5 September 2023

GetBusy plc

2023 Half-year Results

Significant value creation continues

GetBusy plc ("GetBusy", the "Company" or the "Group") (AIM: GETB), a leading provider of productivity software for professional and financial services, announces its unaudited results for the six months ended 30 June 2023 (the "Period", "H1" or "H1 2023").

	H1 2023	H1 2022	Change	
	£'000	£'000	Reported currency	Constant currency***
Group ARR	**20,121**	18,068	11%	14%
Group recurring revenue	**10,102**	8,519	19%	16%
Group total revenue	**10,521**	9,070	16%	13%
Group adjusted EBITDA*	**164**	24	583%	
Group adjusted loss before tax**	**(603)**	(724)	17%	
Group loss before tax	**(782)**	(879)	11%	
Cash	**1,659**	2,131	(22)%	

Financial highlights

- Recurring revenue growth of 16% at constant currency to £10.1m (H1 2022: £8.5m)
- Recurring revenue comprises 96% of total revenues (H1 2022: 94%)
- ARR growth of 14% at constant currency to £20.1m (H1 2022: £18.1m) and up 7% at constant currency since the start of the year
- Gross margin remains strong at 89.9% (H1 2022: 90.4%) with greater volume of cloud revenue
- Adjusted EBITDA of £164k (H1 2022: £24k)
- Cash of £1.7m (H1 2022: £2.1m) remains strong, underpinned by undrawn committed £2.0m facility with total of £3.7m available growth capital

Operational highlights

- Strong net revenue retention of 100.5% per month (H1 2022: 100.6%), reflecting successful fair-price monetisation efforts and lower gross churn
- Group ARPU up 14% at constant currency to £275 (H1 2022: £245)
- 0.7% reduction in paying users to 73,126 (H1 2022: 73,667), reflecting strategy to focus on higher value customers
- Launched major new integration for SmartVault with Thomson Reuters' UltraTax application, opening promising new accounting markets within US
- Workiro now signed 20 partners in the ERP ecosystem

Outlook

- Our core markets remain robust, driven by structural changes in the way people work and a strengthening mandate for security and productivity optimisation
- The Group's underlying trading continues to be in line with market expectations****, remaining modestly profitable at the Adjusted EBITDA* level during H2 2023 as it continues to invest in long-term growth, with strong cash inflows from H2-weighted customer renewals

Daniel Rabie, CEO of GetBusy, comments:

"We have made significant progress during H1 2023 in setting up the Group to capitalise on the expanding market opportunity ahead of us, while delivering 16% constant currency growth in recurring subscription revenue.

"We are investing for near-term growth through customer acquisition and ensuring our long-term prospects are underpinned by innovative products serving large markets with the compelling and resilient growth drivers of productivity, cyber-security, mobility and privacy.

"We look forward to bedding-in our investments over the course of H2 with the expectation that they will deliver enhanced growth into 2024 and beyond."

*Adjusted EBITDA is Adjusted Loss before Tax with capitalised development costs added back. A full list of our alternative performance measures, together with a glossary of certain terms, can be found in note 2.

** Adjusted Loss before Tax is Loss before tax, depreciation and amortisation on owned assets, long-term incentive costs, net capitalised development costs, finance costs that are not related to leases, and non-underlying items.

*** Changes at constant currency are calculated by retranslating the comparative period at the current period's prevailing rate of exchange.

**** Expectations for the year-ending 31 December 2023 are considered to comprise Revenue of £21.1m and Adjusted EBITDA of £0.7m.

A copy of the presentation to investors will be available on the Company's website, at www.getbusyplc.com shortly.

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF REGULATION (EU) NO 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("MAR"). UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN. THE PERSON RESPONSIBLE FOR MAKING THIS ANNOUNCEMENT ON BEHALF OF THE COMPANY IS PAUL HAWORTH.

About GetBusy

GetBusy's specialist productivity software solutions enable growing businesses to work securely and efficiently with their customers, suppliers and teams anytime, anywhere. Our solutions can be delivered flexibly across cloud, mobile, hosted and on-premise platforms, whilst integrating seamlessly with a wide variety of other class-leading core business systems.

