

28 September 2023

itim Group plc

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

Interim Results for the six months ended 30 June 2023

itim Group plc (AIM:ITIM) a SaaS based technology company that enables store based retailers to optimise their businesses to improve financial performance, is pleased to announce its unaudited interim results for the 6 months ended 30 June 2023.

Financial Highlights

- Group revenue of £7.4m (Half Year 2022 ("HY22"): £6.8m, Full Year 2022("FY22"): £14.0m)
- Booked Recurring Revenue of £6.4m (HY22: £5.6m, FY22: £11.8m)
- Recurring revenue percentage of Group revenue was 86% (HY22: 82%, FY22: 84%)
- Annual recurring revenue ("ARR")¹ of £13.2m (HY22: £12.6m, FY22: £13.2m)
- Annual growth in ARR¹ 5% (HY22: £19%, FY22: 19%)
- Adjusted EBITDA² (£0.2)m (HY22: £0.3m, FY22: £0.2m)
- Adjusted EBITDA² margin (3)% (HY22: 5%, FY22: 2%)
- (Loss)/profit before tax (£1.1)m (HY22: (£0.4)m, FY22: (£1.3)m)
- Cash £2.7m (HY22: £5.3m, FY22: £3.9m)
- Earnings per share (3.02) pence (HY22: (1.20) pence, FY22: (2.20) pence)
- Adjusted Earnings per share³ (3.02) pence (HY22: (1.06) pence, FY22: (2.01) pence)

Full year numbers quoted above are audited and half year numbers quoted above are unaudited

1. Annual recurring revenue

2. EBITDA has been adjusted to exclude share-based payment charges, exceptional items, along with depreciation, amortisation, interest and tax from the measure of profit-

3. The profit measure has been adjusted to exclude exceptional items and share option charge

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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

provision of proprietary software solutions and by 2021 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.

CEO Statement

The Group is pleased to report an increase in revenue in the period despite the well documented challenging market conditions for retail companies.

Revenue for the six month period was £7.4m (HY22: £6.8m) an increase of 9%, of which recurring revenues were £6.4m (HY22: £5.6m) representing 86% of sales and underpinning future sales. Adjusted EBITDA (EBITDA excluding share-based payment charges and exceptional items) fell to a loss of £0.2m (HY22: £0.3m) as a result of investment in R&D and in building and protecting our staff base. Cash balances totalled £2.7m at the period end (FY22: £5.3m) reflecting investment in anticipated product development. Adjusted loss per share was 3.02p (HY22: loss 1.2p).

The wider retail market has remained challenging for most operators however there are signs that omni channel retailers are beginning to fare better than their peers. With this in mind, the Group relaunched its consultancy business as a complement to its technology offering and to enable our customers to gain the maximum benefit from it.

The Group continues to benefit from its well established client base with 80 customers resulting in strong recurring revenues. Whilst new business remains a priority, the Group has significant opportunity to upsell and cross sell within its customer base enabling organic growth.

The Directors believe that the investment in the business over the past two years has positioned itim for future growth, created essential USPs in the market and broadened its offering with the potential to increase revenues from new and existing customers.

As a result of this investment and in the Directors' opinion:

1. itim is one of a few companies that can deliver a single unified sales (commerce) platform to support omni-channel retailers. Retailers no longer need to have separate platforms for selling in stores (EPOS), or selling online (e-commerce), or selling to B2B, or wholesale customers - itim can support all these in one platform. This is seen as a significant USP for omni channel retailing.
2. itim has enhanced its merchandising, stock management and optimisation solutions, again to support retailers selling across multiple channels. Numerous sales channels makes this much more complex, which itim is well positioned to be able to address.
3. itim is a market leader in Price and Promotions optimisation helping retailers increase cash generation, by either reducing the markdowns and discounts they give away or improving recoveries from suppliers through its advanced invoice matching, supplier funding tracking and a supplier payments platform.
4. itim is a leader in improving digital supplier collaboration through a series of portal applications built on its Electronic Data Interchange history. This is coming to the fore due to the rise in marketplaces.

The Board is resolutely focused on profitability and creating shareholder value and is taking the necessary steps to reduce investment in product, driving services revenues and returning the business to cash generation. Whilst this will impact the rate of subscription revenue growth it should result in higher margins and increased profitability.

Finally, I would like to thank our employees and our partners for the continued support they give to this business and the commitment and faith they show that we will be a successful business.

