

getech

Accelerating the energy transition

Annual Report and Accounts 2021



TUESDAY



AB56MLCZ

A10

31/05/2022

#133

COMPANIES HOUSE

We are Getech Group plc

A geoenergy and green hydrogen company



At a glance

Getech applies world-leading geoscience data and unique geospatial software to accelerate the energy transition by locating, developing and operating geoenergy and green hydrogen projects.

► [Read more on](#)



Our business model and strategy

Our business model is positioned to maximise the value of our products, technologies, and skills; and to deliver transformational growth in shareholder value.

► [Read more on](#)



Sustainability

In recognition of the commercial and societal importance of sustainability and ESG, Getech's focus is to both help our customers deliver their ESG commitments and to define and live by our own ESG principles.

► [Read more on](#)

Inside this report

Strategic Report

| | |
|----------------------------------|----|
| At a Glance | 02 |
| Why Getech? | 04 |
| Letter from our Chairman and CEO | 06 |
| Highlights of the Year | 08 |
| Business Model and Strategy | 09 |
| Operational Review | 10 |
| Sustainability | 14 |
| Financial Review | 16 |
| Risk Management | 19 |
| Section 172 Statement | 21 |

Governance

| | |
|--------------------------------|----|
| Board of Directors | 22 |
| Corporate Governance Statement | 24 |
| Directors' Report | 28 |

Financial Statements

| | |
|--|----|
| Independent Auditor's Report | 30 |
| Group Statement of Comprehensive Income | 39 |
| Group Statement of Financial Position | 40 |
| Group Statement of Changes in Equity | 41 |
| Group Statement of Cash Flows | 42 |
| Note to the Statement of Cash Flows | 43 |
| Notes to the Consolidated Financial Statements | 44 |
| Company Statement of Financial Position | 76 |
| Company Statement of Changes in Equity | 77 |
| Notes to the Company Financial Statements | 78 |
| Advisors | 84 |

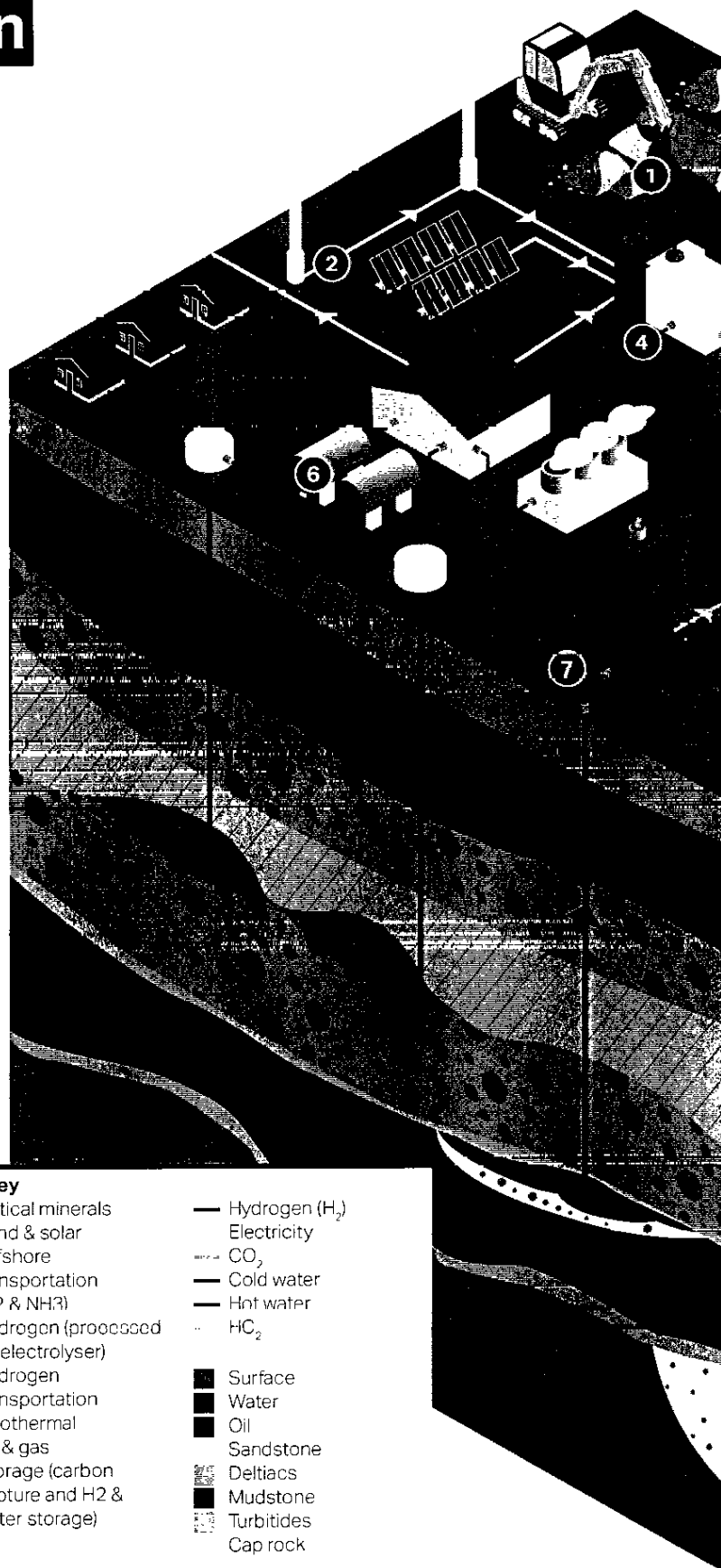
At a Glance

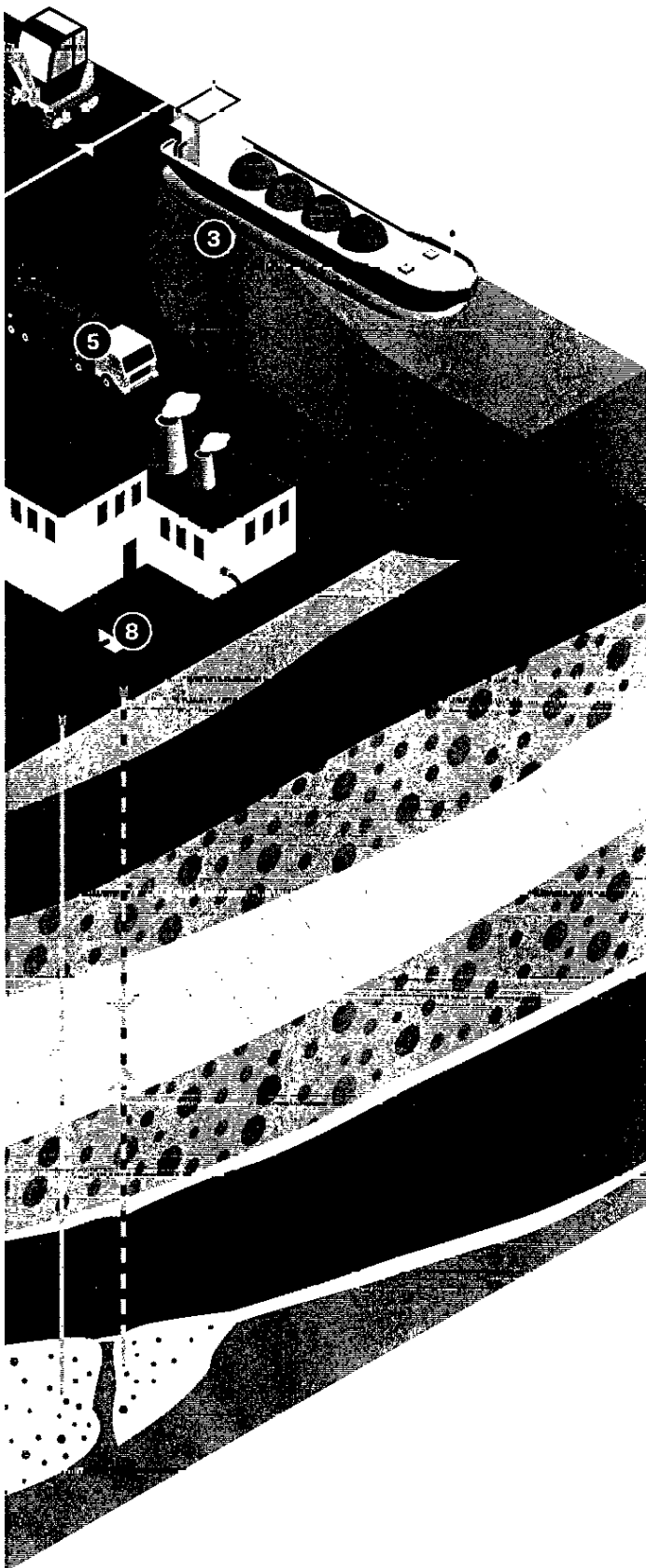
Trusted partner for the energy transition

Getech applies world-leading geoscience data and unique geospatial software to accelerate the energy transition by locating, developing and operating geoenery and green hydrogen projects.

Climate change is an urgent global problem that will be solved by local integrated low carbon solutions. In line with moving to diversified and localised energy, Getech transformed into a **geoenery and green hydrogen company**.

Geoenery unites geoscience and related technologies to improve subsurface energy extraction, energy storage, and critical minerals recovery. Coupled with complementary distributed energy solutions, such as green hydrogen, **geoenery is essential to a secure and sustainable energy transition**.





Getech's focus sectors are:



Developing own network of green hydrogen and ammonia hubs.

► [Read more on](#)



Analysing location and economic concentration of critical minerals.

► [Read more on](#)



Identifying and developing geothermal projects using geoscience and geospatial capabilities.

► [Read more on](#)



Identifying highest value hydrocarbons with lowest carbon footprint and developing integrated CCS solutions.

► [Read more on](#)

Why Getech?

Differentiated investment proposition

Getech's world-class geoscience data, geospatial software and skills uniquely position us as a partner of choice to companies and governments working to accelerate the energy transition whilst also securing our future energy supply.

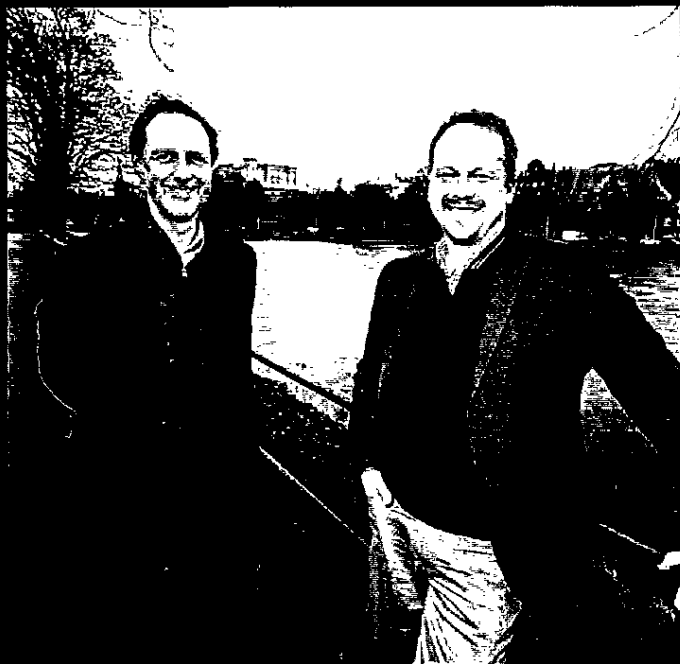
Our products and services enable us to establish revenue-generative relationships with both natural resource asset owners and energy consumers, which Getech can then expand into strategic partnerships with the intention of building our own portfolio of low carbon assets. Our focus is on scalable, repeatable projects that can deliver a meaningful impact.



- Existing products developed into essential tools for enabling the energy transition;
- Trusted partner – successful track record as energy experts working with multinational companies; and
- Strong business performance.



**Our focus is on
scalable repeatable
projects that can
deliver a meaningful
impact.**



- Green hydrogen development projects underway;
- Strategic relationships – provide participation opportunities in decarbonisation projects;
- Repeatable, scalable, transformative; and
- Ambition to establish at least 500MW of new geoenergy and green hydrogen assets by 2030.



- Leadership team with diverse experience;
- Track record in clean technologies, zero-carbon investment, ESG and business scale up; and
- High corporate governance standards.

Letter from our Chairman and CEO



Getech is an established, cash-generative, and diversified growth-focused business that is well-funded to deliver on its strategy.

Getech - a geoenergy and green hydrogen company

FY2021 was a year of strategic advancement and robust delivery for Getech. With a diversification plan focused on green hydrogen, geothermal, critical minerals and *energy/carbon storage*, our shareholders supported us in a £6.25 million capital raise to position Getech at the vanguard of the energy transition.

Through this investment, we are repurposing our world-leading geoscience data and unique geospatial software products, and successfully extending their application to geoenergy sectors beyond petroleum, and green hydrogen. During the year, we have added new content, modules and workflows to our platforms, solutions and software and have grown our customer base in the energy transition sectors. Our mission is now firmly set on delivering an accelerated, secure and sustainable path to decarbonisation through the application of our products, technologies, and skills.

As we strengthen our status as a trusted partner in the energy transition, this in turn enables us to establish new revenue-generative relationships that we can expand into strategic partnerships and build our own portfolio of scalable repeatable low carbon projects. Our locate-develop-operate business model has been designed to maximise the value of our unique offering and to deliver transformational growth in shareholder value.

In FY2021, we purchased H2 Green, a company developing green hydrogen networks of production, storage, and distribution facilities. Since this acquisition, we have secured exclusive development rights on two green hydrogen hubs – at Shoreham Port and in Inverness.

We have also invested in new talent: adding senior executives with significant engineering, economics, project delivery and business development experience; and Board skills in business scale up, ESG and low carbon asset management. We have also enhanced our marketing and communication resources.

Through the recruitment of Max Brouwers - who joined Getech as Chief Business Development Officer, having previously led the Energy Transition at Shell Global Exploration - we have established a physical presence in Europe, which we are growing further in 2022.



Getech's mission is firmly set on supporting the accelerated delivery of a secure and sustainable path to decarbonisation, through the application of our world-leading geoscience data and geospatial software products.

The tangible progress we are making in the decarbonisation of commercial transport places us firmly on the hydrogen map. This is widening our engagement to include larger volume off-takers – such as industrial players seeking clean hydrogen to decarbonise their operations and organisations outside of the UK looking to import green hydrogen. In the coming months, we will progress these discussions as we work to expand our hydrogen portfolio.

We are also evaluating asset participation opportunities in geothermal energy and energy co-location projects in the critical minerals sector. As further projects are secured, we will continue to report on our progress towards the 500MW ambition.

On behalf of the Board, we would like to thank our shareholders for their support and our employees for their continued commitment during this exciting and transformative period for the Group.

Being at the heart of the high-growth geoenergy and green hydrogen sectors, we have moved into 2022 with confidence and believe we are ideally positioned to deliver substantial growth and value to our shareholders in the coming years.

Richard Bennett **Jonathan Copus**
Chairman CEO

Our progress during the year and into 2022 is notable, as evidenced by growth in revenue, an expanding order book, and new asset agreements. We anticipate further upward momentum as the pace to net zero accelerates.

Business environment

The need to substantially increase energy investment on a global scale has never been clearer or more urgent. Governments across the world are responding with new strategy statements, to deliver affordable, secure, and sustainable low carbon energy. War in Ukraine has heightened this, and in 2022 energy investment could total as much as 13% of global GDP – the highest level on record.

This action is underlain by governments' broader commitments to address climate change. The EU has pledged to be climate-neutral by 2050, with each member state required to develop a national long-term strategy on how they plan to achieve this.

Similar trends can be mapped around the world, with decision-makers defining the budgets, incentives and regulatory structures that are needed to enable the required investments to proceed within the aspired timetables to deliver on their energy security and decarbonisation goals. The energy transition presents governments, regional authorities, cities, and companies with a complex web of decision making, which Getech can help unlock using its data, knowledge and analytics.

There is a growing momentum behind the view that low-carbon hydrogen will play a significant role in the decarbonisation of the energy system, and as a result, global projections for growth in hydrogen capacity have been revised upwards in each of the last three years.

This momentum is backed by governments' policies, incentives and funding support. REPowerEU has quadrupled the EU's green hydrogen supply target to 75GW by 2030 – half of which will be supplied by imported hydrogen. The EU Commission has also pledged to fast-track market reforms to promote development of hydrogen projects and infrastructure such as storage.

In the UK, the government has announced various funding programmes and incentives for low-carbon hydrogen, including the £240 million Net Zero Hydrogen Fund, a £26 million Industrial Hydrogen Accelerator innovation programme, and the launch of the world's first national subsidy for clean hydrogen production. This is aimed at advancing the UK government's ambition to have up to 2GW of low-carbon hydrogen production capacity by 2025 and up to 10GW installed by 2030 – *at least half of which is to be from green hydrogen.*

By using our geospatial and economic analytics to identify optimal sites, Getech is ideally positioned to accelerate the adoption of green hydrogen, both in UK and internationally.

Our ambition is to establish at least 500MW of new geoenergy and green hydrogen assets by 2030.

Moving from pledge to action on our sustainability objectives

In 2021, Getech joined the United Nations' Race to Zero campaign, pledging to become carbon neutral by 2030. To support the delivery of this, we established an ESG committee and appointed an ESG expert to our Non-Executive Directors' team.

As we build an ESG-centric business, we are establishing metrics and KPIs that set a clear and auditable roadmap to assess Getech's 2030 net zero delivery. We look forward to implementing this enhanced sustainability framework during FY2022 and reporting on progress in the next Annual Report.

Outlook

Getech is an established, cash-generative, and diversified growth-focused business, and with a strong balance sheet, we are well positioned to deliver on our strategy. In 2022, we plan to continue growing our share of the global energy transition market.

In our foundation products and services business, this means expanding the low carbon application of our geoscience data and geospatial software products, through new content, new geoenergy capabilities and delivering innovations around other key energy transition themes such as CCS.

In asset development, we are progressing our projects in Shoreham Port and across the Scottish Highlands. Together these projects represent c. 50MW of full capacity – equivalent to 10% of our 500MW ambition.

Highlights of the Year

A transformational year, investing for future growth

Financial Highlights

REVENUE +20%

£4.3M

2021 £4.3m

2020 £3.6m

ANNUALISED RECURRING REVENUE¹ stable

£2.1M

2021 £2.1m

2020 £2.1m

LOSS FOR THE YEAR² (adjusted for exceptional items)

£1.6M

2021 £1.0m

2020 £1.5m

NET CASH³ +00%

£5.1M

2021 £5.1m

2020 £1.4m

ORDER BOOK +25%

£3.3M

2021 £3.3m

2020 £2.7m

EQUITY FUNDED COST BASE +20%

£6.5M

2021 £6.5m

2020 £5.2m

REPORTED LOSS FOR THE YEAR

£1.9M

2021 £1.9m

2020 £1.6m

1 Annualised Recurring Revenue is the annualised value of Getech's recurring contracts, typically this is Globe contracts, Software and Product subscriptions, and recurring support services

2 Adjusted for exceptional items, see note 4 for more details.

3 Net cash is the balance of cash and cash equivalents after deducting borrowings

Key corporate and operational highlights

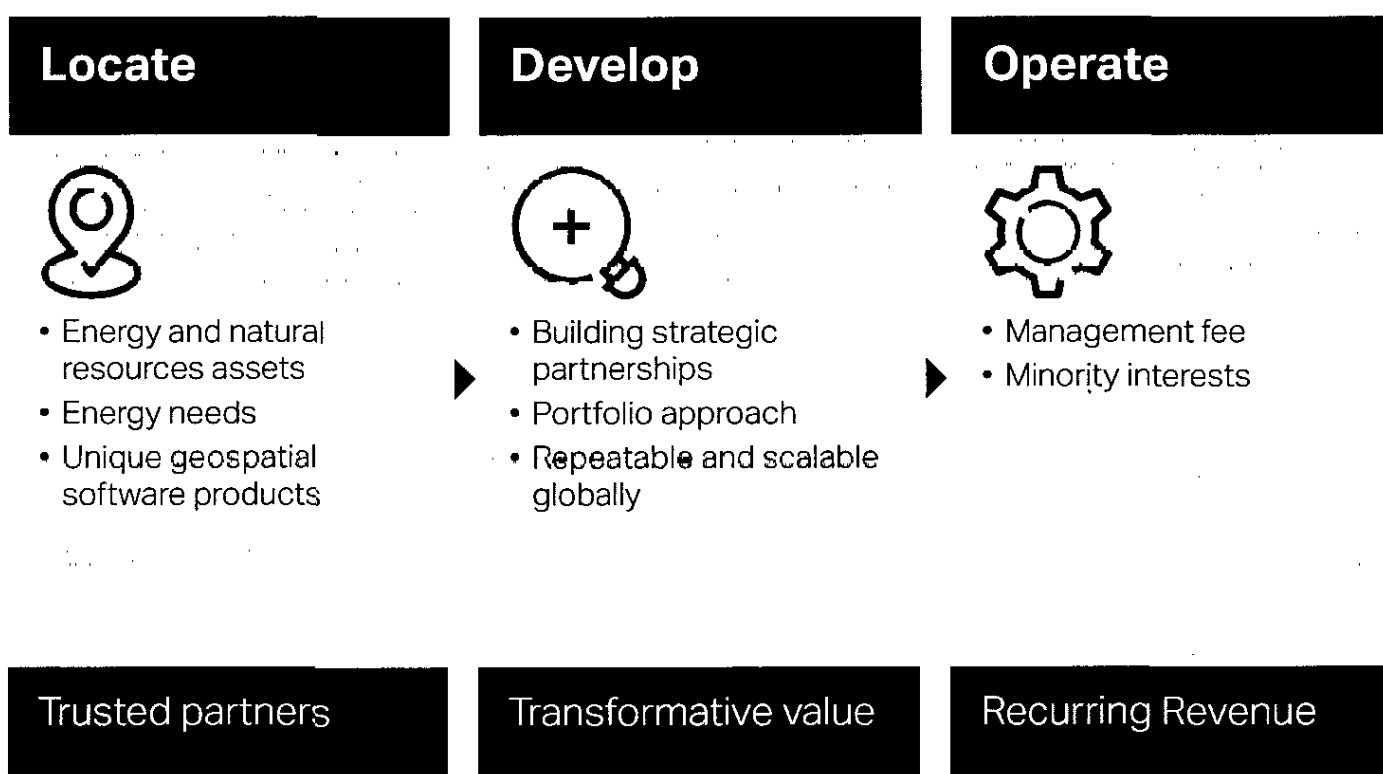
- Repositioned strategy with new 'locate-develop-operate' business model designed to accelerate a secure and sustainable path to decarbonisation;
- Expanded the application of geoscience data and software products into essential tools enabling the energy transition and enhancing security of energy supply;
- Acquired a green hydrogen developer, and secured the first two development projects;
- Developed key strategic partnerships with Shoreham Port, SGN Commercial Services (SGN), Eversholt Rail and the Highland Council; and
- Continued to invest in new talent and skills.

