GlobalData Plc

Final Results For The Year Ended 31 December 2019 (unaudited)
"Continued product development delivers revenue, earnings and margin growth"

Operational Highlights

- Completed transition to centralised operating model and single platform
- Major product upgrade; enhanced user-experience, functionality, and site performance
- Launches of new, productised data, analytics, and insights
- Significant investment in upgrading core infrastructure and business technologies

Financial Highlights

- Group revenue increased by 13% to £178.2m (2018: £157.6m)
- Organic revenue growth of 7%
- Adjusted EBITDA(1) increased by 38% to £44.6m (2018: £32.2m)
- Improved Adjusted EBITDA margin (1) of 25%, achieved ahead of schedule (2018: 20%)
- Cash generated from operations of £52.4m (2018: £25.1m), 117% of Adjusted EBITDA
- Invoiced forward revenues(3) increased by 5% to £85.1m (2018: £81.4m)
- Statutory profit before tax of £10.2m (2018: loss £7.7m)
- Final dividend of 10.0 pence per share (2018: 7.5 pence); total dividend of 15.0 pence per share, up 36% from the previous year (2018: 11.0 pence)
- Net debt(2) of £55.3m (2018: £64.1m)
- Net total assets of £151.4m (2018: £150.4m)

Bernard Cragg, Chairman of GlobalData Plc, commented:
"We continue to make impressive strides forward on our strategic priorities whilst still delivering strong financial results. Our strong business model demonstrates the characteristics that define best in-class Information Services companies.

Our revenue growth of 13% delivered earnings growth of 38% at an Adjusted EBITDA level, demonstrating the significant operating leverage opportunity and combined with our strong cash generation, we have proposed an increase in the total dividend for the year of 36%, which will bring total dividends in respect of the 2019 financial year to 15.0 pence per share."

Note 1: Adjusted EBITDA: Earnings before interest, tax, depreciation and amortisation, adjusted for costs associated with acquisitions, restructuring of the Group, share based payments, impairment, unrealised operating exchange rate movements, impact of foreign exchange contracts and the impact of IFRS16 (Leases). Adjusted EBITDA margin is defined as: Adjusted EBITDA as a percentage of revenue.

Note 2: Net debt: Short and long-term borrowings less cash and cash equivalents.

Note 3: Invoiced forward revenue: Invoiced forward revenue relates to amounts that are invoiced to clients at the balance sheet date, which relate to future revenue to be recognised over the course of the following 12 months.

ENQUIRIES

GlobalData Plc	**0207 936 6400**
Bernard Cragg, Chairman	
Mike Danson, Chief Executive	
Graham Lilley, Chief Financial Officer	
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CHAIRMAN'S STATEMENT

We continue to make impressive strides forward on our strategic priorities whilst delivering strong financial results. Our strong business model demonstrates the characteristics that define best in-class Information Services companies.

It has been a particularly transformational year for us. During 2019, we successfully shifted to a centralised operating model and single product platform. From a product perspective, this has involved the integration of over 150 data assets from across our industry verticals, into a unified software platform, which is underpinned by a common taxonomy, shared development resource, and new data science technologies. Ultimately, this allows us to manage our data operations in a far more efficient and scalable way, accelerate our new product development, and create a richer, more powerful proposition for our clients. Not only have I been impressed by the quality and the speed at which we can bring new products and features to market, but I am excited to see this culture of innovation and product excellence drive the business forward in the coming years.

Our revenue growth of 13% delivered earnings growth of 38% at an Adjusted EBITDA level, demonstrating the significant operating leverage opportunity and combined with our strong cash generation, we have proposed an increase in the total dividend for the year of 36% to 15.0 pence. The significant incremental margins and strong operating cash flows demonstrate the strong fundamentals of our business model. The Group's forward invoiced revenue grew year on year by 5%, which was below the underlying revenue growth of 7% for the year reflecting a slight slowdown on sales orders in the latter quarter of 2019. During the second half of the year we restructured some of our sales operations in Europe, which resulted in a reduced sales headcount. We also developed a comprehensive Growth Optimisation Plan, which underpins our 5-year plan and will deliver a range of initiatives across our strategic priorities. Our immediate focus is on Sales Excellence, which includes our aim to increase our sales headcount.

Looking Forward

We are an ambitious and highly innovative business and consistent in our objectives. We provide our clients with world-class products and client service, with an ambition to exceed their expectations at every interaction. For our shareholders we aim to provide returns which reflect our reported earnings and long-term prospects.

I am also pleased to announce that we have appointed J.P. Morgan Cazenove as joint corporate broker with immediate effect. Additionally, we are recommending that Deloitte LLP are appointed as auditors of the Group and its subsidiaries for the year ending 31 December 2020. We believe that the appointment of best-in-class advisors aligns with our strategic objectives and ambitions.

Our Employees

We aim to be an employer of choice providing an enriching and rewarding environment to work in. In another significant year of progress and challenge, our employees have once again been key to our development. The quality, talent and commitment of our colleagues around the world makes GlobalData an exciting and dynamic work environment.

I am pleased these results have been confirmed by the Audit and Remuneration Committees to fulfil the performance condition for the exercise of 1.8 million employee share options.

Dividend

Having regard to the performance, cash generation and future prospects, the Board is pleased to announce a final dividend of 10.0 pence per share (2018: 7.5 pence). The proposed final dividend will be paid on 26 April 2020 to shareholders on the register at the close of business on 27 March 2020. The ex-dividend date will be on 26 March 2020. The proposed final dividend increases the total dividend for the year to 15.0 pence per share (2018: 11.0 pence), an increase of 36%.

Board Changes

I am pleased to confirm that our current CFO, Graham Lilley, has committed to the business long-term and will continue in this role permanently. Graham's experience and strong understanding of our business and business model will be a real asset to the company as we move forward.

Current Trading and Outlook

We enter 2020 with the strong fundamentals of our business model, including enhanced revenue visibility, strong margins and cash conversion. The global political and economic environment, including Coronavirus, continues to be uncertain, however we remain confident in our business model and our ability to execute well.

Bernard Cragg
Chairman
23 February 2020

CHIEF EXECUTIVE'S REVIEW

Key Achievements

- **Revenues of £178.2 million:** Group revenue has grown by 13%, with underlying organic revenue growth of 7%.

- **Adjusted EBITDA margin improved to 25% (2018: 20%)**: The margin improvement is a result of our model being able to deliver revenue growth off a relatively fixed cost base. We have achieved our stated medium term 25% margin target ahead of schedule and it is a strong indication that the model is working and at the point of inflection.

- **Adjusted operating cash flow increased to £52.3m (2018: £30.5m):** Adjusted operating cash flow represented 117% of Adjusted EBITDA.

- **Profit before tax for the year was £10.2m (2018: loss £7.7m):** Strong revenues and operating fundamentals brought the Group into statutory profit.

Trading Review

Over the past year we have continued to deliver against all of our four strategic priorities, albeit with world-class product our principal focus. Our teams have worked tirelessly to transform our proposition and product capabilities and the significant work that has been completed means that we are well positioned as we enter 2020. We have delivered a strong set of financial results for 2019, finishing ahead of market expectations.

In particular, our shift to a centralised operating model and single product platform, with shared development resources, has been a major achievement. The complexity associated with integrating over 150 data assets from across our industry verticals into a common taxonomy and unified software platform cannot be underestimated. Successfully delivering this – whilst releasing major new launches - is testament to the quality of the people, processes, and technology we have across our product organisation.

As we look forward, the unique opportunities our integrated platform affords us will be central to our strategy and growth plans. This model will allow us to manage our data operations in a far more efficient and scalable way, accelerate new product development activities, and create a richer, more powerful proposition for our clients and users.

During 2019, we also accelerated our investment into new data science technologies such as artificial intelligence and machine learning, and have started to successfully embed these capabilities across our data and research operations. These technologies will enhance the quality, timeliness, and value of the data and insights we provide to our clients, and underpin the next phase of our product development as we search for new ways to help our clients make faster, more informed decisions. We have already started to see the impressive benefits that our single product platform and new technologies provide, with the following major releases delivered in 2019:

- An upgraded technology and digital disruption product, with cross-industry data, analytics, and insights
- A global patents database
- A new Direct Data Services offering, enabling API and Feed-based data consumption
- An enhanced elastic, semantic search capability integrated across our data portfolio

Alongside the new data and technology that we have invested in, we are aware that our deep industry-specific data and insights is the core foundation of our value proposition for many clients. As such, we continue to strive for excellence in the quality and uniqueness of these capabilities, which is evidenced by our renewal rates remaining strong.

As we turn our attention to our go-to-market activities, we are excited by the opportunity we now have to drive additional value in our existing loyal customer base and reach significantly more customers and new users. Today, our customer base remains predominately within the industry sectors in which we operate, but we recognise that the breadth and depth of our industry coverage is a compelling proposition for organisations that require timely intelligence on multiple industries. Therefore, we have restructured some of our sales organisations to better suit the selling of our products into audiences like financial institutions and management consultancies ("Professional Services"), with the objective of addressing the potential for sales in this area.

Whilst it is clear that 2019 has been a busy year and our primary focus has been on transforming our operating model and product organisation to align with our growth strategy, we have also successfully delivered a strong set of financial results.

Key Performance Indicators

The key performance indicators selected are used by the Executive Directors to monitor the Group's performance and progress.

	Revenue	Adjusted EBITDA	Adjusted EBITDA margin	Net Debt
2019	**£178.2m**	**£44.6m**	**25%**	**£55.3m**
2018	£157.6m	£32.2m	20%	£64.1m
% growth	13%	38%	5p.p	(14%)

We have continued to make progress against our KPI's. Revenue, driven by organic growth (7%) and the benefit of acquisitions, has grown by 13% in the year. Due to our relatively fixed cost base, a high flow through of profit has flowed through to Adjusted EBITDA and increased our margin. We now increased our medium-term Adjusted EBITDA margin target to 35%. Our strong operating cash flow has meant that we have reduced our net debt, whilst maintaining a progressive dividend policy and M&A activity.

