3 September 2024

GetBusy plc

2024 Half-year Results

A clear strategy to create and realise value

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 2024 (the "Period", "H1" or "H1 2024").

	H1 2024	H1 2023	Change	
	£'000	£'000	Reported currency	Constant currency***
Group ARR	**20,982**	20,121	4%	5%
Group recurring revenue	**10,354**	10,102	3%	4%
Group total revenue	**10,739**	10,521	2%	4%
Group adjusted EBITDA*	**403**	164	150%	
Group adjusted loss before tax**	**(334)**	(603)	45%	
Group loss before tax	**(8)**	(782)	99%	
Available cash funds	**2,178**	3,659	(41)%	
Net cash	**178**	1,659	(89)%	

Financial highlights

- Recurring revenue growth of 4% at constant currency to £10.4m (H1 2023: £10.1m)
- ARR growth of 5% at constant currency to £21.0m (H1 2023: £20.1m) and up 3% at constant currency since the start of the year
- Gross margin remains strong at 89.3% (H1 2023: 89.9%) with greater volume of cloud revenue
- Increase in Adjusted EBITDA to £0.4m (H1 2023 £0.2m)
- Narrowing of Adjusted Loss to £0.3m (H1 2024: £0.6m), a 45% improvement on H1 2023
- Gross cash of £0.9m (H1 2023: £1.7m) and drawn debt of £0.7m (H1 2023: £nil), meaning total available funds of £2.2m
- Net Cash of £0.2m (H1 2023: £1.7m) reflecting a later receipt of UK R&D tax credit than in H1 2023 (expected to be £0.6m) and the acquisition of SmartPath (£0.2m)

Operational highlights

- Net revenue retention of 99.7% (H1 2023: 100.5%)
- Group ARPU**** up 9% at constant currency to £316 (H1 2023: £291)
- 4% reduction in paying users**** to 66,424 (H1 23: 69,208), reflecting strategy to focus on higher value customers and churn within legacy Virtual Cabinet business
- Completed acquisition of SmartPath, the revenue optimisation and pricing intelligence platform, enhancing the Group's product offering in the highly attractive and strategically valuable US market
- SmartVault platform transacted a record 106 million documents during peak US tax season with 100% availability
- Substantial order traction for Workiro in ERP market, representing 75% of new sales in the combined Virtual Cabinet / Workiro business
- Workiro ARR up 150% since start of year, demonstrating encouraging potential in significantly enlarged target market

Outlook

- The Group reconfirms group revenue expectations⁺ for the year, whilst flagging increasing exchange rate pressure from the weaker USD
- Prospects for the Group, including cash returns in the medium term from SmartVault and the long-term potential from Workiro, remain excellent

Daniel Rabie, CEO of GetBusy, comments:

"We have made encouraging strategic progress in H1 2024 to keep the business on track to achieve our value creation and realisation objectives in the medium- and long-term.

"We're excited to have added SmartPath's pricing technology into SmartVault's suite, providing an excellent platform on which we can build a more extensive offering to help accountants transition to become advisory-led firms. Within Workiro, encouraging order intake through our strategic channel partners provides validation of the value of our solution within the ERP market, and the size and reliability of our pipeline provides confidence for the future.

"Whilst ARR growth over H1 has been more modest than in previous periods, we are confident we have the foundations in place for a return to stronger growth and significant value creation over the next few years."

⁺ Expectations for the year-ending 31 December 2024 are considered to comprise Revenue of £22.9m and Adjusted EBITDA of £1.2m.

*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.

**** Following a review of the way the volume of paying users is captured in the Group's reporting systems, it has been identified that in some circumstances deactivated users or other non-paying users were being included incorrectly in the Group's paying user count. The Group is therefore restating previously reported paid user count information, and the related Group ARPU figures, as shown in the table below. There is no impact on the Group's revenue in any period and no customers have been billed for deactivated or otherwise non-paying users as a result of this error.