Business Model and Strategy

Locate, Develop, Operate

Building a business for the future

Our business model is positioned to maximise the value of our products, technologies, and skills; and to deliver transformational growth in shareholder value.



Strong outlook

- Focused on accelerating the global energy transition and ensuring a secure supply of energy; all whilst delivering transformative shareholder value through:
 - expanding our robust pipeline of products and services for the energy transition;
 - ambition to establish at least 500MW of new geoenery and green hydrogen assets by 2030 by:
 - replicating and scaling up our green hydrogen asset development model, both in UK and internationally;
 - building strategic partnerships to secure and develop geothermal energy projects; and
 - pursuing energy co-location opportunities within the critical minerals sector.

Operational Review



During the year, we began a programme of investment to reshape our unique products into essential tools for the energy transition.

During 2021, our operational activities have been focused on accelerating the energy transition by locating, developing and operating geoenery and green hydrogen projects.

To achieve this, we began a programme of investment to reshape our unique petroleum products into essential tools for the energy transition, expanding their application to high-growth geoenery sectors beyond petroleum – targeting geothermal, critical minerals, hydrogen and carbon storage. We have broadened our operations through a 'locate, develop, operate' business model, which has enabled us to strengthen our market share in the energy transition as demonstrated by growth in revenue, expansion of the order book and securing of new asset agreements.

In 2021, sales of geophysical data and services to both deep and shallow geothermal operators, as well as new contract wins with leading mining companies, demonstrated the versatility and applicability of our products and solutions to locating and de-risking a diverse range of geoenery resources across a global spread of geographies.

In turn, this helped with building strategic relationships, through which we can evaluate unique participation opportunities in decarbonisation projects. In the year, this led to our first low carbon development investment – the acquisition of H2 Green, a green hydrogen network developer.

With a number of new senior executive appointments completed in the UK, Europe and the US, we have strengthened Getech's geographical presence and extended our talent in engineering, economics, project delivery and business development to ensure success.

Locate

Transitioning with our clients

We apply our world-leading geoscience data and unique geospatial software to help locate, de-risk and optimise geoenery and green hydrogen projects to deliver an accelerated energy transition.

Our product model is built on Getech's world-leading global geoscience data – the value of which we have enhanced through the development of intuitive geospatial delivery platforms and analytic software. The products are shaped around our customers' most pressing commercial needs, and new content and functionality is delivered through robust project management.



We deliver and manage energy and natural resources projects through the following proprietary platforms, software products and solutions:

Our platforms – Globe and Maptium:

Globe is Getech's flagship earth modelling platform. It provides customers with a powerful analytic application through which they can access valuable global geoscience data and knowledge.

Demand and sales for Globe are growing amongst customers in the critical minerals, geothermal and Carbon Capture and Storage (CCS) sectors. These customers use Globe to help them understand the physical conditions and processes that control subsurface energy extraction, energy and carbon storage, and critical minerals recovery. This resulted in significant new contract wins during 2021.

Globe's 2021 release was delivered on time and to cost, and further work on expanding the product's content and functionality is currently underway. Globe's 2022 release is scheduled for July 2022, and this will mark another a key stepping-stone in ensuring the platform remains in step with the changing landscape of the energy transition.

Maptium™ is a new Getech platform that leverages cutting-edge geospatial technology to provide cost-effective modular access to essential targeted data, workflows and analytics that previously were only available through our global petroleum solutions.

Via a secure web-based gateway, users of Maptium can better visualise and analyse energy and mineral resources information, which maximises their understanding and the value of their projects and operations.

The platform's first modules were released in 2021. These modules target data access and critical minerals workflows – with specific applications to sedimentary copper exploration, a metal that is key to almost every aspect of the energy transition. Maptium's content is now being expanded to enhance exploration for new critical minerals, and applications to the geothermal sector and carbon capture and storage.

Our products and services enable us to establish relationships which we can then expand into strategic alliances to build our own portfolio of low carbon assets.



Our software:

Getech's geospatial software empowers customers' to streamline common workflows across a variety of geoenergy projects – improving customers' decision making while increasing project efficiency and understanding of technical risk. The three software products are:

Exploration Analyst is a favourability mapping tool that helps companies quantitatively rank information essential to day-to-day business decisions. Applications include resource prospectivity assessment, license evaluation, and company/peer benchmarking. In 2021, we incorporated Exploration Analyst's analytics into our critical minerals, geothermal and carbon storage activities. This demonstrates the product's versatility across the energy transition, which has widened Exploration Analyst's target markets and user base.

Unconventionals Analyst is a production operations optimisation tool used in unconventional resource projects, including shale gas and shale oil. Customers use the product to reduce capital spending by delivering more efficient well inventory planning and reserve evaluation.

Data Assistant enables easy data transfer between Esri's market-leading geographic information system technology and commonly used subsurface interpretation systems used in geoenergy operations, including CCS, petroleum and geothermal. It helps users to eliminate human error from data integration workflows, and enhances operational data integration and analysis.

Solution delivery – leveraging our capabilities into the energy transition:

In 2021, we released **Heat Seeker™**, which unifies our data, platforms, software and analytics to provide a proprietary geothermal project location solution. Heat Seeker's value lies in our ability to identify potential geothermal resource sites that are within commercial reach of readily available customer markets for heat or power.

Heat Seeker™ achieves this by integrating advanced geospatial analysis and machine learning with geophysical, geological, commercial and social data, to create favourability maps of geothermal suitability.

By helping users rapidly identify and evaluate development locations, this saves them operational time/costs, increases profit margins and reduces pay-back times for geothermal projects.

Operational Review cont.

Develop and Operate

Our products and services enable us to establish revenue-generative relationships with both natural resource asset owners and energy consumers, which we can then expand into strategic alliances to build our own portfolio of low carbon assets.

Green Hydrogen

During 2021, we completed our first direct asset investment - purchasing H2 Green, a company working to develop green hydrogen networks of production, storage, and distribution facilities to decarbonise commercial transport.

Since the acquisition, we have strengthened and advanced H2 Green's activities by leveraging Getech's core geospatial analytical capabilities, and building streams of excellence in facility design, project management, economic modelling, and business development. Drawing on our collective experience in developing energy assets, we have deployed a rigorous project maturation process to identify the optimum investment opportunities with maximum capital efficiency and impact.

These steps resulted in us signing milestone strategic alliances with several industry and government partners - including SGN, Eversholt Rail, Shoreham Port and the Highland Council - and securing exclusivity across a wide portfolio of hub locations. We now hold a compelling position in the emergent green hydrogen project pipeline.

Regional green hydrogen network in the Highlands

Under the agreement with the Highland Council, we are working to establish a world-class regional green hydrogen network in the Scottish Highlands. At the core of this network is a hydrogen hub with SGN in Inverness, the capital of the Scottish Highlands.

The Inverness site will supply green hydrogen to large-volume commercial transport customers, such as trains, buses, trucks and heavy goods vehicles. In line with these goals, we secured agreements with Eversholt Rail to facilitate the wide-scale deployment of their hydrogen-powered trains on the Far North and West Highland Lines of Scotland.

Our activities, combined with the Highland Council decarbonisation initiatives, are set to establish the Scottish Highlands as a leading UK centre for decarbonisation and innovation - supporting job creation, energy security and providing a sustainable path for the region's net zero transition.



Groundworks began at the Inverness site in April 2022, with our strategic partner SGN undertaking demolition of the former gas holder, expected to be completed during H2 2022.

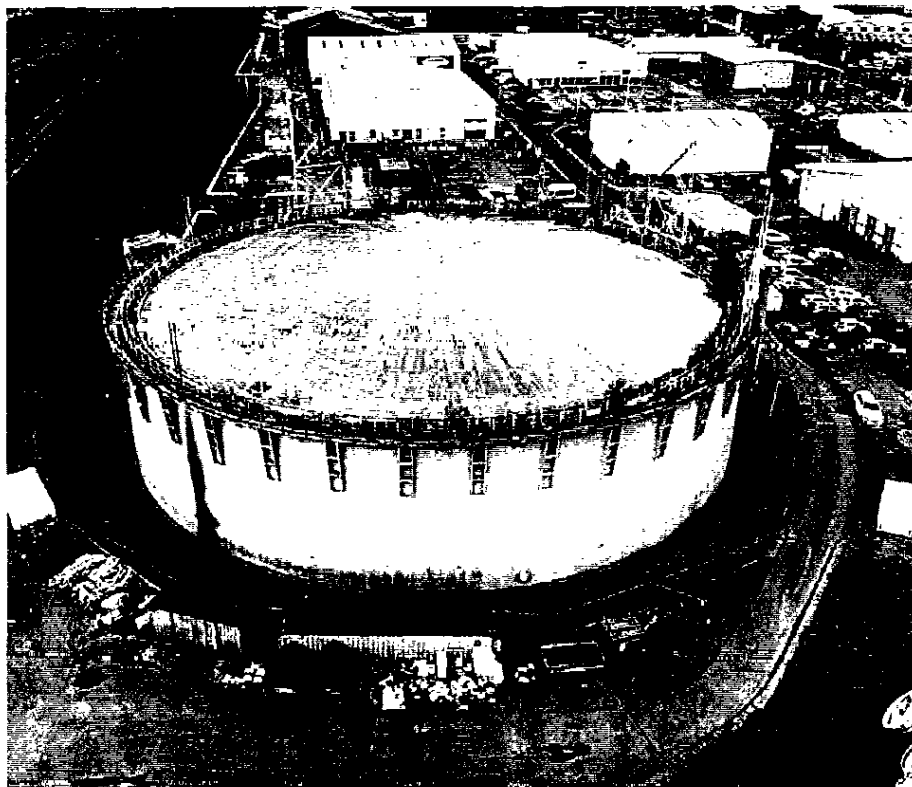
Concurrently, we have continued to progress with finalising the Joint Venture Agreement with the Highland Council, ahead of the commencement of Front-End Engineering Design (FEED) for the Inverness hub later in 2022. During 2023-2024, we expect to apply for planning and regulatory approvals, make final investment decision (FID), procure the equipment, and commence construction and installation of the production facilities. The first hydrogen production at the Inverness hub is currently anticipated in H1 2025.

Shoreham Port - Green Energy Hub

At the other end of the country, we have entered the port and maritime energy sector – securing exclusive development rights for hydrogen, renewable energy, and ammonia importation at Shoreham Port in West Sussex to create a Green Energy Hub.

We have been working with our strategic partner Shoreham Port on the phase 1 development plan for on-site hydrogen production, solar roof development and installation of six onshore wind turbines, and we expect to complete this by the end of June 2022. The phase 1 development is projected to supply green hydrogen to a significant proportion of over 800 heavy goods vehicles and over 50 forklift trucks that operate within the port daily.

In parallel, we have been working towards a final commercial structure with Shoreham Port with the intention of completing it in H2 2022, followed by the commencement of FEED and application for planning and regulatory approvals later in the year. During 2023-2024, we expect to make FID, procure the equipment, and commence construction and installation of the hydrogen production facilities and rooftop solar. The first hydrogen production, together with installation of onshore wind is currently anticipated in H1 2025.



We continue to identify further opportunities in the green hydrogen space including early production systems. Each opportunity is assessed for economic potential, so the optimum assets can be selected to progress to development. The resulting asset funnel passes through a rigorous project maturation process to quantify the highest value green hydrogen asset opportunities for our investment.

Geothermal

Combining subsurface understanding with an in-depth overview of above-ground commercial and operational factors allows us to identify the most prospective geothermal opportunities.

Since the launch of Heat Seeker, we have been successful in engaging with governments and private companies and have built a portfolio of business opportunities around the world comprised of services and equity entry. We are currently involved in geothermal projects for clients across numerous continents, ranging from shallow ground source heat pumps to closed-loop systems in hot-dry rocks.

Operational focus for FY2022

In 2022, we look forward to advancing our work and alliances across each of our focus sectors by:

- Expanding product offering for the energy transition:
 - releasing new modules on Maptium;
 - adding new geoenery capabilities to Globe;
 - increasing adoption of Heat Seeker; and
 - delivering innovations around other key energy transition themes such as CCS.
- Replicating, scaling up and diversifying our green hydrogen portfolio, both in the UK and internationally;
- Building strategic partnerships to secure and develop geothermal energy projects; and
- Pursuing energy co-location opportunities within the critical minerals sector.

Chris Jepps
Chief Operating Office

Sustainability

Focused on building an ESG-centric business

In recognition of the commercial and societal importance of sustainability and ESG, Getech's focus is to both help our customers deliver their ESG commitments and to define and live by our own ESG principles.

These principles are key to promoting value and resilience for Getech. Our goal is to grow responsibly – delivering a company that cares about our people, communities, customers, and the environment.

Getech's support to create a cleaner, greener and sustainable future

The world requires a secure and sustainable path to decarbonisation to create a cleaner and greener future. In 2021, Getech joined the United Nations' Race to Zero campaign pledging to become carbon neutral by 2030. In line with this commitment, we have a number of initiatives to reduce scope 1 and 2 emissions:

- **Reducing transportation footprint.** We offer electric car and cycle to work schemes for employees, which provide a tax efficient path for staff to reduce their carbon footprint. We also encourage use of videoconferencing in place of travel, where practical.
- **Reducing energy consumption.** Low energy LED lighting is used in our workspace, and waste is recycled.
- **Reducing emissions and carbon footprint.** We switched to renewable electricity and green gas suppliers.
- **Developing our own portfolio of net zero assets.** During the year, we made targeted direct investments in carbon neutral energy projects to accelerate decarbonisation of our own operations.

We also support customers in reducing their emissions by applying our data, technologies and skills to:

- Optimise existing, and deliver new energy assets in the transitioning primary energy sector;
- Expand the range of low carbon energy sources: to produce heat and power through geothermal energy; to decarbonise transport and heat through the development of green hydrogen hubs;
- Future proof energy systems through subsurface energy and carbon storage; and locate new deposits of metals critical to the energy transition; and
- Innovate technologies and reshape our unique foundation products for the energy transition.

Moving from pledge to action – FY2022 objectives

During 2021, Getech established an ESG Committee. The committee is chaired by Emma Parker, who was appointed to the Board as Non-Executive Independent Director during the year. Emma brings more than 18 years' experience as an ESG and mining operations specialist, with a focus on leading innovative approaches to sustainability-led value creation, responsible sourcing, and ethical value chains.

The purpose of the ESG Committee is to assist the Board of Directors in ensuring the business delivers on the commitments and responsibilities related to material ESG matters relevant to the activities of the Group. This may include climate change impacts, emissions, environmental and supply chain sustainability, human rights and diversity and inclusion objectives.

During FY2022, we plan to reshape our business to be ESG-centric through the following actions:

- Establishing a unified view of ESG;
- Development and continuous appraisal of ESG strategy;
- Establishing ESG metrics and KPIs;
- Overseeing ESG; and
- Defining a clear and auditable roadmap to deliver on Getech's 2030 net zero commitment.

Getech aims to provide a caring, thriving and diverse work environment for its staff



Getech provides support for health, safety and wellbeing to its people and a thriving work environment through:

- Employee Assistance Programmes to help staff deal with personal and professional problems that could be affecting their life;
- Comprehensive private medical insurance and an extensive medical cash plan;
- 24/7 bereavement support; and
- Discounts on gym memberships.

We also support a range of extracurricular activities including a workplace cricket league and a sports and social club, which provide team building opportunities for all staff.



Equality, inclusion and diversity is vital to Getech to create a safe and inclusive workplace. The Group's Equality, Inclusion and Diversity Policy sets out the expectations of all employees and Board to create this environment. We actively support diversity and inclusion and ensure that all employees are valued with dignity and respect.

The employment practices and procedures as part of quality management system demonstrate fairness and transparency in all areas of the employment lifecycle, including recruitment. Internal equal pay audits are conducted where possible across teams and skill sets.

We encourage openness and engagement and provide staff with a fair voice through various face to face and digital channels such as the intranet, regular meetings, workshops and performance appraisals. Keeping staff motivated and properly remunerated is key to the success of Getech's business.



The Company encourages and supports the career development of our staff. We do this through training, to enhance the delivery of day-to-day employment, as well as to prepare for new roles and activities. Performance appraisals are conducted annually and a Personal Development Plan is generated for each member of staff, which includes objectives for additional training, and career development.



Getech has a Charity Committee and participates in various fundraising events throughout the year - in support of the wider community. During 2021, financial support was provided to Freedom4Girls, a charity fighting against period poverty. The fundraiser helped to provide safe period products and menstrual health education to thousands of women and girls across Leeds, Kenya and Uganda – enabling them to attend school and work without the stigma and gender inequalities associated with period poverty. Getech also provided support to Save the Children and Red Nose Day.

In light of the current conflict in Ukraine, which has had devastating life-changing consequences for civilians, we provided financial assistance to the Disasters Emergency Committee's Ukraine humanitarian appeal. The aim of the appeal is to provide food, water, shelter, healthcare and protection to families affected by the conflict.

Since 2016, our staff have also volunteered for MapAction – providing assistance with mapping, data and training. The charity is currently involved with supporting humanitarian efforts in relation to the Ukraine conflict, providing life-saving geospatial data, visualisation, and mapping. We are seeking ways to increase our role in supporting MapAction charity, including donations and training.

Financial Review



Our robust revenue generation and strong balance sheet provide a solid platform to deliver on our set plans and future growth and expansion.

A transformational year, with positive growth

Getech is focused on growing and diversifying its product and service offering to both foundation petroleum customers, and new customer markets in the low carbon economy - where we target the geothermal energy, green hydrogen, storage, and critical minerals sectors.

Supporting the delivery of this diversification and growth programme, Getech raised £6.25 million of equity finance in April 2021, which is being used to build new products and content. Getech has also invested in sales, marketing and business development capabilities.

Following success from these steps, and progress from our programme of investment, the Board is pleased to report positive revenue growth by 20% to £4.3 million, together with 25% growth in the order book to £3.3 million. 46 new customers were added during the year, taking the total to 94 - this includes customers across geothermal, critical minerals, carbon capture and storage and energy sectors.

The Group's robust revenue generation and our strong balance sheet, with net cash of £5.1 million, provide a solid platform to deliver on our set plans and future growth and expansion.

Operating results

Revenue

2021 revenue totalled £4.3 million, an increase of 20% from £3.6 million in 2020. This growth was largely driven by increased product sales, which in 2021 accounted for 82% of the revenue mix.

Toward the end of 2021, we also saw a significant increase in services sales activity and multi-year product licence renewals. Whilst this had little impact on 2021 revenue, it drove a 25% expansion in our sales order book - from £2.7 million at the end of 2020 to £3.3 million by 31 December 2021. We expect a significant proportion of this order book to unwind to revenue during 2022.

In the period, we continued to work closely with our customers through a broad programme of engagement, and this was rewarded by a high renewal rate on our subscription revenues. Annualised recurring revenue totalled £2.1 million at 31 December 2021 (31 December 2020: £2.1 million).

| Table 1 – Financial Summary | Reported (audited) £'000 | 2021 Adjusted ⁽¹⁾ (unaudited) £'000 | Reported (audited) £'000 | 2021 Adjusted (unaudited) £'000 |
|--|--------------------------------|---|--------------------------------|--|
| Revenue | 4,280 | 4,280 | 3,563 | 3,563 |
| Cost base (see table 2) | 6,455 | 6,455 | 5,154 | 5,154 |
| Gross margin | 46% | 46% | 53% | 53% |
| Loss after tax | (1,949) | (1,649) | (1,644) | (1,529) |
| Earnings per share | (3.27p) | (2.77p) | (4.38p) | (4.07p) |
| Net cash outflow from operating activities | (799) | (799) | (185) | (185) |
| Development costs | (845) | (845) | (902) | (902) |
| Net (decrease)/increase in cash | 3,665 | 3,665 | (1,311) | (1,311) |
| Cash and cash equivalents | 5,864 | | 2,192 | |
| Net cash | 5,095 | | 1,357 | |
| Order book | 3,333 | | 2,665 | |
| Annualised recurring revenue | 2,094 | | 2,082 | |

1 Exceptional items

During the year, Getech incurred a one-off amortisation charge related to the acquisition of H2 Green Limited. In 2020, Getech incurred costs in relation to restructuring the business.

