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GoTech Group plc / Index: AIM / Epic: GOT.L / Sector: Software

21 April 2017

GoTech Group plc
(“GoTech”, the “Company” or the “Group”)

Unaudited Interim Results

GoTech, the sports and wellbeing focused technology company, announces its unaudited interim results for the six months ended 31 March 2017.

Chairman’s Statement

It is nearly a year since the Company commenced trading on AIM with significant advances achieved during this time resulting in the transformation of GoTech into a technology company focused on innovation in physical education and sport tracking and performance. Amongst other things, we have: streamlined the business; strengthened our strategy; initiated a new innovative programme; changed the Company’s name to better reflect its business interests and stated strategy; launched a new corporate website; and bolstered our Board and management.

Our core focus remains on Skills2Achieve (‘S2A’), a digital, physical literacy assessment programme for the UK school market. Developed with the Youth Sport Trust (‘YST’), a leading charity for sports-driven and educational programmes, S2A aims to improve the health and wellbeing of young people, drive achievement and impact whole school improvement.

Whilst sales of S2A remained at a low level, resulting in the loss for the period of £288,000 (2016: £257,000 loss), it continues to be well received by the schools that are using it and sector professionals. To understand how best to achieve a higher level of sales to schools we undertook a sales review. This concluded that our focus should be on our new sponsorship programme, the Champions Programme, which enables philanthropic organisations, corporate sponsors (as part of their CSR activities) and High Net Worth Individuals (‘HNWIs’) to acquire packages of S2A licences for the benefit of clusters of primary schools of their choice. The Saracens Sport Foundation, the charitable arm of Saracens F.C., one of the UK’s leading rugby union clubs, Haileybury School, one of the UK’s leading independent secondary schools, and various HNWIs are amongst those that have already signed up to the programme. We also have a good pipeline of other potential S2A Champions and we are pursuing specific opportunities for this sales activity, including a product messaging and branding review for maximum effect.

The Board remains confident that these sales initiatives will be successful but appreciates that selling multiple licences in this manner will likely involve a longer sales cycle, although should result in higher value contracts with an increased propensity of renewal. The Board is, therefore, hopeful that take-up will improve in the second half of the year thus resulting in higher sales and reduced losses. In advance of the generation of significant revenues from these initiatives, the Company has taken the necessary steps to run the Group in a prudent way to preserve value for shareholders including reducing the cost base of the Group where appropriate.

In tandem with advancing S2A, the Board has been considering complementary business initiatives within the sports technology sector with a view to progressing towards profitability. The Board is keen to consider all possible opportunities, both organic and acquisitive, which may drive an increase in shareholder value. These initiatives are progressing well and we hope to update the market on progress soon.

The Company has today convened a general meeting at which it is seeking approval for the Directors to allot shares, disapplying pre-emption rights, up to an aggregate nominal value of £155,311.16. This value includes authorities already granted, but which fall away following approval of the proposed resolutions, for warrants which are in existence and have already been disclosed to shareholders. Approval of the resolutions at the general meeting will give the Company flexibility to act quickly in response to any opportunities presented to it, including raising funds, if required, to fund the existing S2A business or to support any add on acquisitions or business opportunities which the Board may consider it appropriate to pursue.

Looking ahead, I am confident that our long-term strategy and highly driven team will ultimately see GoTech prosper. In a nutshell, S2A is a unique proposition that is gaining serious interest from leading organisations such as the NHS; our strategy to create a business with multiple revenue streams including the collection and analysis of valuable data is progressing well; and we are actively pursuing other opportunities that we believe will be earnings enhancing and help build the GoTech brand.

I would like to thank our team for their commitment and efforts during the period as well as our shareholders for their continued support.

