

Getech Group plc
(“Getech” or “the Company” and with its subsidiaries “the Group”)

Final Results for the 12 months ended 31 December 2020

The Getech Group (AIM; GTC) announces its Final Results for the 12 months ended 31 December 2020.

Highlights

Accelerating progress to global net-zero by supporting customers in the optimisation of existing, and delivery of new, energy assets and strategic mineral resources.

Covid-19 and customer activity update

- In 2020 Getech balanced risk management with business development in zero-carbon energy.
- Covid-19 has created a challenging business environment, 2020 customer budgets reduced by c35%.
- Getech’s orderbook, annualised recurring revenue and customer relationships remained robust, but revenue declined as customers cut back project work, which also impacted data sales.
- The move to home working was smooth; projects continue to be delivered on time and to cost.
- Actions implemented from 1 May 2020 reduced monthly Group costs by c26%.
- Getech retains further cost flexibility and has maintained the capacity to deliver its orderbook and the resources needed to maximise the impact of its sales conversations and new business activities.

2020 financial highlights

- Revenue £3.6 million (2019: £6.1 million)
- Gross margin 53%, protected by cost management initiatives (2019: 58%, adjusted)
- Orderbook remained strong £2.7 million at 31 December 2020 (31 December 2019: £3.1 million)
- Annualised Recurring Revenue £2.1 million at 31 December 2020 (31 December 2019: £2.3 million)
- Total cost base 20% below 2019 (2020: £5.1 million; 2019: £6.4 million)
- Adjusted* EBITDA £0.5 million loss (2019: £0.9 million profit)
- Net cash at 31 December 2020 £1.4 million (31 December 2019: £2.7 million)

Beyond 2020 - delivering diversified growth

- Getech is using its earth science and geospatial expertise to accelerate progress to global net-zero, by supporting its customers in the optimisation of existing, and delivery of new, energy assets and strategic mineral resources.
- For existing customers this means helping identify the highest value/lowest carbon-impact petroleum assets, whilst also utilising Getech’s skills and technologies to support their net-zero asset investment.
- This work connects Getech with a wider group of net zero customers, with whom the Company is beginning to build a more diversified baseline of product and service sales.
- Getech’s commitment to this path is underlined by the Company joining the United Nations’ Race to Zero campaign - Getech’s pledge is to be carbon-neutral by 2030.
- Getech will deliver this through the application of its products and skills, and by direct decarbonisation steps - taking targeted equity exposures in emergent carbon neutral value chains.
- In April 2021 Getech raised £6.25 million through a Placing, Subscription and Open Offer of shares.
- This will be used to grow and diversify Getech’s activities across the zero-carbon economy, with particular focus on the green hydrogen, carbon capture, geothermal and strategic minerals sectors.
- Our focus is on activities that are essential, repeatable and strongly scalable.
- We will measure success through our carbon-neutral goal, our profit and the creation of asset value.
- In March 2021 Getech completed its first project investment - acquiring H2 Green, a data-led business that is using Getech’s location analytics to establish a national network of green hydrogen hubs.

* Adjusted for exceptional items as detailed in the financial review

- Getech is also aligning its Board to these areas of focus – appointing a new Chairman and new NEDs. This brings expertise in clean technologies, zero-carbon investment, ESG and business scale up.
- Getech’s Board is excited by the opportunities ahead and values the continued support of the Company’s shareholders, customers and business partners.

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Chairman and CEO statement

Getech provides data, knowledge, software and analytical products and services to help governments and investors locate and manage new energy and mineral resources and to optimise their development. Our mission is to accelerate progress to global net zero by supporting our customers in the optimisation of existing, and the delivery of new, energy assets. We do this through the application of our extensive earth science and geospatial skills to the transitioning primary energy sector, in particular targeting growth across green hydrogen, carbon capture, geothermal energy and the mining of strategic minerals.

Our market

In the 15 years since joining AIM, Getech has continually provided products and services to many international oil and gas companies and governments. We have developed a reputation for technical excellence, which is built on Getech’s unique product Intellectual Property. From this we have built a strong financial and operational platform, underpinned by a robust orderbook and annualised recurring revenues.

