Dev Clever Holdings plc

('Dev Clever', the 'Group' or the 'Company')

Interim Results for the period ended 30 April 2020

Strategic progress made and agreements now in place to drive future revenue growth

Dev Clever (LSE: DEV), a leading developer of mobile and immersive experiences, is pleased to announce its unaudited interim results for the six months ended 30 April 2020 ('the Period').

Financial Highlights:

- Revenue up 44.6% at £383k for the Period (H1 2019: £264k for 7 months to 30 April 2019), up 68.7% on a comparable period[1] basis with a strong performance in the Agency Services division
- EBITDA loss of £561k (H1 2019: loss of £545k), which includes share-based payment expenses of £44k (H1 2019: £72k). Prior period also included legal and professional costs in relation to the IPO of £183k
- Loss after tax of £595k (H1 2019: loss of £584k). Adjusted[2] loss after tax £551k (H1 2019: loss of £329k)
- Cash position of £472k (H1 2019: £453k), with subscription agreement in place after period-end to raise up to £10m
- Loss per share for the period of 0.15 pence (H1 2019: 0.16 pence); Adjusted[2] loss per share 0.14 pence (H1 2019: 0.09 pence)

Operational Highlights:

- Agreed three-year global distribution agreement with Lenovo, providing a direct route to the world-wide EdTech market for Dev Clever's core careers education products – Launchyourcareer.com and VICTAR VR
- Localised Launchyourcareer.com and VICTAR VR for launch in the US market
- Completed the acquisition of Phenix Digital Limited ("Phenix"), enhancing the Group's sales and marketing capability and strengthening the Group's Agency Services offering

Post Period End Highlights:

- On-boarded Lenovo's direct sales and distributor network; appointed the first US-based channel sales manager; and booked first US sales orders. Revenue in the second half year set to benefit from the launch of the Group's key EdTech products in the US and Canada in partnership with Lenovo
- Localised Launchyourcareer.com and VICTAR VR for launch in the Canadian market
- Agreed a subscription agreement with Intrinsic Capital (Jersey) Limited ("Intrinsic") to secure up to £10m of incremental investment over a 14-month time frame
- Tim Heaton, Chief Operating Officer, appointed to the Board
- Successful pilot of a virtual open week with schools, colleges and employers across the West Midlands demonstrating the ability of Launchyourcareer.com to co-ordinate multiple broadcasts across multiple user groups concurrently
- Partnership with Veative Labs Pte. Ltd ("Veative"), a leading provider of online and immersive learning to the education sector. The partnership enables the integration, cross-marketing and selling of products and services to provide a compelling careers development and learning programme, in and out of the classroom, on a global basis

Chris Jeffries, Chief Executive Officer of Dev Clever, said:

"We have made significant strategic progress in the first half and are seeing increasing demand for our remote and immersive solutions both in the educational and corporate sectors. The recent partnership with Veative, increasing access to global markets, and the availability of working capital through Intrinsic will enable a faster global rollout and allow the Company to quickly launch in new markets such as India and China. The Group's careers platforms, Launchyourcareer.com and VICTAR VR, are ideally placed to support the needs of remote learning and the Group continues to work hard to ensure the platform is easily available to customers.

“Whilst COVID-19 has presented short-term challenges in terms of the launch of the Group’s Educate products, the Board believes that as a result of the interest and initial uptake of our products in the US, the Company is well placed to perform in line with management’s expectations for the full year ending 31 October 2020.”

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[1] Last year’s interim results were for the seven months from 26 September 2018 to 30 April 2019, representing the period from the date of incorporation of the Company to 6 months from the period end of its first financial year, and have been used for comparative purposes. Comparable revenue growth has been calculated by adjusting the prior year’s revenues from a seven-month to six-month equivalent period, on a pro rata basis

[2] Adjusted loss per share is after adjusting for the impact of share-based payments and, in the prior period, one-off costs associated with the placing.

Notes to Editors:

Dev Clever Holdings plc, together with its wholly owned subsidiary DevClever Limited, is a software and technology group based in Tamworth, United Kingdom, specialising in the use of lightweight integrations of cloud-based VR and gamification technologies to deliver rich customer engagement experiences across both the education and commercial sectors. In January 2019, Dev Clever listed on the Standard List of the London Stock Exchange. The Group's core focus is the development and commercialisation of its core platforms:

Educate Division:

Careers guidance and recruitment solution that offers secondary schools, colleges, universities, apprenticeship providers and employers with a range of digital products to more efficiently recruit and develop applicants and skills within their institutions and organisations.

Agency Services:

The Company’s agency services division provides customers from the retail, brand and hospitality sectors with bespoke application and customisation of the Group’s proprietary cloud-based products in order to increase consumer engagement, transactional efficiencies and enhance customer experience within their venues, our products include:

Engage: a proprietary cloud-based gamification solution that offers brands and retailers a range of products to drive higher levels of consumer engagement via the use of digitally redeemable incentives at the same time as fully controlling spend.

