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KRM22 PLC
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KRM22 plc
("KRM22", the "Group" or the "Company")
Half Year Trading Update

KRM22 plc, (AIM: KRM) the technology and software investment company with a particular focus on risk management in capital markets, today issues the following trading update for the six months ended 30 June 2024 (the "Period") which is in line with management's expectations.

The Company has continued to make good progress in the Period increasing the value of its Annual Recurring Revenue ("ARR") from £5.4m at the end of FY 2023 to £6.0m at the end of the Period and, as at the date of this announcement, the Company's ARR has further increased to £6.1m.

The Company expects to report results for the Period in September 2024, and these are estimated to be:

- ARR: £6.0m (H1 2022: £5.0m)
- Total revenue: £3.3m (H1 2023: £2.4m)
- Adjusted EBITDA: £0.3m (H1 2023: loss of £1.0m)
- Cash balance as at 30 June 2024: £0.6m (FY 2023: £0.9m)
- Net debt at 30 June 2024: £3.9m (FY 2023: £3.6m)

A total of £1.1m of new ARR was generated in the Period through both sales to new customers, new product sales to existing customers and contractual price increases. Sales of the Limits Manager product has continued and KRM22 now has ARR contracts in place for its Limits Manager product with nine Futures Commission Merchants ("FCMs"), of which four have been signed in the Period, with two contracts through direct sales, one contract through the distribution agreement with Trading Technologies International, Inc. ("TT") and one additional contract which was originally entered into through the TT distribution agreement and subsequently transferred to KRM22. The Company did see customer churn of £0.4m in the Period, primarily from three customers for the Market Surveillance product, Post-Trade Stress product and one customer with multiple products who terminated their contract as they were closing their futures trading desk.

The Company has a strong pipeline of sales opportunities for the Limits Manager product. Risk Manager, which combines the legacy At-Trade and Post-Trade products, together with new functionality, is creating additional new sales opportunities with both new and existing customers.

As announced in the February 2024 trading update, the Company implemented a focused cost savings program with annual cost savings of approximately £1.2m. This decisive action, together with the increase in total revenue recognised in the Period compared with H1 2023 and the continued careful management of the underlying cost base of the business, has contributed to the Company reporting an adjusted EBITDA profit for the period of £0.3m. The Company has benefited from one-off non-recurring revenue being recognised in the Period meaning that management expectations for the full year outturn remain unchanged.

The Company's cash balance of £0.6m, together with the availability of £0.5m, which remains undrawn, under the TT convertible loan, means that the Company expects to continue to operate within its existing cash and debt facilities. However, the Board remains focused on careful cash management as it enters the second half of the year.

Dan Carter, CEO of KRM22, commented: "KRM22 has had strong first half of 2024 with ARR now at £6.1m and, with a substantial pipeline of sales opportunities through the remainder of the year and in to 2025, this growth is expected to continue as we drive towards our target of becoming a £10.0m ARR business."

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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About KRM22 plc

KRM22 is a closed-ended investment company which listed on AIM on 30 April 2018. The Company has been established with the objective of creating value for its investors through the investment in, and subsequent growth and development of, target companies in the technology and software sector, with a focus on risk management in capital markets.

Through its investments and the Global Risk Platform, KRM22 helps capital market companies reduce the cost and complexity of risk management. The Global Risk Platform provides applications to help address firms' trading and corporate risk challenges and to manage their entire enterprise risk profile.

Capital markets companies' partner with KRM22 to optimise risk management systems and processes, improving profitability and expanding opportunities to increase portfolio returns by leveraging risk as alpha.

KRM22 plc is listed on AIM and the Group is headquartered in London, with offices in several of the world's major financial centres.

See more about KRM22 at www.krm22.com

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