Our Strategic Priorities

We have achieved a significant amount since 2016, and have created a unique, scalable business, with a world-class product offering. As we enter the next phase of our journey, we believe we are well-positioned to benefit from strong and sustained demand across our end-markets for trusted data, actionable analytics, and forward-looking insights. To realise this opportunity, we recently developed a comprehensive Growth Optimisation Plan, which will deliver a range of key initiatives across our strategic priorities to grow both our top and bottom line.

In 2020, our core focus will be on Sales Excellence and the implementation of best-in-class technologies across our business to improve Client Centricity and Operational Agility.

World Class Products

Enabling our clients to unlock the full value of our recent product development activities is a key objective in 2020, and supports our commitment to creating a "must have" capability integral to the daily lives of our users. This will initially involve continued enhancements to the performance and usability of our core platform, and the development of new, high-value features designed for specific Job Roles and use-cases.

Beyond this, we will continue to explore new opportunities to further utilise our advanced data science technologies to drive greater automation across our research operations, and create higher-value insights from the use of predictive and prescriptive analytics models. We already have a clear pipeline of new, 2020 product launches, which illustrate our commitment to successfully innovating at speed and scale.

Sales Excellence

As our attention shifts towards sales execution, our starting point is establishing the right sales capacity and coverage model, to ensure we have the right number of sales staff, in the right areas. As a global company, we are assessing where to increase our sales operations in line with the market opportunity across both regions and industry segments.

Beyond having the right capacity and coverage model, we are also aligning the skill-sets within our salesforce to the demands of our different target audiences. To do this, we are in the early stages of implementing an "audience-first" approach which consists of establishing sales teams that have specialist expertise in a particular client segment. We believe this will deliver greater productivity in our sales activities, particularly in regards to winning new clients and effectively competing against other providers.

In regards to our commercial model, we are looking to begin a gradual shift towards a seat-based licensing model. We believe that this will provide greater flexibility for clients, provide us with the ability to target specific job roles and client functions, and help to fully commercialise our product investment. Alongside this licensing model, we have also implemented a strict pricing policy and governance framework, which will help to drive increased price realisation and minimal discounting.

Whilst given our centralised operating model, we are also developing a GlobalData "Sales Best Practice Playbook", which will create and standardise the best-practice tools, processes, and training to be provided to our global salesforce. This includes a central sales operations and product marketing team which ensures our teams are finding the right opportunities, at the right time, and pitching the right product, in the right way.

Client Centric

Outstanding client service is a critical component in delivering client satisfaction and improved retention. Our aim is to deliver best in class client service at every point of interaction. We have significantly increased resources focused on first-line response, and continue to explore and adopt new technologies.

In 2020, one of our Growth Optimisation initiatives will focus on the development of comprehensive client personas, which will reflect a range of our target buyers and users across our industry verticals. These personas will play a pivotal role in enhancing our ability to create compelling propositions and product capabilities for specific job roles, whilst providing the insight our sales teams need to effectively engage with target prospects. Beyond this, we are also looking to implement a number of processes and technology tools to improve the way we capture feedback from our clients and users.

Operational Agility

Our business model is a relatively simple one: create the content once and leverage sales from that content across multiple formats (subscriptions, reports, bespoke research engagements and events) and geographies. Our centralised operating model, not only brings cost and margin benefits, it also allows the business to be operating in a very agile but consistent manner which drives operational synergies.

Following our recent acquisitions and the relative speed that we have put the Group together over the past three years, we have performed a strategic review of our cost base to ensure investment funds are directed into the right areas of the business. As a result of this we are more confident that we can significantly invest in our products and people without significantly increasing our overall cost base. This operational agility will keep us at the forefront of product development for our clients, whilst delivering progressive margins.

We have previously stated that our medium term Adjusted EBITDA Margin target was 25%, which I am pleased to report that we have now achieved in 2019. Whilst this is a clear indication that our business model is working, we do not see this as a ceiling and are now targeting 35% over the next 5-year term.

The progress we have made since we reformed as GlobalData in 2016 has been made possible because of the hard work and commitment of our employees and I would like to express my own and my fellow Board members' appreciation to all our colleagues across the globe.

Today we are well positioned for growth and to continue to deliver data, analytics, and insights into global markets, all of which present opportunities for long-term profitable growth.

Mike Danson
Chief Executive Officer
23 February 2020

Financial Review

Continuing operations	2019 £000s	2018 £000s	Movement
Income statement analysis			
Revenue	**178,195**	**157,553**	**13%**
Statutory profit/ (loss) before tax	**10,171**	**(7,664)**	
Depreciation	4,807	742	
Amortisation of software	874	1,165	
Amortisation of acquired intangible assets	16,273	20,422	
Other income	(1,274)	-	
Finance costs	4,692	2,487	
EBITDA[2]	**35,543**	**17,152**	107%
Restructuring costs	763	3,661	
Adjustment for change in accounting policy[4]	(4,021)	-	
Revaluation of short and long-term derivatives	(1,686)	1,150	
Share based payments charge – scheme 1	10,882	5,679	
Share based payments charge – scheme 2	134	-	
Unrealised operating foreign exchange loss	1,405	1,407	
M&A costs	1,544	3,181	
Adjusted EBITDA[1]	**44,564**	**32,230**	38%
Adjusted EBITDA margin[1]	25%	20%	

Cash flow analysis

Cash flow generated from operations	52,350	25,058	109%
Adjusted operating cash flow [3]	**52,308**	**30,542**	**71%**
Underlying cash flow conversion %[3]	117%	95%	

Adjusted earnings performance

Adjusted EBITDA[1]	44,564	32,230	
Depreciation	(4,807)	(742)	
Amortisation of software	(874)	(1,165)	
Other income	1,274	-	
Adjustment for change in accounting policy[4]	4,021	-	
Finance costs	(4,692)	(2,487)	
Adjusted Profit Before Tax	**39,486**	**27,836**	42%
Tax (as charged to the Income Statement)	(3,187)	(3,408)	
Adjusted Profit After Tax	**36,299**	**24,428**	49%
Basic Shares	116,501	109,926	
Diluted Shares	125,733	119,516	
Attributable to equity holders:			
Basic profit/ (loss) per share (pence)	5.99	(10.17)	
Diluted profit/ (loss) per share (pence)	5.55	(10.17)	
Adjusted earnings per share (pence)	31.16	22.22	40%
Adjusted diluted earnings per share (pence)	28.87	20.44	41%

The financial position and performance of the business are reflective of the core financial elements of our business model: visible and recurring revenues, high incremental margins, scalable opportunity and strong cash flows.

The Group's performance this year

1. **Revenue**
   Revenues increased by 13% to £178.2m (2018: £157.6m), which reflects underlying organic growth (7%), the benefit of a full year of the Research Views revenues, acquired part way through 2018 (£6.4m) and the acquisition of Aroq Limited (£2.6m) in January 2019. The increase in revenue has been driven by recurring subscription revenues.

2. **Profit before tax**
   The profit before tax for the year was £10.2m (2018: loss £7.7m). The shift to profitability has been driven by strong growth in revenues and EBITDA, but also in part in the reduction in non-cash amortisation of intangible assets, offset by an increase to the non-cash share based payment charge. Prior years have included significantly more costs associated with acquisitions and restructure of the Group, however there has not been significant M&A activity in the year, and the integration work is substantially complete.

   The implementation of IFRS 16 in the year reduced profit before tax by £0.3m.

   The Group also reviews Adjusted Profit Before Tax to understand the underlying profitability of the Group. The Adjusted Profit Before Tax grew to £39.5m (2018: £27.8m)

3. **Cash Generation**
   The operating cash flow was £52.4m (2018: £25.1m). Excluding the cash costs associated with M&A, restructuring, other exceptional costs and one-off pension payment (£3.6m) and the impact on classification by the implementation of IFRS 16 (£3.7m) the adjusted operating cash flow was £52.3m (2018: £30.5m), which is 117% of Adjusted EBITDA (2018: 95%).

   The Group repaid debt of £10.5m and paid dividends of £14.6m. The Group also paid for acquisitions of £8.1m, which were funded under facilities agreed in the previous year.

   Capital expenditure was £2.6m in 2019 (2018: £1.6m). This includes £1.1m on software (£0.9m in 2018).

4. **Adjusted EBITDA**
   Adjusted EBITDA increased by 38% to £44.6m (2018: £32.2m). Our Adjusted EBITDA margin increased by 5 percentage points to 25% (2018: 20%). We have established a relatively fixed cost base, meaning that the incremental margin flow through to Adjusted EBITDA margin is strong.

5. **Forward invoiced revenue**
   Forward invoiced revenues grew by 5% from the 31 December 2018 balance of £81m to £85m, reflecting a slight slowdown on sales orders in the latter quarter of 2019. During the second half of the year we restructured some of our sales operations in Europe, which resulted in a reduced sales headcount. Our immediate focus is on Sales Excellence, which includes our aim to increase our sales headcount.

6. **Foreign exchange impact on results**
   The Group derives around 60% of revenues in currencies other than Sterling. The impact of currency movements in the year had a positive impact on revenues of £3.0m (2018: negative £2.0m), which was offset in the consolidated income statement by approximately £2.4m of adverse impact in the Group costs (2018: positive £2.0m), meaning that currency benefitted the Group's profitability by £0.6m (2018: nil). The main driver for the movement was the movements of pound sterling in comparison to US dollar. In 2018 the average rate throughout the year was 1.34 compared to a stronger pound, on average, in 2019 of 1.27.

7. **Net Debt:**
   Net Debt reduced to £55.3m as at 31 December 2019 (2018: £64.1m). This reduction principally reflects strong cash flows, offset by M&A spend of £8.1m, dividends of £14.6m and purchase of own shares of £3.6m.

