



Interim Report

30 June 2022

Financial Highlights

Group revenue £6.8m Half Year 2021 ("HY21"): £6.4m Full Year 2021("FY21"): £13.5m	Booked Recurring Revenue £5.6m HY21: £4.9m FY21: £10.3m	Recurring revenue percentage of Group revenue 82% HY21: 77% FY21: 77%
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ARR² £12.6m HY21: £10.6m FY21: £11.1m	Annual growth in ARR² 19% HY21: £10% FY21: 16%
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Adjusted EBITDA¹ £0.3m HY21: £1.2m FY21: £2.2m	Adjusted EBITDA¹ margin 5% HY21: 19% FY21: 17%	(Loss)/profit before tax (£0.4)m HY21: (£0.1)m FY21: £0.2m
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Cash £5.3m HY21: £9.6m FY21: £6.2m

Earnings per share (1.20) pence HY21: (0.20) pence FY21: 0.88 pence	Adjusted Earnings per share³ (1.06) pence HY21: 2.59 pence FY21: 3.75 pence
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Full year numbers quoted above are audited and half year numbers quoted above are unaudited

1. EBITDA has been adjusted to exclude share-based payment charges, exceptional items, along with depreciation, amortisation, interest and tax from the measure of profit-
2. Annual recurring revenue
3. The profit measure has been adjusted to exclude exceptional items and share option charge

CEO Statement

I am pleased to report that the period ended 30 June 2022 was one of steady growth in sales and recurring revenues. Revenue for the 6 month period was £6.8m (HY21: £6.4m) an increase of 6%, of which recurring revenues were £5.6m (HY21: £4.9m) representing 82% of sales and underpinning future sales. Adjusted EBITDA (EBITDA excluding share-based payment charges and exceptional items) fell to £0.3m (HY21: £1.2m) mainly due to increases in headcount as we build capability ahead of new projects and increase staff resilience. Consequently, EBITDA margin fell in line with this investment to 5% (HY21: 19%). The results also reflect the increase in associated public company costs following our admission to AIM in June 2021. Cash balances totalled £5.3m at the period end (FY21: 6.2m) the change reflecting the significant investments we have made in asset purchases and product development needed to underpin future growth. Adjusted loss per share was 1.2p (HY21: loss 2.59p).

Sales

As we reported in previous statements, itim has steadily widened its product offering to its client base with the aim of creating deeper relationships. As the number and depth of our customer relationships grow, so does our knowledge and insight into the retail industry. We look to use this knowledge to further enhance our products and client service.

During the interim period under review our client base continued to grow and our proportion of revenues which are recurring will continue to increase.

Costs

Costs have increased significantly in the period to support growth. As noted in the highlights above, we have invested heavily in new headcount in the past 12 months, with 27 new staff appointed in the 12 month period from 1st July 2021 to 30th June 2022 of which 13 were added in the period under review. Additionally, pay rises were awarded to existing staff in line with inflation. The objective of this investment is to build the required capability ahead of potential new subscription sales and to increase staff capacity to cover busy periods. We have also invested circa £100k in new security software products for our hosting centre.

Public company costs also increased compared to the same period in 2021 due to the costs of being an AIM quoted company – these are mainly additional board costs and professional advisory fees.

Trading background

The economic predictions for the next 12 months (and beyond) make for quite negative reading and we can expect there to be an impact on the retail sector and our customers. Notwithstanding this, I am confident that itim's technology is designed to help retailers weather this storm in a range of critical areas and accordingly, we are well placed to weather the storm alongside them.

Key areas for our software include:

Price and Promotions Optimisation. In the current environment retailers may be tempted to run promotions to drive up sales and sell through inventory, on the other hand retailers may be forced to increase prices to recover costs. By being more strategic retailers could maximise cash margin without damaging competitive positioning. itim successfully works with over 30 retailers globally on price and promotions optimisation with our industry leading software.

Digital Supplier Collaboration. Retailers can deliver cost savings by closer collaboration across their trading relationships. There are many areas of opportunity such as consignment stock models, drop shipment, reducing payment costs, improved supplier debits, data collection and reduced administration, itim has a digital hub that can deliver this.

Stock Optimisation. For the last 10 years, we believe low interest rates, have allowed retailers to be more casual about stock holdings. We believe this is because excess stock may appear to be a good hedge against inflation, but it also ties up cash. We now know from our customers that the P&L impact of excess stock is

about 11% of the cost of the stock (in terms of stock handling and distribution costs across the retail network). itim has expertise and experience in helping reduce stocks, including helping move stock holdings back up the supply chain.