With over 70,000 paying users and over 3 million collaborators across multiple market sectors and jurisdictions, GetBusy is an established and fast-growing SaaS business delivering sustained double-digit growth in high-quality recurring subscription revenue over the long term.

Further information on the Group is available at www.getbusyplc.com

Significant value creation

Our focus in 2023 is to structure the business to capitalise on the substantial market opportunity for productivity software tools in the accounting and ERP markets. In H1, alongside delivering a 16% constant currency increase in high quality recurring subscription revenue, we have made encouraging progress in enlarging the markets available to us, scaling our customer acquisition engines, increasing average selling price and improving churn.

In the US, a market that harbours an outstanding opportunity in the accounting sector, we have re-engineered our entire sales and marketing operational methodology, improving our ability to scale customer acquisition significantly over the next few years. With a new structure and process now in place, supported by major improvements in data insight capabilities, we have started to make substantial investments in headcount to drive new business, and we expect the sales team alone to more than double in size over 2023.

Leading technology suppliers to US accountants have selected SmartVault as their preferred document management application for resale partnerships, for example Right Networks, the leading cloud service provider that offers the only intelligent cloud purpose-built for accounting firms and professionals. SmartVault is now available for purchase by Right Networks' entire base of 8,500 accounting firms (about 20% more than SmartVault's entire customer count) and we are working with Right Networks to optimise adoption through the peak Q4 selling season. As well as its strength among users of Intuit's Lacerte and ProSeries tax applications – with which SmartVault has the leading document workflow integration – Right Networks is growing among users of Thomson Reuters' UltraTax product, for which SmartVault launched an integration in early July that potentially doubles its medium-term market opportunity. UltraTax's user base is comparable in size to Intuit's Lacerte product but typically across larger firms, with higher average selling price for SmartVault and lower churn rates. We expect to pursue additional integration partnerships during H2 to further broaden our accessible market and cement SmartVault's position as the dominant specialist document workflow software for US accountants.

SmartVault's form-filling and quoting capabilities, which were acquired at the end of 2021, are now available to customers as elective add-ons. Together with our e-signature integration, these add-ons allow us to build more progressive pricing and packaging structures to increase ARPU among our most engaged customers, and we expect to launch those packages to customers in early 2024.

Our US business obtained the key ISO27001 information security certification during H1 and is now pursuing the complementary SOC2-1 accreditation. These benchmarks are often required for larger enterprise customers in which there is a greater IT sophistication, as we have seen with our ISO27001 certification in the UK, so we expect this effort to enable SmartVault to become more successful among larger clients, such as those on the UltraTax platform. Additionally, these enhanced security credentials are essential for the asset finance providers served by our CertifiedVault product; we expect to allocate a very modest level of capital for customer acquisition in the asset finance market over the balance of 2023 while we complete the certification processes.

Virtual Cabinet largely completed the transition of its customer base to the "all-in" Unlimited pricing plan during the first quarter; encouragingly, we have seen no adverse impact on churn rates, which validates the value ascribed to the product by our customers and confirms its position as a leading product in the space. Virtual Cabinet Cloud, powered by the Group's Workiro technology, now provides a richly capable cloud transition path for customers, making Virtual Cabinet a compelling choice for professional services firms with a wide variety of cloud and on-premise core business applications.

Workiro has continued to make progress with its enterprise content management ("ECM") offering for the ERP market. Over H1 we more than doubled the number of partners within the NetSuite ecosystem and sales pipelines are beginning to build. With the feedback we have received from partners, customers and NetSuite themselves, we are confident that Workiro's ECM capabilities, both existing and those in the near-term roadmap, provide significant value to large enterprises with complex document workflow requirements and we are very excited about how Workiro is now positioned in this attractive market. Whilst enterprise customers tend to have longer sales cycles than those in the SME segment, in which SmartVault operates, ultimately we expect deal sizes that are an order of magnitude larger than has historically been the case in the Group, together with lower churn rates. Over H2 we will continue to invest in the enterprise capabilities of the product and refine our go-to-market approach based on our interactions with customers, partners and enterprise prospects.

Investing to capitalise on the long-term growth opportunity

Despite the current economic backdrop, the Group is committed to sustained investment, from self-generated cash resources, in the pursuit of both medium- and long-term growth.

