

Getech Group plc

("Getech" or "the Company")

Interim Results

Getech (AIM:GTC), a world leading locator of subsurface resources, announces its unaudited interim results and report for the six months to 30 June 2024 ("H1 2024" or "the Period").

Operational Highlights

- Implemented the significant restructuring of the business to deliver:
 - Successful diversification into energy transition market has grown sales pipeline to £9.6 million.
 - Expanded annual recurring revenues base with introduction of subscription model.
 - Introduced equity participation structure with a focus on natural hydrogen.
 - AI and Machine Learning added to the capabilities of the Globe platform.
- Kitson House sold for £0.65 million in January 2024.
 - Nicholson House remains an asset held for sale.

Financial Highlights

- H1 2024 revenues of £2.2 million (H1 2023: £1.9 million), a year-on-year increase of 16%.
- Strong contractually committed orderbook value of £4.7 million (31 December 2023: £4.6 million) with £1.7 million of the orderbook expected to convert to revenue in H2 2024, and a further £1.5 million due in FY 2025.
- Cost base for the period reduced by 28% to £2.8 million (H1 2023: £3.9 million).
- Cash balance of £0.2 million on 30 June 2024 (31 December 2023: £0.4 million).
- Debt of £0.1 million (31 December 2023: £0.6 million).
- Net cash flow break-even from operations (H1 2023: £1.6 million outflow).
- £0.3 million EBITDA loss before exceptional items (H1 2023: £1.6 million).

Post H1 & Outlook

- Raised gross proceeds of £1.7 million in a Placing and Retail Offer in August 2024. New capital has both bolstered the balance sheet and provides growth capital to expand sales and business development teams.

Michael Covington, Getech Chairman commented:

"The business is evolving in the right direction. Last year we reset the structure and focus of the Company while also substantially reducing our overheads. This year, following our recent fundraise, the business is well placed to increase its customer base of exploration companies seeking new discoveries of assets needed for the energy transition. To that end, we have an expanding pipeline of potential projects, and we are focused on converting them."

Investor Meet Company presentation

The company will hold an investor call on 23 September 2024 at 10.30am to discuss the interim results. Investors can sign up to Investor Meet Company for free and add to meet Getech via: <https://www.investormeetcompany.com/companies/getech-group-plc>

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Notes to editors:

Getech Group plc (AIM: GTC) applies its world-leading geoscience data and unique geospatial software products to accelerate the Energy Transition by locating geoenery projects and critical minerals.

For further information, please visit www.getech.com.

CEO statement

Introduction

I am pleased to present Getech's half-year results for the six months to 30 June 2024. We have delivered an uplift in profitability, grown our orderbook and significantly increased our sales pipeline to £9.6 million, and post the period end we have successfully raised gross proceeds of £1.7 million through a Placing and Retail Offer, which also added a number of key shareholders to the Company's register. As a result, the Group is financially stable, more focused and better positioned to pursue its expanded pipeline of new business opportunities.

Following a strategic review, the Group was refocused on to its core strength of data-led subsurface exploration. As part of this process, the loss-making green hydrogen business H2 Green was closed, enabling a 28% reduction in the Group's cost base. Alongside these actions, the Group continued its migration to a recurring income Software-as-a-Service (SaaS) model with supporting consulting services aimed at delivering sustainable annual recurring revenues.

Subsurface exploration activity has increased substantially in parallel with the global move to deliver a low carbon environment, known as the Energy Transition. As the owner of the largest database of potential fields data, coupled with the Company's extensive geoscience expertise, Getech is well placed to apply its subsurface data and expertise to help exploration companies find these vital energy resources.