These exceptional items totalled £300,000 (2020: £115,000) and are detailed in note 4.

| Table 2 – Cost base reconciliation | % Variation | 2021 £'000 | 2020 £'000 |
|---|-------------|---------------|---------------|
| Cost of sales | | 2,315 | 1,681 |
| Development costs capitalised | | 847 | 902 |
| Administrative costs (excluding exceptional items) | | 4,733 | 3,551 |
| Payment of lease liabilities ² | | – | 136 |
| Depreciation and amortisation charges (excluding exceptional items) | | (1,225) | (1,174) |
| Movement in provisions | | (88) | – |
| RDEC adjustments ² | | (127) | 52 |
| Exchange adjustments | | – | 6 |
| Cost base, excluding exceptional items | 25% | 6,455 | 5,154 |

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

² Lease liabilities have been excluded from the 2021 cost base reconciliation due to the London office now being sub-let. RDEC adjustments have been excluded from the cost base to help give a better like for like comparison of in-year costs.

Gross margin

In 2021, Getech embarked upon multiple diversification projects and rapidly expanded our hydrogen technical team through the acquisition of H2 Green. As a result, cost of sales increased by 37% from £1.7 million in 2020 to £2.3 million in 2021. This reduced Group gross profit margins from 53% in 2020, to 46% in 2021.

Administrative costs

Administrative expenses include £1.5 million (2020: £1.2 million) of depreciation and amortisation charges. Excluding these charges and exceptional items, administrative expenses totalled £3.5 million, (2020: £2.4 million). The additional expenditure reflects progress across a broad front of equity-funded growth investment. We have absorbed additional expenditure relating to the acquisition of H2 Green – the costs of which in 2021 we fully expensed, as well as expanding our Business Development team, and strengthening our marketing capabilities. In H2 2021, staff returned to full pay, having previously agreed to salary reductions in May 2020 as part of our Covid cost saving measures implemented at that time.

Through this period of investment, Getech has also kept focus on prudent capital management; in February 2021 Getech sub-let the London office and has made rates savings on the Leeds office throughout the year.

Cost base analysis

Getech's cost base has increased to £6.5 million from £5.2 million, this includes research and development costs totalling £1.6 million (2020: £0.5 million). The table left reconciles our cost base to the financial statements (see table 2).

Income tax

To help our customers understand and resolve their geenergy and green hydrogen exploration and operational challenges requires Getech to undertake pioneering research and development. Against the cost of this work, we obtained corporation tax relief, and subsequently realised a tax credit relating to the 2021 tax year of £873,000 (2020: £241,000 credit).

Getech reported an adjusted loss after tax of £1.6 million (2020: £1.5 million loss).

Financial Review cont.

Operating cash flows

Due to Getech's investment in its diversification strategy, and the acquisition of H2 Green, before working capital adjustments Getech's cash outflow from operations increased to £0.8 million (2020: £0.2 million outflow).

Financing

In April 2020, to protect the Group from the uncertainties arising from Covid and a low oil price, Getech took a 12-month capital repayment holiday on the loan secured against Kitson House. Getech recommenced capital repayments in April 2021. Repayments against this loan facility amounted to £66,000 (2020: £20,000).

Payment of lease liabilities totalled £199,000 (2020: £136,000) and relate to the London and Houston office leases. In February 2021, Getech sub-leased the London office as part of the continued capital efficiency measures, rental payments received are included in other operating income.

In April 2021, Getech successfully completed an equity raise, with net proceeds, totalling £5.7 million.

Business combinations

In March, Getech purchased 100% of the ordinary share capital of H2 Green, a company developing green hydrogen networks of production, storage, and distribution facilities. This acquisition has been accounted for as a business combination in the 2021 financial year, this includes a £335,000 addition to Goodwill.

Liquidity and Going Concern

At the end of 2021, Getech held £5.9 million in cash and cash equivalents (2020: £2.2 million). Net of debt, Getech's cash balance was £5.1 million (2020: £1.4 million).

Getech's business activities and the factors likely to affect our future development, performance and position are set out in the Chairman's and Chief Executive's Review. The financial position of the Group, our cash flows and liquidity position are described in the financial statements. In addition, notes 22, 24 and 26 include details of Getech's key financial risks and the Group's policies and procedures for capital management.

In making the going concern assessment, the Board of Directors has considered Group budgets and detailed cash flow forecasts to 30 June 2023. The Board has considered the sensitivity of these forecasts with regards to different assumptions about future income and costs (see note 1.4 for more detail).

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

Andrew Darbyshire
Chief Financial Officer



Risk Management

Rigorous process to ensure risks are monitored and mitigated

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

How we manage risk

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

Key risk areas

Strategic risk

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

Operational risk

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

Financial risk

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

Risk management framework

The Board

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

The Audit Committee

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

Senior management and risk owners

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

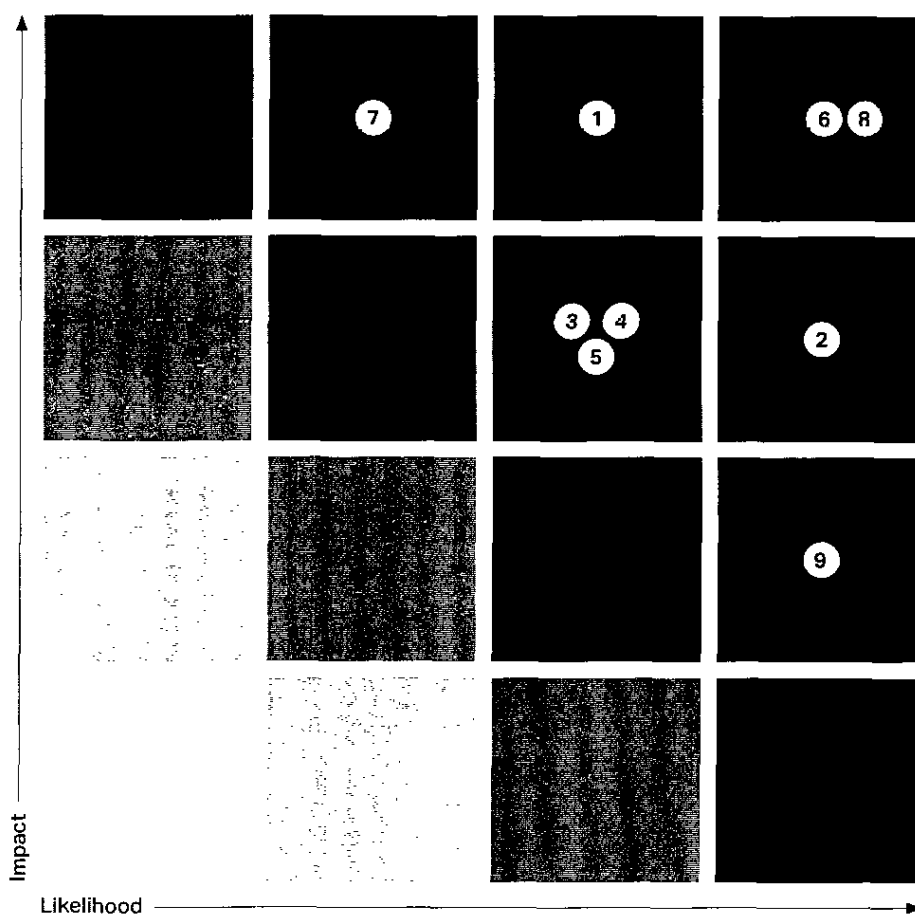
Risk management process

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

Risk matrix

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

The key risks are summarised on the risk matrix below:



Strategic

1. Energy transition and climate change
2. Oil price
3. Hydrogen market development

4. Electricity price
5. Stakeholder engagement

Operational

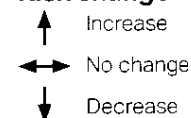
6. People
7. Data security

Financial

8. Visibility of revenues
9. Liquidity and cash flow risk

Risk Management cont.

Risk change key



| Risk | Owner | Mitigation | Change |
|--|------------|--|--------|
| Strategic | | | |
| 1. Energy transition and climate change With society increasingly opposed to a fossil fuel-based economy, petroleum exploration is globally, on average, in decline. At the same time, the financial returns of low carbon energy sources are uncertain. If the commercial returns from our low carbon activities are lower, and we can't grow the scale of our operations to offset this, then this may erode Getech's value. | CEO | Getech is diversifying into focused low carbon markets – adapting our existing products/services to provide local solutions to urgent global climate problems. Getech is also maximising our share of the value created in these markets by taking equity positions in low carbon assets. In addition, Getech will continue to seek to sustainably maximise value from the petroleum products. | ↓ |
| 2. Oil price Downward oil/gas price volatility may cause our petroleum customers reduce their capital budgets for our foundation products. | CEO | Pursue contract structures that are robust with regards to oil price fluctuations; maintain flexibility in Getech's cost base; diversify into other energy markets. | ↓ |
| 3. Hydrogen market development The hydrogen market may develop at a slower pace than our investment in facilities. This may degrade the project economics of hydrogen assets. | CEO | Getech has a rigorous project review process in place specific for capital investments. There are well defined commercial hurdles in terms of offtake tangibility vs facility design capacity. Investments will be scaled to align with market development, and risk will be spread through a portfolio approach. | ↔ |
| 4. Electricity price Getech's exposure to energy prices is broader than just petroleum. This can provide a revenue hedge across the Group, but our exposure also now extends to input costs. If electricity prices remain high, then hydrogen economics will be impacted negatively. | CEO | To mitigate input power price risk, we seek to co-locate our hydrogen supply hubs with low-cost sources of power (e.g. wind/solar). In addition, we target hydrogen sales agreements that operate on a margin basis. | ↔ |
| 5. Stakeholder engagement If Getech does not engage with stakeholders, they will not understand the Group's commercial, strategic and corporate value. | CEO | Expanded investment in communication to provide clear, transparent, and consistent information to all stakeholders. Ensure delivery against the Group strategic plan. Regular meetings with shareholders and potential shareholders. Getech also retains PR and IR firms to further strengthen our programme of stakeholder engagement. | ↔ |
| Operational | | | |
| 6. People Finding and retaining specialist staff is essential to the success of the business in our path to diversification. | CEO | Messaging around our net zero ambition and Getech's vision. Offering attractive packages and benefits. Culture and momentum of Getech is attractive to people. | ↑ |
| 7. Data security If there is loss or theft of data then our data could be devalued, and we may lose the ability to sell the data. | CFO | Periodic audit of disaster recovery processes and controls. Ensuring appropriate data licence agreements are in place with our customers. Investment in IT security and periodic IT security audit. | ↔ |
| Financial | | | |
| 8. Visibility of revenues If we are not able to accurately forecast revenue then we will not be able to plan or guide properly, resulting in sub-optimal decision making. | CEO CFO | Strategically grow recurring revenues through the positioning of our core products and services, reducing the Group's reliance on one-off lumpy transactions. Deliver diversified revenue growth. Careful budgeting, regular forecasting, and review of performance against targets. | ↓ |
| 9. Liquidity and cash flow risk The Group may be unable to meet short-term financial demands as a result of a volatile working capital cycle. | CFO | Cash flow forecasts and future income levels are carefully monitored on a regular basis to pre-empt liquidity issues before they occur. Careful budgeting and close control over expenditure mitigate risk. The £6.25 million equity raise during the year has strengthened the group balance sheet substantially. | ↓ |

Section 172 Statement

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

The Directors are aware of these duties under Section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

a) The likely consequences of any decision in the long term

The Directors understand Getech's business and the evolving environment in which it operates, including the challenges of a highly competitive marketplace, regulatory intervention and climate change. The Company has established a clear strategy and new 'locate-develop-operate' business model positioned to maximise the value of its unique offering to deliver transformational growth in shareholder value, and to accelerate a secure and sustainable path to decarbonisation.

As a Board, it is our intention to behave responsibly toward our shareholders and treat them fairly and equally, so that they all benefit from the success of the Group. Further details on how we engage with our shareholders can be found on page 27 of this report.

The Directors have taken decisions during FY2021 that they believe best promote Getech's long-term success for the benefit of its shareholders as a whole.

b) The interests of the Company's employees

The Directors recognise that employees are fundamental to the future growth and success of the Group. That success depends on attracting, retaining and motivating employees. More information can be found on pages 14 to 15 of the Annual Report.

c) The need to foster the Company's business relationships with suppliers, customers and others

In addition to shareholders, the Board recognises that the long-term success of Getech requires positive interaction with its stakeholders, including customers, suppliers, governmental and regulatory authorities. The directors seek to actively identify and positively engage with key stakeholders in an open and constructive manner. The Board believes that this strategy enables its stakeholders to better understand the activities, needs and challenges of the business and enables the Board to better understand and address relevant stakeholder views which will assist the Board in its decision making and to discharge its duties under Section 172 of the Companies Act 2006.

Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups. Key relationships with customers, suppliers, contractors, and regulators are closely managed by the Executive Directors and the Executive Committee.

d) The impact of the Company's operations on the community and the environment

The Directors recognise that collaboration with charities, and wider communities helps to create stronger communities and provide insights that enable the Board to understand Getech's impact on the community and environment, and the consequences of its decisions in the long term. Further information on how the Company engages with communities and supports to create a cleaner and greener future can be found on pages 14 to 15 of the Annual Report.

e) The desirability of the Company maintaining a reputation for high standards of business conduct

The Board has overall responsibility for ensuring high standards of governance, and to determine the Group's purpose, values, and strategy. The primary aim of the Board is to promote the long-term sustainable success of Getech, generating value for shareholders and contributing to wider society. More detail of our interactions with our employees, customers, suppliers, community and environment can be found on page 14 of the Sustainability section and page 24 of the Corporate Governance report.

f) The need to act fairly between members of the Company

The Board aims to understand the views of its shareholders and always to act in their best interests. The Board stays informed of shareholders' views via regular meetings and other communications they may have with shareholders. The Annual General Meeting ('AGM') provides an opportunity for shareholders to meet and discuss the Group's business with the Directors. The Executive team also makes use of a range of investor platforms as part of regular engagement with shareholders.

More information can be found on page 27 of this report.

Approval of the Strategic Report

The Strategic Report on pages 4 to 21 was approved by the Board on 18 May 2022.

Richard Bennett
Chairman

Board of Directors

Leadership team with diverse experience and track record



Richard Bennett
Non-Executive Chairman

Joined: 2021

Committees: **A N R E I**

Richard Bennett has extensive business and listed company experience over a career spanning 30 years. During that time, he has worked for General Electric in Asia and the US and co-founded and listed on NASDAQ J2Global, an internet telecoms business currently valued at US\$4.5 billion. He has worked in executive, chairman and non-executive roles with a series of highly successful growth-focused technology and clean energy companies, including the AIM-quoted wireless technology company, MTI Wireless Edge.



Dr Stuart Paton
Non-Executive Director

Joined: 2011

Committees: **A N R**

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



Michael Covington
Non-Executive Director

Joined: 2021

Committees: **A I R**

Michael has over 25 years' experience in corporate advisory and broking with international investment banks and financial and strategic consulting. In the last 16 years, his activities have included co-founding Solar Securities, one of the UK's first solar project developers, advising energy transition sector participants, and holding non-executive board positions including with Enertech Holdings Ltd., a power transmission technology player. He has also been an active investor at all stages of the value chain in European CleanTech & Renewables with Sustainable Investments Capital, Alpha Real Capital and is currently Investment Director at Bluefield Partners LLP, investment adviser to Bluefield Solar Income Fund plc. He qualified as a Chartered Accountant in 1994 with PwC. Michael has a BA in Chemistry from Oxford University.



Emma Parker
Non-Executive Director

Joined: 2021

Committees: **N E I**

Emma has more than 18 years' experience as an Environmental, Social and Governance (ESG) and mining operations specialist. Emma is currently Principal in charge of Sustainable Business Opportunities at Anglo American PLC, a multi-national, multi-commodity mining company. At Anglo American, Emma is responsible for identifying and delivering commercial value, leveraging Anglo American's sustainability practices across areas of business development, marketing, and finance. In particular, her role focuses on leading innovative approaches to sustainability-led value creation, responsible sourcing and ethical value chains.



Dr Jonathan Copus
Chief Executive Officer

Joined: 2016

Committees: None

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



Andrew Darbyshire
Chief Financial Officer

Joined: 2018

Committees: 

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








Chris Jepps
Chief Operating Officer

Joined: 2018

Committees: None

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

Committee Membership

-  Audit Committee
-  Nomination Committee
-  Remuneration Committee
-  ESG Committee
-  Independent

Corporate Governance Statement

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

The board consider Getech to be in compliance with the ten principles of the QCA code, with the exception of including separate Audit Committee and Remuneration Committee reports. Due to the size of the business, the required disclosures relating to the Audit and Remuneration Committees have been made in this corporate governance report and the notes to the financial statements, see pages 25 and 26 for details of the work undertaken by these committees. This will be reassessed periodically.

The board consider Getech to be in compliance with the ten principles of the QCA code, with the exception of including separate Audit Committee and Remuneration Committee reports. Due to the size of the business, the required disclosures relating to the Audit and Remuneration Committees have been made in this corporate governance report and the notes to the financial statements, see pages 25 and 26 for details of the work undertaken by these committees. This will be reassessed periodically.

The Board

The Board comprises four Non-Executive Directors and three Executive Directors. The roles of the Chairman, who is non-executive and elected by the Board, and the Chief Executive, are separated. All Directors are subject to retirement by rotation, and re-election is a matter for the shareholders. The Non-Executive Directors ensure a balance to the Board by constructively challenging the Executive Directors. Non-Executive Directors are committed to providing their services to the Group for a minimum of 12 days per year.

In January 2021, Richard Bennett joined the board as Chairman-designate, and at the same time Peter Stephens retired from the Board. In April 2021 Richard assumed the position of Chairman, whilst Stuart Paton remained on the board as a Non-Executive Director.

| Director | Board | Audit Committee | Remuneration Committee | Nomination Committee |
|--------------------|-------|-----------------|------------------------|----------------------|
| Richard Bennett | 8/8 | 2/2 | 1/1 | 2/2 |
| Dr Jonathan Copus | 8/8 | — | — | — |
| Michael Covington | 5/5 | 1/1 | 1/1 | 1/1 |
| Andrew Darbyshire | 8/8 | — | — | — |
| Dr Alison Fielding | 5/5 | 1/1 | 1/1 | 2/2 |
| Chris Flavell | 5/5 | — | 1/1 | 2/2 |
| Chris Jepps | 8/8 | — | — | — |
| Emma Parker | 3/3 | — | — | — |
| Dr Stuart Paton | 7/8 | 2/2 | 2/2 | 3/3 |
| Peter Stephens | 1/1 | — | — | 1/1 |

In May 2021, Michael Covington joined the Board as a Non-Executive Director and Audit Chair designate. After a period of knowledge transfer Michael assumed the position of Audit Chair from 1 July 2021, at which time Alison Fielding retired from the Board.

In July 2021, Emma Parker joined the Board as a Non-Executive Director, at which time Chris Flavell retired from the Board.

The newly appointed Non-Executive Board members bring together a balance of knowledge and skills aligned with the direction of the Group and directly relevant to its strategy:

- Richard Bennett brings extensive City experience, and a strong track record in growing technology, renewable fuel and agricultural companies
- Emma Parker adds over 17 years' experience as an Environmental, Social and Governance (ESG) specialist and has vast mining industry experience.
- Michael Covington is an experienced renewable energy and cleantech investment Director, with extensive knowledge of commercial and investment agreements, funding, audit and M&A.

A Directors' Responsibilities statement in respect of the financial statements is set out in this Annual Report on pages 28 and 29.

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

1. Final approval of the Annual Report and Accounts
2. The budget and major capital expenditure
3. The dividend policy
4. Acquisitions and alliances policies.

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

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

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

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

Company Secretary

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

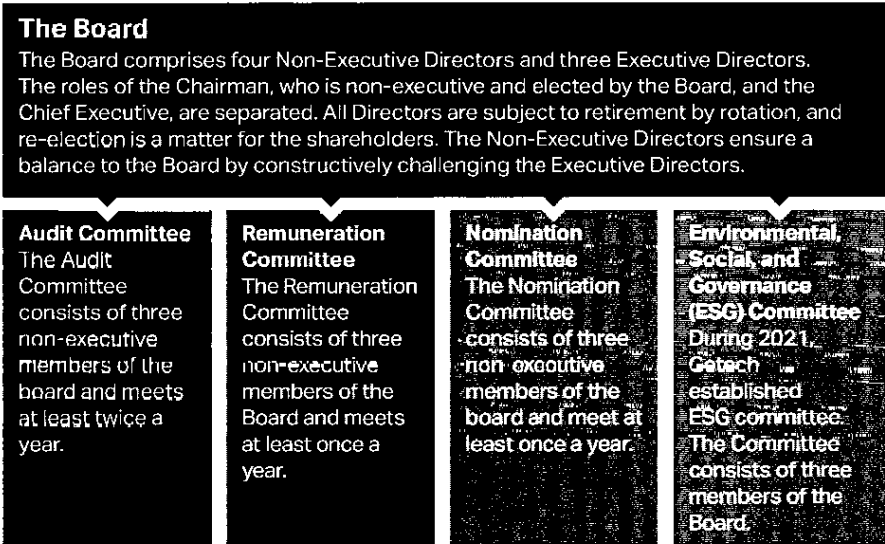
All Directors have access to the Company Secretary and their appointment (or termination of appointment) is a matter for decision by the full Board.