We believe there is a substantial long-term growth opportunity for software that supports the productivity of knowledge workers, enhances their working day by improving workflows, and contributes to the profitability of the organisations that employ them. This opportunity is supported by enduring structural drivers such as stricter regulatory requirements, a more hostile cybersecurity landscape, tightening labour markets and increasing workforce flexibility demands.

By remaining focused on specific, valuable markets, in particular the accounting market, we can build a high quality, sticky customer base for whom our products have infrastructural characteristics. We believe our base of customers can become strategically very attractive as a result of the access we have to a very well-defined set of customers with similar software requirements.

Whilst medium-term growth is expected to be driven largely by the accounting market, in which we are experienced and proven, growth over the longer-term is expected to be significantly enhanced by the opening of larger enterprise markets and the provision of ECM solutions via Workiro. As in accounting, we expect success to come through the depth of our integrations with other mission-critical software platforms, such as ERP. The scale of the Workiro opportunity warrants the sustained investments we are making with the expectation that the solution will open substantially larger markets over the longer term.

Why accounting?

Through SmartVault and Virtual Cabinet, GetBusy is the largest specialist provider of document management and workflow software into the accounting sector in our chosen markets of the US, UK and ANZ.

Our commitment to the accounting market is based on a number of compelling factors that collectively evidence a substantial opportunity on which we are very well placed to capitalise.

The US accounting sector alone employs 1.2 million people, including over 650,000 Certified Public Accountants within over 130,000 firms. Cloud technology adoption across the sector, particularly in the tax preparation market, is relatively early stage. The market is dominated by a handful of large tax software providers whose clients overwhelmingly use legacy on-premise software due to its familiarity and rich functionality. The transition of the sector to the cloud has been gradual but is accelerating.

Specialist productivity tools are increasingly a priority for small accounting firms. Declining numbers are entering the profession in the US; the Bureau of Labor Statistics is projecting an annual shortfall of some 50,000 newly qualified accountants over the next decade. This labour shortage is a catalyst for two trends that are favourable for our solutions. Firstly, firms are focusing on optimising practitioner efficiency by implementing simple, no-code workflow automations like those enabled through SmartVault and its integrations into the major tax software applications. Secondly, firms are making increasing use of outsourcing, including through offshore providers, to plug the labour gap, making a cloud-first technology stack essential for secure and efficient collaboration.

Technology adoption is also being driven by the rising participation of private equity in the accounting sector. This is leading to a consolidation of accounting firms across the size spectrum and a concerted drive for mandated technology adoption, as the “lifestyle” model of partnerships gives way to the growth- and efficiency-focused mindset of professional management installed by private equity. All firms will need to follow to remain competitive. Cloud technologies that optimise the productivity of expensive and scarce knowledge-workers are clear beneficiaries of this shift.

These accounting-specific trends are in addition to the broader drivers of the productivity and security software market for professional services firms:

- Strengthening data privacy regulation and more robust enforcement means accounting firms are expected by their clients to adopt technologies that safeguard sensitive data.
- A more hostile cybersecurity environment has driven data security to the top of the agenda at even the smallest of firms. Accounting firms have become a focus for cyber attacks due to the exceptionally sensitive data held; the relatively unsophisticated IT practices that persist in a proportion of the sector makes those firms particularly vulnerable.
- Hybrid working and the increasing mobility of the workforce are prevalent in the accounting sector, in which a competitive labour market forces firms to adopt employee-friendly work policies to make them more attractive to scarce talent. This trend drives the adoption of cloud technologies that enable remote employees to work securely and efficiently.

Competition in the space, particularly in the automation of document workflows, remains relatively benign. Generic document management providers – though sometimes substantially larger than GetBusy - lack the depth of integration with accounting and tax preparation software that specialist providers can offer and that are critical to workflow optimisation. The document capabilities embedded within many of the accounting practice management software suites are usually ageing, limited in functionality and starved of investment. Specialist providers, like SmartVault and Virtual Cabinet, are few as the barriers to entry, both technically and in brand recognition, are high.

All of these factors reinforce our commitment to building a highly valuable business focused on the accounting sector.

Custodians of rich content for AI

Artificial intelligence ("AI") technology within GetBusy's products has the potential to bring significant value to our customers, enabling them to leverage deep insights from the highly valuable content secured within our applications, substantially enhancing their productivity.