Financial Results

In the six months under review, the Group generated revenues of £2.2 million (H1 2023: £1.9 million) an increase of 16%. The contractually committed orderbook grew to £4.7 million (31 December 2023: £4.6 million) with £1.7 million of the orderbook expected to convert to revenue in H2 2024, and a further £1.5 million due in FY 2025. Annualised recurring revenue increased to £2.9 million (31 December 2023: £2.8 million). With a reduced cost base of £2.8 million (H1 2023: £3.9 million) this led in H1 2024 to a £0.3 million EBITDA loss before exceptional items (H1 2023: £1.6 million EBITDA loss).

On 30 June 2024 the Group had cash balances of £0.2 million (31 December 2023: £0.4 million) and net debt of £0.1 million (31 December 2023: £0.6 million).

In January 2024 we completed the sale of Kitson House for £0.65 million. The remaining section of our Leeds head office, Nicholson House, is currently on the market.

Post the period end, in August 2024 the Group successfully raised gross proceeds of £1.7 million through a Placing and Retail Offer. The net proceeds are being used to fund sustainable growth, strengthen the balance sheet and invest a modest sum on business development and targeted research and development activities.

Operational Review

We have been successful in diversifying our customer base beyond oil and gas toward exploration companies focused on locating essential natural resources for the energy transition such as critical minerals, geothermal and carbon storage. It remains the Company's ambition to generate at least half of the Company's revenue from exploration companies focused on locating natural resource discoveries needed to deliver the energy transition - currently they represent 33% of Group revenues with the balance coming from transitional petroleum.

In the period under review, the Company secured 53 contract wins totalling £2.2m, including seven new annual software subscription customers and the renewal of eighteen annual licences.

Getech's substantial subsurface database is accessed via its Globe platform with a focus on delivering a SaaS revenue model. The capabilities of the Globe platform have been significantly expanded with the support of artificial intelligence (AI) and machine learning techniques in addition to new search capabilities. Alongside this, customers have been successfully encouraged to move to a subscription basis to access the platform. This has supported the aim of increasing annual recurring revenues, which grew to £2.9 million.

Getech's success in refocusing the business and diversifying its revenue base across the wider energy transition is reflected in the growth of the pipeline of sales prospects to £9.6 million which is split across the three prime strengths of the business:

- Globe Platform & Software - £4.9 million
- Geoscience Data - £1.9 million
- Geoscience Services - £2.8 million

This pipeline has increased significantly and represents an excellent opportunity to grow and diversify the business.

Further to the sales pipeline, additional upside potential has been introduced through a new equity participation scheme, enabling the Company to earn a future share in assets with the potential to generate substantially higher returns from the data than has been achieved historically. In February 2024, Getech entered an equity participation scheme Joint Venture with East Star Resources to locate sedimentary copper deposits in Kazakhstan. The project is backed by the BHP Xplor 2024 accelerator programme and led to further contract wins with East Star in April 2024 when, for the first time, Getech's [Globe geoscience platform](#) was used to locate porphyry copper. A pipeline of similar equity participation transactions is maturing, particularly within the natural hydrogen space where significant capital and commercial interest is currently being directed.

Outlook

I feel the business is in a much better position. The restructuring has created a more focused, streamlined business operation and the recent fundraising ensures we can pursue our commercial ambitions. To that end, we have already recruited one senior business development executive who will be part of a wider team focused on monetising the £9.6 million pipeline of opportunities that have been developed. Alongside this, the Company will continue to pursue the equity participation transactions, particularly in the natural hydrogen space.

Richard Bennett, CEO

Financial Review

Revenue and Sales

H1 2024 revenue totalled £2.2 million (H1 2023: £1.9 million), representing a 16% increase. During the period Getech won contracts amounting to £2.6m, including new business and subscription renewals, resulting in an increase in orderbook value to £4.7 million (31 December 2023: £4.6 million).

Annualised Recurring Revenue (“ARR”) has increased to £2.9 million (31 December 2023: £2.8 million).

Cost Management

Getech completed its strategic review in H2 2023 and implemented a substantial cost reduction programme. As a result, the cost base was reduced by 28% compared to H1 2023, excluding exceptional items.

