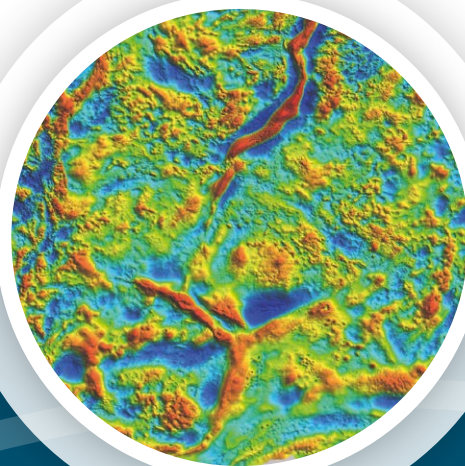


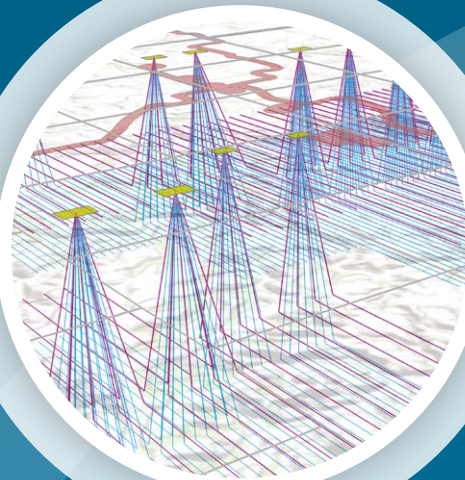
getech



data



knowledge



analysis

Getech Group plc

# ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2019

Company Registration Number: 02891368

# Getech Group plc

**We supply the expertise, support and knowledge that companies and governments need to better discover, develop and manage energy and natural resources.**

We do this by offering our customers a combination of products and services that allow them to benefit from market leading earth science and geospatial expertise and technology.

## Covid-19 and Oil Price update

The move to home working has been smooth, with projects continuing to be delivered on time and to cost. Actions have been taken to preserve capital, with monthly Group costs lowered by c26%. We retain further flexibility and have maintained the capacity to deliver both our orderbook and the resources we need to maximise the impact of our sales conversations and new business activities.

The current business environment is challenging but Q1 2020 revenue, new sales and profitability were all ahead of Q1 2019, and year-to-date there have been no negative orderbook revisions. As might be expected, April and May have been quieter in terms of new sales closed but we have remained busy across a wide range of sales conversations.

## Operational Highlights

### Gravity & Magnetic Solutions

Continued demand for our expertise and data, underlining our market leading position in this domain.

### GIS Software

Unconventionals Analyst software released on ArcGIS Pro, high subscription renewal rates, product suite awarded Esri's "Release Ready Specialty" designation.

### Geoscience Services

Restructured, relocated, integrated.

### Geoinformation Products

Globe 2019 released on schedule and to budget, providing innovative new analytic tools and content. New super-major customers added in Q4 2019 and Q1 2020.

### GIS Services

Super-major support contract wins, further diversification into new markets, service team awarded Esri's "ArcGIS Online Specialty" designation.

### Innovation

New team established to lead cross-discipline R&D, with early success in hydrocarbon micro-seep detection service.

# 2019 Financial Highlights

Revenue  
**£6.1m**

(2018: £8.0 million), with  
new forward sales up 41% to  
c£2.4 million (2018: £1.7 million),  
a significant portion of which  
will unwind to revenue  
in 2020

Orderbook  
increased by  
48% to  
**£3.1m**

at 31 December 2019  
(31 December 2018:  
£2.1 million)

Annualised  
Recurring Revenue  
**£2.3m**

at 31 December 2019  
(31 December 2018:  
£2.3 million)

Total  
Cost Base  
**16%**  
below 2018

(2019: £6.4 million;  
2018: £76 million)

Adjusted\*  
EBITDA  
**£0.9m**

(2018: £1.3 million),  
before exceptional items  
totalling £2.8 million

Adjusted\*  
Earnings  
per share  
**(0.75)p**

(2018: 1.88p)

Net cash  
**£2.7m**

at 31 December 2019  
(31 December 2018: £0.5 million),  
with the Group generating  
free cash in H2-19

\*Adjusted for exceptional items  
(see page 19 for details).







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# At a Glance

We supply the expertise, support and knowledge that companies and governments need to better discover, develop and manage energy and natural resources.

We do this by offering our customers a combination of products and services that allow them to benefit from market leading earth science and geospatial expertise and technology.



## Our Customers

Our customers work across a wide range of energy and natural resource sectors including petroleum, mining, nuclear and water. From super-major petroleum companies and national oil companies to renewable energy providers, our customers share one goal: to identify, recover and distribute their energy sources in a way that is sensitive to the protection of the environment, whilst ensuring safe operations and optimum efficiency.



## Our Products

Our customers use our data, knowledge and software products to de-risk their exploration projects and more easily locate, produce and manage energy and natural resources. We enhance our products through a combination of domain expertise, customer collaboration and innovation. Our products are key to our future growth, delivering recurring revenue and opening margin upside.



## Our Services

We position our services to showcase our technical skills and the practical value of our products. We combine our geoscience and geospatial expertise to provide solutions to complex customer problems, which add value to their strategic and day-to-day decision making. Through this formula, services are an important access point into new sectors; the work of our geospatial team in particular having expanded to projects in the nuclear, water and energy infrastructure sectors.



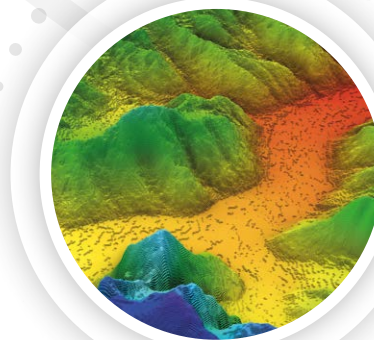
# Products and Services

Our unique data products provide the evidence for the location of energy and natural resources. Our geospatial products and services enable visual and analytical insights into the management of complex operations and our diverse team of geoscientists offers world-class knowledge and experience that help inform our customers' decision making.



## Geophysical Solutions

Our gravity and magnetic data and analysis are an essential component of integrated geoscience interpretation projects, providing crucial insights into areas of interest in order to help our customers minimise exploration risk. We hold one of the world's largest libraries of data, the global coverage of which is multiple times larger than our closest peer. We continue to refresh and enhance our data holdings; as well as expand them to include seismic, well and other technical geoscience data. Our gravity and magnetic experts are recognised world leaders in potential field data QC and processing, collectively having over 150 years of combined experience, and deliver bespoke processing services to customers in the mining and petroleum sectors.



## Globe

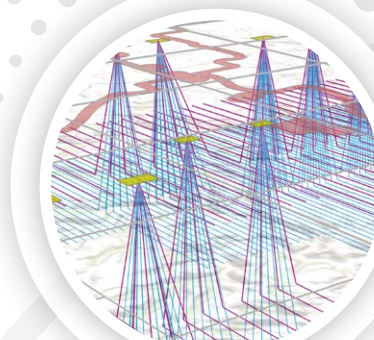
Globe is a geospatial information product that helps its customers strengthen their understanding of the Earth's evolution and enhances their ability to predict the location of its natural resources. Globe does this by providing paleogeographic, structural geology and paleoclimate data through geologic time; factors that combine to control the formation and location of oil and gas. These data are presented across 58 consecutive stratigraphic stages that cover the earth's history from 300 million years ago to the present.

The Globe user base consists of super-major and large independent oil and gas companies. By using Globe, they are better positioned to understand petroleum systems and predict geological risk and uncertainty.



## Geospatial Software

Our petroleum-focused software solutions provide enriched visualisation, powerful analytics and data integration tools for companies that need to locate and extract new hydrocarbon resources, improve field management and ensure regulatory compliance. Our Data Assistant software makes data integration simpler and easier across a range of subsurface interpretation applications, our Exploration Analyst software allows users to perform complex play-based exploration workflows, and through our Unconventionals Analyst software we have broadened our install-base to the production environment, enabling users to reduce development costs and simplify reserves evaluation.



## Geospatial Services

We support organisations across the world with a unique blend of petroleum industry, geoscience, geospatial, data management and IT expertise. Our petroleum-focused solutions provide enriched visualisation, geospatial analytics and powerful data integration for businesses that need to locate and extract new resources, improve field management and ensure compliance.

The transferable nature of our geospatial skills has also proved very effective in opening doors to new sectors; the team having completed recent projects in sectors that include nuclear monitoring, water management and energy infrastructure.



## Geoscience Services

Our team delivers a combination of specialist upstream oil and gas expertise, a breadth of industry-specific knowledge and an in-depth understanding of modern exploration workflows.

The reduced oil price and oil company customer budget cuts have combined to intensify competition in this area of business, however our core technical expertise and ability to leverage our Group products whilst delivering complex integrated geoscience and geospatial consultancy projects remain key differentiators.



## Government Advisory Services

We assist Governments and National Oil Companies with Licensing Rounds, Data Management, Capacity Building and Advisory services.

In 2019, we worked for the Governments of Sierra Leone and Lebanon. In Sierra Leone we have worked in partnership with the Petroleum Directorate since 2016 and we continue to assist them in running the ongoing Fourth Licensing Round.

Our Government Advisory work enables us to access a rich portfolio of technical data, which we are then able to license on behalf of the Government.










# Globe

## Earth's Evolution Unlocked for Better Exploration



Globe is a geoscience knowledge-base for petroleum exploration companies who need to understand Earth's geological evolution, to better predict the location of its natural resources.

Using Globe's high-quality fundamental observations and data, consistently executed and validated geological interpretations and cutting-edge environmental models, geoscientists can illuminate the conditions where natural resources are likely to occur based on building a regional picture of basin play element distribution:

- **Presence and maturation of source materials**
- **Reservoir presence and quality**
- **Seal presence and quality**
- **Context and evolution of structures**

What makes Globe unique in the challenge to better understand basin play element distribution is that every element of Globe rests on a solid foundation; from gravity and magnetic data used to derive crustal architecture and its plate model, to gross depositional environments that, analysed alongside structures, tectonic history, palaeo-topography and palaeo-bathymetry, are used to develop palaeo-drainage reconstructions.

In Globe, these solid foundations are available everywhere on the Earth's surface, for every time period since the Devonian, provided in a consistent format and fully documented – all made available to analyse using the power and flexibility of ArcGIS from Esri.

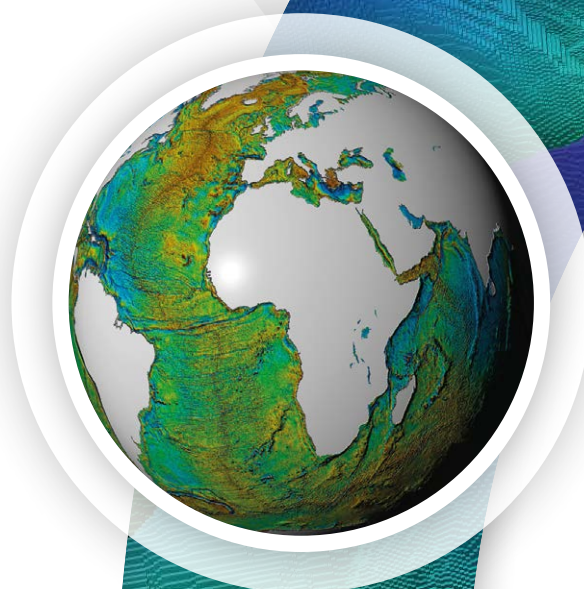


# Multi-Sat 2020

Getech is at the forefront of advances in developing gravity data from satellite altimetry, resulting in significant work being undertaken to enhance and upgrade our Multi-Sat 2016 global gravity data product, covering all offshore areas of the world and its large lakes.

The new geodetic missions of satellites AltiKa and Jason-2 provided an opportunity for us to significantly upgrade our Multi-Sat data product as their new orbital paths allow us to add significantly to the product's input dataset. Having data from more satellites has allowed us to increase the resolution of the product by reducing track spacing from 2km to 1.5km. This enables us to produce gravity data with more detail and for our customers this means greater data resolution leading to reduced exploration risk

Visual comparisons with both Multi-Sat 2016 and marine data show that Multi-Sat 2020 delineates shorter-wavelength features. Statistical correlation with marine data is also improved: the correlation coefficient was improved from 0.938 in the original 2004 study to 0.955 in 2016, and further improved to 0.967 in the 2020 feasibility study.



# Business Development

We are using Getech's skills and technologies to extend our work beyond hydrocarbon exploration. Our focus is to grow and diversify Getech's revenue and profit along the energy value chain – targeting opportunity in and around petroleum production operations, energy infrastructure and low carbon assets.

Getech is contracted to design and maintain geospatial systems that assist in the monitoring of hydrocarbon production operations. In these activities, we utilise real time data for asset and people tracking, and to manage emergency response systems. We have also built scalable data management platforms for pipeline and electricity infrastructure projects, which our customers use to ensure system integrity and to maintain regulatory compliance. Our services and software/platform solutions are already deployed in some of the world's most operationally challenging and environmentally sensitive locations, and the business benefits – increased efficiency, safety, environmental protection and sustainability – are tangible, quantifiable and valuable.

In 2020 we are focused on continuing to expand this work, whilst also combining the geospatial applications, workflows and skills that we have developed with our earth science data, skills and knowledge, to address new areas of energy problem solving. Projects include exploring ways that our geophysical data and heat-flow tools can be used to de-risk access to geothermal energy, and in partnership with Esri we are promoting the role that our skills and technologies can play in simplifying the processes of site selection for renewable energy assets, and the optimisation of their management.

These diversification activities are all focused on opportunities that have the potential to materially grow Getech, and to date they have been delivered through organic product investment, service enhancement and innovation. We are also working to accelerate this journey through acquisition, where we see the opportunity to deliver a stepwise series of growth-focused transactions.



# Chairman and Chief Executive's Review

Getech provides products and services that commercialise our expertise in the development, application and deployment of the earth sciences and geospatial technology. To date we have principally used these skills to build and sell data, knowledge and analytical products that address specific petroleum market workflows and data management challenges. Our customers use these products and services to de-risk exploration programmes and improve the management of their assets and resources.

We have also been successful in diversifying into new markets. Getech sells data products and geoscience services to mining companies, and we have utilised our geospatial skills in the water, transportation, nuclear, pipeline and electricity infrastructure sectors. Whilst these end markets are not yet material in the context of the Group, we have the expertise and technologies to create significant value in these new markets.



*S Paton* **Dr Stuart Paton**  
Chairman



*J Copus* **Dr Jonathan Copus**  
Chief Executive

## Chairman and Chief Executive's Review **cont.**

### **Covid-19 – Global Economic Disruption and Getech's Response**

Since 31 December 2019, the Covid-19 pandemic has led to unprecedented restrictions on social and business activity. These have deeply disrupted the global economy, and, in the face of sharp falls in oil demand, a relatively short-lived but untimely OPEC-Russia supply war added unwelcome complexity.

Oil prices have touched 20-year lows, and although production cuts are growing and evidence builds that demand is now recovering, significant uncertainty remains. In response, petroleum companies have cut c\$178 billion from their budgets, including a c35% reduction in 2020 capex.

2020 will undoubtedly be a very challenging and uncertain year but the combination of a strong balance sheet, a significantly enhanced orderbook and sustained recurring revenues will help Getech navigate this. Net cash at 31 December 2019 totalled £2.7 million. Our debt levels are low, and the repayment profile is back-end-loaded with an October 2023 maturity. We own a non-core property asset with an 'in use' carrying value of £2.4 million. We have continued to close new sales in the current year and there have been no negative orderbook revisions. This has resulted in Q1 2020 revenue, forward sales and profitability all ahead of Q1 2019, and in April an important global software licence was renewed.

Operationally, the move to home working has been smooth, with projects remaining on schedule – both in terms of time and cost. Having established solid remote communication practices early, we have also enhanced our ability to deliver online trials of our products. The uptake in product training from home working customers across our customer and contact base has been strong, and having expanded our programme of digital marketing, webinar attendance has increased significantly. Together, this creates a unique opportunity to both increase our profile and reach deeper into our customers' organisations and we have reshaped our sales and marketing activities to capture the benefit of this.

We have also accelerated new business activities, focusing on the value that our transferable skills and technologies can deliver in new energy and infrastructure settings.

Like all businesses however, we do not know how long Covid-19 disruption and oil price weakness will last, and so to preserve capital we implemented a range of actions that have lowered Group monthly costs by c26%. Getech retains additional cost flexibility, but, importantly, we have also maintained our capacity to deliver our contracted orderbook and to maximise the impact of our sales and new business conversations.

We believe Getech is now well positioned to rapidly adjust to any further deterioration, or improvement, in our core markets. This flexibility, and our balance sheet strength, will underpin Getech throughout 2020 and 2021.

### **12 months to 31 December 2019**

In 2019 customer budgets remained constrained, a position that has continued since the oil price slump of 2014, and the steps that we have taken in recent years to manage this longer-term environment have made Getech more robust against the current market uncertainty.

Key to this has been to strategically drive orderbook growth, with a focus on annually recurring revenue. This has increased Getech's earnings visibility, and it is progressively lessening our exposure to 'lumpy' data transactions. We have also strengthened our financial and operational controls, we are disciplined in our capital spending, and our customers' needs are central to everything we do.

The importance of these initiatives is highlighted in our 2019 financial results, where, against a volatile and uncertain commercial environment, with oil prices and drilling activity down year-on-year, Getech closed 41% more forward sales compared to the prior year. These forward sales expanded our orderbook of committed revenue, which grew by 48%, and most of the value of this orderbook will unwind to revenue in 2020. Getech grew its cash balance across 2019; first half growth of £1.6 million driven by working capital, second half growth of £0.6 million driven by operational free cash flow. We closed 2019 with a net cash balance of £2.7 million (31 December 2018: £0.5 million). As previously announced, negotiations on several substantial transactions did not close by 31 December 2019, and total revenue (£6.1 million) therefore fell below our earlier expectations for the year (2018: £8.0 million). Current market conditions mean these delayed transactions have not since materialised, but in 2019 the profitability impact of this revenue shortfall was mitigated by lower total cash costs.



In 2019, the adjusted gross margin\* of our activities increased; and our service division, which made a loss in 2018, grew its revenue contribution and returned to profit. Across the year, Getech generated an adjusted EBITDA\* of £0.9 million (2018: £1.3 million).

### Redoubling our focus on diversified growth

Getech retains significant profit leverage to growth and we are focused on continuing to diversify our revenue by growing the materiality of the Group's activities further along the energy value chain.

In 2019, we expanded our work in two focus areas – petroleum production operations and hydrocarbon and electricity infrastructure. We also continue to explore new opportunities relevant to the energy transition and the low carbon economy. What drives our focus on these specific business sectors is that we see clear customer needs in areas where we can use our existing skills and technologies to add value. We also see potential to extend our skills and add complementary technologies and services.

Each focus area is of a scale that would enable significant growth and we see potential to accelerate our expansion into these markets through M&A that would be accretive to both profit and cash generation, either directly or via a quick path to shareholder value creation (synergies, technology acceleration etc).

### Conclusion and Outlook

The pace at which the Covid-19 pandemic has reshaped the global business environment is unprecedented. In energy markets the speed at which demand has fallen has triggered cuts to capital investment and, in oil and gas specifically, these have been faster and deeper than followed either the 2008 or 2014 oil price falls and our customers have placed many regional 'project-based' investment plans on hold.

\* Adjusted for exceptional items (see page 19 for details).

Although it remains too early to estimate how deep or long the downturn in our core markets will be, our orderbook is larger and our sales pipeline remains diverse and continues to benefit from 2019 campaigns in new regions, with new potential customers.

We expect May's sharp rebound in oil prices, which has continued into June, to take time to filter through to our customer conversations. Getech's revenue is normally weighted 40:60 between H1 and H2 and there is the likelihood this weighting becomes accentuated into H2 in 2020. In H1 2020 we have focused on the replenishment of our orderbook and protecting annually recurring revenue. Year-to-date, we are cautiously encouraged by the renewal rate across our software products and we have won service extensions that deliver monthly revenue to year-end. We are also negotiating various licence renewals to our Globe knowledge product. These discussions would normally conclude in June and July. Globe contracts are an important part of our orderbook, and they set the shape and scale of our H2 2020 investment. As we plan this investment, we are confident that Getech's financial strength, our flexibility and the transferable nature of our skills and technologies give us the toolkit to successfully navigate what are exceptional commercial conditions. We also see an opportunity to accelerate our diversification and growth plans – both through organic expansion and acquisition.

