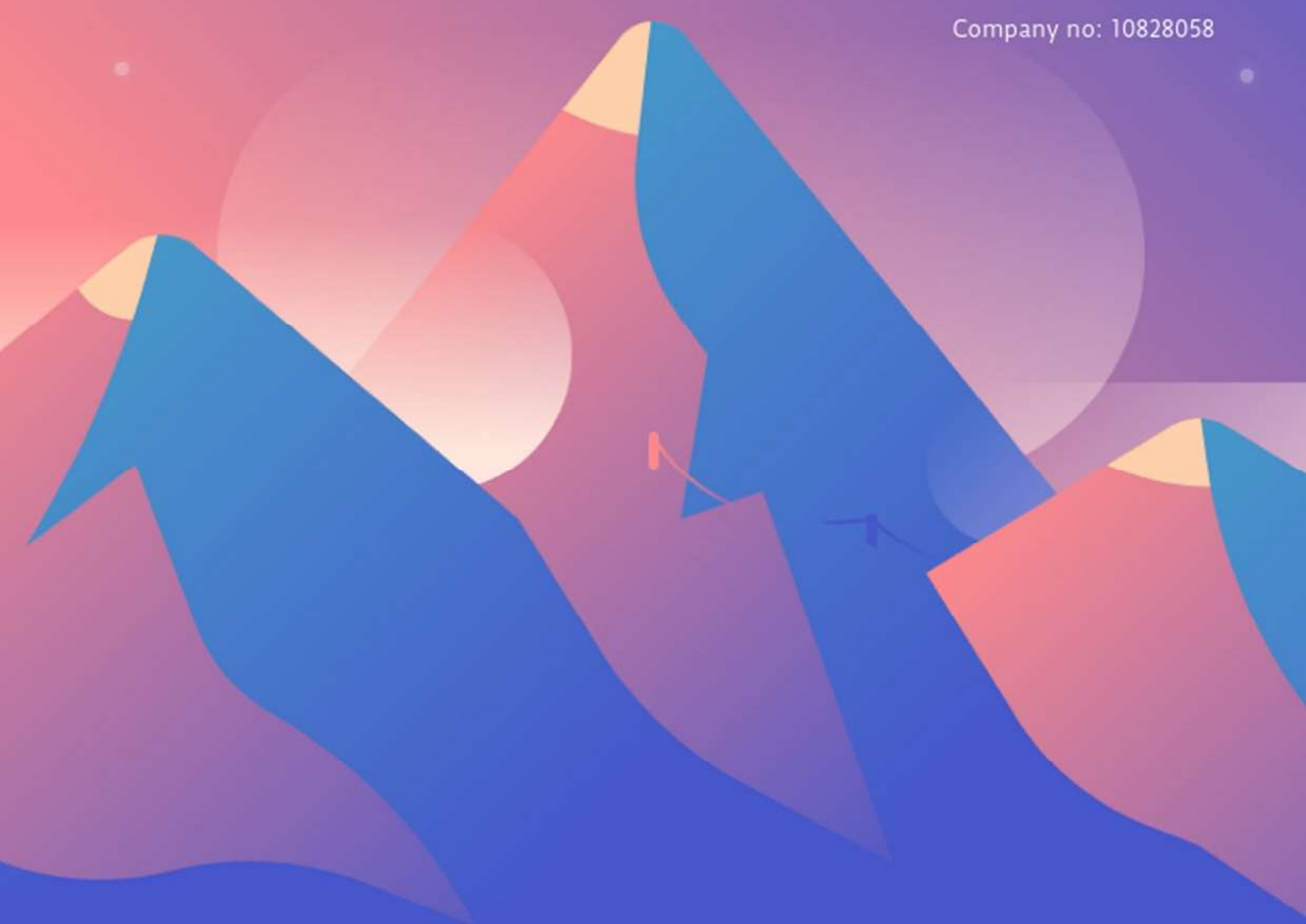


GetBusy plc
Annual Report & Accounts
31 December 2018
Company no: 10828058



GetBusy



Our mission is to make people productive and happy.





Recurring revenue † increased by 22% at constant currency †

£10.9m

2018 total revenue



Proportion of revenue that's recurring

£(0.8)m

Adjusted EBITDA †



£2.5m of cash at 31 December

2018 at a glance



61,500 paid-for users of our software



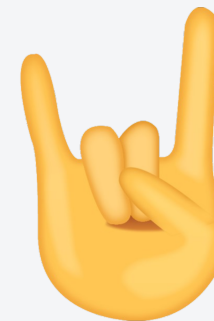
Our new product, GetBusy, entered public beta



Low churn for SmartVault (0.5%) and Virtual Cabinet (0.3%)



New website launched



109 rockstars in our team

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†denotes a component of the Strategic Report, required under the Companies Act 2006.



While we've got your attention, here's [an important note on Alternative Performance Measures used in this report](#).

We use a series of non-IFRS alternative performance measures ("APMs") throughout this Annual Report. These measures are used because we believe they provide additional insight into the performance of the Group and are complementary to our IFRS performance measures. This belief is supported by the discussions that we have on a regular basis with a wide variety of stakeholders, including shareholders, staff and advisers.

These APMs include recurring revenue, Adjusted EBITDA and comparative measures on a constant currency basis.

APMs in this Annual Report can be identified by this symbol: †.

APMs are not defined or recognised under IFRS. They are not designed to replace IFRS performance measures but to complement them. They should not be used in isolation because they may not give a complete view of the performance or financial position of the Group.

Care should also be taken in comparing the APMs that we report with those of other companies. Our definition of a particular APM may not be the same as those used by others.

A full definition of the APMs we use can be found in note 2 to the financial statements. Constant currency measures are reconciled to the IFRS-reported measures in note 21.

Market size

The global document management market has been estimated to be worth more than £4 billion by various studies.

However our products address various niches within that global market, so we have set out below our view of the addressable market sizes within these niches.

Over 3.5 million people work in these document-intensive industries within the countries in which we currently operate.

By far our largest current market is within the accounting, bookkeeping and tax industries.

Accounting, bookkeeping and tax in UK, US and ANZ

1.7million

People employed

200,000

Approximate number of firms

£350m

Estimated annual market at £20 per user per month

Legal, consultancy and professional services

In the UK, the total annual revenue opportunity from other professional services markets, including insurance, independent financial advisers and consultancies, is estimated to be approaching £100million. The UK legal market adds an additional £70million to that figure.

The legal market alone in the US is worth over £250 million per year.

Our established products

Organisations that handle a lot of documents – hard copy and digital – have a huge challenge. They're often working with cumbersome, slow, unsecured systems with very little discipline or consistency around how documents are handled.

This costs lots of money. It makes businesses inefficient and less profitable.

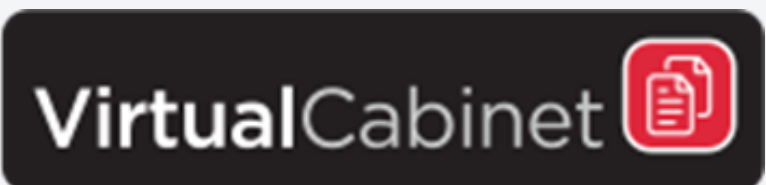
Additional administrative staff to organise the reams of documents, time spent scouring a disorganised Windows file server for a misfiled report, higher rents to store mountains of dusty files, panicked projects to apply retention policies, compensating clients for missed deadlines and lost paperwork.

Do you file documents by date? If so, what format do you use? What about client names? Draft or final version? How do you track all the changes? 🤪 How do you store e-mails to and from clients? How do you stay on top of all those e-mails? Who did you send it to? Were you meant to? Was it secure? Where's the signed version? Did you leave it in the office?

Sound familiar? We call this "information chaos". According to IDC, it costs organisations nearly \$20,000 per information worker per year.

This is what our products solve. We make businesses more efficient and more profitable.

We have two established products in the professional document management market, Virtual Cabinet and SmartVault. Over 61,500 people use them everyday to make their working lives better.

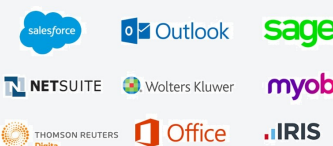


Virtual Cabinet is an on-premise document management system with a cloud portal. It is targeted at medium to large scale enterprises and has customers in the accountancy, insurance, fund management, real estate, healthcare, banking, insolvency and independent financial adviser markets as well as many others.

Over 42,000 people use Virtual Cabinet across over 2,100 customers, including 27 of the top 100 UK accountancy practices and 12 of Australia's top 20.

Virtual Cabinet allows businesses to automatically file their emails, search content inside their stored documents, approve documents with legally acceptable digital signatures, track files after they have been sent, generate comprehensive end-to-end audits, optimise processes and workflows in addition to other features. All of these processes are secured using AES-256 encryption in a secure environment accessible only by the recipient.

Virtual Cabinet integrates seamlessly with dozens of back office systems used by professional firms, creating powerful best-of-breed technology stacks that unlock transformative efficiencies and highly scalable potential with organisations.



Virtual Cabinet is accredited to the ISO/IEC 27001:2013 standard, which specifies the requirements for establishing, implementing, maintaining and continually improving information security management systems. Evidencing the product's market perception, Virtual Cabinet was a finalist in the British Accountancy awards three years in a row (2014, 2015 and 2016) for the best practice software product of the year for accountants.

During 2018, Virtual Cabinet's feature set was enriched by enhanced e-mail management, delete / destroy functionality to assist customers with their GDPR compliance and a document retention module to automate compliance processes. During 2019 we expect to release the Virtual Cabinet mobile app, which will enable client staff to experience the power of Virtual Cabinet in the field without the hassle of VPN but just as securely.



Over 19,000 people use SmartVault across 5,000 customers.

SmartVault is a cloud-based document management system and portal targeting small and medium sized businesses, principally in the accounting, bookkeeping and tax preparation markets. It provides an easy to use, intuitive interface and workflow capability that requires limited training or setup.

SmartVault customers are able to go paperless and centralise their documents with smart online storage that's built for their business. They are able to give their clients a secure, easy and professional way to collaborate with them in the cloud using the branded client portals. They can share files in the cloud easily and conveniently without compromising on security.

The full power of SmartVault is unleashed via its integrations with leading small business tax and accounting software, like Intuit's QuickBooks, Xero, Lacerte, ProSeries and HubDoc.

During 2018, we completed the integration of DocuSign's leading e-signature technology into SmartVault. DocuSign's technology is now embedded into SmartVault's Connected Desktop and Portal, allowing customers to e-sign and archive automatically any file stored in their SmartVault account. We also launched SmartVault into the UK market.

DocuSign's knowledge-based authentication technology meets the United States Internal Revenue Service's ("IRS") most stringent verification criteria, allowing SmartVault's customers to sign IRS forms 8878 and 8879 entirely digitally, saving time, money and removing the possibility of lost documents.



We have now significantly progressed the migration of SmartVault from self-managed servers to Amazon Web Services, improving speed, reliability and security for our customers and ensuring the product is scalable.

The problems we solve



Information chaos
Stop duplicate files, content disorganisation, and data overload



E-mail complexity
Control security risks, track files, receive alerts, automatically file attachments



Misfiling and search
Prevent significant search time per worker per day looking for lost files



Poor security
View audit trails, reduce risk of confidential leaks and hacks



Compliance costs
Meet regulatory, audit and litigation requirements to prevent fines and damages



Legal approvals
Digital signatures and smart workflows significantly reduce contract turnaround time



Version control
One version of the document seen by everyone, no duplicates and confusion



Document access
Log into your document system from outside the office



Information silos
Integrates with your existing software and systems so all your files live in one place

What we do (and how)

How it went

How we roll (responsibly)

The numbers

Case studies

Leading financial planning firm opts to free up valuable office space

Boomers is a firm of Chartered Financial Planners based in Enderby, Leicester with over £750 million of clients' assets under administration. The business moved into their current offices in January 2007, having outgrown their previous premises. However, they were now facing the same problem again. Carole Wagborne, a business owner and CFP, along with her colleague Gavin, were tasked with finding a document management system that would eliminate paper filing, improve document search times and seamlessly fit their business processes.

Weight of filing cabinets require strengthened floor

Although they had moved to larger offices, Carole found that unless they addressed their storage issues they would quickly outgrow their new offices within a few years.

"As a business we kept a large number of paper files. Any communications with clients were recorded in paper form and we kept a separate paper file for each client and or pension scheme. We had to move older correspondence off site to a secure storage facility as we had no room in our offices to keep it all."



The weight of the paper files also meant that they had to reinforce the flooring of the offices in order to support the colossal size of the first-floor filing cabinet.

"When we moved into our offices we had to be certain that the heavy filing cabinets would be kept upstairs, so the floors were strengthened to ensure that they were safe."

Recreating a digital filing system to match existing structure

Carole and Gavin were looking at several document management software options. The process involved speaking to a number of DMS experts and reviewing product demonstrations.

"We saw at least 4 different options. During the Virtual Cabinet demo, we could see immediately how it could easily replicate our existing filing structure, split into sections and sub sections and organised it in that way."

Carole realised early on that file structure would be the key in the successful role out of the product, not only to help persuade the team that Virtual Cabinet could effortlessly adapt itself into their daily procedures, but also this would ultimately save them time in adopting a new system. Working with a Virtual Cabinet consultant, internal projects were put in place to make sure they recreated the already familiar structure that Carole was looking for.

Eliminating physical files and removing huge filing cabinets

The time to start reducing paper files was here, and with the help of 2 Fujitsu scanners each department took on the huge task of scanning in all their active files to achieve some substantial goals. Carole and Gavin set a time scale that everything would be in Virtual Cabinet within 18 months.

"We agreed timescales and tasked each administrator with responsibility for their own clients, so all staff had a monthly target to scan a number of their files onto Virtual Cabinet, to meet the required timescale."

Due to the ease of use with the Fujitsu scanners, Carole had no need to outsource the scanning, and could make sure all the scanning was completed to their specification, and to the correct location first time.

The firm had 6 huge filing cabinets filled with documents to scan.

VirtualCabinet

"Each individual was responsible for scanning their own files on to the system to ensure that the content description was correct and that the documents were being put in to the correct files and sub sections."

The goals were achieved easily, and subsequently they were able to remove the gargantuan filing cabinets, which have given up space to house 8 extra desks and bought them more time in the current business location.

Work begins on creating the extra desks

"We were able to complete the project faster than we thought, in about 14 months. We started the project slowly as it was a big change, but Virtual Cabinet is very easy to use and very intuitive, so staff were able to complete their scanning and filing quickly."

8 extra desks were created with the new floor space

Introducing a secure portal to help with GDPR compliance

Carole also recently made the decision to also have the Virtual Cabinet Client Portal installed.

"The driver for adopting the portal was the introduction of GDPR, which requires you to be able to securely send data to clients. Given the bulk of the information we send our clients comes from Virtual Cabinet, it was an obvious choice to add on the portal. It's very easy to use."

The account executive staff use the portal on a daily basis, when they send information out to clients.

"I think the Client Portal is invaluable. The process of getting it up and running was very easy."

There were of course some unique challenges with taking on a new system. One was making sure everyone was using Virtual Cabinet the same way. Saving things in the same way, using the same words to describe a document. Carole completed some internal auditing in the first month on these processes and was able to iron out any issues that staff were experiencing.

Powerful document search and a more efficient business

Carole has found the new search capability with Virtual Cabinet to be invaluable. Boomers' financial planners provide advice to clients on all manner of financial products, including pensions and investments.

"We need to be able to access historical information, what was said to clients at previous meetings and what their asset value was previously. Finding all of that information via the Virtual Cabinet search feature was perfect."