	Variance from prior period	6 months ended 30 June 2024 (unaudited) £'000	6 months ended 30 June 2023 (unaudited) £'000	12 months ended 31 December 2023 (audited) £'000
Cost of sales		776	1,058	3,034
Development costs capitalised		397	485	881
Administrative expenses		2,095	2,968	4,716
Depreciation charges		(67)	(114)	(186)
Amortisation charges		(355)	(417)	(745)
Share-based payments		(11)	(69)	(84)
Movement in provisions		-	-	(25)
Total cost base excluding exceptional items	-28%	2,835	3,911	7,591

Profitability

Getech’s increased revenue, combined with its cost reduction programme have resulted in a significant reduction in the losses incurred during the prior period. Getech reports an EBITDA loss, before exceptional items, of £0.3 million (H1 2023: £1.6 million), and is on track to being EBITDA positive by the end of 2024.

Post-tax loss, after exceptional items, was £0.7 million (H1 2023: £2.7 million loss).

Operating Cash Flow

Getech was net cash flow break even from operations (H1 2023: £1.6 million outflow). This included £0.1 million of exceptional costs relating to the closing of H2 Green operations (H1 2023: £0.4 million of exceptional costs included).

Liquidity

During H1 2024 there was an overall net cash outflow of £0.2 million (H1 2023: £2.3 million outflow). This included proceeds from the sale of Kitson House (£0.65 million inflow), which were used in repayment of a £0.6 million loan secured on the property sold, and £0.15 million drawdown from a new working capital facility secured against the remaining Nicholson House, which Getech intends to sell before the end of the year. The cash balance at the period end was £0.2 million (30 June 2023: £2.0 million).

Subsequent to the period end, Getech completed a placing totalling £1.4 million net of costs for working capital purposes and to fund future growth.

Group Statement of Comprehensive Income

for the six months ended 30 June 2024

	6 months ended 30 June 2024 (unaudited) £'000	6 months ended 30 June 2023 (unaudited) £'000	12 months ended 31 December 2023 (audited) £'000
Revenue	2,158	1,851	4,023
Cost of sales	(776)	(1,058)	(3,034)
Gross profit	1,382	793	989
Other operating income	-	-	65
Administrative expenses	(2,095)	(2,968)	(4,716)
Operating loss before exceptional items	(713)	(2,175)	(3,662)
Restructure costs	(89)	(397)	(565)
Impairments	-	(335)	(961)
Operating loss	(801)	(2,907)	(5,188)
Finance income	2	12	17
Finance costs	(22)	(25)	(55)
Other gains and losses	-	-	125
Loss before tax	(821)	(2,920)	(5,101)
Tax income	75	161	(48)
Loss for the period	(746)	(2,759)	(5,149)
Other comprehensive income			
Currency translation differences	(7)	47	78
Total comprehensive loss	(753)	(2,712)	(5,072)

Group Statement of Financial Position

as at 30 June 2024

	30 June 2024 (unaudited) £'000	30 June 2023 (unaudited) £'000	31 December 2023 (audited) £'000
Non-current assets			
Goodwill	296	296	296
Intangible assets	3,648	3,481	3,606
Property, plant and equipment	38	2,254	83
Investment property	-	17	-
Deferred tax asset	110	226	109
	4,092	6,274	4,093
Current assets			
Trade and other receivables	1,002	1,238	1,351
Current tax recoverable	136	440	74
Cash and cash equivalents	154	1,981	385
Assets classified as held for sale	825	-	1,475
	2,117	3,659	3,285
Total assets	6,209	9,933	7,378
Current liabilities			
Trade and other payables	2,409	2,559	2,395
Borrowings	148	110	589
	2,557	2,669	2,984
Net current assets	(439)	990	301
Non-current liabilities			
Borrowings	-	527	-
	-	527	-
Net assets	3,652	6,737	4,394
Equity			
Called up share capital	169	169	169
Share premium account	8,685	8,685	8,685
Merger reserve	2,601	2,601	2,601
Share-based payment (SBP) reserve	56	176	158
Currency translation reserve	179	155	169
Retained earnings	(8,038)	(5,048)	(7,405)
Total equity	3,652	6,737	4,394