As the world is transitioning towards net zero, petroleum exploration activity has declined and demand for alternative sources of energy has increased. These trends have been accelerated by the Covid-19 pandemic and provide numerous growth opportunities for the Group.

Getech’s role in the path to net zero

The transition to a net zero economy is an unprecedented challenge. As the world seeks to decarbonise, this will require the replacement of more than 50% of the world’s energy infrastructure and new supplies of rare earths and other metals. We see the global energy mix of our future as being built with many different renewable energy technologies, delivered through a distributed architecture. This presents a huge opportunity for Getech and our overarching goal is to build a portfolio of products, services and assets under management that build value and provide long-term sustainable cash flows.

Our commitment to this cause is demonstrated by our membership of the United Nations’ Race to Zero campaign – Getech’s pledge being to be carbon neutral by 2030.

Our existing energy customers

In the near-term, our business plan is to continue to service our existing energy customers. We will do this by optimising the value and sustainability of their petroleum portfolios, whilst also supporting their diversification into zero carbon assets and technologies.

While customer sentiment remains relatively subdued in comparison with the pre-Covid-19 environment, it is encouraging to see some momentum returning. In Q1 2021, this was evidenced by new data sales and service work, both of which were largely absent in H2 2020. Existing customers are also renewing their software licences, all of which is helping to build the orderbook and increase recurring revenues.

Through our current work, we also naturally engage with a wider group of new zero carbon customers, from whom we are already beginning to secure product sales, and winning service work.

Across all customers we deploy our skills in ways similar to how our earth scientists and geospatial experts have traditionally worked with oil and gas assets, namely:

- Where in the world will we find the resources required for the energy transition?
- Who can help us develop these resources?
- How do we optimise development and production?
- How do we operate these new projects?

Sector focus

We concentrate our business development work on activities that we consider to be essential, repeatable and strongly scalable. Sectorally, our knowledge and geospatial skills are best suited identifying economically privileged and environmentally sustainable locations for:

- Geothermal assets - baseload energy that can be utilised to produce heat and power.
- Strategic minerals - deposits of rare earth and battery metals such copper and lithium.
- Carbon capture and storage - the conditions required to deliver safe long-term storage.
- Green hydrogen - utilising excess renewable energy to create hydrogen hubs.

We are excited to have already won new business in geothermal and have continued this momentum in announcing business collaborations in geothermal and hydrogen.

Investing for growth

To progress these sector focus areas, in April 2021 Getech successfully raised £6.25 million through a share Placing, Subscription and Open Offer. Since the completion of this fundraise, our priority has been to reorganise and focus our team on these exciting developing sectors, as we resource and commence our expanded program of investment.

Domain experts are being appointed to lead business development and product and service delivery in these new sector groupings. We are focused on identifying people who share our passion for a zero carbon future, who are established experts in their fields, with both a track record in business scale up and the delivery of commercial success in the green economy.

We are also reshaping the Non-Executive skills of our Board. Since the appointment of a new Board Chair, we have recruited a new Audit Chair designate who brings in-depth knowledge of clean technologies, renewable energy finance, strategic minerals, and environmental, social and governance (ESG).

Our ongoing program of investment focuses on repurposing our existing products and services to address further opportunities in the energy transition. We are also building partnerships and broadening our offering to include assistance in the technical and financial development of zero carbon assets.

By providing our customers with an integrated technical and commercial overview of their development portfolios and by expanding our work into emergent energy value chains, Getech can capture direct exposure to the value that our skills and technologies create at the asset level. This asset exposure brings our shareholders transformative potential, which can be delivered at low incremental capital costs.

We took our first step on this path in March 2021, when we exercised our option to purchase H2 Green Limited. H2 Green is a UK developer of hydrogen hubs, which we intend to use as a foundation to develop a portfolio of hydrogen projects. The Company is focused on establishing its first cash producing hydrogen assets, and has already entered into a notable agreement with UK gas distributor SGN Commercial Services with the aim of developing hydrogen hubs utilising their land portfolio. The company has also notably signed a Letter of Intent with Element 2, a Hydrogen fuel retailer, to supply green hydrogen to its refuelling stations.