8. **Earnings per share**
   Basic profit was 5.99 pence per share (2018: loss of 10.17 pence per share). Fully diluted profit per share was 5.55 pence per share (2018: loss of 10.17 pence per share).

   On an adjusted basis, the adjusted earnings per share grew from 22.22 pence per share to 31.16 pence, representing 40% growth.

9. **Share based payments**
The share based payments charge for 2019 has increased from £5.7m to £10.9m (excluding new scheme). The key driver for this increase is the share price performance which has driven up the fair value of the options awarded over the past 18 months, this exceeds the fair value of options of employees that have left.

A new scheme was approved in October for top executives, which has a capacity of 4 million options. 1.4 million options were issued in the year with a total charge of £0.1m.

10. **Taxation**
The effective tax rate for the year was 31%. The difference to the Current UK rate of 19% principally relates to overseas tax suffered, mainly in the United States and India, as well as some prior year corrections and expenses not deductible for tax.

11. **IFRS 16**
The adoption of IFRS 16, effective from 1 January 2019, has resulted in the Group recognising a right-of-use asset and related liability in connection with most former operating leases. The new standard has been applied using the "modified retrospective" transition approach.

The impact on the financial results as at 31 December 2019 is to increase assets by £44.2m and to increase liabilities by £44.5m. The Group has continued to use a consistent measure for Adjusted EBITDA and has therefore excluded the impact of IFRS 16 from this measure.

The reported EBITDA has increased by £4.0m as a result of IFRS 16, with offsetting adjustments in depreciation (£4.0m cost increase), finance costs (£1.5m cost increase) and other income (gain of £1.3m) resulting in an overall reduction in profit before tax of £0.3m. Other income is amounts received on sub-let properties capitalised under IFRS16. More information is provided in Note 2 – Accounting policies.

External Auditors

We are recommending that Deloitte LLP are appointed as auditors of the Group and its subsidiaries for the year ending 31 December 2020. The recommendation follows a robust tender process, in line with FRC guidance on best practice and will be proposed as an ordinary resolution at the AGM. We believe that the appointment of best-in-class advisors aligns with our strategic objectives and ambitions. GlobalData's current auditor, Grant Thornton UK LLP, has confirmed that there are no matters that it wishes to bring to the attention of the Board of Directors or the Shareholders of the Company.

Note 1: Adjusted EBITDA: Earnings before interest, tax, depreciation and amortisation, costs associated with acquisitions, restructuring of the Group, share based payments, impairment, unrealised operating exchange rate movements, impact of foreign exchange contracts and the impact of IFRS16 (Leases). Adjusted EBITDA margin is defined as: Adjusted EBITDA as a percentage of revenue.

Note 2: EBITDA: Earnings before interest, tax, depreciation, amortisation and impairment. Includes a non-cash charge of £11.0 million for share based payments (2018: £5.7 million).

Note 3: Adjusted operating cash flow: Adjusted operating cash flow is cash generated from operations adjusted for exceptional cash items. Underlying cash flow conversion is Adjusted operating cash flow divided by Adjusted EBITDA.

Note 4: Change in accounting policy: Change in accounting policy relates to the impact of adopting IFRS 16, excluded from adjusted EBITDA to allow for comparison with prior periods.

Consolidated Income Statement

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Continuing operations		**£000s**	**£000s**
Revenue	3	178,195	157,553
Cost of sales		(108,707)	(98,153)
Gross profit		**69,488**	**59,400**
Administrative expenses		(24,306)	(27,094)
Losses on trade receivables		(2,278)	(1,983)
Other expenses	4	(29,315)	(35,500)
Operating profit / (loss)		**13,589**	**(5,177)**

Analysed as:			
Adjusted EBITDA[1]		**44,564**	**32,230**
Items associated with acquisitions and restructure of the Group	4	(2,307)	(6,842)
Other adjusting items	4	(10,735)	(8,236)
Adjustment for change in accounting policy (IFRS16)	2	4,021	-
EBITDA[2]		**35,543**	**17,152**
Amortisation		(17,147)	(21,587)
Depreciation		(4,807)	(742)
Operating profit/ (loss)		**13,589**	**(5,177)**

Other income	2	1,274	-
Finance costs		(4,692)	(2,487)
Profit/ (loss) before tax from continuing operations		**10,171**	**(7,664)**
Income tax expense		(3,187)	(3,408)
Profit/ (loss) for the year from continuing operations		**6,984**	**(11,072)**
Loss for the year from discontinued operations		-	(1,255)
Profit/ (loss) for the year		**6,984**	**(12,327)**

Attributable to:			
Equity holders of the parent		6,984	(12,434)
Non-controlling interest		-	107
Earnings/ (loss) per share attributable to equity holders from continuing operations:	5		
Basic profit/ (loss) per share (pence)		5.99	(10.17)
Diluted profit/ (loss) per share (pence)		5.55	(10.17)
Loss per share attributable to equity holders from discontinued operations:			
Basic loss per share (pence)		-	(1.14)
Diluted loss per share (pence)		-	(1.14)
Total basic profit/ (loss) per share (pence)		5.99	(11.31)
Total diluted profit/ (loss) per share (pence)		5.55	(11.31)

The accompanying notes form an integral part of this financial report.

[1] We define Adjusted EBITDA as EBITDA adjusted for costs associated with acquisitions, restructuring of the Group, share based payments, impairment, unrealised operating exchange rate movements, impact of foreign exchange contracts and the impact of IFRS16 (Leases). We present Adjusted EBITDA as additional information because we understand that it is a measure used by certain investors and because it is used as the measure of Group profit or loss. However, other companies may present Adjusted EBITDA differently. EBITDA and Adjusted EBITDA are not measures of financial performance under IFRS and should not be considered as an alternative to operating profit or as a measure of liquidity or an alternative to net income as indicators of our operating performance or any other measure of performance derived in accordance with IFRS.

[2] EBITDA is defined as earnings before interest, tax, depreciation, amortisation and impairment.

Consolidated Statement of Comprehensive Income

	Year ended 31 December 2019 £000s	Year ended 31 December 2018 £000s
Profit/ (loss) for the year	6,984	(12,327)
Other comprehensive income		
Items that will be classified subsequently to profit or loss:		
Net exchange (losses)/ gains on translation of foreign entities	(7)	988
Items that will not be classified subsequently to profit or loss:		
Re-measurement of pension liabilities and assets	(1,315)	-
Other comprehensive (loss)/ gain, net of tax	(1,322)	988
Total comprehensive gain/ (loss) for the year	**5,662**	**(11,339)**
Attributable to:		
Equity holders of the parent	5,662	(11,446)
Non-controlling interest	-	107

The accompanying notes form an integral part of this financial report.

Consolidated Statement of Financial Position

	Notes	31 December 2019 £000s	31 December 2018 £000s
Non-current assets			
Property, plant and equipment		47,364	1,314
Intangible assets	6	250,135	258,492
Trade and other receivables		1,850	2,775
Deferred tax assets		8,652	6,709
		308,001	**269,290**
Current assets			
Trade and other receivables		45,751	51,324
Short-term derivative assets		908	529
Cash and cash equivalents		11,232	6,268
		57,891	**58,121**
Total assets		**365,892**	**327,411**
Current liabilities			
Trade and other payables		(96,036)	(92,660)
Short-term borrowings	7	(6,000)	(6,000)
Short-term lease liabilities	7	(3,910)	-
Current tax payable		(1,897)	(5,204)
Short-term derivative liabilities		(101)	(1,408)
Short-term provisions		(90)	(364)
		(108,034)	**(105,636)**
Non-current liabilities			
Long-term provisions		(491)	(437)
Deferred tax liabilities		(4,773)	(6,571)
Long-term lease liabilities	7	(40,730)	-
Long-term borrowings	7	(60,488)	(64,341)
		(106,482)	**(71,349)**
Total liabilities		**(214,516)**	**(176,985)**
Net assets		**151,376**	**150,426**
Equity			
Share capital	8	184	184
Share premium account	8	725	200
Treasury reserve	8	(11,017)	(19,142)
Other reserve	8	(37,128)	(37,128)
Merger reserve	8	163,810	163,810
Foreign currency translation reserve	8	791	798
Retained profit		34,011	41,704
Equity attributable to equity holders of the parent		**151,376**	**150,426**

These financial statements were approved by the board of directors on 23 February 2020 and signed on its behalf by:

Bernard Cragg
Chairman

Mike Danson
Chief Executive

Company Number 03925319

The accompanying notes form an integral part of this financial report.

Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Treasury reserve	Other reserve	Merger reserve	Foreign currency translation reserve	Retained profit	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 January 2018	**173**	**200**	**(2,289)**	**(37,128)**	**66,481**	**(190)**	**56,744**	**83,991**	**-**	**83,991**
(Loss)/ profit for the year	-	-	-	-	-	-	(12,434)	**(12,434)**	107	**(12,327)**
Other comprehensive income:										
Net exchange gain on translation of foreign entities	-	-	-	-	-	988	-	**988**	**-**	**988**
Total comprehensive loss for the year	-	-	-	-	-	988	(12,434)	**(11,446)**	107	**(11,339)**
Transactions with owners:										
Acquisition of entity with non-controlling interest	-	-	-	-	-	-	-	**-**	546	**546**
Acquisition of non-controlling interest	-	-	-	-	-	-	(579)	**(579)**	(653)	**(1,232)**
Issue of share capital	11	-	-	-	97,329	-	-	**97,340**	-	**97,340**
Excess deferred tax on share based payments	-	-	-	-	-	-	1,404	**1,404**	-	**1,404**
Dividends	-	-	-	-	-	-	(9,110)	**(9,110)**	-	**(9,110)**
Share buy back	-	-	(16,853)	-	-	-	-	**(16,853)**	-	**(16,853)**
Share based payments charge	-	-	-	-	-	-	5,679	**5,679**	-	**5,679**
Balance at 31 December 2018	**184**	**200**	**(19,142)**	**(37,128)**	**163,810**	**798**	**41,704**	**150,426**	**-**	**150,426**
Profit for the year	-	-	-	-	-	-	6,984	**6,984**	-	**6,984**
Other comprehensive income:										
Re-measurement of pension liabilities and assets	-	-	-	-	-	-	(1,315)	**(1,315)**	-	**(1,315)**
Net exchange loss on translation of foreign entities	-	-	-	-	-	(7)	-	**(7)**	-	**(7)**
Total comprehensive profit for the year	-	-	-	-	-	(7)	5,669	**5,662**	-	**5,662**
Transactions with owners:										
Share buy back	-	-	(3,602)	-	-	-	-	**(3,602)**	-	**(3,602)**
Dividends	-	-	-	-	-	-	(14,590)	**(14,590)**	-	**(14,590)**
Vesting of share options	-	525	11,727	-	-	-	(12,252)	**-**	-	**-**
Share based payments charge	-	-	-	-	-	-	11,016	**11,016**	-	**11,016**
Excess deferred tax on share based payments	-	-	-	-	-	-	2,464	**2,464**	-	**2,464**
Balance at 31 December 2019	**184**	**725**	**(11,017)**	**(37,128)**	**163,810**	**791**	**34,011**	**151,376**	**-**	**151,376**

The accompanying notes form an integral part of this financial report.