Group Statement of Changes in Equity

for the six months ended 30 June 2024

	Share capital £'000	Share premium £'000	Merger reserve £'000	SBP reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total equity £'000
1 January 2024	169	8,685	2,601	158	186	(7,405)	4,394
Loss for the year	-	-	-	-	-	(746)	(746)
Other comprehensive income	-	-	-	-	(7)	-	(7)
Total comprehensive income	-	-	-	-	(7)	(746)	(753)
Transactions with owners of the company:							
SBP charge	-	-	-	11	-	-	11
Transfer of reserves	-	-	-	(113)	-	113	-
30 June 2024 (unaudited)	169	8,685	2,601	56	179	(8,038)	3,652

for the six months ended 30 June 2023

	Share capital £'000	Share premium £'000	Merger reserve £'000	SBP reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total equity £'000
1 January 2023	169	8,685	2,601	196	108	(2,378)	9,380
Loss for the year	-	-	-	-	-	(2,759)	(2,759)
Other comprehensive income	-	-	-	-	47	-	47
Total comprehensive income	-	-	-	-	47	(2,759)	(2,712)
Transactions with owners of the company:							
SBP charge	-	-	-	69	-	-	69
Transfer of reserves	-	-	-	(89)	-	89	-
30 June 2023 (unaudited)	169	8,685	2,601	176	155	(5,048)	6,737

for the year ended 31 December 2023

	Share capital £'000	Share premium £'000	Merger reserve £'000	SBP reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total equity £'000
1 January 2023	168	8,685	2,601	196	108	(2,378)	9,380
Loss for the year	-	-	-	-	-	(5,149)	(5,149)
Other comprehensive income	-	-	-	-	78	-	78
Total comprehensive income	-	-	-	-	78	(5,149)	(5,071)
Transactions with owners of the company:							
Issued share capital	1	-	-	-	-	-	1
SBP charge	-	-	-	84	-	-	84
Transfer of reserves	-	-	-	(122)	-	122	-
31 December 2023 (audited)	169	8,685	2,601	158	186	(7,405)	4,394

Group Statement of Cash Flows

for the six months ended 30 June 2024

	6 months ended 30 June 2024 (unaudited) £'000	6 months ended 30 June 2023 (unaudited) £'000	12 months ended 31 December 2023 (audited) £'000
Operating activities			
Loss before tax	(823)	(2,920)	(5,102)
Adjusted for non-cash items:			
Other gains and losses	-	(125)	(125)
Depreciation charges	67	114	186
Amortisation charges	355	417	745
Impairment of property, plant and equipment	-	-	626
Impairment of intangible assets	-	335	335
Loss on disposal of assets	-	-	8
Movement in provisions	-	-	25
SBP charge	11	69	84
Finance income	(2)	(12)	(17)
Finance charges	22	25	55
Gains and losses on exchange rate	(5)	65	(1)
Operating cash flow before working capital movement	(375)	(2,032)	(3,180)
(Increase)/decrease in trade and other receivables	348	(35)	(149)
Increase/(decrease) in trade and other payables	23	434	212
Income tax refunded	12	5	278
Net cash from operating activities	8	(1,628)	(2,837)
Investing activities			
Development costs capitalised	(397)	(485)	(459)
Purchase of property, plant and equipment	(22)	(33)	(115)
Proceeds from sale of property, plant and equipment	650		
Interest received	2	12	1
Net cash from investing activities	233	(506)	(573)
Financing activities			
Proceeds from issue of shares	-		1
Proceeds from borrowings	148	-	-
Repayment of borrowings	(589)	(46)	(91)
Payment of lease liabilities	(9)	(117)	(160)
Interest paid	(22)	(25)	(55)
Net cash from financing activities	(472)	(188)	(305)
Net decrease in cash and cash equivalents	(231)	(2,322)	(4,034)
Cash and cash equivalents at the beginning of the period	385	4,322	4,322
Effect of foreign exchange rates	-	97	(19)
Cash and cash equivalents at the end of the period	154	385	1,981

