

24 September 2024

itim Group plc

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

Interim Results for the six months ended 30 June 2024

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 six months ended 30 June 2024.

Financial Highlights

- Group revenue increased by 19% at £8.8m (HY23: £7.4m), driven by both new contract wins and higher levels of service revenue
- Annual recurring revenue ("ARR")¹ of £13.2m
- Significant increase in adjusted EBITDA² to £1.2m (HY23: loss of (£0.2m), FY23: £0.7m) through increased sales activity in H1 24, while maintaining a tight control of costs
- Materially improved adjusted EBITDA² margin of 13% (HY23: (3)%, FY23: 4%)
- (Loss)/profit before tax (£0.1m) (HY23: (£1.1m), FY23: (£1.1m))
- Adjusted Earnings per share³ 0.18 pence (HY23: (3.02p), FY23: (2.86p))
- Strong cash generation in the period, resulting in net cash of £3.0m (FY23: £1.9m, HY23: £2.7m)

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

Ali Athar, CEO of itim, commented: "I am pleased to report that itim is gaining significant traction in the market. Our half-year results demonstrate measurable progress across key metrics and we are delighted to report a significant increase in revenue, a positive EBITDA return and a strong cash position.

"As a consequence of the positive momentum, including new contract wins, in addition to encouraging trading since the beginning of H2, the Board anticipates delivering full year results ahead of current market expectations."

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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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 it has redeveloped to create a fully integrated end-to-end Omni-channel platform.

CEO Statement

I am pleased to report that our Company is gaining significant traction in the market. Our half-year results demonstrate measurable progress across key metrics. In the three years since our successful IPO, we have strategically invested the capital raised to expand our product portfolio and enhanced our core capabilities.

Revenue for the six month period was £8.8m (HY23: £7.4m) an increase of 19%, of which recurring revenues were £6.6m (HY23: £6.4m) representing 75% of sales and underpinning future sales. Adjusted EBITDA (EBITDA excluding share-based payment charges and exceptional items) increased significantly to £1.2m from a loss of £0.2m last year. The loss before tax has been reduced materially to £0.1m (HY23: loss £1.1m). Cash balances also improved to £3.0m at the period end (FY23: £1.9m). Adjusted profit per share was 0.18p (HY23: loss 3.02p). (For adjustments see Financial Highlights).

Our recent announcements underscore the growing confidence that both existing customers and prospects are placing in our platform. This positive momentum is a testament to our team's dedication and the value we deliver to our clients.

We have also refined our branding and positioning to better communicate our unique value proposition. When retail executives ask us, who we are, and what we do, and what makes us different:

The answer is clear.

We are 'retail engineers' specialising in the transformation of retail businesses into high-performing organisations through technology enablement. Our mission is to guide retailers towards omni-channel excellence and facilitate their transition to a customer-centric Unified Retail Business Model.

Our definition of high performance is ambitious yet achievable: for our clients - we target sales increases of 30-50% and profit improvements of 50-100%. While these figures may seem bold, our case studies demonstrate their feasibility. We believe that recent technological advancements have created a once-in-a-decade opportunity for a step change in retail productivity.

Our Approach

We focus on five areas to drive transformational change:

- Enhanced Customer targeting and engagement
- End-to-end process integration for increased efficiency and effectiveness
- Elevated omni-channel service and convenience to improve customer experience
- Digital connectivity with consumers (mobile) and suppliers (marketplace strategies)

- AI-driven optimisation of critical processes:
 - Sales & Marketing
 - The Assortment (Merchandising)
 - The intake of stock
 - Stock and space distribution
 - Price and promotions

These efforts culminate in a significant performance uplift for our clients.

This is enabled by our UNIFY platform, with its four pillars of sales, stock, price & supply, which supplements or replaces elements of the retailer's system stack, as appropriate. We have 80 customers using elements or the end-to-end platform. We do this cost-effectively with minimum CAPEX expenditure.

Our Unique Market Position

Our approach distinguishes us from competitors in several key ways:

1. As retail engineers, we go beyond consulting to provide actionable solutions
2. We build upon retail expertise and best practices to deliver tangible results
3. Our focus is on the end-to-end operating model, and end-to-end processes, which is different from competitors, who as best of breed providers, focus on functional excellence
4. We are not software salesmen, but use our UNIFY platform to supplement and replace part of a retailer's system stack to deliver end-to-end excellence

5. Our emphasis is on delivering outcomes, with software serving as a critical enabler

The recent appointment of a former McKinsey partner as non-executive Chairman reinforces our commitment to delivering high-value solutions and strengthening our services revenue. This strategic move, coupled with our growing subscription revenues should take us to the goal of becoming cash generative again and over the coming years see more retailers move onto our platform.

In conclusion, I am excited about the future of our Company. We have a clear vision, a defined purpose, a unique market position, and a growing base of supportive customers. Our value proposition is both exciting and tangible, and I am confident in our ability to drive continued growth and success in the retail transformation space.

Outlook

As a consequence of the positive momentum, including new contract wins, in addition to encouraging trading since the beginning of H2, the Board anticipates delivering full year results ahead of current market expectations.