Consolidated Statement of Cash Flows

	Year ended 31 December 2019 £000s	Year ended 31 December 2018 £000s
Cash flows from operating activities		
Profit/ (loss) for the year from continuing operations	6,984	(11,072)
Adjustments for:		
Depreciation	4,807	742
Amortisation	17,147	21,587
Other Income	(1,274)	-
Finance costs	4,692	2,487
Taxation recognised in profit or loss	3,187	3,408
Share based payments charge	11,016	5,679
Re-measurement of pension liabilities and assets	(1,315)	-
Decrease in trade and other receivables	6,607	1,606
Increase/ (decrease) in trade and other payables	2,769	(729)
Revaluation of short and long-term derivatives	(1,686)	1,150
Movement in provisions	(584)	200
Cash generated from continuing operations	**52,350**	**25,058**
Interest paid (continuing operations)	(3,014)	(2,173)
Income taxes paid (continuing operations)	(7,797)	(2,255)
Net cash from operating activities (continuing operations)	**41,539**	**20,630**
Net decrease in cash and cash equivalents from discontinued operations	-	(912)
Total cash flows from operating activities	**41,539**	**19,718**
Cash flows from investing activities (continuing operations)		
Acquisitions	(8,132)	(4,607)
Purchase of property, plant and equipment	(1,560)	(724)
Purchase of intangible assets	(1,058)	(890)
Net cash used in investing activities (continuing operations)	**(10,750)**	**(6,221)**
Net decrease in cash and cash equivalents from discontinued operations	-	(235)
Total cash flows used in investing activities	**(10,750)**	**(6,456)**
Cash flows from financing activities (continuing operations)		
Repayment of borrowings	(10,500)	(14,408)
Proceeds from borrowings	6,425	30,473
Principal elements of lease payments	(3,557)	-
Loan fees	-	(285)
Acquisition of own shares	(3,602)	(16,853)
Dividends paid	(14,590)	(9,110)
Total cash used in financing activities (continuing operations)	**(25,824)**	**(10,183)**
Net increase in cash and cash equivalents	**4,965**	**3,079**
Cash and cash equivalents at beginning of year	6,268	2,952
Effects of currency translation on cash and cash equivalents	(1)	237
Cash and cash equivalents at end of year	**11,232**	**6,268**

The accompanying notes form an integral part of this financial report.

Notes to the Consolidated Financial Statements

1. General information

Nature of operations
The principal activity of GlobalData Plc and its subsidiaries (together 'the Group') is the provision of high quality proprietary data, analytics, and insights to clients across multiple sectors.

GlobalData Plc ('the Company') is a company incorporated in the United Kingdom and listed on the Alternative Investment Market (AIM). The registered office of the Company is John Carpenter House, John Carpenter Street, London, EC4Y 0AN. The registered number of the Company is 03925319.

Basis of preparation
The financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments. These condensed financial statements are for the year ended 31 December 2019 and should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2018 that is available on the Company's website, where the areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are set out. These financial statements are presented in Pounds Sterling (£).

The financial information for the year ended 31 December 2018 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The independent auditors' report on the full financial statements for the year ended 31 December 2018 was unqualified and did not contain an emphasis of matter paragraph or any statement under section 498 of the Companies Act 2006.

This preliminary announcement does not constitute the Group's full financial statements for the year ended 31 December 2019. The Group's full financial statements will be approved by the Board of Directors and reported on by the auditors in March 2020. Accordingly, the financial information for 2019 is presented unaudited in the preliminary announcement.

Critical accounting estimates and judgements
The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in detail below.

<u>Key sources of estimation of uncertainty</u>

Valuation of acquired intangibles
Management identified and valued acquired intangible assets on acquisitions that were made during the periods disclosed in the financial statements. Management has applied judgements in identifying and valuing intangible assets separate from goodwill that consist of assessing the value of software, brands, intellectual property rights and customer relationships. The Board have a policy of engaging professional advisors on acquisitions with a purchase price greater than £10 million to advise and assist in calculating intangible asset values. The Group consistently applies the following methodologies for each class of identified intangible:

- Customer relationships – Net present value of future cash flows
- Intellectual Property – Cost to recreate the asset
- Brands – Royalty relief method

Assumptions are made on the useful life of an intangible and if shortened, would increase the amortisation charge recognised in the income statement. The identified intangibles are set out in note 6.

There are a number of assumptions in estimating the present value of future cash flows including management's expectation of future revenue, renewal rates for subscription customers, costs, timing and quantum of future capital expenditure, long-term growth rates and discount rates.

Taxation
The Group has recognised a deferred income tax asset in its financial statements, which requires judgement for determining the extent of its recoverability at each statement of financial position date. The Group assesses recoverability with reference to Board approved forecasts of future taxable profits. These forecasts require the use of assumptions and estimates. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. A deferred tax asset additionally exists in relation to the temporary tax and accounting difference in relation to the share based payment scheme. Additional disclosures on the calculation of share based payments are provided in note 9.

The Group has recognised a tax accrual of £1.0m in its financial statements in relation to the Wayfair ruling. On 21 June 2018 The United States Supreme Court ruled that states can mandate that businesses without a physical presence collect and remit sales taxes on transactions in the state. The accrual represents sales tax not collected and remitted and an estimate of associated penalties and interest.

Share based payments
The Group operates two share based compensation plans under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options and awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options and awards that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified existing conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options and awards that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The significant judgements involved in calculating the share based payments charge are:

- Scheme 1: the fair value at the date of grant which is determined by using the Black-Scholes model, the senior management retention rate which is determined with reference to historical churn and the estimated vesting periods which are determined with reference to the Group's forecasted EBITDA.
- Scheme 2: the fair value at the date of grant which is determined by using the Monte Carlo model and the senior management retention rate which is determined with reference to historical churn. The use of the Monte Carlo model and calculation of the associated input parameters requires judgement therefore management obtained professional advice to assist in determining the fair value of the awards granted.

Additional disclosures on the calculation of share based payments are provided in note 9.

Provision for doubtful debts
The Group is required to judge when there is sufficient objective evidence to require the impairment of individual trade receivables. It does this on a specific basis with reference to the age of the relevant receivables, external evidence of the credit status of the customer entity and the status of any disputed amounts. The Group will also review the previous payment profile of the customer and liaise with the customers' management team before concluding on whether a provision is required. In addition, the Group recognises lifetime expected credit losses for trade receivables which are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Carrying value of goodwill and other intangibles
The carrying value of goodwill and other intangibles is assessed at least annually to ensure that there is no need for impairment. Performing this assessment requires management to estimate future cash flows to be generated by the related cash generating unit, which entails making judgements including the expected rate of growth of sales, margins expected to be achieved, the level of future capital expenditure required to support these outcomes and the appropriate discount rate to apply when valuing future cash flows. See note 6 for further details on intangibles and goodwill.

Lease accounting – incremental borrowing rate
IFRS 16 "Leases" requires lease payments to be discounted using the lessee's incremental borrowing rate. The Group's incremental borrowing rate, as at the date of adoption of IFRS 16, has been based on the existing revolving credit facility margin (2.75% as at 1 January 2019) plus a local government bond yield (comparable to the lease term remaining and hence specific to each lease) less a secured loan discount of 0.5% (India being the exception where no secured loan discount has been assumed). Management have taken the view that specific costs of borrowing should be applied to each lease as this reflects the different economic conditions within each geography and hence is more representative of the funding facilities available in those countries.

Critical accounting judgements

Segmental reporting
IFRS 8 "Operating Segments" requires the segment information presented in the financial statements to be that which is used internally by the chief operating decision maker to evaluate the performance of the business and to decide how to allocate resources. The Group has identified the Executive Directors as its chief operating decision maker. Data, analytics and insight is provided to customers via multiple channels by a dedicated content team that is centrally managed by Research Directors who report directly to the Executive Directors. Data, analytics and insight is therefore considered to be the operating segment of the Group.

Defined benefit pension
As part of the acquisition of Research Views Limited and its subsidiaries, the Group acquired a defined benefit pension scheme. As at 31 December 2019 the defined benefit obligation was equal to the fair value of the plan assets. On 16 December 2019 the Group entered into an irrevocable agreement to sell the pension scheme to Just Retirement Limited ("Just"). The agreement involved the purchase of a qualifying insurance policy pre year end at a cost to GlobalData Plc of £1.3m. This has been measured at the amount of the related defined benefit obligation as required by IAS 19. Final buy-out is expected to take place within six to twelve months. Management have considered the accounting options available and believe that the buy-in represents an asset transaction. As such, the re-measurement cost has been recognised within the Statement of Comprehensive Income.