As part of our ambitious, long-term growth strategy, we are focussed on identifying further value-enhancing partnerships and initiatives over the months and years ahead.

Our role in the energy transition

Getech's role in the Energy Transition is not to compete with industry mega projects that are currently being announced. Instead, we intend to use our earth science and geospatial expertise to identify and help develop economic zero carbon projects that will become part of a distributed energy system.

In addition, our strategy is not only to help our customers identify and develop zero carbon energy assets, but also to participate in the projects and become wherever possible co-owners, managers and/or service providers. We believe that such a portfolio of assets will increase the net asset value of the company and, with the recurring profits that result, substantially increase shareholder value. In aggregate, this could become a substantial energy business.

Outlook

With clear strategic focus, strong balance sheet, and new team members aligned with our vision, we are very excited about the outlook and growth prospects for Getech. 2021 will be about continuing to service our current petroleum customers whilst building on our foundations for growth in the green hydrogen, carbon capture, strategic minerals and geothermal sectors. Similar to our early steps into the hydrogen sector, we also see the potential for acquisitions within geothermal and strategic minerals as a path to both accelerate the build-out of our offering and to provide access to operating projects. We also expect to announce further product developments as we expand our offering further into these areas.

We look forward to keeping our shareholders abreast of developments as we identify further growth opportunities within the energy transition.

We would like to thank our employees and fellow board members for their continued dedication to the Company, helping Getech perform robustly in what has been a very challenging period.

Richard Bennett: "It is a pleasure to become chairman of Getech at this inflection point in the development of the Group, as we apply our core geoscience skills and geospatial services to the energy transition and contribute to the decarbonisation of the world's energy systems."

Richard Bennett
Chairman

Jonathan Copus
CEO

Operations review

Getech's core value proposition combines our Geoscience and Geospatial expertise to provide unique insight for our energy sector customers.

In an energy market that is transitioning to deliver a decarbonised and decentralised primary energy system, the application of Getech's combination of skills and technologies opens a wide front of commercial opportunity to the Group. In 2020 we embraced these changes by continuing to evolve our solutions for our core petroleum markets, whilst also accelerating our plans to diversify into other energy and natural resource markets - including Mining, Geothermal and Hydrogen.

One of the foundations of our **Petroleum** offerings is our market leading Gravity and Magnetic (G&M) expertise. Through 2020, sales of data and related services declined as our customers reduced their levels of project-based work. Getech responded to this by focusing our staff's time on enhancing and broadening our offering. In 2020, we completed and released 'Multi-Sat 2020' - a major new gravity data product that integrates information from the latest satellites with innovative processing methods to create the most accurate, reliable and coherent gravity data for all offshore areas, providing resolution comparable to regional 2D shipborne solutions.

We also further enhanced our flagship earth modelling product, Globe, with the release of 'Globe 2020', which delivered new information, analytic tools and additional usability features, including an initial version for ArcGIS Pro, Esri's latest desktop GIS application. Our work to re-position Globe for the evolving petroleum market were further rewarded in 2020 when we secured a new super-major customer and high renewal rates for existing subscribers and those on multi-year licence agreements.

Elsewhere in petroleum, our GIS Software team completed releases that delivered significant enhancements to our software's data integration, exploration prospectivity analysis and onshore shale gas/oil well pad & lateral planning capabilities. As with Globe, software renewal rates through 2020 remained high and we were able to add several new customers through the year.

In addition, we continued to successfully deliver on a wide variety of oil and gas GIS services contracts, including the completion of our first significant GIS implementation project in the pipeline sector. That these products and services projects were delivered to customers on time and within budget was a notable achievement given the migration to home working caused by Covid-19 from March 2020.

Alongside our work in petroleum, through 2020 we focussed on better understanding how our core products were being used in the **Mining** sector. As a result of this, we were able to leverage both our G&M expertise and Globe to help customers deliver Copper and Lithium exploration projects – both essential strategic minerals for the Energy Transition. As a result of these project successes, we commenced planning additional workstreams for further expansion into the Mining market, and work is now well underway in 2021.