Notes to the Interim Report

for the six months ended 30 June 2024

Corporate Information

Getech Group plc (“the Company” and ultimate Parent of “the Group”) is a public limited company domiciled and incorporated in England and Wales. The Company’s registered office and principal place of business is Nicholson House, Elmete Lane, Leeds LS8 2LJ.

The principal activity of the Group is locating energy and minerals essential for the world’s energy transition. Getech generates revenue by locating new energy and mineral resources using its extensive data, geoscience expertise, AI-driven analytics and extensive GIS capabilities. The Group’s client portfolio is wide-ranging, from governments, municipalities, natural resources and energy companies to consumer goods and computing services companies, all striving to become energy and minerals self-sufficient and drive towards net zero.

Basis of Preparation

The interim results are for the six months ended 30 June 2024. They have been prepared using the recognition and measurement principles of international accounting standards in conformity with the requirements of the Companies Act 2006. As permitted, this interim report has been prepared in accordance with the AIM rules and not in accordance with IAS 34 ‘interim financial reporting’ and therefore the interim information is not in full compliance with international accounting standards.

This interim report does not constitute full statutory financial statements within the meaning of section 434(5) of the Companies Act 2006 and the financial statements are unaudited. The unaudited interim financial statements were approved for issue by the board on 20 September 2024.

The financial statements are prepared on a going concern basis under the historical cost convention, with the exception of certain items measured at fair value, and are presented to the nearest thousand pounds (£’000), except as otherwise stated. They have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2023. A copy of the audited financial statements for the period ended 31 December 2023 has been delivered to the Registrar of Companies. The Auditor’s opinion on those financial statements was unqualified, however included an emphasis of matter disclosure in relation to going concern, and it contained no statement under section 498(2) or section 498(3) of the Companies Act 2006.

In making the going concern assessment, the Board of Directors has considered Group budgets and detailed cash flow forecasts for the next 12 months. The detailed forecasting models are built from Board approved budgets. From these budgets, revenue forecasting is regularly updated to take into consideration new contractually committed revenues, market sentiment, our current sales pipeline and any other influencing factors. The Directors then further apply sensitivity testing to the revenue profiles based on the achievement of various levels of revenue from noncontractually committed sources.

These cash flow projections and sensitivities, when considered in conjunction with the Group’s existing cash balances and its ability to adjust costs in accordance with forecast levels of revenue, demonstrate that the Group has sufficient working capital for the forecast period. Consequently, the Directors are fully satisfied that it is appropriate to prepare the accounts on a going concern basis.

Earnings per Share (EPS)

	6 months ended 30 June 2024 (unaudited)	6 months ended 30 June 2023 (unaudited)	12 months ended 31 December 2023 (audited)
Loss attributable to the equity holder of the Group (£'000)	(746)	(2,759)	(5,149)
Weighted average number of Ordinary shares in issue	67,474,375	67,296,225	67,381,385
Basic and diluted loss (pence per share)	(1.11)	(4.10)	(8.05)

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 period.

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. In the current and comparative period, the Group has incurred losses and as such has not presented any dilution of earnings per share in accordance with IAS 33 'Earnings per share'. However, these dilutive shares would dilute the earnings per share should the Group become profitable.

Directors, Officers and Advisors

Directors and officers

Michael Covington	Chairman
Richard Bennett	Chief Executive Officer
Andrew Darbyshire	Chief Financial Officer
Chris Jepps	Chief Operating Officer
Emma Parker	Non-executive Director
Alyson Levett	Non-executive Director

Company number

Registered in England and Wales, company number 02891368

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