Allocation of Cash-Generating-Units
IAS 36 'Impairment of Assets' requires that assets be carried on the statement of financial position at no more than their recoverable amount. An asset or cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows and is impaired when its carrying amount exceeds its recoverable amount. The CGU's that management have identified are all part of the data, analytics, and insights segment, which can all be traced back to acquisitions over recent years and for which management are still able to identify specific cash flows.

Going concern
The Group meets its day-to-day working capital requirements through free cash flow. Based on cash flow projections the Group considers the existing financing facilities to be adequate to meet short-term commitments.

The finance facilities were issued with debt covenants which are measured on a quarterly basis. There have been no breaches of covenants in the year ended 31 December 2019. Management have reviewed forecasted cash flows and there is no indication that there will be any breach in the next 12 months.

The Directors have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Group's ability to continue as a going concern. Accordingly, the Group has prepared the annual report and financial statements on a going concern basis.

2. Accounting policies

This report has been prepared based on the accounting policies detailed in the Group's financial statements for the year ended 31 December 2018 and is consistent with the policies applied in the that year, except for the new standard now effective, IFRS 16.

a) New Standards adopted as at 1 January 2019

IFRS 16 'Leases'

This note explains the impact of the adoption of IFRS 16 'Leases' on the Group's financial statements and discloses the new accounting policy that has been applied from 1 January 2019.

IFRS 16 replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related liability in connection with all former operating leases with the exception of those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new standard has been applied using the "modified retrospective" transition approach. There is no adjustment to the opening balance of retained earnings for the current period however reclassifications arising from the new standard have been recognised in the opening balances as at 1 January 2019. Prior periods have not been restated, as permitted under the specific transitional provisions in the standard.

For contracts in place at 1 January 2019, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as leases under IAS 17 and IFRIC 4.

The Group has elected to measure the right-of-use assets at 1 January 2019 at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments that existed at the date of transition. The liabilities were measured at the present value of the remaining lease payments, discounted using the weighted average incremental borrowing rate, ranging between 2.0% and 7.4% based on the length of the remaining lease.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The following is a reconciliation of total operating lease commitments at 31 December 2018 (as disclosed in the financial statements to 31 December 2018) to the lease liabilities recognised at 1 January 2019:

	£000s
Total operating lease commitments disclosed at 31 December 2018	**41,684**
Recognition exemptions at 1 January 2019:	
- Leases with remaining lease term of less than 12 months	(1,789)
Leases committed to at 31 December 2018 but not commenced at 1 January 2019	(1,915)
Commitments not meeting the definition of a right-of-use asset	(26)
Operating lease liabilities before discounting	**37,954**
Discounted using incremental borrowing rate	(5,792)
Operating lease liabilities	**32,162**
Reasonably certain extension options – discounted	3,923
Total lease liabilities recognised under IFRS 16 at 1 January 2019	**36,085**
Of which are:	
- Current lease liabilities	2,428
- Non-current lease liabilities	33,657

At 1 January 2019 the recognised right-of-use assets all relate to Property. Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16. This assessment identified one onerous lease contract requiring an adjustment to the right-of-use asset at the date of initial application.

The Group sub-leases a number of properties in the UK however all of the risks and rewards of ownership have not been transferred to the lessee and therefore the Group recognises the head lease asset as a right-of-use asset and recognises the rental income on the sub-lease operating lease contracts as other income.

The adoption of IFRS 16 has impacted the following items:

Impact on Statement of Financial Position	**As at 1 January 2019**		**As at 31 December 2019**[1]	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	£000s	**£000s**	**£000s**	**£000s**
Gross right-of-use assets and lease liabilities	**36,085**	**(36,085)**	**44,767**	**(45,093)**
Adjustment for onerous lease provision	(50)	-	(22)	-
Prepaid rent	-	506	-	540
Accrued rent	-	(60)	-	(87)
Right-of-use assets and lease liabilities	**36,035**	**(35,639)**	**44,745**	**(44,640)**
Provisions	-	50	-	22
Prepayments	(506)	-	(540)	-
Accruals	-	60	-	87
Total impact on assets/ (liabilities)	**35,529**	**(35,529)**	**44,205**	**(44,531)**

[1]Balances as at 31 December 2019 are inclusive of leases commencing in the twelve months to 31 December 2019.
[2]As presented in the Consolidated Statement of Financial Position

The adoption of IFRS 16 on 1 January 2019 had a nil impact on the net assets of the Group due to applying the modified retrospective approach: assets = liabilities. As at 31 December 2019 lease liabilities of £44.6m do not match the value of the right-of-use assets due to the depreciation charge in the period being lower than the lease repayments (net of interest charges) and the allocation of rent prepayments and accruals to the liabilities.

A reconciliation of the value of right-of-use assets and lease liabilities from 1 January 2019 to 31 December 2019 is presented below:

	Right-of-use assets	**Lease liabilities**
	£000s	**£000s**
Right-of-use assets and lease liabilities as at 1 January 2019	**36,035**	**(35,639)**
Additions	12,724	(12,724)
Disposals	(61)	64
Depreciation	(4,008)	-
Foreign currency retranslation	55	7
Lease interest	-	(1,543)
Lease payments	-	4,801
Dilapidation costs recognised within provisions	-	387
Increase in rent prepayments	-	34
Increase in rent accruals	-	(27)
Right-of-use assets and lease liabilities as at 31 December 2019	**44,745**	**(44,640)**

Current lease liabilities	(3,910)
Non-current lease liabilities	(40,730)
Total lease liabilities as at 31 December 2019	**(44,640)**

Impact on Income Statement:	Gain/ (Cost)	12 months to 31 December 2019 £000s
Administrative costs[1]	Gain	4,021
Impact on EBITDA		**4,021**
Depreciation	(Cost)	(4,008)
Sub-lease income	Gain	1,274
Finance costs	(Cost)	(1,543)
Impact on Profit before tax	**(Cost)**	**(256)**

[1] Net rental costs and dilapidation provision charges no longer charged through Administrative expenses

Prior to the adoption of IFRS 16 rental payments were charged to the income statement on a straight-line basis net of rental income received on sub-lease contracts. Under IFRS 16 rental charges in the income statement are replaced with depreciation on the right-of-use asset and interest charges on the lease liability. The adoption of IFRS 16 therefore gives rise to a net cost of £0.3m in the twelve months to 31 December 2019, reflecting depreciation and interest charges of £5.6m being £0.3m higher than the net rental charges which would have been incurred prior to the adoption of the new standard. At EBITDA the adoption of IFRS 16 gives a benefit of £4.0m being the elimination of the rental charges, net of the rental income. The effect on earnings per share as at 31 December 2019 is a reduction of less than 0.25 pence.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Reliance on historic assessments as to whether leases are onerous
- Account for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short term leases and expense on a straight line basis over the remaining lease term
- Account for leases of low value assets on a straight line basis and not recognise as a right-of-use asset
- Exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Termination options are included in a number of property leases contracts across the Group. Management have assumed that no termination options will be taken. Variable lease payments (fixed annual percentage increases) are also included in a number of leases. Management have factored these future lease cash flows into the valuation of the lease liability and right-of-use asset.

b) International Financial Reporting Standards (“Standards”) in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IFRS 3: Business Combinations (issued on 22 October 2018 and effective for periods on or after 1 January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018 and effective for periods on or after 1 January 2020)

Neither of the above standards are effective and therefore have not been applied in the financial statements.
It is anticipated that there will be minimal impact on the financial statements from the adoption of these new and revised standards.

3. Segmental analysis

The principal activity of GlobalData Plc and its subsidiaries (together ‘the Group’) is to provide high quality proprietary data, analytics, and insights to clients across multiple sectors.

IFRS 8 “Operating Segments” requires the segment information presented in the financial statements to be that which is used internally by the chief operating decision maker to evaluate the performance of the business and to decide how to allocate resources. The Group has identified the Executive Directors as its chief operating decision maker. Data, analytics and insight is provided to customers through multiple channels by a dedicated content team that is centrally managed by Research Directors who report directly to the Executive Directors. Data, analytics and insight is therefore considered to be the operating segment of the Group.

The performance of the data, analytics, and insights segment is presented to the Executive Directors on a monthly basis, which assists the Board in their strategic decision making. Performance of the business is mainly assessed by reference to analysing the performance of individual sales teams which guides operational decision making. The product cost is managed and assessed independently and outside of the sales reviews, however the overall performance of the Group is reviewed on a Group wide basis, all of which falls under the segment of data, analytics, and insights. Margins are only considered at Group level.

A reconciliation of Adjusted EBITDA to profit/ (loss) before tax from continuing operations is set out below:

	Year ended 31 December 2019 £000s	Year ended 31 December 2018 £000s
Data, analytics, and insights	178,195	157,553
Total Revenue	**178,195**	**157,553**
Adjusted EBITDA	**44,564**	**32,230**
Other expenses (see note 4)	(29,315)	(35,500)
Depreciation	(4,807)	(742)
Amortisation (excluding amortisation of acquired intangible assets)	(874)	(1,165)
Other income	1,274	-
Effect of change in accounting policy	4,021	-
Finance costs	(4,692)	(2,487)
Profit/ (loss) before tax from continuing operations	**10,171**	**(7,664)**

Other income relates to amounts received on sub-let properties capitalised under IFRS16.

Geographical analysis

Our primary geographical markets are serviced by our global sales teams which are organised as Europe, US and Asia Pacific by virtue of the team location. The below disaggregated revenue is derived from the geographical location of our customer rather than the team structure the Group is organised by.