Boomers' general efficiency has immeasurably improved with Virtual Cabinet. Staff no longer have to physically go and find a file within a filing cabinet or other location, bring it back their desks and search through the file to find the documents they need. Documents instead can be instantly located in a matter of clicks. When asked if Carole would recommend Virtual Cabinet, she responds *"Wholeheartedly"*.



SmartVault

In 2009, Stephen King, CEO of GrowthForce shared, in detail, his journey to the cloud and how it allowed him to build his highly successful bookkeeping and controller services enterprise.

Back in 2009, King explained that at the time there were no outsourcing options for bookkeeping and controller tasks. He stated, "No one had the infrastructure in place to handle the work and keep a high degree of service quality, so firms either tackled bookkeeping on their own, or they just didn't do it."

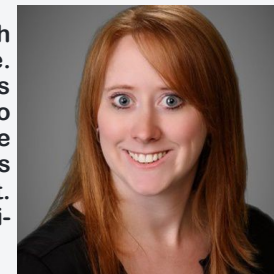
King viewed this as an amazing opportunity. With an IT background, he knew that to make bookkeeping a profitable business he had to automate workflow from beginning to end. After two years of research, he built the proper infrastructure and launched GrowthForce. Not only did King quickly corner the small business bookkeeping market in Houston, but his firm emerged as a core resource for CPA firms that wanted to farm out bookkeeping work.

He went on to say that in early 2009, with the emergence of SmartVault, he was able to take his firm to a whole new level—moving document management and other operations online and offering tools and best practices to business clients that were once only available through large-scale Fortune 100 companies. Using SmartVault as a document management hub allowed GrowthForce clients to easily upload scanned source docs online for processing—eliminating manual delivery and cumbersome faxing. Based in the cloud, the system also offered clients the convenience of 24/7, real-time access to their documents.

Fast forward to now...

Today, GrowthForce has not only grown its client base substantially, but has also continued to enhance internal systems to operate at peak efficiency.

Marsha Gibb, Onboarding Manager at GrowthForce provided insight on how SmartVault has continued to help improve both internal operations and the client experience. "SmartVault has been integral in helping us standardize client services. We were able to create our own unique, uniform filing structure within the system, so now all we have to do is duplicate the file structure for each new client. It makes the onboarding process much easier."



"SmartVault has been integral in helping us standardize client services. We were able to create our own unique, uniform filing structure within the system, so now all we have to do is duplicate the file structure for each new client. It makes the onboarding process much easier."

Marsha Gibb
Onboarding Manager—GrowthForce

Built into the file structure are template workpapers. "When we duplicate the folder structure, our workpaper templates are part of it. This supports our standardization efforts, allowing everyone to work the same way," said Gibb.

From the client's perspective this all equates to a richer experience. "Using SmartVault we can get a new client set up on the system in a minute or less," Gibb stated. "And it's so easy to use that clients pick up on it quickly. It offers them immediate access to their files whenever they need them."

Within the last few years, the firm implemented SmartVault's Connected Desktop. "The mapped drive presents as if it were right on our own server, offering a familiar structure for document storage. This serves as a single point of access to files and makes it much easier on staff," Gibb explained.

Over the years since implementation, SmartVault has continued to be at the core of GrowthForce's technology infrastructure—helping to support standardization of processes and bolster efficiency. In the words of Stephen King, "It has helped take the work out of workflow."

Timeless tips for making the leap to the cloud

Seven years down the road King continues to urge firms to make the move to the cloud in order to properly support today's online-driven clients. He also still firmly stands behind his original tips and truths to make the transition with ease:

Pick a point to go paperless and move forward—Many firms think going paperless means that they must go back years and scan in all client documents. King insists that this is not true. In fact, few clients need information that dates back more than a year, and most often clients want real-time data. King encourages firms to make it easy on themselves. When going paperless, start today and move forward from there.

Create team pods and assign scanning accordingly—King recognises that scanning can be a time consuming task that may put firms off. Part of going paperless, he insists, is proper workflow management. King assigns his employees to team pods—combining bookkeepers, accountants, and administrative staff. Each pod is equipped with a Fujitsu ScanSnap (high-speed desktop scanner), opposed to a single centralized scanning area. Administrative staff scan client documents upon receipt and the workflow moves forward from there. This process is highly efficient and alleviates accounting staff of the task, freeing them for higher billable work.

Go with SmartVault—King recognises SmartVault as a "best choice" for online document management. He asserts that for firms ready to go paperless, SmartVault is the obvious choice because it is incredibly intuitive. This means that there is virtually no learning curve for staff and no onsite IT support is required.

Maintain your existing file structure—SmartVault allows firms to preserve existing filing structures. Because SmartVault seamlessly integrates with QuickBooks, files are automatically linked to the client, so creating and learning a new filing structure isn't necessary. This makes the move to paperless much simpler.

Don't put it off because of pre-supposed cost—Pricing is NOT an issue! With SmartVault there is no up front cost. While some desktop-based systems can be costly, SmartVault is free for CPA firms to try. Firms can test the system to ensure it meets their needs without a large upfront investment.

Get past the fear of storing data online—The fact is that data is safer online than in the firm's office. With the advent of the cloud, many firms are concerned about the movement of data out of the office walls and into the "cloud." Cloud-based systems are backed up monthly and offer highly advanced data encryption. With SmartVault, firms can even burn their own nightly back-up disk.

GrowthForce continues to be a leading firm in the areas of outsourced bookkeeping and accounting and controller services. Through adoption of SmartVault and with the determination to take operations to the cloud, GrowthForce continues to reap the enormous value of a completely paperless, automated workflow. King reiterated, "Firms just need to go for it. Once they experience working in the cloud, they will wonder why they didn't do it sooner."



In December 2018, we launched the new website and public beta version of our new eponymous product, GetBusy. This exciting development marks the start of our search for product-market fit for GetBusy and allows us to significantly increase the volume of beta users from whom we are obtaining feedback to iterate the product.

Currently available in beta as an iOS app, macOS app, Windows desktop app, web app and with a Rest API, the product is iterating fast as we listen to user feedback and observe user behaviour. We deploy new features and updates every 2 weeks.

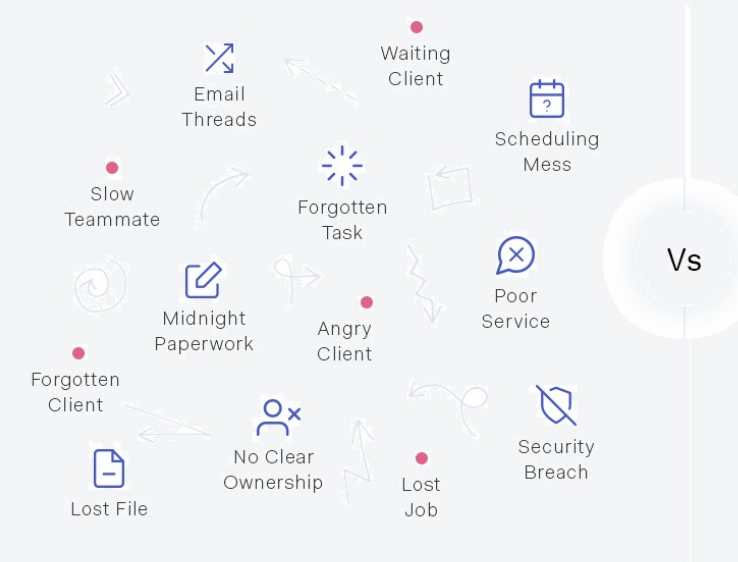
From sending smarter emails to your clients, to delegating jobs within your team, scheduling meetings quickly or prioritising daily tasks: GetBusy uniquely focuses your work around your communication.

We're out to revolutionise communication between businesses and within teams.

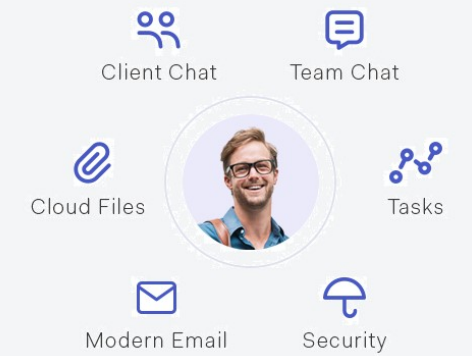
Our experienced development team is combining industry best practice development techniques, advanced design technology with a strong user experience focus and thousands of man hours of experience to create a foundation for continued future success with GetBusy.



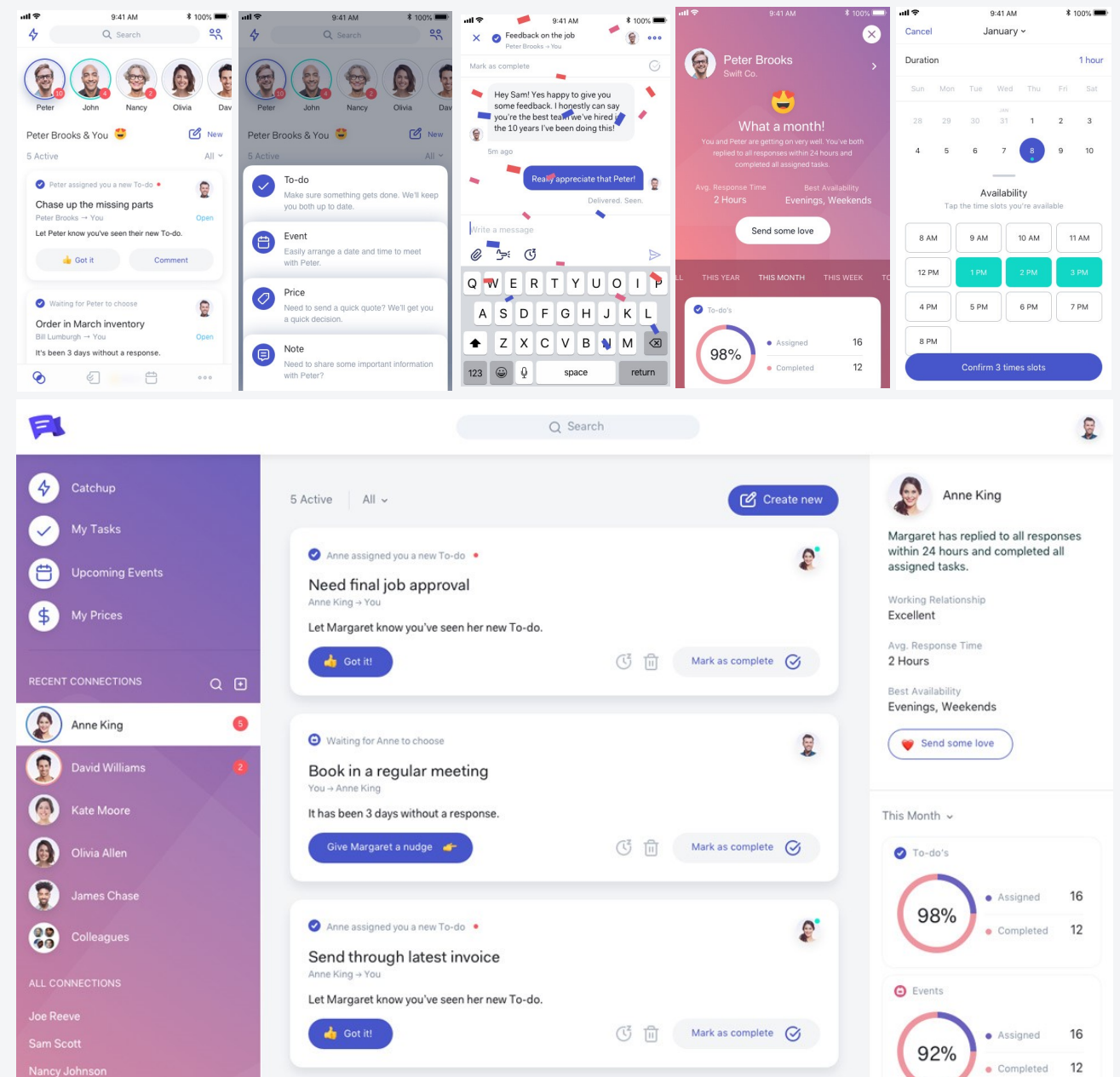
Your Current Workday



Your New Workday



Simple, Relationship-Focused
Team & Client Communication.



What we do (and how)

How it went

How we roll (responsibly)

The numbers



Our strategy and business model

STRATEGY

Our mission is to make people productive and happy.

We have a really meaningful set of values that we live by as we seek to accomplish that mission; you can see them opposite.

We aim to deliver **long-term sustainable growth**. We won't chase short-term results at the expense of the longer-term. Shareholder value will be maximised by growing our base of high-quality recurring subscription revenues, particularly for our cloud-based products; recurring revenue is sustainable, predictable and growth-enabling.

Our growth will be driven by the following activities:

- **Improve monetisation of existing customer and user base.** It is substantially less expensive to retain an existing customer than to acquire a new one, so we continually aim to minimise churn.

We have over 1.2 million users of our portals and in 2018 over 1.3 million digital signatures were executed through our products. We will identify opportunities to deliver more value to these users and better monetise user activities.

- **New product development** such as our GetBusy product which will move us into the business-to-business communication space as well as providing a richer experience for our existing portal users.
- **Geographical expansion** of existing products into markets with favourable conditions and low competition. Where possible we will leverage our existing capabilities, infrastructure and channels.
- **Expansion into new vertical markets.** In 2018 62% of our paid-for users were from the accounting and bookkeeping market. We will continue to identify and test new vertical markets in which fundamental challenges can be solved by our products, diversifying the industries from which we generate revenue.
- Focus on **high quality recurring subscription revenues.** We will transition the UK model from a mixture of upfront licence and subscription contracts to pure subscription.
- **Carefully selected acquisitions** that meet strict criteria to accelerate delivery of our strategic objectives.

OPERATING MODEL PRINCIPLES

One word sums up how we approach our operating model.

Scalable.

Everything we do to execute our strategy is designed to create a business in which revenue can grow rapidly without proportional increases in our operating costs. There are several ways we do this.

Firstly, we hire really smart people. People who think differently and aren't afraid to try new things, fail fast, improve and perfect. These rockstars are the foundation of our scalable business.



Wherever possible, we automate processes and use clever technology to free-up our people to do what they do best: delighting our customers and acquiring new ones. We use world-leading software across all parts of the business so we can get better insight into our products, our customers, our opportunities and our performance. We're constantly building and tweaking our tech stack to give us an edge.

Becoming truly scalable is a journey. Our two existing products, Virtual Cabinet and SmartVault, have differing levels of scalability within the product and associated operating models. Our new product GetBusy is being built with ultra-scalability and viral potential in mind.

	VirtualCabinet	SmartVault
Customer acquisition	<p>Traditionally, high end marketing facilitates brand awareness, education, relationship building and trust complemented by direct support of the sales team.</p> <p>Outbound sales team-focussed on a narrow set of target prospects. Long sales cycles.</p> <p>Increasing move towards marketing-led transactional model.</p>	<p>Innovative and educational digital content is created and distributed via social channels and influencers creating warm leads that are nurtured through highly-automated systems.</p> <p>Inside sales team demo product and convert leads into new customers.</p> <p>Highly predictable, repeatable transactional model.</p>
Delivery, onboarding and support	<p>Highly skilled consultants implement and customise product to client's specific needs. High-touch phone support complemented by educational tools and training tailored to that particular client.</p>	<p>Swift remote customisation and initial training to promote customer success.</p> <p>Inside support reps supported by offshored team, delivering online chat and phone support, with rich content library.</p>
Revenue	<p>Historically an upfront purchase-and-maintenance model, transitioning to pure subscription.</p>	<p>Pure subscription, with minor paid-for services.</p>

Our values



Every customer experience must include a smile :)

The original and arguably the most important rule.

If we can satisfy our customers, and genuinely improve their lives, success will follow. This applies to every single customer. Every time. At every point of interaction no matter how small. No exceptions.



