

13 July 2022

GetBusy plc

2022 Half-year Results

**Acceleration of predictable, scalable and valuable ARR
Further upgrade to 2022 revenue expectations**

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 2022 (the "Period", "H1" or "H1 2022").

	H1 2022	H1 2021	Change	
	£'000	£'000	Reported currency	Constant currency*
Group ARR	18,068	14,049	29%	21%
Group recurring revenue	8,519	6,940	23%	19%
Group total revenue	9,070	7,489	21%	18%
Group adjusted EBITDA*	24	(148)	n/a	
Group adjusted loss before tax*	(724)	(472)	(53)%	
Group loss before tax	(880)	(949)	7%	
Net cash	2,131	1,991	7%	

Financial highlights

- Further acceleration of constant currency ARR growth to 21% (H1 2021: 13%), with healthy new business, improving churn and successful monetisation
- Recurring revenue growth of 19% at constant currency to £8.5m (H1 2021: £7.0m)
- Recurring revenue comprises 94% of total revenues (H1 2021: 93%)
- Gross margin remains strong at 90.4% (H1 2021: 91.8%) with greater volume of cloud revenue
- Adjusted EBITDA at breakeven (H1 2021: £(0.1)m) – reflecting ongoing growth investment in line with strategic roadmap
- Net cash of £2.1m (H1 2021: £2.0m) remains strong, underpinned by undrawn committed £2.0m facility

Operational highlights

- Strong net revenue retention of 100.6% per month (H1 2021: 99.3%), reflecting successful fair-price monetisation efforts and value customers ascribe to our solutions
- Group ARPU up 15% at constant currency to £245 (H1 2021: £207)
- 8% increase in paying users to 73,667 (H1 2021: 68,030)
- Strengthened position in insolvency market following signing of another UK Top 10 accountancy firm for Virtual Cabinet's cloud offering, powered by Workiro
- Continued to build out footprint in NetSuite channel for Workiro with total of five partner agreements now signed
- Development of operational infrastructure around Certified Vault progressing to plan, supporting planned scale up of customer acquisition efforts in 2023
- Integration of October 2021's technology acquisitions on target, with commercial launch expected by end of this year, broadening the Group's capabilities to drive ARPU growth through its portfolio of productivity software products
- Group now annually handles more than 250 million documents and executes over 3 million digital signatures among over 2 million collaborators

Further upgrade to revenue expectations for 2022[#]

- Despite the wider backdrop of economic uncertainty, our core markets remain robust, driven by structural changes in the way people work and a strengthening mandate for productivity optimisation
- Continuing ARR momentum and resilient customer demand is expected to drive 2022 Group revenue to at least £18.4m (previous guidance of £17.0m)
- Group expected to remain modestly profitable at the Adjusted EBITDA level during H2 2022, marginally ahead of current expectations for 2022
- Group continues to invest in its operations and people to support long-term growth and management's ambition to double ARR over the next five years

Daniel Rabie, CEO of GetBusy, comments:

"Momentum has continued to build during GetBusy's record first half of 2022, with constant currency ARR growth of 21%, stronger than we reported in our AGM update two months ago.

"More than ever, GetBusy's products are delivering tangible value to our clients, across a larger addressable market, helping them to remain as productive, efficient and secure as possible in the face of rising cost pressures and operational complexities. Our very high – and improving – customer retention rates demonstrate how embedded our growing range of capabilities have become within our clients' technology stacks, a trend we expect to continue as the tailwinds of digital transformation, cyber security, privacy legislation and hybrid working strengthen.

"As we continue to win new clients in our core markets, introduce new capabilities into our existing client base and establish a foothold in new markets, we anticipate that ARR growth will remain strong throughout H2, and we now expect revenue in 2022 to be ahead of previously upgraded expectations."

* Adjusted EBITDA is Adjusted Loss before Tax stated after capitalised development costs. 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, share option 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.

Current market expectations for 2022, in advance of publishing this announcement, are considered to comprise revenue of £17.0m, Adjusted EBITDA of £(0.5)m and Adjusted Loss before Tax of £(1.3)m.