	30 June 2020	31 Dec 2020	30 June 2021	31 Dec 2021	30 June 2022	31 Dec 2022	30 June 2023	31 Dec 2023
Paid users	64,387	65,691	66,844	69,378	68,855	69,342	69,208	68,227
ARPU (£)	203	209	208	228	262	277	291	301

GetBusy plc

investors@getbusy.com

Cavendish Capital Markets Limited (Nominated Adviser and Broker) +44 (0)20 7220 0500
Matt Goode / Trisyia Jamaludin (Corporate Finance)
Harriet Ward (ECM)

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 nearly 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

A clear strategy for value creation and cash returns

We are building a strategically valuable business in the US accounting market, through SmartVault, that we believe will enable substantial value realisation in the medium term. Additionally, we are capitalising on our excellent reputation within professional services to establish and scale Workiro in the ERP market, building long-term shareholder value.

The Group is committed to sustained investment, from its current funds and further self-generated cash resources, in the pursuit of both medium- and long-term growth. The underlying Virtual Cabinet and Workiro business is profitable and cash generative, and our SmartVault business is on the point of generating significant and scaling cash profits over the next couple of years.

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. AI capabilities will be transformational in these markets. 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 enterprise content management 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 applications. 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.

H1 overview

Marked strategic progress was made across the business in H1, setting the business up well for stronger growth in the future and to achieve our value creation and realisation objectives in the medium- and long-term. In SmartVault, we extended our product capabilities with the acquisition of SmartPath, providing a platform on which we can build a more extensive offering to help accountants transition to become advisory-led firms. Within Workiro, we saw significant first fruits from our strategic channel partnerships in the ERP market, with notable success within certain clearly-defined and sizeable industries. We anticipate further strategic progress in these areas over H2.

ARR increased 5% year-on-year to £21.0m at 30 June 2024 (30 June 2023: £20.1m), a more modest growth rate than in previous periods mostly reflecting slower than anticipated return on the customer acquisition investments we have made within SmartVault in the US. Strong and responsive cost control led to a reduction in the adjusted loss to £0.3m. H1 seasonal net cash outflow increased by £0.5m as the UK research and development tax credit (usually paid in H1) has not yet been received, together with the acquisition of SmartPath. Available cash funds at 30 June 2024 were £2.2m and the Board considers the Group to be well capitalised to execute its strategy.

SmartVault

SmartVault is the leading cloud document management and client portal software serving US accountants. Through deep integrations and a commercial partnership, SmartVault has built an enviable position as the cloud document management software of choice for the c. 100,000 users of Intuit's Lacerte and ProSeries tax products. In 2023, SmartVault completed its integration into Thomson Reuters' Ultratax, which roughly doubles the medium-term market opportunity, providing a reusable blueprint for further integrations into other tax software platforms as well as other specialist tools within the tax ecosystem, such as Liscio's client portal, creating a route to even broader adoption in the future.

The acquisition of SmartPath, the pricing intelligence and revenue optimisation platform, provides an important tool to enable accounting firms to expand from tax compliance services, which are becoming increasingly commoditised, into value-added advisory services. The importance of advisory to the future of US tax accountants cannot be overstated; a recent survey by *Accounting Today* found that 80% of firms were seeing substantially higher demand for advisory services. Starting with SmartPath, we plan to selectively add to the capabilities of SmartVault, including the ability for our customers to surface actionable insights from their clients' data and documents, to create a valuable toolset that facilitates the advisory transition for our customers, increasing ARPU and the embeddedness of the SmartVault platform into our customers' workflows.

SmartVault ARR grew 8.4% to $14.3m (30 June 2023: $13.2m).

New customer acquisition during H1 was roughly in line with H1 2023, with strengthening contributions from our reseller channels and encouraging traction from SmartPath. However, our investments in direct customer acquisition have not yet led to the acceleration we were seeking and so we have scaled those back to be commensurate with the demand we are seeing. We continue to see improvements in average selling price for our direct customers, a product of a greater proportion of larger customers and improving adoption of our premium “Unlimited” plan, which packages an unrivalled feature set including e-signature and the form-fill and quoting technology acquired in 2021.

Churn and net revenue retention were both in line with H1 2023. Following the successful introduction of the Unlimited plan in Q4 last year, we anticipate continued strong adoption of Unlimited by existing customers over the rest of the year during the key pre-tax season buying period, which can improve customer ARPU by up to 40% and drive improvements to net revenue retention. Additionally, after the completion of our first round of product improvements we expect to make the SmartPath pricing tool available to the existing customer base during Q4, ahead of integrating the product into the core SmartVault application.