Show grit and make it happen.

Your mental toughness and perseverance is a better predictor of your success than any other factor. Also, the happiest and most successful people are the ones who persevere: grit is long-term.

There will be achievements and failures along the way - embrace the journey.

It's hard to beat a person who never gives up, so roll up your sleeves and **DO** things already!



Keep it simple.

We'll keep this one short.

If you can't explain it simply, you don't understand it well enough, no matter how smart you are.

Always challenge yourself to radically simplify.

Every experience must seem delightfully intuitive, Familiar and clear, yet new and surprising.



Better together.

Stay positive. Positive thinking will allow us to achieve the impossible.

No egos. Best idea wins.

We've got each other's back. There are introverts, extroverts, creative, emotional and logical thinkers. We need everyone working together to win.

A culture of innovation, not fear.



BSU.

(Blow Stuff Up!)

We're out to change the world. We thus need to break from convention and be a disruptor to win.

We're an agile company. That means not being afraid of change.

Remember: to improve is to change, to be perfect is to change often.

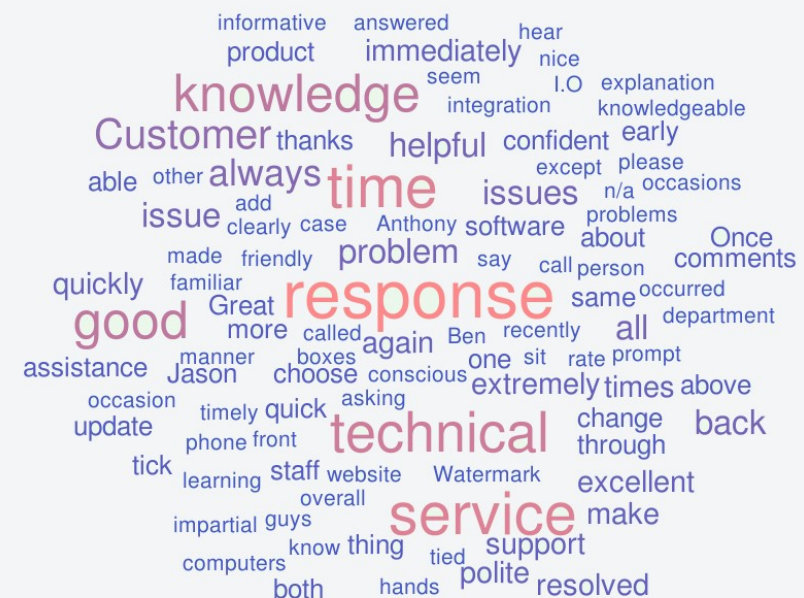


Data drives decisions.

We're a data driven organisation. We must be led by our data, and be agile to it.

We need to collect as much data as possible, understand it as simply as possible, then come to the best possible decision.

You must determine your own personal success with data. If you don't report on it, it didn't happen.



What our customers say about our Virtual Cabinet support team

What we do (and how) | How it went | How we roll (responsibly) | The numbers





A word from our Chairman

It's been a pleasure to chair GetBusy during its first full year on AIM.

In 2018, the Group has delivered an excellent set of results that has seen a 19% increase in the size of recurring monthly subscription revenues. We ended the year with a very strong cash position of £2.5m. There has been progress across all elements of our strategy. We've seen solid growth in each region and have been able to invest based on clear data to deliver sustained growth through 2019 and beyond. Our new product GetBusy has entered an exciting phase and, while it's too early to forecast any revenues from the product, the process we have in place to gather feedback and iterate the product is cutting-edge.

As ever, I am grateful to all of our shareholders for their continued support this year.

As with many AIM companies, we saw significant changes to disclosures concerning our governance framework during 2018 following the adoption of the Quoted Companies Alliance Corporate Governance Code. As a Board, we are fully supportive of the Code and are committed to maintaining the highest standards of governance.

Looking forward, the Board assesses that the fundamental challenges of document management, information chaos, privacy and the need for efficient, secure communication will remain prevalent across each of our markets. Legislative changes, including BREXIT, GDPR and similar mandates across the globe, are important catalysts for businesses to examine their operations and select best-in-class technology-led solutions to simultaneously address compliance obligations and improve efficiency. Our products provide that solution.

In closing, I would like to thank the whole team for their efforts in 2018. 2019 looks set to be another year of growth in our existing products and a year of rapid learning for GetBusy. We're looking forward to it.

Hope to see you at the AGM.

Miles Jakeman
Chairman

CEO's review

I'm incredibly proud of what our rockstar team accomplished during our first full year as an independent company in public markets. Whilst achieving strong total revenue growth of 17% (19% at constant currency[§]), 2018 saw pleasing progress in key strategic initiatives, laying a platform for continued future growth. Our UK business has returned to healthy levels of growth having made substantial progress in transitioning its business model to pure subscription. We've brought SmartVault into the UK market, addressing the SME market and those seeking a pure cloud solution. And we have launched the new website and public beta of our new product, GetBusy.

During 2018, the Virtual Cabinet business celebrated its 20th anniversary and SmartVault turned 10. This wealth of knowledge and experience has helped us to create class-leading products that add significant value to our customers' businesses and we are applying that expertise in the development of GetBusy.

UK

The UK had an outstanding year, with a return to strong growth. Recurring revenue[§] was up 17% to £4.6m and total revenue increased 14% to £5.8m. Recurring revenue now represents 80% of the UK total (2017: 78%) and we expect to continue increasing that proportion as more opportunities are converted on a pure subscription basis.

Our marketing campaign preceding the GDPR deadline in May was very well-executed, leading to heightened awareness of document traceability and privacy. Our GDPR e-book even made GDPR fun. GDPR led to an increase in one-off consulting projects for existing customers, enabled us to upsell existing customers with additional functionality, for example our document retention packs, and generated substantial new business leads. Our order intake has continued to be strong even after the passing of the GDPR deadline, with businesses that initially focussed on compliance now looking to optimise their systems to be both compliant and efficient.

Generating high quality subscription revenue remains our priority. Subscription revenue is predictable, sustainable, scalable and provides a solid platform for us to make investments for growth. During 2018 we started to shift our UK business to a pure subscription model from a legacy upfront perpetual licence and support model. The cash investment that is required to transition to this model is more than compensated for by the increased customer lifetime value.

Our cloud-based SmartVault product was launched in the UK in June 2018. This complements our Virtual Cabinet offering, providing choice for customers with the two products solving similar problems in different ways. SmartVault is particularly well-suited to smaller customers who may not have the server infrastructure needed to support Virtual Cabinet or who mandate a cloud-first solution. We now have dedicated sales, support and delivery resource for SmartVault in the UK and we will be expanding the sales and marketing team in 2019. Whilst 2018 revenue from SmartVault in the UK was not material, we have begun to build a recognisable brand presence, we've formed alliances with national bookkeeping



industry bodies and we've identified the key additional product integrations required to offer improved value to customers and accelerate growth.

UK Adjusted EBITDA before corporate and development costs[§] increased 10% to £2.5m, despite significant investments in sales, marketing and operational infrastructure improvements.

US

2018 was a pivotal year for the US. We made a wholesale change to our entire sales team at the beginning of the year, completed our digital signature integration with DocuSign, strengthened our marketing effort with additional resource and automation capability and made significant headway with migrating the product to Amazon Web Services ("AWS").

Recurring revenue[§] increased 23% at constant currency[§] to £3.2m. A strong year for new sales was augmented by a late 2017 price increase for some customers and lower customer attrition than in previous years. Our average Net MRR Churn in 2018 was 0.5% per month, compared to 0.7% in 2017. Total revenue increased 20% at constant currency[§] to £3.3m.

During 2018 we saw a material improvement in the efficiency of our sales and marketing operation. Our LTV : CAC ratio improved from 3:1 in 2017 to an average of 6:1 in 2018. A number of factors contributed to this, including better use of automation tools to nurture our funnel of leads, an increasing library of informative digital content to stimulate awareness of our product and outstanding collaboration between our award-winning marketing team and sales team. These improved metrics gave us the confidence to increase our investment in sales and marketing during H2 and we anticipate increasing investment further in 2019.

In May we announced the integration of DocuSign's e-signature technology into our SmartVault product, having signed a global non-exclusive partnership and reseller agreement. DocuSign's technology is now embedded into SmartVault's Connected Desktop and Portal, allowing customers to e-sign and archive automatically any file stored in their SmartVault account. The integration was completed after the end of the 2018 US "tax season", which is the peak time for digital signature requirements, and therefore revenue from the digital signatures in 2018 was not material. 2019 tax season will be the first real test of the success of that partnership.

CEO's review (continued)

Back in 2017 we migrated the Virtual Cabinet portal from self-managed servers to AWS, a global cloud provider. This has improved speed, reliability and security for customers, eliminated the need for us to make ongoing and significant capital investments to support the infrastructure and has ensured the product is scalable. In H2 2018 we started to migrate our SmartVault product to AWS. As well as bringing the user experience and cost benefits from which we benefited with Virtual Cabinet, this will provide a platform to more effectively develop and deploy product enhancements in the future. This migration was completed during January 2019.

Following the increase in revenues and tight cost control, US Adjusted EBITDA [£] before corporate and development costs was £0.3m, an improvement on the small loss in 2017.

Australia and New Zealand

Our Australia and New Zealand ("ANZ") business has delivered revenue growth substantially higher than the group average in 2018, from a much lower base, despite a challenging year operationally. The combined business is now comfortably above cash breakeven.

Recurring revenue [£] in 2018 was £1.6m, an increase of 35% at constant currency [£]. There were some significant changes to the sales team in 2018 that impeded momentum during the year, resulting in the slowdown in growth compared to 2017. We have reduced the cost base in Australia accordingly and we maintain there remains attractive growth potential in the region.

Progress with existing customers has been good. Our "land and expand" model has proved successful, with pilots and trials of Virtual Cabinet in one office or service line of a customer very often leading to wins across other parts of the same firm.

During late H1 we started to test SmartVault in the ANZ market. Based on the market response, we anticipate a launch towards the end of 2019.

Pleasingly in 2018, the ANZ business reached cash breakeven, reporting Adjusted EBITDA [£] of £0.1m, despite having a full year of establishment costs (such as premises and admin support) as standalone entities following the spin-out from Reckon Limited in August 2017.

Product development

Throughout 2018, we continued to make improvements to our existing SmartVault and Virtual Cabinet products, to deliver improved value to our customers and to maintain our competitive edge.

Virtual Cabinet introduced sophisticated document retention capabilities, allowing customers to implement GDPR-driven document retention policies with ease, saving significant administrative time and reducing compliance risks. We are also progressing well with the development of our VC mobile app, which will bring a feature-rich mobile experience for Virtual Cabinet users, overcoming the significant technical complexities of securely and seamlessly working with different customer VPNs. This allows users to work successfully on the move without logging into laptops and remote servers.

It has been a busy year for the SmartVault development team.

A major improvement in security was introduced with the roll-out of multi-factor authentication. Our DocuSign integration provides a seamless customer experience, further enhancing the time efficiency benefits of using SmartVault as part of a suite of best-of-breed apps. Finally, in H2 we started and have made substantial progress with the complex migration to AWS.

And throughout the year, we've been working on our new baby...

GetBusy

In 2018, we broke cover.

Our new website and public beta went live in December. This exciting development marks the start of our search for product-market fit for GetBusy and allows us to significantly increase the volume of beta users from whom we are obtaining feedback to iterate the product.

Our approach to developing GetBusy is to constantly obtain feedback from users. We examine the value propositions that resonate most strongly before a user signs up to the app. We monitor the way in which users travel through our onboarding process and the reasons why they might drop-off. We look at usage data – the number of new contacts created, messages sent, tasks requested, documents transferred, how often a user logs back into the app. We do this using industry-leading tools to obtain as much data as possible about what's working and what's not working. And we complement this with one-to-one video interviews with users.

And then we iterate the product. We want to make sure we're building something that customers actually want and need, rather than what we think they want and need. Updates to the product are released at least every fortnight. Our development culture is one of failing fast, learning fast, and then improving.

Over the course of 2019 we aim to learn more about what users want out of the product, which features are offering the most value, which features need work, what makes users stick and what makes them leave. We will run marketing campaigns across a broad spectrum of messages, value propositions and target markets to acquire users. It's an inevitable part of the development journey that many of these users will drop out of the product. We only see that as failure if we don't learn something from each of those users. We've created the right technology stack to make sure every user, no matter how long or little they stay with us, contributes to our knowledge and understanding of what customers want.

Team

We've strengthened our rockstar team across each business during 2018. Our focus has been on improving our customer acquisition team in the US, adding to our development capabilities across the group and bringing on board finance and analytical skillsets to help us optimise each business. Our team is committed, highly capable and customer-focussed. Our culture and values really means something to each of our people and the success in 2018 is a real credit to them. We're proud of the fact that 85% of our people told us they would recommend working here to a friend.

Outlook

The UK and US are currently enduring significant political and macro-economic uncertainty. Whilst this may present risks to the customers of our customers, we believe that, on balance, uncertainty is an opportunity for many of our professional services clients to advise their clients on navigating that uncertainty. Other than with the foreign currency translation of our overseas earnings, we do not anticipate that uncertainty having a material effect on our business.

During 2019 we will continue our focus on growing our base of high quality recurring subscription revenue for SmartVault and Virtual Cabinet in the UK, US and ANZ. This will include increased investment in customer acquisition for SmartVault in the UK and US and the continuation of our transition to a pure subscription model for Virtual Cabinet in the UK. We will make investments in user acquisition for GetBusy and as the volume of beta users increases, we will continue to learn from the data we gather and iterate the product and marketing strategy accordingly.

2019 promises to be an exciting year.



Daniel Rabie

Chief Executive Officer

CEO's review (continued)



Revenue

Total revenue for the Group rose 17% to £10.9m, an increase of 19% at constant currency⁸. Both the US Dollar and Australian Dollar were around 5% weaker on average in 2018 than 2017.

Recurring revenue⁸, which comprises subscriptions and support contracts, increased by 19% to £9.5m, with a strong performance across each of our regions. Non-recurring revenue, which includes revenue from upfront perpetual licences, consulting and hardware, increased by 5%, reflecting our focus on increasing our proportion of high quality recurring subscription revenues.

Geographically, the UK saw its share of Group recurring revenue reduce from 51% to 49% (at constant currency⁸), while ANZ increased from 15% to 17%. The US maintained its share at 34%.

We saw progress in our drive to increase recurring revenue as a proportion of our total revenue. The UK increased its share from 78% to 80% and the US increased from 96% to 98%. ANZ dropped back slightly from 92% to 91%. As a Group, recurring revenue now comprises 87% of the total, up from 86% in 2017.

We came into 2018 with Annualised MRR of £8.7m. The impact of new business on 2018's recurring revenue was £0.9m and we benefitted by £0.1m from price increases to the existing customer base. Churn eroded our performance by around £0.2m, leading to reported recurring revenue of £9.5m for the year.

Our Annualised MRR at 31 December 2018 was up 19% at constant currency⁸ to £10.3m. If we stopped acquiring new customers, and our existing customers remained with us on the same terms for the next 12 months, this would be the recurring revenue recognised in 2019.

£4.0m of the total revenue recognised in 2018 arose from the unwind of deferred revenue in the balance sheet at 31 December 2017. As we enter 2019, approximately £4.4m of the £4.8m deferred revenue will unwind into revenue in the next 12 months.

Annual Revenue Per User ("ARPU" - defined on p20) for the US increased by 14% to £193, with a number of factors contributing. ARPU for new accounts was 50% higher than ARPU for the accounts that churned, meaning that new customers tend to be worth more to us. We also saw the full-year impact of a price rise that was typically around the 10% range and was implemented for some customers towards the end of 2017.