Navigating this extreme operational environment will require an unwavering focus on customer needs, continued operational delivery, and creativity in our thinking. In what are exceptionally challenging times, we thank our staff for their dedication, adaptability, and inspirational teamwork. We also thank our shareholders for their time, advice and continued support.

# Operations Review

The core skills at the heart of Getech's products and services offerings are earth science and geospatial in nature. To date, we have principally combined these skills to develop solutions for the oil and gas market, but we also operate in other energy and natural resources sectors.

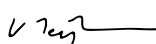
- Our Earth Science staff are experts in geology, potential fields geophysics, seismic geophysics, geochemistry, structural geology, plate tectonics, geodynamics, palaeoclimate modelling and remote sensing
- Our Geospatial staff are experts in designing, implementing, and managing geographical information systems (GIS) technology that is used to spatially integrate and analyse business data in order to derive unique insights

In line with UK Government Covid-19 guidance, all Getech staff moved to home working in early March. This move was completed smoothly, and projects are operating to time and on cost.

Our Gravity and Magnetic Solutions team performed solidly in 2019, underscoring our market leading position in this domain despite the challenges posed by the continuing tough exploration market. Aside from the disappointment that several larger data sales did not close by their expected date in December, the underlying performance of the team was strong and their expertise in the science of potential fields data and processing was once again recognised by a steady stream of bespoke gravity and magnetic service contracts. In addition, key projects were undertaken to research, update and enhance strategically important data products in order to bring new products to market for 2020/21. Included in these was Getech's unique Multi-Sat data product.

In 2019 we further enhanced our flagship Globe product, developed by our Geoscience Information Products team. The "Globe 2019" release was delivered to customers on time and within budget, and featured enhancements that leveraged skills from across the Group – with Getech's geoscience, geospatial and software expertise once again combining to deliver new information, analytic tools and additional usability for Globe customers. Following its release, we held two successful Globe User Group Meetings in the autumn – in London and Houston. These scientific, workflow and demo focused sessions stimulated excellent customer feedback about product use, features and opportunities for future product enhancements.





**Chris Jepps**  
Chief Operating Officer



Our ongoing efforts around re-positioning of Globe for the current exploration market were further rewarded in 2019 by securing a new super-major customer with high renewal rates for existing subscribers and those on multi-year licence agreements.

The focus for our GIS Software team has been to migrate our software products to ArcGIS Pro, Esri's new desktop GIS application and ArcMap replacement. In June 2019, these migration efforts completed with the full commercial release of the Unconventionals Analyst extension for ArcGIS Pro, providing significant enhancements to its onshore shale gas/oil well pad & lateral planning capabilities. In April 2019, our software team was commended by Esri by being awarded its "Release Ready Specialty" designation in recognition of adopting and continually supporting the latest versions of the ArcGIS product suite. As with Globe, software renewal rates through 2019 remained high and we were able to add several new customers during the year.

Our GIS Services team continues to be recognised as experts in the use of Esri technology within the petroleum and natural resources sectors, which in 2019 was further demonstrated by being awarded the "ArcGIS Online Specialty" designation by Esri. This award was in recognition of the team's expertise in designing, delivering, and deploying web-based GIS technology and associated components of the ArcGIS platform. Through the year our GIS Services team remained highly utilised, and we renewed several strategic long-term GIS support contracts, including agreeing a three-year support contract renewal with an international joint venture organisation focused on a GIS managing above ground operations. In addition, the team successfully delivered a wide variety of GIS services and training projects, including our first significant GIS implementation project in the pipeline sector.

The market for our geoscience services has remained challenging throughout the industry downturn, and we have responded by continuing to focus on profitability by managing our operational costs and re-positioning our geoscience services. In parallel, our work with governments also continued in 2019, and we worked in partnership with the Sierra Leone government on its Fourth Licensing Round.

A new Group-wide Innovation team was established in Q1 2019 with the remit to research and develop cross-discipline opportunities for new markets, capabilities, partnerships, products, and services. An early success for the team in 2019 resulted in delivering revenue generating services projects for onshore hydrocarbon micro-seep detection.

# Financial Review

Since 31 December 2019, the Covid-19 pandemic has cast a shadow over the global economy and Getech's response is detailed in the Chairman and Chief Executive's Review in this Annual Report.

These events build on an already challenging business environment, which in 2019 saw a continuation of the macroeconomic and investment themes that led to volatility and uncertainty in both oil prices and the levels of exploration spending by our petroleum customers.

The impact of climate change also moved up the social agenda, and this placed the energy transition firmly on the strategic roadmap of Getech and our customers.

Brent averaged \$64/bbl (2018: \$71/bbl) and long-dated crude prices traded around the mid-\$50/bbl, down from above \$60/bbl in 2018. In step with lower prices, exploration spending fell, and the number of exploration wells drilled fell faster. However, the resource replacement ratio was the highest since 2015 – driven by a small number of high-volume, high-value conventional deep-water discoveries.

More encouragingly for Getech, a stronger focus on capital discipline and economic returns drove a rotation out of onshore 'unconventional' settings (principally US shale) and back into 'conventional' offshore opportunities. This rebalancing plays to the strengths of Getech's products and services.

We remained close to our customers, focusing on their most pressing needs and targeting product and service renewals that increase revenue visibility and lower the Group's reliance on 'lumpy' transactions. The importance of this strategy was highlighted in Q4 2019, when several substantial data transactions failed to close, and 2019 revenue fell year-on-year to £6.0 million (2018: £8.0 million). In the same period, Getech grew its orderbook by 48% and held annualised recurring revenue flat on 2018. In addition, profitability was protected by lower total costs. Getech closed 2019 with a cash balance of £3.6 million (31 December 2018: £1.4 million).

In accordance with our accounting policies we perform periodic reviews of Getech's assets and liabilities. This includes, but is not limited to, identifying potential indicators of impairment of assets, annual impairment reviews of intangible assets, and regular review of significant accounting judgements and estimates. An important element of Getech's 2019 total cost base management were the steps taken to relocate and reshape our Geoscience Services team, which in 2018 made a significant loss. Bought through the acquisition of ERCL in April 2015, the Board now considers it prudent to fully impair the goodwill relating to this acquisition.



**Andrew Darbyshire**  
Chief Financial Officer



**Table 1 – Financial summary**

	Reported (audited) £'000	2019 Adjusted <sup>(1)(2)</sup> (unaudited) £'000	Reported (audited) £'000	2018 Adjusted <sup>(1)(2)</sup> (unaudited) £'000
<b>Revenue</b>	<b>6,058</b>	<b>6,058</b>	8,019	8,019
<b>EBITDA</b>	<b>(1,935)</b>	<b>872</b>	1,071	1,268
Operating (loss)/profit	(3,091)	(284)	250	447
(Loss)/profit after tax	(3,088)	(281)	508	705
Earnings per share	(8.22)p	(0.75)p	1.35p	1.88p
<b>Cash inflow from operations (before W/C adjustments)</b>	<b>935</b>	<b>935</b>	1,073	1,270
Development costs	(1,108)	(1,108)	(861)	(861)
Net increase/(decrease) in cash	2,154	2,154	(1,040)	(843)
<b>Cash and cash equivalents</b>	<b>3,554</b>		1,400	
Net cash	2,700		468	

**(1) Exceptional cost of sales**

Exceptional cost of sales total a £325,000 credit (2018: £nil). This adjustment is the net impact of an impairment of Getech's library of Reports (£621,000 debit), together with a reduction to the carrying value of direct cost accruals (£946,000 credit). The direct cost accruals credit results from updated information that became available during 2019 around the contractual liability position relating to previously accrued balances. On the Statement of Financial Position, the impairment of Reports impacts intangible assets and the reduction to direct cost accruals impacts trade and other payables. These accounting adjustments are non-cash in nature and so there are no corresponding adjustments to cash flows (see Note 24 to the accounts).

**(2) Exceptional administrative expenses**

Exceptional administrative expenses total £3,132,000 (2018: £197,000). In 2019, this is a write down of £3,132,000 to the carrying value of goodwill relating to the acquisition of ERCL. This is a non-cash adjustment and so there is no corresponding adjustment to cash flows. In Q4 2018, the Group combined its activities in London and Henley into one new London office, and restructured the Geoscience Services team (previously based in Henley) to address its declining revenues and profitability. This resulted in one-off costs of £197,000 during 2018 (see Note 24 to the accounts).

In addition, with there being reduced interest in Regional Reports during 2019, the Board also believes it is prudent to fully impair the value previously attributed to the Group's library of Reports. Whilst we may make further Report sales in the future, the near-term path to market is unclear. Getech reports three exceptional items: in cost of sales, an impairment of the carrying value of Regional Reports, offset by a one-off adjustment to direct cost accruals, and in administrative expenses, an impairment to goodwill.

To aid in the analysis of Getech's underlying financial performance, the table below sets out key reported figures from the financial statements and the equivalent figure adjusted for these exceptional items, detailed in footnotes 1 and 2.

**Operating results****Revenue**

Revenue for 2019 totalled £6,058,000, a decrease of £1,961,000 from £8,019,000 in 2018. The drop in revenue resulted when several substantial transactions did not close as expected at the year end. For the same reasons, Products revenue fell by 33%. Whilst the Services market remained challenging, revenue grew by 3% – growth from Gravity & Magnetic Services and Geospatial Services, more than offsetting a contraction in Geoscience Service income.

During 2019 Getech also closed £2.4 million in new forward sales relating to projects, services and subscriptions for which revenue will be recognised in 2020 and beyond. As a result, at 31 December 2019, Getech's orderbook had grown to £3.1 million (2018: £2.1 million).

The Group's Annualised Recurring Revenue from product subscriptions and recurring services was maintained at £2.3 million (2018: £2.3 million).

**Gross margins before exceptional items**

Gross margin before exceptional items was 58%, an increase from 47% in 2018. This reflects improved margins in both Products and Services divisions. The products margin improved from 62% in 2018 to 76% in 2019, this reflected a movement in Product sales mix between 2019 and 2018 and increased product investment.

Following restructuring of our Geoscience Service offering in late 2018, and an expansion in the activity in our Gravity & Magnetic and Geospatial Services teams in 2019; Getech's Services division returned to profit with a gross margin of 8% (2018: 14% negative margin). Getech continues to target a return to a 25% margin for the Services division in the mid-term.

Financial Review *cont.***Table 2 – Gross margin by reporting segment  
(before exceptional items)**

	2019		2018	
	Products	Services	Products	Services
Revenue	4,324	1,636	6,434	1,585
Cost of sales	(1,025)	(1,506)	(2,421)	(1,810)
<b>Gross profit</b>	<b>3,299</b>	<b>130</b>	4,013	(225)
Gross margin	76%	8%	62%	(14)%

**Administrative costs**

Administrative expenses include £1,124,000 of depreciation and amortisation charges. Excluding these charges and exceptional items, administrative expenses totalled £2,684,000; a 5% increase (2018: £2,553,000). This reflects the Group returning all staff to a progressive rate of pay, whilst also strengthening our project management, marketing and sales teams, and expanding our innovation programme. Such steps reflect Getech's strategic repositioning, which has also reshaped the structure of our cost base.

**Cost base analysis**

As a result of merging the London and Henley offices and reducing headcount in the Geoscience Services team in Q4 2018, Getech benefited from a lower fixed cost base in 2019, in addition to lower variable costs due to differing products sales mix. The Group cost base, excluding exceptional items, for 2019 was 16% lower than the prior year at £6,362,000 (2018: £7,607,000).

In 2019 we also began to apportion for the environmental cost of our activities. Getech has contributed to the funding of a Verified Carbon Standard UK tree planting initiative that fully offsets carbon dioxide emissions from heating and lighting its offices, and international travel.

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

**EBITDA**

A lower cost base and continued investment in the drivers of recurring revenue has limited the impact of lower revenue on EBITDA. EBITDA excluding exceptional items totalled £872,000 (2018: £1,268,000).

**Depreciation and amortisation**

Depreciation of non-current assets amounted to £216,000 and was allocated to administrative costs in the income statement (2018: £131,000). The increase relates to the IFRS 16 accounting treatment of the London office lease, which commenced in Q4 2018.

Amortisation of intangible assets totalled £940,000 (2018: £689,000). This charge is allocated to administrative costs in the income statement, except for 'Reports' where the charge is allocated to cost of sales. Following an annual impairment review Reports was impaired by £621,000 and is allocated to exceptional cost of sales in the income statement.

Impairment of goodwill relating to the acquisition of ERCL totalling £3,132,000 is allocated to exceptional administrative costs on the income statement.

**Operating profit**

The Group reported an operating loss of £287,000 excluding exceptional items (2018: £447,000 profit). As noted above, the impact of a fall in revenue on profitability was limited through a lower cost base and continued investment in our products.

**Income tax**

To help our customers understand and resolve their exploration and operational challenges requires Getech to undertake pioneering research and development. Against the cost of this work we obtained corporation tax relief, and subsequently realised a tax credit relating to the current year for 2019 of £38,000 (2018: £57,000).

Getech reported a loss after tax, adjusted for exceptional items, of £281,000 (2018: £705,000 profit).

**Operating cash flows**

In 2018 Getech refinanced its loan, continued to invest in its products, benefited from significant cash tax receipts and had a large negative movement in working capital due to significant outstanding receivables at the year end. This year Getech continued to repay its loan, increase investment in its products, grew its orderbook, benefited from smaller tax receipts (partially offset by foreign taxation payments) and had a large positive movement in working capital due to collection of the significant prior year receivables.

Before working capital adjustments Getech generated £935,000 in cash from operations (2018: £1,073,000). In 2018 this included restructuring costs of £197,000.



**Table 3 – Cost base reconciliation**

	% variance	2019	2018
Cost of sales		2,532	4,231
Development costs capitalised		1,108	861
Capitalised cost of building Reports		—	13
Administrative costs		3,809	3,341
Payment of lease liabilities		71	—
Depreciation and amortisation charges		(1,156)	(821)
Exchange adjustments		(2)	16
Movement on provisions		—	(34)
<b>Cost base, excluding exceptional items</b>	<b>(16)%</b>	<b>6,362</b>	<b>7,607</b>

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

### Changes in working capital

During the past two years there were significant movements in working capital (2019: £2,612,000 positive movement, 2018: £1,919,000 negative movement). A large proportion of this movement was due to the timing of a high value sale of data and products towards the end of 2018, for which cash was received in early 2019.

### Cash taxation

Getech received net cash tax credits totalling £37,000 (2018: £514,000). Tax credits were significantly lower in 2019 due to foreign taxation payments made in the year and the Group's increased profitability in 2018. Getech's current tax asset provision at 31 December 2019 is £136,000 (31 December 2018: £104,000).

### Investment and capital expenditure

In line with the Group's strategy to invest and enhance its product offering, development expenditure on Globe and Software increased to £1,108,000 (2018: £861,000). Getech expects to continue with this level of investment in its products throughout 2020.

### Financing

During the year Getech made repayments against a loan facility of £78,000. In 2018 Getech refinanced its borrowings by repaying the balance of its outstanding loan (£652,000) and drawing down on a new loan facility (£950,000).

Repayment of lease liabilities totalled £71,000 (2018: £29,000) and relate to the new London office to which Getech relocated in Q4 2018.

### Post balance sheet events

We do not know how long Covid-19 disruption and oil price weakness will last but there is certainty that when the world emerges from lockdown it will be in a deep recession. To manage the risk that is associated with this Getech has taken steps that deliver a c26% reduction in monthly Group costs.

This has been achieved through overhead cost management, a loan capital repayment holiday, use of the UK Government Job Retention Scheme, US Government Paycheck Protection Program, and Group-wide salary reductions. Reductions to staff pay have been led by the Board and Getech's senior management, and range from 20% for Getech's Board to 15% to 12% for senior staff and c8% for most other employees.

Whilst revenue uncertainty exists, Getech retains additional cost flexibility, and the benefits of the actions already taken combine with our strong balance sheet and orderbook to provide significant financial capacity. This will underpin Getech throughout 2020 and 2021.

### Liquidity and going concern

At the end of 2019, Getech held £3,554,000 in cash and cash equivalents (2018: £1,400,000). Net of borrowings, Getech's cash balance was £2,700,000 (2018: £468,000).

Getech's business activities and the factors likely to affect its future development, performance and position are set out in the Chairman's and Chief Executive's Review. The financial position of the Group, its cash flows and its liquidity position are described in the financial statements. In addition, Notes 16 and 17 include details of Getech's key financial risks and the Group's policies and procedures for capital management.

In making the going concern assessment, the Board of Directors has considered Group budgets and detailed cash flow forecasts to 31 December 2021. The Board has considered the sensitivity of these forecasts with regards to different assumptions about future income and costs, and various scenarios have been run on the potential impact of Covid-19 (see Note 1.2 for more detail).

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

# Principal Risks and Uncertainties

## How we manage risk

The Group constantly monitors the Group's risk exposures and reports to the Audit Committee and the Board on a regular basis.

The Audit Committee receives and reviews these reports and focuses on ensuring that the effective systems of internal financial and non-financial controls including the management of risk are maintained. The results of this work are reported to the Board which in turn performs its own review and assessment on an annual basis.

## Key risk areas

### Strategic risk

Making sure we apply the appropriate strategies in certain situations and ensuring we deliver on strategic objectives.

### Operational risk

Successfully developing products and providing services that meet our customers' needs.

### Financial risk

Prudent financial management seeks to mitigate the impact of market fluctuations.

## Risk management framework

### The Board

The Board is responsible for setting the Group's risk appetite and acceptable risk tolerance and putting in place a framework for risk management.

🔗 Read more about the Board on pages 26 to 27

### The Audit Committee

The Audit Committee oversees the framework for risk management and ensures it is operating effectively.

🔗 Read more about the Audit Committee on page 29

### Senior management and risk owners

The risks are separated into strategic, operational and financial categories. Senior management are assigned responsibility for the identified risks within the three categories.



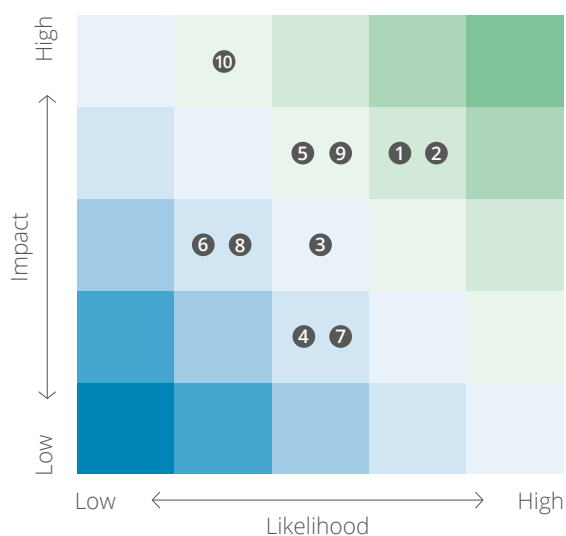
## Risk management process

The risk management process utilises a risk register held by the Executive Committee (ExCom). Key risks in these registers have assigned owners and are reviewed during ExCom meetings. The risk owners believe that the risks are monitored, mitigated and appropriate controls are implemented. The Audit Committee has delegated authority to the ExCom to manage the risks.

## Risk matrix

Each risk on the risk register is rated for its likelihood of occurring and on the risk's potential impact on the Group. Ratings are from 1 to 5, where 1 is least likely / lowest impact and 5 is most likely / highest impact.