Our product roadmaps include radically re-engineered intelligent content "search and answer" capabilities, client sentiment analytics and smart suggestions for the creation and prioritisation of tasks.

Keeping our customers' content secure is the foundation of our business and so we have created a set of strict development principles that prioritise the privacy and security of customer content to ensure our customers always retain full control around the application of AI to their content.

Financial review

Group	**H1 2023**	**H1 2022**	**Change**	
			Reported currency	**Constant currency**
ARR at 30 June	£20.1m	£18.1m	11%	14%
Recurring revenue	£10,102k	£8,519k	19%	16%
Total revenue	£10,521k	£9,070k	16%	13%
Adjusted EBITDA	£164k	£24k	583%	
Adjusted loss before tax	£(603)k	£(724)k	17%	
Paying users at 30 June	73,126	73,667	(1)%	
ARPU at 30 June	£275	£245	12%	14%
Net revenue retention	100.5%	100.6%	n/a	

Recurring revenue was up 16% at constant currency (19% at reported currency) to £10.1m (H1 2022: £8.5m), with good contributions from across the Group aided by strong opening ARR positions. The UK was up 23% to £3.9m (H1 2022: £3.2m), buoyed by the migration of a large proportion of our clients to the Virtual Cabinet Unlimited "all-in" pricing plan in the second half of 2022. The US was up 14% at constant currency (20% at reported currency) to £5.2m (H1 2022: £4.3m), with a combination of new business and improved churn.

ARR, which is our recurring revenue runrate, grew by 7% at constant currency over the six months to 30 June 2023 to £20.1m, which is up 14% at constant currency compared to 30 June 2022. ARR growth over H1 was driven largely by higher ARPU, up 10% at constant currency since 1 January 2023 to £275, and a 3% reduction in users as we continue our strategy of focusing on higher-value accounting and professional services customers with strong integrations. Non-professional services customers have a disproportionate impact on user numbers (particularly in SmartVault in which non-accountant plans typically have higher minimum user counts) but bring a fraction of the lifetime value to the Group of an accounting or professional services customer. Accounting per-user pricing is typically double that of non-accounting and accountants are less than a third as likely to churn as non-accountants. Net revenue retention remained strong in the period due to improving churn rates across the Group (0.8% per month, compared to 0.9% in H1 2022) coupled with the final set of UK customers moving to the Virtual Cabinet Unlimited pricing plan, averaging 100.5% per month (H1 2022: 100.6%). We expect net revenue retention to return to more normalised levels over H2.

Non-recurring revenue of £0.4m was, as expected, down a little compared to H1 2022 following the effective completion of the process to convert older Virtual Cabinet customers onto pure SaaS models. Total revenue was up 16% (13% at constant currency) to £10.5m (H1 2022: £9.1m).

Gross margin of 89.9% (H1 2022: 90.4%) reflects the greater proportion of revenue from our cloud products, most notably SmartVault, as opposed to on-premise products for which there is very little ongoing cost of sale.

SG&A costs of £7.7m (H1 2022: £6.8m) largely reflect the investments made in the customer acquisition teams in the US, for SmartVault, and the UK, for Workiro.

Total development expenditure was up 11% to £2.4m (H1 2022: £2.1m), driven principally by a small headcount increase. £0.8m of development costs were capitalised (H1 2022: £0.7m) across Workiro and SmartVault.

Adjusted EBITDA was £0.2m (H1 2022: £nil), whilst Adjusted Loss, which is stated before development capitalisation, was £(0.6)m (H1 2022: £(0.7)m).

Depreciation and amortisation was down fractionally at £0.4m (H1 2022: £0.5m) following 2022's change to the useful economic life of capitalised development costs to 5 years (previously 3 years).

Long-term incentive costs of £0.3m were a little higher (H1 2022: £0.2m), reflecting new long-term incentive schemes implemented in the period, offset by a reduction in the share-based payment charge.

Non-underlying costs of £0.2m (H1 2022: £0.1m) comprise corporate restructuring costs linked to the creation of separate intermediate holding company structures and trading companies for each of the Group's businesses and management support functions, together with costs associated with the settlement of historic US sales tax liabilities.