Virtual Cabinet's ARPU increased 9% to £156. The increase is chiefly the result of the shift to a pure subscription model for new customers.

Virtual Cabinet's ARPU is lower than that of SmartVault because of the large base of installed users who are on legacy support contracts, having paid for an upfront perpetual licence. As we transition the business to a pure subscription model, we would expect ARPU to increase because the proportion of legacy customers will diminish.

Over time, as we shift the UK model to pure subscription, we would expect to see a decline in non-recurring revenue although ad-hoc consulting projects for existing customers, which might include data migrations and server moves, are likely to continue.

Gross margin

Gross margin increased slightly to 95% during 2018. Our cost of sales includes the costs of operating our product infrastructure, credit card payment fees and third party integration fees.

As we move SmartVault to AWS, we would expect a reduction in gross margin in the medium term. The first priority is to ensure the product is operating properly within the AWS environment and that there is no detrimental impact on the customer experience. Once it is operating to our satisfaction, we will start the process of cost optimisation. That process will likely take the duration of 2019.

Operating costs

Total operating costs have increased by £1.3m (13%) in 2018. £0.3m of the increase was due to a full year of corporate costs, such as adviser and director fees, given that 2017 only included 5 months of such costs. There was a £0.3m increase in non-corporate staff costs, due to a combination of changes to the make-up of our team and routine salary increases, a £0.4m increase in sales incentives, due to the very successful year for new business and a £0.1m increase in marketing costs across the business.

Development costs of £2.5m (2017: £2.6m) on the face of the income statement is stated before any adjustments for capitalisation under IAS38 *Intangible assets*. This is to provide a transparent view of the cash development spend before the application of judgement in applying IAS 38. The reduction in the overall cash spend reflects team reorganisations that started in 2017 and have continued in 2018, to better align our skillsets with the needs of our development pipeline. This included transferring some of the SmartVault development function from the US to the UK.

Adjusted EBITDA before development costs was £1.7m, an increase of 18% compared to 2017. Adjusted EBITDA was £(0.8)m, which was a 31% improvement on 2017.

Items recorded below Adjusted EBITDA

On an IFRS basis, we have capitalised £0.4m of development spend in 2018. This relates solely to work carried out on our existing products. It includes the creation of document retention packs and a mobile app for Virtual Cabinet and for SmartVault it includes the introduction of multi-factor authentication capability, to improve security, the integration with DocuSign and the ongoing work to migrate to AWS. No costs related to the development of GetBusy have been capitalised as there is insufficient certainty over the commercial viability of that product at this stage.

The increase in depreciation and amortisation is due to the impact of continued capitalisation of development costs.

Financial review (continued)

Share option costs have increased to £0.3m (2017: £0.1m). The long-term incentive plan has only been in place since IPO in August 2017, so that year contains only 5 months of costs. There has also been an additional grant of options in 2018.

The 2017 demerger, flotation and other non-underlying costs related solely to the demerger from Reckon and the related IPO. In 2018, costs of £0.2m include a £0.1m provision for an onerous contract for data centre costs in the US following the decision to migrate SmartVault from self-managed servers to AWS. £28k relates to the costs of relocation for the Group's Chief Executive Officer from Australia to the UK and related advice, a move that was planned at the time of the IPO.

Tax

The 2018 tax credit of £0.2m is largely the result of the reversal of a deferred tax charge in previous years arising on capitalised development costs. Overall the Group is currently loss-making and, in those Group companies in which profits arise, we have brought forward tax losses that offset them. We have taken no credit for UK research and development tax benefits in 2018 or 2017; we are in the process of assessing what claims might be available following the 2017 demerger.

Loss after tax

The loss after tax for the year was £1.0m, a reduction of £1.3m compared to 2017, which contained £0.9m of costs related to the demerger and IPO, and a £0.4m higher tax charge. Basic and diluted loss per share was 56% lower at 2.09p.

Balance sheet and cashflow

Movements in non-current assets are mainly due to the net capitalised development costs in the period. Until we are sufficiently satisfied with the commercial viability of GetBusy, we would expect the level of capitalisation to continue broadly in line with 2018's rate. Additions to tangible fixed assets over the period largely relate to IT equipment replacements and upgrades.

Within our current assets is £1.6m of trade and other receivables, which is marginally higher than at 31 December 2017 although no meaningful movements within the constituent parts. Overall trade debtor ageing has improved during 2018, with a reduction in unprovided debts more than 60 days overdue from 37% of the total to 7%. 85% of our trade debtors are in the UK business, reflecting the legacy upfront model with many customers invoiced annually.

The 11% increase in deferred revenue is due to a combination of the higher overall revenue number, offset by the impact of a higher proportion of new UK customers paying monthly subscriptions rather than annual.

In late 2019 and early 2020, our UK business will be moving into new premises. The business currently occupies three separate buildings on a business park. The improved collaboration opportunities afforded by everyone being under

the same roof, together with a modern, fun working environment, should be significant benefit to that business. We will incur a degree of fit-out costs for the new building starting in late 2019 and will also have approximately 7 months of overlapping rent and associated costs, depending on the date of completion of the new office.

Cashflow performance during 2018 has been very strong given the operating loss. A large contributor to this has been the £0.4m increase in deferred revenue. This is a product of higher sales invoiced annually in advance and deposits received for significant projects completing in early 2019, for which no revenue has yet been recognised. Year-end accruals are also £0.4m higher than 2017 due to a combination of higher sales commissions that have not yet been paid, the £0.1m onerous contract provision for SmartVault's self-managed server architecture and other timing differences.

Paul Haworth
Chief Financial Officer

Key performance indicators

Data drives decisions. We continually measure a wide and growing range of data points in our businesses. We aim to constantly tweak the way we do things, responding to data to produce incremental performance improvements.

Metric	Description	Link to strategy
Recurring revenue growth	The percentage increase in Group recurring revenue, which includes revenue from software subscriptions and support contracts, at constant currency.	Growing high quality recurring subscription revenues is a core part of our strategy. Recurring revenue is predictable and sustainable and produces substantial value over the lifetime of a customer contract.
Recurring revenue as a proportion of total revenue	The proportion of total revenue derived from software subscriptions and support contracts, expressed as a percentage.	Our UK business is transitioning from an upfront licence and maintenance model to a pure subscription model. Monitoring our recurring revenue percentage helps us to monitor the progress we are making towards becoming a pure SaaS business.
Annualised MRR	December monthly recurring revenue grossed-up for 12 months.	This shows us the base of revenue for the next 12 months upon which we seek to build.
Net MRR Churn—SmartVault	The average percentage of MRR lost or gained (if negative) in a month due to the combined impact of customers leaving our platforms, customers upgrading or downgrading their accounts and price increases or reductions.	Retaining the customers on our platforms, and generating additional value from existing customers, is a key part of growing our recurring revenue.
Net MRR Churn—Virtual Cabinet	As above, but for Virtual Cabinet.	
Customer count	The number of individual customer accounts on our platforms.	Recurring revenue growth is more sustainable from a growing customer / user base.
Paid-for user count	The number of users on our platforms for which a fee (either subscription or support) is paid. A customer account may include multiple paid-for users.	Recurring revenue growth is more sustainable from a growing customer / user base.
Portal user count	The number of users of our product portals. Portal users are typically clients or external contacts of our customers.	The reach of our portals provides an indication of the non-monetised potential of our products. With the exception of SmartVault digital signature sales, portal users are not yet monetised.
ARPU (SmartVault)	The average annual recurring revenue per paid-for user for SmartVault.	ARPU provides a way to monitor the improvement in the monetisation of our existing customer base, as we sell additional features and value to our customers or increase prices.
ARPU (Virtual Cabinet)	The average annual recurring revenue per paid-for user for Virtual Cabinet.	
LTV : CAC ratio (SmartVault)	The ratio between the average customer lifetime value and the cost of acquiring each customer, for SmartVault.	LTV : CAC ratio is a measure of customer acquisition efficiency.

How calculated	2018 result	2017 result	Comments
The difference between current year and prior year recurring revenue, <i>divided by</i> prior year recurring revenue. Prior year recurring revenue is restated at the exchange rates used for current year.	22%	23%	Recurring revenue grew in each country during 2018 and remains the key focus of the Group.
Current year group recurring revenue <i>divided by</i> group total revenue.	87%	86%	Whilst recurring revenue grew strongly in the year, there was also a surge in non-recurring revenue, partly due to consulting projects in the UK arising from GDPR.
December recurring revenue <i>multiplied by</i> 12.	£10.3 million	£8.8 million	Represents 19% growth at constant currency.
Net MRR impact of customer losses, upgrades and downgrades, price increases and reductions <i>divided by</i> opening MRR for the current year <i>divided by</i> 12.	0.5%	0.7%	Net MRR churn was very low in the first half of the year due to the impact of a significant price rise. It increased in the second half, averaging 0.5% per month.
	0.3%	0.7%	Virtual Cabinet net MRR churn remains low. Longer term, the on-premise nature of the core product is a risk to churn levels.
N/A	7,208	6,342	There has been a reduction in the average number of users per account (from 9.1 to 8.5), reflecting SmartVault's increased share of revenue and an increasing number of smaller, remotely-installed accounts for Virtual Cabinet.
N/A	61,543	57,443	
N/A	1,246,000	864,000	Our users are sharing documents with an increasing number of 3rd parties.
Annualised MRR divided by paid-for user count. Comparatives restated to current exchange rates.	£193	£169	The 14% increase in SmartVault's ARPU is the product of a price rise implemented in late 2017 together with the fact that new accounts have an ARPU that is 76% higher than the ARPU of the installed base on average.
	£156	£143	In Virtual Cabinet, as more customers join on pure subscription (rather than upfront licence and maintenance), ARPU is expected to increase.
LTV is average annual gross profit per new account <i>divided by</i> gross annual MRR churn. CAC is the cost of acquiring a customer (including sales and marketing staff costs, sales commissions and outbound marketing spend) <i>divided by</i> the number of new customers acquired.	6 : 1	3 : 1	The significant increase in this ratio is a product of improved CAC efficiency (the cost of acquiring each customer has decreased 22% in 2018) due to improved marketing performance and a new sales team. LTV has also improved as a result of improved churn and higher ARPU.
		21	

Our governance arrangements



In a nutshell, it's the Board's job to ensure we're doing the right things. That's the right things by our shareholders, our customers, our suppliers, our people and society in general. It's also our job to provide leadership; we make sure we know the direction we're heading in, that it's the right direction and that the team has got what it needs to get there.

As chair, I lead the Board and it's my role is to ensure that the Group's corporate governance model is properly adopted, delivered and communicated. I am responsible for ensuring that the board agenda concentrates on the key issues, both operational and financial, and that we as a Board are regularly reviewing the Group's strategy and its implementation. I work with our CEO, Daniel Rabie, and our CFO, Paul Haworth, to ensure that the rest of the Board receives accurate, timely and clear information and that there are good information flows between senior management and the Board. I am a non-executive director, so I am not involved in

the day-to-day running of the business; this enables me to make independent decisions.

We have elected to adopt the Quoted Companies Alliance Corporate Governance Code ("QCA Code"). We believe this provides an appropriate framework for smaller growth businesses in which the application of good governance needs to be sensitive to the need to foster an entrepreneurial dynamism.

Below we address each of the 10 principles of the QCA Code and their application within GetBusy. We welcome feedback from shareholders and those seeking to invest on our governance arrangements and how we communicate them; if you would like to share your views or have any queries, please contact us at investors@getbusy.com.

Miles Jakeman

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

You can see our strategy and business model on page 12.

Principle 2: Seek to understand and meet shareholder needs and expectations

We **engage with all shareholders** through a range of mechanisms, including but not limited to:

- **Providing quality documentation** and/or notifications relating to GetBusy activities through the corporate regulators, our website and media as appropriate;
- **Encouraging all shareholders to engage with the Company** by reading these materials and contacting us if they have any queries or concerns through our investors@getbusy.com e-mail address or through seeking face-to-face meetings as appropriate;
- Ensuring **we respond to all investor queries**, however received;
- **Inviting all shareholders to participate** in annual general meetings and extraordinary general meetings (as necessary); and,
- Holding **biannual sessions** between the Company – usually represented by the CEO, CFO and Chair – with significant shareholders.

We also note that **brokers and proxy adviser companies** play an increasing role in the voting choices of shareholders. Accordingly, we engage actively with such advisers in order to explain more fully our strategy, operations, financials, governance, and other market-related issues they may have on behalf of investors.

We recognise that a significant proportion of our shareholder base is based overseas and it is expensive to travel to meet in person with management. Naturally it may be more challenging for those shareholders to meet in person with management. Consequently, we are **examining the feasibility of a Digital AGM** in the future, which will also enable 'virtual' attendance.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

Our business model relies on our relationships with customers, staff, some suppliers and certain integration and channel partners. We also take seriously our social, environmental and ethical responsibilities to the local and national communities in which we operate.

One of our core values is that every customer experience must include a smile. This really means something to everyone in our business. We are constantly obtaining feedback from our customers, responding quickly to any areas in which we fall short. We quantify customer feedback and this gets reported on a regular basis to the leadership team. Each of our past and planned product improvements is the result of customer feedback.

To execute our strategy **it is critical that we have the right team.** That means the right skill-sets but more importantly it means the people we work with need to share our values. We operate a very flat management structure; we encourage staff in all roles to engage with our leadership team and direct lines of communication with the CEO and CFO are always open. We've introduced the GetBusy "Legends Liaison" survey to enable benchmarking against similar businesses so we can improve the GetBusy experience for our people. Actions arising from that survey will be implemented over the coming year.

Generally our business is **not reliant on any individual supplier**; feasible alternatives exist for most of the technologies we use, although not necessarily without disruption or additional cost.

We have a **clear understanding of who our key channel and integration partners are** and we maintain close relationships with them. This may take the form of collaborative marketing, hosting joint product demonstrations or face-to-face meetings.

We encourage our people to play active roles in their communities and to **enrich the lives of others.** For example, each member of the team can take **two paid charity days** each year to participate, as individuals or teams, in charitable or community activities. In addition, we **encourage flexible working** in all our offices to allow our people to have active family lives and get involved with their communities.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation.

Management of risk is a **core function of the Board.**

The Group has an **established risk management process** that examines opportunities and threats at the strategic and operational level. The Group has in place a risk register and the principal risks and uncertainties facing the Group can be found on page 30.

Principle 5: Maintain the board as a well-functioning, balanced team led by the chair.

The Board comprises a non-executive independent Chairman, 2 executive directors (the CEO and CFO), 2 non-executive directors and 1 senior independent director.

Miles Jakeman and Nigel Payne are considered by the Board to be **independent directors.** The QCA Code notes that, generally, shareholder expectation is that at least half of directors will be independent. In line with the position taken by a significant proportion of AIM companies, the Board do not consider it practicable for a company of our size and complexity to change the structure of the board to be weighted with more independent directors at this current stage in the Company's lifecycle.

Both executive directors are employed on a full-time basis by the Company. The time commitment required by non-executive directors is not prescribed; however it is expected that each non-executive director will dedicate sufficient time to the Company to understand the business, prepare for and attend Board and committee meetings and carry out other work that is necessary for them to fulfil their duties as a director. In addition, it is expected that non-executive directors have sufficient capacity to increase their time commitment to the Company if necessary, for example in the event of a crisis or significant transaction.

Each director has confirmed that they have **sufficient time available and sufficient capacity** to carry out their role. This is reviewed annually by the Chairman for all other directors; the Chairman's availability and capacity is reviewed by the Senior Independent Director.

Our governance arrangements (continued)

During 2018, the Board held **6 formal full meetings** and 2 additional shorter meetings to cover specific topics.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The members of our Board have a **variety of skills and experience** that collectively provides an excellent balance.