PubPal: a proprietary, cloud based mobile, contactless ordering and payment product developed to support the independent hospitality sector. Offered as a Software-as-a-Service (“SaaS”) platform, PubPal is a stand-alone product that provides venue operators with a light touch mobile ordering system that doesn’t require customers to download a mobile app. PubPal is an easy to implement solution that requires no upfront cost or the need for operators to have compatible Electronic Point of Sale software.

Experience: a multi-user virtual reality (VR) framework and augmented reality framework that enables customers of our Engage and Educate channels to extend their customer and student experiences through VR.

For further information, please visit www.devcleverholdingsplc.com

Chief Executive's Review

Overview

I am pleased to report Dev Clever's interim results for the six months ended 30 April 2020. Last year's interim results were for the seven months from 26 September 2018 to 30 April 2019, representing the period from the date of incorporation of the Company to 6 months from the period end of its first financial year, and have been used for comparative purposes. This has been a busy and productive period for the Group across both its Educate and Agency Services divisions and culminated in the signing of a three-year exclusive worldwide partnership contract with Lenovo on 29 April 2020.

As stated in the 2019 Annual Report, the Group refocused its strategy to concentrate on the growing EdTech market and the Company's core education products, Launchyourcareer.com and VICTAR VR. The partnership with Lenovo, combined with the opportunity afforded by the proposed Intrinsic subscription has ideally positioned the Group, and its careers educations platforms, at the heart of the rapidly evolving EdTech sector. Both products have now been localised for the US and, post period end, in Canada, with further international markets in the pipeline.

Furthermore, the acquisition of Phenix in March 2020 added a high-quality and complementary business to the Group, enhancing overall sales and marketing capability and strengthening the Group's Agency Services offer.

COVID-19

The acquisition of Phenix was shortly followed by the onset of the COVID-19 pandemic, which has brought unprecedented conditions to global markets. The Group has managed the situation well and has successfully implemented its business contingency plans for remote-based operations, ensuring minimal impact to the delivery of our operational strategy and to the on-boarding of Phenix's staff. Our employees have adapted extremely well to remote working, supported by technology and communications facilities that have enabled them to transition with ease.

I am pleased to report that despite the unprecedented conditions and short-term challenges arising as a result of the pandemic, its impact on our performance in the first half of the financial year was limited.

Educate

As has been previously communicated, the Educate division is now the key focus for the Group. The Lenovo agreement, initially announced in September last year and formalised in the Period, is a key partnership for Dev Clever. The Group's products, Launchyourcareer.com and VICTAR VR, are pre-installed on Lenovo VR Classroom devices and sold as a complete solution to educational institutions across the globe.

The products were initially launched in April in the US, and are now being taken to market via Lenovo's global network of sales teams, distributors and resellers.

In addition, the Company's two bespoke platforms, VICTAR VR and Launchyourcareer.com, are being marketed as standalone products in partnership with Lenovo as 'The VR Career Launcher' in both the US and Canada. This includes a SaaS-based subscription fee for the software from Dev Clever and a Mirage S3 VR Headset from Lenovo. The VR Career Launcher product is a scalable solution and has been designed as a soft introduction to VR learning within schools. Its aim is to achieve high levels of early adoption.

The market for EdTech remains robust and we believe there is a growing demand for more effective careers platforms that are able to effectively match young people, through their interests, personality and personal attributes, to potential employers. Our products have been showcased at various EdTech conferences around the globe and have been well received by the sector.

Agency Services

Agency Services, which encompasses the Engage, PubPal and Experience platforms has also benefitted from the acquisition of Phenix in March 2020, giving the Group increased capabilities by adding staff with experience in direct sales, marketing, videography and animation, as well as providing access to Phenix's existing clients and relationships.

Phenix has imbedded well into the Group and has been instrumental in supporting brands and retailers in the Group's Agency Services and Educate divisions.

The Engage platform provides brand and retail customers with a lightweight implementation of gamification that incentivises consumer action or product purchase by rewarding them with a chance to win high value prizes and digitally redeemable vouchers or coupons enabled by integrated third-party commercial partner systems.

Post period end operational developments

Since the period end, the Group has continued to focus on the launch of its careers' platforms in North America in partnership with Lenovo. After the successful launch in the US in April, the Company localised and launched the product in Canada.

The Group looks forward to further global launches in partnership with Lenovo, bringing the product to additional geographies. Additionally, while the products are currently focused on the youth market and school leavers, the Group believes there is a large and important opportunity within the training and recruitment market for adults.

The Group has made a number of strategic hires in the period strengthening the senior management team and positioning the Group for further growth. Tim Heaton, Chief Operating Officer, was appointed to the Board and Keith Hayes appointed as Head of Governance and Risk. Tim's expertise in the global commercialisation of the Company's software is key to the Group's continued success and Keith's experience in GDPR will ensure that the Group's platform meets the highest standards of data governance and security.