From continuing operations

Year ended 31 December 2019	**UK £000s**	**Europe £000s**	**Americas[1] £000s**	**Asia Pacific £000s**	**MENA[2] £000s**	**Rest of World £000s**	**Total £000s**
Revenue from external customers	27,658	49,424	62,035	17,674	14,997	6,407	**178,195**

Year ended 31 December 2018	**UK £000s**	**Europe £000s**	**Americas[1] £000s**	**Asia Pacific £000s**	**MENA[2] £000s**	**Rest of World £000s**	**Total £000s**
Revenue from external customers	25,322	42,848	54,263	14,967	14,662	5,491	**157,553**

1. Americas includes revenue to the United States of America of £58.5m (2018: £51.4m)
2. Middle East & North Africa

Intangible assets held in the US and Canada were £21.5 million (2018: £23.2 million), of which £19.7 million related to Goodwill (2018: £18.1 million). Intangible assets held in the UAE were £15.9 million (2018: £17.5 million) of which £11.4 million related to Goodwill (2018: £11.4 million). All other non-current assets are held in the UK. The largest customer represented less than 2% of the Group’s consolidated revenue.

The Group generates revenue from services provided over a period of time such as recurring subscription and other services which are deliverable at a point in time such as reports, events and custom research.

Subscription income for online services, data and analytics (typically 12 months) is normally received at the beginning of the services and is therefore recognised as a contract liability, “invoiced forward revenue”, on the statement of financial position. Revenue is recognised evenly over the period of the contractual term as the performance obligations are satisfied evenly over the term of subscription.

The revenue on services delivered at a point in time is recognised when our contractual obligation is satisfied, such as delivery of a static report or delivery of an event. The obligation on these types of contracts is a discrete obligation, which once met satisfies the Group performance obligation under the terms of the contract.

Any invoiced contracted amounts which are still subject to performance obligations and where the payment has been received or is contractually due, is recognised within invoiced forward revenue at the statement of financial position date. Typically, the Group receives settlement of cash at the start of each contract and standard terms are zero days. Similarly, if the Group satisfies a performance obligation before it receives the consideration or is contractually due the Group recognises a contract asset within accrued income in the statement of financial position.

	Revenue recognised in the Consolidated Income Statement		**Invoiced Forward Revenue recognised within the Consolidated Statement of Financial Position**	
	Year ended 31 December 2019	**Year ended 31 December 2018**	**As at 31 December 2019**	**As at 31 December 2018**
	£000s	**£000s**	**£000s**	**£000s**
Services transferred:				
Over a period of time	138,945	116,807	57,527	55,490
Immediately on delivery	39,250	40,746	11,084	11,670
Total	**178,195**	**157,553**	**68,611**	**67,160**

As subscriptions are typically for periods of 12 months the majority of invoiced forward revenue held at 31 December will be recognised in the income statement in the following year. As at 31 December 2019 £0.8m (2018: £1.1m) of the invoiced forward revenue balance will be recognised beyond the next 12 months.

In instances where the Group enters into transactions involving a range of the Group’s services, for example a subscription and custom research, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

4. Other expenses

	Year ended 31 December 2019 £000s	Year ended 31 December 2018 £000s
Restructuring costs	763	3,661
M&A costs	1,544	3,181
Items associated with acquisitions and restructure of the Group	**2,307**	**6,842**
Share based payments charge – scheme 1	10,882	5,679
Share based payments charge – scheme 2	134	-
Revaluation of short and long-term derivatives	(1,686)	1,150
Unrealised operating foreign exchange loss	1,405	1,407
Amortisation of acquired intangibles	16,273	20,422
Total other expenses	**29,315**	**35,500**

Over the past three years the Group has undergone significant M&A activity, particularly the acquisition of Research Views Limited in 2018, therefore costs associated with the M&A have been adjusted from Adjusted EBITDA.

Furthermore, the Group's M&A and expansion meant the Group underwent some significant restructuring, principally as a result of the Research Views Limited acquisition, but also to remove duplicated costs from prior acquisitions and to align the Group's cost base to its strategy and needs going forward.

The adjustments made are as follows:

- The M&A costs relate to due diligence and corporate finance activity.
- Restructuring costs relates to redundancies and other restructuring.
- The share based payments charge relates to the share option scheme (see note 9).
- The revaluation of short and long-term derivatives relates to movement in the fair value of the short and long-term derivatives.
- Unrealised operating foreign exchange losses relate to non-cash exchange losses made on operating items.

5. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders of the parent company divided by the weighted average number of shares in issue during the year. The Group also has two share option schemes in place and therefore the Group has calculated the dilutive effect of these options. The below table shows earnings per share for both continuing and discontinued operations:

	Year ended 31 December 2019	Year ended 31 December 2018
Continuing operations		
Basic		
Profit/ (loss) for the period attributable to ordinary shareholders (£000s)	6,984	(11,072)
Less: non-controlling interest	-	107
Profit/ (loss) for the period attributable to ordinary shareholders of the parent company (£000s)	6,984	(11,179)
Weighted average number of shares (000s)	116,501	109,926
Basic profit/ (loss) per share (pence)	5.99	(10.17)
Diluted		
Profit/ (loss) for the period attributable to ordinary shareholders (£000s)	6,984	(11,072)
Less: non-controlling interest	-	107
Profit/ (loss) for the period attributable to ordinary shareholders of the parent company (£000s)	6,984	(11,179)
Weighted average number of shares* (000s)	125,733	109,926
Diluted profit/(loss) per share (pence)	5.55	(10.17)
Discontinued operations		
Basic		
Profit/ (loss) for the period attributable to ordinary shareholders of the parent company (£000s)	-	(1,255)
Weighted average number of shares (000s)	116,501	109,926
Basic profit/ (loss) per share (pence)	-	(1.14)
Diluted		
Profit/ (loss) for the period attributable to ordinary shareholders of the parent company (£000s)	-	(1,255)
Weighted average number of shares* (000s)	125,733	109,926
Basic profit/ (loss) per share (pence)	-	(1.14)
Total		
Basic		
Profit/ (loss) for the period attributable to ordinary shareholders (£000s)	6,984	(12,327)
Less: non-controlling interest	-	107
Profit/ (loss) for the period attributable to ordinary shareholders of the parent company (£000s)	6,984	(12,434)
Weighted average number of shares (000s)	116,501	109,926
Basic profit/ (loss) per share (pence)	5.99	(11.31)
Diluted		
Profit/ (loss) for the period attributable to ordinary shareholders (£000s)	6,984	(12,327)
Less: non-controlling interest	-	107
Profit/ (loss) for the period attributable to ordinary shareholders of the parent company (£000s)	6,984	(12,434)
Weighted average number of shares* (000s)	125,733	109,926
Diluted profit/ (loss) per share (pence)	5.55	(11.31)

Reconciliation of basic weighted average number of shares to the diluted weighted average number of shares:

	31 December 2019 No'000s	31 December 2018 No'000s
Basic weighted average number of shares	116,501	109,926
Share options in issue at end of year	9,232	9,590
Diluted weighted average number of shares	**125,733**	**119,516**

** Where the share options in issue are anti-dilutive in respect of the diluted loss per share calculation in 2018, the options have not been included in the calculation.*

6. Intangible assets

	Software £000s	Customer relationships £000s	Brands £000s	IP rights and Database £000s	Goodwill £000s	Total £000s
Cost						
As at 1 January 2018	8,682	32,755	12,439	26,885	128,234	**208,995**
Additions: Business Combinations	371	9,921	3,268	21,465	94,120	**129,145**
Additions: Separately Acquired	890	-	-	-	-	**890**
Fair value adjustment	(177)	(65)	-	-	406	**164**
Foreign currency retranslation	7	-	-	-	-	**7**
Disposals	(48)	-	-	(1,287)	-	**(1,335)**
As at 31 December 2018	9,725	42,611	15,707	47,063	222,760	**337,866**
Additions: Business Combinations	-	967	329	1,896	4,462	**7,654**
Additions: Separately Acquired	1,058	-	-	-	-	**1,058**
Fair value adjustment	-	-	-	-	88	**88**
Foreign currency retranslation	(65)	(15)	(5)	(20)	1	**(104)**
As at 31 December 2019	**10,718**	**43,563**	**16,031**	**48,939**	**227,311**	**346,562**
Amortisation						
As at 1 January 2018	(6,868)	(16,656)	(3,887)	(21,676)	(9,360)	**(58,447)**
Additions: Business Combinations	(199)	-	-	-	-	**(199)**
Charge for the year	(1,115)	(4,197)	(4,280)	(11,343)	(652)	**(21,587)**
Impairment of goodwill	-	-	-	-	(535)	**(535)**
Fair value adjustment	85	-	-	-	-	**85**
Foreign currency retranslation	(14)	(2)	(6)	(4)	-	**(26)**
Disposals	48	-	-	1,287	-	**1,335**
As at 31 December 2018	(8,063)	(20,855)	(8,173)	(31,736)	(10,547)	**(79,374)**
Charge for the year	(824)	(4,252)	(1,423)	(10,648)	-	**(17,147)**
Foreign currency retranslation	56	14	4	20	-	**94**
As at 31 December 2019	**(8,831)**	**(25,093)**	**(9,592)**	**(42,364)**	**(10,547)**	**(96,427)**
Net book value						
As at 31 December 2019	**1,887**	**18,470**	**6,439**	**6,575**	**216,764**	**250,135**
As at 31 December 2018	1,662	21,756	7,534	15,327	212,213	258,492

Additions as a result of business combinations in the year have been disclosed in further detail in note 10.