Skillssets represented include, but aren't limited to, high growth companies, product management, user experience, enterprise software, digital marketing, UK public market and regulatory landscape, start-ups, scale-ups, financial management, investor relations and governance. Biographies of our directors can be found on page 25.

On appointment and subsequently, new Directors are offered **induction and training** considered appropriate by the Board.

The Directors receive **briefings at Board meetings** on regulatory and other issues relevant to the Group and its business sector and may attend external courses to assist in their professional development.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The Board **reviews its performance annually** with an anonymised survey collated by the Company Secretary for which results are shared with the entire Board. The survey considers the following categories: strategy and planning, monitoring business performance, Board structure and role, meeting process, Board and director responsibilities and Board culture and relationships. The Chairman is responsible for agreeing an action plan to improve the Board's performance. The 2018 survey identified improvements that could be made around the risk management process (which have now been implemented), Board composition and the articulation of Board policies. Actions arising from this evaluation will be considered over the course of 2019.

Attendance at Board meetings and sub-committees is monitored. All directors attended all board meetings during 2018.

GetBusy's values are bold and clear. They are the guiding principles to the way we run our business. They are listed on page 13.

So far as possible, **we ensure that these values are visible** through our recruitment processes, internal communications and management style, corporate reports and external announcements.

We expect that the Board and leadership team demonstrate these values in all of their work, setting the example for others. Our policies and procedures are designed with these values at their core.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Chairman's role and responsibilities have been described previously on page 20.

The **CEO's primary responsibilities** include:

- Developing GetBusy's strategy for consideration and approval by the wider Board;
- Leading the senior management team in delivering GetBusy's strategic and day-to-day operational objectives; and
- Leading and maintaining communications with all stakeholders.

The CEO is supported in this by the CFO, **executive team and leadership team**. The CFO also serves as the **company secretary**; this is considered appropriate for and is commonplace within companies of our size. The role of the company secretary is to advise the Chairman and Board on both legal and regulatory compliance matters, as well as providing a conduit for all the directors into the workings of the company.

The **Audit Committee** provides confidence to shareholders on the integrity of the financial results of the company expressed in the Annual Report and accounts and other relevant public announcements of the company. The Audit Committee challenges both the external auditors and the management of the company. It also considers the engagement of auditors including tendering and the approval of non-audit services. The Audit Committee reviews and reports to the board on any significant reporting issues, estimates and judgements made in connection with the preparation of the company's financial statements. The Audit Committee is chaired by Nigel Payne and its other members are Clive Rabie and Miles Jakeman.

The **remuneration committee** makes recommendations to the Board on the Company's remuneration policies and practices, the remuneration of executive and non-executive directors and the level and structure of remuneration for senior management. The remuneration committee is chaired by Nigel Payne and its members are Miles Jakeman and Greg Wilkinson.

Our **overriding principles** are that the Board:

- Is **established to govern**: the Board addresses "ends" and delegates the "means" to achieve those ends to the management group;
- **Looks to the future**: the Board will devote the majority of its time to considering the future and providing strategic leadership;
- Is **ultimately responsible to shareholders** for the oversight and performance of the Group; and
- Is there to **support and maintain a culture** of governance, performance, accountability and communication within GetBusy that embraces and establishes the principles set out here.

In addition to any matters that are expressly required by law to be approved by the Board, the following powers are specifically reserved for the Board:

Governance

- Monitoring compliance with legal, constitutional and Company Codes of Ethics, Codes of Conduct and other material policies;
- Oversighting fraud, risk, control and accountability systems through promoting systemic awareness of the control environment and risk issues;
- Approving Occupational Health and Safety statements;
- Approving Environmental statements;
- Approving Treasury policies (including debt and foreign exchange exposures);
- Determining that satisfactory arrangements are in place for auditing GetBusy's financial affairs and that the scope of audit is adequate;
- Appointing the chair and, if the company requires one, the deputy chair and/or senior independent director;
- Making appointments of members to, and removing members from, Board Committees;
- Approving Terms of Reference for Board Committees;
- Dealing with matters referred to it from Board Committees;
- Approving Directors and Officers Liability Insurance;
- Changing GetBusy's capital structure through the issue or buy-back of shares, options, equity instruments or other securities;
- Approving resolutions to be put to the AGM and documents or circulars to be sent to shareholders;
- Approving changes to the Board structure, size or composition and ensuring the ongoing appropriateness of the Group's governance framework given the Group's plans for growth.

Performance

- Provision of guidance on, and approval of, GetBusy's corporate strategy and performance;
- Shaping and approving the strategic plan and associated annual budgets;
- Monitoring the implementation of financial and other objectives;
- Approving financial statements and any significant changes to accounting policies, including as part of half year and full year reports;
- Appointing and removing members of the GetBusy management team as required;
- Monitoring and evaluating the performance of the GetBusy management team as required;
- Approving and monitoring any acquisitions and divestures; and,
- Approving dividend policy and the declaration of dividends.

Culture

- Formulating policy regarding charitable and political donations;
- Ensuring the company treats all staff in an honest, fair and equitable manner and has appropriate mechanisms in place for reporting exceptions; and,
- Reviewing succession planning, HR recruitment/retention and management development arrangements.

Our governance arrangements (continued)

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

At the 2018 AGM, all proposed resolutions were passed.

However a significant proportion of independent votes were cast against resolutions 4, 5, 6 and 7. These resolutions concerned the re-election of Clive Rabie, Greg Wilkinson, Daniel Rabie and Paul Haworth as directors of the Company. These votes originated from one particular significant shareholder, who had notified the Board of their voting intentions prior to the meeting. These intentions were based on that shareholders' internal policy of voting against non-independent non-executive directors and executive directors in the event that a majority of Board members are not independent.

The application guidelines for Principle 5 sets out **expectations for Board composition**:

"The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a board judgement." Further guidance is provided as follows: "Generally, shareholder expectation is that at least half of directors of a board will be independent NEDs. It may not be possible in growing companies to meet all of the objective independence criteria demanded of the largest listed companies. Regardless, it is important for any board to foster an attitude of independence of character and judgement."

GetBusy's board comprises two independent non-executive directors, two non-executive directors and two executive directors. This **meets the requirement of Principle 5** because:

- Our **independent non-executive directors**, Miles Jakeman and Nigel Payne, have considerable experience at Board level in public companies. They are considered by the Board to be robustly independent, both in character and in the views and perspectives that they contribute to Board discussions. Their remuneration is appropriate for the duties they perform for the Company, but is not material to their respective financial positions. They do not participate in Company performance incentive schemes, whether cash- or share-based.
- These 2 independent non-executive directors perform the roles of **chairman and deputy chairman**.
- Our 2 non-independent non-executive directors, Clive Rabie and Greg Wilkinson, are considered non-independent due to their significant investment into GetBusy, which well **aligns the Board with longer-term shareholder value creation expectations**.
- In addition to their shareholdings, both Clive and Greg have **considerable experience, contacts and expertise** within the small business software market.
- Clive has a **detailed understanding of the market landscape** together with the operational priorities and strategic imperatives required to be successful.
- Greg has a **deep understanding of products**, user experience and product development within this market. Their experience and aligned interests make Clive and Greg extremely valuable members of our Board.
- All Board sub-committees are chaired by the **Senior Independent Director**, Nigel Payne, who has considerable experience of chairing and acting as a non-executive director of listed companies.
- All directors (whether independent, executive or non-executive), comply with requisite legal requirements. It must be emphasised that there is **no room for a 'sleeping director'** on our Board.

As with any growing company, it is expected that over time the composition of the Board will alter as new skill sets, networks and ideas are required to support the changing nature of the company. There is also likely to be **a shift towards increasing the number of independent non-executive directors**, but not at the expense of segregating board affairs from management operations or for simply 'ticking compliance boxes'. We will always seek people with strong values, skills and knowledge that are there to grow the business.

In conclusion, the GetBusy board considers that it has structured its governance arrangements to **deliver growth in long-term shareholder value**. It has also structured these arrangements to meet QCA principles in this regard. Copies of previous general meeting notices and Annual Reports can be found at www.getbusy.com/about/investors



Dr Miles Jakeman

Non-executive Chairman

Miles is the co-founder and, until recently, Managing Director of the Citadel Group Limited (CGL), a Canberra start-up that listed on the Australian Stock Exchange in November 2014 and now has a market capitalisation around \$400 million.

He has regularly advised senior business leaders and government officials, including representing countries in ministerial level forums.

His key skills cover business strategy, program management, security risk management and staff development.

Miles has significant overseas working experience with multinational companies in sales, marketing and business development capacities with full profit and loss responsibilities.



Daniel Rabie

Chief Executive Officer

Daniel is passionate about technology solutions and their impact on the business landscape. He has a deep understanding of what it takes to build a successful SaaS business.

Daniel started his career in corporate advisory before moving to senior positions in a start-up venture, and a cloud technology company. Daniel became a Strategic Director of Reckon in 2010 and in 2015 was appointed as Reckon's Chief Operating Officer leading the strategic direction of Reckon's IT, Development, Marketing and HR shared service divisions across four countries.

During this time Daniel managed the delivery of innovative online accounting, fintech and document management solutions to hundreds of thousands of customers globally.

Daniel has a Bachelor of Commerce from Sydney University.



Paul Haworth

Chief Financial Officer

Paul was formerly the EMEA Finance Director at Dialight plc, the leading global industrial LED lighting specialist. There, he co-led the strategic outsourcing of Dialight's UK manufacturing operations and the conversion of their EMEA business to a sales and distribution model.

Paul has also held senior financial roles with Consort Medical plc and LPA Group plc. Before that he spent 9 years with Deloitte advising a range of listed and private technology and software clients.

Paul is a chartered accountant and holds a degree in Astronomy from University College London.

Paul was appointed to the Board on 4 April 2018



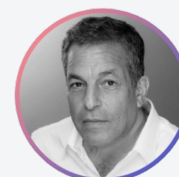
Nigel Payne

Non-executive director

Nigel has considerable experience as a director of both publicly listed and private companies. He has extensive experience of listing companies and fund raising, notably in his current roles as Non-executive Chairman of AIM traded companies Gateley plc and Stride Gaming Plc.

Nigel was previously Chief Executive Officer of Sportingbet Plc, one of the world's largest internet gambling companies which made a number of acquisitions whilst listed on the London Stock Exchange (both Main Market listed and AIM traded), and was later bought by GVC plc.

Nigel holds an executive MBA from the IMD Business School (Lausanne, Switzerland) and a degree in Economics and Accounting from Bristol University.



Clive Rabie

Non-executive director

Clive is an experienced private and public company director, with a range of directorships.

He has extensive management and operation experience in the IT and retail sectors as both an owner and director of companies. Clive was Chief Operating Officer of Reckon from 2001 to February 2006 during which time he played a pivotal role in the turnaround of the company.

From February 2006 to June 2018 Clive was the Chief Executive Officer of Reckon, before taking the role of Managing Director.

Clive has a Bachelor of Commerce from the University of Cape Town.



Greg Wilkinson

Non-executive director

Greg Wilkinson has over 30 years' experience in the computer software industry. Greg entered the industry in the early 1980's in London where he managed Caxton Software, which became one of the UK's leading software publishers.

Greg co-founded Reckon in 1987 and was the Chief Executive Officer until February 2006. In that time leading Reckon, Greg established QuickBooks as a leading provider of SME accounting software in Australia and New Zealand and acquired APS, the leading practice management system of choice of Australian accountants.

Greg became a member of the board of Reckon on 19 July 1999. Following stepping down as Chief Executive Officer, Greg was appointed to the position of Deputy Chairman in February 2006 and then Chairman in June 2018.

All directors served for the entire financial year and to the date of this report unless otherwise stated.

Remuneration report



I am pleased to present the Report of the Remuneration Committee for 2018.

The Remuneration Committee makes recommendations to the Board on the Company's remuneration policies and practices, the remuneration of executive and non-executive directors and

the level and structure of remuneration for senior management. I chair the committee and its other members are Miles Jakeman and Greg Wilkinson.

Remuneration policy

Our policy is to align the remuneration of executive directors and the executive team with the creation of long-term value for shareholders. To this end, a significant proportion of executive remuneration potential is provided through long-term incentives linked to the Group's share price.

Key considerations of the Committee during 2018

During 2018, the Committee considered the following specific items:

- Agreement of the bonus payments made to senior management in relation to performance in 2017;
- Agreement of the short-term incentive structure for the executive team and senior management for 2018;
- The grant of share options to Paul Haworth upon the completion of his probationary period and appointment to the Board;
- The relocation arrangements for Daniel Rabie upon his move from Australia to the UK;
- The nature and value of supplements paid to non-executive directors with sub-committee responsibilities; and
- Remuneration proposals for the executive team for 2019.

Ongoing review of remuneration arrangements

In December 2018, the Committee initiated a review of the remuneration arrangements for the executive team. This includes a market benchmarking of base salaries of executive directors and a review of the existing long-term incentive arrangements to ensure they optimise the alignment of shareholder and executive director interests.

Whilst the benchmarking of base salaries is complete, the review into the long-term incentive arrangements is ongoing. A conclusion is expected during the first half of 2019.

2018 remuneration structure

Remuneration for executive directors in 2018 comprised base salary and benefits (such as private healthcare), company pension contributions, performance bonus and long-term incentive plan arrangements.

Base salaries for 2018 were set by the Committee in December 2017. Daniel Rabie's salary was originally set in Australian Dollars (AUD). Following Daniel's relocation to the UK in May 2018, his salary was converted into British Pounds (GBP); no other location-based benchmarking was per-

formed at that time.

The 2018 annual bonus plan for executive directors was agreed in December 2017 following the approval of the 2018 budget. A bonus of £30,000 for Daniel Rabie, and £20,000 for Paul Haworth, would be payable upon the Group achieving Adjusted EBITDA of £(855)k.

Non-executive directors are paid a basic fee, which may include a supplement for any sub-committee responsibilities. In 2018, non-executive director fees were denominated in GBP, although those of Miles Jakeman, Clive Rabie and Greg Wilkinson were paid in AUD.

2018 remuneration—executive directors

£'000	Daniel Rabie		Paul Haworth *	
	2018	2017	2018	2017
Salary	191	82	101	-
Pension	6	6	3	-
Benefits	2	-	3	-
Bonus	30	14	20	-
Total	229	102	127	-

* remuneration for Paul Haworth is from the date of his appointment as a director of the Company, which was 4 April 2018.

2018 remuneration—Chairman and non-executive directors

£'000	2018	2017*
Miles Jakeman	42	21
Nigel Payne	37	18
Clive Rabie	36	-
Greg Wilkinson	36	-

*2017 figures for 5-month period. Clive Rabie and Greg Wilkinson waived their emoluments for 2017.

Directors' interests

As at 31 December 2018, the Directors had the following beneficial interests in the Company's shares:

	2018
Executive directors	
Daniel Rabie	1,070,789
Paul Haworth	40,000
Non-executive directors	
Miles Jakeman	-
Nigel Payne	-
Clive Rabie	9,089,247
Greg Wilkinson	3,692,233

Long-term incentive plan ("LTIP")

We operate an LTIP to provide incentives to the executive team and senior management. The LTIP is in the form of a nil-cost share option plan, with options over ordinary shares vesting over a 3, 4 and 5 year period subject to certain performance criteria being met.