The Company's Educate platforms also played a pivotal role in the Virtual Open Week, a first-of-its-kind virtual regional careers event for educational establishments in the West Midlands. The event, which was a pilot for the Company's platform, was organised in conjunction with the West Midlands Combined Authority (WMCA) and was supported by the Titan Partnership and the Careers Development Institute (CDI). The aim of the event was to demonstrate that Launchyourcareer.com could facilitate a virtual career event with multiple exhibitors at scale and become adopted by colleges, universities and employers to support their activities in a post COVID-19 environment. The event was a great success with no technical disruption or issues reported. The Group is now planning the release of this new service to customers globally and is also in discussions with government funding agencies to create larger virtual careers events in due course.

The new partnership with Veative, announced on 6 July 2020, creates a fully comprehensive remote and e-learning solution that combines Dev Clever's careers guidance platforms, VICTAR VR and Launchyourcareer.com, with Veative's educational modules to provide students with focused career pathways and the learning tools required in this respect. The partnership also provides Dev Clever with access to Veative's India-based development team, enabling the acceleration of the conversion of Dev Clever's platforms into local languages.

Outlook

The subscription agreement with Intrinsic will secure up to £10m of incremental investment over a 14-month period. These funds will provide the Group with the resources required to adapt its platforms and implement its plans for growth going forward.

The Group believes that the pandemic will generate significant demand for its remote and immersive solutions both in the educational and corporate sectors. The recent partnership with Veative, increasing access to global markets and the availability of working capital through Intrinsic will enable a faster global rollout and allow the Company to quickly launch in new markets such as India and China. The Group's careers platforms, Launchyourcareer.com and VICTAR VR, are ideally placed to support the needs of remote learning and the Group continues to work hard to ensure the platform is easily available to customers.

It is pleasing to see the Group's Educate products making good early progress in North America, and the Group's Agency Services, particularly its Engage products and the new PubPal platform, are now seeing an increase in interest following the easing of lockdown restrictions. Whilst COVID-19 has presented short-term challenges in terms of the launch of the Group's Educate products, the Board believes that as a result of the interest and initial uptake of our products in the US, the Company is well placed to perform in line with management's expectations for the full year ending 31 October 2020.

Christopher Jeffries
Chairman & Chief Executive Officer
26 July 2020

Principal Risks and Uncertainties

The Board regularly monitors exposure to key risks, such as those related to its competitive position relating to sales, cash position and productivity. It has also taken into account the economic situation facing its core markets in the light of COVID-19 and the impact this has had on demand.

COVID-19 has had a significant impact on many companies across the globe. Prior to the mandated lockdown put in place in the England, the Group made the prudent decision for all of its employees to work remotely to ensure their safety. Productivity within the Group has been maintained as:

- the Group has established robust communication channels; and
- our employees have remained dedicated and professional throughout this difficult period

The global COVID-19 pandemic has suppressed short-term demand, whilst customers have focused resources on implementing their own contingency arrangements for managing the impact of the virus. However, the Group believes that the pandemic has generated significant demand for remote and immersive applications and solutions both in the educational and corporate sectors. The Group's careers platforms Launchourcareer.com and VICTAR VR are ideally placed to support the needs of remote working and the Group has been working hard since the period end to ensure the platform is available to those who want to use it.

Capital structure, cash flow and liquidity

The Group is funded through a combination of the funds raised through equity placings, the zero-coupon convertible loan facility provided by its Chairman and CEO, and the loan facilities agreed prior to listing. The Directors continuously monitor the cash flow requirements of the Group to ensure the Group has access to the funds required to finance its operations.

On 13 May, the Group announced an agreement with Intrinsic, to raise gross proceeds of up to £10.0m, through the grant of a right to subscribe for up to 100 million new ordinary shares of the Company at 10.0 pence per ordinary share. The right to subscribe comprises four tranches for 20m, 20m, 20m and 40m new Ordinary shares respectively. The first tranche for £2.0m is scheduled to be completed in two stages. The first stage for £0.25m is scheduled to complete by 31 July 2020 with the balance of £1.75m scheduled to complete on or before 31 August 2020, following the publication of a new prospectus by the Company. Subsequent tranches are scheduled to complete by 31 October 2020, 28 February 2021 and 30 June 2021.

Financial Review

- Revenue for the half year is up 44.6% on the prior half year to £383k (H1 2019: £264k) and up 68.7% taking into consideration the non-comparative trading period, with increased uptake in Agency Services including commercial agreements for the Engage customer loyalty platform and bespoke contract work
- EBITDA loss was £561k and comparable to the prior year (H1 2019: loss £545k). The primary cost driver for the Group is salary and associated people costs, currently approximately £150k per month
- Loss after tax was a loss of £595k, broadly consistent with the prior year (loss of £584k)
- Operating cashflows after £147k of capex and investment in internally generated software were a net outflow of £679k for the period
- At 30 April 2019, the Group has a net cash position of £473k

Nicholas Ydlibi
Chief Financial Officer
26 July 2020

RESPONSIBILITY STATEMENT

Directors' Responsibility Statement

The Directors confirm that this consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 (IAS 34) as adopted by the European Union and that the interim report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year (being six months from the financial year end, 31 October 2019) and their impact on the condensed set of consolidated financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report

By order of the Board
Christopher Jeffries
Chairman & Chief Executive Officer
26 July 2020

Consolidated Statement of Comprehensive Income
For the six months ended 30 April 2020