Our innovation and market diversification work also identified **Geothermal** as a potentially untapped market for Getech. Through a combination of our G&M, geoscience and GIS expertise we developed the concept of the 'Heat Seeker' solution – a tool for locating potential geothermal resource sites within reach of readily available customer markets for heat or power. As we planned the work likely to be necessary for developing a Heat Seeker prototype, we also built a network of contacts within the Geothermal market and established strategic relationships to assist our work – one result of which was Getech becoming a member of the International Geothermal Association (IGA) in March 2021, an organisation that we continue to work in partnership with through 2021.

In 2020 we drove further diversification by entering the **Hydrogen** sector through our relationship with H2 Green, securing an exclusive option to acquire the business in November 2020. Early in our discussions with H2 Green we recognised that a key component of our joint value proposition was Getech’s expertise in GIS and geospatial location analytics. These skills were key to enabling H2 Green to identify and rank multiple site locations across the UK as it developed and optimised its portfolio of green hydrogen opportunities. The success of this approach led to the acquisition of H2 Green in 2021 and the delivery of additional phases of location analysis in support of identifying further green hydrogen site locations.

Finally, our group-wide **Innovation** team, established in 2019, continued through 2020 with its remit to research and develop cross-discipline opportunities for new markets, capabilities, partnerships, products, and services. In 2020 our innovation work focussed on assessing opportunities within the geothermal and mining domains; applying machine learning to our Globe and G&M products to create new insight; further investigating the concepts of IoT and Digital Twins to feed geospatial projects; and developing solutions to enable organisations to analyse their CO2 emission sources and assess alternative greener energy supply as part of their energy transition requirements.

Chris Jepps
Chief Operating Officer

Financial review

In 2020 the Covid-19 pandemic cast a shadow over the global economy.

The impact of Covid-19 compounded macroeconomic and investment themes that since 2014 have led to volatility and uncertainty in both oil prices and the levels of petroleum exploration spending. Brent averaged \$42/bbl (2019: \$64/bbl) and long-dated crude prices traded around the mid-\$40/bbl, down from mid-\$50/bbl in 2019. The impact of climate change has also continued to move up the social agenda, placing the Energy Transition firmly on the strategic roadmap of Getech and our customers.

To protect the Group against these dynamics, since 2016 management has focused on building Getech’s foundation of recurring revenue and orderbook. Between 2017 and 2019 this focus grew Getech’s annualised recurring revenue by 53% and orderbook by 197%. In 2020, in the face of unparalleled business disruption, Getech’s orderbook, recurring revenue and customer relationships have all proved to be robust. Annualised recurring revenue totalled £2.1m at 31 December 2020 (31 December 2019: £2.3m) and order book totalled £2.7m at 31 December 2020 (31 December 2019: £3.1m).

Looking forward, Getech is also focused on the delivery of diversified transformational growth, with particular focus on the mining, hydrogen and geothermal sectors.

To aid in the analysis of Getech’s underlying financial performance, the table below sets out key reported figures from the financial statements and the equivalent figure adjusted for exceptional items, detailed in footnote 1.

Table 1 – Financial summary	2020		2019	
	Reported (audited) £’000	Adjusted ⁽¹⁾ (unaudited) £’000	Reported (audited) £’000	Adjusted ⁽¹⁾ (unaudited) £’000
Revenue	3,563	3,563	6,058	6,058
Gross margin	53%	53%	64%	58%
EBITDA	(601)	(486)	(1,935)	872

Table 1 – Financial summary	2020		2019	
	Reported (audited) £'000	Adjusted ⁽¹⁾ (unaudited) £'000	Reported (audited) £'000	Adjusted ⁽¹⁾ (unaudited) £'000
Operating loss	(1,774)	(1,659)	(3,091)	(284)
Loss after tax	(1,644)	(1,529)	(3,088)	(281)
Earnings per share	(4.38)p	(4.07)p	(8.22)p	(0.75)p
Cash (outflow)/inflow from operations (before W/C adjustments)	(516)	(516)	934	934
Development costs	(902)	(902)	(1,108)	(1,108)
Net (decrease)/increase in cash	(1,311)	(1,311)	2,154	2,154
Cash and cash equivalents	2,192		3,554	
Net cash	1,358		2,700	

(1) Exceptional items

During the year, Getech incurred costs totalling £115,000 in relation to restructuring the business. In 2019 there were exceptional items relating to cost of sales and administrative expenses.

