Annual Report & Financial Statements

31 December 2021

Directors and Advisers

Directors
M E W Jackson (Chairman)
M A Athar
I D Hayes
S S Ribeiro
R N Frosell
S Evetts resigned 20th May 2021
J M King appointed 28th June 2021
L J Williams appointed 28th June 2021
F Lewis appointed 28th June 2021

Secretary
I D Hayes

Company Number
03486926

Registered Office
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London SW1E 5NH

Nominated Adviser and Brokers
WH Ireland
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London EC4R 0DR

Auditors
RPG Crouch Chapman LLP
5th Floor, 14-16 Dowgate Hill
London EC4R 2SU

Solicitors
DMH Stallards
6 New Street Square
New Fetter Lane
London
EC4A 3BF

Bankers
Barclays Bank Plc
1 Churchill Place
London E14 5HP

Registrars
Neville Registrars Limited
Neville House
Halesowen
West Midlands B62 8HD

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Strategic Report

Financial Highlights

Group revenue
£13.5m
FY20: £11.8m
+14%

Booked Recurring Revenue
£10.3m
FY20: £8.6m
+20%

Recurring revenue percentage of Group revenue
77%
FY20: 73%
+3ppt

ARR[2]
£11.1m
FY20: £9.6m

Annual growth in ARR
16%

Adjusted EBITDA[1]
£2.2m
FY20: £1.5m
+47%

Adjusted EBITDA[1] margin
17%
FY20: 13%
+4ppt

Profit before tax
£0.2m
FY20: £0.5m

Cash
£6.2m
FY20: £2.1m

Earnings per share
0.88 pence
FY20: 3.74 pence

Adjusted Earnings per share[3]
3.75 pence
FY20: 4.10 pence

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*

Chairman's Statement

Against what has been a challenging backdrop for everyone, I am pleased to be in a position to update shareholders on a momentous year for itim, characterised by achievement and growth.

Despite the impact of the pandemic on the ability of bricks and mortar retail stores to trade for long periods of time during the year, the group delivered on its strategy in continuing to grow operational profits while investing in strengthening its platform offering, which led to the Group being quoted on AIM, a market of the London Stock Exchange in June 2021, raising £8m of new investment in the process.

Moreover, our Optimisation platform continues to expand geographically with further international, new customer wins in the USA along with wins in Brazil, Argentina and Uruguay.

Financial results

Overall, we believe the benefits of the Group's high-quality SaaS business model can be seen in the robust financial performance in the year. The Group's high levels of recurring revenue (approx. 77% of revenues), low customer churn and continuing transition to an Annual Recurring Revenue (ARR) model has led to increased revenue visibility and better-quality earnings which delivered double-digit revenue growth of 14% to £13.5m (FY20: £11.8m). Careful management of the cost base, in line with the Group's revenue profile, alongside continued investment in the product resulted in an increase in adjusted EBITDA for the year of 47% to £2.2m (FY20: £1.5m), and an increased adjusted EBITDA margin of 17% (FY20: 13%).

People

Despite disruption to normal office operations during COVID 19, we have continued to deliver product innovation and high levels of service to our customers with our colleagues working remotely. Whilst we are a technology-driven company, we are also a people-led business. Our culture of innovation is driven from personal interaction across the group and with customers. Remote working had the potential to present a unique set of challenges. However, across the organisation our people tackled each day with enthusiasm, diligence and a positive outlook. It has been an impressive response and underlines why our team continues to be our most valuable asset. I would like to personally thank them all.

Outlook

We enter 2022 in a solid financial position, delivering greater subscription revenues and good levels of interest in both existing and new client activity. The Board is excited about the growth opportunities presented by both The Retail Suite and Profimetrics platforms, the performance of which is being underpinned by new marketing initiatives for both products and the ongoing strengthening of the associated delivery teams.

However, we are continually seeing increases in salary levels across the tech sector and labour shortages but looking to overcome this with selective overseas outsourcing. There is no doubt with the headcount increases planned in 2022 it will put short term pressure on profits as expected.

But with a strong cash position, no debt and a well proven business model we are well positioned to continue to thrive in 2022.

In conclusion 2021 has been a landmark year for the Group and I would like to extend my appreciation to everyone in the Company, our partners and our customers. Our ongoing growth in such a challenging environment, a pipeline of market-leading innovations and the delivery of a successful IPO are significant achievements. Without exception, everyone in the business has contributed to this success and ensured that we are an agile, fast-growing organisation, with customers that see us as integral to their futures and a robust balance sheet. Importantly, we now have the vision, technologies and capabilities we need to achieve our long-term, global ambitions for growth.