	Note	Unaudited Six months to 30 April 2020 £	Unaudited Seven months to 30 April 2019 £
Continuing operations			
Revenue		382,554	264,625
Cost of sales		(227,025)	(103,048)
Gross profit		155,529	161,577
Administrative expenses		(768,728)	(467,962)
One off expense arising from initial public offer		-	(245,283)
Loss from operations		(613,199)	(551,668)
Fair value gains on equity investments		36,695	-
Finance income		82	-
Finance expense		(20,302)	(17,672)
Loss before tax		(596,724)	(569,340)
Tax credit		1,694	(14,368)
Loss for the period from continuing operations		(595,030)	(583,708)
Other comprehensive income:			
Items not reclassified to profit or loss in subsequent periods:			
		-	-
Total other comprehensive income for the period		-	-
Total comprehensive income for the period attributable to shareholders		(595,030)	(583,708)
Earnings per share			
Basic and diluted loss (pence per share)	5	0.15	0.16
Adjusted basic and diluted loss (pence per share)	5	0.14	0.09

Consolidated Statement of Financial Position
As at 30 April 2020

	Note	Unaudited as at 30 April 2020 £	Unaudited as at 30 April 2019 £	Audited as at 31 Oct 2019 £
Non-Current Assets				
Goodwill	6	283,815	-	-
Intangible Assets	6	335,232	235,911	157,673
Property, Plant & Equipment	7	119,124	32,142	41,706
Financial assets at fair value through profit or loss	8	67,820	1,125	1,125
		805,991	269,178	200,504
Current Assets				
Inventories		10,850	5,550	6,200
Trade and other receivables		224,936	225,755	156,614
Cash and cash equivalents		472,798	452,567	496,707
		708,584	683,872	659,521
Total Assets		1,514,575	953,050	860,025
Current Liabilities				
Trade and other payables		(322,589)	(92,351)	(136,084)
Loans and borrowings, amounts falling due within one year	9	(105,641)	(44,684)	(47,727)
		(428,230)	(137,035)	(183,811)
Non-current liabilities				
Loans and borrowings, amounts falling due in more than one year	9	(367,729)	(112,951)	(89,847)
Deferred tax		(29,411)	(47,389)	(16,464)
		(397,140)	(160,340)	(106,311)
Total liabilities		(825,370)	(297,375)	(290,122)
Net Assets		689,205	655,675	569,903
Share capital	10	4,357,583	3,733,000	3,884,017
Share premium		238,248	-	246,246
Merger reserve		(2,499,900)	(2,499,900)	(2,499,900)
Other reserves	4, 9	362,574	72,370	110,212
Retained income		(1,769,300)	(649,795)	(1,170,672)
		689,205	655,675	569,903

Consolidated Statement of Changes in Equity
At 30 April 2020

	Share capital £	Merger reserve £	Share premium £	Other reserves £	Retained income £	Total £
Balance at 26 September 2018	-	-	-	-	-	-
Acquired on acquisition of subsidiary	2,500,000	(2,499,900)	-	-	(66,087)	(65,987)
Pre-IPO	335,000	-	-	-	-	335,000
IPO	590,000	-	-	-	-	590,000
Subscription	88,000	-	-	-	-	88,000
Conversion of convertible loan facility	220,000	-	-	-	-	220,000
Compensation expense arising on issue of share options	-	-	-	9,875	-	9,875
Fair value of stock warrants issued in period	-	-	-	62,495	-	62,495
Profit after taxation for the period	-	-	-	-	(583,708)	(583,708)
Balance at 30 April 2019	3,733,000	(2,499,900)	-	72,370	(649,795)	655,675

	Share capital £	Merger reserve £	Share premium £	Other reserves £	Retained income £	Total £
Balance at 1 November 2019	3,884,017	(2,499,900)	246,246	110,212	(1,174,270)	566,305
Issue of ordinary shares	473,566	-	48,214	-	-	521,780
Share issue costs	-	-	(56,212)	-	-	(56,212)
Compensation expense arising on issue of share options	-	-	-	27,447	-	27,447
Fair value of stock warrants issued in period	-	-	-	16,288	-	16,288
Fair value of share options issued on acquisition	-	-	-	56,996	-	56,996
Equity component of convertible loan	-	-	-	151,631	-	151,631
Profit after taxation for the period	-	-	-	-	(595,030)	(595,030)
Balance at 30 April 2020	4,357,583	(2,499,900)	238,248	362,574	(1,769,300)	689,205

Consolidated Statement of Cash Flows
For the six month period ended 30 April 2020