Operating results

Revenue

Despite remote working throughout most of the year, Getech remained close to its customers through a broad and innovative program of online engagement.

This was rewarded by a high renewal rate on our subscription revenues. Annualised recurring revenue totalled £2.1m at 31 December 2020 (31 December 2019: £2.3m). Getech's orderbook was also robust, totalling £2.7m at 31 December 2020 (31 December 2019: £3.1m).

The Group did however see a drop in revenue, driven by our customers' reducing their levels of short-term project work, which also drove lower sales of off-the-shelf data. This resulted in an overall reduction in revenue from £6.1m in 2019 to £3.6m in 2020. This can be seen in the analysis of revenue by timing of recognition, where 'point in time' products revenue fell from £2.41m in 2019 to £0.48m in 2020, whereas products revenue over time (from subscriptions) increased from £1.96m in 2019 to £2.13m in 2020.

Gross margin before exceptional items

A large proportion of Getech's cost of sales are invariable, however Gross margin for the year was protected from the decrease in revenue by cost saving measures that the Group announced in May 2020. Overall gross margin was 53% for 2020, compared to 58% in 2019, adjusted. The products margin remained strong at 72% compared to 76% in 2019.

Getech's Services division returned to profit in 2019 and in 2020 the Group maintained a small gross profit, with a Services gross margin of 2% (2019: 8% margin). Getech continues to target a return to a 25% margin for the Services division in the mid-term.

Table 2 – Gross margin by reporting segment	2020		2019	
	Products £'000	Services £'000	Products £'000	Services £'000
Revenue	2,602	962	4,324	1,636
Cost of sales	(740)	(942)	(1,025)	(1,506)
Gross profit	1,862	20	3,299	130
<i>Gross margin</i>	<i>72%</i>	<i>2%</i>	<i>76%</i>	<i>8%</i>

Administrative costs

Administrative expenses include £1,173,000 of depreciation and amortisation charges. Excluding these charges and exceptional items and restructure costs, administrative expenses totalled £2,378,000; a 12% decrease (2019: £2,685,000). This reflects the net impact of cost saving measures that the group took in May 2020, the expression of which was partially diluted in the total administrative cost figure by fixed overhead costs such as rental, rates and subscription costs. In 2021 Getech has sub-let the London office, reducing fixed overhead costs.

Cost base analysis

Getech took significant cost saving measures in May 2020 as a result of the Covid pandemic and the impact of our Oil and Gas customers cutting their capex budgets by c35%. These measures included a small reduction in headcount, savings on travel and conference costs, utilisation of the government Furlough scheme in the UK and PPP scheme in the US. Staff also agreed to temporary salary reductions, ranging from 20% for Getech's board to 8% for most other staff.

As a result, the monthly Group cost base was reduced by 26%, and the Group cost base for 2020 as a whole was 20% lower than the cost base for 2019 (excluding restructuring costs and exceptional items).

The table below reconciles our cost base to the financial statements.

Table 3 - Cost base reconciliation	% variance	2020	2019
		£'000	£'000
Cost of sales		1,681	2,532
Development costs capitalised		902	1,108
Administrative costs		3,551	3,809
Payment of lease liabilities		136	71
Depreciation and amortisation charges		(1,173)	(1,156)
Exchange adjustments		6	(2)
Movement on provisions		—	—
Cost base, excluding exceptional items	(20)%	5,103	6,362

Cost base is measured as: cost of sales, administrative costs, development costs capitalised and payment of lease liabilities, less depreciation and amortisation, and adjusted for movement in work in progress, non-cash foreign exchange adjustments.

EBITDA

A lower cost base and continued investment in the drivers of recurring revenue has limited the impact of lower revenue on EBITDA. Adjusted EBITDA totalled a £496,000 loss (2019: £872,000 profit).

