash over the coming two and three years to certain Merit vendors.

Total assets of the Group were £64.3 million (H1 FY2019: £39.4 million) with the main movements being an increase in goodwill and intangibles as well as the IFRS 16 adoption. Total equity increased by £7.7 million to £36.6 million (H1 FY2019: £28.9 million), mainly reflecting the issue of shares during the period.

Liquidity and capital resources

The Group has generated cash from operations of £0.2 million (H1 FY2019: £16,000) during the period. It has received £13 million (H1 FY2019: £nil) from the issuance of shares, borrowed £5 million (H1 FY2019: £nil) and paid £19.2 million relating to investing activities (H1: FY2019: £0.4 million). The cash position at the period end was £6.8 million (H1 FY2019: £8.3 million).

As at 30 September 2019 the Group had a net cash position of £1.8 million.

Nitil Patel
Chief Financial Officer

Dods Group plc

Condensed consolidated income statement

For the half year ended 30 September 2019

	Note	**Unaudited Half year ended 30 Sept 2019 £'000**	Unaudited Half year ended 30 Sept 2018 £'000	Audited Year ended 31 Mar 2019 £'000
Revenue	2	**12,524**	10,702	21,301
Cost of sales		**(8,326)**	(6,241)	(13,419)
Gross profit		**4,198**	4,461	7,882
Administrative expenses		**(2,842)**	(2,958)	(6,381)
Adjusted EBITDA		**1,356**	1,503	1,501
Depreciation of tangible fixed assets		**(243)**	(185)	(379)
Depreciation of right-of-use assets		**(507)**	-	-
Amortisation of intangible assets acquired through business combinations		**(281)**	(198)	(351)
Amortisation of software intangible assets		**(144)**	(267)	(1,789)
Non-recurring items	3			
Non-recurring acquisition costs and professional fees		**(70)**	-	(2,239)
Impairment expense – investment in equity accounted associate		**-**	-	(1,231)
Impairment expense – intangible assets		**-**	-	(259)
People-related costs		**(121)**	(315)	(332)
Other non-recurring items		**(116)**	(146)	(697)
Operating (loss) / profit		**(126)**	392	(5,776)
Net finance costs		**(177)**	4	-
Share of profit / (loss) of associate		**-**	(18)	50
(Loss) / profit before tax		**(303)**	378	(5,726)
Income tax (charge) / credit		**(37)**	-	197
(Loss) / profit for the period		**(340)**	378	(5,529)
(Loss) / profit per share (pence)				
Basic	4	**(0.08p)**	0.11p	(1.62p)
Diluted	4	**(0.08p)**	0.11p	(1.62p)

The following notes form part of these unaudited interim results.

Dods Group plc

Condensed consolidated statement of comprehensive income

For the half year ended 30 September 2019

	Unaudited Half year ended 30 Sept 2019 £'000	Unaudited Half year ended 30 Sept 2018 £'000	Audited Year ended 31 Mar 2019 £'000
(Loss) / profit for the period	**(340)**	378	(5,529)
Items that may be subsequently reclassified to Profit and loss			
Exchange differences on translation of foreign operations	**-**	-	(8)
Other comprehensive (loss) / income for the period	**-**	-	(8)
Total comprehensive (loss) / income for the period	**(340)**	378	(5,537)

The following notes form part of these unaudited interim results.