Workiro

Collectively, Virtual Cabinet and Workiro serve enterprise customers in the professional and financial services sector together with a broad range of industries through Workiro's deep integration into ERP systems, with an initial focus on Oracle's NetSuite application. NetSuite's installed base of over 38,000 enterprise customers provides a considerable market opportunity for Workiro, with the broader cloud ERP market being significantly larger. Product development continues apace, ensuring we are meeting the capability and security requirements of larger enterprise customers, deepening our integration with NetSuite and putting in place the building blocks for further additional integrations in ERP and CRM.

Our go-to-market activities are now dominated by Workiro. Our presence at Accountex, the world’s largest accounting and finance technology exhibition, was entirely under the Workiro brand, showcasing the Group’s most advanced and scalable content workflow technology to our core market and customer base. Migration of customers from Virtual Cabinet to Workiro, typically generating an additional 20% of revenue per user (and in many cases considerably more), has gained a reasonable momentum and we are exploring ways to automate substantial parts of the process, providing customers with as seamless a migration experience as possible and reducing the overhead burden.

Within the combined Workiro and Virtual Cabinet business, Workiro accounted for over 75% of the annual contract value of new orders in H1, with average selling price about 50% higher than for new business within Virtual Cabinet. Partners, and particularly those on our platinum tier, contributed a little more than 50% of new business. Partnerships enable us to leverage domain expertise from those partners in a wider variety of industries, enabling us to identify high-value vertical markets served by NetSuite that have complex content workflow requirements that Workiro can solve. We are seeing particular strength in the mid-tier US accounting firm market through our integration with PracticeERP, which provides a customised NetSuite instance for CPA firms; Workiro’s origins from within Virtual Cabinet, which pioneered document management software for accountants, lends significant credibility to the offering.

ARR of £9.7m, was up 1% on 30 June 2023, a result of new business being offset by higher than usual churn, principally a result of mid-market accounting firm consolidation and the mandating of specific cloud technology stacks, the decisions for which were made before Workiro was a credible alternative. Of that, Workiro ARR was £0.4m at 30 June, up over 150% since the start of the year.

Financial review

Group	**H1 2024**	**H1 2023**	**Change**	
			Reported currency	**Constant currency**
ARR at 30 June	£21.0m	£20.1m	4%	5%
Recurring revenue	£10,354k	£10,102k	3%	4%
Total revenue	£10,739k	£10,521k	2%	4%
Adjusted EBITDA	£403k	£164k	149%	
Adjusted loss before tax	£(334)k	£(603)k	45%	
Paying users at 30 June	66,424	69,208	(4)%	
ARPU at 30 June	£316	£291	9%	9%
Net revenue retention	99.7%	100.5%	(0.8)%	

Recurring revenue was up 4% at constant currency (3% at reported currency) to £10.4m (H1 2023: £10.1m), with growth in the US, through SmartVault, tempered by flat performance in the UK and ANZ (which comprises Virtual Cabinet and Workiro).

ARR, which is our recurring revenue runrate, grew by 5% at constant currency to £21.0m (30 June 2023: £20.1m), and is up 3% at constant currency since the start of the year. ARR growth over H1 was largely from higher ARPU as a result of expansion revenue (driven by the Accounting Unlimited plan in SmartVault and the migration of customers from Virtual Cabinet to Workiro). ARPU was up 6% at constant currency since 1 January 2024 to £316. As described more fully in note 1, we have restated historic user count and ARPU numbers following a review of the method used to collect that data.

Net revenue retention of 99.7% per month was an improvement on H2 2023 (99.5%), with the reduction compared to H1 2023 (100.5%) due the comparative period containing the impact of the final set of UK customers moving to the Virtual Cabinet Unlimited pricing plan.

Non-recurring revenue of £0.4m was in line with H1 2023, taking total revenue to £10.7m (H1 2023: £10.5m), up 2% (4% at constant currency).

Gross margin of 89.3% (H1 2023: 89.9%) reflects the greater proportion of revenue from our cloud products, principally SmartVault and Workiro, as opposed to on-premise products for which there is very little ongoing cost of sale.

SG&A costs of £7.6m were tightly controlled (H1 2023: £7.7m). Investments in customer acquisition in SmartVault have been tempered to reflect new business performance, although we retain the ability to flex this spend to the circumstances should we see a significant increase in demand. Total development expenditure was down a little at £2.3m (H1 2023: £2.4m), although headcount remains consistent and the reduction simply reflects currency differences.