Consolidated Statement of Comprehensive Income for the half-year ended 30 June 2024

		Six month period ended 30 June 2024 Unaudited £000	Six month period ended 30 June 2023 Unaudited £000	Year ended 31 December 2023 Audited £000
	Notes			
Continuing operations				
Revenue		8,835	7,425	16,130
Cost of sales		(5,451)	(5,514)	(11,090)
Gross profit		3,384	1,911	5,040
Administrative expenses		(2,233)	(2,108)	(4,356)
EBITDA		1,151	(197)	684
Amortisation of intangible assets		(702)	(574)	(1,146)
Share option charge		-	-	-
Depreciation		(30)	(23)	(49)
Depreciation of leased assets		(299)	(275)	(545)
Profit/(Loss) from operations		120	(1,069)	(1,056)
Exceptional		(141)	-	-
Other interest - right of use assets		(52)	(21)	(41)
Loss before taxation		(73)	(1,090)	(1,097)
Taxation		(12)	149	205
Loss for the period/year		(85)	(941)	(892)
Other comprehensive income				
Exchange differences on retranslation of foreign operations		(57)	(77)	(56)
Total comprehensive income for the period/year net of tax		(142)	(1,018)	(948)
Earnings per share				
Basic	2	(0.27p)	(3.02p)	(2.86)p
Diluted	2	(0.27p)	(3.02p)	(2.86)p

Consolidated Statement of Financial Position as at 30 June 2024

	As at 30 June 2024 Unaudited £000	As at 30 June 2023 Unaudited £000	As at 31 December 2023 Audited £000
Non-current assets			
Intangible assets	11,163	10,349	11,109
Plant and equipment	316	586	476
Right-of-use assets	938	380	1,058
Deferred tax	-	83	13
	12,417	11,398	12,656
Current assets			
Trade and other receivables	4,062	4,537	5,385

Trade and other receivables	4,002	4,337	3,303
Cash and cash equivalents	2,976	2,697	1,930
	7,038	7,234	7,315
Total assets	19,455	18,632	19,971
Current liabilities			
Trade and other payables	(6,146)	(5,673)	(6,398)
Right-of-use liability	(308)	(214)	(287)
	(6,454)	(5,887)	(6,685)
Non-current liabilities			
Trade and other payables due in more than one year	(248)	(444)	(347)
Right-of-use liability	(669)	(209)	(795)
Deferred tax	(697)	(633)	(615)
	(1,614)	(1,286)	(1,757)
Total liabilities	(8,068)	(7,173)	(8,442)
Net Assets	11,387	11,459	11,529
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	513	513
Capital redemption reserve	1,103	1,103	1,103
Foreign exchange reserve	37	73	94
Retained profit/(loss)	775	811	860
Shareholders' funds	11,387	11,459	11,529

Consolidated Statement of Cash Flow for the half-year ended 30 June 2024

	Six month period ended 30 June 2024 Unaudited £000	Six month period ended 30 June 2023 Unaudited £000	Year ended 31 December 2023 Audited £000
Cash flows from operating activities			
Profit after taxation	(85)	(941)	(892)
Adjustments for:			
Taxation	12	(149)	(205)
Share option charge	-	-	-
Other interest on leases	52	21	41
Amortisation and depreciation	1,031	872	1,740
Cash flows from operations before working capital changes	1,010	(197)	684
Movement in trade and other receivables	1,397	305	(1,297)
Movement in trade and other payables	(237)	(59)	678
Cash generated from operations	2,170	49	65
Corporation tax	(18)	(23)	462
Net cash flow from operating activities	2,152	26	527
Cash flow from investing activities			
Capital expenditure on intangible assets	(797)	(906)	(1,870)
Purchase of plant and equipment	(6)	(24)	(77)
Stamp duty on ROU lease renewal	-	-	(6)
Net cash flow from investing activities	(803)	(930)	(1,953)

Cash flow from financing activities			
Interest repayments	-	(16)	(16)
Payment of lease liabilities	(293)	(266)	(528)
Loan issued	-	(18)	-
Net cash flow from financing activities	(293)	(300)	(544)
Net increase/(decrease) in cash and cash equivalents			
	1,056	(1,204)	(1,970)
Cash and cash equivalents at beginning of year			
	1930	3,922	3,922
Exchange (losses)/gains on cash and cash equivalents	(10)	(21)	(22)
Cash and cash equivalents at end of year	2,976	2,697	1,930

Consolidated Statement of Changes in Equity as at 30 June 2024

	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 2024	1,561	7,398	513	1,103	94	860	11,529
Comprehensive income for the year	-	-	-	-	-	(85)	(85)
Foreign exchange movement	-	-	-	-	(57)	-	(57)
Total comprehensive income	-	-	-	-	(57)	(85)	(142)
At 30 June 2024 (unaudited)	1,561	7,398	513	1,103	37	775	11,387

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 2023	1,561	7,398	513	1,103	150	1,752	12,477
Comprehensive income for the year	-	-	-	-	-	(892)	(892)
Foreign exchange movement	-	-	-	-	(56)	-	(56)
Total comprehensive income	-	-	-	-	(56)	(892)	(948)
At 31 December 2023 (audited)	1,561	7,398	513	1,103	94	860	11,529

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 2024 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 2024 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 2023, 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 2023 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 2024, and will be adopted in the 2024 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 23rd September 2024. The results for the six months to 30 June 2024 and the comparative results for the six months to 30 June 2023 are unaudited. The figures for the period ended 31 December 2023 are extracted from the audited statutory accounts of the Group for that period.

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 2024 Unaudited £000	6 months ended 30 June 2023 Unaudited £000	Year ended 31 December 2023 Audited £000
Loss after tax for the year	(85)	(941)	(892)
Exceptional items	141	-	-
Share option charge	-	-	-
Adjusted loss after tax for the year	56	(941)	(892)
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	(0.27)	(3.02)	(2.86)
Diluted - pence on continuing operations	(0.27)	(3.02)	(2.86)
Adjusted earnings - Basic - pence on continuing operations	0.18	(3.02)	(2.86)
Adjusted earnings - Diluted - pence on continuing operations	0.16	(3.02)	(2.86)

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