Income tax

To help our customers understand and resolve their exploration and operational challenges requires Getech undertaking pioneering research and development. Against the cost of this work we obtained corporation tax relief, and subsequently realised a tax credit relating to the current year of £174,000 (2019: £53,000 credit).

Getech reported a loss after tax, adjusted for exceptional items and restructuring costs of £1,529,000 (2019: £281,000 loss).

Operating cash flows

Before working capital adjustments Getech's cash outflow from operations was £516,000 (2019: £934,000 inflow), this included restructuring costs of £115,000 paid during 2020.

Changes in working capital

In 2020 there was an overall net positive working capital movement of £248,000. As a result of Covid restrictions, Getech experienced delays in receipt of payment from several customers; at the year-end, receivables overdue by more than 3 months totalled £184,000 (2019: £nil), and deferred subscription invoices totalled £271,000. In early 2021, these positions were quickly resolved, however they negatively impacted working capital movement in the year and year-end cash balance by £455,000.

In 2019 there was net positive working capital movement of £2,525,000, this was largely due to the timing of product sales towards the end of 2018, for which cash was received in early 2019.

Investment and Capital Expenditure

In line with the Group's strategy to invest and enhance its product offering, Getech broadly maintained its development expenditure on Globe and Software in 2020, totalling £902,000 (2019: £1,108,000). Having successfully completed a £6.25m equity raise in H1 2021, Getech expects to increase investment in its products during 2021 as part of its strategy of diversified growth.

Financing

In April 2020, due to the uncertainties arising from Covid and a low Oil Price, Getech took a 12-month capital repayment holiday on its loan. During the year Getech made repayments against the loan facility of £20,000 (2019: £78,000). Getech recommenced capital repayments in April 2021.

Repayment of lease liabilities totalled £136,000 (2019: £71,000) and relate to the London office lease. After the year-end, in February 2021 Getech sub-leased the London office as part of its continued capital efficiency measures.

Post balance sheet events

In January 2021, Getech appointed Richard Bennett to the board as non-executive Chairman designate and Peter Stephens retired from his position as non-executive director. In April 2021, Richard assumed the position of Chairman, whilst Dr Stuart Paton stepped down from his Chairman position, Stuart remains on the board for a period of knowledge transfer.

In February 2021, Getech completed an agreement to sub-lease its London office.

On 30 March 2021, Getech shareholders approved a share placing to raise £6.25m to fund Getech's programme of growth through diversification. At the same time, the board approved the acquisition of H2 Green. Getech has agreed to pay up to £1m for H2 Green, payable in cash and shares. Milestone payments are linked to the hydrogen business achieving a number of key operational and commercial targets.

At the date of the report, H2 Green had met the first two of these milestones, resulting in up-front consideration of £250,000. Of this, £53,750 of the consideration was cash, the balance paid in shares.

In May 2021, the Group appointed Michael Covington as non-executive director. Michael is audit chair designate and will take the position of audit chair on 1 July 2021, following a period of hand-over with Dr Alison Fielding.

Liquidity and Going Concern

At the end of 2020, Getech held £2,192,000 in cash and cash equivalents (2019: £3,554,000).

Cash balances post-year-end increased significantly, Getech completing a £6.25m equity raise in April 2021, detailed above.

Getech's business activities and the factors likely to affect its future development, performance and position are set out in the Chairman's and Chief Executive's Review. The financial position of the Group, its cash flows and its liquidity position are described in the financial statements.

In making the going concern assessment, the Board of Directors has considered Group budgets and detailed cash flow forecasts to 30 June 2022. The Board has considered the sensitivity of these forecasts with regards to different assumptions about future income and costs, and various scenarios have been run on the potential impact of Covid-19.

These cash flow projections, when considered in conjunction with Getech's existing cash balances, and the cost saving measures implemented, demonstrate that the Group has sufficient working capital for the foreseeable future. Consequently, the Directors are fully satisfied that Getech is a going concern.