	Grant date	Number of options	Vesting period	Vesting performance criteria
Daniel Rabie	4 August 2017	916,257	3 years	10% per annum compound increase in share price over 3 year period from admission to AIM
	4 August 2017	305,419	4 years	10% per annum compound increase in share price over 4 year period from admission to AIM
	4 August 2017	305,419	5 years	10% per annum compound increase in share price over 5 year period from admission to AIM
	4 August 2017	654,470	3 years	Various personal performance criteria
	4 August 2017	436,313	5 years	200% increase in share price over 5 year period from admission to AIM
		2,617,878		
Paul Haworth	3 April 2018	357,000	3 years	10% per annum compound increase in share price over 3 year period from admission to AIM
	3 April 2018	119,000	4 years	10% per annum compound increase in share price over 4 year period from admission to AIM
	3 April 2018	119,000	5 years	10% per annum compound increase in share price over 5 year period from admission to AIM
	3 April 2018	255,000	3 years	Various personal performance criteria
	3 April 2018	170,000	5 years	200% increase in share price over 5 year period from admission to AIM
		1,020,000		

During 2018, 1,020,000 options were granted to Paul Haworth. During 2017, 2,617,878 options were granted to Daniel Rabie.

Proportion of shares under option

The percentage of issued share capital under option at 31 December 2018 was 11.7% (2017: 9.9%).

Service agreements

The Executive Directors' service agreements provide that their employment with the Company is on a rolling basis, subject to written notice being served by either party of not less than six months. The current service contracts and letters of appointment for Daniel Rabie and Paul Haworth are dated 8 October 2018.

The service agreements for the Non-executive Directors are dated 5 July 2017 and provide for an initial term of 12 months, with a 3 month notice period on either side thereafter.

Under these service contracts, the Company may terminate an Executive Director's employment immediately by making a payment in lieu of base salary, benefits and statutory entitlements, and any bonus or commission payments pro-rated for the duration of the notice period. No bonus would be payable in the event of an Executive Director's resignation.

2019 remuneration arrangements

In forming the remuneration arrangements for 2019, the Committee carried out an exercise to compare the executive directors' salaries against relevant benchmarks, including both internally-generated research and data compiled from independent remuneration reports.

For Daniel Rabie, the Committee also took into account his relocation to the UK during 2018. For Paul Haworth, the Committee also took into account his appointment to the Board and assumption of the role of Company Secretary.

Pending the completion of the Committee's review of long-term incentive arrangements for executive directors, the Committee has put in place a cash performance bonus arrangement for the executive team in 2019. This performance bonus scheme is linked to the Group's key strategic goal of growing high quality recurring subscription revenues.

Daniel Rabie's 2019 base salary is £225,000. He will be eligible for a performance bonus of £30,000 subject to the Group reporting 2019 recurring revenue of £11.3million.

Paul Haworth's 2019 base salary is £180,000. He will be eligible for a performance bonus of £20,000 subject to the Group reporting 2019 recurring revenue of £11.3million.

Nigel Payne

Chairman of the Remuneration Committee

Risk management

How we've embedded effective risk management

During 2018, we revised our risk management processes to improve the ownership of individual risks among the executive team and provide clearer information about risks to the Board.

The Board is ultimately responsible for the effective management of risk.

Risks are identified through a number of formal and informal forums throughout the business and in consultation with external advisers, such as lawyers or auditors. The diverse sources of risk identification improve our ability to understand the complete universe of risks to which the business is exposed.

Once identified, each risk is classified, its likelihood of occurrence and consequence if occurred are estimated, a mitigation plan is established and the risk is recorded on the Group's risk register. Each risk is owned by a member of the executive team, who is responsible for overseeing its day-to-day management and risks assessed as "major" or worse are tracked regularly with the Board.

Periodically, other reports and updates are prepared for the Board on the status of the risks on the register, including any significant changes. The Board provides robust challenge to the executive team on the completeness of the risks identified, their classification and the effectiveness of the mitigation plans in place.

The table opposite shows the principal risks and uncertainties faced by the Group. These are defined as the risks that are most likely to have an impact on the Group's ability to deliver its strategy.

Category	Description of risk
Strategic	Our new product, GetBusy, is unproven. It may fail to generate independent revenue streams of sufficient value or any value at all.
Strategic	The architecture of Virtual Cabinet is on-premise rather than cloud-based. If the market begins to favour cloud-based solutions, Virtual Cabinet may become uncompetitive.
Legal / regulatory / reputational	Our software handles large volumes of sensitive client data. A significant loss of data, a compliance breach, or malicious actions from an internal or external party, may have serious and wide-reaching implications.
Commercial	In certain territories, the Group is reliant on external partners for significant channels to market and product integrations. The Group may be vulnerable to the ongoing collaboration and success of those partners and to the tightening of commercial terms.
Operational / reputational	A significant technology failure within our products or in technologies on which our products rely, including cloud computing providers, may severely impede customer access to our services and their data.
Operational	The successful execution of our strategy is, to some extent, reliant on our ability to recruit, motivate and retain certain key people. This is exacerbated by a potential tightening of the labour market caused by Brexit-related uncertainty.
Financial	The Group is currently loss-making and cash absorptive. The Group may in the future need to raise additional funds to implement its strategy and there can be no guarantee that the required funding will be available at an acceptable price or

Relevance to strategy	Potential consequences	Mitigating controls
New product development allows us to generate recurring revenues from new markets or additional revenue from existing customers. GetBusy is a core component of our new product development.	Reduction in growth potential of Group. Potential loss of cash invested to develop and market product with little or no return. Potential need to realign cost base of business.	Agile development methodology allows a "fail-fast" approach, limiting investment in dead-end areas. Development of performance goals during product-market-fit stage of development.
Approximately two-thirds of the Group's revenue is derived from Virtual Cabinet. It is a core part of our recurring subscription revenues and contributed significant growth in 2018.	Slowing revenue growth or revenue decline. Significant customer churn. Reduction in achievable ASP.	New feature introduction into Virtual Cabinet to improve user experience. Geographical expansion of SmartVault to provide cloud-based alternative where required.
The security and reputation of our products is an important part of attracting new business and retaining existing customers.	Significant regulatory fines and sanctions leading to significant financial loss. Significant loss of customers and reduction in new customer acquisitions. Potential legal action by impacted customers leading to financial loss.	Regular and rigorous penetration testing and follow-up for all products. Clearly documented internal procedures for protecting client data. Appointment of a compliance officer to manage the Group's ongoing data protection activities.
Access to sales channels allows us to grow our subscription revenue in a relatively efficient manner and allows us access to markets that might otherwise be difficult to penetrate or retain. High quality product integrations add significant value to our customers and lead to lower churn rates.	Reduction in revenue growth or revenue decline. Increased costs of acquiring new customers or maintaining existing customers with certain product integrations.	Close relationships maintained with key partners at executive level. Continual improvement in volume and quality of product integrations offered. Expansion of products into new verticals and territories to minimise exposure to individual partners.
The security, quality and reliability of our products is an important part of attracting new business and retaining existing customers.	Significant reduction in customer base and revenue. Potential legal action by impacted customers leading to financial loss. Significant costs of switching to alternative technology provider.	Regular load and penetration testing of products. Ongoing monitoring of key services with automated alerts. Product updates go through quality control in test environment before being fully released.
Each element of our strategy is reliant on having the correct team in place to execute.	Overall reduction in business performance (revenue, profit and cash generation). Higher costs of recruitment.	Strong company culture designed to attract and retain high quality staff. Competitive remuneration packages for key employees. Incentive schemes aligned with Group's strategic goals.
In the future the Group may need to raise additional funds to make acquisitions or to accelerate growth of new products, which are elements of the Group's strategy.	Failure to execute elements of strategy and realise value for shareholders. Dilution of existing shareholders through requirement to issue new equity at unfavourable prices.	Strong focus on cost and cash disciplines in business. Development of relationships with potential funding providers including debt and equity providers.

What we do (and how)

How it went

How we roll (responsibly)

The numbers

Audit Committee report



I am pleased to present the Report of the Audit Committee for 2018.

The Audit Committee provides confidence to shareholders on the integrity of the financial results of the company expressed in the Annual Report and accounts and other relevant public announcements of the company.

The Audit Committee challenges both the external auditors and the management of the company. It also considers the engagement of auditors including tendering and the approval of non-audit services. The Audit Committee reviews and reports to the board on any significant reporting issues, estimates and judgements made in connection with the preparation of the company's financial statements.

I chair the Audit Committee and the other members are Clive Rabie and Miles Jakeman.

Activities of the Audit Committee during 2018

During 2018, the Audit Committee carried out the following key activities:

- Review and approval of the accounting policies and their application for the 2017 Annual Report and accounts, the inaugural financial statements prepared by the Group;
- Review of the 2017 Annual Report and the auditors' report thereon;
- Review of the report of the Chief Financial Officer on the state of internal controls of the Group and his recommendations for improvements;
- Review of the Group's key regulatory announcements during the year, including the preliminary announcement of the 2017 results, AGM trading update and 2018 half year report;
- Review of the Group's compliance with the Quoted Companies Alliance Corporate Governance Code, which was adopted by the Group during the year, and its related disclosures;
- Review of the Group's updated risk management policies and risk register;
- Approval of RSM UK Audit LLPs proposal for the 2018 external audit of the Group, together with the non-audit services carried out, which included tax compliance and advisory services and a review other assurance services; and
- Review of the Chief Financial Officer's report on the key accounting judgements and issues for the 2018 financial year.

Significant financial reporting issues and judgements

Following discussion with the Chief Financial Officer and the Group's auditors, the Committee considers the following items to be the most significant financial reporting issues and judgements that are relevant to the 2018 financial statements:

- The presentation of certain non-statutory alternative per-

formance measures ("APMs") alongside statutory measures, for example the disclosure of recurring revenue or Adjusted EBITDA.

The Committee has reviewed recommendations made by the Chief Financial Officer that take into account the Financial Reporting Council's ("FRC") November 2018 Thematic Review, which discusses the presentation of APMs in financial statements and strategic reports.

The Committee is satisfied that the disclosures made around APMs address the recommendations of the FRC and provide transparency and significant useful additional information to shareholders. In addition the Group will ensure that APMs are accompanied by the most relevant equivalent IFRS measure.

- The treatment of development costs, including the application of IAS38 *Intangible Assets* and the presentation of "fully expensed" development spend above Adjusted EBITDA in the Income Statement.

In considering the level of capitalisation of development costs for existing products, the Committee has considered management's assessment of the proportion of spend that is regarded as maintenance compared to expenditure on material product improvements.

The Committee has also considered management's assessment that expenditure on the new GetBusy product does not meet the criteria for capitalisation included within IAS38. Management's conclusion is that there is currently insufficient evidence of the commercial viability of GetBusy. The product moved into its public beta phase in December 2018. The product-market fit for the product and the potential monetisation model are both in the investigative stages.

We have noted the positive feedback received from investors regarding the presentation of "fully-expensed" development costs above Adjusted EBITDA. Management is of the view that this presentation provides a clearer view of the performance of the business that is free from the impact of significant accounting judgements, the application of which may vary significantly from company to company.

The Committee is in agreement with management's conclusions on the capitalisation of development costs and their presentation in the income statement.

- IFRS 15 *Revenue from Contracts with Customers* was adopted early by the Group in 2017. The ongoing compliance with that standard has been considered by the Committee.

A full list of critical judgements appears in note 4 to the financial statements.

Nigel Payne

Chairman of the Audit Committee

The Directors' Report should be read in conjunction with the Strategic Report, which includes the following items required by the Companies Act 2006 (CA2006):

- Name of the directors during the period;
- Details of any important events since the end of the financial year;
- An indication of likely future developments of the Company and Group; and
- An indication of the research and development activities of the Company and Group.

No political donations were made during the period (2017: £nil). The Company and Group do not use complex financial instruments. The Company has maintained cover under a directors' liability insurance policy, as permitted by CA2006.

Substantial shareholdings

The directors are aware of the following who were interested in 3% or more of the Company's equity at 8 February 2019:

Shareholder	Number of shares	% of issued share capital
Clive Rabie	9,089,247	18.8%
Business Growth Fund	7,100,474	14.7%
Canaccord Genuity	3,805,000	7.9%
Greg Wilkinson	3,692,233	7.6%
City Financial Investment	2,700,000	5.6%
Herald Investment Management	2,678,433	5.5%
Fidelity Management	2,366,105	4.9%

Annual General Meeting (AGM)

The AGM of the Company will be held on Wednesday 1 May at 11am at the office of Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU. Details will be published in the Notice of the AGM.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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, and as required by the AIM Rules, the directors have to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;

Directors' report

- state whether applicable UK Accounting Standards / IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 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 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 Company's auditors are unaware; and
- 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 auditors are aware of that information.

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

Going concern

The Company's and Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 14 to 19. The Company and Group are currently loss making. The Board is of the opinion that the Group's forecasts and projections, which take account of reasonably possible changes in trading performance, show that the Company and Group are able to meet their liabilities as they fall due for a period of not less than 12 months from the date of this report. For this reason, the going concern basis is considered appropriate for the preparation of these financial statements.

Auditor

A resolution to reappoint RSM UK Audit LLP will be put to the AGM.

Strategic report

The Strategic Report comprises the components indicated in the "In This Report" section on page 5. The Strategic Report and Directors' Report were approved by the Board on 4 March 2019.

Paul Haworth | Company Secretary | 4 March 2019

GetBusy plc, Unit G South Cambridge Business Park, Babraham Road, Sawston, Cambridgeshire, CB22 3JH
Registered in England & Wales no. 10828058

Opinion

We have audited the financial statements of GetBusy Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statements of changes in equity, consolidated cash flow statement 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 2018 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 SME 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.

Conclusions related 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which 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 group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

(Refer to page 42 regarding the accounting policy in respect of revenue recognition and note 6 in respect of revenue and operating segments).

The risk

Software contracts are inherently complex. There is a risk that management's accounting policies are not appropriate because the performance obligations within the contracts with customers have not been correctly identified and that for each, revenue has not been recognised as those obligations are satisfied. In addition, there is a risk that revenue is not recognised in line with the accounting policies adopted.

Our response

We tested revenue by performing substantive analytical review procedures. In addition, the accuracy of revenue recognised was assessed via the detailed review of specific contracts with customers and invoices issued to customers. In reviewing contracts, we considered the application of the group's accounting policies and requirements of IFRS 15. We tested for completeness of revenue by reference to the group's internal sales processes and data analytics. Finally we tested the arithmetical accuracy and internal consistency of the reports used to calculate revenue to be recognised and deferred income.

Capitalisation of development costs

(Refer to page 43 regarding the accounting policy in respect of development costs, note 12 in respect of intangible assets.)

The risk

There have been research and development projects ongoing throughout the year for new and existing software platforms. There is a risk that these costs are inappropriately capitalised or expensed due to the inherent judgement needed in applying the requirements of IAS 38.

Our response

Development costs capitalised in the year were tested through substantive analytical review. In addition, we completed tests of detail on the calculations underlying the amounts capitalised and expensed. We challenged management's judgements as to whether the development criteria had been met by reference to board minutes, payroll cost inputs, internal records of the nature and volume of project aims achieved, and discussions with technical management. We considered the amortisation period by reference to typical contract lengths, upgrade requirements and technical evolution.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. During planning materiality for the group financial statements as a whole was calculated as £122,000, which was not significantly changed during the course of our audit. Materiality for the parent company financial statements as a whole was calculated as £60,000, which was not significantly changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £1,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

GetBusy Plc and GetBusy UK Limited were subject to full scope audit procedures for group and statutory purposes. GetBusy USA Corporation, GetBusy Australia Pty Limited and GetBusy New Zealand Pty Limited were subject to full scope group audit procedures to component materiality. We did not rely on the work of any component auditors. As part of our planning we assessed the risk of material misstatement including those that required significant auditor consideration at the component and group level. Procedures were then performed to address the risk identified and for the most significant assessed risks the procedures performed are outlined above in the key audit matters section of this report.

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.

Opinions on other matters prescribed by the Companies Act 2006

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 by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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.

Independent auditor's report (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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: <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.