Michael Jackson
Chairman
11th May 2022

Chief Executive's Review

The year to 31st December 2021 was one of excellent progress for itim. We delivered on our strategic goals for the year, becoming a public company in June 2021 and delivering a pipeline of innovative products onto our platform that create further value for our customers whilst dealing with the challenges of the pandemic as we come to terms with the new ways of conducting business remotely.

All this was achieved whilst delivering a strong set of results for the year that met market expectations and positive sales momentum as we move into 2022.

Market opportunity

We believe the Covid-19 pandemic has accelerated market forces that were already changing the retail market forever, and itim is ideally placed to leverage these trends and ensure its customers adapt and thrive in this environment. At its core, it is our view that the retail sector is restructuring around consumer commerce, where consumer expectations dictate the business model. The volume and pace with which consumers are moving online requires a radical response from traditional retailers, who must adapt the relationship between their physical and digital business models, enhance their digital capabilities and reinvent their value proposition for this digital-first world. At the same time, there are growing trends that are seeing consumers looking to test products before purchasing online; demanding a seamless process for returns; seeking a wider choice of delivery options and asking for increased levels of face-to-face contact for customer service.

Whilst the term omni-channel retail has been around for some years, it is really only now being understood as a fully-integrated approach to commerce, providing shoppers with a unified experience across all channels or touchpoints. This encompasses traditional stores, e-commerce and mobile apps.

We believe that retailers with stores who embrace this integrated, end-to-end omni-channel retail model can offer greater consumer choice, enhanced service standards, and levels of convenience that outstrip their online-only competitors.

In the post-pandemic landscape, traditional retailers have the opportunity to not only compete effectively with pure play online retailers in this new digital world but leverage significant advantages to win market share. In order to realise this potential they need to leverage technology systems that efficiently deliver cross-channel experiences for consumers; whilst continuing to differentiate from online-only offerings through more diverse delivery options and a more personalised service.

In essence, omni-channel retailing provides a seamless, personalised shopping experience, no matter the channel or location across a unified platform beginning with the supply base. This will enable:

- *Customers to be able to shop online at a local store in addition to the central warehouse;*
- *Customers to see exactly what is in stock at a local store to enable 30-minute click and collect and provide retailers with the opportunity to upsell whilst customers are in store;*
- *Same day delivery through the growth of local courier networks*
- *The ability to leverage customer relationships through the store network and to focus on 'VIP' customers ; and*
- *Curated Orders and subscription revenue streams. As retailers build a database of customers' individual information, and begin to understand customer preferences, they have no need to wait for an order. They send what they believe the consumer needs, whether it is a curated basket from the local store or from their warehouse in exchange for a monthly subscription fee.*

Whilst this sounds relatively simple at a high level, only a minority of retailers have achieved a true omni-channel solution to date. However, we believe this has now become an imperative for retailers to achieve in a post Covid-19 world.

The advent of omni-channel retailing – on-trend and given a boost

In the last six months, following our IPO, we have been pleased to see those retailers who have been taking omni-channel strategies seriously report strong market performances. Businesses such as M&S, JD Sport and Next, have invested significantly in their digital capabilities and positive results have followed. Although these are the large publicly visible retailers, they are reflective of a trend across the whole retailing industry.

We understand most retailers are now looking to follow suit.

However, we believe Covid 19, supply chain problems, and inflation have placed huge pressures on many retailers' balance sheets, reducing the capital available to make the kind of investments traditionally required to transform at this pace and scale.

itim's game-changing omni-channel platform enables its customers to reposition their businesses for today's consumer but without the need for significant upfront investment or vast internal digital capabilities. We consider itim's unique solutions to be at the vanguard of efforts to transition retailers to these new models and with it re-establish store-based organisations at the cutting-edge of the sector.

Product development and uniqueness

There are 5 areas where we demonstrate competitive advantage which is critical to the transition to omni-channel excellence.

Unified commerce platform

Unlike other vendors, we provide a single sales platform, across online, stores and wholesale with a single view of customers, single view of product and stock and unified marketing engine. This is crucial to our customers as they transform from product-centric to customer-centric businesses. This evolution is critical in a digital-first world. Importantly, it allows us to turn stores into assets in the fight for customer loyalty and spend by allowing multiple, complex customer journeys, including seamlessly integrating services such as 30-minute click and collect and 1-hour despatch from store.

Price Optimisation

Competing on price is now a basic requirement for a successful retailer as price transparency becomes so easy for consumers. Yet it is our view that genuine price optimisation capabilities remain challenging and elusive in the sector. Powering retailers' price competitiveness, whilst leveraging gains from a world class approach to optimisation of promotions and markdowns is becoming ever more critical to retaining profitability in a digital world and a key component of the itim armoury.