A Humphreys
Chairman

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2017

	Six months ended 31/03/17 (Unaudited) £000	Six months ended 31/03/16 (Unaudited) £000	Year ended 30/09/16 (Audited) £000
Revenue	35	0	40
Cost of Sales	(8)	0	(51)
Gross Profit (loss)	27	0	(11)
Administrative expenses	(315)	(257)	(878)
Operating loss	(288)	(257)	(889)
Share of loss of associate undertakings	0	0	(57)
Impairment charge	0	0	(2,964)
Loss before taxation	(288)	(257)	(3,910)

Income tax expense	0	0	0
Loss for the year	(288)	(257)	(3,910)
Basic loss per share	(0.213p)	(0.730p)	(5.520p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 31/3/17 (Unaudited) £000	At 31/3/16 (Unaudited) £000	At 30/9/16 (Audited) £000
Investments	0	0	0
Intangible assets	0	0	0
Trade receivables	31	157	121
Cash and cash equivalents	485	13	714
Total Assets	516	170	835
Share Capital	6,501	6,401	6,501
Share premium	16,987	13,082	16,987
Share option Reserve	4	3	4
Retained earnings	(23,260)	(19,319)	(22,972)
Total Equity	232	167	520
Trade and other payables	284	3	315
Total equity and liabilities	516	170	835

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2017

	Six months ended 31/03/17 (Unaudited) £000	Six months ended 31/03/16 (Unaudited) £000	Year ended 30/09/16 (Audited) £000
Cash flows from continuing operations			
Operating loss before taxation	(288)	(257)	(889)
Adjustments for:			
Share-based payment expense	0	0	1
Decrease / (increase) in trade and other receivables	90	(89)	(48)

(Decrease) / increase in trade and other payables	(31)	(30)	(273)
Net cash flow from operating activities	(229)	(376)	(1,209)
Cash flows from investing activities			
Acquisition of subsidiaries	0	0	(13)
Add cash acquired on acquisition of subsidiaries	0	0	42
Net cash inflow / (outflow) from investing activities	0	0	29
Cash flows from financing activities			
Issue of new shares net of expenses	0	383	1,888
Net cash inflow from financing activities	0	383	1,888
Net (decrease) / increase in cash and cash equivalents	(229)	7	708
Cash and cash equivalents at beginning of the period	714	6	6
Cash and cash equivalents at end of the period	485	13	714

STATEMENT OF CHANGES IN EQUITY GROUP

	Share capital £000	Share premium £000	Share option reserve £000	Retained earnings £000	Total £000
Balance at 1 October 2016	6,501	16,987	4	(22,972)	520
Comprehensive loss for the period	0	0	0	(288)	(288)
Balance at 31 March 2017	6,501	16,987	4	(23,260)	232
	Share capital £000	Share premium £000	Share option reserve £000	Retained earnings £000	Total £000
Balance at 1 October 2015	6,382	12,718	3	(19,062)	41
Comprehensive loss for the period	0	0	0	(257)	(257)
Equity issued	19	364	0	0	383
Balance at 31 March 2016	6,401	13,082	3	(19,319)	167

1. BASIS OF PREPARATION

The interim report is unaudited and does not constitute statutory accounts within the meaning of s.498 of the Companies Act 2006. The statutory accounts for 2017, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditor's opinion on these accounts was unmodified and did not contain a statement under s.498 of the Companies Act 2006.

The interim financial information has been prepared on a basis which is consistent with the accounting policies adopted by the Company for the last financial statements and in compliance with IAS 34. Comparative figures are given for the six months ended 31 March 2016 and the year ended 30 September 2016.

2. REVENUE AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The results for the six months ended 31 March 2017 and 31 March 2016 are unaudited. The audited results for the year ended 30 September 2016 have also been shown.

3. EARNINGS PER ORDINARY SHARE

The earnings per share is based on a loss for the period of £288,000 (six months ended 31 March 2016 – a loss of £257,000), being the loss attributable to ordinary shareholders, and a weighted average of 135,304,536 ordinary shares (six months ended 31st March 2016 - 35,073,010 ordinary shares) The diluted loss per share is not shown as the Company was loss making during the period.

4. COPIES OF THE INTERIM RESULTS

Copies of the half-yearly results will be available from the Company's registered office 27-28 Eastcastle Street, London, W1W 8DH, and will be available from the Company's website www.gotechgroup-plc.com.

****ENDS****

For further information, please visit www.gotechgroup-plc.com or contact:

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