Dods Group plc

Condensed consolidated statement of financial position

As at 30 September 2019

	Note	**Unaudited 30 Sept 2019 £'000**	Unaudited 30 Sept 2018 £'000	Audited 31 Mar 2019 £'000
Non-current assets				
Goodwill	5	**28,218**	13,282	13,282
Intangible assets	6	**10,245**	8,035	6,421
Property, plant and equipment	7	**2,286**	2,209	2,063
Right-of-use asset	10	**8,629**	-	-
Investment in associates		**503**	1,666	503
Long-term loan receivable		**630**	700	700
Total non-current assets		**50,511**	25,892	22,969
Current assets				
Inventories		**35**	34	16
Trade and other receivables		**7,010**	5,169	3,584
Cash and cash equivalents		**6,787**	7,062	7,160
Restricted cash held in deposit account		**-**	1,266	1,266
Total current assets		**13,832**	13,531	12,026
Total assets		**64,343**	39,424	34,995
Capital and reserves				
Issued capital		**19,239**	17,096	17,096
Share premium		**20,082**	8,142	8,142
Other reserves		**409**	409	409
Retained (loss) / profit		**(3,148)**	3,291	(2,616)
Share option reserve		**55**	44	55
Translation reserve		**(67)**	(59)	(67)
Total equity		**36,570**	28,923	23,019
Current liabilities				
Trade and other payables		**9,381**	9,738	11,489
Deferred consideration	9	**1,318**	-	-
Bank loan		**353**	-	-
Lease liability	10	**1,524**	-	-
Total current liabilities		**12,576**	9,738	11,489
Non-current liabilities				
Deferred tax liability		**487**	763	487
Deferred consideration	9	**1,590**	-	-
Bank loan		**4,647**	-	-
Lease liability	10	**8,473**	-	-
Total non-current liabilities		**15,197**	763	487
Total equity and liabilities		**64,343**	39,424	34,995

The following notes form part of these unaudited interim results.

Dods Group plc

Condensed consolidated statement of changes in equity
For the half year ended 30 September 2019

	Share capital £'000	Share premium reserve[1] £'000	Merger reserve[2] £'000	Retained earnings £'000	Translation reserve[3] £'000	Share option reserve[4] £'000	**Total shareholders' funds £'000**
Unaudited							
At 1 April 2018	17,096	8,142	409	2,913	(59)	44	28,545
Total comprehensive income							
Profit for the period	-	-	-	378	-	-	378
At 30 September 2018	17,096	8,142	409	3,291	(59)	44	28,923
Unaudited							
At 1 April 2019	**17,096**	**8,142**	**409**	**(2,616)**	**(67)**	**55**	**23,019**
Effect of adoption of IFRS 16 *Leases*	**-**	**-**	**-**	**(192)**	**-**	**-**	**(192)**
At 1 April 2019 (adjusted)	**17,096**	**8,142**	**409**	**(2,808)**	**(67)**	**55**	**22,827**
Total comprehensive income							
Loss for the period	**-**	**-**	**-**	**(340)**	**-**	**-**	**(340)**
Transactions with owners							
Issue of ordinary shares	**2,143**	**11,940**	**-**	**-**	**-**	**-**	**14,083**
At 30 September 2019	**19,239**	**20,082**	**409**	**(3,148)**	**(67)**	**55**	**36,570**

1 The share premium reserve represents the amount paid to the Company by shareholders above the nominal value of shares issued.
2 The merger reserve represents accounting treatment in relation to historical business combinations.
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 following notes form part of these unaudited interim results.