Adjusted EBITDA was £0.4m (H1 2023: £0.2m), whilst Adjusted Loss, which is stated before development capitalisation, was £(0.3)m (H1 2023: £(0.6)m).

Depreciation and amortisation increased to £0.6m (H1 2023: £0.4m) as a result of an additional year of capitalised costs relating to Workiro, which only started to be capitalised in 2022.

The credit for long-term incentive costs of £0.3m (H1 2023: charge of £0.3m), reflects modifications made to the SmartVault Leadership Incentive Plan to make reward under the plan entirely contingent on an acquisition by a third party.

Cashflow and working capital

H1 is typically a cash absorptive period for the Group as a result of the seasonality of cash receipts for annual customer renewals, which are heavily weighted towards Q4. H1 2024 had some additional pressures on cash compared to the comparative period:

- Historically we have received our research and development tax credit in H1. Due primarily to changes in HMRC's documentation requirements, and a lengthier process to submit our claim, our 2023 claim for approximately £0.6m had not been received by 30 June 2024; and
- The acquisition of SmartPath included £0.2m of upfront cash investment.

These pressures were mitigated to an extent by a smaller reduction in deferred revenue compared to H1 2023.

Net cash at 30 June 2024 was £0.2m (30 June 2023: £1.7m), comprising £0.9m of cash and £0.7m of drawn loan facilities.

The £2m revolving credit facility is committed until February 2027.

Consolidated income statement

For the six months ended 30 June 2024

	Note	H1 2024 £'000 *Unaudited*	H1 2023 £'000 *Unaudited*	FY 2023 £'000 *Audited*
Revenue	3	**10,739**	**10,521**	**21,112**
Cost of sales		(1,144)	(1,058)	(2,095)
Gross profit		**9,595**	**9,463**	**19,017**
Operating costs		(9,535)	(10,176)	(19,389)
Net finance costs		(69)	(69)	(137)
Loss before tax	3	**(9)**	**(782)**	**(509)**
Loss before tax		(9)	(782)	(509)
Depreciation and amortisation on owned assets		624	408	941
Long-term incentive costs		(315)	262	312
Social security on long-term incentives		55	61	21
Non-underlying costs		-	173	196
Finance costs not related to leases		47	42	84
Adjusted EBITDA		**402**	**164**	**1,045**
Capitalised development costs		(737)	(767)	(1,674)
Adjusted loss before tax		**(335)**	**(603)**	**(629)**
Tax		124	140	202
Profit/(loss) for the period attributable to owners of the Company		**115**	**(642)**	**(227)**
Profit/(loss) per share (pence)				
Basic	4	0.23	(1.28)	(0.45)
Diluted	4	0.21	(1.28)	(0.45)

Consolidated statement of comprehensive income

For the six months ended 30 June 2024

	H1 2024 £'000 *Unaudited*	H1 2023 £'000 *Unaudited*	FY 2023 £'000 *Audited*
Profit/(loss) for the period	**115**	(642)	(227)
Other comprehensive items that may be subsequently reclassified to profit or loss			
Currency movement on net investment	**10**	-	158
Exchange differences on translation of foreign operations net of tax	**(84)**	168	42
Other comprehensive income/(loss) net of tax	**(74)**	168	200
Total comprehensive income/(loss) for the period	**41**	(474)	(27)

Consolidated balance sheet

At 30 June 2024

	30 June 2024 £'000 *Unaudited*	30 June 2023 £'000 *Unaudited*	31 December 2023 £'000 *Audited*
Non-current assets			
Intangible assets	3,959	3,144	3,620
Goodwill	625	-	-
Right of use assets - leases	742	995	913
Property, plant and equipment	236	345	299
	5,562	**4,484**	**4,832**
Current assets			
Trade and other receivables	1,975	2,001	1,867
Current tax receivable	888	426	610
Cash and bank balances	928	1,659	1,942
	3,791	**4,086**	**4,419**
Total assets	**9,353**	**8,570**	**9,251**
Current liabilities			
Trade and other payables	(3,087)	(3,719)	(3,585)
Deferred revenue	(6,345)	(6,021)	(6,544)
Provisions	(559)	(545)	(504)
Lease liabilities	(341)	(373)	(423)
Current tax payable	(131)	(361)	(146)
	(10,463)	**(11,019)**	**(11,202)**
Non-current liabilities			
Loan payable	(750)	-	-
Lease liabilities	(618)	(904)	(741)
Contingent consideration	(489)	-	-
Provisions	-	-	(326)
	(1,857)	**(904)**	**(1,067)**
Total liabilities	**(12,320)**	**(11,923)**	**(12,269)**
Net liabilities	**(2,967)**	**(3,353)**	**(3,018)**
Equity			
Share capital	76	76	76
Share premium account	3,018	3,018	3,018
Demerger reserve	(3,085)	(3,085)	(3,085)
Retained earnings	(2,977)	(3,362)	(3,027)
Equity attributable to shareholders of the parent	**(2,967)**	**(3,353)**	**(3,018)**