The key risks are summarised on the risk matrix below:



## Risk scale

- |  |                                |
|--|--------------------------------|
| ① Covid-19 and oil price               | ⑥ Innovation                   |
| ② Energy transition and climate change | ⑦ People                       |
| ③ Stakeholder engagement               | ⑧ Operational control          |
| ④ Withdrawal of the UK from the EU     | ⑨ Visibility of revenues       |
| ⑤ Data security                        | ⑩ Liquidity and cash flow risk |

## Principal Risks and Uncertainties cont.

Risk	Executive ownership	Mitigation	Change	Impact	Likelihood
<b>Strategic</b>					
<b>1 Covid-19 and oil price</b> There is no way of knowing how long Covid-19 disruption and oil price weakness will last but there is certainty that when the world emerges from lockdown it will be in a deep recession.	CEO	To preserve capital, we have undertaken a broad range of measures, which together lower Getech's monthly costs by c26%. Point forward, the Group retains additional cost flexibility, but we have been careful to maintain our capacity to deliver our orderbook of contracted work, and to retain the ability to maximise our sales conversations and to enhance our new business activities.	↗	4	4
<b>2 Energy transition and climate change</b> Customers permanently reduce their spending on hydrocarbon exploration.	CEO	Diversification of Getech's product and service offerings to areas outside of hydrocarbon exploration.	↗	4	4
<b>3 Stakeholder engagement</b> If Getech does not engage with its stakeholders, they will not understand the Group's commercial, strategic and corporate value.	CEO	Provide clear, transparent and consistent communication to all stakeholders. Ensure delivery against the Group strategic plan. Regular meetings with shareholders and potential shareholders.	↔	3	3
<b>4 Withdrawal of the UK from the EU</b> The risk that the UK's withdrawal from the EU will affect the Group's ability to trade with EU customers.	CFO	If trading restrictions are to be applied to UK companies by the EU directly, then the Group has the flexibility to trade through its US entity. Furthermore, the majority of our EU customer base have trading entities in the US and beyond that would be unrestricted.	↘	2	3
<b>Operational</b>					
<b>5 Data security</b> If there is loss or theft of data then our data could be devalued and we may lose the ability to sell the data.	CFO	Periodic audit of disaster recovery processes and controls. Ensuring appropriate data licence agreements are in place with our customers. Investment in IT security and periodic IT security audit.	↗	4	3



**Risk status key**

↔ Risk unchanged

↗ Risk increased

↘ Risk decreased

Risk	Executive ownership	Mitigation	Change	Impact	Likelihood
<b>Operational cont.</b>					
<b>6 Innovation</b> If we do not continue to innovate and provide cutting edge products and services, our competitors and customers will leave us behind.	COO	Continue to invest in innovation. Ensuring Getech has a clear innovation strategy. Creating a working environment that encourages the sharing of knowledge and ideas.	↔	3	2
<b>7 People</b> Retention of specialist staff is crucial to the success of the business.	COO	The Group aims to ensure that it provides stimulating work in an attractive environment; together with its employment policies, these features are designed to attract and retain the high-quality staff that form the basis for the Group's success.	↔	2	3
<b>8 Operational control</b> Delivery on time and to cost. Product plans and services that are in step with our customers' needs.	COO	Investment in our Project Office team. Ensure that project managers are adequately trained and have the appropriate tools to manage their projects. Monthly progress and performance reports presented to the Executive Committee.	↘	3	2
<b>Financial</b>					
<b>9 Visibility of revenues</b> If we are not able to accurately forecast revenues then we will not be able to plan or guide properly, resulting in sub-optimal decision making.	CEO/CFO	Strategically grow recurring revenues through the positioning of our core products and services, reducing the Group's reliance on one-off lumpy transactions. Careful budgeting, regular forecasting and review of performance against targets.	↗	4	3
<b>10 Liquidity and cash flow risk</b> The Group may be unable to meet short-term financial demands as a result of a volatile working capital cycle.	CFO	Cash flow forecasts and future income levels are carefully monitored on a regular basis to pre-empt liquidity issues before they occur. Careful budgeting and close control over expenditure mitigate risk.	↘	5	2

**Approval of the Strategic Report**

The Strategic Report on pages 4 to 25 was approved by the Board on 4 June 2020.

**Dr Stuart Paton**

Chairman

4 June 2020

# Board of Directors



**Dr Stuart Paton**

Non-Executive Chairman

Stuart holds a number of advisory roles, including with GLG and Reform Scotland. He has previously been an advisor for Lime Rock Partners and the Technical and Commercial Director and CEO of Dana Petroleum, delivering a number of acquisitions for them. Before joining Dana, he held a number of roles at Shell. Stuart has a BA in Earth Sciences and a PhD in Geology from Cambridge University.



**Peter Stephens**

Non-Executive Director

Peter was a practising barrister and investment banker. He now runs his own Venture Capital business. He is currently Chairman of ASX quoted Etherstack, Boisdale Canary Wharf and True Luxury Travel, having been an original investor in Scott Dunn in 1988, sold in 2014. He was Chairman of Getech from its flotation on AIM in 2005 up until 2011 and remains a Director. Previously, Peter was one of six early investors in Tristel plc which they floated in 2003 and remained a director from the company's flotation on AIM in 2005 up until 2011. He was the Head of European Equities Sales at Salomon Brothers 1986-2000 and Crédit Lyonnais 2000-2004. He was Chairman of Cavendish Ware, Wealth Manager from 2008 until 2018 and remains a significant shareholder. Peter has an MA in Jurisprudence from Oxford University and he qualified as a barrister in 1978.



**Dr Alison Fielding**

Non-Executive Director

Alison is an experienced entrepreneur and non-executive director. Her career has spanned scientific research at Zeneca plc, strategy consultancy at McKinsey & Company, investment and business building at IP Group plc and she is currently a board member of Maven Income and Growth VCT plc, Nanoco Group plc, Zotefoams plc and the Carnegie Trust for the Universities of Scotland. Alison holds an MBA from Manchester Business School, a PhD in Organic Chemistry and a First-Class degree in Chemistry from the University of Glasgow.



**Chris Flavell**

Non-Executive Director

Chris holds a BSc in Geology and an MSc in Applied Geophysics from the University of Birmingham. He started his career in 1980 with BP in London and has since worked for a variety of small to large Independent Oil Companies in various technical and managerial roles, as well as consulting for eight years. Chris's last oil company role was General Manager of Exploration for Tullow Oil when the company grew rapidly following the discovery of major new oil provinces in Ghana, Uganda and Kenya. Chris is the Executive Chairman of Zinc Consultants.





### Dr Jonathan Copus

Chief Executive Officer

Jonathan brings to his role extensive industry, corporate finance and capital markets experience. Having worked as a deep-water exploration geologist at Shell he moved into the City, where as an energy sector equity analyst he was consistently rated number 1 by the investing institutions. In 2011 he was appointed CFO at Salamander Energy plc, a Southeast Asian-focused oil and gas production company that was sold to Ophir plc in 2015. Jonathan has a PhD from the University of Cambridge and a First-Class BSc in Geology from the University of Durham.



### Andrew Darbyshire

Chief Financial Officer

Andrew started his accounting and finance career at Garbutt & Elliott and went on to work in audit for Grant Thornton. Andrew joined Getech in 2014, to establish our new finance team. He was appointed to the Board in February 2018. Andrew has a Master's degree in Mathematics from the University of York and is a member of the Institute of Chartered Accountants in England and Wales. He is also the treasurer for a charity, Live Music Now.



### Chris Jepps

Chief Operating Officer

Chris has extensive petroleum industry, GIS and entrepreneurial experience, having worked within integrated exploration teams at Shell, as a professional services consultant at Landmark Graphics and most recently as Technical Director at Exprodat, where Chris established the company's technical strategy and led its software design and development. Following Exprodat's acquisition by Getech Group plc in 2016, Chris initially joined as Products Director, becoming Getech Group plc COO in February 2018. Chris has a BSc in Geology from Imperial College, London, and is a current member of Esri's Partner Advisory Council.

### Committee membership

**A** Audit Committee    **N** Nomination Committee    **R** Remuneration Committee



# Corporate Governance

Getech is committed to high standards of corporate governance. As such, the Board has chosen to adopt the principles of the Quoted Companies Alliance ('QCA') Corporate Governance Code for Small and Mid-Size Quoted Companies 2018 ('the Code'). Details of how Getech complies with the Code, and the reasons for any non-compliance, are set out in this Corporate Governance statement.

Prior to formal adoption of the Code, the Group has operated in compliance with recommendations of the QCA, in so far as the size of the Group and its Board permitted. For that reason, no significant changes in governance-related matters have been needed. No key governance matters have arisen since the publication of the last Annual Report.

The Board considers that the structure of the Board provides a cost-effective and practical method of directing and managing the Group. As the Group's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

## The Board

The Board currently comprises four Non-Executive Directors and three Executive Directors. The roles of the Chairman, who is non-executive and elected by the Board, and the Chief Executive are separated. All Directors are subject to retirement by rotation and re-election is a matter for the shareholders. The Non-Executive Directors ensure a balance to the Board by constructively challenging the Executive Directors.

A Directors' responsibilities statement in respect of the financial statements is set out in this Annual Report on page 33.

The Board is responsible for approving overall strategic, financial and operational matters and for the identification of risks faced by the Group. Board approval is required for certain matters, the most significant of which are:

- Final approval of the Annual Report and Accounts
- The budget and major capital expenditure
- The dividend policy
- Acquisitions and alliances policies

The Board delegates certain matters regarding audit, remuneration and nomination to its principal committees, each of which has written terms of reference.

Attendance by each Director at full meetings of the Board and Board committees of which they were a formal member during the year is summarised below.

The effectiveness of the Board is reviewed on an annual basis, and progress against the review recommendations is monitored on a regular basis. Directors who have been appointed to the Company have been chosen because of the skills and experience they offer.

The Company undertakes regular monitoring of personal and corporate performance using agreed Key Performance Indicators and detailed financial reports. Responsibility for assessing and monitoring the performance of the Executive Directors lies with the Chairman and the Non-Executive Directors.

The Board undertakes an annual Company health-check, where the Board performs an appraisal of its effectiveness as a whole. Where areas for improvement are identified, specific actions are set, to be completed in a suitable timescale.

Progress of these actions is monitored on a regular basis. The Board considers the need for the periodic refreshing of its membership, which involves ensuring the skillsets provided by the Board members continue to be aligned with corporate strategy and risk.

### Company Secretary

The Company Secretary is responsible for ensuring that the Board procedures are followed, that the Company complies with company law and the AIM rules, and that the Board receives the information it needs to fulfil its duties.

All Directors have access to the Company Secretary and their appointment (or termination of appointment) is a matter for decision by the full Board.

### Audit Committee

The Audit Committee consists of three non-executive members of the Board and meets at least twice a year. The principal duties and responsibilities of the Audit Committee include:

- Monitor the Group's internal financial controls and assess their adequacy
- Review key estimates, judgements and assumptions applied by management in preparing published financial statements
- Review and update the Group's risk register
- Assess annually the auditor's independence and objectivity
- Make recommendations in relation to the appointment, re-appointment and removal of the Company's external auditor
- Review and consider for approval significant new contracts

### Remuneration Committee

The Remuneration Committee consists of three non-executive members of the Board and meets at least once a year. The principal duties and responsibilities of the Remuneration Committee include:

- Setting the remuneration policy for all Executive Directors and the Chairman
- Recommending and monitoring the level and structure of remuneration for senior management
- Approving the design of, and determining targets for, performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes
- Reviewing the design of all share incentive plans for approval by the Board and shareholders

None of the Committee members have any personal financial interest (other than as shareholders), conflicts of interest arising from cross-directorships or day-to-day involvement in the running of the business. No Director plays a part in any final decision about his or her own remuneration.

### Nomination Committee

The Nomination Committee consists of four non-executive members of the Board and meet at least once a year. The principal duties and responsibilities of the Nomination Committee include:

- Regularly reviewing the structure, size and composition of the Board
- Giving consideration to succession planning for Directors and other senior executives
- Identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise
- Deciding membership of the Audit and Remuneration Committees

## Board of Directors' attendance

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Dr Stuart Paton	6/6	2/2	1/1	1/1
Peter Stephens	5/6	2/2	—	1/1
Dr Alison Fielding	5/6	2/2	1/1	1/1
Chris Flavell	6/6	—	1/1	1/1
Dr Jonathan Copus	6/6	—	—	—
Andrew Darbyshire	6/6	—	—	—
Chris Jepps	6/6	—	—	—

## The Ten Principles of the QCA code

Number	Principles	Disclosed in the 2019 Annual Report
1	Establish a strategy and business model that promotes long-term value for shareholders	Pages 13 to 15
2	Seek to understand and meet shareholders' needs and expectations	Page 31
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	Page 31
4	Embed effective risk management, considering both opportunities and threats throughout the organisation	Pages 22 to 25
5	Maintain the Board as a well-functioning, balanced team led by the Chair	Pages 28 to 29
6	Ensure that between them the Directors have the necessary and up-to-date experience, skills and capabilities	Pages 26 to 29
7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	Pages 28 to 29
8	Promote a corporate culture that is based on ethical values and behaviours	Page 31
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	Pages 28 to 34
10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	Page 31



## Communications with shareholders

The Board is committed to maintaining an open dialogue with shareholders. Working in coordination with Getech's Broker and Nomad, communication with shareholders is led by the Chief Executive Officer, the Group Finance Director and the Non-Executive Chair.

Throughout the year, the Board maintains a regular dialogue with institutional investors, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM rules, Market Abuse Regulation (MAR) and requirements of the relevant legislation.

Twice yearly, at the time of announcing the Group's interim and full-year results, the Company does a round of visits to its major shareholders, as well as prospective new shareholders, to update them on developments and to receive feedback and suggestions from them. The Board believes that the Annual Report and Accounts, and the Interim Report published at the half-year, play an important part in presenting all shareholders with an assessment of the Group's position and prospects. All reports and press releases are published in the Investor section of the Group's website.

The Board is aware of the need to protect the interests of minority shareholders and balancing these interests with those of any more substantial shareholders. The Annual General Meeting ('AGM') is the principal opportunity for private shareholders to meet and discuss the Group's business with the Directors. There is an open question and answer session during which shareholders may ask questions both about the resolutions being proposed and the business in general. The Directors are also available after the meeting for an informal discussion with shareholders.

The Board produces a series of updates throughout the year relating to Company performance; these are distributed by RNS and RNS reach. Copies of all RNS announcements and the resolutions passed following the most recent AGM can be found on the Getech website.

Getech's Broker also regularly publishes detailed financial research on the Group.

## Corporate social responsibility

The Board recognises the growing awareness of social, environmental and ethical matters. The Board also recognises the impact that its wider stakeholders have on the Group's long-term success, including employees, contractors, customers and suppliers.

As part of the staff appraisal process, employees are invited into an open dialogue and agreement on goals targets, aspirations and personal development opportunities.

We engage annually with our Globe and potential Globe customers at the Getech Globe User Group Meeting, which provides valuable insight into our customers' needs. In addition, we regularly request feedback on our products and services from our customers.

Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups. Key relationships with customers, suppliers, contractors and regulators are closely managed by the Executive Directors and the Executive Committee. All new suppliers and contractors must complete our 'New Business Associates' process and all contractors must agree to the terms of our anti-bribery policies.

The Board is appraised of any issues arising. The Board also understands that it has a responsibility to consider, where practicable, the social, environmental and economic impact of its corporate strategy.

As part of our social responsibility and to safeguard our employees and contractors, we follow the UK Foreign Office advice on travelling and working abroad in high risk countries and territories.

As a Group we aim to minimise our carbon footprint; initiatives include the introduction of low energy LED lighting in our offices, waste recycling and the use of video conferencing in place of international travel where practical.

In 2019, Getech produced carbon dioxide emissions totalling 266 tonnes (2018: 216 tonnes) through international travel and heating and lighting its offices. Getech has contributed to the funding of a Verified Carbon Standard UK tree planting initiative that fully offsets these carbon dioxide emissions.



*S Paton* **Dr Stuart Paton**  
Chairman  
4 June 2020

# Directors' Report

The Directors present their report and financial statements for the year ended 31 December 2019.

## Principal activities

The principal activity of the Group is to provide geoscience and geospatial products and services that companies and governments use to de-risk their exploration programmes and improve their management of natural resources.

## Future developments

The future developments of the Group are included in the Outlook section of the Chairman and Chief Executive's Review.

## Directors

The Directors of the Parent Company who served during the year were:

Dr Jonathan Copus  
Andrew Darbyshire  
Dr Alison Fielding  
Chris Flavell  
Chris Jepps  
Dr Stuart Paton  
Peter Stephens

## Results and dividends

The results for the year are set out on page 41. The Directors do not recommend a dividend (2018: no dividend).

## Directors' indemnity

The Group maintains Directors' and Officers' liability insurance, which gives cover against legal action that may be taken against them. Qualifying third-party indemnity provisions (as defined in Section 234 of the Companies Act 2006) are in force for the benefit of Directors.

## Risks

The principal risks of the Group including around financial risk management are included in the Strategic Report (see pages 22 to 25).

## Substantial shareholders

The Parent Company was notified on 25 March 2020 of the following interests in excess of 3% of its issued Ordinary Share capital. Please see the table on page 33.

## Corporate Governance

See separate Corporate Governance report.



*S Paton* **Dr Stuart Paton**  
Chairman  
4 June 2020

## Companies Act s172 statement

The Directors set out their statement of compliance with s172 (1) of the Companies Act 2006 (s172), which should be read in conjunction with the rest of the Annual Report and the Corporate Governance section of the Getech website.

S172 requires Directors to take into consideration the interests of stakeholders in their decision making. The Board continues to have regard to the interests of the Company's shareholders, employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. In particular:

- The Board has a strategy for diversified growth, which is discussed in more detail in the Chairman and Chief Executive's Review. The Board therefore gives careful consideration to the long-term consequences of any immediate decisions
- Our employees are fundamental to the success of the business. The Executive Committee provides weekly Group-wide 'Friday updates' to all staff and Getech's CEO hosts a town-hall forum for staff discussion every quarter. There are also a range of other initiatives, which are aimed at enhancing the learning, interaction and interest of our employees
- Getech values its relationships with customers and suppliers. As a part of our ISO 9001 accreditation, customers are regularly asked to complete satisfaction surveys to ensure that the products and services that we provide are to the highest standards
- Getech is a responsible corporate citizen and we minimise our impact on the environment. More detail of our interactions with our employees, customers, suppliers, community and environment can be found on page 31 of the Corporate Governance report
- As a Board, it is our intention to behave responsibly toward our shareholders and treat them fairly and equally, so that they all benefit from the success of the Group

The Board has overall responsibility for ensuring high standards of governance, and to determine the Group's purpose, values and strategy. The primary aim of the Board is to promote the long-term sustainable success of Getech, generating value for shareholders and contributing to wider society.

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and to prepare the Parent Company's financial statements under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Company and Group for that year. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable IFRS have been followed in the consolidated financial statements and whether UK Accounting Standards have been followed in the Parent Company's financial statements, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company or Group will continue in business

## Substantial shareholders

	Number of Ordinary Shares	% of issued share capital
BGF Investments	5,855,350	15.6
Eiffel Investment Group	5,566,468	14.8
Canaccord Genuity Group	4,762,167	12.7
Mr Peter Stephens	1,876,500	5.0
Chris Green	1,797,080	4.8
Mr Derek Fairhead	1,458,474	3.9
Hargreaves Lansdown	1,358,228	3.6



## Directors' Report cont.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Group's external auditor is unaware
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the external auditor is aware of that information

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Going concern

In making the going concern assessment, the Board of Directors has considered Group budgets and detailed cash flow forecasts to 31 December 2021. The Board has considered sensitivity of these forecasts with regards to different assumptions about future income and costs, and various scenarios have been run on the potential impact of Covid-19 (see Note 1.2 for more detail).

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

### Post balance sheet events

See post balance sheet events section of the Financial Review on page 21.

### Auditor

Grant Thornton UK LLP has expressed its willingness to continue in office as external auditor. A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming Annual General Meeting.

By order of the Board

### Dr Stuart Paton

Chairman

4 June 2020

# Independent Auditor's Report

to the members of Getech Group plc

## Opinion

### Our opinion on the financial statements is unmodified

We have audited the financial statements of Getech Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosures Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue

In our evaluation of the Directors' conclusions, we considered the risks associated with the Group's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least 12 months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

## Independent Auditor's Report cont.

to the members of Getech Group plc

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.