Non-lease finance costs relate to the Group's new £2m revolving credit facility, which remained undrawn over the period.

The loss before tax was £0.8m (H1 2022: £0.9m). The tax credit of £0.1m (H1 2022: credit of £0.3m) reflects a conservative estimate of the expected UK research and development tax credit offset by overseas tax payable in the US, Australia and New Zealand. The reduction is a result of the ongoing changes being made to the calculation of tax credits for UK SMEs, the first of which came into effect from 1 April 2023.

Cashflow and working capital

In addition to the £0.6m adjusted loss, the £1.3m cash outflow comprised:

- A deferred revenue reduction of £0.6m, largely reflecting the seasonality of annual subscription renewals (which are H2-weighted) and the timing of billing;
- A £0.3m increase in payables, including employee incentive accruals;
- £0.3m of capital expenditure, including in subcontracted software development work;
- £0.1m of non-underlying restructuring cash costs;
- A £0.6m net tax inflow, comprising £1.0m in research and development tax credits in the UK offset by foreign tax payments.

Cash at 30 June 2023 was £1.7m (30 June 2022: £2.1m), underpinned by a £2m undrawn revolving credit facility committed until February 2027, which remained undrawn over the period.

Consolidated income statement

For the six months ended 30 June 2023

	Note	H1 2023 £'000 *Unaudited*	H1 2022 £'000 *Unaudited*	FY 2022 £'000 *Audited*
Revenue	3	**10,521**	**9,070**	**19,293**
Cost of sales		(1,058)	(873)	(1,952)
Gross profit		**9,463**	**8,197**	**17,341**
Operating costs		(10,176)	(9,010)	(17,754)
Net finance costs		(69)	(67)	(130)
Loss before tax	3	**(782)**	**(880)**	**(543)**
Loss before tax		(782)	(880)	(543)
Depreciation and amortisation on owned assets		408	487	563
Long-term incentive costs		262	157	329
Social security on long-term incentives		61	130	(120)
Non-underlying costs		173	99	389
Finance costs not related to leases		42	31	74
Adjusted EBITDA		**164**	**24**	**692**
Capitalised development costs		(767)	(748)	(1,438)
Adjusted loss before tax		**(603)**	**(724)**	**(746)**
Tax		140	332	571
(Loss)/profit for the period attributable to owners of the Company		**(642)**	**(548)**	**28**
(Loss)/profit per share (pence)				
Basic	4	(1.28)	(1.10)	0.06
Diluted	4	(1.28)	(1.10)	0.05

Consolidated statement of comprehensive income

For the six months ended 30 June 2023

	H1 2023 £'000 *Unaudited*	H1 2022 £'000 *Unaudited*	FY 2022 £'000 *Audited*
(Loss)/profit for the period	**(642)**	(548)	28
Other comprehensive items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations net of tax	**168**	(335)	(380)
Other comprehensive income net of tax	**168**	(335)	(380)
Total comprehensive income for the period	**(474)**	(883)	(352)

Consolidated balance sheet

At 30 June 2023

	30 June 2023 £'000 *Unaudited*	30 June 2022 £'000 *Unaudited*	31 December 2022 £'000 *Audited*
Non-current assets			
Intangible assets	3,144	1,591	2,486
Right of use assets - leases	995	1,463	1,184
Property, plant and equipment	345	426	382
	4,484	**3,480**	**4,052**
Current assets			
Trade and other receivables	2,001	1,939	2,104
Current tax receivable	426	451	1,064
Cash and bank balances	1,659	2,131	2,972
	4,086	**4,521**	**6,140**
Total assets	**8,570**	**8,001**	**10,192**
Current liabilities			
Trade and other payables	(4,264)	(3,865)	(4,473)
Deferred revenue	(6,021)	(5,701)	(6,659)
Lease liabilities	(373)	(373)	(371)
Current tax payable	(361)	(280)	(536)
	(11,019)	**(10,219)**	**(12,039)**
Non-current liabilities			
Lease liabilities	(904)	(1,465)	(1,131)
	(904)	**(1,465)**	**(1,131)**
Total liabilities	**(11,923)**	**(11,684)**	**(13,170)**
Net assets	**(3,353)**	**(3,683)**	**(2,978)**
Equity			
Share capital	76	74	75
Share premium account	3,018	3,018	3,018
Demerger reserve	(3,085)	(3,085)	(3,085)
Retained earnings	(3,362)	(3,690)	(2,986)
Equity attributable to shareholders of the parent	**(3,353)**	**(3,683)**	**(2,978)**