	Unaudited Six months to 30 April 2020 £	Unaudited Seven months to 30 April 2019 £
Cash flows from operating activities:		
Loss before tax	(596,724)	(569,340)
Adjustments for:		
Depreciation	27,412	6,895
Amortisation of intangibles	24,921	-
Fair value (gains) / losses on investments	(36,695)	-
Finance Income	(82)	-
Finance expense	20,302	17,672
Non-cash element of share-based payments	43,735	72,370
Increase decrease in inventories	(400)	(5,550)
(Increase) / decrease in trade and other receivables	(46,298)	(59,895)
Increase / (decrease) in trade and other payables	31,825	23,350
Income tax received	-	-
Net cash flows from operating activities	(532,004)	(514,498)
Cash flows from investing activities:		
Payments to acquire property, plant, and equipment	(18,831)	(14,194)
Payments to develop intangible assets	(127,821)	(119,618)
Payments to acquire financial assets at fair value through profit or loss	(30,000)	(1,125)
Acquisition of Phenix Digital	(50,000)	
Cash acquired on acquisition	-	126,693
Net cash flows used in investing activities	(226,652)	(8,244)
Cash flows from financing activities:		
Net proceeds from issue of equity	381,639	1,013,000
Proceeds from borrowings	402,247	-
Repayment of borrowings	(37,335)	(25,020)
Interest received	82	-
Interest paid	(11,886)	(12,671)
Net cash flows from financing activities	734,747	975,309
Net increase/(decrease) in cash and cash equivalents in the year	(23,909)	452,567
Cash and cash equivalents at beginning of period	496,707	0
Cash and cash equivalents at end of period	472,798	452,567
Cash and cash equivalents	472,798	452,567

Notes to the Interim report

1 Basis of preparation

The consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as endorsed by the European Union ("IFRS") and expected to be effective at the year-end of 31 October 2020.

The accounting policies are unchanged from the financial statements for the year ended 31 October 2019. The interim financial statements, which have been prepared in accordance with International Accounting Standard 34 (IAS 34) as adopted by the European Union, are unaudited and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 October 2019, prepared in accordance with IFRS, have been filed with Companies House. The Auditors' Report on these accounts was unqualified, did not include any matters to which the Auditors drew attention by way of emphasis without qualifying their report and did not contain any statements under section 498 of the Companies Act 2006.

The consolidated interim financial statements are for the six months to 30 April 2020. The interim consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 October 2019, which were prepared in accordance with IFRS's as adopted by the European Union.

The condensed interim statements have been prepared under the going concern assumption, which presumes the Group will be able to meet its obligations as they fall due for the foreseeable future. On 13 May 2020, the Company entered into an agreement with Intrinsic Capital Jersey Limited, to raise up £10.0m gross, by way of a grant to Intrinsic of a right to subscribe for up to 100 million new ordinary shares of the Company at 10.0 pence per ordinary share. The subscription comprises four tranches for 20m, 20m, 20m and 40m new Ordinary shares respectively.

The first tranche for £2.0m is scheduled to be completed in two stages. The first stage for £0.25m is scheduled to complete by 31 July with the balance of £1.75m scheduled to complete on or before 31 August 2020, following the publication of a new prospectus by the Company.

To support the going concern conclusion, the Group has prepared cash low forecasts to 31 January 2022 which show positive cash headroom is maintained. The forecast assumes that the Group increases the level of investment in the development and marketing of its core EdTech careers platforms. Given the ability of management to limit this additional investment, should expected revenues not materialise, the Directors consider it appropriate to prepare interim financial statements on a going concern basis. The Group expects to access further equity through the completion of the additional tranches to ensure the Company can remain in operation beyond the forecast period.

2 Summary of significant accounting policies

New standards, interpretations and amendments adopted by the Company

The following standards and amendments have been adopted for the first time in these financial statements:

Leases

Effective from 1 November 2019, the Group adopted IFRS 16 - Leases ("IFRS 16"), which replaces IAS 17 - Leases and related interpretations.

The Group elected to apply the modified retrospective approach which does not require restatement of comparative periods. As a result, lease liabilities were recognised in the opening consolidated balance sheet at 1 November 2019 at an amount equal to the Group's remaining lease payments discounted using the Group's incremental borrowing rate.

On 1 November 2019, the Group recognised lease liabilities of £87,847 and a corresponding property lease (right-of-use) asset of £84,429.

Under IFRS 16, the Group accretes interest on its lease liabilities. At 30 April 2020, the carrying value of these lease liabilities amounted to £74,788 with £31,560 of this balance shown as short-term lease liabilities and the remaining portion of £43,228 reflected under non-current liabilities.

The property lease asset, reported as a right of use asset within Property, Plant and Equipment, is depreciated on a straight-line basis over the remaining life of lease.

Goodwill

Goodwill arising on the acquisition of a subsidiary undertaking is determined as the difference between the fair value of the assets and liabilities acquired and the fair value of consideration paid. Goodwill, which is classified as an intangible asset with an indefinite life, is subject to an annual impairment review.

Further detail of the goodwill arising on the acquisition of Phenix Digital Limited can be found in note 6 Intangible assets and note 11 Business combination.

Financial assets at fair value through profit or loss

The Group may undertake bespoke development activity for customers within Agency Services for which it receives equity shares as part consideration for the services it has provided. These financial assets at fair value through profit or loss are financial assets held for trading and include investments in unlisted securities. Details of these assets and their value is included in note 8.