Consolidated Statement of Comprehensive Income for the half-year ended 30 June 2023

	Six month period ended 30 June 2023 Unaudited	Six month period ended 30 June 2022 Unaudited	Year ended 31 December 2022 Audited
Notes	£000	£000	£000
Continuing operations			

Revenue		7,425	6,784	14,034
Cost of sales		(5,514)	(4,588)	(9,538)
Gross profit		1,911	2,196	4,496
Administrative expenses		(2,108)	(1,860)	(4,285)
EBITDA		(197)	336	211
Amortisation of intangible assets		(574)	(443)	(889)
Share option charge		-	(45)	(58)
Depreciation		(23)	(20)	(42)
Depreciation of leased assets		(275)	(184)	(452)
Loss from operations		(1,069)	(356)	(1,230)
Other interest - right of use assets		(21)	(21)	(45)
Loss before taxation		(1,090)	(377)	(1,275)
Taxation		149	2	589
Loss for the period/year		(941)	(375)	(686)
Other comprehensive income				
Exchange differences on retranslation of foreign operations		(77)	51	124
Total comprehensive income for the period/year net of tax		(1,018)	(324)	(562)
Earnings per share				
Basic	2	(3.02p)	(1.20p)	(2.20)p
Diluted	2	(3.02p)	(1.20p)	(2.20)p

Consolidated Statement of Financial Position

as at 30 June 2023

	As at 30 June 2023 Unaudited £000	As at 30 June 2022 Unaudited £000	As at 31 December 2022 Audited £000
Non-current assets			
Intangible assets	10,349	9,233	10,069
Plant and equipment	586	508	721
Right-of-use assets	380	581	442
Deferred tax	83	4	164
	11,398	10,326	11,396
Current assets			
Trade and other receivables	4,537	3,512	4,603
Cash and cash equivalents	2,697	5,295	3,922
	7,234	8,807	8,525
Total assets	18,632	19,133	19,921
Current liabilities			
Trade and other payables	(5,673)	(4,866)	(5,776)
Right-of-use liability	(214)	(288)	(297)
	(5,887)	(5,154)	(6,073)
Non-current liabilities			
Trade and other payables due in more than one year	(444)	(355)	(540)
Right-of-use liability	(209)	(359)	(201)
Deferred tax	(633)	(563)	(630)
	(1,286)	(1,277)	(1,371)
Total liabilities	(7,173)	(6,431)	(7,444)
Net Assets	11,459	12,702	12,477

Capital and reserves

Called up share capital	1,561	1,561	1,561
Share premium account	7,398	7,398	7,398
Share options reserve	513	500	513
Capital redemption reserve	1,103	1,103	1,103
Foreign exchange reserve	73	77	150
Retained profit/(loss)	811	2,063	1,752
Shareholders' funds	11,459	12,702	12,477

Consolidated Statement of Cash Flow

for the half-year ended 30 June 2023

	Six month period ended 30 June 2023 Unaudited £000	Six month period ended 30 June 2022 Unaudited £000	Year ended 31 December 2022 Audited £000
Cash flows from operating activities			
Profit after taxation	(941)	(375)	(686)
Adjustments for:			
Taxation	(149)	(3)	(589)
Share option charge	-	45	58
Other interest on leases	21	21	45
Amortisation and depreciation	872	647	1,383
Cash flows from operations before working capital changes	(197)	335	211
Movement in trade and other receivables	305	337	(384)
Movement in trade and other payables	(59)	(383)	371
Cash generated from operations	49	289	198
Corporation tax	(23)	(42)	280
Net cash flow from operating activities	26	247	478
Cash flow from investing activities			
Capital expenditure on intangible assets	(906)	(907)	(2,140)
Purchase of plant and equipment	(24)	(28)	(49)
Net cash flow from investing activities	(930)	(935)	(2,189)
Cash flow from financing activities			
Interest repayments	(16)	-	-
Payment of lease liabilities	(266)	(194)	(438)
Loan issued	(18)	-	(140)
Net cash flow from financing activities	(300)	(194)	(578)
Net decrease in cash and cash equivalents	(1,204)	(882)	(2,289)
Cash and cash equivalents at beginning of year	3,922	6,172	6,172
Exchange (losses)/gains on cash and cash equivalents	(21)	5	39
Cash and cash equivalents at end of year	2,697	5,295	3,922