Audit Committee

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

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

Committee structure diagram



Corporate Governance Statement cont.

The ten principles of the QCA code

| Number | Principles | Disclosed in the 2021 Annual Report |
|--------|--|-------------------------------------|
| 1. | Establish a strategy and business model that promotes long-term value for shareholders. | ▶ Pages 02 to 09 |
| 2. | Seek to understand and meet shareholders' needs and expectations. | ▶ Page 27 |
| 3. | Take into account wider stakeholder and social responsibilities and their implications for long-term success. | ▶ Page 27 |
| 4. | Embed effective risk management, considering both opportunities and threats throughout the organisation. | ▶ Pages 19 and 20 |
| 5. | Maintain the Board as a well-functioning, balanced team led by the Chair. | ▶ Pages 24 to 26 |
| 6. | Ensure that between them the Directors have the necessary and up-to-date experience, skills and capabilities. | ▶ Pages 22 to 26 |
| 7. | Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement. | ▶ Pages 24 to 26 |
| 8. | Promote a corporate culture that is based on ethical values and behaviours. | ▶ Page 14 and 15 |
| 9. | Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board. | ▶ Pages 24 to 29 |
| 10. | Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders. | ▶ Page 27 |

Remuneration Committee

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

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

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

Nomination Committee

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

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

Communications with shareholders

The Directors attach great importance to maintaining good relationships with shareholders. Throughout the year, the Board maintains a regular dialogue with shareholders, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM rules, Market Abuse Regulation (MAR) and requirements of the relevant legislation.

The Annual General Meeting ('AGM') provides an opportunity for shareholders to meet and discuss the Group's business with the Directors. Shareholders are encouraged to attend AGMs in person and/or virtually and vote on any proposed resolutions. There is an open question and answer session during which shareholders may ask questions both about the resolutions being proposed and the business in general. The Directors are also available after the meeting for an informal discussion with shareholders.

The Board believes that the Annual Report and Accounts, and the Interim Report published at the half-year, play an important part in presenting all shareholders with an assessment of the Group's position and prospects. All reports and press releases are published in the Investor section of the Group's website.

The Board produces a series of updates throughout the year relating to Company performance, these are distributed via RNS and RNS Reach. Copies of all RNS announcements and the resolutions passed following the most recent AGM can be found on the Getech website www.getech.com.

The Executive team also makes use of a range of investor platforms, which in 2021 included Proactive/Cenkos Growth and Innovation Forums, Investor Meet Company, Vox Markets, BRR media and others.

The Board stays informed of shareholders' views via regular meetings and other communications they may have with shareholders.



Directors' Report

The Directors present their report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the Group is to accelerate the energy transition by locating geoenery and green hydrogen projects. This is achieved through application of the Group's world-leading geoscience data and unique geospatial software products.

Getech conducts extensive Geoenery research and development projects in Geothermal, Critical Minerals, Carbon Capture and Storage, Petroleum and Hydrogen energy sectors. In 2021, the Group's R&D expenditure totalled £1,578,000.

Future developments

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

Directors

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

Richard Bennett (appointed 28 January 2021)

Dr Jonathan Copus

Michael Covington (appointed 13 May 2021)

Andrew Darbyshire

Dr Alison Fielding (resigned 30 June 2021)

Chris Flavell (resigned 21 July 2021)

Chris Jepps

Emma Parker (appointed 22 July 2021)

Dr Stuart Paton

Peter Stephens (resigned 28 January 2021)

Results and Dividends

The results for the year are set out on page 39. The Directors do not recommend a dividend (2020: no dividend).

Directors' Indemnity

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

Risks

The principal risks of the Group including around financial risk management are included in the Strategic Report (see pages 19 and 20).

Substantial Shareholders

The Parent Company was notified on 31 December 2021 of the following interests in excess of 3% of its issued Ordinary Share capital. Please see the table below.

Statement of Directors' responsibilities in respect of the financial information

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the consolidated financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Company and Group for that year. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable International Accounting Standards in conformity with the requirements of the Companies Act 2006 have been followed in the consolidated financial statements and the Parent Company's financial statements, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company or Group will continue in business.

Substantial Shareholders

| | Number of Ordinary Shares | % of issued share capital |
|--------------------------------------|---------------------------|---------------------------|
| Amati Global Investors | 7,727,000 | 11.6 |
| Premier Miton Investors | 5,591,287 | 8.4 |
| BGF Investors | 4,555,350 | 6.8 |
| Hargreaves Lansdown Asset Management | 4,450,153 | 6.7 |
| Mr Stuart Hawthorne | 4,250,000 | 6.4 |
| Eiffel Investment Group | 3,869,442 | 5.8 |
| Rathbone Investment Management | 3,748,222 | 5.6 |
| Interactive Investor | 3,710,251 | 5.6 |
| Walker Crips Stockbrokers | 3,406,313 | 5.1 |
| Barclays Wealth | 2,560,002 | 3.8 |

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

The Directors confirm that:

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the 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

In making the going concern assessment, the Board of Directors has considered Group budgets and detailed cash flow forecasts to 30 June 2023. The Board has considered sensitivity of these forecasts with regards to different assumptions about future income and costs (see note 1.4 for more detail).

The detailed forecasting models are built from Board approved budgets. From these budgets, revenue forecasting is regularly updated to take into consideration new contractually committed revenues, market sentiment, the Group's current sales pipeline, and any other influencing factors. The Directors then further apply sensitivity testing to the revenue profiles based on the achievement of various levels of revenue from non-contractually committed sources.

Post balance sheet events

On 8 February 2022, the Group granted 2,250,000 share options, of which 1,650,000 were granted to Directors of the Group. The options were granted with an exercise price of 27.5p per ordinary share, being the mid-market closing price on 7 February 2022. The options have a seven-year term and vest one third on each of the next three anniversaries of the grant date, subject to satisfying certain performance condition.

The Directors have determined that the options carry a provisional fair value of £158,000 across all three tranches of share options. Of this, £116,000 relates to the options held by Directors, which is anticipated to be recognised as remuneration over the next three years.

Auditor

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

By order of the Board

Richard Bennett
Chairman

18 May 2022

Independent Auditor's Report

to the members of Getech Group plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Getech Group plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Changes in Equity, the Group Statement of Cash Flows, the Note to the Group Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, and the notes to the Group and Company 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 UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2021 and of the Group's loss for the year ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the Key Audit Matters section of our report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

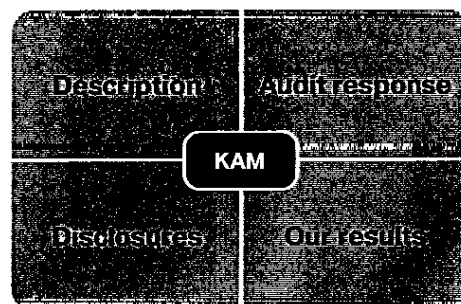
The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Our approach to the audit

| Overview of our audit approach | |
|--------------------------------|--|
| Materiality | <p>Overall materiality:</p> <p>Group: £171,000, which represents approximately 7.5% of the Group's loss before taxation at the planning stage of the audit.</p> <p>Parent company: £128,000, which is 7.5% of the parent company's loss before taxation, restricted to its component materiality.</p> |
| Key audit matters | <p>Key audit matters were identified as:</p> <ul style="list-style-type: none"> • Revenue recognition (same as last year); • Carrying value of goodwill and other intangible assets (same as last year); • Acquisition of H2 Green Ltd (new); and • Going concern (same as last year). <p>Our auditor's report for the year ended 31 December 2020 included no key audit matters that have not been reported as key audit matters in our current year's report.</p> |
| Scoping | <p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> • Full-scope audit procedures on the financial information of each of Getech Group plc (parent company), Exprodat Consulting Limited and Geophysical Exploration Technology Inc.; • An audit of one or more account balances, classes of transactions or disclosures (specified audit procedures) on the financial information of one further component – ERCL Limited; and • Analytical procedures at Group level for the remaining component in the Group during the year – H2 Green Ltd. |

Key audit matters

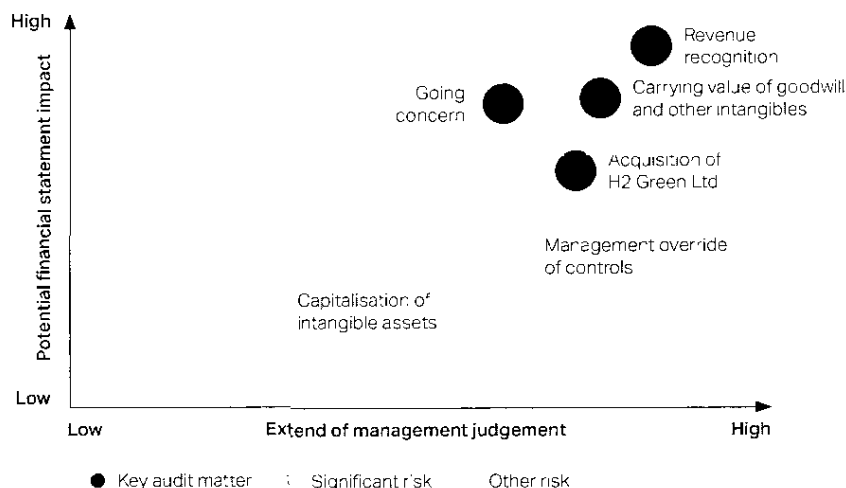
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included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



Independent Auditor's Report cont.

to the members of Getech Group plc

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter – Group and Parent

How our scope addressed the matter – Group and Parent

Revenue Recognition

We identified revenue recognition as one of the most significant assessed risks of material misstatement due to fraud.

Revenue for the year totalled £4.2m. We identified that the risk is heightened for the point in time revenue streams that were uncollected at year end and for over time revenue streams where the service is ongoing at 31 December 2021, which collectively account for a significant majority of the recorded revenue. For both of these categories there is a risk that revenue is recognised before the risks and rewards of ownership have transferred to the customer, and before the performance obligations have been met.

As there are contractual arrangements with customers, there is a risk that revenue is misstated as each contract's outcome and stage of completion requires professional judgement.

In responding to the key audit matter, we performed the following audit procedures:

- Evaluating the Group's revenue recognition policies for appropriateness with International Financial Reporting Standard ('IFRS') 15 'Revenue from Contracts with Customers';
- Testing a sample of revenue transactions in respect of sale of products and provision of services and assessed them against supporting documentation relating to the underlying contract and proof of delivery as appropriate, to determine whether income has been appropriately recognised in accordance with IFRS 15 and the Group's accounting policy;
- Testing of transactions around the year end to determine whether transactions were recorded in the correct accounting period and whether revenue was appropriately deferred; and
- Comparison of current year revenue with that from the prior period and obtaining and corroborating the explanations for significant and unusual variances.

Relevant disclosures in the Annual Report and Accounts 2021

- Financial statements: Note 1.5, Revenue accounting policy and Note 3, Revenue and segmental reporting.

Our results

Based on the audit work performed, we have not identified any material misstatement in relation to revenue recognition for the point in time revenue streams that were uncollected at year end or the over time revenue streams where the service is ongoing at 31 December 2021.

Key Audit Matter – Group and Parent**How our scope addressed the matter – Group and Parent****Carrying value of goodwill and other intangible assets**

We identified carrying value of goodwill and other intangible assets as a significant risk of material misstatement due to fraud and error.

Within the Group Statement of Financial Position there are significant balances for goodwill and other intangible assets arising from both previous acquisition activity and ongoing development work. The carrying value for these balances amounted to £4.1m at 31 December 2021.

Within the Parent Company Statement of Financial Position there are significant balances for intangible assets arising from ongoing development work. The carrying value of these balances amounted to £2.8m at 31 December 2021.

These balances represent a significant proportion of the total assets figure within the financial statements and, if the underlying entities are not performing in line with forecast, or the capitalised development work is not delivering against its objectives, they are at risk of being materially misstated due to unrecorded impairment. Furthermore, the forecasts include a degree of estimation as to future projects to be delivered and the results to be derived therefrom. Given the management judgement involved and the complexity of the impairment review calculation, there is a significant risk of material misstatement due to fraud and error.

In responding to the key audit matter, we performed the following audit procedures:

- Computation of an expectation of the amortisation charge for the year and comparison to the amount recorded in the financial statements;
- Challenging management's identification of cash-generating units and their assessment of whether any impairment indicators are present in any of the cash generating units;
- Assessing and challenging management's reviews of the carrying value of goodwill and intangible assets. Our challenge focussed on the assumptions regarding each of revenues and cash flows from the underlying cash generating units relative to historic performance, prospects of future commercial projects, and assessment of the growth rates and discount rates applied;
- Testing the accuracy of management's forecasting by a comparison of budget to actual data;
- Obtaining and assessing management's allocation of assets and cash flows to each cash-generating unit in their forecasts;
- Performing sensitivity analysis to understand the impact of any reasonably possible changes in assumptions and evaluating the headroom available from different outcomes to assess whether goodwill and other intangible assets could be impaired; and
- Assessing whether the Group's disclosures with respect to the carrying value of goodwill and other intangible assets are adequate and whether the key assumptions are disclosed.

Relevant disclosures in the Annual Report and Accounts 2021

- Financial statements: Note 1.11, Impairment of tangible and intangible assets accounting policy and Note 17, Intangible assets.

Our results

Based on our audit work, we have not identified any material misstatements in the carrying value of goodwill and intangible assets in the financial statements.

Independent Auditor's Report cont.

to the members of Getech Group plc

| Key Audit Matter – Group and Parent | How our scope addressed the matter – Group and Parent |
|---|---|
| <p>Acquisition of H2 Green Ltd</p> <p>We identified the acquisition of H2 Green Ltd as one of the most significant assessed risks of material misstatement due to error.</p> <p>The Group acquired H2 Green Ltd during the year ended 31 December 2021. IFRS 3 'Business Combinations' requires acquired assets, liabilities and consideration to be recorded at fair value. There is significant management judgement involved in determining these fair values, specifically with judgement involved in the valuation of intangible assets, and any value assigned to contingent consideration. There is therefore a significant risk arising from the level of complexity associated with the determination of the fair value amounts.</p> | <p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the business combination from discussion with management and from assessing their business combination accounting paper; • Understanding the systems and controls in place over the accounting for the acquisition in the period; • Documenting our assessment of the competence of management's expert who have assisted management with determining the fair value of the intangible assets and contingent consideration; • Obtaining and assessing the legal documentation outlining the terms and conditions of the acquisition to challenge whether management's acquisition accounting was appropriate; • Engaging our own internal valuation specialists to evaluate the fair values of the option the intangible assets acquired; and • Performing testing on the acquisition balance sheet, including <i>testing the fair values attributed to the identifiable assets and liabilities acquired with assistance from our internal valuations team.</i> |
| <p>Relevant disclosures in the Annual Report and Accounts 2021</p> <ul style="list-style-type: none"> • Financial statements: Note 1.2, Business combinations and Note 36, Acquisition of a business. | <p>Our results</p> <p>Based on our audit work performed, we are satisfied that the acquisition of H2 Green Ltd has been accounted for in accordance with IFRS 3 'Business combinations'.</p> |
| <p>Going concern</p> <p>We identified going concern as one of the most significant assessed risks of material misstatement due to fraud and error.</p> <p>This is as a result of the judgement required to conclude whether there is a <i>material uncertainty related to going concern present.</i></p> <p>Covid-19 continues to have an impact in the UK and internationally. The pandemic (alongside wider economic concerns) has adversely affected the key markets in which the Group operated during 2021, and this could continue to adversely impact the demand for the Group's products and services and therefore future trading performance of the Group and the parent company.</p> <p>As such, this increases the extent of judgement and estimation uncertainty associated with management's decision to adopt the going concern basis of accounting in the preparation of the financial statements.</p> <p>In undertaking their assessment of going concern for the Group, the Directors considered the impact of Covid-19 related events in their forecast future performance of the Group and anticipated cash flows.</p> | <p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • Obtaining management's assessment of going concern which included forecasts and budgets for at least 12 months from the expected date of approval of the financial statements (to the period 30 June 2023). We challenged and corroborated the significant assumptions adopted by management. The significant assumptions were revenue growth, cost increases and savings, and the conversion of receivables into cash; • Obtaining and evaluating management's sensitivity analysis, which included three different scenarios; • Assessing post-year end management accounts for indication of any post balance sheet events which could impact going concern; • Comparing actual amounts to amounts previously forecast to assess reliability of management's forecasts; and • Challenging the disclosures made in the financial statements in respect of going concern to determine whether they are adequate and appropriately describe the basis of preparation. |
| <p>Relevant disclosures in the Annual Report and Accounts 2021</p> <ul style="list-style-type: none"> • Financial statements: Note 1.4 Going concern accounting policy. | <p>Our results</p> <p>Based on the audit procedures performed, we have nothing to add to that stated in the 'Conclusions relating to going concern' section of our report.</p> |

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

| Materiality measure | Group | Parent company |
|---|--|---|
| Materiality for financial statements as a whole | We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work. | |
| Materiality threshold | £171,000, which is approximately 7.5% of the Group's loss before taxation at the planning stage of the audit. | £128,000, which is 7.5% of the parent company's loss before taxation, restricted to the parent company's component materiality. |
| Significant judgements made by auditor in determining the materiality | <p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> Loss before taxation is a key performance metric for users of the financial statements due to the continued losses made by the Group. <p>Materiality for the current year is higher than the level that we determined for the year ended 31 December 2020 to reflect the increase in the loss before taxation for the year and the increase in the measurement percentage applied, from 5% last year to 7.5% this year.</p> | <p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> Loss before taxation is a key performance metric for users of the financial statements. The parent company is the largest trading company in, and contributes the largest loss to, the Group's loss before taxation. Therefore, we have determined the parent company's materiality as a percentage of the parent company loss before taxation but restricted this to the parent company's component materiality. <p>Materiality for the current year is higher than the level that we determined for the year ended 31 December 2020 to reflect the increase in materiality for the Group, on which the parent company's materiality is based.</p> |
| Performance materiality used to drive the extent of our testing | We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. | |
| Performance materiality threshold | £119,700, which is 70% of financial statement materiality. We have used a lower performance materiality threshold than the prior year (75%), following our reassessment of the tolerance for potential uncorrected misstatements. | £89,600, which is 70% of financial statement materiality. We have used a lower performance materiality threshold than the prior year (75%), following our reassessment of the tolerance for potential uncorrected misstatements. |
| Significant judgements made by auditor in determining the performance materiality | <p>In determining performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> consideration of the quantity and value of errors and control deficiencies identified in prior years; whether there were any significant adjustments made to the Group financial statements in prior years; and assessment for any significant changes in business objectives and strategy of the Group. | <p>In determining performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> consideration of the quantity and value of errors and control deficiencies identified in prior years; whether there were any significant adjustments made to the parent company's financial statements in prior years; and assessment for any significant changes in business objectives and strategy of the parent company. |
| Specific materiality | We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. | |
| Specific materiality | <p>We determined a lower level of specific materiality for the following areas:</p> <ul style="list-style-type: none"> related party transactions; and directors' remuneration. | <p>We determined a lower level of specific materiality for the following areas:</p> <ul style="list-style-type: none"> related party transactions; and directors' remuneration |

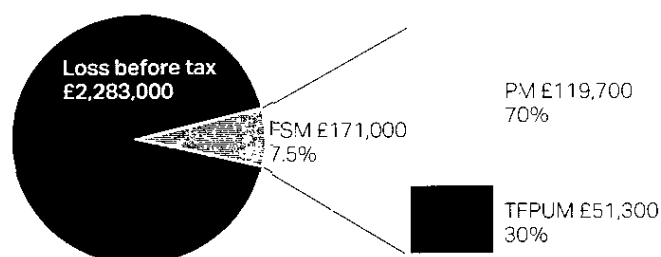
Independent Auditor's Report cont.

to the members of Getech Group plc

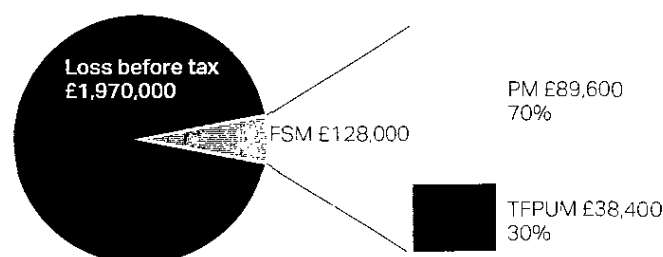
| Materiality measure | Group | Parent company |
|--|--|--|
| Communication of misstatements to the Audit Committee | We determine a threshold for reporting unadjusted differences to the Audit Committee. | |
| Threshold for communication | £8,500 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds. | £6,400 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds. |

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

Overall materiality – Group



Overall materiality – Parent company



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the parent company's business and in particular matters related to:

Understanding the Group, its components, and their environments, including Group-wide controls

- The engagement team obtained an understanding of the Group, its environment and risk profile, including Group-wide controls, and assessed the risks of material misstatement at the Group level. We considered the structure of the Group, its processes and controls and the industries in which the components operate.
- We obtained an understanding of the relevant processes and controls in place for the significant risks identified above.