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

GetBusy plc

investors@getbusy.com

Panmure Gordon (Financial Adviser, Nominated Adviser and Broker)

+44 (0)20 7886 2500

Alina Vaskina / James Sinclair-Ford (Corporate Advisory)
Erik Anderson (Corporate Broking)

Alma PR (Financial PR)

+44 (0)20 7886 2500

Hilary Buchanan / Andy Bryant / Hannah Campbell

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 73,000 paying users 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

Our focus is on recurring revenue – predictable, scalable and valuable

The strong performance in the first half of the year is driven by continued execution against the Group's consistent growth strategy: new customers and markets, customer retention, monetisation and product expansion.

Growing recurring subscription revenue remains our focus.

The reliable and predictable revenue runrate from software subscriptions provides a solid foundation for mid- to long-term planning. Our high gross margins, strong customer retention rates and the favourable working capital profile arising from a high proportion of customers paying annually in advance, de-risk the investments we can make to drive future growth. Our business model, allows us to double down responsibly on growth investment in a cautious macro-economic environment, building a highly valuable base of customer cashflows that have annuity characteristics.

ARR grew 21% at constant currency to £18.1m (H1 2021: £14.0m), through a combination of new customer acquisition, strong customer retention rates and higher monetisation within our established products. ARR is up 9% at constant currency from the beginning of the current year.

Predictable

Users were up 8% to 73,667, with new business contributing significantly to this growth. Predictability is key to our customer acquisition model; we consistently return more than £4 in customer lifetime value for every £1 spent on acquiring a new customer. Once acquired, our customers tend to be sticky: gross churn is resilient, averaging 0.9% per month in H1, a slight improvement on H1 2021 (1.0%) despite the anticipated increase arising from higher monetisation.

ARPU was up 15% at constant currency to £245. The size of our customer base enables us to draw valuable insights from users, informing product development and the retention activities of our customer success teams. That insight also proves the value of the productivity benefits delivered to our customers, enabling us to set fair prices for our new and existing clients with confidence.

Our strong net revenue retention of 100.6% (H1 2021: 99.3%) provides us with outstanding visibility over near-term growth, built from a very stable foundation of predictable recurring revenue.

The absence of significant customer concentration contributes to the reliability of revenue generated from our customer base; no single client accounts for more than 2% of revenue.

Scalable

The professional and financial services markets that the Group targets are large and under-penetrated. GetBusy's software portfolio adds a productivity layer to core business applications, simplifying workflows, improving productivity, enhancing security and delighting clients. With the strengthening tailwinds of digital transformation, privacy legislation, mobility and cyber security, these supportive market dynamics will provide substantial growth opportunities for the Group for years to come. Many organisations are still very early on their software automation journeys, and the depth of our expertise within these markets positions us well to provide an ever-increasing set of solutions to customers on that journey.

Our strong LTV:CAC ratio of 4:1 (H1 2021: 4:1) allows us to ramp our customer acquisition spend with a high degree of confidence in the return. Typically more than 65% of our customers elect for contracts that are paid annually in advance, providing us with structural working capital benefits that fund additional investment in growth. Our gross margin of 90.4% (H1 2021: 91.6%) means there are minimal incremental operating costs from acquiring new customers, which in the long term leads to substantial operating leverage and cash generation.

The strength of our integrations with core business applications, such as practice management or tax preparation software, contributes to our strong customer retention. Those integrations also provide channel opportunities for us, enabling us to leverage a partner's access to well-defined customers, improving customer acquisition scalability. We are aiming to build stronger channels for our established products, notably in the insolvency sector and within the SME accounting market in the US. Channels are also a key part of our customer acquisition strategy for our emerging products Workiro and Certified Vault, with the former increasing the number of NetSuite value-added reseller partners to five during H1.

Valuable

GetBusy focuses on the professional and financial services markets, with over 70% of revenue derived from the accountancy sector. These markets have remained buoyant during H1 and historically have proved resilient in the face of significant economic uncertainty. The battle to recruit and retain professional talent, and the well-documented related inflationary challenges, will drive increased adoption of productivity and automation tools. The insolvency sector, a key growth area for GetBusy, is expected to become particularly active as the strain of two years of extraordinary financial pressures takes its toll on vulnerable sectors.