Andrew Darbyshire
Chief Financial Officer

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2020

	2020	2019
	£'000	£'000
Sales revenue	3,563	6,058
Cost of sales	(1,681)	(2,533)
Gross profit before exceptional items	1,882	3,525
Exceptional cost of sales	-	325
Gross profit	1,882	3,850
Administrative expenses	(3,551)	(3,809)
Fair value gains and losses	10	-
Operating (loss)/profit before exceptional administrative costs	(1,659)	41
Exceptional administrative expenses	(115)	(3,132)
Operating loss	(1,774)	(3,091)
Finance revenue	1	14
Finance costs	(45)	(64)
Loss before tax	(1,818)	(3,141)
Tax credit	174	53
Loss for the year	(1,644)	(3,088)
Other comprehensive income		
Currency translation differences on translation of foreign operations	(57)	6
Total comprehensive income for the year attributable to owners of the Parent Company	(1,701)	(3,082)
Earnings per ordinary share (EPS)		
Basic EPS	(4.38)p	(8.22)p
Diluted EPS	(4.38)p	(8.22)p

All activities relate to continuing operations.

Consolidated Statement of Financial Position

as at 31 December 2020

	2020	2019
	£'000	£'000
Non-current assets		
Goodwill	296	296
Intangible assets	3,509	3,568
Property, plant and equipment	2,716	2,906
Deferred tax asset	364	346
	6,885	7,116
Current assets		
Trade and other receivables	1,353	1,994
Tax receivable	278	136
Cash and cash equivalents	2,192	3,554
	3,823	5,684
Total assets	10,708	12,800
Current liabilities		
Short-term borrowings	85	78
Trade and other payables	1,366	1,697
	1,451	1,775
Non-current liabilities		
Long-term borrowings	750	776
Trade and other payables	282	421
Deferred tax liabilities	176	109
	1,208	1,306
Total liabilities	2,659	3,081
Net assets	8,049	9,719
Share capital	94	94
Share premium	3,053	3,053
Merger reserve	2,407	2,407
Share-based payment (SBP) reserve	251	242
Currency translation reserve	(26)	31
Retained earnings	2,270	3,892
Total equity	8,049	9,719

The financial statements of Getech Group plc (company number: 02891368) were approved by the Board of Directors and authorised for issue on 4 June 2021.

Andrew Darbyshire
Chief Financial Officer

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

	Share capital £'000	Share premium £'000	Merger reserve £'000	SBP reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total equity £'000
1 January 2019	94	3,053	2,407	183	25	6,980	12,742
Loss for the year	-	-	-	-	-	(3,088)	(3,088)
Other comprehensive income	-	-	-	-	6	-	6
Total comprehensive income	-	-	-	-	6	(3,088)	(3,082)
Transactions with owners:							
Share-based payment charge	-	-	-	59	-	-	59
31 December 2019	94	3,053	2,407	242	31	3,892	9,719
Loss for the year	-	-	-	-	-	(1,644)	(1,644)
Other comprehensive income	-	-	-	-	(57)	-	(57)
Total comprehensive income	-	-	-	-	(57)	(1,644)	(1,701)
Transactions with owners:							
Share-based payment charge	-	-	-	31	-	-	31
Transfer of reserves	-	-	-	(22)	-	22	-
31 December 2020	94	3,053	2,407	251	(26)	2,270	8,049

Consolidated Statement of Cash Flows

for the year ended 31 December 2020

	2020	2019
	£'000	£'000
Cash flows from operating activities		
Loss before tax	(1,818)	(3,141)
Finance income	(1)	(14)
Finance costs	45	64
Fair value gains and losses	(10)	-
Depreciation charge	214	216
Amortisation of intangible assets	960	940
Impairment of goodwill	-	3,132
Impairment of intangible assets	-	621
Adjustment to direct cost accruals	-	(946)
Expected credit loss provisions on loans and loan commitments	70	-
Share-based payment charge	31	59
Foreign exchange adjustments	(6)	3
Cash (outflow)/inflow from operating activities	(516)	934
Movements in working capital:		
(Increase)/decrease in trade and other receivables	600	2,861
Increase/(decrease) in trade and other payables	(352)	(336)
Cash generated from operations	(268)	3,459
Tax (paid)/received	83	37
Net cash (outflow)/inflow from operating activities	(185)	3,496
Cash flows from investing activities		
Purchase of property, plant and equipment	(24)	(30)
Purchase of intangible assets	-	(5)
Development costs capitalised	(902)	(1,108)
Interest received	1	14
Net cash outflow from investing activities	(925)	(1,129)
Cash flows from financing activities		
Repayment of loan	(20)	(78)
Repayment of lease liabilities	(136)	(71)
Interest paid	(45)	(64)
Net cash outflow from financing activities	(201)	(213)
(Decrease)/increase in net cash and cash equivalents	(1,311)	2,154
Cash and cash equivalents at the beginning of the year	3,554	1,400
Foreign exchange adjustments to cash and cash equivalents	(51)	—
Cash and cash equivalents at the end of the year	2,192	3,554

