

**itim Group plc**

("itim" or "the Company" and together with its subsidiaries "the Group")

**Trading Update**

itim Group plc, a SaaS based technology company that enables store-based retailers to optimise their businesses to improve financial performance, is pleased to provide the following unaudited trading update for the financial year ended 31 December 2022.

**Financial highlights**

- Increased revenues are in line with current market expectations at approximately £14.0m (2021: £13.5m)
- Annual recurring revenue ("ARR") at the year-end is approximately £13.0m (2021: £11.1m)
- EBITDA for the year is expected to be circa £0.2m below current market expectations at approximately £0.2m (2021: £2.2m) with a similar impact in the pre-tax loss outturn
- The Group ended the year with cash balances of £3.9m with no outstanding loans.

In the year ended 31 December 2022, the Group showed steady revenue growth of 4.5% increasing from £13.4m to £14.0m, with subscription revenues representing 84% of total turnover (2021: 77%). Since the IPO in mid-2021, the Group has ramped up its sales effort and ARR which increased from £11.1m in 2021 to £13.0m in 2022. The Group's pipeline for 2022 was strong, although contract conversion continued to be a risk given the prevailing economic climate while sales were challenged by a slowdown in decision-making at the enterprise level. Many of the Group's prospects have moved into 2023 and with the macro-economic challenges of 2022, it was too early to see the benefits of the investment feeding through to top line performance.

The Group has signed two new retailers during the year and has also experienced growth in the existing customer base. This year, management has put in place a streamlined team which will target a smaller number of high-value, high-margin deals, with a focus on developing enterprise corporate accounts to improve long-term ARR. With close to 80 customers using all or some elements of our Retail Suite platform, this provides itim with a stable recurring revenue base and a good mix of UK and international growing revenues.

In the current market conditions, the Group's core products have continued to perform well but risk remains around the pace of growth of our enterprise offering, where budgets are under pressure.

After admission to trading on AIM, the Board adopted a strategy that most SAAS businesses use, which is to finance projects ourselves to drive growth by offering to do the transition onto our platform at no cost. Consequently, the Group increased its cost base to allow for this and EBITDA subsequently fell to £0.2m from £2.2m in 2021. The Board increased its investment in its head count to support implementation projects in 2023, in addition, wage inflation has been higher in our sector because of the acute shortage of technology resources.

itim's focus is now on improving margin and cash generation with the Group targeting an improvement in the adjusted EBITDA margin during the current financial year before moving substantially higher from 2024. To do so, the Company will be pivoting away slightly from the strategy proposed during IPO and focussing on achieving greater revenues and increasing our margins for our services that will consequently improve EBITDA over time.

**Ali Athar, Chief Executive officer, commented;** *"I am pleased to report steady revenue growth, increased ARR, as well as growth in our existing customer base for the year ended 31 December 2022. The Board has invested heavily in the period which has impacted the bottom line in the short term, however, the Group's renewed focus is on margin enhancement and cash generation as it looks to further build shareholder value. Selling additional*

*services into our considerable existing client base is bearing fruit as we continue to see an increased demand for our products. The Board will continue with investments in its next-generation products during 2023 and expects to experience an acceleration in ARR growth in the UK. As a result, we are confident about the outlook for the business."*

*This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.*

**Enquiries:**

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**ABOUT ITIM**

itim was established in 1993 by its founder, and current Chief Executive Officer, Ali Athar. itim was initially formed as a consulting business, helping retailers' effect operational improvement. From 1999 the Company began to expand into the provision of proprietary software solutions and by 2004 the Company was focused exclusively on digital technology. itim has grown both organically and through a series of acquisitions of small, legacy retail software systems and associated applications which itim has redeveloped to create a fully integrated end to end Omni-channel platform.

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