Convertible loan note

The convertible loan note agreement, entered into by the Company on 20 January, has been classified as a compound financial instrument under IAS 32. The fair value of the liability component is valued at the net present value of the contracted future cash flows, discounted at the Company's cost of borrowing, and is reported within "Loans and borrowings: amounts falling due in more than one year". Interest imputed on the liability component is amortised to the statement of comprehensive income on a straight-line basis over the life of the instrument. The equity component represents the residual amount after deducting the amount for the liability from the value of the funds received and is reported within "Other reserves". Further details of the loan note can be found in note 9.

3 Critical accounting estimates and judgements

Share based payments

During the period, the Group has issued share-based incentives to employees and advisors in the form of employee share options and advisor warrants. The directors have applied the Black Scholes pricing model to assess the costs associated with the share-based payments. The Black Scholes model is dependent upon several inputs where the directors must exercise their judgement, specifically:

- risk free investment rate
- expected share price volatility at the time of the grant
- expected dividend yield
- expected level of redemption

The assumptions applied by the directors, and the associated costs recognised in the interim financial statements are outlined in note 4 to these interim financial statements.

Fair valuation of assets and liabilities and determination of goodwill arising on the acquisition of Phenix Digital

On 13 March 2020, the Group acquired the entire share capital of Phenix Digital Limited in exchange for consideration comprising a combination of new Ordinary 1p shares in Dev Clever Holdings Plc, cash and employee share options. The directors have exercised their judgement in determining the fair value of assets acquired, the fair value of consideration paid and the resulting valuation of goodwill.

Fair value of assets acquired

The fair value of customer contracts has been determined as the net present value of remaining contractual income flows, discounted at the Group's cost of capital.

Fair value of consideration paid

The fair value of the employee share options granted to transferring employees has been valued under the Black Scholes Model. Further details of the assumptions used within the Black-Scholes model are detailed in note 4 to these interim financial statements.

Goodwill

Goodwill represents the difference between the fair value of consideration and the fair value of assets acquired, less any required impairment provision. The directors exercised their judgement as to whether there were any indicators of impairment at the balance sheet date, as outlined in note 6.

Convertible loan notes

The Directors have assessed the Company's cost of borrowing to be 10% in determining the net present value of the liability element of the convertible loan note.

4 Share Based Payments

Share-based payment schemes with employees

During the year ended 31 October 2019, Dev Clever Holdings plc introduced a share-based payment scheme for employees ("the EMI share option plan"). The Scheme was created as part of the listing process to grant existing employees' options over the ordinary shares of the Company and is classified as an equity settled share-based payment plan. The options granted under the Scheme had vesting periods of up to 36 months.

There were 7,955,802 employee options granted during the year ended 31 October 2019 at an exercise price of £0.01 per share and these vest, subject to continued service by the employee, over a period of 3 years. Options expire at the end of a period of 10 years from the Grant Date of 14 January 2019 or on the date on which the option holder ceases to be an employee. During the period, 662,983 options lapsed (HY 2019: 0) with 7,292,818 remaining outstanding at the period end (HY 2019: 7,955,801).

The options were valued under the Black Scholes Model. The expense recognised in the income statement during the period was £8,577 (HY 2019: £4,375).

On 21 January 2020, Dev Clever Holdings plc granted options to purchase 4m ordinary shares to Tim Heaton, the Chief Operating Officer and Chief Sales Officer. The options vest in equal annual instalments, subject to continued service, over a period of 3 years and are exercisable at a price of £0.012. The options were valued under the Black Scholes Model. The expense recognised in the income statement during the period was £7,109 (HY 2019: £0)

Share-based payment schemes with Directors

On 14 January 2019, Dev Clever Holdings plc granted options to purchase 10m ordinary shares to Nicholas Ydlibi, the Chief Financial Officer and Company Secretary. The options vest in equal annual instalments, subject to continued service, over a period of 3 years and are exercisable at a price of £0.01. The options were valued under the Black Scholes Model. The expense recognised in the income statement during the period was £11,761 (HY 2019: £5,500).

Share-based payments on acquisition of Phenix Digital

On 13 March 2020, the Company granted options to purchase 2,651,933 shares to employees on the acquisition of Phenix Digital Limited at an exercise price of £0.0235 per share and these vest, subject to continued service by the employee, over a period of 3 years. Options expire at the end of a period of 10 years from the grant date or on the date on which the option holder ceases to be an employee. The options were valued under the Black-Scholes Model. The associated cost of £56,996 has been recognised in the value of consideration paid for Phenix Digital Limited. Further details on the acquisition are detailed in note 11 Business Combinations.

Adviser Warrants

On 20 January 2020, the Company granted warrants over 768,704 shares to its joint brokers, Novum Securities, at an exercise price of £0.034 subject to expiry on 19 January 2023. The warrants were valued under the Black Scholes model. The expense recognised in the income statement during the period was £16,288.

The Company has measured the fair value of the services received as consideration for equity instruments of the Company, indirectly by reference to the fair value of the equity instruments. The table below sets out the options and warrants that were issued during the period and the principal assumptions used in the valuation.

During the period the company was required to recognise a total expense of £43,735 (HY 2019: £72,370) in the income statement in respect to share options and warrants in issue or committed to issuing at the end of the reporting period.