Dods Group plc

Condensed consolidated statement of cash flows

For the half year ended 30 September 2019	**Unaudited Half year ended 30 Sept 2019 £'000**	Unaudited Half year ended 30 Sept 2018 £'000	Audited Year ended 31 Mar 2019 £'000
Cash flows from operating activities			
(Loss) / profit for the period	**(340)**	378	(5,529)
Depreciation of property, plant and equipment	**243**	185	379
Depreciation of right-of-use assets	**507**	-	-
Amortisation of intangible assets acquired through business combinations	**281**	198	351
Amortisation of other intangible assets	**144**	267	1,789
Impairment charges	**-**	-	1,490
Share-based payments charge	**-**	1	11
Share of profit of associate	**-**	-	(50)
Lease interest expense	**200**	-	-
Non-recurring acquisition costs and professional fees	**1,670**	-	400
Income tax charge / (credit)	**37**	-	(197)
Operating cash flows before movement in working capital	**2,742**	1,029	(1,356)
Change in inventories	**(18)**	(22)	(4)
Change in trade and other receivables	**(1,363)**	(1,497)	(114)
Change in trade and other payables	**(1,060)**	506	2,337
Cash generated by operations	**301**	16	863
Taxation paid	**(85)**	-	(166)
Net cash from operating activities	**216**	16	697
Cash flows from investing activities			
Interest and similar income received	**-**	-	12
Non-recurring acquisition costs and professional fees	**(1,670)**	(185)	(400)
Additions to property, plant and equipment	**(45)**	(68)	(115)
Additions to intangible assets	**(161)**	(191)	(512)
WIP on software not yet capitalised	**(300)**	-	-
Investment in subsidiaries (net of cash acquired)	**(17,055)**	-	-
Bank loan	**5,000**	-	-
Repayment of long-term loan by associate	**70**	-	-
Net cash used in investing activities	**(14,161)**	(444)	(1,015)
Cash flows from financing activities			
Proceeds from issue of share capital	**13,037**	-	-
Interest and similar expenses paid	**-**	-	(12)
Payment of lease liabilities	**(731)**	-	-
Net cash from / (used in) financing activities	**12,306**	-	(12)
Net decrease in cash and cash equivalents	**(1,639)**	(428)	(330)
Opening cash and cash equivalents	**8,426**	8,757	8,757
Effect of exchange rate fluctuations on cash held	**-**	(1)	(1)
Closing cash at bank	**6,787**	8,328	8,426
Comprised of:			
Cash and cash equivalents	**6,787**	7,062	7,160
Restricted cash held in deposit account	**-**	1,266	1,266
Closing cash at bank	**6,787**	8,328	8,426

The following notes form part of these unaudited interim results.

Dods Group plc

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2019

1. Basis of preparation

Dods Group plc is a Company incorporated in England and Wales.

This condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by AIM Rules, the condensed set of financial statements has been prepared, and 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 2019, with the exception of IFRS 16 *Leases*, which was adopted on 1 April 2019.

The comparative figures for the year ended 31 March 2019 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.

The taxation charge for the six months ended 30 September 2019 is based on the utilisation of accumulated tax losses.

The condensed set of interim financial statements have been prepared on a going concern basis and were approved by the Board on 28 October 2019.

2. Segmental information

Business segments

The Group considers that it has one operating business segment**,** being the provision of key information and insights into the political, public policy and other regulated environments around the UK and European Union. This is the basis on which operating results are reviewed and resources allocated by the senior management team.

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

Geographical segments

The following table provides an analysis of the Group's segment revenue by geographical market. Segment revenue is based on the geographical location of customers.

	Unaudited Half year ended 30 Sept 2019 £'000	Unaudited Half year ended 30 Sept 2018 £'000	Audited Year ended 31 Mar 2019 £'000
UK	**10,244**	8,753	16,183
Rest of world	**2,280**	1,949	5,118
	12,524	10,702	21,301

Asset segment information has not been disclosed because this information is not reviewed by the senior management team for the purpose of allocating resources.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2019

3. Non-recurring items

	Unaudited Half year ended 30 Sept 2019 £'000	Unaudited Half year ended 30 Sept 2018 £'000	Audited Year ended 31 Mar 2019 £'000
Non-recurring acquisition costs and professional fees	**70**	-	2,239
Impairment expense – investment in equity accounted associate	**-**	-	1,231
Impairment expense – intangible assets	**-**	-	259
People-related costs	**121**	315	332
Other			
- Branding and marketing	**-**	-	206
- Costs relating to ongoing strategic corporate review and initiatives	**-**	-	244
- Professional services	**63**	-	129
- Consultancy	**15**	-	82
- Other	**38**	146	36
	307	461	4,758

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2019

4. Earnings per share

	Unaudited Half year ended 30 Sept 2019 £'000	Unaudited Half year ended 30 Sept 2018 £'000	Audited Year ended 31 Mar 2019 £'000
(Loss) / profit attributable to shareholders	**(340)**	378	(5,529)
Add: non-recurring items	**307**	461	4,758
Add: amortisation of intangible assets acquired through business combinations	**281**	198	351
Add: net exchange (gains) / losses	**(61)**	(4)	12
Add: share-based payment expense	**-**	-	11
Adjusted post-tax profit / (loss) attributable to shareholders	**187**	1,033	(397)