Jonathan Lowe (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

3 Hardman Street, Manchester, M3 3HF, United Kingdom

4 March 2019

Consolidated income statement

	Note	2018 £'000	2017 £'000
Revenue	6	10,865	9,294
Cost of sales		(537)	(659)
Gross profit		10,328	8,635
Development costs		(2,530)	(2,641)
Sales, general and admin costs		(8,632)	(7,203)
Adjusted EBITDA	2	(834)	(1,209)
Capitalised development costs	12	412	259
Depreciation and amortisation of owned assets	12,13	(317)	(119)
Share option costs	9	(297)	(105)
Demerger, flotation and other non-underlying costs	8	(164)	(911)
Operating loss	7	(1,200)	(2,085)
Net finance income		(5)	(31)
Loss before tax		(1,205)	(2,116)
Tax	10	195	(183)
Loss for the year attributable to owners of the Company		(1,010)	(2,299)
Loss per share (pence)			
Basic and diluted	11	2.09p	4.75p

Consolidated statement of comprehensive income

	2018 £'000	2017 £'000
Loss for the year	(1,010)	(2,299)
Other comprehensive expense		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(41)	92
Income tax relating to items that may be reclassified subsequently to profit or loss		4
Other comprehensive (expense) / income net of tax	(41)	96
Total comprehensive income for the year	(1,051)	(2,203)

Consolidated balance sheet

	Note	2018 £'000	2017 £'000
Non-current assets			
Intangible assets	12	569	302
Property, plant and equipment	13	218	298
Deferred tax asset	16	-	-
		787	600
Current assets			
Trade and other receivables	14	1,606	1,554
Current tax receivable		74	95
Cash and bank balances		2,486	2,814
		4,166	4,463
Total assets		4,953	5,063
Current liabilities			
Trade and other payables	15	(2,067)	(1,694)
Deferred revenue	15	(4,382)	(3,952)
		(6,449)	(5,646)
Non-current liabilities			
Deferred revenue	15	(449)	(409)
Deferred tax liabilities	16	(6)	(205)
		(455)	(614)
Total liabilities		(6,904)	(6,260)
Net assets		(1,951)	(1,197)
Equity			
Share capital	17	73	73
Share premium account	17	2,756	2,756
Demerger reserve	17	(3,085)	(3,085)
Retained earnings		(1,695)	(941)
Equity attributable to shareholders of the parent		(1,951)	(1,197)

The financial statements were approved by the Board on 4 March 2019 and signed on its behalf by:



Daniel Rabie
Chief Executive Officer



Paul Haworth
Chief Financial Officer

Consolidated statement of changes in equity

2018	Share capital £'000	Share premium account £'000	Demerger Reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2018	73	2,756	(3,085)	(941)	(1,197)
Loss for the year	-	-	-	(1,010)	(1,010)
Exchange differences on translation of foreign operations, net of tax	-	-	-	(41)	(41)
Total comprehensive loss attributable to equity holders of the parent	-	-	-	(1,051)	(1,051)
Share based payments	-	-	-	297	297
Total transactions with owners	-	-	-	297	297
At 31 December 2018	73	2,756	(3,085)	(1,695)	(1,951)
2017					
At 1 January 2017	57	-	882	(4,503)	(3,564)
Loss for the year	-	-	-	(2,299)	(2,299)
Exchange differences on translation of foreign operations, net of tax	-	-	-	92	92
Tax recognised in equity	-	-	-	4	4
Total comprehensive loss attributable to equity holders of the parent	-	-	-	(2,203)	(2,203)
Proceeds from issue of shares	16	2,756	-	-	2,772
Share based payments	-	-	-	105	105
Funding from related party	-	-	(3,967)	5,660	1,693
Total transactions with owners	16	2,756	(3,967)	5,765	4,570
At 31 December 2017	73	2,756	(3,085)	(941)	(1,197)

Consolidated cash flow statement

	2018 £'000	2017 £'000
Adjusted EBITDA	(834)	(1,209)
Increase in receivables	140	(448)
Increase in payables	120	701
Increase in deferred revenue	469	329
Cash used in operations	(105)	(627)
Non-underlying costs	(34)	-
Income taxes received / (paid)	17	(21)
Interest received / (paid)	5	(30)
Net cash used in operating activities	(117)	(678)
Purchases of property, plant and equipment	(78)	(172)
Proceeds on disposal of property, plant and equipment	24	-
Purchases of other intangible assets	(35)	-
Net cash used in investing activities	(89)	(172)
Net funding provided prior to demerger	-	664
Proceeds on issue of shares	-	3,000
Net cash used in financing activities	-	3,664
Net (decrease) / increase in cash	(206)	2,814
Cash and bank balances at beginning of year	2,814	-
Effects of foreign exchange rates	(122)	-
Cash and bank balances at end of year	2,486	2,814

Notes to the financial statements

1 General information

GetBusy plc is a public limited company ("Company") and is incorporated in England under the Companies Act 2006. The company's shares are traded on AIM. The Company's registered office is Unit G, South Cambridge Business Park, Cambridge, CB22 3JH. The Company is a holding company for a group of companies ("Group") involved in the development and sale of awesome software helping customers with document management, communication and productivity.

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

2 Alternative performance measures

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

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

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

Adjusted EBITDA. This is calculated as operating profit / loss before certain items, which are listed below along with an explanation as to why they are excluded:

- **Depreciation and amortisation.** These non-cash charges to the income statement are subject to significant judgement. Excluding them from this measure removes the impact of that judgement and provides a measure of profit that is more closely aligned with operating cashflow.
- **Share option costs.** Significant judgement is applied in calculating the fair value of share options and subsequent charge to the income statement, which has no cash impact. The impact of potentially dilutive share options is also taken into account in diluted earnings per share. Therefore, excluding share option costs from Adjusted EBITDA removes the impact of that judgement and provides a measure of profit that is more closely aligned with cashflow.
- **Capitalised development costs.** There is a very broad range of approaches across companies in applying IAS38 Intangible assets in their financial statements. There are also many examples of companies being criticised for using the capitalisation and amortisation of development costs as a method of manipulating profit, due to the substantial management judgement involved in applying the standard. To assist transparency, we exclude the impact of capitalising development costs from Adjusted EBITDA in order that shareholders can more easily determine the

performance of the business before the application of that significant judgement. The impact of development cost capitalisation is recorded after Adjusted EBITDA and before operating profit. The cashflow statement reconciles from Adjusted EBITDA, and so there is no adjustment for development amortisation within operating cashflows and no adjustment for development capitalisation within cashflows from investing activities.

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

Constant currency measures. As a Group that operates in different territories, we also measure our revenue performance before the impact of changes in exchange rates. Note 21 provides a reconciliation of these measures.

3 Accounting policies

The Group wholeheartedly embraces the Financial Reporting Council's aim to cut clutter and improve the quality of reporting by smaller companies. So in these financial statements you'll only see disclosures that are material; if a disclosure isn't made it's because the item to which it relates, in our view, isn't material. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. They're also prepared using the historic cost convention. Material accounting policies, for which additional specific narrative adds to the boilerplate description in the underlying IFRS, are set out below.

Consolidation

In August 2017, the group demerged from Reckon Limited, an Australian software group. The group's reorganisation constituted a common control transaction, which was outside the scope of IFRS 3. IFRS does not contain specific guidance on the preparation of financial statements for this scenario and accordingly in preparing the prior year financial statements, we opted to apply predecessor accounting whereby the net assets were incorporated into the consolidated financial statements at their previous carrying values. There was no goodwill arising on the combination – the differences between the aggregate book values of the subsidiaries and the consideration given for them were been accounted for within a demerger reserve.

In practice, this means that the consolidated financial statements were prepared as if the group had always existed. A list of the subsidiaries included in the consolidated financial statements is listed in note 18.

3 Accounting policies (continued)**Revenue recognition**

The Group generates income from customers in the following ways:

Subscriptions. A customer pays a regular fixed amount (usually monthly or annually) in exchange for a right to access our software and the technical support that we provide.

Licences. A customer pays a one-off amount for the right to use a particular version of our software for as long as they like. A licence doesn't include any future upgrades to the software nor any access to our technical support; these are purchased separately under a Support plan.

Support. Licence customers pay a regular fixed amount (usually annually) to access our technical support and to obtain software updates.

Consulting. To get the most from some of our software products, certain customers prefer us to manage the implementation project, including technical and training aspects. This is usually invoiced at the point of completion – “go-live”. Consulting income can relate to software that is sold on both a subscription and upfront licence basis. Other ad-hoc consulting assignments, for example to assist with the migration of data between systems or training new groups of users, are usually invoiced on completion of the assignment.

Hardware. Some customers ask us to source hardware, such as document scanners, for them. They pay for this equipment after it is delivered.

SmartVault is a pure subscription product with some limited consulting sold alongside, such as onboarding, training etc, although the product can be used “off the shelf”. SmartVault subscription revenue is recognised on a straight-line basis over the contract, with consulting revenue recognised at the point that each individual consulting project is completed.

Virtual Cabinet requires a consulting engagement to implement and setup for individual clients' situations. IFRS 15 requires us to identify separate performance obligations in our contracts with customers and then to determine if those performance obligations are distinct. The activities listed above are our principal promises within contracts for Virtual Cabinet. We have made the critical judgement that, in the following two cases, promises need to be grouped before they form performance obligations because they are not separately identifiable:

- Software licences are invariably sold alongside a support contract for a fixed minimum period (usually three years) and a consulting engagement to manage the implementation project for a customer. In these cases, the licence, the support contract and the consulting engagement need to be grouped into a performance obligation.
- A consulting engagement to implement subscription software is grouped with the related subscription contract into a performance obligation.

Virtual Cabinet revenue is therefore recognised in the following ways:

- **Subscription** revenue is recognised on a straight-line basis over the duration of the contract.
- **Software licence** revenue is recognised on a straight-line basis over the minimum term of the related Support contract (usually 3 years).
- **Support** revenue is recognised on a straight-line basis over the duration of the contract.
- **Consulting** revenue related to a software licence implementation is recognised on a straight-line basis over the duration of the minimum term of the related Support contract (usually 3 years). Consulting revenue related to a subscription software implementation is recognised on a straight-line basis over the minimum term of the related subscription contract. All other consulting revenue is recognised on completion of the consulting engagement.
- **Hardware** revenue is recognised on completion of the related software implementation.

Where additional user licenses or user subscriptions are entered into part way through a license or subscription, revenue is recognised over the remaining duration of the contract.

In most cases, we invoice and receive payment from customers in advance of revenue being recognised in the income statement. Deferred revenue is the difference between amounts invoiced to customers and revenue recognised under the policy described above.

3 Accounting policies (continued)**Development costs**

The accounting standard IAS38 Intangible Assets sets out criteria under which development costs should be capitalised. The key criteria for capitalisation are (1) technical feasibility; (2) intention to complete and then use or sell; (3) commercial viability and (4) ability to measure reliably the expenditure.

We are constantly developing our products, both existing and new. These developments range from minor enhancements and bug fixes, to integrations with new or updated third party software, to major new features and completely new products.

We use agile development techniques. Our development is based on a series of iterative steps each designed to provide value to the customer and which can each be trialled and validated. Unlike traditional waterfall methods, this technique doesn't lend itself to the recording of development costs in a fashion that suits IAS38. Consequently we apply judgement and estimates in determining the proportion of our total development spend that meets the above criteria.

To make these judgements, we examine in detail the development activities over a period of time for each product. We make an estimate of the proportion of that time in which the development tasks that are being carried out meet the IAS38 criteria. We then apply that proportion to the entire development spend for the period to determine the amount to be capitalised.

Capitalised costs are amortised over their useful economic life, which is estimated to be 3 years.

4 Critical accounting judgements and key sources of estimation uncertainty

To apply IFRS and our accounting policies, we have to make judgements, estimates and assumptions about some of the amounts in our financial statements that are not readily apparent from other sources. These judgements and estimates are based on a combination of past experience and current circumstance; the actual results may differ from the estimates we've made.

Below is a list of critical accounting judgements and key sources of estimation uncertainty other than revenue recognition.

Development costs

Based on the methodology described in the accounting policies above, a proportion of development expenditure on existing products has been capitalised. Development expenditure on new products has been expensed as incurred as it is not possible to demonstrate commercial viability and technical feasibility with sufficient certainty until all high risk development issues have been resolved through testing pre-launch versions of the product.

Share option costs

IFRS 2 Share based payment requires the use of statistical models to determine the fair value of share options granted

to employees. The nature of the options we have granted means a Monte Carlo model has been used by a third party firm to estimate the fair value. This model makes use of various assumptions, the most significant of which are listed in note 9.

5 Adoption of new and revised accounting standards

IFRS 16 Leases came into effect for accounting periods starting on or after 1 January 2019. This standard requires that operating leases be brought “on balance sheet” in a manner similar to current finance lease accounting, with the asset and associated liability both being recognised. The asset will be subject to depreciation and lease payments will be apportioned between interest expense and reduction of the lease liability. Our most significant leases are for our office premises, with a total cost of £374k in 2018.

The adoption of other new standards and interpretations will not have a material impact on our financial statements.

6 Revenue and operating segments

Our single operating segment is the development and sale of document management software products across several countries. Our Chief Executive Officer assesses Group performance on that basis.

2018	UK £'000	USA £'000	Aus / NZ £'000	Total £'000
Recurring revenue	4,644	3,226	1,598	9,468
Non-recurring revenue	1,154	83	160	1,397
Revenue from contracts with customers	5,798	3,309	1,758	10,865
Adjusted EBITDA before development and corporate costs	2,509	271	84	2,864
Development costs				(2,530)
Corporate costs				(1,168)
Adjusted EBITDA				(834)
2017	UK £'000	USA £'000	Aus / NZ £'000	Total £'000
Recurring revenue	3,975	2,721	1,264	7,960
Non-recurring revenue	1,118	131	85	1,334
Revenue from contracts with customers	5,093	2,852	1,349	9,294
Adjusted EBITDA before development and corporate costs	2,277	(36)	68	2,309
Development costs				(2,641)
Corporate costs				(877)
Adjusted EBITDA				(1,209)

Recurring revenue is defined as revenue from subscription and support contracts. Non-recurring revenue is defined as revenue from software licences, consulting and add-on revenue such as digital signatures. No customer represented more than 10% of our revenue in either period.

Revenue from contracts with customers includes £3,952k that was recorded within the deferred revenue balance at the beginning of the period. The £470k (11%) increase in deferred revenue during 2018 is due to the increase in trade with customers. The increase is less proportionally than the increase in revenue because much of the increasing shift towards monthly subscriptions, which give rise to only small amounts of deferred revenue.

7 Operating profit

Operating loss is stated after charging / (crediting):

	2018 £'000	2017 £'000
Depreciation of property, plant and equipment	137	139
Amortisation of intangible fixed assets	184	59
Net foreign exchange losses / (gains)	8	(3)
Operating lease rental expense (almost all office rent)	373	307
Fees payable to our auditor for the audit of these annual accounts	44	45
Fees payable to the auditor for other services:		
- Tax services	50	24
- Other services	17	5

At the balance sheet date, our outstanding commitments under non-cancellable operating leases fall due as follows:

	2018 £'000	2017 £'000
Within one year	500	378
Within 1 to 5 years	1,086	696
More than 5 years	60	-
	1,646	1,074

During 2018, GetBusy UK Limited signed an agreement for lease of new office premises. It is expected that these premises will be completed by September 2019 and the lease will then be created. The figures above include £955k related to the future lease.

8 Demerger, flotation and other non-underlying costs

Occasionally, we incur costs that are not representative of the underlying performance of the business. In such instances, those costs may be excluded from Adjusted EBITDA and recorded separately.

In 2017, all of these costs related to the demerger from Reckon Limited and the flotation of the Group on AIM.

In 2018, non-underlying costs were £164k. £136k relates to an onerous contract for data centre costs in the US following the decision to migrate SmartVault to Amazon Web Services. £28k relates to the costs of relocation for the Group's Chief Executive Officer and related advice.