Consolidated statement of changes in equity

For the six months ended 30 June 2023

2023 ***Unaudited***	**Share capital £'000**	**Share premium account £'000**	**Demerger reserve £'000**	**Retained earnings £'000**	**Total £'000**
At 1 January 2023	**75**	**3,018**	**(3,085)**	**(2,986)**	**(2,978)**
Loss for the period	-	-	-	(642)	(642)
Exchange differences on intercompany balances shown in reserves	-	-	-	168	168
Total comprehensive income for the period	**-**	**-**	**-**	**(474)**	**(474)**
Issue of ordinary shares	1	-	-	-	1
Long-term incentive costs	-	-	-	98	98
Total transactions with owners of the Company	**1**	**-**	**-**	**98**	**99**
At 30 June 2023	**76**	**3,018**	**(3,085)**	**(3,362)**	**(3,353)**

2022 ***Unaudited***	**Share capital £'000**	**Share premium account £'000**	**Demerger Reserve £'000**	**Retained earnings £'000**	**Total £'000**
At 1 January 2022	**74**	**3,018**	**(3,085)**	**(2,963)**	**(2,956)**
Loss for the period	-	-	-	(548)	(548)
Exchange differences on translation of foreign operations, net of tax	-	-	-	(335)	(335)
Total comprehensive income for the period	**-**	**-**	**-**	**(883)**	**(883)**
Long-term incentive costs	-	-	-	156	156
Total transactions with owners of the Company	**-**	**-**	**-**	**156**	**156**
At 30 June 2022	**74**	**3,018**	**(3,085)**	**(3,690)**	**(3,683)**

2022 *Audited*	Share capital £'000	Share premium account £'000	Demerger Reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2022	**74**	**3,018**	**(3,085)**	**(2,963)**	**(2,956)**
Profit for the year	-	-	-	28	28
Exchange differences on translation of foreign operations, net of tax	-	-	-	(380)	(380)
Total comprehensive income for the year	**-**	**-**	**-**	**(352)**	**(352)**
Issue of ordinary shares	1	-	-	-	1
Long-term incentive costs	-	-	-	329	329
Total transactions with owners of the Company	**-**	**-**	**-**	**329**	**330**
At 31 December 2022	**75**	**3,018**	**(3,085)**	**(2,986)**	**(2,978)**

Consolidated cash flow statement

For the six months ended 30 June 2022

	H1 2023 £'000 *Unaudited*	H1 2022 £'000 *Unaudited*	FY 2022 £'000 *Audited*
(Loss)/profit for the period	**(642)**	(548)	28
Finance costs	**42**	31	130
Income tax credit	**(140)**	(332)	(571)
Depreciation of – property, plant and equipment	**82**	87	163
Depreciation on right of use asset - leases	**179**	194	277
Amortisation on intangible assets	**326**	400	400
Long-term incentive costs	**323**	287	329
Decrease/(increase) in receivables	**103**	(31)	(197)
(Decrease)/increase in payables	**(235)**	(288)	428
(Decrease)/increase in deferred income	**(639)**	228	1,187
Cash used in operations	**(601)**	28	2,174
Net income taxes received	**628**	790	675
Interest paid	**(42)**	(25)	(74)
Net cash from operating activities	**(15)**	793	2,775
Purchases of property, plant and equipment	**(45)**	(76)	(118)
Purchases of other intangible assets	**(217)**	(143)	(339)
Capitalised internal development costs	**(767)**	(748)	(1,438)
Net cash used in investing activities	**(1,029)**	(967)	(1,895)
Principal portion of lease payments	**(179)**	(130)	(306)
Interest on lease liabilities	**(27)**	(36)	(56)
Proceeds on issue of shares	**1**	-	1
Net cash from financing activities	**(205)**	(166)	(361)
Net increase/(decrease) in cash	**(1,249)**	(340)	519
Cash and bank balances at beginning of period	**2,972**	2,670	2,670
Effects of foreign exchange rates	**(64)**	(199)	(217)
Cash and bank balances at end of period	**1,659**	2,131	2,972