Consolidated statement of changes in equity

For the six months ended 30 June 2024

H1 2024 ***Unaudited***	**Share capital £'000**	**Share premium account £'000**	**Demerger reserve £'000**	**Retained earnings £'000**	**Total £'000**
At 1 January 2024	**76**	**3,018**	**(3,085)**	**(3,027)**	**(3,018)**
Profit for the period	-	-	-	115	115
Currency movement on net investment	-	-	-	10	10
Exchange differences on translation of foreign operations, net of tax	-	-	-	(86)	(86)
Total comprehensive income for the period	**-**	**-**	**-**	**39**	**39**
Long-term incentive costs	-	-	-	12	12
Total transactions with owners of the Company	**-**	**-**	**-**	**12**	**12**
At 30 June 2024	**76**	**3,018**	**(3,085)**	**(2,976)**	**(2,967)**

H1 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)**	**(2,956)**
Loss for the period	-	-	-	(642)	(642)
Exchange differences on translation of foreign operations, net of tax	-	-	-	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	**-**	**-**	**-**	**98**	**99**
At 30 June 2023	**76**	**3,018**	**(3,085)**	**(3,362)**	**(3,353)**

2023 ***Audited***	**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 year	-	-	-	(227)	(227)
Other comprehensive income, net of tax	-	-	-	200	200
Total comprehensive income for the year	**-**	**-**	**-**	**(27)**	**(27)**
Issue of ordinary shares	1	-	-	-	1
Equity-based long-term incentive credit	-	-	-	(14)	(14)
Total transactions with owners of the Company	**1**	**-**	**-**	**(14)**	**(13)**
At 31 December 2023	**76**	**3,018**	**(3,085)**	**(3,027)**	**(3,018)**

Consolidated cash flow statement

For the six months ended 30 June 2024

	H1 2024 £'000 *Unaudited*	H1 2023 £'000 *Unaudited*	FY 2023 £'000 *Audited*
Profit/(loss) for the period	**115**	(642)	(227)
Finance costs	**50**	42	137
Income tax credit	**(124)**	(140)	(282)
Depreciation of property, plant and equipment	**85**	82	169
Depreciation on right of use asset - leases	**197**	179	316
Amortisation of intangible assets	**539**	326	772
Long-term incentive (credits)/costs	**(260)**	323	312
(Increase)/decrease in receivables	**(113)**	103	172
Decrease in payables	**(208)**	(235)	(584)
(Decrease)/increase in provisions	**(271)**	-	271
(Decrease)/increase in deferred revenue	**(247)**	(639)	(114)
Cash (used in)/generated by operations	**(237)**	(601)	942
Net income taxes (paid)/received	**(207)**	628	519
Interest paid	**(50)**	(42)	(84)
Net cash (used in)/from operating activities	**(494)**	(15)	1,377
Purchases of property, plant and equipment	**(23)**	(45)	(90)
Purchases of other intangible assets	**(25)**	(217)	(232)
Acquisition	**(204)**	-	-
Capitalised internal development costs	**(737)**	(767)	(1,674)
Net cash used in investing activities	**(989)**	(1,029)	(1,996)
Principal portion of lease payments	**(208)**	(179)	(371)
Interest on lease liabilities	**(23)**	(27)	(53)
Proceeds on issue of shares	**-**	1	1
Draw down of loan facility	**750**	-	-
Net cash (used in)/from financing activities	**519**	(205)	(423)
Net decrease in cash	**(964)**	(1,249)	(1,042)
Cash and bank balances at beginning of period	**1,942**	2,972	2,972
Effects of foreign exchange rates	**(50)**	(64)	12
Cash and bank balances at end of period	**928**	1,659	1,942