Identifying significant components

- In order to address the risks identified, the engagement team performed an evaluation of identified components to assess the significant components and to determine the planned audit response based on a measure of materiality, calculated by considering the component's significance as a percentage of the Group's total assets, revenue and profit or loss before taxation.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- Of the Group's five components, we identified three which, in our view, required an audit of their financial information (full-scope audit procedures), either due to size or risk characteristics. As a result of this, we performed an audit of the financial information of Getech Group plc (parent company), Exprodat Consulting Limited and Geophysical Exploration Technology Inc.;
- We performed specified audit procedures over certain balances and transactions of one component to give appropriate coverage of balances, utilising a component materiality with reference to the component's overall weighting to the Group. Together, the components subject to full-scope audit and specified audit procedures were responsible for 99% of the Group's revenue, and 99% of the Group's total assets;
- We performed analytical procedures at Group level in relation to the remaining component (H2 Green Ltd). All audit work was undertaken by the Group engagement team;
- We identified improper recognition of revenue, the carrying value of goodwill and other intangible assets and going concern as key audit matters, and the audit procedures performed in respect of these have been included in the key audit matters section of our report.

Changes in approach from previous period

- There was no change to the audit approach of the existing components of the Group in the current year. The only alteration to our audit approach was the consideration of H2 Green Ltd, as a newly acquired subsidiary, for which we have performed analytical procedures for Group purposes. The location and the finance team for H2 Green Ltd is consistent with the other Group entities. The business combination accounting in relation to H2 Green Ltd has been identified as a key audit matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts 2021, 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.

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditor's Report cont.

to the members of Getech Group plc

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the parent company and the Group and the industry in which they operate. This was achieved through enquiries with management and a review of board minutes and papers provided to the Audit Committee. We determined that the following laws and regulations were most significant: UK-adopted international accounting standards (for the Group), Financial Reporting Standard 101 'Reduced Disclosure Framework' (for the parent company), the Companies Act 2006, the Quoted Companies Alliance (QCA) Corporate Governance Code and the relevant tax compliance regulations in the jurisdiction in which the parent company and the Group operate, being in the UK and in the US;
- We understood how the parent company and the Group is complying with those legal and regulatory frameworks by making inquiries to the management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee;
- We enquired of management whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected fraud. We corroborated the results of our enquiries to supporting documentation such as board minute reviews and papers provided to the Audit Committee.
- We assessed the susceptibility of the parent company's and the Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
 - Challenging assumptions and judgements made by management in its significant accounting estimates, in particular around accounting for revenue and the carrying value of non-current assets;
 - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
 - Identifying and testing related party transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner has assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the client operates in, and its practical experience through training and participation with audit engagements of a similar nature. All team members are considered to have sufficient knowledge and experience of companies of a similar size and complexity, appropriate to their role within the team.
- Team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition and application of the going concern assumption. These are also reported as a key audit matters in the key audit matter section of our report where the matters are explained in more detail and the specific procedures we performed in response to the key audit matters are described in more detail.

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.

Richard Woodward
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

18 May 2022

Group Statement of Comprehensive Income

for the year ended 31 December 2021

| | Notes | 2021 £'000 | 2020 £'000 |
|--|-------|----------------|---------------|
| Revenue | 3 | 4,280 | 3,563 |
| Cost of sales | | (2,315) | (1,681) |
| Gross profit | | 1,965 | 1,882 |
| Other operating income | | 176 | — |
| Administrative expenses | | (4,733) | (3,551) |
| Operating loss before exceptional items | | (2,592) | (1,669) |
| Exceptional items | 4 | (300) | (115) |
| Operating loss | 6 | (2,892) | (1,784) |
| Finance income | 10 | — | 1 |
| Finance costs | 11 | (55) | (45) |
| Other gains and losses | 12 | 60 | 10 |
| Loss before taxation | | (2,887) | (1,818) |
| Income tax | 13 | 938 | 174 |
| Loss for the year | | (1,949) | (1,644) |
| Other comprehensive income: | | | |
| Items that may be reclassified to profit or loss | | | |
| Currency translation differences | | 24 | (57) |
| Total items that may be reclassified to profit or loss | | 24 | (57) |
| Total other comprehensive income for the year | | 24 | (57) |
| Total comprehensive loss for the year | | (1,925) | (1,701) |
| Loss for the financial year is all attributable to the owners of the parent company. | | | |
| Total comprehensive loss for the year is all attributable to the owners of the parent company. | | | |
| Earnings per ordinary share | | | |
| Basic (pence/share) | 15 | (3.27) | (4.38) |
| Diluted (pence/share) | | (3.27) | (4.38) |

All activities relate to continuing operations.

Group Statement of Financial Position

as at 31 December 2021

| | Notes | 2021 £'000 | 2020 £'000 |
|--------------------------------|-------|---------------|---------------|
| Non-current assets | | | |
| Goodwill | 17 | 631 | 296 |
| Intangible assets | 17 | 3,431 | 3,509 |
| Property, plant and equipment | 18 | 2,355 | 2,716 |
| Investment property | 19 | 174 | — |
| Deferred tax asset | 29 | 214 | 364 |
| | | 6,805 | 6,885 |
| Current assets | | | |
| Trade and other receivables | 23 | 1,591 | 1,353 |
| Current tax recoverable | | 793 | 278 |
| Cash and cash equivalents | 21 | 5,864 | 2,192 |
| | | 8,248 | 3,823 |
| Total assets | | 15,053 | 10,708 |
| Current liabilities | | | |
| Trade and other payables | 27 | 2,127 | 1,336 |
| Borrowings | 25 | 110 | 85 |
| | | 2,237 | 1,451 |
| Net current assets | | 6,011 | 2,372 |
| Non-current liabilities | | | |
| Borrowings | 25 | 659 | 750 |
| Trade and other payables | 27 | 102 | 282 |
| Deferred tax liabilities | 29 | — | 176 |
| Long-term provisions | 30 | 25 | — |
| | | 786 | 1,208 |
| Net assets | | 12,030 | 8,049 |
| Equity | | | |
| Called up share capital | 34 | 167 | 94 |
| Share premium account | 35 | 8,685 | 3,053 |
| Merger reserve | | 2,601 | 2,407 |
| Share based payment reserve | | 258 | 251 |
| Currency translation reserve | | (2) | (26) |
| Retained earnings | | 321 | 2,270 |
| Total equity | | 12,030 | 8,049 |

The financial statements were approved by the Board of Directors and authorised for issue on 18 May 2022 and are signed on its behalf by:

Mr A L Darbyshire
Director

Group Statement of Changes in Equity

for the year ended 31 December 2021

| | Notes | Share capital £'000 | Share premium account £'000 | Merger reserve £'000 | Share-based payment reserve £'000 | Currency translation reserve £'000 | Retained earnings £'000 | Total £'000 |
|--|-------|------------------------|-----------------------------------|----------------------------|--|---|-------------------------------|----------------|
| Balance at 1 January 2020 | | 94 | 3,053 | 2,407 | 242 | 31 | 3,892 | 9,719 |
| Year ended 31 December 2020: | | | | | | | | |
| Loss for the year | | — | — | — | — | — | (1,644) | (1,644) |
| Other comprehensive income: | | | | | | | | |
| Currency translation differences | | — | — | — | — | (57) | — | (57) |
| Total comprehensive income for the year | | — | — | — | — | (57) | (1,644) | (1,701) |
| Transactions with owners of the Company: | | | | | | | | |
| Share-based payment charge | 33 | — | — | — | 31 | — | — | 31 |
| Forfeit of share options | 33 | — | — | — | (22) | — | 22 | — |
| Balance at 31 December 2020 | | 94 | 3,053 | 2,407 | 251 | (26) | 2,270 | 8,049 |
| Loss for the year | | — | — | — | — | — | (1,949) | (1,949) |
| Currency translation differences | | — | — | — | — | 24 | — | 24 |
| Total comprehensive income for the year | | — | — | — | — | 24 | (1,949) | (1,925) |
| Transactions with owners of the Company: | | | | | | | | |
| Issue of share capital | 34 | 73 | 6,179 | 194 | — | — | — | 6,446 |
| Share-based payment charge | 33 | — | — | — | 7 | — | — | 7 |
| Costs of share issue deducted from share premium | 35 | — | (547) | — | — | — | — | (547) |
| Balance at 31 December 2021 | | 167 | 8,685 | 2,601 | 258 | (2) | 321 | 12,030 |

Group Statement of Cash Flows

for the year ended 31 December 2021

| | | 2021 | | 2020 |
|---|-------|-------|---------|---------|
| | Notes | £'000 | £'000 | £'000 |
| Operating activities | | | | |
| Loss before tax | | | (2,887) | (1,818) |
| Adjusted for non-cash items: | | | | |
| Fair value gains and losses | 12 | (60) | | (10) |
| Depreciation charge | 6 | 299 | | 214 |
| Amortisation of intangible assets | 6 | 1,226 | | 960 |
| Expected credit loss provisions on loans and loan commitments | | — | | 70 |
| Share-based payment expense | 33 | 7 | | 31 |
| Finance income | 10 | — | | (1) |
| Finance charges | 11 | 55 | | 45 |
| RDEC adjustments within administrative expenses | | (127) | | — |
| Foreign exchange adjustments | | — | | (6) |
| | | | (1,487) | (515) |
| Increase/(decrease) in trade and other receivables | 23 | (245) | | 600 |
| Increase/(decrease) in trade and other payables | 27 | 710 | | (353) |
| Cash generated from operations | | | (1,022) | (268) |
| Income tax refunded | | | 223 | 83 |
| Net cash outflow from operating activities | | | (799) | (185) |
| Investing activities | | | | |
| Business combinations (net of cash received) | 36 | (54) | | — |
| Development costs capitalised | 17 | (847) | | (902) |
| Purchase of property, plant and equipment | 18 | (29) | | (24) |
| Interest received | | — | | 1 |
| Net cash used in activities | | | (930) | (925) |
| Financing activities | | | | |
| Proceeds from issue of shares | | 6,250 | | — |
| Share issue costs | | (547) | | — |
| Repayment of bank loans | 25 | (66) | | (20) |
| Payment of lease liabilities | 28 | (199) | | (136) |
| Interest paid | | (44) | | (45) |
| Net cash generated from/(used in) financing activities | | | 5,394 | (201) |
| Net increase/(decrease) in cash and cash equivalents | | | 3,665 | (1,311) |
| Cash and cash equivalents at beginning of year | | | 2,192 | 3,554 |
| Effect of foreign exchange rates | | | 7 | (51) |
| Cash and cash equivalents at end of year | | | 5,864 | 2,192 |

Note to the Statement of Cash Flows

for the year ended 31 December 2021

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's Consolidated Statement of Cash Flows as cash flows from financing activities.

| | At 1 January 2021 £'000 | Financing cash flows £'000 | Other cash flows £'000 | On inception £'000 | Other movements* £'000 | Foreign exchange* £'000 | At 31 December 2021 £'000 |
|--------------------------|----------------------------------|----------------------------------|------------------------------|-----------------------|------------------------------|-------------------------------|------------------------------------|
| Cash | 2,192 | (265) | 3,911 | — | — | 26 | 5,864 |
| Bank loans | (835) | 66 | — | — | — | — | (769) |
| Leases | (405) | 199 | — | (83) | — | — | (289) |
| Contingent consideration | — | — | — | 234 | 11 | — | 245 |
| | 952 | — | 3,911 | 151 | 11 | 26 | 5,051 |

| | At 1 January 2020 £'000 | Financing cash flows £'000 | Other cash flows £'000 | Convertible element £'000 | Accrued interest £'000 | Foreign exchange £'000 | At 31 December 2020 £'000 |
|------------|-------------------------------|----------------------------------|------------------------------|---------------------------------|------------------------------|------------------------------|------------------------------------|
| Cash | 3,554 | (156) | (1,155) | — | — | (51) | 2,192 |
| Bank loans | (855) | 20 | — | — | — | — | (835) |
| Leases | (541) | 136 | — | — | — | — | (405) |
| | 2,158 | — | (1,155) | — | — | (51) | 952 |

* Other movements represent the unwinding of the discounted element for the deferred consideration arising on the acquisition of H2 Green Limited. The inception value of £234,000 represents the amounts recognised at the point of acquisition of H2 Green Limited.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

1 Accounting policies

Company information

Getech Group plc is a public company limited by shares incorporated in England and Wales and listed on the Alternative Investment Market ("AIM"). The registered office is Kitson House, Elmete Hall, Elmete Lane, Leeds, West Yorkshire, LS8 2LJ. The Company's principal activities and nature of its operations are disclosed in the Directors' Report.

The Group consists of Getech Group plc and all of its subsidiaries (as set out in note 20).

1.1 Accounting convention

On 31 December 2020, International Financial Reporting Standards (IFRS) as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Getech Group plc transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The consolidated financial statements of Getech Group plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, except for the revaluation of financial instruments. The principal accounting policies adopted are set out below.

1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration, which is measured as fair value.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

1.3 Basis of consolidation

The consolidated Group financial statements consist of the financial statements of the parent company Getech Group plc together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the Group's financial statements from the date that control commences until the date that control ceases.

1.4 Going concern

In making the going concern assessment, the Board of Directors has considered Group budgets and detailed cash flow forecasts to 30 June 2023. The Board has considered the sensitivity of these forecasts with regards to different assumptions about future income and costs.

The detailed forecasting models are built from Board approved budgets. From these budgets, revenue forecasting is regularly updated to take into consideration new contractually committed revenues, market sentiment, our current sales pipeline, and any other influencing factors. The Directors then further apply sensitivity testing to the revenue profiles based on the achievement of various levels of revenue from non-contractually committed sources.

These cash flow projections and sensitivities, when considered in conjunction with Getech's existing cash balances, the net proceeds of the equity raise totalling £5.7 million and resulting year end cash balance of £5.9 million, demonstrate that the Group has sufficient working capital for the foreseeable future. Consequently, the Directors are fully satisfied that Getech is a going concern.

1 Accounting policies cont.

1.5 Revenue

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

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

Consultancy services

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

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

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

Multiclient products

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

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

Licence revenue

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

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

Multiple element contracts

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

Revenue from multiple element contracts is recognised, after separating the contract income on a standalone selling price basis by reference to performance obligations, as follows:

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

Multiple element contracts for Getech typically include a package of multiple products or a product delivery with an additional service element and are therefore easily identifiable. Transaction prices are typically allocated to each element by apportioning by list price (or standard hourly rate in the case of services) and discount being evenly apportioned.

1.6 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not subsequently reversed.

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

1 Accounting policies cont.

1.7 Intangible assets other than goodwill

Expenditure on development activities is capitalised if the product or process meets the recognition criteria for development expenditure as set out in IAS 38 'Intangible Assets'. The expenditure capitalised includes all directly attributable costs, from the date that the intangible asset meets the recognition criteria.

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

Research expenditure, or expenditure which does not meet the criteria set out above, is charged to profit or loss in the period in which it is incurred.

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

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

The following useful lives are applied:

| | |
|------------------------|--------------------|
| Customer relationships | Fifteen years |
| Software development | Five years |
| Development costs | Three to ten years |
| Reports | Ten years |
| Data holdings | Ten years |

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

1.8 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---------------------|---------------------------------|
| Freehold property | 2% per annum on cost |
| Right of use assets | Over the life of the lease |
| Plant and equipment | 25% and 33.3% per annum on cost |

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.9 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost, which represents the net investment in the sublease. Subsequently it is measured at historic cost less accumulated depreciation, which is calculated over the remaining life of the sublease.

The property represents a sublease to a third party, where the Group holds the head lease. The lease is held at historic cost on the basis that the lease represents a short-term lease and as such it is not possible to reliably determine a fair value where this lease is to expire in a short period of time.

1 Accounting policies cont.

1.10 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the parent company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.11 Impairment of tangible and intangible assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial assets

Financial assets are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs except for trade receivables which are measured at transaction price if they do not contain a significant financing component.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

1 Accounting policies cont.

1.13 Financial assets cont.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are adjusted at each reporting period date under IFRS 9's 'expected credit loss (ECL) model'.

The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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

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

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

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Loss allowances for trade receivables and contract assets are measured using IFRS 9 simplified model being an amount equal to lifetime ECL.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.14 Financial liabilities

The Group recognises financial debt when the Group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled, or they expire.

1.15 Equity instruments

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the Company.

Equity comprises the following reserves:

- 'Share capital' represents the nominal value of equity shares
- 'Share premium account' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- 'Merger reserve' represents the premium on shares issued to acquire ERCL Limited, Exprodat Consulting Limited, and H2 Green Limited
- 'Share option reserve' represents the fair value of share options in accordance with IFRS 2 'Share-based Payment'
- 'Currency translation reserve' represents the value of exchange differences in translating the assets and liabilities of the foreign subsidiary
- 'Retained earnings' represents cumulative profits and losses, net of dividends and distributions to shareholders.

1 Accounting policies cont.

1.16 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

1.17 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Where expenditure qualifies for additional R&D tax credits, the Group recognises a tax asset reflecting management's best estimate of the recoverable amount, taking into consideration the qualifying criteria for tax credits and the expected use of those credits. Any adjustments to the recognition value are shown in subsequent years. Where claims result in a reduction in taxable profits, these are accounted for as a credit to the tax expense; where claims are under the UK Research and Development Expenditure Credit scheme ('RDEC') the gross value of the grant income is credited to administrative expenses, and the tax charge on this grant income is debited to the tax expense.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.18 Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.19 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.20 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

1 Accounting policies cont.

1.21 Share-based payments

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

At the end of each reporting period, the Group revises its estimate of the number of share options that are expected to vest, taking into account those that have lapsed or been cancelled. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to the share option reserve.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.22 Leases

At inception, the Group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Group is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Group's estimate of the amount expected to be payable under a residual value guarantee; or the Group's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

When the Group acts as a lessor, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees, over the major part of the economic life of the asset. All other leases are classified as operating leases. If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately, classifying the sub-lease with reference to the right-of-use asset arising from the head lease instead of the underlying asset.

1 Accounting policies cont.

1.23 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Amounts receivable under the UK Government's Coronavirus Job Retention Scheme have been recognised in profit or loss on a systematic basis net of the expense for which the monies are intended to compensate, once any conditions related to the receipts are met.

1.24 Foreign exchange

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

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

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

1.25 Exceptional items

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

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

1.26 New and amended standards and interpretations

The Group adopted the following new and amended IFRSs for the first time for the period commencing 1 January 2021:

| | IASB effective date |
|---|---------------------|
| Interest rate benchmark reform – phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) | 1 January 2021 |

There has been no impact on the Group's financial statements from the adoption of the above amendment.

1.27 Standards, amendments and interpretations in issue but not yet effective

At the authorisation of these financial statements, the Group has not applied the following new and revised standards that have been issued but are not effective yet:

| | Effective date – period beginning on or after |
|--|--|
| IAS 1 'Presentation of Financial Statements': Classification of liabilities as current or non-current | 1 January 2022 |
| Property, Plant and Equipment: Proceeds before intended use: amendments to IAS 16 | 1 January 2022 |
| Onerous Contracts – Cost of Fulfilling a Contract – amendments to IAS 37 | 1 January 2022 |
| Annual Improvements to IFRS Standards 2018-2020 | 1 January 2022 |
| Reference to the Conceptual Framework (Amendments to IFRS 3) | 1 January 2022 |
| IFRS 17 'Insurance Contracts' and subsequent withdrawal of IFRS 4 'Insurance Contracts' | 1 January 2023* |
| Amendments to IFRS 17 | 1 January 2023* |
| Amendments to IFRS 10 and IAS 28 Sale of contribution of assets between an investor and its Associate or Joint Venture | 1 January 2023* |
| Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) | 1 January 2023* |
| Definition of an Accounting Estimate (Amendments to IAS 8) | 1 January 2023* |
| Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes) | 1 January 2023* |

* These standards, amendments and interpretations have not yet been endorsed, and the dates shown are the expected dates.

The adoption of all above standards is not expected to have any material impact on the Group's financial statements.

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

2 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Control over H2 Green Limited ('H2 Green')

In November 2020 the Group entered into an option to acquire the entire ordinary share capital of H2 Green for initial consideration of £250,000 and contingent deferred consideration of up to £750,000, exercisable at the option of the Group. The option ran for a nine-month period. Concurrently to this the Group also entered into a loan commitment to provide up to £20,000 per month for up to six months (extendable by three months at mutual agreement), covering all working capital spending of H2 Green for the period. Getech retained the right to terminate both agreements at any time, for any reason.

Control can take a number of forms and whilst this would usually include legal ownership of the shares, potential voting rights and other rights to direct operations or finances also form part of this judgement. The two agreements when taken together carry indicators of control for Getech, however on balance management have taken a view that this control was not so pervasive that control had been obtained in the prior year.

As explained further in note 36, the Group exercised its option and obtained control over H2 Green on 30 March 2021, resulting in H2 Green becoming a subsidiary of Getech from that date. As such, management determined that control was fully achieved. Further, as at that date H2 Green came with a workforce, supplier contracts, and a business plan, and as such the Directors consider that H2 Green meets the definition of a business as defined in IFRS 3.