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

Basis of preparation

The financial statements set out in this preliminary announcement do not constitute statutory accounts as defined by section 434 of the Companies Act 2006. It has been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The principal accounting policies of the Group have remained unchanged from those set out in the Group's 2019 annual report as delivered to the Registrar of Companies. The financial statements have been prepared under the historical cost convention and are presented in sterling.

Statutory accounts for the years ended 31 December 2020 and 31 December 2019 have been reported on by the Independent Auditor. The Independent Auditor's Reports on the Annual Report and Financial Statements for the periods ended 31 December 2020 and 31 December 2019 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The statutory accounts for the year ended 31 December 2020 were approved by the board on 4 June 2021 and the information included in this preliminary announcement was extracted therefrom.

The Directors have performed regular reviews of trading and cash flow forecasts and have considered the sensitivity of these forecasts with regards to different assumptions about future income and costs. Various scenarios have been run on the potential impact of covid-19. These include an assessment of the orderbook – customer contractual commitments and Getech's ability to deliver this work; the drivers of licence renewals; and the modelling of extreme and hypothetical 'zero new revenue' downside scenarios, these extending across multiple years. Additional cost actions have also been modelled, including a bottom up restructuring of the Group's overhead, offices, technical staff and commercial activities.

In addition to the sensitivity models of future income and costs, we have made various assumptions to model cash flow forecasts: It has been assumed that the UK Government Job Retention Scheme will continue to be available until the end of September 2021 and that current social distancing measures and travel restrictions, which impact our ability to meet clients in person, will also be in place throughout H1 2021. In H2 2021, we make the assumption that these costs will return. We have also not relied on the availability of additional sources of cash in our forecast assumptions.

These cash flow projections, when considered in conjunction with Getech's existing cash balances, the net proceeds of a post year-end equity raise totalling £5.7m, and the cost saving measures implemented, demonstrate that the Group has sufficient working capital to at least 30 June 2022, being the Director's period of assessment. Consequently, the Directors are fully satisfied that Getech is a going concern for a period of at least 12 months from the date of signing the financial statements.

Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding plus the weighted average number of shares that would be issued on conversion of all the dilutive share options into ordinary shares.

	2020 £'000	2019 £'000
Loss attributable to equity holders of the parent	(1,644)	(3,088)
Loss attributable to equity holders of the parent adjusted for dilution	(1,644)	(3,088)

	2020 Thousands	2019 Thousands
Weighted average number of ordinary shares for basic EPS	37,564	37,564

Effects of dilution from share options	588	979
Weighted average number of ordinary shares adjusted for dilution	38,151	38,543

There has been no dilution of EPS during 2020 or 2019 due to losses after tax.

	2020 pence	2019 pence
Basic EPS	(4.38)	(8.22)
Diluted EPS	(4.38)	(8.22)

After the year-end, the board granted a one-year extension to the 900,000 share options with expiry date of 27 April 2021 by way of issuing identical options to those above except for an exercise period of one year.

On 30 March 2021, shareholders approved the issue of 29,303,065 ordinary shares at a premium of 22p. As at 1 April 2021, there were 66,866,680 shares in issue, called up and fully paid.

Notice of Annual General Meeting

The Annual Report and Accounts and notice convening the Annual General Meeting of the Company will be posted to shareholders on 7 June 2021 and will be available from the Company's website www.getech.com from that date. The Annual General Meeting of Getech Group plc will be held on 30 June 2021 at 12 noon.