7. Borrowings

	31 December 2019 £000s	31 December 2018 £000s
Lease liabilities	3,910	-
Loans due within one year	6,000	6,000
Short-term borrowings	**9,910**	**6,000**
Lease liabilities	40,730	-
Long-term loans	60,488	64,341
Long-term borrowings	**101,218**	**64,341**

The changes in the Group's borrowings can be classified as follows:

	Short-term loans	Long-term Loans	Short-term lease liabilities[1]	Long-term lease liabilities[1]	Total
	£000s	£000s	£000s	£000s	£000s
As at 1 January 2019	6,000	64,341	-	-	**70,341**
Adoption of IFRS 16	-	-	1,983	33,656	**35,639**
Revised 1 January 2019	**6,000**	**64,341**	**1,983**	**33,656**	**105,980**
Cash-flows:					
- Repayment	(6,000)	(4,500)	(4,801)	-	**(15,301)**
- Proceeds	-	6,425	-	-	**6,425**
Non-cash:					
- Loan fee amortisation	-	222	-	-	**222**
- Lease additions	-	-	3,435	9,289	**12,724**
- Lease liabilities[2]	-	-	1,435	(357)	**1,078**
- Reclassification	6,000	(6,000)	1,858	(1,858)	**-**
As at 31 December 2019	**6,000**	**60,488**	**3,910**	**40,730**	**111,128**

[1] Amounts are net of rental prepayments and accruals

[2] Represents lease interest, dilapidations and movement on lease liability accruals and prepayments

Term loan and RCF

In April 2017, the Group refinanced its debt position. The facility consists of a £30.0 million term loan to replace the previous facilities held with The Royal Bank of Scotland. This is repayable in quarterly instalments over 5 years, with total repayments due in the next 12 months of £6.0 million. The outstanding balance as at 31 December 2019 was £13.5 million (31 December 2018: £19.5 million).

The Group also has a revolving capital facility (RCF) of £70.0 million. As at 31 December 2019, the Group had drawn down £53.5 million against the RCF.

In addition to the drawn down facilities there is a letter of credit against the facility of £10.3 million which has been provided to the Employee Benefit Trust (EBT). This is in place in relation to a potential tax liability which management have assessed to be remote in likelihood of being paid. As such, a provision has not been recognised in the Consolidated Statement of Financial Position.

These facilities have been provided by The Royal Bank of Scotland, HSBC and Bank of Ireland.

Interest is charged on the term loan and drawn down RCF at a rate of 2.25% over the London Interbank Offered Rate.

Borrowings can be reconciled as follows:

	31 December 2019 £000s	31 December 2018 £000s
Lease liabilities	44,640	-
Term loan	13,500	19,500
RCF	53,498	51,573
Capitalised fees, net of amortised amount	(510)	(732)
	111,128	**70,341**

8. Equity

Share capital

Allotted, called up and fully paid:

	31 December 2019		31 December 2018	
	No'000	**£000s**	**No'000**	**£000s**
Ordinary shares as at 1 January and 31 December (1/14th pence)	118,303	**84**	118,303	**84**
Deferred shares of £1.00 each	100	**100**	100	**100**
	118,403	**184**	**118,403**	**184**

Share Purchases

As detailed in note 9, during the period the Group's Employee Benefit Trust purchased an aggregate amount of 467,400 shares at a total market value of £3,602,000. The purchased shares will be held for the purpose of satisfying the exercise of share options under the Company's Employee Share Option Plan.

In March 2019, 2.1 million outstanding share options held by GlobalData employees vested in accordance with the EBITDA target being satisfied under Tranche 2a and approved by the Remuneration Committee. The Group satisfied all of the share options exercised using the shares held by the Trust. Movements to the Treasury reserve, Share premium account and Retained earnings have arisen on the accounting for the vesting of the options as detailed in the Statement of Changes in Equity. This recognises the fact that no current year expense is incurred, as the vesting of options is a transaction with shareholders only.

Capital management

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern
- To fund future growth and provide an adequate return to shareholders and, when appropriate, distribute dividends

The capital structure of the Group consists of net debt, which includes borrowings (note 7) and cash and cash equivalents, and equity.

The Company has two classes of shares. The ordinary shares carry no right to fixed income and each share carries the right to one vote at general meetings of the Company.

The deferred shares do not confer upon the holders the right to receive any dividend, distribution or other participation in the profits of the Company. The deferred shares do not entitle the holders to receive notice of or to attend and speak or vote at any general meeting of the Company. On distribution of assets on liquidation or otherwise, the surplus assets of the Company remaining after payments of its liabilities shall be applied first in repaying to holders of the deferred shares the nominal amounts and any premiums paid up or credited as paid up on such shares, and second the balance of such assets shall belong to and be distributed among the holders of the ordinary shares in proportion to the nominal amounts paid up on the ordinary shares held by them respectively.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all its issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Board Terms of Reference, copies of which are available on request.

Dividends
The final dividend for 2018 was 7.5p per share and was paid in April 2019. The total dividend for the current year was 15.0 pence per share, with an interim dividend of 5.0 pence per share paid on 3 October 2019 to shareholders on the register at the close of business on 30 August 2019 and a final dividend of 10.0 pence per share will be paid on 26 April 2020 to shareholders on the register at the close of business on 27 March 2020. The ex-dividend date will be on 26 March 2020.

Share Premium
Proceeds received in addition to the nominal value of shares issued have been included in the Share premium account. The increase to the Share premium account in 2019 relates to the vesting of share options (note 9).

Merger reserve
The merger reserve contains the premium on the shares issued in consideration for the purchase of GlobalData Holding Limited in 2016 and the premium on the shares issued in consideration for the purchase of Research Views Limited and its subsidiaries in 2018.

Treasury reserve
The treasury reserve contains shares held in treasury by the Group and in the Group's Employee Benefit Trust for the purpose of satisfying the exercise of share options under the Company's Employee Share Option Plan.

Other reserve
Other reserves consist of a reserve created upon the reverse acquisition of the TMN Group Plc in 2009. The parent company reserve differs from this due to the restatement of consolidated reserves at the time of the reverse acquisition. The parent company other reserve was generated in 2008 upon the issue of shares to fund acquisitions.

Foreign currency translation reserve
The foreign currency translation reserve contains the translation differences that arise upon translating the results of subsidiaries with a functional currency other than Sterling. Such exchange differences are recognised in the income statement in the period in which a foreign operation is disposed of.

9. Share based payments

Scheme 1
The Group created a share option scheme during the year ended 31 December 2010 and granted the first options under the scheme on 1 January 2011 to certain senior employees. Each option granted converts to one ordinary share on exercise. A participant may exercise their options subject to employment conditions and EBITDA targets being met. For these options to be exercised the Group's earnings before interest, taxation, depreciation and amortisation, as adjusted by the Remuneration Committee for significant or one-off occurrences, must exceed certain targets. The fair values of options granted were determined using the Black-Scholes model. The inputs used in the model were:

- share price at date of grant
- exercise price
- time to maturity
- annual risk-free interest rate and;
- annualised volatility

The following assumptions were used in the valuation:

Award Tranche	Grant Date	Fair Value of Share Price at Grant Date	Exercise Price (Pence)	Estimated Forfeiture rate p.a.	Weighted Average of Remaining Contractual Life (Years)
Award 1	1 January 2011	£1.089	0.0714p	0%	1.0
Award 3	1 May 2012	£1.866	0.0714p	0%	1.0
Award 4	7 March 2014	£2.550	0.0714p	0%	1.0
Award 6	22 September 2014	£2.525	0.0714p	0%	1.0
Award 7	9 December 2014	£2.075	0.0714p	0%	1.0
Award 8	31 December 2014	£2.025	0.0714p	0%	1.0
Award 9	21 April 2015	£1.980	0.0714p	0%	1.0
Award 10	28 September 2015	£2.420	0.0714p	0%	1.0
Award 11	17 March 2016	£2.380	0.0714p	0%	1.0
Award 12	17 March 2016	£2.380	0.0714p	0%	1.0
Award 13	21 October 2016	£4.300	0.0714p	0%	1.0
Award 14	21 March 2017	£5.240	0.0714p	0%	1.0
Award 15	21 March 2017	£5.240	0.0714p	0%	1.0
Award 16	21 March 2017	£5.240	0.0714p	0%	1.0
Award 17	21 September 2017	£5.540	0.0714p	0%	1.0
Award 18	20 March 2018	£5.910	0.0714p	0%	1.0
Award 19	20 March 2018	£5.910	0.0714p	0%	1.0
Award 20	23 October 2018	£5.270	0.0714p	0%	1.0
Award 21	23 October 2018	£5.270	0.0714p	0%	1.0
Award 22	23 October 2018	£5.270	0.0714p	0%	1.0
Award 23	19 March 2019	£5.860	0.0714p	0%	1.0
Award 24	22 October 2019	£8.189	0.0714p	0%	1.0

Awards 2 and 5 have been fully forfeited.

The estimated forfeiture rate assumption is based upon management's expectation of the number of options that will lapse over the vesting period. The assumptions were determined when the scheme was set up in 2011 and are reviewed annually. Management believe the current assumptions to be reasonable based upon the rate of lapsed options and proximity to the vesting targets.

Each of the awards are subject to the vesting criteria set by the Remuneration Committee. In order for the remaining options to be exercised, the Group's earnings before interest, taxation, depreciation and amortisation, as adjusted by the Remuneration Committee for significant or one-off occurrences, must exceed targets of £41million and £52 million respectively (2018: £32 million, £41million and £52 million respectively).

	Group Achieves £10m EBITDA	Group Achieves £32m EBITDA	Group Achieves £41m EBITDA	Group Achieves £52m EBITDA
Award 1-4	20% Vest	20% Vest	20% Vest	40% Vest
Award 6	N/a	25% Vest	25% Vest	50% Vest
Award 7	N/a	20% Vest	20% Vest	60% Vest
Award 8	N/a	25% Vest	25% Vest	50% Vest
Award 9	N/a	20% Vest	20% Vest	60% Vest
Award 10	N/a	N/a	N/a	100% Vest
Award 12	N/a	17.5% Vest	17.5% Vest	65% Vest
Award 13	N/a	17.5% Vest	17.5% Vest	65% Vest
Award 14	N/a	17.5% Vest	17.5% Vest	65% Vest
Award 15	N/a	12.5% Vest	12.5% Vest	75% Vest
Award 16	N/a	25% Vest	25% Vest	50% Vest

Award 17	N/a	10% Vest	10% Vest	80% Vest
Award 18	N/a	10% Vest	10% Vest	80% Vest
Award 19	N/a	N/a	N/a	100% Vest
Award 20	N/a	N/a	N/a	100% Vest
Award 21	N/a	N/a	14% Vest	86% Vest
Award 22	N/a	N/a	33% Vest	67% Vest
Award 23	N/a	N/a	10% Vest	90% Vest
Award 24	N/a	N/a	N/a	100% Vest

Award 11 relates to options awarded to Chairman, Bernard Cragg during 2016. Half of these options vested on 31 January 2019 and the remaining half will vest on 31 January 2021.