The option exercise triggered the commencement of contingent consideration which relies on certain future milestones being achieved by H2 Green, which are detailed further in note 36. The Directors consider these events to be probable based on due diligence and business planning undertaken during the option period, however the expected timing of this remains uncertain; the recognition of contingent consideration includes a determination of the likelihood of this timing.

The Directors have applied judgement in identifying intangible assets acquired under IFRS 3. As H2 Green is a start-up business, it has no current revenue-generating contracts nor development assets in place, however it has signed an exclusivity contract with a third party for use of its site. This is therefore the sole asset which has been identified. The exclusivity ended in 2021 and as such the asset has been amortised in full in the current year's financial statements.

Recognition of revenue from multiple element contracts

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

Capitalisation of development costs

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

Deferred taxation

Management judgement is required in determining provisions for deferred tax liabilities and assets. The process involves estimating the actual current tax exposure together with assessing temporary differences resulting from the different valuation of certain assets and liabilities in the financial statements and the tax returns. Management must assess the probability that the deferred tax assets will be recovered from future taxable income, except where the assets will unwind against other deferred tax liabilities where the asset is recognised and offset in accordance with IAS 12 'Income Taxes'.

The Group has continued to recognise deferred tax assets in respect of the US, based on the expected flow of profits in that jurisdiction, and a portion for H2 Green Limited, based on its expectations for future growth as risk adjusted for the expected timing of realising these profits. All other companies have recognised deferred tax only to the extent that balances will unwind against associated deferred tax liabilities.

2 Critical accounting estimates and judgements cont.

Key sources of estimation uncertainty

Carrying amount of non-current assets

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

Intangible non-current assets, including goodwill (2021 - £4,062,000).

These are estimated on the basis of value in use, which is calculated from the present value of future cash flows expected to be derived from the asset under review. The key elements of estimation are the calculation of future cash flows. For intangible assets, future cash flows are forecast revenues from the associated cash-generating unit. Further estimation is made in determining an appropriate discount rate that reflects the specific risks associated with the asset or cash-generating unit. See notes 16 and 17 for further details of assumptions made and sensitivity testing regarding goodwill and intangible assets.

3 Revenue and segmental reporting

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker of the Group is considered to be the Board of Directors of the Group.

The Directors of the Company have chosen to organise the Group around differences in products and services. Operating segments with similar characteristics, and where segments are similar in respect of the nature of the products and services, the nature of the production processes, the type of customer and where they have similar methods of distribution, have been aggregated into a single operating segment. In particular, the timing and nature of revenue recognition and conversion to cash represent economic indicators of similarity for the segments; as a result of this similarity, management review the results of the aggregated operating segments at this level so as to understand the cash position of the Group.

The Group has aggregated its operating segments into two reportable segments as follows:

- Products (Including Geophysical Data, Globe, Regional Reports, Software revenues and Hydrogen manufacturing and distribution); and
- Services (Including Government Advisory Services, Geoscience Services and Geospatial Solutions revenues).

The Hydrogen segment is new in the current year, and at present does not generate any revenues. As such it has been included within the Products segment as this most closely aligns to the operations ongoing within it at present.

Segmental revenues and results

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

| | 2021 | | 2020 | |
|--|------------------|-----------------|------------------|-----------------|
| | Revenue £'000 | Profit £'000 | Revenue £'000 | Profit £'000 |
| Products | 3,509 | 1,820 | 2,602 | 1,862 |
| Services | 771 | 145 | 961 | 20 |
| Total revenue/profit | 4,280 | 1,965 | 3,563 | 1,882 |
| Central administrative costs and exceptional items | | (4,857) | | (3,551) |
| Restructuring costs | | — | | (115) |
| Fair value gains and losses | | 60 | | 10 |
| Net finance costs | | (55) | | (44) |
| Loss before tax | | (2,887) | | (1,818) |

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

The accounting policies of the reportable segments are the same as in the Group's accounting policies described in note 1. Segment profit represents the profit before tax earned by each segment without allocation of central administration costs, restructure costs or finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Further, depreciation, amortisation and income tax are not disclosed as this information is not provided to the chief operating decision maker.

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

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

3 Revenue and segmental reporting cont.

Revenue and assets by geographical markets

The following is an analysis of revenue and non-current assets when disaggregated by geographical market:

| | 2021 | | 2020 | |
|--------------------------|------------------|--------------------------------|------------------|--------------------------------|
| | Revenue £'000 | Non-current assets £'000 | Revenue £'000 | Non-current assets £'000 |
| United Kingdom | 479 | 7,651 | 391 | 6,885 |
| Italy | 280 | — | 155 | — |
| France | 210 | — | — | — |
| Ireland | 317 | — | 215 | — |
| Rest of Europe | 177 | — | 307 | — |
| United States of America | 1,425 | 251 | 1,108 | 257 |
| Rest of the Americas | 135 | — | 121 | — |
| Malaysia | 188 | — | 322 | — |
| Kazakhstan | 300 | — | 300 | — |
| Australia | 158 | — | 265 | — |
| Rest of Asia-Pacific | 154 | — | 283 | — |
| Sierra Leone | 391 | — | — | — |
| Rest of Africa | 66 | — | 96 | — |
| | 4,280 | 7,902 | 3,563 | 7,142 |

There was no concentration of revenues with a single customer exceeding 10% of the Group's revenue (2020: no concentration).

Revenue by timing of recognition

The following table shows a disaggregation of revenue by timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue within the Group's two reportable segments.

| | Products | | Services | | Total | |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Point in time | 1,724 | 476 | 13 | — | 1,737 | 476 |
| Over time | 1,785 | 2,126 | 758 | 962 | 2,543 | 3,088 |
| | 3,509 | 2,602 | 771 | 962 | 4,280 | 3,564 |

The Group has recognised the following assets and liabilities related to contracts with customers:

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Contract assets | | |
| At 1 January | 237 | 898 |
| Transfers in the year from contract assets to trade receivables | (237) | (898) |
| Excess of revenue recognised over cash (or rights to cash) being recognised during the year | 167 | 237 |
| At 31 December | 167 | 237 |

3 Revenue and segmental reporting cont.

Revenue by timing of recognition cont.

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Contract liabilities | | |
| At 1 January | 387 | 507 |
| Amounts recognised as revenue during the year | (387) | (507) |
| Amounts received in advance of performance and not recognised as revenue during the year | 504 | 387 |
| At 31 December | 504 | 387 |

Contract assets and contract liabilities are shown within trade and other receivables and trade and other payables respectively. They arise from the Group's contracts because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

4 Exceptional items

| | Note | 2021 £'000 | 2020 £'000 |
|------------------------------------|------|---------------|---------------|
| Expenditure | | | |
| Restructuring costs | | — | 115 |
| Amortisation of supplier contracts | 17 | 300 | — |
| | | 300 | 115 |

5 Alternative Performance Measures

The Directors have used an Alternative Performance Measure (APM) in the preparation of these financial statements. The Consolidated Income Statement has presented Operating loss before exceptional items, which removes non-recurring items which are not relevant to the underlying performance and cash generation of the business.

The Directors have presented this APM because they feel it most suitably represents the underlying performance and cash generation of the business, and allows comparability between the current and comparative period in light of the changes in the business, and will allow an ongoing trend analysis of this performance based on current plans for the business.

6 Operating loss

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Operating loss for the year is stated after charging/(crediting): | | |
| Exchange gains | (7) | (6) |
| Research and development costs (including staff costs) | 1,578 | 502 |
| Government grants | — | 135 |
| Depreciation of property, plant and equipment | 137 | 214 |
| Impairment of property, plant and equipment | 37 | — |
| Depreciation of investment property | 125 | — |
| Amortisation of intangible assets | 1,226 | 960 |
| Share-based payments | 7 | 31 |

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

7 Auditor's remuneration

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Fees payable to the Company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the Group and Company | 80 | 62 |
| Audit of the financial statements of the Company's subsidiaries | 15 | — |
| | 95 | 62 |
| For other services | | |
| Audit-related services | 6 | 6 |

8 Employees

The average monthly number of persons (including Executive Directors) employed by the Group during the year was:

| | 2021 Number | 2020 Number |
|----------------|----------------|----------------|
| Directors | 3 | 3 |
| Administration | 13 | 14 |
| Technical | 44 | 46 |
| Total | 60 | 66 |

Their aggregate remuneration comprised:

| | 2021 £'000 | 2020 £'000 |
|-----------------------------|---------------|---------------|
| Wages and salaries | 3,240 | 3,004 |
| Government grants received | (22) | (163) |
| Social security costs | 355 | 384 |
| Pension costs | 354 | 327 |
| Share-based payment charges | 7 | 31 |
| | 3,934 | 3,583 |

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

In April 2020 Getech took significant cost saving measures to manage the Group's exposure to the uncertainties of the Covid business environment. As a part of this, all staff agreed to temporary salary reductions, from 1 May 2020. Staff pay reductions ranged between 15% and c8%, with salaries for the majority of staff reduced by c8%. These temporary reductions ended on 30 June 2021.

9 Directors' remuneration

Directors' remuneration for the year ended 31 December 2021 was as follows:

| | Salary/fees £'000 | Pension £'000 | Benefits in kind £'000 | Total before share options £'000 | Share options £'000 |
|---|----------------------|------------------|------------------------------|--|---------------------------|
| Executive Directors | | | | | |
| Dr Jonathan Copus | 243 | 12 | 1 | 256 | — |
| Chris Jepps | 146 | 7 | 1 | 154 | — |
| Andrew Darbyshire | 111 | 7 | — | 118 | — |
| Non-Executive Directors | | | | | |
| Dr Stuart Paton | 39 | — | — | 39 | — |
| Dr Alison Fielding (resigned 30 June 2021) | 9 | — | — | 9 | — |
| Chris Flavell (resigned 21 July 2021) | 10 | — | — | 10 | — |
| Peter Stephens (resigned 28 January 2021) | 1 | — | — | 1 | — |
| Richard Bennett (appointed 28 January 2021) | 36 | — | — | 36 | — |
| Michael Covington (appointed 13 May 2021) | 14 | — | — | 14 | — |
| Emma Parker (appointed 22 July 2021) | 10 | 1 | — | 11 | — |
| | 619 | 27 | 2 | 648 | — |

Directors' remuneration for the year ended 31 December 2020 was as follows:

| | Salary/fees £'000 | Pension £'000 | Benefits in kind £'000 | Total before share options £'000 | Share options £'000 |
|--------------------------------|----------------------|------------------|------------------------------|--|---------------------------|
| Executive Directors | | | | | |
| Dr Jonathan Copus | 234 | 13 | 1 | 248 | 3 |
| Chris Jepps | 141 | 8 | 1 | 150 | 3 |
| Andrew Darbyshire | 99 | 15 | — | 114 | 3 |
| Non-Executive Directors | | | | | |
| Dr Stuart Paton | 37 | — | — | 37 | — |
| Dr Alison Fielding | 19 | — | — | 19 | — |
| Chris Flavell | 19 | — | — | 19 | — |
| Peter Stephens | 19 | — | — | 19 | — |
| | 568 | 36 | 2 | 606 | 9 |

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

9 Directors' remuneration cont.

Directors' share options

| | | | | | Number of shares | |
|--------------------------------|---------------------------|--------------|------------------|---------|------------------|------------------|
| Date granted | Exercise period | Option price | 31 December 2020 | Granted | Lapsed | 31 December 2021 |
| Dr Jonathan Copus | | | | | | |
| 2 Aug 2016 | 2 Aug 2017 – 2 Aug 2026 | 24.50p | 500,000 | — | — | 500,000 |
| 2 Aug 2016 | 2 Aug 2018 – 2 Aug 2026 | 24.50p | 500,000 | — | — | 500,000 |
| 2 Aug 2016 | 2 Aug 2019 – 2 Aug 2026 | 24.50p | 400,000 | — | — | 400,000 |
| 18 Nov 2018 | 2 Aug 2019 – 19 Nov 2028 | 35.00p | 100,000 | — | — | 100,000 |
| 18 Nov 2018 | 18 Nov 2019 – 19 Nov 2028 | 35.00p | 125,000 | — | — | 125,000 |
| 18 Nov 2018 | 18 Nov 2020 – 19 Nov 2028 | 35.00p | 125,000 | — | — | 125,000 |
| Chris Jepps | | | | | | |
| 18 Nov 2018 | 18 Nov 2019 – 19 Nov 2028 | 35.00p | 125,000 | — | — | 125,000 |
| 18 Nov 2018 | 18 Nov 2020 – 19 Nov 2028 | 35.00p | 125,000 | — | — | 125,000 |
| Andrew Darbyshire | | | | | | |
| 18 Nov 2018 | 18 Nov 2019 – 19 Nov 2028 | 35.00p | 125,000 | — | — | 125,000 |
| 18 Nov 2018 | 18 Nov 2020 – 19 Nov 2028 | 35.00p | 125,000 | — | — | 125,000 |
| Dr Stuart Paton | | | | | | |
| 27 Apr 2011 | 27 Apr 2011 – 27 Apr 2021 | 17.50p | 300,000 | — | (300,000) | — |
| 27 Apr 2011 | 27 Apr 2012 – 27 Apr 2021 | 17.50p | 200,000 | — | (200,000) | — |
| 27 Apr 2011 | 27 Apr 2013 – 27 Apr 2021 | 17.50p | 200,000 | — | (200,000) | — |
| 27 Apr 2011 | 27 Apr 2014 – 27 Apr 2021 | 17.50p | 200,000 | — | (200,000) | — |
| 27 Apr 2021 | 27 Apr 2021 – 21 Apr 2022 | 17.50p | — | 300,000 | — | 300,000 |
| 27 Apr 2021 | 27 Apr 2021 – 21 Apr 2022 | 17.50p | — | 200,000 | — | 200,000 |
| 27 Apr 2021 | 27 Apr 2021 – 21 Apr 2022 | 17.50p | — | 200,000 | — | 200,000 |
| 27 Apr 2021 | 27 Apr 2021 – 21 Apr 2022 | 17.50p | — | 200,000 | — | 200,000 |
| Total Directors' share options | | | 3,150,000 | 900,000 | 900,000 | 3,150,000 |

9 Directors' remuneration cont.

The market price of the shares at the end of the financial year was 33.80p and the range of market prices during the year was between 13.6p and 43.5p.

During the year, the Board granted a one-year extension to Dr Stuart Paton's share options by way of issuing identical options to those above except for an exercise period of one year. The Directors do not consider this to have any impact on the fair value of the options, which had been fully recognised in earlier years.

Full share-based payment disclosures are provided in note 33. In addition, further share options were granted to Directors on 8 February 2022, as disclosed in note 39.

10 Investment income

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Interest income | | |
| Financial instruments measured at amortised cost: | | |
| Bank deposits | — | 1 |

11 Finance costs

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Interest on bank overdrafts and loans | 23 | 23 |
| Interest on lease liabilities | 21 | 22 |
| Core interest expense | 44 | 45 |
| Interest on contingent consideration for H2 Green Limited acquisition | 11 | — |
| | 55 | 45 |

12 Other gains and losses

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Reversal of expected credit losses with H2 Green Limited | 70 | — |
| Change in value of financial assets at fair value through profit or loss | (10) | 10 |
| | 60 | 10 |

Other gains and losses relate to adjustments prior to, and on, the acquisition of H2 Green Limited. Further details are provided in notes 2 and 36.

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

13 Income tax

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Current tax | | |
| UK corporation tax on profits for the current period | (454) | (231) |
| Adjustments in respect of prior periods | (446) | — |
| <i>Tax expense relating to prior year adjustments recognised in profit or loss</i> | — | (6) |
| Total UK current tax | (900) | (237) |
| Foreign taxes and reliefs | 27 | (4) |
| | (873) | (241) |
| Deferred tax | | |
| Origination and reversal of temporary differences | (45) | 75 |
| Changes in tax rates | (22) | (15) |
| Adjustment in respect of prior periods | — | 7 |
| Foreign exchange differences | 2 | — |
| | (65) | 67 |
| Total tax (credit) | (938) | (174) |

The charge for the year can be reconciled to the loss per the income statement as follows:

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Loss before taxation | (2,887) | (1,818) |
| Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%) | (549) | (345) |
| Effect of expenses not deductible in determining taxable profit | 36 | 31 |
| Change in unrecognised deferred tax assets | 225 | 282 |
| Effect of change in UK corporation tax rate | (2) | (7) |
| Depreciation on assets not qualifying for tax allowances | — | 7 |
| Adjustments in respect of financial assets | — | (2) |
| Research and development tax credit | (206) | (188) |
| Other permanent differences | (20) | (2) |
| Under/(over) provided in prior years | (6) | (45) |
| Foreign exchange adjustments | — | 6 |
| Surrender of R&D losses for tax credit refund | — | 59 |
| Adjustments for tax in foreign jurisdictions | 31 | 30 |
| R&D tax credits – claims in respect of the prior year | (447) | — |
| Taxation credit for the year | (938) | (174) |

The UK corporation tax rate was 19% throughout the year.

In the March 2021 Budget, a change to the future UK corporation tax rate was announced, indicating that the rate will increase to 25% from April 2023. Deferred tax balances at the reporting date are therefore measured at 25% (2020: 19%).

14 Dividends

No dividends have been paid during the current or prior year, nor any proposed by the Directors in respect of the current year end.

15 Earnings per share

| | 2021 Number | 2020 Number |
|--|-----------------------|-----------------------|
| Number of shares | | |
| Weighted average number of ordinary shares for basic earnings per share | 59,612,590 | 37,564,000 |
| | 2021 £'000 | 2020 £'000 |
| Earnings (all attributable to equity shareholders of the Company) | | |
| Loss for the period from continued operations | (1,949) | (1,644) |
| Basic and diluted earnings per share | | |
| From continuing operations (pence/share) | (3.27) | (4.38) |

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

Diluted EPS is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding plus the weighted average number of shares that would be issued on conversion of all the dilutive share options into ordinary shares. In the current and comparative year the Group has incurred losses and as such has not presented any dilution of earnings per share in accordance with IAS 33 'Earnings per share'. However, these dilutive shares would dilute the earnings per share should the Group become profitable.

Adjusted Earnings per share

The Directors use 'Adjusted Earnings' as a Key Performance Measure, which is defined as earnings before exceptional items. In the current year this includes a material component of non-recurring amortisation which has only arisen as a result of the business combination with H2 Green Limited. Adjusted Earnings is considered to more faithfully represent and measure the ongoing profitability and performance.

The calculated Adjusted Earnings for the current period are as follows:

| | Notes | 2021 £'000 | 2020 £'000 |
|--|-------|----------------|---------------|
| Loss for the period from continued operations | | (1,949) | (1,644) |
| Adjusted for: | | | |
| Exceptional items | 4 | 300 | 115 |
| Adjusted Earnings | | (1,649) | (1,529) |
| Basic Adjusted Earnings per share (pence per share) | | (2.77) | (4.07) |

16 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| In respect of: | | |
| Property, plant and equipment | 37 | — |
| Financial assets – loans and receivables | (70) | — |
| Recognised in: | | |
| Administrative expenses | 37 | — |
| Other gains and losses | (70) | — |

The impairment of property, plant and equipment results from a loss on inception of a sublease, as disclosed in note 19. Other gains and losses relate to adjustments prior to, and on, the acquisition of H2 Green Limited, for which further details are provided in notes 2 and 36.

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

17 Intangible assets

| | Goodwill £'000 | Supplier contracts £'000 | Other intangibles £'000 | Development costs £'000 | Reports £'000 | Data holdings £'000 | Customer relationships £'000 | Software development £'000 | Total £'000 |
|--------------------------------------|-------------------|--------------------------------|-------------------------------|-------------------------------|------------------|---------------------------|------------------------------------|----------------------------------|----------------|
| Cost | | | | | | | | | |
| At 1 January 2020 | 3,428 | — | 34 | 5,006 | 1,509 | 1,670 | 877 | 462 | 12,986 |
| Additions | — | — | — | 902 | — | — | — | — | 902 |
| Foreign currency adjustments | — | — | — | — | — | (54) | — | — | (54) |
| At 31 December 2020 | 3,428 | — | 34 | 5,908 | 1,509 | 1,616 | 877 | 462 | 13,834 |
| Additions – internally generated | — | — | — | 847 | — | — | — | — | 847 |
| Additions – on business combinations | 335 | 300 | — | — | — | — | — | — | 635 |
| Foreign currency adjustments | — | — | — | — | — | 21 | — | — | 21 |
| At 31 December 2021 | 3,763 | 300 | 34 | 6,755 | 1,509 | 1,637 | 877 | 462 | 15,337 |
| Amortisation and impairment | | | | | | | | | |
| At 1 January 2020 | 3,132 | — | 31 | 2,043 | 1,509 | 1,595 | 485 | 327 | 9,122 |
| Charge for the year | — | — | 2 | 813 | — | 15 | 38 | 92 | 960 |
| Foreign currency adjustments | — | — | — | — | — | (52) | — | — | (52) |
| At 31 December 2020 | 3,132 | — | 32 | 2,856 | 1,509 | 1,558 | 523 | 419 | 10,029 |
| Charge for the year | — | 300 | 2 | 829 | — | 15 | 38 | 43 | 1,227 |
| Foreign currency adjustments | — | — | — | — | — | 19 | — | — | 19 |
| At 31 December 2021 | 3,132 | 300 | 34 | 3,685 | 1,509 | 1,592 | 561 | 462 | 11,275 |
| Carrying amount | | | | | | | | | |
| At 31 December 2021 | 631 | — | — | 3,070 | — | 45 | 316 | — | 4,062 |
| At 31 December 2020 | 296 | — | 2 | 3,052 | — | 58 | 354 | 43 | 3,805 |
| At 31 December 2019 | 296 | 135 | 3 | 2,963 | — | 76 | 257 | 135 | 3,865 |

Impairment tests for cash generating units

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

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

The allocation to cash generating units is as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Geospatial Solutions | 296 | 296 |
| Hydrogen manufacturing and distribution | 335 | — |
| | 631 | 296 |

The recoverable amount of cash-generating units ('CGU') has been tested for impairment using future cash flows attributable to each CGU. In extrapolating future cash flows, long-term industry growth has been modelled at an annual rate of 2%, together with a 2% rate of inflation on costs annually.