The table below represents the weighted average exercise price (WAEP) of and the movements in share options and warrants during the period:

	30 Apr 2020 No. options and warrants	WAEP	30 Apr 2020 No. options and warrants	WAEP
Outstanding at beginning of period	29,782,065	1.00	-	0.00
Issued in period	7,420,637	1.84	32,072,065	1.00
Lapsed during period	(662,983)	1.00	-	-
Exercised during the period	-	-	-	-
Outstanding at the end of the period	36,539,719	1.17	32,072,065	1.00
Exercisable at the end of the period	18,359,241	1.11	-	-

The Company has measured the fair value of the services received as consideration for equity instruments of the Company, indirectly by reference to the fair value of the equity instruments. The table below sets out the options and warrants that were issued during the period and the principal assumptions used in the valuation.

Type	Employee	Consideration on acquisition	Adviser
Grant Date	21 Jan 20	13 March 20	20 Jan 20
Number of options/warrants	4,000,000	2,651,933	768,704
Share price at grant date	£0.012	£0.024	£0.034
Exercise price at grant date	£0.012	£0.024	£0.026

Risk free rate	0.64%	0.26%	0.36%
Option life	10 years	10 years	3 years
Expected volatility	101.20%	108.36%	101.57%
Expected dividend yield	0%	0%	0%
Expected redemption	100%	100%	100%
Fair value per option / warrant at grant date	£0.011	£0.022	£0.021

5 Earnings per share

	Unaudited Six months to 30 April 2020	**Unaudited Seven months to 30 April 2019**
Basic and diluted loss attributable to equity holders of the Group		
Continuing operations	595,030	583,708
Weighted average number of shares for Basic EPS	406,248,163	361,666,848
Basic earnings per share from continuing operations (pence)	(0.15)	(0.16)
Adjusted basic and diluted loss attributable to equity holders of the Group:		
Continuing Operations	551,295	328,550
Weighted average number of shares for Basic EPS	406,248,163	361,666,848
Basic earnings per share from continuing operations (pence)	(0.14)	(0.09)

The adjusted loss is calculated after adjusting for non-recurring one-off expenditure associated with the placing and the costs of the and the costs of the warrants and options granted in the period

Loss attributable to equity holders of the Group	595,030	583,708
IPO expenses recognised in the period	-	(182,788)
Share-based payment - share options	(27,447)	(9,875)
Share-based payments - share warrants	(16,288)	(62,495)
Adjusted loss attributable to equity holders of the Group	551,295	328,550

6 Intangible assets

	Goodwill	**Customer contracts**	**Trademarks**	**Internal use software**	**Total**
	£	**£**	**£**	**£**	**£**
Cost					
At 30 September 2018	-	-	-	-	-
Acquired on merger with DCL	-	-	3,682	112,611	116,293
Additions	-	-	-	119,618	119,618
At 30 April 2019	-	-	3,682	232,229	235,911
Amortisation					
At 30 September 2018	-	-	-	-	-
Acquired on merger with DCL	-	-	-	-	-
Charge for period	-	-	-	-	-
At 30 April 2019	-	-	-	-	-

	Goodwill	Customer contracts	Trademarks	Internal use software	Total
	£	£	£	£	£
Cost					
At 1 November 2019	-	-	3,682	339,283	342,965
Acquired on acquisition	283,815	74,659	-	-	358,474
Additions	-	-	-	127,821	127,821
At 30 April 2020	283,815	74,659	3,682	467,104	829,260
Amortisation					
At 1 November 2019	-	-	-	(185,292)	(185,292)
Charge for period	-	(3,111)	-	(21,810)	(24,921)
At 30 April 2019	-	(3,111)	-	(207,102)	(210,213)
Net book value					
At 30 April 2020	283,815	71,548	3,682	260,002	619,047
At 30 April 2019	-	-	3,682	232,229	235,911

Goodwill and the customer contracts intangible assets held by the Group arose on the acquisition of Phenix Digital. See note 11 for further information.

The Company's internally developed software relates to its Launchyourcareer.com and VICTAR VR careers' education platform, the associated CLEVER suite of intranet products and digital customer loyalty applications.

An assessment was undertaken for indicators of impairment at the balance sheet. No issues were identified that required an impairment review to be conducted.

7 Property, plant and equipment

	Right of use assets	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 30 September 2018	-	-	-	-
Acquired on merger with DCL	-	11,195	39,124	50,319
Additions	-	6,650	7,544	14,194
At 30 April 2019	**-**	**17,845**	**46,668**	**64,513**
Accumulated depreciation				
At 30 September 2018	-	-	-	-
Acquired on merger with DCL	-	(2,325)	(23,151)	(25,476)
Charge for period	-	(1,153)	(5,742)	(6,895)
At 30 April 2019	**-**	**(3,478)**	**(28,893)**	**(32,371)**

	Right of use assets	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 November 2019	84,249	18,695	63,891	166,835
Acquired on acquisition	-	-	1,750	1,750
Additions	-	6,007	12,824	18,831
At 30 April 2020	**84,249**	**24,702**	**78,465**	**187,416**
Accumulated depreciation				
At 1 November 2019	-	(4,663)	(36,217)	(40,880)
Charge for period	(13,303)	(2,616)	(11,493)	(27,412)
At 30 April 2020	**(13,303)**	**(7,279)**	**(47,710)**	**(68,292)**

Net book value				
At 30 April 2020	**70,946**	**17,423**	**30,755**	**119,124**
At 30 April 2019	-	14,367	17,775	32,142

The right of use asset relates to the property lease for the Group's premises at Unit 1, Ninian Way, Tamworth, which has been recognised on adoption of IRFS 16 Leases.