	Unaudited Half year ended 30 Sept 2019 Ordinary shares	Unaudited Half year ended 30 Sept 2018 Ordinary shares	Audited Year ended 31 Mar 2019 Ordinary shares
Weighted average number of shares			
In issue during the period – basic	**429,464,215**	**341,524,286**	**341,640,953**
Adjustment for share options	1,812,000	250,000	1,067,375
In issue during the period – diluted	**431,276,215**	**341,774,286**	**342,708,328**

	Unaudited Half year ended 30 Sept 2019 Pence per share	Unaudited Half year ended 30 Sept 2018 Pence per share	Audited Year ended 31 Mar 2019 Pence per share
Earnings per share – continuing operations			
Basic	**(0.08)**	0.11	(1.62)
Diluted	**(0.08)**	0.11	(1.62)
Adjusted earnings per share – continuing operations			
Basic	**0.04**	0.30	(0.12)
Diluted	**0.04**	0.30	(0.12)

Notes to the condensed consolidated financial statements
For the half year ended 30 September 2019

5. Goodwill

	Unaudited Half year ended 30 Sept 2019 £'000	Unaudited Half year ended 30 Sept 2018 £'000	Audited Year ended 31 Mar 2019 £'000
Cost and net book value			
Opening balance	**13,282**	13,282	13,282
Acquisition of subsidiary	**14,936**	-	-
Closing balance	**28,218**	13,282	13,282

6. Intangible assets

	Assets acquired through business combinations £'000	**Software £'000**	**Total £'000**
Cost			
At 1 April 2018	24,215	2,907	27,122
Additions – internally generated	-	512	512
Impairment	(259)	-	(259)
At 31 March 2019	23,956	3,419	27,375
Additions – internally generated	-	161	161
Acquisition of subsidiary	4,086	-	4,086
At 30 September 2019	**28,042**	**3,580**	**31,622**
Accumulated amortisation			
At 1 April 2018	17,359	1,455	18,814
Charge for the year	351	1,789	2,140
At 31 March 2019	17,710	3,244	20,954
Charge for the period	280	143	423
At 30 September 2019	**17,990**	**3,387**	**21,377**
Net book value			
At 31 March 2018 – audited	6,856	1,452	8,308
At 31 March 2019 – audited	6,246	175	6,421
At 30 September 2019 – unaudited	**10,052**	**193**	**10,245**

Notes to the condensed consolidated financial statements
For the half year ended 30 September 2019

7. Property, plant and equipment

	Leasehold Improvements	Equipment and Fixtures and Fittings	Total
	£'000	£'000	£'000
Cost			
At 1 April 2018	1,944	1,072	3,016
Additions	66	49	115
At 31 March 2019	2,010	1,121	3,131
Additions	4	41	45
Acquisition of subsidiary	-	421	421
At 30 September 2019	**2,014**	**1,583**	**3,597**
Accumulated depreciation			
At 1 April 2018	279	410	689
Charge for the year	201	178	379
At 31 March 2019	480	588	1,068
Charge for the period	100	143	243
At 30 September 2019	**580**	**731**	**1,311**
Net book value			
At 31 March 2018 – audited	1,665	662	2,327
At 31 March 2019 – audited	1,530	533	2,063
At 30 September 2019 – unaudited	**1,434**	**852**	**2,286**

8. Interest-bearing loans and borrowings

During the period, the Group borrowed a term loan of £3 million (H1 FY2019: £nil) over a 5-year period carrying a rate of 3.25% over LIBOR. In addition, it has a revolving credit facility (RCF) of £2 million carrying a rate of 3.5% over LIBOR.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2019

9. Acquisition of subsidiaries

During the current period, on 18 July 2019, the parent entity acquired 100 percent of the issued share capital of Meritgroup Limited and its subsidiaries, a provider of data services and software code. The acquisition will enable the Group to further diversify and strengthen its presence in new end markets and open up significant opportunities through the sharing of resources and talent across the Group.