9 Employees and employee costs

The average number of people we employed each year is shown below.

	2018 £'000	2017 £'000
Customer support	17	19
Development	31	35
Delivery and operations	22	19
Sales and marketing	23	19
Administration	16	18
	<u>109</u>	<u>110</u>

Total employee costs are shown below. Share option costs are non-cash costs.

	2018 £'000	2017 £'000
Wages and salaries	6,861	4,294
Social security costs	802	1,465
Other pension costs	213	217
Cash employee costs	<u>7,876</u>	<u>5,976</u>
Share option costs	297	105
Total employee costs	<u>8,173</u>	<u>6,081</u>

During the year, the Company granted options over shares in the Company to certain members of the management team. The vesting conditions for these equity-settled share based payments are described in the Remuneration Report on pages 28 and 28. Details of the share options outstanding during the year are as follows:

	2018 £'000	2017 £'000
Outstanding at the beginning of the period	4,770	-
Granted during the period	1,020	4,770
Exercised during the period	-	-
Forfeited during the period	(116)	-
Outstanding at end of period	<u>5,674</u>	<u>4,770</u>
Exercisable at the end of the period	-	-

The weighted average exercise price of all options is £nil (2017: £nil). All options expire on the tenth anniversary of the date of grant.

The aggregate fair value of the options granted during the year was £181,104 (2017: £846,990). The fair value of the options granted was estimated using a Monte-Carlo model; the key inputs into that model were as follows:

	2018 award	2017 award
Share price	28.3p	28.3p
Exercise price	Nil	Nil
Expected volatility	50%	50%
Weighted average option life	<u>3.5 years</u>	<u>3.5 years</u>

10 Tax

Tax recognised in the income statement	2018 £'000	2017 £'000
Current tax		
Current year	-	-
Adjustment for prior years	-	(110)
Foreign tax	3	14
	<u>3</u>	<u>(96)</u>
Deferred tax		
Origination and reversal of temporary differences	(2)	238
Adjustment for prior years	(196)	56
Effect of tax rate change on opening balances	-	(15)
Tax expense / (income)	<u>(195)</u>	<u>183</u>
Reconciliation of effective tax rate		
Loss before tax	(1,205)	(2,116)
Tax at UK corporation tax rate of 19.00% (2017: 19.25%)	(229)	(407)
Effects of:		
- Overseas tax rates	3	(48)
- Expenses not deductible	58	118
- Deferred tax not recognised	304	485
- Adjustments in respect of prior periods	(196)	(21)
- Losses utilised	(135)	-
- Other adjustments	-	56
	<u>(195)</u>	<u>183</u>

11 Loss per share

The calculation of loss per share is based on the loss for the year of £1,010k (2017: £2,299k). In 2017, there is a material departure from the requirements of IAS 33 in the calculation of earnings per share ("EPS") due to the carve-out basis of preparation described in note 1. To provide a meaningful measure of performance, the directors have assumed that the number of shares and the number of potentially dilutive shares have remained constant throughout the year and the prior year.

Weighted average number of shares calculation	2018 '000	2017 '000
Weighted average number of ordinary shares	48,400	48,400
Effect of potentially dilutive share options in issue	5,434	4,770
Weighted average number of ordinary shares (diluted)	<u>53,834</u>	<u>53,170</u>
Loss per share		
Basic and diluted	<u>(2.09)</u>	<u>(4.75)</u>

As required by IAS33 (Earnings per Share), the impact of potentially dilutive options has been disregarded for the purposes of calculating diluted loss per share as the Group is currently loss making.

12 Intangible assets

	Intellectual property £'000	Development costs £'000	Total £'000
Cost			
At 1 January 2017	109	-	109
Additions	-	311	311
Currency adjustments	(6)	-	(6)
At 31 December 2017	103	311	414
Additions	35	412	447
Currency adjustments	8	-	8
At 31 December 2018	146	723	869
Amortisation			
At 1 January 2017	53	-	53
Charge for the year	7	52	59
At 31 December 2017	60	52	112
Charge for the year	12	172	184
Currency adjustments	4	-	4
At 31 December 2018	76	224	300
Net book value			
At 31 December 2017	43	259	302
At 31 December 2018	70	499	569

Intellectual property comprises domain name, trademarks and patents and are generally amortised over 15 years, which is the protected life of the asset. Development costs are amortised over 3 years.

13 Property, plant and equipment

	Equipment £'000	Vehicles £'000	Building improvements £'000	Total £'000
Cost				
At 1 January 2017	553	173	27	753
Additions	148	-	24	172
Disposals	-	(67)	-	(67)
Currency adjustments	(26)	-	(2)	(28)
At 31 December 2017	675	106	49	830
Additions	78	-	-	78
Disposals	-	(64)	-	(64)
Currency adjustments	27	-	3	30
At 31 December 2018	780	42	52	874
Depreciation				
At 1 January 2017	369	58	9	436
Charge for the year	108	22	9	139
Disposals	-	(31)	-	(31)
Currency adjustments	(11)	-	(1)	(12)
At 31 December 2017	466	49	17	532
Charge for the year	117	7	13	137
Disposals	-	(34)	-	(34)
Currency adjustments	20	-	1	21
At 31 December 2018	603	22	31	656
Net book value				
At 31 December 2017	209	57	32	298
At 31 December 2018	177	20	21	218

Depreciation rates of property, plant and equipment vary from 20% - 33% per year on a reducing balance basis and 3 - 8 years on a straight line basis, depending on the nature of the asset.

14 Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	971	901
Prepayments	343	350
Other receivables	292	303
Trade and other receivables	1,606	1,554

Trade receivables are presented net of allowances for doubtful debts, which are not material. Trade receivables are classified as financial assets and there is no difference between their carrying value and their fair value. Whilst trade receivables represent the most significant credit risk to the Group, there is no significant concentration of risk. Credit risk is limited by our credit checking processes and the fact that our software is often mission-critical for our customers. The ageing of trade receivables that are past due but not impaired is as follows:

	2018 £'000	2017 £'000
Past due 1-30 days	104	222
Past due 31-60 days	120	137
Past due 61+ days	62	336

15 Trade and other payables and deferred revenue

	2018 £'000	2017 £'000
Trade payables	237	277
Accruals	1,398	1,068
Other payables	432	349
Trade and other payables	2,067	1,694

The expected recognition of deferred revenue as revenue in the income statement will be in the following financial years:

	2018 £'000	2017 £'000
Year ending 31 December 2018	-	3,952
Year ending 31 December 2019	4,382	316
Year ending 31 December 2020	333	93
On or after 1 January 2021	116	-
Deferred revenue	4,831	4,361

£4,382k (2017: £3,952k) of deferred revenue is recorded as a current liability. £449k (2017: £409k) is recorded as a non-current liability.

16 Deferred tax

	Intangible assets £'000	Other £'000	Total £'000
Cost			
At 1 January 2017	105	-	105
Recognised in income statement	(310)	4	(306)
Recognised in other comprehensive income	-	(4)	(4)
At 1 January 2018	(205)	-	(205)
Recognised in income statement	205	(6)	199
Recognised in other comprehensive income	-	-	-
At 31 December 2018	-	(6)	(6)

Deferred tax assets of £2,411k (2017: £2,712k) have not been recognised in respect of unrelieved tax losses because of uncertainty over the timing of their recoverability. The tax losses have no expiry date.

17 Share capital and reserves

The Company has one class of ordinary share which carries no right to fixed income. The Company does not have an authorised share capital. At 31 December 2018, 48,399,614 (2017: 48,399,614) shares were in issue and fully paid with a nominal value of £72,599.42 (2017: £72,599.42).

The Share Premium Account is the difference between the amount paid for ordinary shares issued in the Company and the nominal value of those shares less costs of issue.

The Demerger Reserve represents the cumulative quasi-equity funding contributed by the former parent company, Reckon Limited, up to the point of de-merger.

18 Consolidation and subsidiaries

GetBusy plc directly owns 100% of the share capital of the following subsidiaries, which together form the Group and which all develop and sell awesome software helping customers with electronic document management, communication and productivity.

Subsidiary	Country of incorporation	Registered address
GetBusy UK Limited	United Kingdom	Unit G, South Cambridge Business Park, Sawston, Cambridgeshire, CB22 3JH
GetBusy USA Corporation	United States of America	720 N Post Oak Road, Houston, Texas, 77024, United States of America
GetBusy Australia Pty Limited	Australia	Level 5, 79 Commonwealth Street, Surry Hills, NSW 2010, Australia
GetBusy New Zealand Pty Limited	New Zealand	Ground Floor, ITC Building, 9 City Road, Auckland, New Zealand

19 Foreign currencies

The following significant exchange rates were used in preparing these financial statements:

	2018 average rate	2018 balance sheet rate	2017 average rate	2017 balance sheet rate
US Dollar	1.335	1.273	1.288	1.349
Australian Dollar	1.786	1.805	1.680	1.728
New Zealand Dollar	1.928	1.897	1.813	1.899

The Group has limited exposure to transactional currency risk because the individual subsidiaries mainly trade predominantly in their own functional currency. However currency exposure can arise on some intercompany transactions and balances; this is managed where possible by swift settlement of balances. Currency exposure at 31 December 2018 and 31 December 2017 was not material and so no sensitivity analysis is presented.

20 Related party transactions

GetBusy plc is the ultimate controlling party of the Group. Transactions between the Company and its subsidiaries have been eliminated on consolidation.

Key management remuneration, which includes directors and the executive team, was as follows:

	2018 Salary £'000	Pension £'000	Bonus £'000	Total £'000
Directors	443	13	50	506
Other key management personnel	310	22	30	362
Total	753	35	80	868
	2017 Salary £'000	Pension £'000	Bonus £'000	Total £'000
Directors	121	6	14	141
Other key management personnel	270	21	67	358
Total	391	27	81	499

In 2018, share option costs of £191k (2017: £58k) were recorded relating to directors and £74k (2017: £31k) relating to other key management personnel.

Information on the highest paid director can be found in the Remuneration Report on pages 28 and 29.

During the year, the Group purchased £258k (2017: £155k) of services from Reckon Limited, which is a related party by virtue of having common directors. £244k related to recharged payroll and operating costs, mainly related to Group staff to be brought onto Group payroll. £3k related to the purchase of services at arm's length prices. £11k related to commissions for referred sales. £10k was owed to Reckon Limited at 31 December 2018 (2017: £150k).

21 Reconciliation of Alternative Performance Measures—constant currency

A number of our key performance indicators are provided at "constant currency". The percentage change in a KPI is shown assuming the current year exchange rate is used to translate both the current year and prior year figures. The table below reconciles the constant currency figures to those reported.

Performance measure	2018	2017 as originally reported	Constant currency adjustment	2017 at constant exchange rates	Change at reported exchange rates	Change at constant exchange rates
Group recurring revenue	£9,468k	£7,960k	£(169)k	£7,791k	19%	22%
Group total revenue	£10,865k	£9,294k	£(134)k	£9,160k	17%	19%
US recurring revenue	£3,226k	£2,721k	£(92)k	£2,629k	19%	23%
US total revenue	£3,309k	£2,852k	£(102)k	£2,750k	16%	20%
ANZ recurring revenue	£1,598k	£1,264k	£(76)k	£1,188k	26%	35%
ANZ total revenue	£1,758k	£1,349k	£(55)k	£1,294k	30%	36%
Group Annualised Recurring Revenue	£10.3m	£8.8m	£(0.1)m	£8.7m	17%	19%

	Note	2018 £'000	2017 £'000
Fixed asset investments			
Investments in subsidiaries	C4	782	485
		<u>782</u>	<u>485</u>
Current assets			
Trade and other receivables	C5	1,115	1,231
Cash and bank balances		1,210	1,750
		<u>2,325</u>	<u>2,981</u>
Total assets		<u>3,107</u>	<u>3,466</u>
Current liabilities			
Trade and other payables	C6	(446)	(601)
		<u>(446)</u>	<u>(601)</u>
Total liabilities		<u>(446)</u>	<u>(601)</u>
Net assets		<u>2,661</u>	<u>2,865</u>
Equity			
Share capital	C7	73	73
Share premium account	C7	2,756	2,756
Retained earnings		(168)	36
Shareholders' funds		<u>2,661</u>	<u>2,865</u>

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account of the parent company has not been presented. The parent company's loss for the period was £501k (2017: profit of £36k). The accompanying notes form part of the financial statements.

These financial statements were approved by the Board of Directors on 4 March 2019 and were signed on its behalf by:

Daniel Rabie
Chief Executive Officer

Paul Haworth
Chief Financial Officer

Company statement of changes in equity

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
At 21 June 2017	-	-	-	-
Profit for the year	-	-	36	36
Issue of shares, net of issue costs	73	2,756	-	2,829
At 31 December 2017	<u>73</u>	<u>2,756</u>	<u>36</u>	<u>2,865</u>
Profit for the year	-	-	(501)	(501)
Issue of shares, net of issue costs	-	-	-	-
Share based payments	-	-	297	297
At 31 December 2018	<u>73</u>	<u>2,756</u>	<u>(168)</u>	<u>2,661</u>

C1. Company information

GetBusy plc is a public limited company incorporated in England on 21 June 2017. Its principal activity is that of a holding company for a group of software companies. Its registered office is Unit G, South Cambridge Business Park, Cambridge, CB22 3JH.

C2. Basis of preparation

These company financial statements have been prepared in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (“FRS102”) and with the Companies Act 2006. They are presented in Pounds Sterling.

There are no material accounting policies for which additional specific narrative adds to the boilerplate description in FRS102. As with the consolidated financial statements, you'll only see disclosures that are material; if a disclosure isn't made it's because the item to which it relates isn't material.

The Company has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

C3. Critical accounting judgements and key sources of estimation uncertainty

In the application of FRS102, the Directors have made the following significant judgements:

- In assessing the carrying value of investments in subsidiaries, the directors have made a judgement about the long-term cash generating potential of the material subsidiaries. This assessment takes into account the strategy of the business, approved budgets. If future cash generation differs materially from the directors' expectations, there may be an impairment in the carrying value of the investments.
- FRS102 requires the use of statistical models to determine the fair value of share options granted to employees. The nature of the options we have granted means a Monte Carlo model has been used by a third party firm to estimate the fair value. This model makes use of various assumptions, the most significant of which are listed in note 9 to the consolidated financial statements, where a full description of share based payment arrangements is contained.

C4. Investments in subsidiaries

	2018 £'000	2017 £'000
At 1 January 2018 (21 June 2017)	485	-
Additions	-	379
Share-based payments	297	106
	<u>782</u>	<u>485</u>

Investments are initially stated at cost. In accordance with section 26 of FRS102, the cost of investment is increased to reflect the cost of share options awarded to employees of the Company's subsidiaries. A full list of subsidiaries is contained in note 20 of the consolidated financial statements.

Notes to the company financial statements (continued)

C5. Trade and other receivables

	2018 £'000	2017 £'000
Amounts owed by other group companies	1,098	1,188
Prepayments	4	29
Other receivables	13	14
Trade and other receivables	1,115	1,231

C6. Trade and other payables

	2018 £'000	2017 £'000
Trade payables	42	139
Accruals	404	462
Other payables	-	-
Trade and other payables	446	601

C7. Share capital and reserves

The Company has one class of ordinary share which carries no right to fixed income. The Company does not have an authorised share capital. At 31 December 2018 and 31 December 2017, 48,399,614 shares were issued and fully paid with a nominal value of £72,599.42.

The Share Premium Account is the difference between the amount paid for ordinary shares issued in the Company and the nominal value of those shares.

C8. Related party transactions

The Company has taken advantage of the exemption afforded in FRS102 to not disclose transactions with 100% owned subsidiaries. Related party transactions with directors of the Company are set out in note 20 of the Group financial statements. No costs are borne directly by the Company for staff and directors of the Company.