The degree to which our products are embedded in our customers' everyday workflows, and integrated into other mission-critical applications, contributes to our low churn rates and high levels of net revenue retention. This leads to a subscription revenue base that has valuable annuity characteristics; the Group's customer base at its initial public offering in 2017 generates more ARR today than it did then as a result of strong retention, increased penetration, revenue expansion from upsell and price uplifts.

This high-quality customer base has considerable strategic value. Through over 20 years of product and brand development, we have, through our portfolio of innovative products, built leading positions in attractive markets with high barriers to entry. Transaction multiples paid within the broader professional services software market – frequently in excess of 7x ARR - validate the importance of those customer relationships and how selling additional products to those customers can create significant value over the long term. Our continuing investments in additional capabilities are made with this in mind. Over the longer term, we expect our emerging products, including Workiro and Certified Vault, to contribute more meaningfully to growth as the products mature and brand recognition is established.

Business and financial review

Group	H1 2022	H1 2021	Change	
			Reported currency	Constant currency
ARR at 30 June	£18.1m	£14.0m	29%	21%
Recurring revenue	£8,519k	£6,940k	23%	19%
Total revenue	£9,070k	£7,489k	21%	18%
Adjusted EBITDA	£24k	£(148)k	n/a	
Adjusted loss before tax	£(724)	£(472)k	(53%)	
Paying users at 30 June	73,667	68,030	8%	
ARPU at 30 June	£245	£207	18%	15%
Net revenue retention	100.6%	99.4%	n/a	

Established products

SmartVault and Virtual Cabinet have clear leading positions in their respective markets.

SmartVault has particular strength within the SME accounting and tax space in the US, a market which we estimate to exceed \$250m in ARR. SmartVault is the only fully-integrated cloud document management provider for Intuit's leading Lacerte and ProSeries tax preparation products; the workflow productivity benefits from this tight integration lead to outstanding customer retention rates, typically five times better than for the broader customer base.

SmartVault's product development continued apace during H1. Our recently released e-mail capture capability was iterated, and we introduced custom-branded e-mail messaging and a significantly updated and refreshed user interface for large parts of the product.

During H1, Virtual Cabinet further enhanced its position in the insolvency sector, including securing the insolvency division of another UK top 10 accounting firm. This position is strengthened through Virtual Cabinet's integration with Workiro, providing a clear path for customers embarking on their cloud journey whilst retaining the class-leading capabilities of Virtual Cabinet and its deep integrations into a wide range of core professional applications.

As well as a refreshed user interface and branding for Virtual Cabinet, next-generation search capabilities were developed and launched together with user analytics, improved OneDrive integration and an integration with PostWorks, the digital mailroom provider, which is a core technology for many insolvency firms. The Workiro technology is also proving to be an attractive cloud pathway for many Virtual Cabinet

customers, with substantial overlap between the requirements of the ERP market and Virtual Cabinet's established and target customer base.

Emerging products

Our emerging products provide further growth potential for the Group. Each addresses a validated productivity need within a clearly identified and large market that shares the favourable characteristics and helpful tailwinds of our core professional services markets.

Workiro provides intuitive document management, task, communication and approval capability, with an initial focus on Oracle's NetSuite cloud ERP application, into which Workiro is deeply integrated. NetSuite's installed base of over 30,000 enterprise customers provides a considerable market opportunity for Workiro, with the broader cloud ERP market being significantly larger.

During H1 we have added four value-added resellers, bringing the total to five, and have focused on brand recognition to help establish initial sales momentum. Workiro was identified as "truly innovative" and selected by accountancy and business advisory firm, BDO, from hundreds of high-growth businesses for the inaugural Growth Programme, dedicated to helping high growth technology businesses to scale up.

Certified Vault was introduced into the asset finance market in the US in 2021, providing secure custody of electronic chattel paper on behalf of secured lending institutions. Following an encouraging start towards the end of 2021, we have tempered customer acquisition while we further develop and prepare the product, and the surrounding operational infrastructure, for the rigorous security and compliance demands of the larger financial services market. This essential work, which will create a very solid and sustainable foundation for Certified Vault in what is a large, highly attractive and under-served market, is progressing well and we expect to start to scale customer acquisition efforts in 2023.