Stock and Range Optimisation

Omni-channel retailing is opening up huge opportunities for businesses to gain critical steps towards greater profitability through stock optimisation. Itim underpins its customers' ability to route an order to where stock is. Digitally-led retailers do not need to hold all their stock in stores, but can distribute it intelligently up the supply chain, all the way back to suppliers. Optimising stock this way means you can have bigger ranges with smaller stock investments.

Integrated Order Management

At the heart of omni-channel retailing is the concept of sophisticated order management. This is about being able to route customer orders to stock/service locations which are convenient to customers and profitable for retailers. We have pioneered ideas such as shop local, which allows consumers to shop the stock in the web warehouse or shop the stock in their local store.

Supplier Collaboration

To be a profitable omni-channel retailer in the modern world, we believe you need the help/collaboration of your suppliers. That means you need suppliers to be tightly digitally-integrated with your business, and you need them to do more of the work for you. Launching new business models like 'marketplaces' will only be possible if you can collaborate digitally with your suppliers. Consignment stock and drop-ship models are becoming more important tools in a retailers' offering. Ensuring accurate product information and fast product introductions are critical to achieving a competitive advantage.

These are the 5 areas in which we continue to make major investments in R&D.

Outlook

The business has continued to thrive over the last year as evidenced by our financial and operational performance, proving that our strategy continues to deliver. Looking ahead, costs will inevitably rise as we face rising levels of inflation and pressure on recruitment and wages. However, our high-levels of customer retention, excellent customer references and increasingly positive mix of recurring revenues positions the Group well.

We also are expanding internationally with international markets now accounting for 36% of our revenues from territories such as Southern Europe, South America and North America.

Ali Athar
Chief Executive Officer
11th May 2022

Chief Financial Officer's Review

Income Statement

Revenue

The Group achieved revenue growth of 14% despite the impact of the global pandemic on the retail sector with stores being periodically locked down. Revenue was £13.5m for the year (2020: £11.8m) with the quality of revenue growth being evidenced by increased Annual Recurring Revenue (ARR) of 16% to £11.1m at the year-end (2020: £9.6m). These numbers were achieved despite the impact on our overseas ARR contracts with sterling strengthening against the currencies in which we trade. (See foreign exchange rates below).

The transition to a subscription revenue model continues at pace with 77% (2020: 72%) of the Groups revenues in the year derived from recurring revenues.

Gross profit

The gross margin for the Group was 41% (2020: 39.8%). Inevitably as the Group transitions to a subscription-based revenue model there is a degradation in margin until the ARR for the year is booked in full, especially when the cost base has already been geared up to deliver the ARR. Gross margin on booked recurring revenue is up 3% to 66% (2020: 63%).

Operating expenses

The operating expenditure has increased for two main reasons. Firstly due to the inclusion of the EDI Plus costs on a full year basis following its acquisition in June 2020. But secondly due to the extra costs associated with fulfilling our governance requirements, adding three Non Executives to the board along with the additional costs of being a listed business which were not required as a private company.

Despite this and the global uncertainties caused by the COVID-19 pandemic which continued into 2021, the Group chose to carefully manage its cost base in line with our existing and forecast revenue profile.

Foreign exchange rates

The table below sets out the percentage of annual contracts in the foreign currencies we trade in and the impacts of those foreign currencies at the Balance Sheet date and the average movements over the course of the year for P&L purposes.

Foreign exchange rates have remained volatile during the year with an overall strengthening of Sterling against a number of currencies throughout the year. The most significant movement for itim has been the 8% depreciation of the Brazilian Real against Sterling between December 2020 and December 2021 where 18% of our contracts are in Reals. The Sterling to Euro rate has experienced similar volatility with Sterling ending the year 6% stronger at 31st December 2021 when compared to 31st December 2020 with 10% of our contracts in Euro's.

Phasing of movements over the current and prior year mean that the weighted monthly average exchange rate to translate the Euro and Brazilian Real trading results in some currencies is less volatile. The impact on the weighted monthly average exchange rate used to translate the Euro reflected only a 3% depreciation of the Euro based on a weighted monthly average rate of 1.163 for the year ended 31st December 2021 (2020: 1.125). However, the Brazilian Real depreciated significantly by 12% based on a monthly average rate of 7.42 for the year ended 31st December 2021 (2020: 6.607).