17 Intangible assets cont.

Geospatial Solutions

Sales volumes over the five-year period are based on past performance and management's expectations of a market recovery staggered over that period, reflected by 5% year-on-year growth, no additional growth has been factored in beyond this five-year period beyond inflationary growth.

The discount rate applied of 9.01% (2020: 7.7%) takes into consideration the industry-wide risks as well as those specific to the Group's operating segment.

Hydrogen manufacturing and distribution

Sales values over an extended period have been based on early-stage budget developments through an extended period, with a longer-term assumption of 2% inflation. This is contingent on the achievement of certain milestones to enable revenues to be generated, with such milestone triggering payments of contingent consideration; failure to meet milestones might result in the impairment of the goodwill as well as a corresponding release of the liability associated with the contingent consideration. The discount rate applied is 40.00%. Which is significantly heightened from the Group's discount rate so as to reflect the early stage of the business.

Sensitivity analysis is carried out on all budgets, strategic plans and discount rates used in the calculations. The cash flow model is sensitive to short-term market fluctuations. However, the impact of a longer-term decrease of 10% in projected cash flows does not impact the outcome of the impairment review.

The hydrogen manufacturing and distribution business is new and historical financial data is minimal, therefore this could result in an impairment to the extent that forecast revenues are not achieved.

Amortisation charges are included in 'Administrative costs' in the consolidated statement of comprehensive income, except for the amortisation of supplier contracts which is included within exceptional costs on the grounds that this is non-recurring and arising from the acquisition of H2 Green Limited.

Included in development costs are completed phases of product development that are being amortised. The total cost of these products is £6,224,000 (2020 - £5,682,000) and they carry a net book value of £2,683,000 (2020 - £2,891,000).

18 Property, plant and equipment

| | Freehold property £'000 | Right of use assets £'000 | Plant and equipment £'000 | Total £'000 |
|--|-------------------------------|---------------------------------|---------------------------------|----------------|
| Cost | | | | |
| At 1 January 2020 | 2,798 | 641 | 1,162 | 4,601 |
| Additions | — | — | 24 | 24 |
| Disposals | — | — | (212) | (212) |
| Foreign currency adjustments | — | — | (1) | (1) |
| At 31 December 2020 | 2,798 | 641 | 973 | 4,412 |
| Additions | — | 83 | 29 | 112 |
| Disposals | — | — | (40) | (40) |
| Transfer to investment property | — | (641) | — | (641) |
| At 31 December 2021 | 2,798 | 83 | 962 | 3,843 |
| Accumulated depreciation and impairment | | | | |
| At 1 January 2020 | 446 | 162 | 1,087 | 1,695 |
| Charge for the year | 36 | 128 | 50 | 214 |
| Eliminated on disposal | — | — | (212) | (21) |
| Foreign currency adjustments | — | — | (1) | (1) |
| At 31 December 2020 | 482 | 290 | 924 | 1,696 |
| Charge for the year | 35 | 67 | 35 | 137 |
| Impairment loss (profit or loss) | — | 37 | — | 37 |
| Eliminated on disposal | — | — | (40) | (40) |
| On assets reclassified as investment property | — | (342) | — | (342) |
| At 31 December 2021 | 517 | 52 | 919 | 1,488 |

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

18 Property, plant and equipment cont.

Carrying amount

| At 31 December 2021 | 2,281 | 31 | 43 | 2,355 |
|---------------------|-------|-----|----|-------|
| At 31 December 2020 | 2,316 | 351 | 49 | 2,716 |
| At 31 December 2019 | 2,352 | 479 | 75 | 2,906 |

More information on impairment movements in the year is given in note 16.

Property, plant and equipment includes right-of-use assets, as follows:

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Right-of-use assets | | |
| Net values | | |
| Property | 31 | 350 |
| Additions | 83 | — |
| Depreciation and impairment charge for the year | | |
| Property | 67 | 128 |
| | 67 | 128 |
| Impairment charge for the year | | |
| Property | 37 | — |

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

The carrying amount of freehold land not subject to depreciation amounted to £1,000,000 (2020: £1,000,000).

The Group continues to explore the future sale of Kitson House. The requirements of IFRS 5 have been reviewed and based on the expected timeframe for disposal it is considered appropriate to continue to classify the land and buildings as a non-current asset rather than an asset held for sale. This property is pledged as security against borrowings of the Group, which are shown in note 25.

Details of the transfer of the right of use asset are given in note 19.

19 Investment property

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Cost | | |
| At 1 January 2021 | — | — |
| Transfers from owner-occupied property | 641 | — |
| At 31 December 2021 | 641 | — |
| Accumulated depreciation | | |
| Transfers from owner-occupied property | 342 | — |
| Charge for the year | 125 | — |
| At 31 December 2021 | 467 | — |
| Carrying value | | |
| At 31 December 2021 | 174 | — |
| At 31 December 2020 | — | — |

The property represents a sublease to a third party, where the Group holds the head lease. The lease is held at historic cost, being cost less accumulated depreciation. The lease represents a short term lease and as such it is not possible to reliably determine a fair value where this lease is to expire in a short period of time.

19 Investment property cont.

The sublease was entered into in February 2021 in order to utilise the space already leased by the Group, but no longer required for use. On inception the net investment in the sublease was calculated at the present value of contractual cash inflows arising from the lease, discounted at a rate of 3.5%. As a result of this calculation the Group recognised an impairment on inception of the lease, as shown in note 16.

20 Subsidiaries

Details of the Company's subsidiaries at 31 December 2021 are as follows:

| Name of undertaking | Address | Class of shares held | % Held | |
|---|--------------------------|----------------------|--------|--------|
| | | | Direct | Voting |
| Exprodat Consulting Limited ⁽¹⁾ | England & Wales | Ordinary | 100.00 | 100.00 |
| ERCL Limited ⁽¹⁾ | England & Wales | Ordinary | 100.00 | 100.00 |
| Geophysical Exploration Technology Inc ⁽²⁾ | United States of America | Ordinary | 100.00 | 100.00 |
| H2 Green Limited ⁽³⁾ | Scotland | Ordinary | 100.00 | 100.00 |

Registered office addresses (all UK unless otherwise indicated):

- 1 Kitson House, Elmete Hall, Elmete Lane, Leeds, LS8 2LJ
- 2 3000 Wilcrest Drive, Suite 155, Houston, Texas 77042, United States of America
- 3 93 George Street, Edinburgh, EH2 3ES *

* As at the year end, the registered office of H2 Green Limited was Spaces 1, Lochrin Terrace, 92-98 Fountainbridge, Edinburgh, EH3 9QA. The results for H2 Green Limited are included for a nine-month period only, as control was only obtained on 30 March 2021

On 5 January 2022 the Group incorporated a new subsidiary, H2G Opco1 Limited, which is wholly owned by H2 Green Limited. H2G Opco1 Limited has not traded to date.

Getech Group plc has provided, under s479C Companies Act 2006, a guarantee which permits its wholly owned subsidiary ERCL Limited (company number 08743541, registered in England & Wales) to not obtain an audit of its individual financial statements for the year ended 31 December 2021.

It has also provided, under s479C Companies Act 2006, a guarantee which permits its wholly-owned subsidiary Exprodat Consulting Limited (company number 04371594, registered in England & Wales) to not obtain an audit of its individual financial statements for the year ended 31 December 2021.

21 Cash and cash equivalents

| | 2021 £'000 | 2020 £'000 |
|--------------------------|---------------|---------------|
| Cash at bank and in hand | 5,864 | 2,192 |

22 Credit risk

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. This exposure is summarised below:

Classification of financial assets – carrying amounts

| | 2021 £'000 | 2020 £'000 |
|-----------------------------|---------------|---------------|
| Trade and other receivables | 1,213 | 1,016 |
| Cash and cash equivalents | 5,864 | 2,192 |
| | 7,077 | 3,208 |

The Group does not hold any collateral or other credit enhancements to cover this credit risk.

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

Trade receivables are stated on the basis of factors such as historical trends, age of debts and debt specific information. Details of amounts past due but not impaired are set out in note 24. The credit risk for liquid funds is considered negligible since counterparties are reputable banks with high-quality external credit ratings.

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

23 Trade and other receivables

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Trade receivables | 1,127 | 619 |
| Loss allowance | (88) | — |
| | 1,039 | 619 |
| Contract assets (note 3) | 167 | 237 |
| VAT recoverable | 72 | 38 |
| Other receivables | 7 | 112 |
| Prepayments | 306 | 337 |
| Fair value through profit and loss derivative | — | 10 |
| | 1,591 | 1,353 |

24 Trade receivables – credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

The Group's trade receivables have been reviewed for expected credit losses. Allowances have been made amounting to £88,000 (2020: £nil). It is considered that the expected credit loss for receivables balances less than six months is £nil (2020: £nil). The carrying value for trade and other receivables is stated after the following allowance for credit losses:

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Movement in the allowances for doubtful debts | | |
| Balance at 1 January 2021 | — | — |
| Additional allowance recognised | 88 | — |
| Balance at 31 December 2021 | 88 | — |

Calculation of expected credit loss

The expected credit loss for trade receivables as at 31 December 2021 was determined as follows:

| | Current | Less than 3 months | 3 to 6 months | More than 6 months | Total |
|------------------------------|---------|-----------------------|---------------|-----------------------|-------|
| Expected credit loss rate | 0.0% | 0.0% | 0.0% | 50.0% | 0.0% |
| Gross carrying amount | 672 | 175 | 97 | 180 | 1,124 |
| Expected credit loss (£'000) | — | — | — | (88) | (88) |

The expected credit loss for trade receivables as at 31 December 2020 was determined as follows:

| | Current | Less than 3 months | 3 to 6 months | More than 6 months | Total |
|------------------------------|---------|-----------------------|---------------|-----------------------|-------|
| Expected credit loss rate | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Gross carrying amount | 316 | 119 | 31 | 153 | 619 |
| Expected credit loss (£'000) | — | — | — | — | — |

Expected credit losses – other receivables

Included within other receivables in the prior year were gross receivables from H2 Green Limited ('H2 Green'), a company in which the Group held an option to acquire 100% of the ordinary share capital. This option was exercised in March 2021, as described in note 35. As part of this option agreement, the Group provided working capital facilities to H2 Green in the form of debts advanced prior to the year-end of £nil (2020: £53,606), and maximum committed loans to be advanced in January 2021 of £nil (2020: £20,000).

24 Trade receivables – credit risk cont.

Expected credit losses – other receivables cont.

The Directors, when performing the fair value exercise on the option in the prior year, determined that the Group had an implied associated expected credit loss under IFRS 9 in respect of these loans and loan commitments of 95.2%, which was provided for in full in 2020. As the option has subsequently been exercised, the Group no longer carries any exposure to credit risks from this loan and as such the losses expensed in 2020 have been recognised as a gain in the current year.

25 Borrowings

| | Current | | Non-current | |
|---|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Borrowings held at amortised cost: | | | | |
| Bank loans | 110 | 85 | 659 | 750 |

The bank loan carries a variable interest rate of 2.75% above bank base rate and is repayable in monthly instalments over a 60-month term. The loan is secured by land and buildings owned by the Parent Company, which is shown in note 18 with a current carrying value of £2,281,000 (2020: £2,316,000). The loan is due for repayment with a balloon payment by the end of 2024.

26 Financial risk management

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

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

Foreign exchange risk

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

| | Assets | | Liabilities | |
|------------|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| US dollars | 959 | 471 | 23 | 68 |
| Euros | 8 | 36 | — | 3 |
| | 967 | 507 | 23 | 71 |

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

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

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

The Group had short-term exposure to the US dollar and the euro at 31 December 2021. The following table illustrates the sensitivity of the net result for the year with regard to the Group's financial assets and financial liabilities. It assumes a +/-10% change in the US dollar and the euro exchange rates for the period ended 31 December 2021. Sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each reporting period.

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

26 Financial risk management cont.

Foreign exchange risk cont.

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

| | 2021 | | 2020 | |
|--|---------------|---------------|---------------|---------------|
| | +10% £'000 | -10% £'000 | +10% £'000 | -10% £'000 |
| Reported loss before tax | (2,887) | (2,887) | (1,818) | (1,818) |
| Sensitivity to movement in currency exchange rates: | | | | |
| US dollars | (100) | 82 | (26) | 29 |
| Euros | (1) | 1 | (3) | 4 |
| Sensitised loss before tax | (2,988) | (2,804) | (1,847) | (1,785) |

Interest rate risk

The carrying amounts of financial assets/(liabilities) which expose the Group to cash flow interest rate risk are as follows:

| | 2021 £'000 | 2020 £'000 |
|------------|---------------|---------------|
| Cash | 5,863 | 2,192 |
| Bank loans | (769) | (835) |
| | 5,094 | 1,357 |

Cash and bank loans are subject to variable rates of interest. Although the Group has lease liabilities, all leases are recognised on a present value basis only with no cash interest payable, and as such there is no other material interest rate risk. To mitigate the Group's exposure to interest rate risk, market rates are monitored.

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

| | 2021 | | 2020 | |
|----------------------------|--------------|--------------|--------------|--------------|
| | +1% £'000 | -1% £'000 | +1% £'000 | -1% £'000 |
| Reported loss before tax | (2,887) | (2,887) | (1,818) | (1,818) |
| Change in interest rates | (8) | 8 | 1 | (1) |
| Sensitised loss before tax | (2,895) | (2,879) | (1,817) | (1,819) |

Capital and liquidity risk

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

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

| | Within one year £'000 | In 1 to 2 years £'000 | In 2 to 5 years £'000 | Total £'000 |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------|
| Year ended 31 December 2021 | | | | |
| Trade and other payables | 1,072 | — | — | 1,072 |
| Contingent consideration | 250 | — | — | 250 |
| Bank loans | 110 | 110 | 549 | 769 |
| Leases | 187 | 101 | 2 | 290 |
| | 1,619 | 211 | 551 | 2,381 |

26 Financial risk management cont.**Capital and liquidity risk cont.**

| Year ended 31 December 2020 | Within one year £'000 | In 1 to 2 years £'000 | In 2 to 5 years £'000 | Total £'000 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------|
| Trade and other payables* | 734 | — | — | 734 |
| Bank loans | 85 | 114 | 636 | 835 |
| Leases | 166 | 167 | 98 | 431 |
| | 985 | 281 | 734 | 2,000 |

* This excludes expected credit losses arising on loan commitments

Below is a summary of the Group's financial assets and liabilities as defined in IFRS 9 'Financial Instruments: Recognition and Measurement':

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Debt instruments at amortised cost | | |
| Trade and other receivables | 1,213 | 1,006 |
| Cash and cash equivalents | 5,863 | 2,192 |
| | 7,076 | 3,198 |
| Equity instruments measured at fair value through profit and loss | | |
| Derivatives | — | 10 |
| Current financial liabilities measured at amortised cost | | |
| Trade and other payables | (1,072) | (900) |
| Bank loans | (110) | (85) |
| Leases | (188) | (148) |
| | (1,370) | (1,133) |
| Current financial liabilities measured at fair value through profit and loss | | |
| Contingent consideration | (245) | — |
| Non-current financial liabilities measured at amortised cost | | |
| Bank loans | (659) | (750) |
| Leases | (102) | (257) |
| | (761) | (1,007) |
| | 4,700 | 1,068 |

The Directors consider that the fair value of financial assets and liabilities equates to the carrying value for both 2021 and 2020.

Capital management policies and procedures

The Group's capital management objectives are as follows:

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

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

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

26 Financial risk management cont.

Capital management policies and procedures cont.

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

| | 2021 £'000 | 2020 £'000 |
|--------------------------------|---------------|---------------|
| Total equity | 12,030 | 8,049 |
| Less cash and cash equivalents | (5,863) | (2,192) |
| | 6,167 | 5,857 |

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

27 Trade and other payables

| | Notes | Current | | Non-current | |
|------------------------------------|-------|---------------|---------------|---------------|---------------|
| | | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Trade payables | | 329 | 549 | — | — |
| Accruals | | 740 | 162 | — | — |
| Contingent consideration | | 245 | — | — | — |
| Social security and other taxation | | 118 | 79 | — | — |
| Other payables | | 3 | 41 | — | — |
| Leases | 28 | 118 | 148 | 102 | 257 |
| Contract liabilities | 31 | 504 | 387 | — | — |
| Provisions | 30 | — | — | — | 25 |
| | | 2,127 | 1,366 | 102 | 282 |

Other payables include £nil (2020: £19,040) of expected credit losses on loan commitments entered into, as described further in note 24.

Details of contingent consideration are provided in note 36.

28 Lease liabilities

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Maturity analysis | | |
| Within one year | 197 | 166 |
| In two to five years | 103 | 265 |
| Total undiscounted liabilities | 300 | 431 |
| Future finance charges and other adjustments | (10) | (26) |
| Lease liabilities in the financial statements | 290 | 405 |

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

| | 2021 £'000 | 2020 £'000 |
|-------------------------|---------------|---------------|
| Current liabilities | 188 | 148 |
| Non-current liabilities | 102 | 257 |
| | 290 | 405 |

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Amounts recognised in profit or loss include the following: | | |
| Interest on lease liabilities | 21 | 22 |

29 Deferred taxation

| | 2021 £'000 | 2020 £'000 |
|--------------------------|---------------|---------------|
| Deferred tax liabilities | — | (176) |
| Deferred tax assets | 214 | 364 |
| | 214 | 188 |

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

| | ACAs £'000 | Tax losses £'000 | Provisions £'000 | Retirement benefit obligations £'000 | Share- based payments £'000 | Foreign tax £'000 | Intangibles £'000 | R&D £'000 | Total £'000 |
|---|---------------|------------------------|---------------------|---|--------------------------------------|-------------------------|----------------------|--------------|----------------|
| Deferred tax liability at 1 January 2020 | 88 | — | — | — | — | — | 11 | 72 | 171 |
| Deferred tax asset at 1 January 2020 | — | (311) | (3) | (4) | (39) | (55) | — | — | (412) |
| Deferred tax movements in prior year | | | | | | | | | |
| Charge/(credit) to profit or loss | 2 | 43 | — | — | (8) | 22 | — | (25) | 34 |
| Effect of change in tax rate – profit or loss | 10 | (3) | — | (1) | (5) | — | — | 11 | 12 |
| Other | — | — | — | — | — | — | — | 7 | 7 |
| Deferred tax liability at 1 January 2021 | 100 | — | — | — | — | — | 11 | 65 | 176 |
| Deferred tax asset at 1 January 2021 | — | (271) | (3) | (5) | (52) | (33) | — | — | (364) |
| Deferred tax movements in current year | | | | | | | | | |
| Charge/(credit) to profit or loss | (8) | (101) | 1 | 4 | (1) | 19 | (59) | 100 | (45) |
| Effect of change in tax rate – profit or loss | 30 | (91) | (1) | — | (12) | — | — | 52 | (22) |
| Business combination | — | (18) | — | — | — | — | 57 | — | 39 |
| Foreign exchange adjustments | — | 2 | — | — | — | — | — | — | 2 |
| Deferred tax liability/(asset) at 31 December 2021 | 122 | (479) | (3) | (1) | (65) | (14) | 9 | 217 | 214 |

The deferred tax asset in respect of foreign tax jurisdictions arises as a result of future capital allowances available following the part-payment of the deferred consideration for the acquisition of assets from Lisle Gravity Inc. in an earlier period. These will be relieved against profits of the foreign subsidiary.

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

Losses incurred by the Group for which no deferred tax asset has been recognised amount to £2,510,000 (2020: £1,376,000). The Group further has unutilised R&D expenditure credits of £53,000 (2020: £20,000) which are available for utilisation against tax payable in future years. No deferred tax asset has been recognised in respect of these credits. If deferred tax assets were recognised in respect of these balances, it would increase the net assets of the Group by approximately £680,000 (2020: £281,000).

In the March 2021 Budget, a change to the future UK corporation tax rate was announced, indicating that the rate will increase to 25% from April 2023. Deferred tax balances at the reporting date are expected to reverse after that date and are therefore measured at 25% (2020: 19%).

30 Provisions for liabilities

| | 2021 £'000 | 2020 £'000 |
|------------------------|---------------|---------------|
| Dilapidation provision | 25 | 25 |

All provisions are expected to be settled after more than 12 months from the reporting date.

| Movements on provisions: | Dilapidation provision £'000 |
|--|---------------------------------|
| At 1 January 2021 and 31 December 2021 | 25 |

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

31 Contract liabilities

| | 2021 £'000 | 2020 £'000 |
|---------------------------------------|---------------|---------------|
| Arising from contracts with customers | 504 | 387 |

All deferred revenues are expected to be settled within 12 months from the reporting date.