### Overview of our audit approach

Overall materiality: £40,000, which represents approximately 0.7% of the Group's total revenues;

Key audit matters were identified as revenue recognition and the carrying value of goodwill and other intangible assets; and

We have assessed the components within the Group by considering each as a percentage of Group's total assets, liabilities, revenues and loss before tax, and performed a combination of comprehensive audits and targeted audit procedures.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter – Group and Parent	How the matter was addressed in the audit – Group and Parent
<p><b>Revenue recognition</b></p> <p>There is a risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This risk is heightened based on the level of revenue which is accrued or deferred based on underlying contracts. In respect of revenue recognised for ongoing projects, there is a risk that revenue is recognised before the risk and rewards of ownership have transferred to the customer, and performance obligations have been met.</p> <p>As there are contractual arrangements with customers, there is a risk that revenue is misstated as each contract's outcome and stage of completion requires professional judgement.</p> <p>We therefore identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding through reperformance by walkthrough of the systems and controls in place around the recording of revenue</li> <li>• Evaluation of the revenue recognition policies for appropriateness with IFRS 15, including challenge around stage of completion at the year end</li> <li>• Testing a sample of revenue transactions in respect of sale of products and provision of services and assessing them against supporting documentation to determine whether income has been appropriately recognised in accordance with IFRS 15 and the Group's accounting policy</li> <li>• Testing of transactions around the year end to determine the application of correct cut-off procedures, including assessment of appropriate deferral of revenue</li> <li>• Comparison of current year revenue with that from the prior period and obtaining and corroborating the explanations received for significant and unusual variances</li> </ul> <p>The Group's accounting policy on revenue recognition including the key sources of estimation uncertainty is shown in Notes 1.5 and 1.7 in the Accounting Policies section and related disclosures are included in Note 2 to the consolidated financial statements.</p> <p><b>Key observations</b></p> <p>Based on our work performed and following correct treatment and adjustment of material amendments identified, we can conclude that revenue recognised appears to be free from material misstatement.</p>



Key audit matter – Group and Parent cont.	How the matter was addressed in the audit – Group and Parent cont.
<p><b>Carrying value of goodwill and other intangible assets</b></p> <p>Within the consolidated statement of financial position are significant balances for goodwill and other intangible assets arising from both previous acquisition activity and ongoing development work.</p> <p>These balances represent a significant proportion of the total assets figure within the consolidated statement of financial position and, if the underlying subsidiaries are not performing in line with forecast, are at risk of being materially misstated due to unrecorded impairment. Further, the forward forecasts for the Group include a degree of estimation as to future projects to be delivered and the results to be derived therefrom.</p> <p>We therefore identified carrying value of goodwill and other intangible assets as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding through reperformance by walkthrough of the systems and controls in place around the assessment of carrying value of goodwill and intangible assets</li> <li>• Determination of whether the assigned life of each applicable intangible asset remains appropriate</li> <li>• Testing on a sample basis of additions to intangible assets during the year to supporting documentation</li> <li>• Development of an expectation of amortisation expense for the year and comparison against the expense recorded</li> <li>• Assessment and challenge of management prepared reviews of the carrying value of goodwill and intangible assets. Our challenge focused around the assumptions regarding future revenues and cash flows from the underlying cash generating units relative to historic performance, prospects of future commercial projects, and assessment of the growth rates and discount rates applied</li> </ul> <p>The Group's accounting policy on intangible assets including the key sources of estimation uncertainty is shown in Notes 1.5 and 1.16 in the Accounting Policies section and related disclosures are included in Notes 9 and 10 to the consolidated financial statements.</p> <p><b>Key observations</b></p> <p>Based on our audit work we have not identified any material misstatements in the carrying value of goodwill and intangible assets in the consolidated statement of financial position. This is as a result of the impairment identified and posted by management during the year against goodwill and intangible assets, as detailed in Notes 9 and 10 to the consolidated financial statements.</p>
<p><b>Going concern</b></p> <p>As stated in 'The impact of macro-economic uncertainties on our audit' section of our report, Covid-19 is one of the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty. This event could adversely impact the future trading performance of the Group and Company and as such increases the extent of judgement and estimation uncertainty associated with management's decision to adopt the going concern basis of accounting in the preparation of the financial statements.</p> <p>As such we identified going concern as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We undertook procedures to evaluate management's assessment of the impact of Covid-19 on the Group and Company's forecasted earnings and cash flows. This included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>• Obtaining management's original forecasts covering the period to December 2020. We assessed how these forecasts were compiled, including assessing their accuracy by validating the reasonableness of underlying assumptions;</li> <li>• Assessing the reliability of management's forecasting by comparing the accuracy of actual financial performance to the forecast information;</li> <li>• Obtaining management's revised forecasts, covering the period to December 2021, prepared to assess the potential impact of Covid-19. We evaluated the assumptions applied, including the reduction in revenue, reduction in costs and the resulting effect on the forecasted earnings and cash flows during the estimated period of Covid-19, for reasonableness and determined whether they had been applied accurately. We also considered whether the assumptions are consistent with our understanding of the business;</li> </ul>

## Independent Auditor's Report cont.

to the members of Getech Group plc

Key audit matter – Group and Parent cont.	How the matter was addressed in the audit – Group and Parent cont.
<b>Going concern</b> cont.	<ul style="list-style-type: none"> <li>Assessing management's cash position throughout the period of re-forecast. This assessment included the corroboration of mitigating actions taken by management to relevant documentation and evaluation of their application in the revised forecasts for accuracy;</li> <li>Performing sensitivity analysis on management's revised forecasts to determine the reduction in revenue, earnings and cash that would lead to elimination of the headroom in their original cash flow forecasts; and</li> <li>Assessing the adequacy of the going concern disclosures included within the financial statements</li> </ul> <p><b>Key observations</b> Based on the procedures performed, we have identified no issues regarding management's assessment of the impact of Covid-19 on the Company's forecasted cash position. We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.</p>

### Our application of materiality

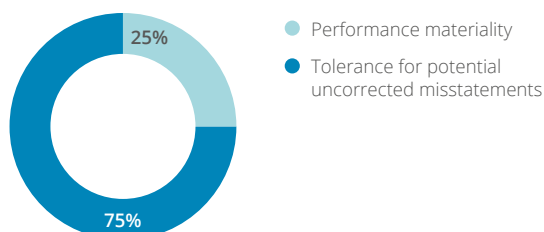
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

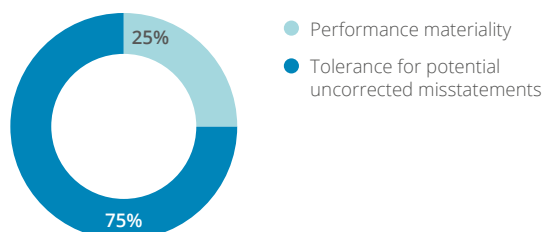
Materiality measure	Group	Parent
<b>Financial statements as a whole</b>	£40,000, which is approximately 0.7% of total revenues. This benchmark is considered the most appropriate because revenues are the most consistent balance in the financial statements over recent years and are the key driver of the Group. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2018 to reflect the lower revenue number for the year ended 31 December 2019 and the continued position of being close to break even in terms of profit or loss before exceptional items.	£34,000, which is based on the Parent Company's total revenues, assessed by reference to the significance of the component to the Group. This benchmark is considered the most appropriate because the Parent Company is also the largest trading company, therefore the total revenues basis ensures that materiality is based on a key figure to users of the financial statements.  Materiality for the current year is lower than the level that we determined for the year ended 31 December 2018, due to lower revenue in the Parent Company when compared to prior year.
<b>Performance materiality used to drive the extent of our testing</b>	75% of financial statement materiality.	75% of financial statement materiality.
<b>Communication of misstatements to the Audit Committee</b>	£2,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£1,700 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

#### Overall materiality – Group



#### Overall materiality – Parent



#### An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Group's business, its environment and risk profile and in particular included:

- Documenting and evaluating the processes and controls covering the key audit matters
- Evaluation by the Group audit team of identified components to assess the significance of each component and to determine the planned audit response based on a measure of materiality considering each as a percentage of Group's total assets, liabilities, revenues and loss before tax
- For those components that were evaluated as significant components, a full-scope audit approach was determined based on their relative materiality to the Group and our assessment of the audit risk;
- We performed a full-scope audit of the financial information of the Parent Company, Getech Group plc, as well as subsidiaries ERCL Limited and Exprodat Consulting Limited and of the Group's operations throughout the United Kingdom. The Group's component in the US, Geophysical Exploration Technology Incorporated, was subject to specified procedures over the balance sheet and income statement, performed taking into account Group materiality and Group performance materiality, with a focus on key audit matters and other significant risks, and the significance to the Group's balances
- The components subject to a full-scope audit approach cover 58% of the consolidated revenues, 94% of consolidated assets and 92% of total loss before tax, with the component subject to a targeted approach representing 42% of the consolidated revenues and 6% of consolidated assets
- The accounting functions are performed centrally for all entities. All audit work has been undertaken by the Group audit team

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## **Independent Auditor's Report** cont. to the members of Getech Group plc

### **Our opinion on other matters prescribed by the Companies Act 2006 is unmodified**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements

### **Matters on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

### **Responsibilities of Directors for the financial statements**

As explained more fully in the Directors' responsibilities statement set out on page 33, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Victoria McLoughlin BA FCA**

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Leeds

4 June 2020

# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Sales revenue	2	6,058	8,019
Cost of sales		(2,533)	(4,231)
<b>Gross profit before exceptional items</b>	2	<b>3,525</b>	3,788
Exceptional cost of sales	24	325	—
<b>Gross profit</b>	2	<b>3,850</b>	3,788
Administrative expenses		(3,809)	(3,341)
<b>Operating profit before exceptional administrative costs</b>		<b>41</b>	447
Exceptional administrative expenses	24	(3,132)	(197)
<b>Operating (loss)/profit</b>	3	<b>(3,091)</b>	250
Finance revenue	5	14	—
Finance costs	6	(64)	(25)
<b>(Loss)/profit before tax</b>		<b>(3,141)</b>	225
Tax credit	7	53	283
<b>Loss)/profit for the year</b>		<b>(3,088)</b>	508
<b>Other comprehensive income</b>			
Currency translation differences on translation of foreign operations		6	36
<b>Total comprehensive income for the year attributable to owners of the Parent Company</b>		<b>(3,082)</b>	544
<b>Earnings per ordinary share (EPS)</b>			
Basic EPS	8	(8.22)p	1.35p
Diluted EPS	8	(8.22)p	1.33p

All activities relate to continuing operations. The accompanying accounting policies and notes form an integral part of these financial statements.

# Consolidated Statement of Financial Position

as at 31 December 2019

	Notes	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Goodwill	9	296	3,428
Intangible assets	10	3,568	4,018
Property, plant and equipment	11	2,906	3,086
Deferred tax asset	7	346	305
		<b>7,116</b>	10,837
<b>Current assets</b>			
Trade and other receivables	12	1,994	4,941
Tax receivable	7	136	104
Cash and cash equivalents	13	3,554	1,400
		<b>5,684</b>	6,445
<b>Total assets</b>		<b>12,800</b>	17,282
<b>Current liabilities</b>			
Short-term borrowings	14	78	113
Trade and other payables	15	1,697	2,906
		<b>1,775</b>	3,019
<b>Net current assets</b>		<b>3,909</b>	3,426
<b>Non-current liabilities</b>			
Long-term borrowings	14	776	819
Trade and other payables	15	421	565
Deferred tax liabilities	7	109	137
		<b>1,306</b>	1,521
<b>Total liabilities</b>		<b>3,081</b>	4,540
<b>Net assets</b>		<b>9,719</b>	12,742
<b>Equity</b>			
Share capital	18	94	94
Share premium		3,053	3,053
Merger reserve		2,407	2,407
Share-based payment (SBP) reserve		242	183
Currency translation reserve		31	25
Retained earnings		3,892	6,980
<b>Total equity</b>		<b>9,719</b>	12,742

The financial statements of Getech Group plc (Company number: 02891368) were approved by the Board of Directors and authorised for issue on 4 June 2020.

**Andrew Darbyshire**

Chief Financial Officer



# Consolidated Statement of Changes in Equity

for the year ended 31 December 2019

	Share capital £'000	Share premium £'000	Merger reserve £'000	SBP reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total equity £'000
1 January 2018	94	3,053	2,407	164	(11)	6,472	12,179
Profit for the year	—	—	—	—	—	508	508
Other comprehensive income	—	—	—	—	36	—	36
Total comprehensive income	—	—	—	—	36	508	544
Transactions with owners:							
Share-based payment charge	—	—	—	19	—	—	19
31 December 2018	94	3,053	2,407	183	25	6,980	12,742
Loss for the year	—	—	—	—	—	(3,088)	(3,088)
Other comprehensive income	—	—	—	—	6	—	6
Total comprehensive income	—	—	—	—	6	(3,088)	(3,082)
Transactions with owners:							
Share-based payment charge	—	—	—	59	—	—	59
<b>31 December 2019</b>	<b>94</b>	<b>3,053</b>	<b>2,407</b>	<b>242</b>	<b>31</b>	<b>3,892</b>	<b>9,719</b>

# Consolidated Statement of Cash Flows

for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax		(3,141)	225
Finance income	5	(14)	—
Finance costs	6	64	25
Depreciation charge	11	216	131
Amortisation of intangible assets	10	940	689
Impairment of goodwill	9	3,132	—
Impairment of intangible assets	10	621	—
Adjustment to direct cost accruals		(946)	—
Share-based payment charge		59	19
Foreign exchange adjustments		3	(16)
<b>Cash inflow from operating activities</b>		<b>934</b>	<b>1,073</b>
Movements in working capital:			
(Increase)/decrease in trade and other receivables	12	2,861	(2,820)
Increase/(decrease in trade and other payables	15	(336)	901
Cash generated from operations		<b>3,459</b>	<b>(846)</b>
Tax (paid)/received		<b>37</b>	<b>514</b>
<b>Net cash inflow/(outflow) from operating activities</b>		<b>3,496</b>	<b>(332)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(30)	(78)
Purchase of intangible assets	10	(5)	—
Development costs capitalised	10	(1,108)	(861)
Capitalised cost of reports	10	—	(13)
Interest received	5	14	—
<b>Net cash outflow from investing activities</b>		<b>(1,129)</b>	<b>(952)</b>
<b>Cash flows from financing activities</b>			
Drawdown of loan		—	950
Repayment of loan		(78)	(652)
Repayment of lease liabilities		(71)	(29)
Interest paid	6	(64)	(25)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(213)</b>	<b>244</b>
<b>(Decrease)/increase in net cash and cash equivalents</b>		<b>2,154</b>	<b>(1,040)</b>
Cash and cash equivalents at the beginning of the year		<b>1,400</b>	<b>2,393</b>
Foreign exchange adjustments to cash and cash equivalents		—	47
<b>Cash and cash equivalents at the end of the year</b>	<b>13</b>	<b>3,554</b>	<b>1,400</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 December 2019

## 1 Accounting Policies

### 1.1 Basis of preparation

The consolidated financial statements of Getech Group plc (the Company) and subsidiaries (the Group) have been prepared in accordance with International Financial Reporting Standards, adopted for use by the European Union (IFRS) as they apply to the Group for the year ended 31 December 2019 and with the Companies Act 2006. The accounts were approved by the Board and authorised for issue on 4 June 2020. Getech Group plc is a public limited company incorporated and registered in England and Wales and listed on the Alternative Investment Market (AIM).

The financial statements are prepared on a going concern basis under the historical cost convention except for certain items measured at fair value and are presented to the nearest thousand pounds (£'000) except as otherwise stated.

### New and amended standards and interpretations

During the year, the Group adopted the following new and amended IFRSs for the first time for its reporting period commencing 1 January 2019:

Standard or interpretation	EU effective date
IFRS 9 Prepayment features with negative compensation	1 January 2019
Annual improvements 2015-2017 IAS 12, IAS 23, IFRS 3 and IFRS 11	1 January 2019

Getech adopted IFRS 16 Leases early, starting from 1 January 2018; other new and amended standards and interpretations have not had a material impact on the Group's financial statements.

### New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory only for the Group's accounting periods beginning on or after 1 January 2020 and which the Group has not adopted early. Those that may be applicable to the Group in the future are as follows:

Standard or interpretation	EU effective date
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform	1 January 2020
Amendments to IFRS 3 Business Combinations	1 January 2021
Amendments to references to the conceptual framework in IFRS standards	1 January 2020
Amendments to IAS 1 and IAS 8 Definition of material	1 January 2020

The Group does not expect any material impact on the financial statements from the implementation of the above future standards.

### 1.2 Going concern

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

In addition to the sensitivity models of future income and costs, we have made various assumptions to model cash flow forecasts: it has been assumed that the UK Government Job Retention Scheme will continue to be available until the end of September 2019 and that current social distancing measures, which impact our ability to meet clients in person, will also be in place until the end of September. We have also not relied on the availability of additional sources of cash in our forecast assumptions.

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



## Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2019

### 1 Accounting Policies cont.

#### 1.3 Basis of consolidation

The Group's financial statements consolidate those of the Parent Company and of its subsidiary undertakings, drawn up to 31 December 2019. A subsidiary is an entity controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

All intercompany transactions and balances between the Group companies, including unrealised profits, have been eliminated on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

#### 1.4 Business combinations

Business combinations are accounted for using the acquisition method of accounting. The acquired identifiable tangible and intangible assets are measured at their fair values at the date of the acquisition. Acquisition costs incurred are expensed under administrative expenses.

Goodwill is initially measured at the excess of the aggregate of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

#### 1.5 Exceptional items

Items which are material either because of their size or their nature, and which are non-recurring, are presented within their relevant consolidated income statement category, but highlighted through separate disclosure. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance. Items which are included within the exceptional category include:

- spend on the integration of significant acquisitions and other major restructuring programmes;
- significant goodwill or other asset impairments relating to specific market events; and
- other particularly significant or unusual items

#### 1.6 Revenue

The Group has adopted IFRS 15 and its principles. Revenue is measured by reference to the fair value of consideration received or receivable by the Group for products and services provided, excluding VAT and comparable overseas taxes. Typical invoice payment terms are 30 days for all categories of revenue.

Revenue from products and services falls into the four categories below:

##### Consultancy services

The Group provides various consulting services to its customers. Revenue from these services is recognised on a time-and-materials basis plus a margin as the services are provided at a rate agreed in the customer contract. Customers are invoiced monthly as work progresses.

The Group also provides outsourcing services for a fixed fee for an agreed period, as agreed in the customer contract. As the amount of work required to perform these services does not vary significantly from month to month, revenue is recognised on a straight-line basis over the term of the contract.

This revenue accounting policy is applicable for revenues from Government Advisory Services, Geoscience Services and Geospatial Solutions.

##### Multiclient products

For sales of data and completed products, revenue is recognised when performance obligations have been satisfied, which is on dispatch unless otherwise agreed. The transaction price is fixed and agreed in the customer contract.

This revenue accounting policy is applicable for revenues from Geophysical Data, Globe and Regional Reports.

## 1 Accounting Policies cont.

### 1.6 Revenue cont.

#### Multiple element contracts

Where contracts for multiple element products with staged deliverables involve delivery of several different elements which are not fully delivered or performed by the year end, revenue is recognised based on the proportion of the fair value of the elements delivered to the fair value of the respective overall contracts. Where the outcome of contracts that are long term in nature and contracts for ongoing deliverables cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from multiple element contracts is recognised after separating the contract income as follows:

- Completed project elements and specific reports that are immediately deliverable – revenue is recognised when the performance obligations have been satisfied, which is on dispatch unless otherwise agreed
- Service elements of the contract – revenue is recognised in line with the accounting treatment for consultancy services
- Project elements that are to be delivered from development work that is yet to be completed – revenue is recognised when the performance obligations have been satisfied, which is on dispatch unless otherwise agreed

#### Software licences

Customers subscribe to Getech's software licences, usually over a 12-month term. The customer has the rights to all of the benefits provided by the product over the term of the licence; as such, revenue is recognised over the term of the licence at the fixed fee agreed in the customer contract. The balance of the revenue invoiced is deferred.

This revenue accounting policy is applicable for revenues from Geospatial Solutions Software.

### 1.7 Foreign currency translation

The Group's financial statements are presented in pound sterling, which is also the functional currency of the Parent Company.

Where supplies are obtained, or sales are made on terms denominated in foreign currency, such transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Exchange gains or losses arising on the settlement or translation of monetary items are included in profit or loss from operations.