Home Delivery Charges. itim can reduce cost of delivery, as despatch from store is now often cheaper than despatch from central warehouses. Our research suggests most national retailers' customers live within 15 minutes from their stores. We have demonstrated improvements in profit for our customers from this simple shift. We believe itim's 'shop local' business model combined with a delivery route manager for local deliveries is proving to be a success with our clients.

The Directors believe it is our job is to ensure these messages are clearly understood by our existing and potential clients and that we have the resources to deliver services to support them as needed. This is why we have invested heavily in headcount and product development since our IPO and have been prepared to do this despite a short term impact on profits.

Against this background, notwithstanding some near contract delays, I am optimistic that itim is well placed to respond to the challenges presented in the year ahead.

People

As always I am indebted to all of our staff for the enormous effort and skill that they deploy every day for itim and our clients.

Outlook

I remain confident that we will continue to see a continued uplift in revenues, particularly in meeting our objectives related to growth of ARR. However, we remain mindful of the economic challenges facing all companies in the next twelve months and look to the future with cautious optimism.

Ali Athar
Chief Executive Officer
20th September 2022

Consolidated Statement of Comprehensive Income

for the half-year ended 30 June 2022

	Notes	Six month period ended 30 June 2022 Unaudited £000	Six month period ended 30 June 2021 Unaudited £000	Year ended 31 December 2021 Audited £000
Continuing operations				
Revenue		6,784	6,366	13,474
Cost of sales		(4,588)	(3,704)	(7,953)
Gross profit		2,196	2,662	5,521
Administrative expenses		(1,860)	(1,433)	(3,297)
EBITDA		336	1,229	2,224
Amortisation of intangible assets		(443)	(378)	(746)
Share option charge		(45)	(91)	(151)
Depreciation		(20)	(17)	(38)
Depreciation of leased assets		(184)	(122)	(297)
Loss on disposal of right-of-use assets		-	-	10
(Loss)/Profit from operations		(356)	621	1,002
Finance costs		-	(48)	(67)
Other interest – right of use assets		(21)	(51)	(42)
Exceptional items		-	(630)	(667)
(Loss)/Profit before taxation		(377)	(108)	226
Taxation		2	56	26
(Loss)/Profit for the period/year		(375)	(52)	252
Other comprehensive income				
Exchange differences on retranslation of foreign operations		51	(74)	(119)
Total comprehensive income for the period/year net of tax		(324)	(126)	133
Earnings per share				
Basic	2	(1.20p)	(0.20p)	0.88p
Diluted	2	(1.20p)	(0.20p)	0.78p

Consolidated Statement of Financial Position

as at 30 June 2022

	As at 30 June 2022	As at 30 June 2021	As at 31 December 2021
	Unaudited £000	Unaudited £000	Audited £000
Non-current assets			
Intangible assets	9,233	8,391	8,733
Plant and equipment	508	54	280
Right-of-use assets	581	795	649
Deferred tax	4	205	65
	10,326	9,445	9,727
Current assets			
Trade and other receivables	3,512	3,361	3,702
Cash and cash equivalents	5,295	9,567	6,172
	8,807	12,928	9,874
Total assets	19,133	22,373	19,601
Current liabilities			
Trade and other payables	(4,866)	(4,613)	(5,218)
Right-of-use liability	(288)	(297)	(290)
	(5,154)	(4,910)	(5,508)
Non-current liabilities			
Trade and other payables due in more than one year	(355)	(3,727)	(176)
Right-of-use liability	(359)	(578)	(434)
Deferred tax	(563)	(496)	(502)
	(1,277)	(4,801)	(1,112)
Total liabilities	(6,431)	(9,711)	(6,620)
Net Assets	12,702	12,662	12,981
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	500	395	455
Capital redemption reserve	1,103	1,103	1,103
Foreign exchange reserve	77	71	26
Retained profit/(loss)	2,063	2,134	2,438
Shareholders' funds	12,702	12,662	12,981