32 Retirement benefit schemes

| Defined contribution schemes | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Charge to profit or loss in respect of defined contribution schemes | 354 | 327 |

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The liability to the scheme was £2,000 (2020: £nil) at the end of the year.

33 Share-based payment transactions

At 31 December 2021, the Group operated an approved Enterprise Management Incentive (EMI) share scheme and an Unapproved Options scheme. Under the share options plans, the Directors can grant options over shares in the Company to employees, subject to approval from the Remuneration Committee. Options are granted with a fixed exercise price and the contractual life of an option of 10 years. Options will become exercisable on the second anniversary of the date of grant. Exercise of an option is subject to continued employment.

At 31 December 2021, rights to options over Ordinary Shares of the Parent Company were outstanding as follows:

| | Number of share options | | Weighted average exercise price | |
|---------------------------------|-------------------------|-----------|---------------------------------|---------------|
| | 2021 | 2020 | 2021 £'000 | 2020 £'000 |
| Outstanding at 1 January 2021 | 4,130,000 | 4,199,039 | 0.28 | 0.27 |
| Expired in the period | — | (69,039) | — | 0.15 |
| Outstanding at 31 December 2021 | — | — | 0.28 | 0.28 |
| Exercisable at 31 December 2021 | 4,130,000 | 4,130,000 | 0.28 | 0.28 |

The options outstanding at 31 December 2021 had an exercise price ranging from 15p to 35p, and a remaining contractual life of 10 years.

| Expenses | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Related to equity settled share-based payments | 7 | 31 |

During the year the Board granted a one-year extension to the 900,000 share options with original expiry date of 27 April 2021 by way of issuing identical options to those above except for an exercise period of one year.

On 8 February 2022 a further 2,250,000 share options were granted, as explained further in note 39.

No share options were exercised during the year.

34 Share capital

| Ordinary share capital | 2021 Number | 2020 Number | 2021 £'000 | 2020 £'000 |
|------------------------------|----------------|----------------|---------------|---------------|
| Authorised | | | | |
| Ordinary of 25p each | 90,000,000 | 90,000,000 | 225 | 225 |
| Issued and fully paid | | | | |
| Ordinary of 25p each | 66,866,680 | 37,563,615 | 167 | 94 |

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

Between 31 March and 1 April 2021, additional shares were issued relating to an equity fund raise and the acquisition of H2 Green Limited, as a result of which an additional 29,303,065 shares were issued, called up and fully paid. On issue the Group received gross proceeds of £6,446,000 (of which £196,250 relates to shares issued as direct consideration for H2 Green Limited), against which a deduction of £547,000 was recognised directly against the share premium account in respect of directly attributable costs of raising the additional capital.

35 Share premium account

| | 2021 £'000 | 2020 £'000 |
|------------------------------|---------------|---------------|
| At the beginning of the year | 3,053 | 3,053 |
| Issue of new shares | 6,179 | — |
| Costs of equity raise | (547) | — |
| At the end of the year | 8,685 | 3,053 |

Notes to the Consolidated Financial Statements cont.

for the year ended 31 December 2021

36 Acquisitions of a business

On 30 March 2021 the Group acquired 100% of the issued capital

| Net assets of business acquired | Book value £'000 | Adjustments £'000 | Fair value £'000 |
|---|---------------------|----------------------|---------------------|
| Intangible assets | — | 300 | 300 |
| Deferred tax asset (re losses) | 18 | — | 18 |
| Trade and other receivables | 11 | — | 11 |
| Trade and other payables | (123) | — | (123) |
| Deferred tax liability (re adjustments) | — | (57) | (57) |
| Total identifiable net assets | (94) | 243 | 149 |
| Non-controlling interests | | | — |
| Goodwill | | | 335 |
| Total consideration | | | 484 |

| | |
|--|-------|
| The consideration was satisfied by: | £'000 |
| Cash | 54 |
| Shares of Getech Group plc issued to vendors | 196 |
| Contingent consideration | 234 |
| | 484 |

| | |
|--|-------|
| Net cash outflow arising on acquisition | £'000 |
| Cash consideration | 54 |
| Less: Cash and cash equivalents acquired | — |
| | 54 |

Contribution by the acquired business for the reporting period included in the Group statement of comprehensive income since acquisition:

| | |
|----------------|-------|
| | £'000 |
| Revenue | — |
| Loss after tax | (372) |

In addition to the above, the Group incurred fees of £15,000 relating to the acquisition, which have been expensed and are included within administrative expenses.

The goodwill arising on the acquisition substantially relates to the significant growth that is anticipated using the funding of the Group. H2 Green Limited is a start-up business with new technology, and the goodwill is linked to the contingent consideration which is only payable when certain milestones are met over several years. The amounts paid might be £125,000, £250,000 or £750,000, depending on how many milestones are met. The Directors consider these events to be probable based on due diligence and business planning undertaken during the option period, however the expected timing of this remains uncertain; the recognition of contingent consideration includes a determination of the likelihood of this timing, with the amounts expected to be paid discounted to present value.

Trade and other payables acquired includes a debt of £106,000 owed to the Group as part of the pre-acquisition agreements during the option period, explained in notes 2 and 24.

37 Contingent liabilities

Except for the contingent consideration described in note 36, there were no contingent liabilities, capital commitments or guarantees provided at either 31 December 2021 or 31 December 2020.

38 Capital risk management

The Group is not subject to any externally imposed capital requirements.

39 Events after the reporting date

On 8 February 2022 the Group granted 2,250,000 share options, of which 1,650,000 were granted to Directors of the Group. The options were granted with an exercise price of 27.5p per ordinary share, being the mid-market closing price on 7 February 2022. The options have a seven-year term and vest one third (750,000) on each of the next three anniversaries of the grant date, subject to satisfying certain performance condition.

The Directors have determined that the options carry a provisional fair value of £158,000 across all three tranches of shares. Of this, £116,000 relates to the options held by Directors, which is anticipated to be recognised as remuneration over the next three years.

40 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including Directors, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

| | 2021 £'000 | 2020 £'000 |
|------------------------------|---------------|---------------|
| Short-term employee benefits | 725 | 673 |
| Post-employment benefits | 35 | 66 |
| Share-based payments | — | 15 |
| | 760 | 754 |

The remuneration of the Directors of the Parent Company is detailed in note 9. No Directors received dividends during the current or prior year.

Other information

During the year (and until the retirement of Chris Flavell from the Board), the Group made payments to Zinc Consultants Limited amounting to £26,000 (2020: £11,000) for recruitment services, a company of which Chris Flavell is a Director. All transactions were conducted under standard commercial terms.

The Company has taken advantage of the exemption available in FRS 101 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the Group, which would otherwise be required by IAS 24 'Related party disclosures'.

Company Statement of Financial Position

as at 31 December 2021

| | | 2021 | | 2020 |
|--|-------|----------------|-------|---------|
| | Notes | £'000 | £'000 | £'000 |
| Non-current assets | | | | |
| Intangible assets | 43 | 2,834 | | 2,782 |
| Property, plant and equipment | 44 | 2,312 | | 2,695 |
| Investment property | | 174 | | — |
| Investments | 45 | 2,244 | | 1,760 |
| | | 7,564 | | 7,237 |
| Current assets | | | | |
| Trade and other receivables | 46 | 1,952 | | 1,194 |
| Tax receivable | | 656 | | 191 |
| Cash and cash equivalents | | 4,615 | | 1,119 |
| | | 7,223 | | 2,504 |
| Current liabilities | 47 | (3,108) | | (2,025) |
| Net current assets | | 4,115 | | 478 |
| Total assets less current liabilities | | 11,679 | | 7,715 |
| Non-current liabilities | 47 | (756) | | (1,013) |
| Provisions for liabilities | | (25) | | (109) |
| Net assets | | 10,898 | | 6,594 |
| Equity | | | | |
| Called up share capital | 55 | 167 | | 94 |
| Share premium account | | 8,685 | | 3,053 |
| Merger reserve | | 194 | | — |
| Share-based payment reserve | | 258 | | 251 |
| Retained earnings | | 1,594 | | 3,196 |
| Total equity | | 10,898 | | 6,594 |

As permitted by s408 Companies Act 2006, the Company has not presented its own income statement and related notes. The Company's loss for the year was £1,602k (2020: £1,495k loss).

The financial statements were approved by the Board of Directors and authorised for issue on 18 May 2022 and are signed on its behalf by:

Mr A L Darbyshire
Director

Company Registration No. 02891368

Company Statement of Changes in Equity

for the year ended 31 December 2021

| | Notes | Share capital £'000 | Share premium account £'000 | Revaluation reserve £'000 | Merger reserve £'000 | Hedging reserve £'000 | Capital redemption reserve £'000 | Share- based payment reserve £'000 | Retained earnings £'000 | Total £'000 |
|--|-------|------------------------|-----------------------------------|---------------------------------|----------------------------|-----------------------------|---|--|-------------------------------|----------------|
| Balance at 1 January 2020 | | 94 | 3,053 | — | — | — | — | 242 | 4,669 | 8,058 |
| Year ended 31 December 2020: | | | | | | | | | | |
| Loss and total comprehensive income for the year | | — | — | — | — | — | — | — | (1,495) | (1,495) |
| Transactions with owners of the Company: | | | | | | | | | | |
| Share-based payment charge | 33 | — | — | — | — | — | — | 31 | — | 31 |
| Forfeit of share options | | — | — | — | — | — | — | (22) | 22 | — |
| Balance at 31 December 2020 | | 94 | 3,053 | — | — | — | — | 251 | 3,196 | 6,594 |
| Year ended 31 December 2021: | | | | | | | | | | |
| Loss and total comprehensive income for the year | | — | — | — | — | — | — | — | (1,602) | (1,602) |
| Transactions with owners of the Company: | | | | | | | | | | |
| Issue of share capital | 34 | 73 | 6,179 | — | — | — | — | — | — | 6,252 |
| Share-based payment charge | 33 | — | — | — | — | — | — | 7 | — | 7 |
| Issued on acquisition of subsidiary | 45 | — | — | — | 194 | — | — | — | — | 194 |
| Costs of share issue deducted from share premium | 34 | — | (547) | — | — | — | — | — | — | (547) |
| Balance at 31 December 2021 | | 167 | 8,685 | — | 194 | — | — | 258 | 1,594 | 10,898 |

Notes to the Company Financial Statements

for the year ended 31 December 2021

41 Accounting policies

Company information

Getech Group plc is a public company limited by shares incorporated in England and Wales. The registered office is Kitson House, Elmete Hall, Elmete Lane, Leeds, West Yorkshire, LS8 2LJ. The Company's principal activities and nature of its operations are disclosed in the Directors' Report.

41.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The Company applies accounting policies, key judgements, and key estimates on a consistent basis as the Group, except for disclosure exemptions set out below. To the extent that an accounting policy is relevant to both Group and parent company financial statements, please refer to the Group financial statements for disclosure of the relevant accounting policy.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment, intangible assets, investment property and biological assets;
- a reconciliation of the number and weighted average exercise prices of share options, how the fair value of share-based payments was determined and their effect on profit or loss and the financial position;
- comparative narrative information;
- for financial instruments, investment property and biological assets measured at fair value and within the scope of IFRS 13, the valuation techniques and inputs used to measure fair value, the effect of fair value measurements with significant unobservable inputs on the result for the period and the impact of credit risk on the fair value; and
- related party disclosures for transactions with the parent or wholly owned members of the Group.

42 Employees

The average monthly number of persons (including Directors) employed by the Company during the year was:

| | 2021 Number | 2020 Number |
|----------------|----------------|----------------|
| Directors | 3 | 3 |
| Administration | 10 | 11 |
| Technical | 34 | 39 |
| Total | 47 | 53 |

Their aggregate remuneration comprised:

| | 2021 £'000 | 2020 £'000 |
|-----------------------------|---------------|---------------|
| Wages and salaries | 2,375 | 2,134 |
| Government grants received | — | (80) |
| Social security costs | 248 | 239 |
| Pension costs | 282 | 241 |
| Share-based payment charges | 7 | 31 |
| | 2,912 | 2,565 |

43 Intangible assets

| | Other £'000 | Development costs £'000 | Reports £'000 | Total £'000 |
|------------------------------------|----------------|-------------------------------|------------------|----------------|
| Cost | | | | |
| At 1 January 2021 | 5 | 5,494 | 399 | 5,898 |
| Additions – internally generated | — | 740 | — | 740 |
| At 31 December 2021 | 5 | 6,234 | 399 | 6,638 |
| Amortisation and impairment | | | | |
| At 1 January 2021 | 4 | 2,713 | 399 | 3,116 |
| Charge for the year | 1 | 687 | — | 688 |
| At 31 December 2021 | 5 | 3,400 | 399 | 3,804 |
| Carrying amount | | | | |
| At 31 December 2021 | — | 2,834 | — | 2,834 |
| At 31 December 2020 | 1 | 2,781 | — | 2,782 |

44 Property, plant and equipment

| | Freehold property £'000 | Right of use assets £'000 | Plant and equipment £'000 | Total £'000 |
|--|-------------------------------|---------------------------------|---------------------------------|----------------|
| Cost | | | | |
| At 1 January 2021 | 2,798 | 641 | 835 | 4,274 |
| Additions | — | — | 21 | 21 |
| Disposals | — | — | (20) | (20) |
| Transfer to investment property | — | (641) | — | (641) |
| At 31 December 2021 | 2,798 | — | 836 | 3,634 |
| Accumulated depreciation and impairment | | | | |
| At 1 January 2021 | 481 | 291 | 808 | 1,580 |
| Charge for the year | 35 | 14 | 18 | 67 |
| Impairment loss (profit or loss) | — | 37 | — | 37 |
| Eliminated on disposal | — | — | (20) | (20) |
| On assets reclassified as investment property | — | (342) | — | (342) |
| At 31 December 2021 | 516 | — | 806 | 1,322 |
| Carrying amount | | | | |
| At 31 December 2021 | 2,282 | — | 30 | 2,312 |
| At 31 December 2020 | 2,317 | 350 | 27 | 2,694 |

The carrying amount of freehold land not subject to depreciation amounted to £1,000,000 (2020: £1,000,000).

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

Notes to the Company Financial Statements cont.

for the year ended 31 December 2021

45 Investments

| | Current | | Non-current | |
|--|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Investments in subsidiaries | — | — | 2,244 | 1,760 |
| Classified as part of a disposal group held for sale | — | — | — | — |

Fair value of financial assets carried at amortised cost

Except as detailed below the Directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Investment in subsidiary undertakings

Details of the Company's principal operating subsidiaries are included in note 20, and details of the addition detailed below are given in note 36.

Movements in non-current investments

| | Shares in subsidiaries £'000 |
|--|------------------------------------|
| Cost or valuation | |
| At 1 January 2021 | 7,228 |
| Additions | 484 |
| At 31 December 2021 | 7,712 |
| Impairment | |
| At 1 January 2021 and 31 December 2021 | (5,468) |
| Carrying amount | |
| At 31 December 2021 | 2,244 |
| At 31 December 2020 | 1,760 |

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

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

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

Since 31 March 2021, the Parent Company owns 100% of H2 Green Limited, a company incorporated in England and Wales. The principal activity of H2 Green is building and managing a network of Hydrogen Hubs across the UK. On 31 March 2021 Getech exercised its option to acquire 100% of the share capital of H2 Green.

The investment in subsidiary undertakings has been tested for impairment and in the opinion of the Directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet. This impairment testing has been done on the same basis as goodwill has for the Group, full details of which are provided in note 17.

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

46 Trade and other receivables

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Trade receivables | 731 | 382 |
| Loss allowance | (85) | — |
| | 646 | 382 |
| VAT recoverable | 43 | 38 |
| Amounts owed by subsidiary undertakings | 839 | 285 |
| Other receivables | 1 | — |
| Prepayments and accrued income | 423 | 479 |
| Derivative contracts | — | 10 |
| | 1,952 | 1,194 |

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

The Company has taken advantage of the disclosure exemptions of FRS 101 to not present an analysis of its credit risks. Disclosure for the Group can be found in note 24.

Details of the derivative contract, representing the option over H2 Green Limited, can be found in notes 12 and 36.

47 Liabilities

| | | Current | | Non-current | |
|--------------------------|-------|---------------|---------------|---------------|---------------|
| | Notes | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Borrowings | 48 | 110 | 78 | 659 | 756 |
| Trade and other payables | 49 | 2,751 | 1,711 | — | — |
| Lease liabilities | 50 | 158 | 148 | 97 | 257 |
| Deferred income | 53 | 89 | 88 | — | — |
| | | 3,108 | 2,025 | 756 | 1,013 |

48 Borrowings

| | | Current | | Non-current | |
|---|--|---------------|---------------|---------------|---------------|
| | | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Borrowings held at amortised cost: | | | | | |
| Bank loans | | 110 | 78 | 659 | 756 |

The bank loan carries a variable interest rate of 2.75% above the bank base rate and is repayable in equal monthly instalments. The loan is secured by land and buildings owned by the Parent Company, with a carrying value of £2,280,000 (2020: £2,317,000). The loan is due for repayment with a balloon payment by the end of 2024.

Notes to the Company Financial Statements cont.

for the year ended 31 December 2021

49 Trade and other payables

| | Current | | Non-current | |
|---|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Trade payables | 242 | 486 | — | — |
| Amounts owed to subsidiary undertakings | 1,458 | 1,032 | — | — |
| Accruals | 717 | 90 | — | — |
| Contingent consideration | 245 | — | — | — |
| Social security and other taxation | 89 | 65 | — | — |
| Other payables | — | 38 | — | — |
| | 2,751 | 1,711 | — | — |

Other payables include £19,040 of expected credit losses on loan commitments entered into, as described further in note 24.

50 Lease liabilities

| Maturity analysis | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Within one year | 167 | 166 |
| In two to five years | 98 | 265 |
| Total undiscounted liabilities | 265 | 431 |
| Future finance charges and other adjustments | (10) | (26) |
| Lease liabilities in the financial statements | 255 | 405 |

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

| | 2021 £'000 | 2020 £'000 |
|-------------------------|---------------|---------------|
| Current liabilities | 158 | 148 |
| Non-current liabilities | 97 | 257 |
| | 255 | 405 |

51 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

| | ACAs £'000 | Tax losses £'000 | Retirement benefit obligations £'000 | Share-based payments £'000 | R&D £'000 | Total £'000 |
|---|---------------|---------------------|---|----------------------------------|--------------|----------------|
| Deferred tax liability at 1 January 2020 | 88 | (21) | (4) | (39) | 71 | 95 |
| Deferred tax movements in prior year | | | | | | |
| Charge/(credit) to profit or loss | 1 | — | — | (8) | (23) | (30) |
| Effect of change in tax rate – profit or loss | 10 | (3) | (1) | (5) | 11 | 12 |
| Other | — | — | — | — | 7 | 7 |
| Deferred tax liability at 1 January 2021 | 99 | (24) | (5) | (52) | 66 | 84 |
| Deferred tax movements in current year | | | | | | |
| Charge/(credit) to profit or loss | (5) | (187) | 5 | (1) | 100 | (88) |
| Effect of change in tax rate – profit or loss | 30 | (66) | — | (12) | 52 | 4 |
| Deferred tax liability at 31 December 2021 | 124 | (277) | — | (65) | 218 | — |

The deferred tax asset in respect of tax losses arises as a result of losses incurred by the Company after 1 April 2017. The Group is expected to generate future taxable profits, which these losses will be set against. The trading losses carried forward have no expiry date. There exists total tax losses of £3,136,000 (2020: £488,000) of which £2,150,000 (2020: £488,000) is not recognised as a deferred tax asset.

Losses incurred by the Company prior to 1 April 2017 amount to £124,000 (2020: £124,000) which have been recognised in full as a deferred tax asset.

The Company further has unutilised R&D expenditure credits of £33,000 (2020: £33,000) which are available for utilisation against tax payable in future years. No deferred tax asset has been recognised in respect of these credits.

In the March 2021 Budget, a change to the future UK corporation tax rate was announced, indicating that the rate will increase to 25% from April 2023. Deferred tax balances at the reporting date are expected to reverse after that date and are therefore measured at 25% (2020: 19%).

52 Provisions for liabilities

| | 2021 £'000 | 2020 £'000 |
|------------------------|---------------|---------------|
| Dilapidation provision | 25 | 25 |

All provisions are expected to be settled after more than 12 months from the reporting date.

Movements on provisions:

| | £'000 |
|--|-------|
| At 1 January 2021 and 31 December 2021 | 25 |

53 Deferred revenue

| | 2021 £'000 | 2020 £'000 |
|---------------------------------|---------------|---------------|
| Arising from customer contracts | 89 | 88 |

All deferred revenues are expected to be settled within 12 months from the reporting date.

54 Share-based payment transactions

The Company information for share-based payments is the same as the Group information and is shown in note 33.

55 Share capital

Refer to note 34 of the Group financial statements.

Advisors

Registered office for the Parent Company

Kitson House
Elmete Hall
Elmete Lane
Leeds
LS8 2LJ

Nominated advisor and broker

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

Auditor

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

Solicitors

Womble Bond Dickinson
1 Whitehall Riverside
Leeds
LS1 4BN

Principal bankers

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

Registrars

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