The assets and liabilities of the Group's overseas subsidiary undertaking are translated into the presentation currency using exchange rates prevailing at the end of the reporting period. Translation differences in respect of the assets and liabilities of the foreign subsidiary are accounted for in the Group's currency translation reserve within equity. Income and expenses of this undertaking are translated at the average exchange rates for the period that approximate to the actual rates on transaction dates. Exchange differences arising, if any, are recognised in other comprehensive income and the Group's currency translation reserve.

### 1.8 Employee benefits

#### Pension schemes

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the schemes.

#### Share options

Where share options are granted, a charge is made to profit or loss and a reserve is created to record the fair value of the awards in accordance with IFRS 2 'Share-based Payment'. A charge is recognised in profit or loss in relation to share options granted based on the fair value (the economic value) of the grant, measured at the grant date. The charge is spread over the vesting period. The valuation methodology takes into account assumptions and estimates of share price volatility, the future risk-free interest rate and exercise behaviour, and is based on the Black Scholes method. When share options are exercised, there is a transfer from the share option reserve to retained earnings.

At the end of each reporting period, the Group revises its estimate of the number of share options that are expected to vest, taking into account those that have lapsed or been cancelled. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to the share option reserve. If the terms and conditions of share options are modified before they vest, the change in the fair value of the share options, measured immediately before and after the modification, is charged to profit or loss over the remaining vesting period.

## Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2019

### 1 Accounting Policies cont.

#### 1.9 Research

Research expenditure is charged to profit or loss in the period in which it is incurred.

#### 1.10 Right-of-use assets and lease liabilities

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use.

The right-of-use assets are initially measured at cost, which comprises:

- The amount of initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives;
- Any initial direct costs incurred by the lessee;
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located

After the commencement date the right-to-use assets are measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of the lease liability.

Depreciation is calculated using the straight-line method over the life of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's incremental borrowing rate (3.5%), or the rate implicit in the lease contract. Lease liabilities are included within trade and other payables (both current and non-current) in the Statement of Financial Position.

After the commencement date, the Group measures the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability; and
- Reducing the carrying amount to reflect lease payments made

#### 1.11 Property, plant and equipment

Property, plant and equipment are carried at acquisition cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal instalments over their estimated useful economic lives at the following rates:

Freehold property	– 2% per annum on cost
Plant and equipment	– 33.3% and 25% per annum on cost

Material residual value and useful life estimates are updated as required, but at least annually. Freehold land is carried at acquisition cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

#### 1.12 Intangible assets

Expenditure on development activities is capitalised if the product or process meets the recognition criteria for development expenditure as set out in IAS 38 'Intangible Assets'. The expenditure capitalised includes all directly attributable costs, from the date that the intangible asset meets the recognition criteria, necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

Development expenditure is identified as being capital in nature if the costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure not meeting these criteria is recognised in profit or loss as incurred. Once the asset is ready for use, the capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses. Intangible assets not yet ready for use are tested for impairment annually.



## 1 Accounting Policies cont.

### 1.12 Intangible assets cont.

Other intangible assets include acquired data holdings that qualify for recognition as intangible assets in a business combination. As these assets have finite useful economic lives, they are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives.

Residual values and useful lives are reviewed at each reporting date. In addition, intangible assets are subject to annual impairment reviews or a review whenever there is an indication of impairment.

The following useful lives are applied:

Customer relationships	– fifteen years
Software development	– five years
Development costs	– five to ten years
Reports	– ten years
Data holdings	– ten years
Goodwill on consolidation	– indefinite, annual impairment review

Amortisation is included within 'Administrative costs', except for amortisation of Reports, which is included in 'Cost of sales'.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

### 1.13 Financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

#### Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the Group does not have any financial assets categorised as FVOCI or FVTPL.

#### Subsequent measurement of financial assets – Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

## Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2019

### 1 Accounting Policies cont.

#### 1.13 Financial assets cont.

##### Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced IAS 39's 'incurred loss model'.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2')

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### 1.14 Income taxes

Current tax is the tax currently payable or receivable based on the taxable profit or loss for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if the reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets.

Deferred tax assets and liabilities are calculated in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the end of the reporting period.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to equity (in which case, the related deferred tax is also charged or credited directly to equity), or where they relate to items of other comprehensive income (in which case, they are recognised in other comprehensive income).

#### 1.15 Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and demand deposits.

## 1 Accounting Policies cont.

### 1.16 Equity

Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares
- 'Share premium account' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- 'Merger relief reserve' represents the premium on shares issued to acquire ERCL Limited and Exprodat Consulting Limited
- 'Capital redemption reserve' represents the nominal value of equity shares redeemed
- 'Share option reserve' represents the fair value of share options in accordance with IFRS 2 'Share-based Payment'
- 'Currency translation reserve' represents the value of exchange differences in translating the assets and liabilities of the foreign subsidiary
- 'Retained earnings' represents retained profits

### 1.17 Dividends

Dividend distributions payable to equity shareholders are included in 'Other short-term financial liabilities' when dividends are approved in general meetings prior to the end of the reporting period.

### 1.18 Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value and all transaction costs are recognised immediately in profit or loss. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are re-measured at each reporting date at fair value, with changes in fair value being recognised in profit or loss. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in profit or loss. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities are categorised as at fair value through profit or loss where they are designated as at fair value through profit or loss on initial recognition. Deferred consideration on acquisitions of assets, which is contingent on subsequent sales of such assets, is treated as financial liability at fair value through profit or loss, and the value is allocated between current and non-current liabilities in accordance with best estimates of the timing and amounts expected to fall due.

A financial liability is derecognised only when the obligation is extinguished; that is, when the obligation is discharged or cancelled, or it expires.

### 1.19 Significant accounting judgements and estimates

In applying the Group's adopted accounting policies, management has made appropriate estimates in key areas, and the actual outcomes may differ from those calculated.

#### Significant areas of judgement

The key sources of judgement at the end of the reporting period are as follows:

##### *Recognition of revenue from multiple element contracts*

Management use judgement in determining the fair value of multiple element contracts in order to appropriately recognise the revenue attributable to each element. The value of revenue recognised in the period is dependent on an assessment of work to completion.

## Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2019

### 1 Accounting Policies cont.

#### 1.19 Significant accounting judgements and estimates cont.

##### Significant areas of judgement cont.

##### *Capitalisation of development costs*

The capitalisation of development expenditure is dependent on the costs meeting the recognition criteria in accordance with IAS 38 'Intangible Assets'. In assessing the criteria, management makes judgements on the level of future economic benefits of the asset flowing to the Company. Management is assisted in making these judgements through the monitoring both of sales forecasts and of the level of future cost benefits arising.

##### *Deferred taxation*

Management judgement is required in determining provisions for deferred tax liabilities and assets. The process involves estimating the actual current tax exposure together with assessing temporary differences resulting from the different valuation of certain assets and liabilities in the financial statements and the tax returns. Management must assess the probability that the deferred tax assets will be recovered from future taxable income.

##### Significant areas of estimation uncertainty

The key sources of estimation uncertainty at the end of the reporting period are as follows:

##### *Multiple element contracts*

Management uses estimates in determining the fair value of individual elements of the multiple element contracts in order to appropriately recognise the revenue attributable to each element. A value is assigned to each element of the contract, based on an estimate of the value of that element if it were sold individually; the ratio of these values is then used to calculate a fair value for each element. The value of revenue recognised during the year is also dependent on estimates of work to completion, as with long-term contracts. Were the proportion of work completed to total work to be performed to differ by 5% from management's estimates, the amount of revenue recognised would increase/decrease by £44,000.

##### *Carrying amount of non-current assets*

Where there is an indication of impairment, a review of the carrying values of non-current assets is undertaken as follows:

- Intangible non-current assets, including goodwill, are estimated on the basis of value in use

The value is calculated from the present value of future cash flows expected to be derived from the asset under review. The key elements of estimation are the calculation of future cash flows. For intangible assets, future cash flows are forecast revenues from the associated cash-generating unit. Further estimation is made in determining an appropriate discount rate that reflects the specific risks associated with the asset or cash-generating unit. See Notes 9 and 10 for further details of assumptions made and sensitivity testing regarding goodwill and intangible assets.

##### *Share options*

Share-based payments are valued using the Black Scholes valuation model. Estimates are made in expected volatility and the risk-free rate. Where appropriate, management uses historical market data as a basis for estimating the fair value of share options on grant. Increasing the risk-free rate by 2% and increasing the volatility window in the calculation of volatility from 5 days to 30 days made no material difference to the valuation of share options issued during the year.

### 2 Segment Reporting

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods and services delivered or provided. The Directors of the Company have chosen to organise the Group around differences in products and services. Operating segments with similar characteristics, and where segments are similar in respect of the nature of the products and services, the nature of the production processes, the type of customer and where they have similar methods of distribution, have been aggregated into a single operating segment.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

- Products (Including Geophysical Data, Globe, Regional Reports and Software revenues)
- Services (Including Government Advisory Services, Geoscience Services and Geospatial Solutions revenues)
- The sources of income included in 'other segments' are other miscellaneous income



## 2 Segment Reporting cont.

### 2.1 Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	2019		2018	
	Revenue £'000	Profit £'000	Revenue £'000	Profit £'000
Products	4,324	3,299	6,434	4,013
Services	1,636	128	1,585	(225)
Other	98	98	—	—
<b>Total revenue/profit before exceptional items</b>	<b>6,058</b>	<b>3,525</b>	<b>8,019</b>	<b>3,788</b>
Central administrative costs		(3,809)		(3,341)
Exceptional cost of sales		325		—
Exceptional administrative costs		(3,132)		(197)
Net finance costs		(50)		(25)
<b>Profit before tax</b>		<b>(3,141)</b>		<b>225</b>

The segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales.

The accounting policies of the reportable segments are the same as in the Group's accounting policies described in Note 1. Segment profit represents the profit before tax earned by each segment without allocation of central administration costs, restructuring costs and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Assets and liabilities are not reported to the chief operating decision maker by segment.

### 2.2 Revenue and assets by geographical markets

In the following table, revenue and non-current assets are disaggregated by geographical market.

	2019		2018	
	Revenue £'000	Non-current assets £'000	Revenue £'000	Non-current assets £'000
United Kingdom	965	6,962	992	10,576
Rest of Europe	851	—	4,122	—
Americas	2,580	243	1,379	261
Asia-Pacific	1,041	—	1,244	—
Africa	621	—	282	—
<b>Total revenue/non-current assets</b>	<b>6,058</b>	<b>7,205</b>	<b>8,019</b>	<b>10,837</b>

Within revenue there are sales to one customer exceeding 10% of turnover amounting to £816,000 (2018: £2,506,000).

## Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2019

### 2 Segment Reporting cont.

#### 2.3 Revenue from contracts with customers

##### Revenue by timing of recognition

In the following table, revenue is disaggregated by timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's two reportable segments.

	Products		Services		Total	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
At a point in time	2,412	3,470	—	—	2,412	3,470
Over time	1,962	2,964	1,636	1,585	3,598	4,549
Other	—	—	—	—	48	—
<b>Total revenue</b>	<b>4,374</b>	<b>6,434</b>	<b>1,636</b>	<b>1,585</b>	<b>6,058</b>	<b>8,019</b>

### 3 Operating (Loss)/Profit

The operating (loss)/profit for the year is stated after charging/(crediting):

	2019 £'000	2018 £'000
Depreciation of property, plant and equipment	216	132
Amortisation of intangible assets	940	689
Exceptional impairment of goodwill	3,132	—
Exceptional impairment of intangible assets	621	—
Exceptional adjustment to direct cost accruals	(946)	—
Exceptional restructure costs	—	197
Remuneration receivable by the Group's auditor for services:		
– the auditing of the accounts	45	43
– audit related services	6	6
Operating leases: rental costs of land and building	—	311
Foreign exchange movement	—	39
Share-based payments charge	59	19
Research and development costs expensed as incurred	628	597

The above charges and credits are included in 'Cost of sales' and 'Administrative costs' in the consolidated statement of comprehensive income.

### 4 Directors and Employees

#### 4.1 Number of employees

The average monthly number of employees, including Executive Directors, employed by the Group was:

	2019 Number	2018 Number
Directors	3	4
Administration	16	16
Technical	47	59
	<b>66</b>	<b>79</b>

## 4 Directors and Employees cont.

### 4.2 Staff costs

Staff costs in respect of those employees were as follows:

	2019 £'000	2018 £'000
Salaries	3,485	3,825
Social security costs	382	401
Other pension costs	232	222
Share-based payment charge	59	30
	<b>4,158</b>	<b>4,478</b>

A proportion of the Group's staff costs shown above are capitalised as additions to intangible assets – development costs in accordance with the Group's accounting policies.

### 4.3 Directors' remuneration

Directors' remuneration for the year ended 31 December 2019 was as follows:

	Salary/Fees £'000	Pension contributions £'000	Benefits in kind £'000	Total before share options £'000	Share options £'000
<b>Executive Directors</b>					
Dr Jonathan Copus	263	13	—	276	15
Chris Jepps	158	8	—	166	8
Andrew Darbyshire	120	6	—	126	8
<b>Non-Executive Directors</b>					
Dr Alison Fielding <sup>1</sup>	21	—	—	21	—
Dr Stuart Paton	42	—	—	42	—
Peter Stephens <sup>2</sup>	21	—	—	21	—
Chris Flavell <sup>3</sup>	21	—	—	21	—
	<b>646</b>	<b>27</b>	<b>—</b>	<b>673</b>	<b>31</b>

1 For the period to 31 March 2019 Directors' fees for Alison Fielding were paid to IP Group plc, a company of which she was a consultant, subsequent fees were paid through payroll.

2 For the period to 31 March 2019 Directors' fees for Peter Stephens were paid to Noon & Co Limited, a company for which he is a director; subsequent fees were paid through payroll.

3 For the period to 31 March 2019 Directors' fees for Chris Flavell were paid to TantlonGeo Limited, a company of which he is a director; subsequent fees were paid through payroll.

## Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2019

### 4 Directors and Employees cont.

#### 4.3 Directors' remuneration cont.

Directors' remuneration for the year ended 31 December 2018 was as follows:

	Salary/Fees £'000	Pension contributions £'000	Benefits in kind £'000	Total before share options £'000	Share options £'000
<b>Executive Directors</b>					
Dr Jonathan Copus <sup>1</sup>	250	11	—	261	15
Chris Jepps <sup>1</sup>	125	6	—	131	1
Andrew Darbyshire <sup>1</sup>	83	4	—	87	1
Huw Edwards <sup>2</sup>	30	—	—	30	—
<b>Non-Executive Directors</b>					
Dr Alison Fielding <sup>3</sup>	20	—	—	20	—
Dr Stuart Paton	40	—	—	40	—
Peter Stephens <sup>4</sup>	20	—	—	20	—
Chris Flavell <sup>5</sup>	20	—	—	20	—
	<b>588</b>	<b>21</b>	<b>—</b>	<b>609</b>	<b>17</b>

1 Andrew Darbyshire and Chris Jepps were appointed to the Board on 28 February 2018, as such only remuneration from this date is included.

2 Huw Edwards worked a four-day week and left office on 28 February 2018, as such only remuneration up to this date is included.

3 Directors' fees for Alison Fielding were paid to IP Group plc, a company of which she was a consultant.

4 Directors' fees for Peter Stephens were paid to Noon & Co Limited, a company for which he is a director.

5 Directors' fees for Chris Flavell were paid to TantlonGeo Limited, a company of which he is a director.

#### 4.4 Directors' share options

					Number of shares	
Date granted	Exercise period	Option price	31 Dec 2018	Granted	Lapsed	31 Dec 2019
<b>Dr Jonathan Copus</b>						
2 Aug 2016	2 Aug 2017 – 2 Aug 2026	24.50p	500,000	—	—	500,000
2 Aug 2016	2 Aug 2018 – 2 Aug 2026	24.50p	500,000	—	—	500,000
2 Aug 2016	2 Aug 2019 – 2 Aug 2026	24.50p	400,000	—	—	400,000
20 Nov 2018	2 Aug 2019 – 19 Nov 2028	35.00p	100,000	—	—	100,000
20 Nov 2018	20 Nov 2019 – 19 Nov 2028	35.00p	125,000	—	—	125,000
20 Nov 2018	20 Nov 2020 – 19 Nov 2028	35.00p	125,000	—	—	125,000
<b>Chris Jepps</b>						
20 Nov 2018	20 Nov 2019 – 19 Nov 2028	35.00p	125,000	—	—	125,000
20 Nov 2018	20 Nov 2020 – 19 Nov 2028	35.00p	125,000	—	—	125,000
<b>Andrew Darbyshire</b>						
20 Nov 2018	20 Nov 2019 – 19 Nov 2028	35.00p	125,000	—	—	125,000
20 Nov 2018	20 Nov 2020 – 19 Nov 2028	35.00p	125,000	—	—	125,000
<b>Dr Stuart Paton</b>						
27 Apr 2011	27 Apr 2011 – 27 Apr 2021	17.50p	300,000	—	—	300,000
27 Apr 2011	27 Apr 2012 – 27 Apr 2021	17.50p	200,000	—	—	200,000
27 Apr 2011	27 Apr 2013 – 27 Apr 2021	17.50p	200,000	—	—	200,000
27 Apr 2011	27 Apr 2014 – 27 Apr 2021	17.50p	200,000	—	—	200,000
<b>Peter Stephens</b>						
24 Dec 2010	24 Dec 2012 – 24 Dec 2021	15.00p	41,490	—	—	41,490



**4 Directors and Employees** cont.**4.4 Directors' share options** cont.

The market price of the shares at the end of the financial year was 26.50p and the range of market prices during the year was between 22.50p and 32.00p.

Full share-based payment disclosures are provided in Note 19.

**5 Finance Income**

	2019 £'000	2018 £'000
Interest on bank deposits	14	—

**6 Finance Costs**

	2019 £'000	2018 £'000
Interest on borrowings	36	25
Interest on leases	28	—
	64	25

**7 Income Tax****7.1 Analysis of income tax credit**

	2019 £'000	2018 £'000
<b>Current tax</b>		
Current year	(38)	(57)
Prior year	5	(80)
Foreign taxation	54	—
<b>Total current tax</b>	21	(137)
<b>Deferred tax</b>		
Current year	(19)	(141)
Prior year	(55)	(5)
<b>Total deferred tax</b>	(73)	(146)
<b>Total tax credit</b>	(53)	(283)

## Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2019

### 7 Income Tax cont.

#### 7.2 Factors affecting the tax credit for the year

The tax rate applied to profit on ordinary activities in preparing the reconciliation below is the UK corporation tax rate applicable to the Group's profits. The difference between the total credit shown above and the amount calculated by applying the standard rate of UK corporation tax of 19% (2018: 19%) to the consolidated profit before tax is as follows:

	2019 £'000	2018 £'000
(Loss)/profit on ordinary activities before tax	(3,091)	225
Tax at UK corporation tax rate of 19% (2018: 19%)	(587)	43
<b>Effects of:</b>		
Fixed asset differences	7	14
Expenses not deductible for tax purposes	27	10
Impairment of goodwill	595	—
Impairment of intangible assets	118	—
Research and development enhanced expenditure	(221)	(268)
Surrender of tax losses for R&D tax credit refund	12	74
Movement in deferred tax not recognised	22	(9)
Share-based payments charge	—	(35)
Foreign tax charges/(credits)	54	(4)
Adjustment for tax computation in foreign jurisdictions	(41)	—
Foreign exchange adjustments	6	—
Other differences	5	(23)
Adjustment to tax charge in respect of prior years	(50)	(85)
<b>Group tax credit for the year</b>	<b>(53)</b>	<b>(283)</b>

#### 7.3 Deferred tax

The movement on the deferred tax asset and deferred tax liability in the year is shown below:

	2019 £'000	2018 £'000
<b>Deferred tax asset</b>		
Asset at 1 January	305	207
Share-based payments	4	—
Intangible assets of foreign subsidiary company	—	2
Tax losses	(18)	42
Exchange differences	(6)	—
Foreign tax jurisdictions	61	54
<b>Asset at 31 December</b>	<b>346</b>	<b>305</b>

**7 Income Tax** cont.  
7.3 Deferred tax cont.

	2019 £'000	2018 £'000
<b>Deferred tax liability</b>		
Liability at 1 January	137	194
Accelerated capital allowances	1	—
Intangible assets on capitalised development costs	(17)	—
Intangible assets acquired in business combinations	(17)	(22)
Share-based payments	—	(35)
Exchange differences	5	—
<b>Liability at 31 December</b>	<b>109</b>	<b>137</b>
	2019 £'000	2018 £'000
<b>Analysis of deferred tax balances by category</b>		
Share-based payments	39	36
Accelerated capital allowances	(92)	(91)
Foreign tax jurisdictions	55	(5)
Intangible assets of foreign subsidiary company	(11)	(28)
Tax losses	311	360
Intangible assets acquired in business combinations	—	(111)
Intangible assets on capitalised development costs	(72)	—
Provisions	3	3
Post-employment benefits	4	4
<b>Net deferred tax asset</b>	<b>237</b>	<b>168</b>

The deferred tax asset in respect of the UK company is calculated at 17% (2018: 17%) in light of the future tax rates announced. The deferred tax asset in respect of foreign tax jurisdictions arises as a result of future capital allowances available following the part-payment of the deferred consideration for the acquisition of assets from Lisle Gravity Inc. in an earlier period. These will be relieved against profits of the foreign subsidiary.