The total charge recognised for the scheme during the twelve months to 31 December 2019 was £10,882,000 (2018: £5,679,000). The awards of the scheme are settled with ordinary shares of the Company.

During the period the Group purchased an aggregate amount of 467,400 shares at a total market value of £3,602,000. The purchased shares will be held in treasury and in the Group's Employee Benefit Trust for the purpose of satisfying the exercise of share options under the Company's Employee Share Option Plan.

Reconciliation of movement in the number of options is provided below.

	Option price (pence)	**Number of options**
31 December 2018	1/14th	10,808,861
Granted	1/14th	736,440
Exercised	1/14th	(2,059,188)
Forfeited	1/14th	(632,231)
31 December 2019	1/14th	**8,853,882**

The following table summarises the Group's share options outstanding at each year end:

Reporting date	**Options outstanding**	**Option price (pence)**	**Remaining life (years)**
31 December 2011	5,004,300	1/14th	3.7
31 December 2012	4,931,150	1/14th	4.3
31 December 2013	4,775,050	1/14th	3.3
31 December 2014	8,358,880	1/14th	2.5
31 December 2015	7,557,840	1/14th	2.5
31 December 2016	9,450,183	1/14th	3.2
31 December 2017	10,621,857	1/14th	2.2
31 December 2018	10,808,861	1/14th	1.4
31 December 2019	**8,853,882**	**1/14th**	**1.0**

In March 2019, 2.1 million outstanding share options held by GlobalData employees vested in accordance with the EBITDA target being satisfied under Tranche 2a and approved by the Remuneration Committee at a strike price of £6 per share. The Group satisfied all of the share options exercised using the shares held by the Trust. Movements to the Treasury reserve, Share premium account and Retained earnings have arisen on the accounting for the vesting of the options as detailed in the Statement of Changes in Equity. This recognises the fact that no current year expense is incurred, as the vesting of options is a transaction with shareholders only.

The Remuneration Committee received notification from the Audit Committee that the quality of Adjusted EBITDA in 2019 of £44.6 million was sufficient to satisfy the target under Tranche 2b of £41 million. The employees who have share options dependent on the meeting of the £41 million target will therefore receive the opportunity to vest their options following the publication of the results.

Scheme 2

In October 2019 the Group created and announced a new share option scheme and granted the first options under the scheme on 31 October 2019 to certain senior employees. Each option granted converts to one ordinary share on exercise. A participant may exercise their options subject to employment conditions and performance targets being met. For these options to be exercised the Group's share price must reach certain targets. The fair values of options granted were determined using the Monte Carlo method. The inputs used in the model were:

- grant date
- vesting date
- performance start and end date
- expected term
- risk free rate
- dividend yield
- volatility and;
- share price at date of grant

The awards shall vest based upon the following performance conditions being satisfied:

- 100% of the shares subject to the award will vest provided the compounded annual growth in the Group's TSR performance over the 5-year performance period is equal to or exceeds 16% per annum compounded (the "5-Year TSR Target").
- The 5-Year TSR Target will be measured by taking a base-line price per share of 830p and comparing it to the sum of the average closing price of a share derived from the 'official list' over the period 20 trading days commencing on the business day on which the Group announces its annual results for the period ending 31 December 2024 and all dividends paid during the performance period.

To the extent that the 5-year TSR Target has not been met, the award will not vest. If any of the events pursuant to the rules covering 'takeovers and other corporate events' occur during the performance period or prior to the vesting date, awards shall vest as follows:

- Where the 5-year TSR Target has been met at the date of the relevant event, 100% of the awards shall vest.
- Where the 5-year TSR Target has not been achieved, but a 16% compound annual TSR has been met over the period from the commencement of the performance period, awards shall vest on a pro-rata basis to reflect the proportion of the performance period which has elapsed, although the Company shall have discretion to waive such time pro-rating if they consider it appropriate.

The following assumptions were used in the valuation:

Award Tranche	Grant Date	Fair Value of Share Price at Grant Date	Exercise Price (Pence)	Estimated Forfeiture rate p.a.	Weighted Average of Remaining Contractual Life (Years)
Award 1	31 October 2019	£3.05	0.0714p	0%	5.0

The estimated forfeiture rate assumption is based upon management's expectation of the number of options that will lapse over the vesting period, and are reviewed annually. Management believe the current assumptions to be reasonable.

The total charge recognised for the scheme during the twelve months to 31 December 2019 was £134,000 (2018: nil). The awards of the scheme are settled with ordinary shares of the Company.

Reconciliation of movement in the number of options is provided below.

	Option price (pence)	Number of options
31 December 2018	1/14th	-
Granted	1/14th	1,400,000
31 December 2019	1/14th	**1,400,000**

The following table summarises the Group's share options outstanding at each year end:

Reporting date	**Options outstanding**	**Option price (pence)**	**Remaining life (years)**
31 December 2019	1,400,000	1/14th	5.00

10. Acquisitions

AROQ Limited
On 4 January 2019, the Group acquired the entire share capital of the AROQ Limited Group for cash consideration of £7.5 million. AROQ provides global data, analytics, and insights in the auto, drinks, food and style sectors.

The amounts recognised for each class of assets and liabilities at the acquisition date were as follows:

Intangible assets consisting of:	**Carrying Value £000s**	**Fair Value Adjustments £000s**	**Fair Value £000s**
Brand	-	329	**329**
Customer relationships	-	967	**967**
Intellectual property and content	-	1,896	**1,896**
Net assets acquired consisting of:			
Property, plant and equipment	550	-	**550**
Cash and cash equivalents	648	-	**648**
Trade and other receivables	780	(97)	**683**
Trade and other payables	(1,495)	-	**(1,495)**
Corporation tax payable	(43)	-	**(43)**
Deferred tax	(33)	(529)	**(562)**
Fair value of net assets acquired	**407**	**2,566**	**2,973**

The goodwill recognised in relation to the acquisition is as follows:

	Fair Value £000s
Consideration	7,532
Less net assets acquired	(2,973)
Goodwill	**4,559**

The goodwill that arose on the combination can be attributed to the assembled workforce, know-how and research methodology.

The Group incurred legal expenses of £9,000 in relation to the acquisition which were recognised in other expenses. In the period from acquisition to 31 December 2019 the trade of AROQ Limited generated revenues of £2.6 million and EBITDA of £0.7 million.

In January 2019, the Group also paid £1.3 million for the purchase of the remaining shares held by a minority interest within Sportcal Limited, a subsidiary of the Group. The acquisition was accounted for and the purchase price was accrued for as at 31 December 2018.

Cash Cost of Acquisitions
The cash cost of acquisitions comprises:

	31 December 2019 £000s
Acquisition of AROQ Limited:	
Cash consideration	7,532
Cash acquired as part of opening balance sheet	(648)
Acquisition of Sportcal Minority Shareholding	1,316
Acquisition of Global Ad Source: funds returned	(68)
	8,132

11. Related party transactions

Mike Danson, GlobalData Plc's Chief Executive, owns 66.8% of the Company's ordinary shares as at 23 February 2020. Mike Danson owns a number of businesses that interact with GlobalData Plc. The principal transactions, which are all conducted on an arm's length basis, are as follows:

Accommodation
GlobalData Plc rents three buildings from Estel Property Investments Limited, a company wholly owned by Mike Danson. The total rental expense (net of sub-lease income), including service and management fees, in relation to the buildings owned by Estel Property Investments for the year ended 31 December 2019 was £2,719,700 (2018: £2,551,900). In addition, GlobalData Plc sub-leases office space to other companies owned by Mike Danson.

Corporate support services
Corporate support services are provided to and from other companies owned by Mike Danson, principally finance, human resources, IT and facilities management. These are recharged to companies that consume these services based on specific drivers of costs, such as proportional occupancy of buildings for facilities management, headcount for human resources services, revenue or gross profit for finance services and headcount for IT services. The net recharge made from GlobalData Plc to these companies for the year ended 31 December 2019 was £556,100 (2018: £490,400).

Loan to Progressive Trade Media Limited
As part of the 2016 disposal of non-core B2B print businesses to a related party, the Group agreed to issue a loan to Progressive Trade Media Limited to fund the purchase consideration. This loan is for £4.5 million and repayable in 5 instalments, with the next instalment due in January 2021 (third instalment received in February 2020). Interest of 2.25% above LIBOR is charged on the loan, with £87,000 charged in the year ended 31 December 2019 (2018: £117,000).

Directors and Key Management Personnel
The remuneration of Directors is discussed within the Directors' Remuneration Report within the Annual Report and Accounts for the year ended 31 December 2019.

Amounts outstanding
The Group has taken advantage of the exemptions contained within IAS 24 - Related Party Disclosures from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation. The amounts outstanding for other related parties were:

GlobalData.

Non-Trading Balances

Amounts due in greater than one year:

	31 December 2019 £000s	31 December 2018 £000s
Progressive Trade Media Limited	1,850	2,775
	1,850	**2,775**

Amounts due within one year:

	31 December 2019 £000s	31 December 2018 £000s
Progressive Trade Media Limited	925	925
	925	**925**

Trading Balances

Amounts due within one year:

	31 December 2019 £000s	31 December 2018 £000s
Compelo Group (and subsidiaries)	-	(1)
	-	**(1)**

The Group has right of set off over the trading balances held with companies related by virtue of common ownership by Mike Danson.