Net cash reconciliation

	At 1 January 2024 £'000	Cash flow £'000	Interest accretion £'000	Foreign exchange movement £'000	At 30 June 2024 £'000
Finance lease liability	**(1,163)**	231	(23)	(4)	**(959)**
Cash and cash equivalents	**1,942**	(964)	-	(50)	**928**
Loan payable	-	(750)	-	-	**(750)**

Net cash / (debt) (including lease liabilities)	**779**	(1,483)	(23)	(54)	**(781)**

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

1. <u>General information</u>

These interim financial statements are for the six months ended 30 June 2024. 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 2023.

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 2023 were authorised for issue by the Board of Directors on 25 March 2024. 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 2023, 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, plus the annual value of any contracted but not implemented customer contracts.

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.

Restatement of paying users and ARPU

Following a review of the way the volume of paying users is captured in the Group's reporting systems, it has been identified that in some circumstances deactivated users or other non-paying users were being included incorrectly in the Group's paying user count. The Group is therefore restating previously reported paid user count information, and the related Group ARPU figures, as shown in the table below. There is no impact on the Group's revenue in any period and no customers have been billed for deactivated or otherwise non-paying users as a result of this error.

	30 June 2020	31 Dec 2020	30 June 2021	31 Dec 2021	30 June 2022	31 Dec 2022	30 June 2023	31 Dec 2023
Paid users	64,387	65,691	66,844	69,378	68,855	69,342	69,208	68,227
ARPU (£)	203	209	208	228	262	277	291	301

3. **<u>Revenue and operating segments</u>**

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 2024 ***Unaudited***	**UK**	**USA**	**AUS/NZ**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Recurring revenue	4,020	5,433	901	10,354
Non-recurring revenue	110	263	12	385
Revenue from contracts with customers	**4,130**	**5,696**	**913**	**10,739**
Cost of sales				(1,144)
Gross profit				**9,595**
Sales, general and admin costs				(7,609)
Development costs				(2,320)
Adjusted loss before tax				**(334)**
Capitalisation of development costs				737
Adjusted EBITDA				**403**
Depreciation and amortisation on owned assets				(624)
Long-term incentive costs				315
Social security on long-term incentives				(55)
Other finance income / (costs)				(47)
Loss before tax				**(8)**

H1 2023 ***Unaudited***	**UK**	**USA**	**AUS/NZ**	**Total**
	£'000	**£'000**	**£'000**	**£'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 incentive costs				(61)
Non-underlying costs				(173)
Other finance income / (costs)				(42)
Loss before tax				**(782)**

2023 Audited	UK £'000	USA £'000	AUS/NZ £'000	Total £'000
Recurring revenue	7,979	10,407	1,925	20,311
Non-recurring revenue	295	458	48	801
Revenue from contracts with customers	**8,274**	**10,865**	**1,973**	**21,112**
Cost of sales				(2,095)
Gross profit				**19,017**
Sales, general and admin costs				(14,807)
Development costs				(4,839)
Adjusted loss before tax				**(629)**
Capitalisation of development costs				1,674
Adjusted EBITDA				**(1,045)**
Depreciation and amortisation on owned assets				(941)
Long-term incentive costs				(312)
Social security costs on long-term incentives				(21)
Non-underlying costs				(196)
Other finance income / (costs)				(84)
Loss before tax				**(509)**

4. Loss per share

The calculation of loss per share is based on the profit for the period of £115k (H1 2023: loss of £642k, 2023: loss of £227k).

Weighted number of shares calculation	**H1 2024 '000 *Unaudited***	**H1 2023 '000 *Unaudited***	**FY 2023 '000 *Audited***
Weighted average number of ordinary shares	50,571	50,175	50,378
Effect of potentially dilutive share options in issue	3,200	n/a	n/a
Weighted average number of ordinary shares (diluted)	**53,771**	50,175	50,378

Loss per share	**H1 2024 pence *Unaudited***	**H1 2023 pence *Unaudited***	**FY 2023 pence *Audited***
Basic	0.23	(1.28)	(0.45)
Diluted	0.21	(1.28)	(0.45)