The deferred tax asset in respect of tax losses arises as a result of losses incurred by ERCL after 1 April 2017. The Group is expected to generate future taxable profits, which these losses will be set against. The trading losses carried forward have no expiry date.

Losses incurred by ERCL prior to 1 April 2017 amount to £130,000 for which no deferred tax asset has been recognised.

## Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2019

### 8 Earnings Per Share (EPS)

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

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

	2019 £'000	2018 £'000
(Loss)/profit attributable to equity holders of the parent	(3,088)	508
(Loss)/profit attributable to equity holders of the parent adjusted for dilution	(3,088)	508

	2019 Thousands	2018 Thousands
Weighted average number of Ordinary Shares for basic EPS	37,564	37,564
Effects of dilution from share options	979	739
Weighted average number of Ordinary Shares adjusted for dilution	38,543	38,303

	2019 pence	2018 pence
Basic EPS	(8.22)	1.35
Diluted EPS	(8.22)	1.33

There have been no other transactions involving Ordinary Shares or share options between the reporting date and the date of authorisation of these financial statements.

### 9 Goodwill

	Goodwill £'000
<b>Cost</b>	
At 1 January 2018, 1 January 2019 and 31 December 2019	3,428
<b>Accumulated impairment losses/amortisation</b>	
At 1 January 2018 and 1 January 2019	—
Impairment losses for the year	3,132
<b>At 31 December 2019</b>	<b>3,132</b>
<b>Carrying amount</b>	
At 31 December 2019	296
At 1 January 2018 and 1 January 2019	3,428

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

The recoverable amount was determined based on value in use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives. The present value of the expected cash flows is determined by applying a suitable discount rate reflecting the current market assessments of the time value of money and risks specific to the cash-generating unit.



## 9 Goodwill cont.

The recoverable amount is set out below:

	2019 £'000	2018 £'000
Group goodwill and intangible assets	19,453	18,399

In extrapolating future cash flows, long-term industry growth has been modelled at an annual rate of 3%, together with a 3% rate of inflation on costs annually.

Sales volumes over the five-year period are based on past performance and management's expectations of a market recovery staggered over that period, reflected by 5% year-on-year growth.

The discount rate applied of 10.7% takes into consideration the industry-wide risks as well as those specific to the Group's Services operating segment.

Sensitivity analysis is carried out on all budgets, strategic plans and discount rates used in the calculations. The cash flow model is sensitive to short-term market recovery.

The future cash flow model for goodwill relating to the acquisition of ERCL Limited indicated that goodwill should be impaired, resulting in an impairment of the full carrying value of this goodwill. The remaining carrying value of goodwill relates to the acquisition of Exprodat Consulting Limited.

## 10 Intangible Assets

	Customer relationships £'000	Software development £'000	Development costs £'000	Reports £'000	Data holdings £'000	Other intangibles £'000	Total £'000
<b>Cost</b>							
At 1 January 2018	877	462	3,037	1,496	1,634	29	7,535
Additions	—	—	861	13	—	—	874
Exchange differences	—	—	—	—	94	—	94
At 31 December 2018	877	462	3,898	1,509	1,728	29	8,503
Additions	—	—	1,108	—	—	5	1,113
Exchange differences	—	—	—	—	(58)	—	(58)
<b>At 31 December 2019</b>	<b>877</b>	<b>462</b>	<b>5,006</b>	<b>1,509</b>	<b>1,670</b>	<b>34</b>	<b>9,558</b>
<b>Amortisation and impairment</b>							
At 1 January 2018	409	143	780	823	1,531	21	3,707
Amortisation charge	38	92	503	33	15	8	689
Exchange differences	—	—	—	—	89	—	89
At 31 December 2018	447	235	1,283	856	1,635	29	4,485
Amortisation charge	38	92	760	32	16	2	940
Impairment charge	—	—	—	621	—	—	621
Exchange differences	—	—	—	—	(56)	—	(56)
<b>At 31 December 2019</b>	<b>485</b>	<b>327</b>	<b>2,043</b>	<b>1,509</b>	<b>1,595</b>	<b>31</b>	<b>5,990</b>
<b>Carrying amount</b>							
<b>At 31 December 2019</b>	<b>392</b>	<b>135</b>	<b>2,963</b>	<b>—</b>	<b>75</b>	<b>3</b>	<b>3,568</b>
At 31 December 2018	430	227	2,615	653	93	—	4,018
At 1 January 2017	468	319	2,257	673	103	8	3,828

**Notes to the Consolidated Financial Statements** cont.

for the year ended 31 December 2019

**10 Intangible Assets** cont.

Amortisation charges are included in 'Administrative costs' in the consolidated statement of comprehensive income with the exception of Reports, where amortisation charges are included in 'Cost of sales'.

As a result of management's impairment review of Reports it was deemed appropriate to impair its carrying value in full.

Included in development costs are completed phases of product development that are being amortised. The total cost of these products is £4,460,000 and they carry a net book value of £2,409,000.

**11 Property, Plant and Equipment**

	Freehold land and buildings £'000	Right-of-use assets £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2018	2,798	—	1,080	3,878
Additions	—	641	78	719
Disposals	—	—	(33)	(33)
Exchange differences	—	—	1	1
At 31 December 2018	2,798	641	1,126	4,565
Additions	—	—	30	30
Disposals	—	—	(1)	(1)
Exchange differences	—	—	7	7
<b>At 31 December 2019</b>	<b>2,798</b>	<b>641</b>	<b>1,162</b>	<b>4,601</b>
<b>Depreciation</b>				
At 1 January 2018	374	—	1,005	1,379
Charge for the period	36	34	62	132
Disposals	—	—	(33)	(33)
Exchange differences	—	—	1	1
At 31 December 2018	410	34	1,035	1,479
Charge for the period	36	128	52	216
Disposals	—	—	(1)	(1)
Exchange differences	—	—	1	1
<b>At 31 December 2019</b>	<b>446</b>	<b>162</b>	<b>1,087</b>	<b>1,695</b>
<b>Carrying amount</b>				
<b>At 31 December 2019</b>	<b>2,352</b>	<b>479</b>	<b>75</b>	<b>2,906</b>
At 31 December 2018	2,388	607	91	3,086
At 1 January 2018	2,424	—	75	2,499

The carrying amount of freehold land not subject to depreciation amounted to £1,000,000 (2018: £1,000,000).

The Group continues to explore the future sale of Kitson House. The requirements of IFRS 5 have been reviewed and based on the expected timeframe for disposal it is considered appropriate to continue to classify the land and buildings as a non-current asset rather than an asset held for sale.

Depreciation charges are included in 'Administrative costs' in the consolidated statement of comprehensive income.

## 12 Trade and Other Receivables

	2019 £'000	2018 £'000
Trade receivables	763	3,523
Other receivables	42	88
Prepayments	291	235
Accrued income	898	1,095
	<b>1,994</b>	<b>4,941</b>

The carrying amounts of trade and other receivables are considered to be reasonable approximations to fair value.

The Group's trade receivables have been reviewed for expected credit losses. Provisions have been made amounting to £nil (2018: £283,000). It is considered that the expected credit loss for receivables balances less than six months is £nil. The carrying value for trade and other receivables is stated after the following allowance for credit losses:

	2019 £'000	2018 £'000
Allowance for credit losses at 1 January	283	249
Loss allowances charged	—	34
Loss allowances reversed	(283)	—
<b>Allowance for credit losses at 31 December</b>	<b>—</b>	<b>283</b>

During the year £283,000 loss allowances were reversed when management wrote off the corresponding trade receivables.

The expected credit loss for trade receivables as at 31 December 2019 was determined as follows:

	Current	Less than 3 months	Less than 6 months	More than 6 months	Total
Expected credit loss rate	0%	0%	0%	100%	—
Gross carrying amount	527	233	—	—	763
Lifetime expected credit loss	—	—	—	—	—

The expected credit loss for trade receivables as at 31 December 2018 was determined as follows:

	Current	Less than 3 months	Less than 6 months	More than 6 months	Total
Expected credit loss rate	0%	0%	0%	100%	—
Gross carrying amount	2,917	275	48	283	3,523
Lifetime expected credit loss	—	—	—	283	283

## Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2019

### 13 Cash and Cash Equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	3,554	1,400

### 14 Borrowings

The bank loan carries a variable interest rate of 2.75% above bank base rate and is repayable in monthly instalments over a 60-month term. The loan is secured by land and buildings owned by the Parent Company, with a current carrying value of £2,352,000 (2018: £2,388,000).

Borrowings are presented as £78,000 due in less than one year, and £776,000 due in more than one year.

### 15 Trade and Other Payables

#### 15.1 Trade and other payables due within one year

	2019 £'000	2018 £'000
Trade payables	778	1,805
Social security and other taxes	101	120
Other payables	28	36
Accruals	138	172
Deferred income	507	701
Lease liabilities	145	72
	1,697	2,906

All deferred revenue is expected to be recognised as revenue within one year. Revenue recognised in the year that was included in opening deferred income amounted to £701,000.

#### 15.2 Trade and other payables due after more than one year

	2019 £'000	2018 £'000
Lease liabilities	396	540
Dilapidation provisions	25	25
	421	565

The carrying amounts of trade and other payables are considered to be reasonable approximations to fair value.

The lease liabilities relate to long-term property leases.

## 16 Financial Instruments

The Group is exposed to financial risks. The Group's risk management is co-ordinated by its Directors who focus actively on securing the Group's short to medium-term cash flows through regular reviews of the operating activity of the business.

The Group does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the Group is exposed are described below.

### 16.1 Foreign currency risk

Exposure to currency exchange rates arises from the Group's overseas sales and purchases, most of which are denominated in US dollars and some of which are denominated in euros. Assets and liabilities denominated in US dollars and euros give rise to foreign exchange exposures at the end of the reporting period.

To mitigate the Group's exposure to foreign currency risk, exchange rates are monitored and the timing of settling invoices, where sales and purchases are made in currencies other than pound sterling, is matched as far as possible. Furthermore, there is no systematic exposure to exchange rates because selling prices are not fixed in currencies other than sterling.

The Group has a US-based subsidiary whose net assets are exposed to foreign currency translation risk. With no matching borrowings denominated in US dollars, it is the Group's policy not to hedge against this translation exposure.

The Group had short-term exposure to the US dollar and the euro at 31 December 2019. The following table illustrates the sensitivity of the net result for the year with regard to the Group's financial assets and financial liabilities. It assumes a +/-10% change of the US dollar and the euro exchange rates for the period ended 31 December 2019. Sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each reporting period.

If pound sterling had strengthened or weakened against the US dollar and the euro by 10%, this would have had the following impact:

	2019		2018	
	+10% £'000	-10% £'000	+10% £'000	-10% £'000
<b>Reported profit/(loss) before tax</b>	<b>(3,141)</b>	<b>(3,141)</b>	225	225
Sensitivity to movement in currency exchange rates:				
US dollar	(8)	9	(119)	131
Euro	(20)	22	(12)	13
<b>(Loss)/profit before tax</b>	<b>(3,169)</b>	<b>(3,110)</b>	94	369

Exposures to foreign exchange rates vary during the year depending on the value of overseas transactions. Nonetheless, the analysis above is considered to be representative of Getech's exposure to currency risk.

There is no effect on equity in respect of currency exchange rate sensitivity.

The Group's actual currency exposures at the end of the reporting period were as follows:

	2019 £'000	2018 £'000
<b>Denominated in US dollars</b>		
Financial assets	734	3,513
Financial liabilities	(147)	(1,516)
<b>Net exposure</b>	<b>587</b>	1,997
<b>Denominated in euros</b>		
Financial assets	227	137
Financial liabilities	(8)	(10)
<b>Net exposure</b>	<b>219</b>	127



## Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2019

### 16 Financial Instruments cont.

#### 16.2 Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of its financial assets at the end of the reporting period, as summarised below:

	2019 £'000	2018 £'000
<b>Classes of financial assets – carrying amounts</b>		
Trade and other receivables	1,703	4,706
Cash and cash equivalents	3,554	1,400
	<b>5,257</b>	<b>6,106</b>

In respect of trade and other receivables that are not impaired, the Group is not exposed to any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The Group's customers are generally major natural resource companies with whom the Group has strong trading relationships with no recent history of default. The Group continually monitors its trade receivables and incorporates this information into its credit risk controls.

Trade receivables are stated on the basis of factors such as historical trends, age of debts and debt specific information. Details of amounts past due but not impaired are set out in Note 12. The credit risk for liquid funds is considered negligible since counterparties are reputable banks with high-quality external credit ratings.

The Group does not hold any collateral as security.

#### 16.3 Interest rate risk

At 31 December 2019 the Group had cash subject to variable rates of £3,554,000 (2018: £1,400,000) and borrowings subject to variable rates of £854,000 (2018: £931,000). There is no other material interest rate risk.

To mitigate the Group's exposure to interest rate risk, market rates are monitored.

The following table illustrates the sensitivity of the profit before tax for the year to a reasonably possible change in interest rates of +/-1% with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's financial instruments held at the end of each reporting period. All other variables are held constant.

	2019		2018	
	+1% £'000	-1% £'000	+1% £'000	-1% £'000
Reported (loss)/profit before tax	(3,141)	(3,141)	225	225
Sensitivity to changes in interest rates	11	(11)	1	(1)
<b>(Loss)/profit before tax</b>	<b>(3,130)</b>	<b>(3,152)</b>	<b>226</b>	<b>224</b>

#### 16.4 Capital and liquidity risk

The Group manages its liquidity needs by carefully monitoring scheduled cash outflows and anticipated cash inflows. Having regard to modest visibility of sales, the cash forecasts are regularly reviewed and cover alternative income scenarios.

The contractual maturity of the Group's financial liabilities at the end of the reporting period was as follows:

	Within one year £'000	In one to two years £'000	In two to five years £'000	2019 £'000
Trade and other payables – held at amortised cost	1,045	—	—	<b>1,045</b>
Borrowings – held at amortised cost	78	78	698	<b>854</b>
	<b>1,123</b>	<b>78</b>	<b>698</b>	<b>1,899</b>

## 16 Financial Instruments cont.

### 16.4 Capital and liquidity risk cont.

	Within one year £'000	In one to two years £'000	In two to five years £'000	2018 £'000
Trade and other payables – held at amortised cost	2,013	—	—	2,013
Borrowings – held at amortised cost	113	113	705	931
	2,126	113	705	2,944

Summary of the Group's financial assets and liabilities as defined in IFRS 9 'Financial Instruments: Recognition and Measurement'

	2019 £'000	2018 £'000
<b>Current assets – loans and receivables</b>		
Trade and other receivables	1,703	4,706
Cash and cash equivalents	3,554	1,400
	5,257	6,106
<b>Current liabilities</b>		
Borrowings – held at amortised cost	(78)	(113)
Trade and other payables – held at amortised cost	(1,045)	(2,013)
	(1,123)	(2,126)
<b>Non-current liabilities</b>		
Borrowings – held at amortised cost	(776)	(819)
	(776)	(819)
<b>Net financial assets and liabilities</b>	3,358	3,161

The Directors consider that the fair value of financial assets and liabilities equates to the carrying value for both 2019 and 2018.

## 17 Capital Management Policies and Procedures

The Group's capital management objectives are as follows:

- To ensure the Group's ability to continue as a going concern
- To provide an adequate return to shareholders

These objectives are maintained by pricing products and services commensurately with the level of risk and by exercising a policy of progressive dividends as appropriate.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the consolidated statement of financial position. Capital for the reporting period under review is set out below:

	2019 £'000	2018 £'000
Total equity	9,719	12,742
Less: cash and cash equivalents	(3,554)	(1,400)
	6,165	11,342

In order to achieve the Group's objectives in capital management, the goal is to maintain adequate capital with the minimum amount of appropriate borrowing. The Group has met its stated objectives for the year.

## Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2019

### 18 Share Capital

	2019 £'000	2018 £'000
<b>Authorised</b>		
90,000,000 Ordinary Shares of £0.0025 each (2018: 90,000,000)	225	225
<b>Issued, called up and fully paid</b>		
37,563,615 Ordinary Shares of £0.0025 each (2018: 37,563,615)	94	94
	2019 Number	2018 Number
<b>Shares issued, called up and fully paid</b>		
Balance brought forward	37,563,615	37,563,615
Shares issued under share-based payments	—	—
<b>Balance carried forward</b>	37,563,615	37,563,615

Each share issued has the same right to receive dividends and the repayment of capital and represents one vote at the shareholders' meeting of the Group.

### 19 Share-based Payments

At 31 December 2019, the Group operated an approved Enterprise Management Incentive (EMI) share scheme and an unapproved options scheme. Under the share options plans, the Directors can grant options over shares in the Company to employees, subject to approval from the Remuneration Committee. Options are granted with a fixed exercise price and the contractual life of an option of 10 years. Options will become exercisable on the second anniversary of the date of grant. Exercise of an option is subject to continued employment.