Net cash reconciliation

	At 1 January 2023 £'000	Cash flow £'000	Interest accretion £'000	Foreign exchange movement £'000	At 30 June 2023 £'000
Finance lease liability	**(1,502)**	206	(27)	46	**(1,277)**
Cash and cash equivalents	**2,972**	(1,251)	-	(62)	**1,659**
Net cash (including lease liabilities)	**1,470**	(1,045)	(27)	(17)	**381**

<u>Notes to the financial information</u>

1. <u>General information</u>

These interim financial statements are for the six months ended 30 June 2023. They do not require all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022.

These financial statements are presented in pounds sterling because that is the currency of the country in which the Group has its stock market listing and where most of its investors reside.

2. <u>Basis of preparation and accounting policies</u>

The financial information set out above does not constitute statutory accounts within the meaning of section s434(3) of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of UK-adopted International Accounting Standards ("IFRS").

The financial statements of GetBusy plc for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 28 February 2023. The auditors have reported on these accounts and their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain any statements under s498 (2) or (3) of the Companies Act 2006.

These interim financial statements are prepared on the same basis as the financial statements for the year ended 31 December 2022, in which our full set of accounting policies, including critical judgements and key sources of estimation uncertainty, can be found.

Alternative performance measures and glossary of terms

The Group uses a series of non-IFRS alternative performance measures ("APMs") in its narrative and financial reporting. These measures are used because we believe they provide additional insight into the performance of the Group and are complementary to our IFRS performance measures. This belief is supported by the discussions that we have on a regular basis with a wide variety of stakeholders, including shareholders, staff and advisers.

The APMs used by the Group, their definition and the reasons for using them, are provided below:

Recurring revenue. This includes revenue from software subscriptions and support contracts. A key part of our strategy is to grow our high-quality recurring revenue base. Reporting recurring revenue allows shareholders to assess our progress in executing our strategy.

Adjusted Profit / Loss before Tax. This is calculated as profit / loss before tax and before certain items, which are listed below along with an explanation as to why they are excluded:

> *Depreciation and amortisation of owned assets.* These non-cash charges to the income statement are subject to judgement. Excluding them from this measure removes the impact of that judgement and provides a measure of profit that is more closely aligned with operating cashflow. Only depreciation on owned assets is excluded; depreciation on leased assets remains a component of adjusted profit / loss because, combined with interest expense on lease liabilities, it is a proxy for the cash cost of the leases.
>
> *Long-term incentive costs.* Judgement is applied in calculating the fair value of long-term incentives, including share options, and the subsequent charge to the income statement, which may differ significantly to the cash impact in quantum and timing. The impact of potentially dilutive share options is also considered in diluted earnings per share. Therefore, excluding long-term incentive costs from Adjusted Loss before Tax removes the impact of that judgement and provides a measure of profit that is more closely aligned with cashflow.
>
> *Capitalised development costs*. There is a very broad range of approaches across companies in applying IAS38 Intangible assets in their financial statements. For transparency, we exclude the impact of capitalising development costs from Adjusted Loss before Tax in order that shareholders can more easily determine the performance of the business before the application of that significant judgement. The impact of development cost capitalisation is recorded within operating costs.

Non-underlying costs. Occasionally, we incur costs that are not representative of the underlying performance of the business. In such instances, those costs may be excluded from Adjusted Profit / Loss before Tax and recorded separately. In all cases, a full description of their nature is provided.

Finance costs / (income) not related to leases. These are finance costs and income such as interest on bank balances. It excludes the interest expense on lease liabilities under IFRS16 because, combined with depreciation on leased assets, it is a proxy for the cash cost of the leases.

Adjusted EBITDA. This is calculated as Adjusted Profit / Loss before Tax with capitalised development costs added back.

Constant currency measures. As a Group that operates in different territories, we also measure our revenue performance before the impact of changes in exchange rates. This is achieved by re-stating the comparative figure at the exchange rate used in the current period.

Glossary of terms

The following terms are used within these financial statements:

MRR. Monthly recurring revenue. That is, the monthly value of subscription and support revenue, both of which are classified as recurring revenue.