FX Rates	31-Dec-20	31-Dec-21	31-Dec-21	2020 Average	2021 Average	2021
(% of ARR at year end)	FX rate	FX rate	Variance %	FX rate	FX rate	Variance %
£GBP/Euro (ARR 10%)	1.123	1.191	6%	1.125	1.163	3%
£GBP/BRL (ARR 18%)	7.057	7.612	8%	6.607	7.42	12%
£GBP/USD (ARR 7%)	1.366	1.354	-1%	1.283	1.376	7%

Financing costs
Total net interest costs in the year were £67k (2020: £114k). The reduction in interest payable on external loans was driven by repayments of borrowings during the year ended 31st December 2021.

Exceptional items
Exceptional costs of £0.7m (2020: nil) were incurred during the year. These costs related to the initial public offering and admission to AIM which could not be directly attributed to the raising of new equity and therefore were expensed through the P&L. IPO costs written off against share premium amount to £0.5m (2020: nil)

Taxation
The Group continues to take advantage of R&D tax credits as it continues to innovate its technology offering. The current year tax credit is made of up of a net current tax credit of £0.26m (2020: £0.45m) and a deferred tax charge of £0.2m (2020: £0m).

Earnings per share
Basic EPS for the year was 0.88p (2020: 3.74p) and the diluted EPS was 0.78p (2020: 3.31p).
On an adjusted profit basis after adjusting for exceptional items and the share option charge the adjusted earnings basic EPS was 3.75p (2020: 4.10p) and the adjusted earnings diluted EPS was 3.32p (2020: 3.63p).

Dividend
The Board does not propose to pay a dividend in respect of the financial year (2020: £nil).

Group Statement of Financial position

The Group had net assets of £13m at 31st December 2021 (2020: £5m) an increase of £8m which was derived from the new equity raised, along with the profit for the year.

Cash flow and working capital

The Group ended the year with a cash balance of £6.2m (2020: £2.1m).

Cash generated from operating activities for the year amounted to £2.1m (2020: £2.1m) with further inflows from the net proceeds of new equity and exercise of options of £7.7m (2020: nil). Cash expended was on capitalised new product development of £1.4m (2020: £1.2m) and payment of debt and interest of £4.3m (2020:£0.2m). Which taken together with our opening cash balance of £2.1m gives the closing cash balance at the year-end.

A £6.2m cash balance at the year-end provides a strong basis to execute our strategy in 2022.

IPO and Admission to AIM

In June 2021 itim was admitted to AIM, a market of the London Stock Exchange after a successful initial public offering raising £8m (gross) to support its growth strategy as it continues to transition to a subscription-based revenue model.

Equity

On the 28th June 2021 the Company issued 5,194,806 new 5p shares at 154p each raising £8m in new equity.

In May 2021 as part of the listing process, the Company purchased 110,251,743 deferred shares for 1p and subsequently cancelled that class of share whilst creating a capital redemption reserve of the same value.

Additionally, the Company undertook a capital reduction transferring £10,468,919 of share premium to retained earnings.

Ian Hayes
Chief Financial Officer
11th May 2022

Principle risks and uncertainties

The Company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of Directors are implemented by the company's finance department.

Economic environment

Changes in economic environment could affect demand for the company's services or clients' ability to pay amounts due.

The board will continue to review trading outlook and the economic environment on a monthly basis and carry out credit checks on potential customers to mitigate this risk.

Price risk

The Group is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services in purchases in the UK. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Liquidity risk

The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate risk

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, which earn interest at fixed rate. The company has a policy of maintaining debt at fixed rate to ensure certainty of future interest cash flows. The Directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Foreign exchange risk

The Group's entities often enter into transactions denominated in a currency other than their respective functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

Cyber security

Cyber security is a primary concern at itim. We take a multi-layer approach to security employing many solutions to protect our systems at every level including vulnerability management, intrusion detection and endpoint protection to name just a few. We conduct aggressive penetration testing throughout the year and against our platform. All of the above is built upon an ever-expanding set of policies that govern our approach to engagement, security and response. We also recognize that the first, and most likely, point of attack is against our people and go to great lengths to provide training on the types of attacks they may encounter and vulnerabilities to which they are subject. This includes, but is not limited to, regular phishing simulations at varying degrees of sophistication followed up by additional training and clarification. As attacks become more sophisticated and customized, our staff need to understand how to recognize and respond, as they are the last line of defence when something slips through our various protections.