There were no acquisitions in the half year ending 30 September 2018.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	**Unaudited Half year ended 30 Sept 2019 £'000**
Cash paid	**18,231**
Ordinary shares issued	**1,046**
Deferred consideration	**2,091**
Purchase consideration	**21,368**

The fair value of the 13,715,881 shares issued as part of the consideration was based on the average of the middle market quotations for Purchaser Ordinary Shares on AIM for each of the five dealing days prior to the completion date. The deferred consideration is not contingent on any future event occurring and requires the Group to issue a variable number of shares to the value of £1.045m on the first anniversary of the acquisition and £1.045m on the second anniversary of the acquisition.

Deferred consideration	**Current £'000**	**Non-current £'000**	**Unaudited Total £'000**
Deferred consideration to be settled in shares	**1,046**	**1,045**	**2,091**
Contingent consideration to be settled in cash	**272**	**545**	**817**
	1,318	**1,590**	**2,908**

Net assets acquired	**Unaudited Half year ended 30 Sept 2019 £'000**
Cash and cash equivalents	**1,176**
Trade and other receivables	**2,336**
Property, plant and equipment	**421**
Right-of-use assets	**4,209**
Identifiable intangible assets	**4,086**
Trade and other payables	**(1,587)**
Lease liabilities	**(4,209)**
Net identifiable assets acquired	**6,432**
Add: goodwill	**14,936**
Net assets acquired	**21,368**

The goodwill arising from the acquisition consists of largely intangible assets that cannot be separately recognised, such as the assembled workforce of the acquired entity and cost synergies expected to flow to the Group. The goodwill is not expected to be deductible for income tax purposes.

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For the half year ended 30 September 2019

9. Acquisition of subsidiaries – continued

Net cash outflow arising on acquisition	Unaudited Half year ended 30 Sept 2019 £'000
Cash paid	18,231
Less: cash and cash equivalent balances acquired	(1,176)
Net cash outflow	**17,055**

10. Leases

The Group has adopted IFRS 16 *Leases* as at 1 April 2019, which replaces IAS 17 *Leases*. The Group has elected to apply the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised as an opening balance adjustment to retained earnings as at 1 April 2019. Prior periods have not been restated.

On transition to IFRS 16 on 1 April 2019, the Group recognised a £4.9m right-of-use asset, along with a corresponding lease liability of £6.2m. Accrued rent has been adjusted by £1.1m and the difference of £0.2m against opening retained earnings. The incremental borrowing rate used by the Group in applying IFRS 16 is 5 percent.

A reconciliation of total operating lease commitments disclosed at 31 March 2019 to the lease liability amount recognised on adoption of IFRS 16 is as follows:

	Unaudited £'000
Total operating lease commitments disclosed at 31 March 2019	7,546
Discounted using incremental borrowing rate	(1,359)
Total lease liabilities recognised under IFRS 16 at 1 April 2019	**6,187**

	Unaudited Right-of-use assets £'000	Unaudited Lease liabilities £'000
On adoption – 1 April 2019	4,927	(6,187)
Additions through acquisition of subsidiary	4,209	(4,209)
Depreciation	(507)	-
Lease interest	-	(200)
Lease payments	-	731
Decrease in accruals/prepayments	-	(132)
30 September 2019	**8,629**	**(9,997)**

The right-of-use assets relate to office space.

Notes to the condensed consolidated financial statements

For the half year ended 30 September 2019

11. Related party transactions

During the period, Artefact Partners LLP provided strategic consultancy services to Dods Group plc to the value of £20,000. Current non-executive director Richard Boon is an LLP designated member of Artefact Partners LLP.

During the period, the Group received a repayment of £70,000 on its interest free loan to its associate Sans Frontieres Associates (SFA). At 30 September 2019 the balance of this loan was £630,000.

During the period, an amount of £24,650 was payable to an associate, Social 360 Limited, in relation to profit-share for monitoring services provided. At 30 September 2019, £24,650 was outstanding.

On acquisition of Merit, 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, CTO of the Group, is the beneficial owner of Merit Software Services Private Limited. The lease relates to the Chennai office of Merit. During the period, payments of £158,000 were made to Merit Software Systems Private Limited in relation to the lease.