Integration with our established products of the form-fill and quoting technologies acquired last year is progressing to plan. We expect these capabilities to be available initially to our SmartVault user base during Q4 2022, with Virtual Cabinet integrations to follow. These technologies provide valuable expansion revenue opportunity among our substantial base of over 73,000 users.

Financials

Recurring revenue grew 19% at constant currency to £8.5m, reflecting the strong ARR momentum carried forward at the start of the year and the subsequent ARR growth. 51% of recurring revenue in H1 was denominated in USD, driving reported recurring revenue growth of 23%.

Non-recurring revenue of £0.6m was essentially flat compared to H1 2021; growth in non-recurring add-ons in SmartVault was offset by the planned reduction in Virtual Cabinet as older customers converted onto pure SaaS models, a process which is now largely complete. Total revenue was up 18% at constant currency to £9.1m.

Gross margin of 90.4% (H1 2021: 91.6%) reflects the greater proportion of revenue from our cloud products, including SmartVault.

SG&A costs of £6.8m (H1 2021: £5.5m) reflect a number of investments across the business to underpin future growth and improve the infrastructure of the Group to support additional scale. This includes investments in customer acquisition teams across the Group, customer success teams, which drive customer retention and expansion revenue campaigns, and a professionalisation of our cyber security capabilities. We continued to build out our product development functions to support capability improvements across the Group, and developer costs of £2.1m were 15% higher (H1 2021: £1.9m).

£0.7m of development costs were capitalised (H1 2021: £0.3m), including a variety of capability enhancements across Virtual Cabinet and SmartVault and elements of the core application builds for Certified Vault and Workiro.

Adjusted EBITDA was £0.0m (H1 2021: £(0.1)m), whilst Adjusted Loss, which is stated before development capitalisation, was £(0.7)m (H1 2021: £(0.5)m).

The increase in depreciation on owned assets and amortisation is due to the impact of continued capitalisation of development costs. Share option costs remained at £0.3m (H1 2021: £0.3m) and reflect both the IFRS2 charge on the options granted and the increase in the provision for employment taxes due if options are exercised. Non-underlying costs of £0.1m (H1 2021: £0.1m) comprise corporate restructuring

costs together with an increase in the provision for potential historic sales tax liabilities in certain jurisdictions in the US.

The tax credit of £0.3m (H1 2021: credit of £0.2m) reflects the expected UK research and development tax credit offset by overseas tax payable in Australia and New Zealand. The Group still has sizeable carried forward tax losses in the UK and US.

Working capital movements were broadly neutral in H1, with favourable deferred revenue movements offsetting payables outflows. Capital expenditure of £0.2m and the adjusted loss of £(0.7)m were offset by net tax receipts, mostly from the UK research and development tax credit.

Consolidated income statement**For the six months ended 30 June 2022**

	Note	H1 2022 £'000 <i>Unaudited</i>	H1 2021 £'000 <i>Unaudited</i>	FY 2021 £'000 <i>Audited</i>
Revenue	3	9,070	7,489	15,448
Cost of sales		(873)	(630)	(1,295)
Gross profit		8,197	6,859	14,153
Operating costs		(9,010)	(7,741)	(16,355)
Net finance costs		(67)	(67)	(133)
Loss before tax	3	(880)	(949)	(2,335)
Loss before tax		(880)	(949)	(2,335)
Depreciation and amortisation on owned assets		487	408	706
Share option costs including social security		287	309	667
Non-underlying costs		99	58	400
Finance costs / (income) not related to leases		31	26	52
Adjusted EBITDA		24	(148)	(510)
Capitalised development costs		(748)	(324)	(712)
Adjusted loss before tax		(724)	(472)	(1,222)
Tax		332	206	771
Loss for the period attributable to owners of the Company		(548)	(743)	(1,564)
Loss per share (pence)				
Basic	4	(1.10)	(1.50)	(3.16)
Diluted	4	(1.10)	(1.50)	(3.16)

Consolidated statement of comprehensive income

For the six months ended 30 June 2022

	H1 2022 £'000 <i>Unaudited</i>	H1 2021 £'000 <i>Unaudited</i>	FY 2021 £'000 <i>Audited</i>
Loss for the period	(548)	(743)	(1,564)
Other comprehensive income / (expense)			
Exchange differences on translation of foreign operations	(335)	21	(17)
Other comprehensive income / (expense) net of tax	(335)	21	(17)
Total comprehensive loss for the period	(883)	(722)	(1,581)