Consolidated Statement of Changes in Equity

as at 30 June 2023

	Share capital £000	Share Premium £000	Share option reserve £000	Capital Redemption Reserve £000	Foreign exchange reserve £000	Retained Earnings £000	Total Equity £000
At 1 January 2023	1,561	7,398	513	1,103	150	1,752	12,477
Comprehensive income for the year	-	-	-	-	-	(941)	(941)

Foreign exchange movement	-	-	-	-	(77)	-	(77)
Total comprehensive income	-	-	-	-	(77)	(941)	(1,018)
At 30 June 2023 (unaudited)	1,561	7,398	513	1,103	73	811	11,459

At 1 January 2022	1,561	7,398	455	1,103	26	2,438	12,981
Comprehensive income for the year	-	-	-	-	-	(375)	(375)
Foreign exchange movement	-	-	-	-	51	-	51
Total comprehensive income	-	-	-	-	51	(375)	(324)
Share option charge	-	-	45	-	-	-	45
At 30 June 2022 (unaudited)	1,561	7,398	500	1,103	77	2,063	12,702

At 1 January 2022	1,561	7,398	455	1,103	26	2,438	12,981
Comprehensive income for the year	-	-	-	-	-	(686)	(686)
Foreign exchange movement	-	-	-	-	124	-	124
Total comprehensive income	-	-	-	-	124	(686)	(562)
Share option charge	-	-	58	-	-	-	58
At 31 December 2022 (audited)	1,561	7,398	513	1,103	150	1,752	12,477

Notes to the Financial Information

1. General information

itim Group plc is a public limited Company ("Company") incorporated in the United Kingdom under the Companies Act 2006 (registration number 03486926). The Company is domiciled in the United Kingdom and its registered address is 2nd Floor, Atlas House, 173 Victoria Street, London SW1E 5NH. The Company's ordinary shares are admitted to trading on the AIM market of the London Stock Exchange ("AIM").

The Group's principal activities have been the provision of technology solutions to help clients drive improvements in efficiency and effectiveness.

The Group's interim report and accounts for the six months ended 30 June 2023 have been prepared using the recognition and measurement principles of International Financial Reporting Standards and Interpretations as endorsed by the European Union (collectively "Adopted IFRS").

These interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with the AIM Rules for Companies and should be read in conjunction with the financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS as adopted by the European Union. The interim report and accounts do not include all the information and disclosures required in the annual financial statements.

The interim report and accounts have been prepared on the basis of the accounting policies, presentation and methods of computation as set out in the Group's December 2022 Annual Report and Accounts, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2023, and will be adopted in the 2023 annual financial statements.

The interim report and accounts do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. These interim financial statements were approved by the Board of Directors on 22 September 2023. The results for the six months to 30 June 2023 and the comparative results for the six months to 30 June 2022 are unaudited. The figures for the period ended 31 December 2022 are extracted from the audited statutory accounts of the Group for that

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The Directors believe that a combination of the Group's current cash, projected revenues from existing and future contracts will enable the Group to meet its obligations and to implement its business plan in full. Inherently, there can be no certainty in these matters, but the Directors believe that the Group's internal trading forecasts are realistic and that the going concern basis of preparation continues to be appropriate.

2. Earnings per share

Basic and diluted (loss)/earning per share is calculated by dividing the (loss)/profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period. For the avoidance of doubt the deferred shares have been excluded as they have no rights to profits or capital. The Company's share options have a dilutive effect over the two year period.

	6 months ended 30 June 2023 Unaudited £000	6 months ended 30 June 2022 Unaudited £000	Year ended 31 December 2022 Audited £000
Loss after tax for the year	(941)	(375)	(686)
Exceptional items	-	-	-
Share option charge	-	45	58
Adjusted loss after tax for the year	(941)	(330)	(628)
Weighted average number of shares			
Basic - 000	31,211	31,211	31,211
Potentially dilutive share options - 000	3,657	3,657	3,657
Diluted average number of shares - 000	34,868	34,868	34,868
Earnings per share:			
Basic - pence on continuing operations	(3.02)	(1.20)	(2.20)
Diluted - pence on continuing operations	(3.02)	(1.20)	(2.20)
Adjusted earnings - Basic - pence on continuing operations	(3.02)	(1.06)	(2.01)
Adjusted earnings - Diluted - pence on continuing operations	(3.02)	(1.06)	(2.01)

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