At 31 December 2019, rights to options over Ordinary Shares of the Parent Company were outstanding as follows:

#### EMI share scheme

Exercise period	Number of shares				31 Dec 2019
	1 Jan 2019	Granted	Exercised	Lapsed	
<b>Granted 24 December 2010, exercise price: 15p per share</b>					
24 December 2012–24 December 2020	27,549	—	—	—	27,549
<b>Granted 13 December 2012, exercise price: 21.3p per share</b>					
13 December 2014–12 December 2022	200,000	—	—	—	200,000
<b>Granted 22 July 2014, exercise price: 48.0p per share</b>					
22 July 2016–21 July 2024	280,000	—	—	—	280,000
<b>Granted 2 August 2016, exercise price: 24.5p per share</b>					
2 August 2017 – 1 August 2026	500,000	—	—	—	500,000
2 August 2018 – 1 August 2026	500,000	—	—	—	500,000
<b>Granted 20 November 2018, exercise price: 35.0p per share</b>					
20 November 2019 – 19 November 2028	500,000	—	—	—	500,000
20 November 2020 – 19 November 2028	500,000	—	—	—	500,000
<b>Total EMI share scheme options</b>	<b>2,507,549</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,507,549</b>

**19 Share-based Payments** cont.  
Unapproved options scheme

Exercise period	Number of shares				31 Dec 2019
	1 Jan 2019	Granted	Exercised	Lapsed	
<b>Granted 24 December 2010, exercise price: 15p per share</b>					
24 December 2012–24 December 2020	41,490	—	—	—	41,490
<b>Granted 27 April 2011, exercise price: 17.5p per share</b>					
27 April 2011–27 April 2021	300,000	—	—	—	300,000
27 April 2012–27 April 2021	200,000	—	—	—	200,000
27 April 2012–27 April 2021	200,000	—	—	—	200,000
27 April 2012–27 April 2021	200,000	—	—	—	200,000
<b>Granted 2 August 2016, exercise price: 24.5p per share</b>					
2 August 2019 – 1 August 2026	400,000	—	—	—	400,000
<b>Granted 20 November 2018, exercise price: 35.0p per share</b>					
2 August 2019 – 19 November 2028	100,000	—	—	—	100,000
20 November 2019 – 19 November 2028	125,000	—	—	—	125,000
20 November 2020 – 19 November 2028	125,000	—	—	—	125,000
Total unapproved options	1,691,490	—	—	—	1,691,490
<b>Total EMI share scheme and unapproved options</b>	<b>4,199,039</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,199,039</b>

	Weighted average exercise price	Number
Options outstanding at 31 December 2019	35.0p	625,000
Options exercisable at 31 December 2019	26.3p	3,574,039
		4,199,039

## Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2019

### 19 Share-based Payments cont.

At 31 December 2018, rights to options over Ordinary Shares of the Parent Company were outstanding as follows:

#### EMI share scheme

Exercise period	Number of shares				31 Dec 2018
	1 Jan 2018	Granted	Exercised	Lapsed	
<b>Granted 24 December 2010, exercise price: 15p per share</b>					
24 December 2012–24 December 2020	27,549	—	—	—	27,549
<b>Granted 13 December 2012, exercise price: 21.3p per share</b>					
13 December 2014–12 December 2022	200,000	—	—	—	200,000
<b>Granted 22 July 2014, exercise price: 48.0p per share</b>					
22 July 2016–21 July 2024	280,000	—	—	—	280,000
<b>Granted 2 August 2016, exercise price: 24.5p per share</b>					
2 August 2017 – 1 August 2026	500,000	—	—	—	500,000
2 August 2018 – 1 August 2026	500,000	—	—	—	500,000
<b>Granted 20 November 2018, exercise price: 35.0p per share</b>					
20 November 2019 – 19 November 2028	—	500,000	—	—	500,000
20 November 2020 – 19 November 2028	—	500,000	—	—	500,000
<b>Total EMI share scheme options</b>	<b>1,507,549</b>	<b>1,000,000</b>	<b>—</b>	<b>—</b>	<b>2,507,549</b>

#### Unapproved options scheme

Exercise period	Number of shares				31 Dec 2018
	1 Jan 2018	Granted	Exercised	Lapsed	
<b>Granted 24 December 2010, exercise price: 15p per share</b>					
24 December 2012–24 December 2020	41,490	—	—	—	41,490
<b>Granted 27 April 2011, exercise price: 17.5p per share</b>					
27 April 2011–27 April 2021	300,000	—	—	—	300,000
27 April 2012–27 April 2021	200,000	—	—	—	200,000
27 April 2012–27 April 2021	200,000	—	—	—	200,000
27 April 2012–27 April 2021	200,000	—	—	—	200,000
<b>Granted 2 August 2016, exercise price: 24.5p per share</b>					
2 August 2019 – 1 August 2026	400,000	—	—	—	400,000
<b>Granted 20 November 2018, exercise price: 35.0p per share</b>					
2 August 2019 – 19 November 2028	—	100,000	—	—	100,000
20 November 2019 – 19 November 2028	—	125,000	—	—	125,000
20 November 2020 – 19 November 2028	—	125,000	—	—	125,000
Total unapproved options	1,341,490	350,000	—	—	1,691,490
<b>Total EMI share scheme and unapproved options</b>	<b>2,849,039</b>	<b>350,000</b>	<b>—</b>	<b>—</b>	<b>4,199,039</b>



## 19 Share-based Payments cont.

### Unapproved options scheme cont.

	Weighted average exercise price	Number
Options outstanding at 31 December 2018	32.6p	1,750,000
Options exercisable at 31 December 2018	24.1p	2,449,039
		4,199,039

No share options were exercised during the year.

## 20 Financial Commitments

### 20.1 Capital commitments

There were no capital commitments at 31 December 2019 (2018: £nil).

### 20.2 Guarantees

No guarantees have been given, or have been received, by the Group.

## 21 Related Party Transactions

During the year, members of key management as defined by IAS 24 'Related Party Disclosures (revised 2009)' included non-Directors and their compensation was as follows:

	2019 £'000	2018 £'000
Short-term employee benefits	771	830
Post-employment benefits	45	44
Share-based payments	47	39
	863	913

The remuneration of the Directors, who are all Directors of the Parent Company, is set out in Note 4.

The Directors did not receive dividends during the year.

During the period Getech made payments to Zinc Consultants Limited amounting to £12,000 (2018: £nil) for recruitment services, a company of which Chris Flavell is a director. All transactions were conducted under standard commercial terms.

## 22 Ultimate Controlling Party

The Directors consider that there is no ultimate controlling party.

## 23 Pensions

The Group currently operates a Group personal pension plan for the benefit of employees. The amount recognised as an expense is £232,000 (2018: £222,000).

## Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2019

### 24 Exceptional items

Exceptional (costs)/credits included in the income statement are detailed in the table below:

	Notes	2019 £'000	2018 £'000
<b>Exceptional cost of sales</b>			
Impairment of intangible assets	10	(621)	—
Adjustment to carrying value of direct cost accruals		946	—
		325	—
<b>Exceptional administrative costs</b>			
Restructuring costs		—	(197)
Impairment to goodwill	9	(3,132)	—
		(3,132)	(197)

The above table lists the exceptional items reported in the Consolidated Statement of Comprehensive Income. Classified as exceptional cost of sales, the impairment of intangible assets reduces the carrying value of Getech's inventory of Reports to £nil (2018: £653,000). Also classified as an exceptional cost of sale is a reduction to the carrying value of direct cost accruals, included in trade and other payables. The direct cost accruals credit results from updated information that became available during 2019 around the contractual liability position relating to previously accrued balances. Classified as an exceptional administrative cost, the impairment of goodwill relating to the acquisition of ERCL reduces the carrying value of total goodwill (2019: £296,000; 2018: £3,428,000). The remaining goodwill relates to the acquisition of Exprodat.

In 2018 restructuring costs totalling £197,000 were classified as an exceptional administrative cost.

### 25 Post balance sheet events

We do not know how long Covid-19 disruption and oil price weakness will last but there is certainty that when the world emerges from lockdown it will be in a deep recession. To manage the risk that is associated with this Getech has taken steps that deliver a c26% reduction in monthly Group costs.

This has been achieved through overhead cost management, a loan capital repayment holiday, use of the UK Government Job Retention Scheme, US Government Paycheck Protection Program, and Group-wide salary reductions. Reductions to staff pay have been led by the Board and Getech's senior management, and range from 20% for Getech's Board to 15% to 12% for senior staff and c8% for most other employees.

# Parent Company Statement of Financial Position

as at 31 December 2019

	Notes	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Intangible assets	3	2,722	2,879
Property, plant and equipment	4	2,863	3,032
Investments	5	1,760	6,519
		<b>7,345</b>	12,430
<b>Current assets</b>			
Trade and other receivables	7	1,588	3,910
Tax receivable		60	46
Cash and cash equivalents	8	2,681	606
		<b>4,329</b>	4,562
<b>Total assets</b>		<b>11,674</b>	16,992
<b>Current liabilities</b>			
Short-term borrowings	9	78	113
Trade and other payables	10	2,247	2,707
		<b>2,325</b>	2,820
<b>Net current assets</b>		<b>2,004</b>	1,742
<b>Non-current liabilities</b>			
Long-term borrowings	9	776	819
Trade and other payables	10	421	565
Deferred tax liabilities	6	95	25
		<b>1,292</b>	1,409
<b>Total liabilities</b>		<b>3,617</b>	4,229
<b>Net assets</b>		<b>8,057</b>	12,763
Share capital	11	94	94
Share premium		3,053	3,053
Merger reserve	11	—	2,407
Share-based payment (SBP) reserve		242	183
Retained earnings		4,668	7,026
<b>Total equity</b>		<b>8,057</b>	12,763

As permitted by s408 Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income and related notes. The Company's loss for the year was £4,765,000 (2018: £119,000 profit).

The financial statements of Getech Group plc (Company number: 02891368) were approved by the Board of Directors and authorised for issue on 4 June 2020.

**Andrew Darbyshire**

Chief Financial Officer

The accompanying accounting policies and notes form an integral part of these financial statements.

# Parent Company Statement of Changes in Equity

for the year ended 31 December 2019

	Share capital £'000	Share premium £'000	Merger reserve £'000	SBP reserve £'000	Retained earnings £'000	Total equity £'000
1 January 2018	94	3,053	2,407	164	6,907	12,179
Profit for the year	—	—	—	—	119	119
Total comprehensive income	—	—	—	—	119	119
<b>Transactions with owners:</b>						
Share-based payment charge	—	—	—	19	—	19
31 December 2018	94	3,053	2,407	183	7,026	12,763
Loss for the year	—	—	—	—	(4,765)	(4,765)
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	(4,765)	(4,765)
<b>Transactions with owners:</b>						
Transfer of merger reserve	—	—	(2,407)	—	2,407	—
Share-based payment charge	—	—	—	59	—	59
<b>31 December 2019</b>	<b>94</b>	<b>3,053</b>	<b>—</b>	<b>242</b>	<b>4,668</b>	<b>8,057</b>

During the year, £2,407,000 was transferred from the merger relief reserve to retained earnings as a result of an impairment to the corresponding investment in ERCL.

# Notes to the Parent Company's Financial Statements

for the year ended 31 December 2019

## 1 Accounting Policies

### 1.1 Basis of preparation

The Company's financial statements have been prepared on a historical cost basis, in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

The Company's financial statements are presented in pound sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

### 1.2 Disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- A statement of cash flows and related notes
- The requirement to produce a balance sheet at the beginning of the earliest comparative period
- The requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of the Group as they are wholly owned within the Group
- Presentation of comparative reconciliations for property, plant and equipment and intangible assets
- Disclosure of key management personnel compensation
- Capital management disclosures
- Presentation of comparative reconciliation of the number of shares outstanding at the beginning and end of the period
- The effect of future accounting standards not adopted
- Disclosures in relation to impairment of assets
- Disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value)
- Fair value measurement disclosures (other than disclosures required as a result of recording financial instruments at fair value)

### 1.3 Revenue

The Company has adopted IFRS 15 and its principles. Revenue is measured by reference to the fair value of consideration received or receivable by the Company for products and services provided, excluding VAT and comparable overseas taxes. Typical invoice payment terms are 30 days for all categories of revenue.

Revenue from products and services falls into the three categories below:

#### Consultancy services

The Company provides various consulting services to its customers. Revenue from these services is recognised on a time-and-materials basis plus a margin as the services are provided. Customers are invoiced monthly as work progresses.

The Company also provides outsourcing services for a fixed fee for an agreed period. As the amount of work required to perform these services does not vary significantly from month to month, revenue is recognised on a straight-line basis over the term of the contract.

This revenue accounting policy is applicable to revenues from Geoscience Services.

#### Multiclient products

For sales of data and completed products, revenue is recognised when performance obligations have been satisfied, which is on dispatch unless otherwise agreed.

This revenue accounting policy is applicable for revenues from Geophysical Data, Globe and Regional Reports.



## Notes to the Parent Company's Financial Statements cont. for the year ended 31 December 2019

### 1 Accounting Policies cont.

#### 1.3 Revenue cont.

##### Multiple element contracts

Where contracts for multiple element products with staged deliverables involve delivery of several different elements which are not fully delivered or performed by the year end, revenue is recognised based on the proportion of the fair value of the elements delivered to the fair value of the respective overall contracts. Where the outcome of contracts that are long term in nature and contracts for ongoing deliverables cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from multiple element contracts is recognised after separating the contract income as follows:

- Completed project elements and specific reports that are immediately deliverable – revenue is recognised when the performance obligations have been satisfied, which is on dispatch unless otherwise agreed
- Service elements of the contract – revenue is recognised in line with the accounting treatment for consultancy services
- Project elements that are to be delivered from development work that is yet to be completed – revenue is recognised when the performance obligations have been satisfied, which is on dispatch unless otherwise agreed

#### 1.4 Foreign currency translation

Where supplies are obtained, or sales made on terms denominated in foreign currency, such transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Exchange gains or losses arising on the settlement or translation of monetary items are included in profit or loss from operations.

#### 1.5 Share options

When share options are granted, a charge is made to the Parent Company's profit and loss account and a reserve is created to record the fair value of the awards in accordance with IFRS 2 'Share-based Payment'. A charge is recognised in the profit and loss account in relation to share options granted based on the fair value (the economic value) of the grant, measured at the grant date. The charge is spread over the vesting period. The valuation methodology takes into account assumptions and estimates of share price volatility, the future risk-free interest rate and exercise behaviour, and is based on the Black Scholes method. When share options are exercised, there is a transfer from the share option reserve to retained earnings.

At each balance sheet date, the Parent Company revises its estimate of the number of share options that are expected to vest, taking into account those that have lapsed or been cancelled. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to the share option reserve. If the terms and conditions of share options are modified before they vest, the change in the fair value of the share options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

#### 1.6 Property, plant and equipment

Property, plant and equipment are carried at acquisition cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal instalments over their estimated useful economic lives at the following rates:

Freehold property	– 2% per annum on cost
Plant and equipment	– 33.3% and 25% per annum on cost

Material residual value and useful life estimates are updated as required, but at least annually. Freehold land is carried at acquisition cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

No depreciation is provided on freehold land.

#### 1.7 Investments

Fixed asset investments are stated at cost less provisions for diminution in value.

## 1 Accounting Policies cont.

### 1.8 Intangible assets

Expenditure on development activities is capitalised if the product or process meets the recognition criteria for development expenditure as set out in IAS 38 'Intangible Assets'. The expenditure capitalised includes all directly attributable costs, from the date that the intangible asset meets the recognition criteria, necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

Development expenditure is identified as being capital in nature if the costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure not meeting these criteria is recognised in profit or loss as incurred. Once the asset is ready for use, the capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses. Intangible assets not yet ready for use are tested for impairment annually.

Residual values and useful lives are reviewed at each reporting date. In addition, intangible assets are subject to annual impairment reviews or a review whenever there is an indication of impairment.

The following useful lives are applied:

Development costs	– five to ten years
Reports	– ten years

Amortisation for Development costs is included within 'Administrative costs' and amortisation of Reports is included in 'Cost of sales'.

### 1.9 Income taxes

Current tax is the tax currently payable or receivable based on the taxable profit or loss for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if the reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets.

Deferred tax assets and liabilities are calculated in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the end of the reporting period.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to equity (in which case, the related deferred tax is also charged or credited directly to equity), or where they relate to items of other comprehensive income (in which case, they are recognised in other comprehensive income).

### 1.10 Equity

Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares
- 'Share premium account' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- 'Merger relief reserve' represents the premium on shares issued to acquire ERCL and Exprodat Consulting Limited
- 'Share option reserve' represents the fair value of share options in accordance with IFRS 2 'Share-based Payment'
- 'Retained earnings' represents retained profits

## Notes to the Parent Company's Financial Statements cont. for the year ended 31 December 2019

### 1 Accounting Policies cont.

#### 1.11 Significant areas of judgement and estimation uncertainty

In applying the above accounting policies, management has made appropriate estimates in key areas, and the actual outcomes may differ from those calculated.

##### Significant areas of judgement

The key sources of judgement at the end of the reporting period are as follows:

##### *Recognition of revenue from multiple element contracts*

Management use judgement in determining the fair value of multiple element contracts in order to appropriately recognise the revenue attributable to each element. The value of revenue recognised in the period is dependent on an assessment of work to completion.

##### *Capitalisation of development costs*

The capitalisation of development expenditure is dependent on the costs meeting the recognition criteria in accordance with IAS 38 'Intangible Assets'. In assessing the criteria, management makes judgements on the level of future economic benefits of the asset flowing to the Company. Management is assisted in making these judgements through the monitoring both of sales forecasts and of the level of future cost benefits arising.

##### *Deferred taxation*

Management judgement is required in determining provisions for deferred tax liabilities and assets. The process involves estimating the actual current tax exposure together with assessing temporary differences resulting from the different valuation of certain assets and liabilities in the financial statements and the tax returns. Management must assess the probability that the deferred tax assets will be recovered from future taxable income.

##### Significant areas of estimation uncertainty

The key sources of estimation uncertainty at the end of the reporting period are as follows:

##### *Multiple element contracts*

Management uses estimates in determining the fair value of individual elements of the multiple element contracts in order to appropriately recognise the revenue attributable to each element. A value is assigned to each element of the contract, based on an estimate of the value of that element if it were sold individually; the ratio of these values is then used to calculate a fair value for each element. The value of revenue recognised during the year is also dependent on estimates of work to completion, as with long-term contracts. Were the proportion of work completed to total work to be performed to differ by 5% from management's estimates, the amount of revenue recognised would increase/decrease by £48,000.

##### *Carrying amount of non-current assets*

Where there is an indication of impairment, a review of the carrying values of non-current assets is undertaken as follows:

- Intangible non-current assets and investments are estimated on the basis of value in use

The value is calculated from the present value of future cash flows expected to be derived from the asset under review. The key elements of estimation are the calculation of future cash flows. For intangible assets and investments, future cash flows are forecast revenues from the associated asset or cash-generating unit. Further estimation is made in determining an appropriate discount rate that reflects the specific risks associated with the asset or cash-generating unit. See Note 5 for further details of assumptions made and sensitivity testing regarding investments.

##### Share options

Share-based payments are valued using the Black Scholes valuation model. Estimates are made in expected volatility and the risk-free rate. Where appropriate, management uses historical market data as a basis for estimating the fair value of share options on grant. Increasing the risk-free rate by 2% and increasing the volatility window in the calculation of volatility from 5 days to 30 days made no material difference to the valuation of share options issued during the year.

## 2 Employees

The employee benefit expenses during the year were as follows:

	2019 £'000	2018 £'000
Short-term employee benefits	2,661	2,384
Social security costs	285	256
Pension costs	120	136
Share-based payment charge	59	30
	<b>3,125</b>	<b>2,806</b>

The average number employed by the Company, including Executive Directors, was as follows:

	2019 £'000	2018 £'000
Directors	3	3
Administration	11	13
Technical	37	39
	<b>51</b>	<b>55</b>

## 3 Intangible Assets

	Development costs £'000	Reports £'000	Other £'000	Total £'000
<b>Cost</b>				
At 1 January 2019	3,803	399	—	4,202
Additions	905	—	5	910
<b>At 31 December 2019</b>	<b>4,708</b>	<b>399</b>	<b>5</b>	<b>5,112</b>
<b>Amortisation and impairment</b>				
At 1 January 2019	1,281	42	—	1,323
Amortisation charge	708	25	2	735
Impairment charge	—	332	—	332
<b>At 31 December 2019</b>	<b>1,989</b>	<b>399</b>	<b>2</b>	<b>2,390</b>
<b>Net book value</b>				
<b>At 31 December 2019</b>	<b>2,719</b>	<b>—</b>	<b>3</b>	<b>2,722</b>
At 1 January 2019	2,522	357	—	2,879

## Notes to the Parent Company's Financial Statements cont.

for the year ended 31 December 2019

### 4 Property, Plant and Equipment

	Freehold property £'000	Plant and equipment £'000	Right-of-use assets £'000	Total £'000
<b>Cost</b>				
At 1 January 2019	2,798	1,006	641	4,445
Additions	—	20	—	20
<b>At 31 December 2019</b>	<b>2,798</b>	<b>1,026</b>	<b>641</b>	<b>4,465</b>
<b>Depreciation</b>				
At 1 January 2019	409	970	34	1,413
Charge for the year	36	25	128	189
<b>At 31 December 2019</b>	<b>445</b>	<b>995</b>	<b>162</b>	<b>1,602</b>
<b>Net book value</b>				
<b>At 31 December 2019</b>	<b>2,353</b>	<b>31</b>	<b>479</b>	<b>2,863</b>
At 1 January 2019	2,389	36	607	3,032

The net book value of freehold land in the Parent Company, not subject to depreciation, amounted to £1,000,000 (2018: £1,000,000).

### 5 Investments

	Subsidiary undertakings £'000	Total £'000
<b>Gross carrying value</b>		
At 1 January 2019	7,228	7,228
Additions	—	—
<b>At 31 December 2019</b>	<b>7,228</b>	<b>7,228</b>
<b>Accumulated impairment</b>		
At 1 January 2019	709	709
Charge for the year	4,759	4,759
<b>At 31 December 2019</b>	<b>5,468</b>	<b>5,468</b>
<b>Net book value</b>		
<b>At 31 December 2019</b>	<b>1,760</b>	<b>1,760</b>
At 1 January 2019	6,519	6,519

The Parent Company owns 100% equity interest in Geophysical Exploration Technology Inc., a company incorporated in the USA. The principal activity of Geophysical Exploration Technology Inc. is the marketing of gravity and magnetic data, services and geological evaluations. The cost of US\$10 capital stock was £1 and this has been written off in an earlier period. The results of Geophysical Exploration Technology Inc. are included in the consolidated figures for the year.