Consolidated balance sheet

At 30 June 2022

	30 June 2022 £'000 <i>Unaudited</i>	31 December 2021 £'000 <i>Audited</i>	30 June 2021 £'000 <i>Unaudited</i>
Non-current assets			
Intangible assets	1,591	1,110	831
Right of use assets - leases	1,463	1,544	1,661
Property, plant and equipment	426	426	435
	3,480	3,080	2,927
Current assets			
Trade and other receivables	1,939	1,907	1,599
Current tax receivable	451	1,021	154
Cash and bank balances	2,131	2,670	1,991
	4,521	5,598	3,744
Total assets	8,001	8,678	6,671
Current liabilities			
Trade and other payables	(3,865)	(3,917)	(2,574)
Deferred revenue	(5,701)	(5,469)	(4,336)
Lease liabilities	(373)	(333)	(288)
Current tax payable	(280)	(378)	(91)
	(10,219)	(10,097)	(7,289)
Non-current liabilities			
Deferred revenue	-	(4)	-
Lease liabilities	(1,465)	(1,533)	(1,670)
	(1,465)	(1,537)	(1,670)
Total liabilities	(11,684)	(11,634)	(8,959)
Net assets	(3,683)	(2,956)	(2,288)
Equity			
Share capital	74	74	74
Share premium account	3,018	3,018	3,018
Demerger reserve	(3,085)	(3,085)	(3,085)
Retained earnings	(3,690)	(2,963)	(2,295)
Equity attributable to shareholders of the parent	(3,683)	(2,956)	(2,288)

Consolidated statement of changes in equity

For the six months ended 30 June 2022

<i>2022 Unaudited</i>	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 period	-	-	-	(548)	(548)
Exchange differences on translation of foreign operations, net of tax	-	-	-	(335)	(335)
Total comprehensive profit attributable to equity holders of the parent	-	-	-	(883)	(883)
Issue of ordinary shares	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-
Share option costs	-	-	-	156	156
	-	-	-	156	156
At 30 June 2022	74	3,018	(3,085)	(3,690)	(3,683)

<i>2021 Unaudited</i>	Share capital £'000	Share premium account £'000	Demerge r Reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2021	74	3,018	(3,085)	(1,782)	(1,775)
Profit for the period	-	-	-	(743)	(743)
Exchange differences on translation of foreign operations, net of tax	-	-	-	21	21
Total comprehensive loss attributable to equity holders of the parent	-	-	-	(722)	(722)
Issue of ordinary shares	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-
Share option costs	-	-	-	209	209
	-	-	-	209	209
At 30 June 2021	74	3,018	(3,085)	(2,295)	(2,288)

<i>2021 Audited</i>	Share capital £'000	Share premium account £'000	Demerger Reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2021	74	3,018	(3,085)	(1,782)	(1,775)

Profit for the period	-	-	-	(1,564)	(1,564)
Exchange differences on translation of foreign operations, net of tax	-	-	-	(17)	(17)
Total comprehensive loss attributable to equity holders of the parent	-	-	-	(1,581)	(1,581)
Issue of ordinary shares	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-
Share option costs	-	-	-	400	400
	-	-	-	400	400
At 31 December 2021	74	3,018	(3,085)	(2,963)	(2,956)