8 Financial assets held at fair value through profit or loss

The Company's financial assets valued at fair value through profit or loss at the balance sheet date represents share capital in the following Company:

Name of undertaking	Country of incorporation	Ownership interest	Voting power	Nature of business
Audoo Limited	UK	1.02%	1.02%	Audio devices

The Company holds 2,000 Ordinary A shares in Audoo Limited, a developer of audio meters to support Performance Rights Organisations track played music. The shares were acquired as part consideration for services provided as follows:

	No.	Cost	Fair value	Fair value gain / (loss)
10 May 2019	750	1,125	25,432	24,307
2 March 2020	1,250	30,000	42,388	12,388
	2,000	31,125	67,820	36,695

The investments have been valued at the latest issue price of £33.91 per Ordinary Share.

9 Loans and borrowings

On 1 November 2019, the Company recognised a property lease creditor of £87,847 in respect of its office premises at Unit 1, Ninian Park, Ninian Way, Tamworth following the adoption of IFRS 16 Leases. The outstanding liability at 30 April 2020 was £74,788, of which £31,560 is payable within one year and £43,228 is repayable in greater than one year. The lease expires on 24 December 2022.

On 20 January 2020, the Chairman and CEO, Christopher Jeffries and the Company entered into a convertible loan note agreement amounting to £400,000. The loan notes are convertible into ordinary shares of 1p each at Christopher Jeffries' option at any time subject to, among other things, the Company not being required to publish a prospectus in connection with the issue of shares on conversion of the notes and no obligations under Rule 9 of the City Code on Takeovers and Mergers being triggered by such an issue of shares. Unless previously repaid or converted, the loan notes will be redeemed at par by the Company of their fifth anniversary. The Notes bear a zero coupon.

The loan notes constitute a compound financial instrument under IAS 32. The liability component, representing the net present value of future contractual cash flows, was initially valued at £248,369. Imputed interest of £8,416 is accrued at the half year. The initial liability and accrued interest are reported within amounts falling due in more than one year.

The equity component of £151,631, representing the residual amount after deducting the amount for the liability from the value of the funds received, is reported within “Other reserves”.

10 Share capital

	No.	£
At 1 November 2019	388,401,736	3,884,017
Placing	43,785,107	437,851
Consideration shares issued on acquisition	3,571,429	35,714
At 30 April 2020	435,758,272	4,357,582

On 21 January 2020, the group issued 43,785,107 new Ordinary shares of 1p at par value, raising gross proceeds of £437,851 through a placing and subscription.

On 13 March 2020, the Group issued 3,571,429 new ordinary shares of 1p each with a market value of 2.35p per share as part consideration for its acquisition of the entire share capital of Phenix Digital Limited. Further details of this acquisition can be found in note 11.

11 Business combination

On 13 March 2020, the Group acquired the entire share capital of Phenix Digital Limited, a multi-service digital agency within the education sector ("Phenix") for a mixture of cash consideration of £100,000, the issue of 3,571,429 new ordinary shares of 1p each in the capital of Dev Clever Holdings and the granting of options over 2,651,933 new ordinary shares under the Group's EMI share option plan. The acquisition is expected to accelerate the launch of the Group's career's education platforms, Launchyourcareer.com and VICTAR VR by securing dedicated sales and marketing resource, with experience within the Education sector.

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

Total consideration	Shares / share options No.	Fair value of consideration £
Cash		100,000
Consideration shares	3,571,439	83,928
Fair value of employee share options granted	2,651,933	56,996
		240,924

The market value of Dev Clever Holdings shares at the time of acquisition was 2.35p. The fair values of the share options have been calculated using the Black Scholes model as detailed in note 4.

The assets and liabilities recognised on acquisition are as follows:

	Fair value £
Non-current assets	
Property, plant & equipment	1,750
Intangible assets - customer relationships	74,659
	76,409
Current assets	
Inventories	4,250
Trade & other receivables	22,024
	26,274

Current Liabilities	
Trade & other payables	(105,774)
Loans and borrowings: amounts falling due within one year	(20,153)
	(125,927)
Non-current liabilities	
Loans and borrowings: amounts falling due after more than one year	(6,100)
Deferred tax liabilities	(13,547)
	(19,647)
Net identifiable liabilities acquired	(42,891)
Add: Goodwill	283,815
	240,924

The fair value of the acquired customer relationships and associated customer contracts of £74,959 is provisional pending receipt of the final valuations for those assets. Deferred tax of £14,185 has been provided in relation to these fair value adjustments.