The Parent Company owns 100% of the Ordinary Share capital in ERCL, a company incorporated in England and Wales. The principal activity of ERCL is specialist international upstream oil and gas consultancy.

The Parent Company owns 100% of the Ordinary Share capital in Exprodat Consulting Limited, a company incorporated in England and Wales. The principal activity of Exprodat Consulting Limited is providing geospatial and information management solutions to the upstream oil and gas industry.



## 5 Investments cont.

The investment in subsidiary undertakings has been tested for impairment and the Company has impaired the carrying value of its investment in ERCL Limited by £4,759,000. In the opinion of the Directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The recoverable amount was determined based on value in use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives. The present value of the expected cash flows is determined by applying a suitable discount rate reflecting the current market assessments of the time value of money and risks specific to the segment.

In extrapolating future cash flows, long-term industry growth has been modelled at an annual rate of 3%, together with a 3% rate of inflation on costs annually.

Sales volumes over the five-year period are based on past performance and management's expectations of a market recovery staggered over a five-year period, reflected by 5% year-on-year growth.

The discount rate applied of 10.7% takes into consideration the industry-wide risks as well as those specific to the Group's Services operating segment.

## 6 Deferred Tax

The movement on the deferred tax liability in the year is shown below:

	2019 £'000	2018 £'000
<b>Deferred tax liability</b>		
Liability at 1 January	25	60
Accelerated capital allowances	2	—
Intangible assets on capitalised development costs	72	—
Share-based payments	(4)	(35)
Liability at 31 December	95	25
<b>Analysis of deferred tax balances by category</b>		
Share-based payments	39	35
Accelerated capital allowances	(88)	(85)
Tax losses	21	21
Post-employment benefits	4	4
Intangible assets on capitalised development costs	(72)	—
Net deferred tax asset/(liability)	(95)	(25)

The deferred tax asset in respect of the UK company is calculated at 17% (2018: 17%) in light of the future tax rates announced.

## Notes to the Parent Company's Financial Statements cont.

for the year ended 31 December 2019

### 7 Trade and Other Receivables

	2019 £'000	2018 £'000
Trade receivables	132	2,856
Amounts owed by Group undertakings	393	26
Social security and other taxes	—	—
Other receivables	14	28
Prepayments and accrued income	1,049	1,000
	<b>1,588</b>	<b>3,910</b>

All amounts are short term. The carrying amounts of trade and other receivables are considered to be reasonable approximations to fair value.

All of the Company's trade and other receivables have been reviewed for expected credit loss. Any credit losses against receivables were found to be immaterial. In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	2019 £'000	2018 £'000
Not more than three months	—	162
More than three months but not more than six months	—	25
More than six months but not more than one year	—	—
	<b>—</b>	<b>187</b>

### 8 Cash and Cash Equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	<b>2,681</b>	<b>606</b>

### 9 Borrowings

The bank loan carries a variable interest rate of 2.75% above bank base rate and is repayable in equal monthly instalments. The loan is secured by land and buildings owned by the Parent Company, with a current carrying value of £2,353,000 (2018: £2,389,000).

	Within one year £'000	In one to two years £'000	In two to five years £'000	2019 £'000
Borrowings – held at amortised cost	78	78	698	<b>854</b>

## 10 Trade and Other Payables

### 10.1 Trade and other payables due within one year

	2019 £'000	2018 £'000
Trade payables	673	1,780
Amounts owed to Group undertakings	1,120	425
Social security and other taxes	85	81
Other payables	26	34
Lease liabilities	145	72
Accruals and deferred income	198	315
	<b>2,247</b>	<b>2,707</b>

### 10.2 Trade and other payables due after one year

	2019 £'000	2018 £'000
Lease liabilities	396	540
Dilapidation provisions	25	25
	<b>421</b>	<b>565</b>

The carrying amounts of trade and other payables are considered to be reasonable approximations to fair value. The lease liabilities relate to long-term property leases.

## 11 Share Capital and Equity

	2019 £'000	2018 £'000
<b>Authorised</b>		
90,000,000 Ordinary Shares of 0.25p each (2018: 90,000,000)	225	225
<b>Issued, called up and fully paid</b>		
37,563,615 Ordinary Shares of 0.25p each (2018: 37,562,415)	94	94
	<b>2019 Number</b>	<b>2018 Number</b>
<b>Shares issued, called up and fully paid</b>		
Balance brought forward	37,563,615	37,563,615
Shares issued under share-based payments	—	—
Balance carried forward	<b>37,563,615</b>	<b>37,563,615</b>

During the year, £2,407,000 was transferred from the merger relief reserve to retained earnings as a result of an impairment to the corresponding investment in ERCL.

## Notes to the Parent Company's Financial Statements cont.

for the year ended 31 December 2019

### 12 Related Party Transactions

The remuneration of the Directors of the Parent Company is set out in Note 6 to the consolidated financial statements.

Transactions with Directors of the Parent Company during the period and outstanding amounts at the balance sheet date were as follows:

	Dividends paid £'000	Amounts charged to the Company £'000	Amounts payable at 31 Dec 2019 £'000
<b>Other related parties</b>			
Noon and Co. Limited	—	5	—
TantlonGeo Limited	—	5	—
Zinc Consultants Limited	—	12	—

For the year ended 31 December 2018:

	Dividends paid £'000	Amounts charged to the Company £'000	Amounts payable at 31 Dec 2018 £'000
<b>Other related parties</b>			
Noon and Co. Limited	—	20	3
TantlonGeo Limited	—	20	5
Zinc Consultants Limited	—	—	—

The Directors consider that there is no ultimate controlling party.

### 13 Subsidiaries

Details of the Company's subsidiaries as at 31 December 2019 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% held directly	% held indirectly	
Exprodat Consulting Limited <sup>1</sup>	England & Wales	Consultancy	Ordinary	100	—
ERCL Limited <sup>2</sup>	England & Wales	Consultancy	Ordinary	100	—
Geophysical Exploration Technology Inc <sup>3</sup>	United States of America	Sales & Marketing agency	Ordinary	100	—

The registered offices of the subsidiaries listed above are as follows:

1 as the Company.

2 as the Company.

3 3000 Wilcrest Drive, Suite 155, Houston, TX 77042, USA.

# Notice of Annual General Meeting

Notice is given that the twenty-sixth Annual General Meeting of Getech Group plc (hereafter referred to as the Company) will be held at Kitson House, Elmete Hall, Elmete Lane, Leeds LS8 2LJ on 23 July 2020 at 12.00 noon to consider and, if thought fit, pass the resolutions below. Resolutions 9 and 10 will be proposed as special resolutions; all other resolutions will be proposed as ordinary resolutions.

## Ordinary Business

To consider and, if thought fit, pass resolutions 1 to 6 as ordinary resolutions.

1. To receive the Report of the Directors, the Strategic Report and the audited accounts of the Company for the year ended 31 December 2019.
2. To re-elect Chris Flavell as a Director of the Company, in accordance with article 35 of the Company's Articles of Association, who offers himself for re-election as a Director of the Company.
3. To re-elect Chris Jepps as a Director of the Company, in accordance with article 35 of the Company's Articles of Association, who offers himself for re-election as a Director of the Company.
4. To re-elect Andrew Darbyshire as a Director of the Company, in accordance with article 35 of the Company's Articles of Association, who offers himself for re-election as a Director of the Company.
5. To re-appoint Grant Thornton UK LLP as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
6. To authorise the Directors to determine the auditor's remuneration.

## Special Business

To consider and, if thought fit, pass the following resolutions which in the case of resolution 7 will be proposed as an ordinary resolution and in the case of resolutions 8 and 9 will be proposed as special resolutions.

In the subsequent resolutions, the following words and expressions shall have the following meanings:

'Act'	– the Companies Act 2006 (as amended)
'Latest Practicable Date'	– close of business on 3 June 2020
'Ordinary Shares'	– Ordinary Shares of 0.25p each in the capital of the Company
'Rights'	– rights to subscribe for or to convert any security into shares in the Company

7. To authorise the Board generally and unconditionally pursuant to Section 551 of the Act to exercise all powers of the Company to allot shares in the Company and to grant Rights:
  - 7.1. up to an aggregate nominal amount of £31,303.01 (being one-third of the issued share capital of the Company as at the Latest Practicable Date); and
  - 7.2. comprising equity securities (within the meaning of Section 560 of the Act) up to an aggregate nominal amount of £62,606.03 (after deducting from such amount any shares allotted under the authority conferred by virtue of resolution 7.1) in connection with or pursuant to a Rights Issue (as defined below), provided that:
    - a) such authorities shall expire on the earlier of either midnight on 23 October 2021<sup>1</sup> or the date of the next annual general meeting of the Company after the passing of this resolution unless varied, revoked or renewed by the Company in a general meeting (save that the Board may, before the expiry of the authorities granted by this resolution, make a further offer or agreement that would or might require shares to be allotted or Rights to be granted after such expiry and the Board may allot shares and grant Rights in pursuance of such an offer or agreement as if the authorities conferred by this resolution had not expired); and
    - b) the authorities granted by this resolution are in substitution for all previous authorities granted to the Directors to allot shares and grant Rights which (to the extent that they remain in force and unexercised) are revoked but without prejudice to any allotment or grant of Rights made or entered into prior to the date of resolution 7.

<sup>1</sup> 15 months from date of AGM.



## Notice of Annual General Meeting cont.

### Special Business cont.

For the purposes of resolution 7, 'Rights Issue' means an offer or invitation to: i) holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on the record date for such allotment, and ii) holders of other classes of equity securities if this is required by the rights of such securities (if any) or, if the Directors of the Company consider necessary, as permitted by the rights of those securities, to subscribe for further securities, but subject in both cases to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties that may arise under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory or any other matter whatever.

8. To authorise the Company to send or supply documents or information to members by making them available on a website or by electronic means.

### Special Resolutions

9. To empower the Board (subject to the passing of resolution 7) pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred upon them by resolution 7 or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the Act as if Section 561(1) and sub-sections (1)–(6) of Section 562 of the Act did not apply to any such allotment, provided that this power shall be limited to:
  - 9.1. the allotment of equity securities in connection with or pursuant to a Rights Issue (as defined in resolution 7); and
  - 9.2. the allotment (otherwise than pursuant to sub-paragraph 9.1 above) of equity securities up to an aggregate nominal value of £14,086.36 (being 15% of the issued share capital of the Company as at the Latest Practicable Date); andthe authorities given by resolution 9 shall expire on the earlier of either midnight on 23 October 2021 or the date of the next annual general meeting after the passing of this resolution, unless renewed or extended prior to such expiry, save that the Company may, before the expiry of any power contained in this resolution, make a further offer or agreement that would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offer or agreement as if the powers conferred by this resolution had not expired.
10. To authorise the Company generally and unconditionally for the purpose of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares provided that:
  - 10.1. the maximum aggregate number of Ordinary Shares authorised by this resolution to be purchased is 3,756,361 (representing approximately 10% of the Company's issued share capital as at the Latest Practicable Date);
  - 10.2. the minimum price that may be paid for such Ordinary Shares is 0.25p per share (exclusive of expenses);
  - 10.3. the maximum price (exclusive of expenses) that may be paid for an Ordinary Share is the higher of a) 5% above the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Ordinary Share is purchased and b) the higher of the price quoted for i) the last independent trade of or ii) the highest current independent bid for any number of Ordinary Shares on the trading venue where the purchase is carried out; and
  - 10.4. unless previously revoked or varied, the authority conferred by this resolution shall expire on the earlier of either midnight on 23 October 2021 or the date of the next annual general meeting of the Company after the passing of this resolution, save that the Company may, before such expiry, make a contract or contracts to purchase Ordinary Shares after such expiry as if the power conferred by this resolution had not expired.

By order of the Board

**Andrew Darbyshire**

Company Secretary

4 June 2020

## Notes

The following notes explain your general rights as a shareholder and your right to attend and vote at this meeting (the Meeting or AGM) or to appoint someone else to vote on your behalf.

### 1. IMPORTANT NOTICE REGARDING THE COVID-19 PANDEMIC

In light of the Covid-19 pandemic, the UK Government recently published compulsory measures requiring people to stay at home, closing certain businesses and venues, and stopping gatherings of more than two people in public. These measures (known as the **Stay at Home Measures**) were passed into law on 26 March 2020 under The Health Protection (Coronavirus, Restrictions) (England) Regulations 2020.

The Stay at Home Measures prohibit gatherings of more than two people in a public place, subject to a few limited exceptions, including where the gathering is essential for work purposes. Attendance at the Meeting by a shareholder (other than one specifically required to form the quorum for the meeting) is not essential for work purposes. Consequently, **whilst the Stay at Home Measures remain in force, shareholders are prohibited from attending the Meeting in person and any shareholder attempting to attend the Meeting will be refused entry.**

**Shareholders wishing to vote on the resolutions should submit their vote by way of proxy.** Details of how shareholders can vote by proxy are set out in notes 3 – 10 below. If the Stay at Home Measures have been relaxed or are no longer in force by the date of the Meeting (such that shareholders are no longer prohibited from attending the meeting in person), delivery of an appointment of a proxy will not preclude a shareholder from attending and voting in person if he/she wishes to do so.

Shareholders who would have raised questions at the AGM are invited to instead submit their questions by email to: [info@getech.com](mailto:info@getech.com) in advance of the AGM. We will endeavour to promptly provide answers to questions from shareholders which would ordinarily have been raised and answered at the AGM.

Shareholders should note that the current situation is evolving rapidly and that further announcements may be required. In particular, shareholders should note that further legislation may come into force before the AGM which will have an impact on it. Shareholders are encouraged to check the Company's website regularly for updates.

2. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at 12 noon on 21 July 2020. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
3. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. As set out in detail in note 1 above, **whilst the Stay at Home Measures remain in force, any proxy other than the Chairman of the Meeting will be prohibited from attending the Meeting and will be refused entry. Shareholders should therefore appoint the Chairman of the Meeting as their proxy in order to ensure their vote can be counted.**
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
6. You can vote:
  - by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions;
  - by requesting a hard copy form of proxy directly from the registrars, Link Asset Services (previously called Capita), on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales; or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below

## Notice of Annual General Meeting **cont.**

### **Notes cont.**

In order for a proxy appointment to be valid a completed form of proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by 12 noon on 21 July 2020 (together with, in the case of a hard copy form of proxy, the original or a certified copy of any power of attorney or other authority pursuant to which such form of proxy has been signed).

Shareholders are strongly encouraged to vote, in the case of CREST members, by utilising the CREST electronic proxy appointment service, and otherwise, by logging on to [www.signalshares.com](http://www.signalshares.com).

7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 12 noon on 21 July 2020. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.
12. As at 3 June 2020 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 37,563,615 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 3 June 2020 are 37,563,615.
13. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

14. Copies of the Directors' letters of appointment or service contracts are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the Meeting and may also be inspected at the Meeting venue, as specified in this Notice, from 11.45 am on the day of the Meeting until the conclusion of the Meeting. **Whilst the Stay at Home Measures remain in force, shareholders will not be permitted to inspect these documents at the registered office of the Company or at the Meeting venue – if you would like to request an electronic copy of these documents, please email: [info@getech.com](mailto:info@getech.com).**
15. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
16. All references to times in this Notice are to UK time.

A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at [www.getech.com](http://www.getech.com)

### Explanation of Resolutions

#### Resolution number 1 – accounts

The Directors of the Company are obliged to present to shareholders the report of the Directors and the accounts for the Company for the year ended 31 December 2019. That report and those accounts, and the report of the Company's auditor on those accounts, are set out on pages 32 to 84 of this document.

#### Resolution numbers 2, 3 and 4 – re-election of Directors

At each general meeting, one-third of the Directors for the time being (other than those appointed since the latest annual general meeting) are required to retire. If the number of relevant Directors is not a multiple of three, the number nearest to but not less than one-third of the Directors should be obliged to retire. Directors due to retire by rotation are those who have been longest in office since their last re-election and as between persons who become or were last re-elected on the same day, those due to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director is eligible for re-election. Chris Flavell, Chris Jepps and Andrew Darbyshire retire by rotation and are offering themselves for re-election.

#### Resolution number 5 – re-appointment of auditor and approving its remuneration

At each general meeting at which accounts are laid, the Company is required to appoint an auditor to hold office until the next general meeting. The present auditor, Grant Thornton UK LLP, is willing to continue in office for a further year, and this resolution proposes its re-appointment.

#### Resolution number 6 – authority to determine auditor's remuneration

In accordance with standard practice, this resolution will authorise the Directors to determine the level of the auditor's remuneration.

#### Resolution number 7 – authority to allot shares

The resolution grants the Directors authority to allot relevant securities up to an aggregate nominal amount of £31,303.01, being one-third of the Company's Ordinary Share capital in issue at 3 June 2020.

In line with guidance issued by the Association of British Insurers, resolution 7 also grants the Directors of the Company authority to allot unissued share capital in connection with a Rights Issue in favour of ordinary shareholders up to an aggregate nominal amount of £62,606.03 (representing two-thirds of the Company's Ordinary Share capital in issue at 3 June 2020) as reduced by the nominal amount of any shares issued under resolution 7.1.

It is not the Directors' current intention to allot relevant securities pursuant to this resolution. This authority replaces the existing authority to allot relevant securities but does not affect the ability to allot shares under the Company's share option schemes.

## Notice of Annual General Meeting **cont.**

### **Explanation of Resolutions** **cont.**

#### **Resolution number 8 – electronic communications**

This resolution authorises the Company to send or supply documents or information to members by making them available on a website or by electronic means.

#### **Resolution number 9 – disapplication of statutory pre-emption rights**

This resolution disapplies the statutory pre-emption rights that would otherwise apply on an issue of shares for cash and is limited to allotments in connection with Rights Issues or other pre-emptive offers and, otherwise, authorises the Directors to allot securities on a non-pre-emptive basis for cash up to a nominal value of £14,086.36, being 15% of the Company's Ordinary Share capital in issue at 3 June 2020. This replaces the existing authority to disapply pre-emption rights and expires at the conclusion of the next annual general meeting of the Company after the passing of this resolution or 15 months after the date of the annual general meeting, whichever is the earlier.

#### **Resolution number 10 – purchase of own shares**

In certain circumstances, it may be advantageous for the Company to purchase its own shares, and this resolution seeks authority to do this. The Directors would only consider making purchases if they believed that such purchases would be in the best interests of shareholders generally, having regard to the effect on earnings per share and the Company's overall financial position.

The resolution gives general authority for the Company to make purchases of up to 3,756,361 Ordinary Shares (being approximately 10% of the Company's Ordinary Share capital in issue at 3 June 2020) at a minimum price of 0.25p and a maximum price being the higher of a) 105% of the average of the middle market quotations for Ordinary Shares for the 5 business days prior to the purchase or b) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out.

Companies are permitted to retain any of their own shares that they have purchased as treasury stock with a view to possible re-issue at a future date, rather than cancelling them. The Company will consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury stock. This would give the Company the ability to re-issue treasury shares quickly and cost effectively and would provide the Company with additional flexibility in the management of its capital base.

# Advisors

## Registered office for the Parent Company

Kitson House  
Elmete Hall  
Elmete Lane  
Leeds  
LS8 2LJ

## Nominated advisor and broker

Cenkos Securities plc  
6 7 8 Tokenhouse Yard  
London  
EC2R 7AS

## Auditor

Grant Thornton UK LLP  
No. 1 Whitehall Riverside  
Whitehall Road  
Leeds  
LS1 4BN

## Solicitors

Womble Bond Dickinson  
1 Whitehall Riverside  
Leeds  
LS1 4BN

## Principal bankers

National Westminster Bank Plc  
PO Box 183  
8 Park Row  
Leeds  
LS1 1QT

## Registrars

Link Asset Services  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield  
HD8 0GA



## Notes

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Design and Production  
[www.carrkamasa.co.uk](http://www.carrkamasa.co.uk)

ckd

Design and Production  
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