Consolidated cash flow statement

For the six months ended 30 June 2022

	H1 2022 £'000 <i>Unaudited</i>	H1 2021 £'000 <i>Unaudited</i>	FY 2021 £'000 <i>Audited</i>
Adjusted loss before tax	(724)	(472)	(1,222)
Depreciation of right of use asset - leases	158	153	316
Income statement cost of interest on finance leases	36	41	81
(Increase)/ decrease in receivables	(31)	216	(92)
(Decrease) / increase in payables	(288)	(156)	1,093
Increase/ (decrease) in deferred income	228	(330)	806
Cash used in operations	(621)	(548)	982
Non-underlying costs	(99)	(58)	(400)
Income taxes received	790	638	623
Interest paid	(25)	(26)	(52)
Net cash from operating activities	45	6	1,153
Purchases of property, plant and equipment	(77)	(124)	(181)
Purchases of other intangible assets	(143)	(42)	(163)
Net cash used in investing activities	(220)	(166)	(344)
Principal portion of lease payments	(130)	(147)	(261)
Interest on lease liabilities	(36)	(16)	(81)
Net cash from financing activities	(166)	(163)	(342)
Net increase/(decrease) in cash	(341)	(323)	467
Cash and bank balances at beginning of period	2,670	2,283	2,283
Effects of foreign exchange rates	(198)	31	(80)
Cash and bank balances at end of period	2,131	1,991	2,670

Notes to the financial information

1. General information

These interim financial statements are for the six months ended 30 June 2022. 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 2021.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

2. Basis of preparation and accounting policies

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 2021 were authorised for issue by the Board of Directors on 28 February 2022. 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 2021, in which our full set of accounting policies, including critical judgements and key sources of estimation uncertainty, can be found.

Alternative performance measures

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.

Share option costs. Judgement is applied in calculating the fair value of share options and subsequent charge to the income statement, which has no cash impact. The impact of potentially dilutive share options is also considered in diluted earnings per share. Therefore, excluding share option costs from Adjusted Profit / 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. There are also many examples of companies being criticised for using the capitalisation and amortisation of development costs as a method of manipulating profit, due to the substantial management judgement involved in applying the standard. To assist transparency, we exclude the impact of capitalising development costs from Adjusted Profit / 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. The cashflow statement

reconciles from Adjusted Profit / Loss before Tax, and so there is no adjustment for development amortisation within operating cashflows and no adjustment for development capitalisation within cashflows from investing activities.

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.

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 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)
Share option costs	(287)
Non-underlying costs	(99)
Other finance income / (costs)	(31)
Loss before tax	(880)

H1 2021 Unaudited	UK £'000	USA £'000	AUS/NZ £'000	Total £'000
Recurring revenue	3,133	2,835	972	6,940
Non-recurring revenue	324	198	27	549
Revenue from contracts with customers	3,457	3,033	999	7,489
Cost of sales				(630)
Gross profit				6,859
Sales, general and admin costs				(5,479)
Development costs				(1,852)
Adjusted loss before tax				(472)
Capitalisation of development costs				324
Adjusted EBITDA				(148)
Depreciation and amortisation on owned assets				(408)
Share option costs				(309)
Non-underlying costs				(58)
Other finance income / (costs)				(26)
Loss before tax				(949)

2021 Audited	UK £'000	USA £'000	AUS/NZ £'000	Total £'000
Recurring revenue	6,280	6,119	1,944	14,343
Non-recurring revenue	661	365	79	1,105
Revenue from contracts with customers	6,941	6,484	2,023	15,448
Cost of sales				(1,295)
Gross profit				14,153
Sales, general and admin costs				(11,588)
Development costs				(3,787)
Adjusted loss before tax				(1,222)
Capitalisation of development costs				712
Adjusted EBITDA				(510)
Depreciation and amortisation on owned assets				(706)
Share option costs				(400)
Social security costs on share options				(267)
Non-underlying costs				(400)
Other finance costs				(52)

Loss before tax

(2,335)

4. Loss per share

The calculation of loss per share is based on the loss for the period of £548k (H1 2021: loss of £743k).

Weighted number of shares calculation

	H1 2022 '000 <i>Unaudited</i>	H1 2021 '000 <i>Unaudited</i>	FY 2021 '000 <i>Audited</i>
Weighted average number of ordinary shares	49,580	49,471	49,516
Effect of potentially dilutive share options in issue	n/a	n/a	n/a
Weighted average number of ordinary shares (diluted)	<u>n/a</u>	<u>49,471</u>	<u>n/a</u>

Loss per share

	H1 2022 pence <i>Unaudited</i>	H1 2021 pence <i>Unaudited</i>	FY 2021 pence <i>Audited</i>
Basic	(1.10)	(1.50)	(3.16)
Diluted	<u>(1.10)</u>	<u>(1.50)</u>	<u>(3.16)</u>

At 30 June 2022 there were 7,427,628 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.