ARR. Annualised MRR. For a given month, the MRR multiplied by 12.

CAC. Customer acquisition cost. This is the average cost to acquire a customer account, including the costs of marketing staff, content, advertising and other campaign costs, sales staff and commissions.

LTV. Lifetime value, calculated as the average revenue per account multiplied by the average gross margin and divided by gross MRR churn.

MRR churn. The average percentage of MRR lost in a month due to customers leaving our platforms.

Net revenue retention. The average percentage retained after a month due to the combined impact of customers leaving our platforms, customers upgrading or downgrading their accounts and price increases or reductions.

ARPU. Annualised MRR per paid user at a point in time.

3. Revenue and operating segments

The Group's chief operating decision maker is considered to be the Board of Directors. Performance of the business and the deployment of capital is monitored on a group basis. Additional revenue analysis is presented by territory.

H1 2023 ***Unaudited***	**UK £'000**	**USA £'000**	**AUS/NZ £'000**	**Total £'000**
Recurring revenue	3,941	5,179	982	10,102
Non-recurring revenue	155	251	13	419
Revenue from contracts with customers	**4,096**	**5,430**	**995**	**10,521**
Cost of sales				(1,058)
Gross profit				**9,463**
Sales, general and admin costs				(7,701)
Development costs				(2,365)
Adjusted loss before tax				**(603)**
Capitalisation of development costs				767
Adjusted EBITDA				**164**
Depreciation and amortisation on owned assets				(408)
Long-term incentive costs				(262)
Social security on long-term incentives				(61)
Non-underlying costs				(173)
Other finance income / (costs)				(42)
Loss before tax				**(782)**

H1 2022 ***Unaudited***	**UK £'000**	**USA £'000**	**AUS/NZ £'000**	**Total £'000**
Recurring revenue	3,207	4,330	982	8,519
Non-recurring revenue	275	233	43	551
Revenue from contracts with customers	**3,482**	**4,563**	**1,025**	**9,070**
Cost of sales				(873)
Gross profit				**8,197**
Sales, general and admin costs				(6,792)
Development costs				(2,129)
Adjusted loss before tax				**(724)**
Capitalisation of development costs				748
Adjusted EBITDA				**24**
Depreciation and amortisation on owned assets				(487)
Long-term incentive costs				(157
Social security on long-term incentive costs				(130)
Non-underlying costs				(99)
Other finance income / (costs)				(31)
Loss before tax				**(880)**

2022 Audited	UK £'000	USA £'000	AUS/NZ £'000	Total £'000
Recurring revenue	6,739	9,498	2,044	18,281
Non-recurring revenue	511	419	82	1,012
Revenue from contracts with customers	**7,250**	**9,917**	**2,126**	**19,293**
Cost of sales				(1,952)
Gross profit				**17,341**
Sales, general and admin costs				(13,526)
Development costs				(4,561)
Adjusted loss before tax				**(746)**
Capitalisation of development costs				1,438
Adjusted EBITDA				**(692)**
Depreciation and amortisation on owned assets				(563)
Long-term incentive costs				(329)
Social security costs on share options				120
Non-underlying costs				(389)
Other finance income / (costs)				(74)
Loss before tax				**(543)**

4. Loss per share

The calculation of loss per share is based on the loss for the period of £642k (H1 2022: loss of £548k, 2022: profit of £28k).

Weighted number of shares calculation	**H1 2023 '000 *Unaudited***	**H1 2022 '000 *Unaudited***	**FY 2022 '000 *Audited***
Weighted average number of ordinary shares	50,175	49,580	49,621
Effect of potentially dilutive share options in issue	n/a	n/a	7,341
Weighted average number of ordinary shares (diluted)	**50,175**	49,580	56,962

Loss per share	**H1 2023 pence *Unaudited***	**H1 2022 pence *Unaudited***	**FY 2022 pence *Audited***
Basic	(1.28)	(1.10)	0.06
Diluted	(1.28)	(1.10)	0.05

At 30 June 2023 there were 7,058,705 shares under option. As required by IAS33 (Earnings per Share), the impact of potentially dilutive options was disregarded for the purposes of calculating diluted loss per share in the Period as the Group was loss making.