Consolidated Statement of Cash Flow

for the half-year ended 30 June 2022

	Notes	Six month period ended 30 June 2022 Unaudited £000	Six month period ended 30 June 2021 Unaudited £000	Year ended 31 December 2021 Audited £000
Cash flows from operating activities				
Profit after taxation		(375)	(52)	252
Adjustments for:				
Taxation		(3)	(56)	(26)
Finance costs		-	48	67
Share option charge		45	91	151
Other interest on leases		21	51	42
Exchange gain/ (loss)		-	(73)	-
Amortisation and depreciation		647	517	1,081
Exceptional – IPO costs		-	630	667
(Profit)/Loss on disposal of right of use asset		-	-	(10)
Cash flows from operations before working capital changes		335	1,156	2,224
Movement in trade and other receivables		337	275	(354)
Movement in trade and other payables		(383)	43	335
Cash generated from operations		289	1,474	2,205
Finance costs		-	(48)	(4)
Corporation tax		(42)	-	543
Net cash flow from operating activities		247	1,426	2,744
Cash flow from investing activities				
Capital expenditure on intangible assets		(907)	(619)	(1,361)
Purchase of plant and equipment		(28)	(7)	(49)
Proceeds from shares issued – IPO		-	8,000	8,000
Proceeds from share option conversion		-	181	181
IPO expenses		-	(1,129)	(1,165)
Net cash flow from investing activities		(935)	6,426	5,606
Cash flow from financing activities				
Loan repayments		-	(284)	(3,659)
Interest repayments		-	-	(98)
Payment of lease liabilities		(194)	(128)	(335)
Loan issued		-	-	(210)
Net cash flow from financing activities		(194)	(412)	(4,302)
Net (decrease)/increase in cash and cash equivalents		(882)	7,440	4,048
Cash and cash equivalents at beginning of year		6,172	2,127	2,127
Exchange gains/(losses) on cash and cash equivalents		5	-	(3)
Cash and cash equivalents at end of year		5,295	9,567	6,172

Consolidated Statement of Changes in Equity

as at 30 June 2022

	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 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 2021	2,379	10,469	304	-	145	(8,283)	5,014
Comprehensive income for the year	-	-	-	-	-	(52)	(52)
Foreign exchange movement	-	-	-	-	(74)	-	(74)
Total comprehensive income	-	-	-	-	(74)	(52)	(126)
Share option charge	-	-	91	-	-	-	91
Share buyback of deferred shares	(1,103)	-	-	1,103	-	-	-
Cancellation of share premium	-	(10,469)	-	-	-	10,469	-
Shares issued in the period - IPO	260	7,740	-	-	-	-	8,000
Share option conversion	25	156	-	-	-	-	181
IPO expenses	-	(498)	-	-	-	-	(498)
At 30 June 2021 (unaudited)	1,561	7,398	395	1,103	71	2,134	12,662
At 1 January 2021	2,379	10,469	304	-	145	(8,283)	5,014
Comprehensive income for the year	-	-	-	-	-	252	252
Foreign exchange movement	-	-	-	-	(119)	-	(119)
Total comprehensive income	-	-	-	-	(119)	252	133
Share option charge	-	-	151	-	-	-	151
Share buyback of deferred shares	(1,103)	-	-	1,103	-	-	-
Cancellation of share premium	-	(10,469)	-	-	-	10,469	-
Shares issued in the period - IPO	260	7,740	-	-	-	-	8,000
Share option conversion	25	156	-	-	-	-	181
IPO expenses	-	(498)	-	-	-	-	(498)
At 31 December 2021 (audited)	1,561	7,398	455	1,103	26	2,438	12,981

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 2022 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 2022 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 2021, 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 2021 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 2022, and will be adopted in the 2022 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 20th September 2022. The results for the six months to 30 June 2022 and the comparative results for the six months to 30 June 2021 are unaudited. The figures for the period ended 31 December 2021 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.

Notes to the Financial Information

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 2022 Unaudited £000	6 months ended 30 June 2021 Unaudited £000	Year ended 31 December 2021 Audited £000
Profit after tax for the year	(375)	(52)	252
Exceptional items	-	630	667
Share option charge	45	91	151
Adjusted Profit after tax for the year	(330)	669	1,070
Weighted average number of shares			
Basic - 000	31,211	25,817	28,536
Potentially dilutive share options – 000	3,657	3,679	3,668
Diluted average number of shares – 000	34,868	29,496	32,204
Earnings per share:			
Basic – pence on continuing operations	(1.20)	(0.20)	0.88
Diluted – pence on continuing operations	(1.20)	(0.20)	0.78
Adjusted earnings – Basic – pence on continuing operations	(1.06)	2.59	3.75
Adjusted earnings – Diluted – pence on continuing operations	(1.06)	2.27	3.32

Directors and Advisers

Directors

M E W Jackson
M A Athar
I D Hayes
S S Ribeiro
R N Frosell
J M King

L J Williams
F Lewis

Secretary

I D Hayes

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