Employees and retention of key personnel

The Group's success depends on its retention of key personnel and its ability to recruit, retain and develop suitable personnel for its business. The Directors acknowledge that any future shortages of qualified personnel or the Group's inability to recruit and retain such personnel could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

Section 172 statement

The Board recognises the importance of setting high standards of corporate governance and complying with all legal requirements. In particular, the Directors are required to act in accordance with a set of general duties as detailed within section 172 of the UK Companies Act 2006. These duties are summarised as follows:

A Director of a Company must act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, have regard (amongst other matters) to:

- *The likely consequences of any decisions in the long-term*
- *The interests of the Group's employees*
- *The need to foster the Group's business relationships with suppliers, customers and others*
- *The impact of the Group's operations on the community and environment*
- *Maintaining a reputation for high standards of business conduct; and*
- *The need to act fairly between the shareholders of the Company.*

Our stakeholders

Engagement with employees

The Group's policy is to consult and engage with employees, by way of meetings, surveys and through personal contact with Directors and other senior managers, on matters likely to affect employees' interests. Information on matters of concern to employees is given in meetings and emails, which seek to achieve a common awareness on the part of all employees on the financial and economic factors affecting the Group's performance. We seek to employ and develop high calibre staff. As engaged, enabled, empowered employees who contribute to the best of their potential are fundamental to the long-term success of the business. We maintain oversight of their performance through an annual performance and development review process. We seek to offer appropriate levels of remuneration which we benchmark using market surveys. We value our employees' thoughts and ideas and two-way communication is actively sought and encouraged.

Shareholders

The board understands that shareholders require sustainable growth and value creation. To meet this need, members of the board have regular dialogue with institutional investors and individual shareholders in order to develop an understanding of their views.

The company's website has an investors section which gives investors direct access to reports, press releases and business information. Additionally, the AGM is an important forum for private shareholders to meet the board and ask any questions they may have, directly.

Business relationships with customers, suppliers and others

Itim's customers are key to the long-term success of our business as we seek to grow and maintain our customer base. In order to help us achieve our growth ambitions, our reputation needs to be preserved to protect our position as a leading technology provider of choice for tomorrow's retail innovation. They are key business partners and we set out our relationship in terms of business or service level agreements.

We invest in research and development because our industry demands it and our customers benefit from it. Our innovative technology solutions help customers increase revenues and drive cost efficiencies.

Many of our team members come from backgrounds working within the retail industry. In this way, we are experienced operators who run a technology company but understand the needs of the retail community. Our staff understand the day-to-day retail operations the challenges this creates, and together we strive to provide our customers with technology that empowers them to do more. From our agile development teams to our dedicated client service specialists, every team member knows that their passion, integrity, commitment, teamwork and innovation are what drive our success.

The Board through its Executive Directors are keenly focused on key supplier relationships especially those of an outsourced variety and constantly challenges and reviews its arrangements.

Each of the Board members consider that they have acted together, in good faith in a way most likely to promote the success of the Group for the benefit of its broader range of stakeholders as a whole taking into account section 172 (1) (a-f) of the Companies Act.

Corporate Governance

Board of Directors

Michael Jackson

Non-Executive Chairman

Michael was appointed to the Board as Chairman in January 2015. Michael qualified as a chartered accountant with Coopers and Lybrand before spending five years in marketing for various US multinational technology companies. He went on to found Elderstreet Investments Limited in 1990 and is its executive chairman. For the past 25 years, he has specialised in raising finance and investing in the smaller companies sector. Michael is former chairman of PartyGaming plc, Computer Software Group, Planit Holdings and until August 2006 was chairman of FTSE100 company, The Sage Group plc, where he was a board director for 23 years. He is also a director and investor in many other quoted and unquoted companies including Netcall plc and Access Intelligence.

Ali Athar

Chief Executive Officer

Ali is the founder and CEO of itim and has spent over thirty years working in various capacities in the retail industry. Ali started his career at IBM where he spent five years as a database specialist. In 1982 he started Inforem, a systems design and integration company, which had a strong focus in retail. He subsequently spent two years as a director of CSC after its acquisition of Inforem. After leaving CSC, Ali started itim as a consulting company and worked as a business transformation specialist within the retail sector with companies such as Woolworths, Booker, Burger King, Marks & Spencer, Homebase and B&Q. In 1999, itim started its move into developing technology solutions and Ali then built the Company into what it is today.

Ian Hayes

Chief Financial Officer

Ian qualified as a Chartered Accountant in 1989 and was appointed as Chief Financial Officer in October 2006. His early career was with Kreston Reeves before joining Coopers & Lybrand and has since held roles with AT&T and Standard & Poor's, heading up the finance function in Europe. In his recent career, Ian has been responsible for funding growth and start-up businesses in the technology sector in both AIM quoted and private environments.

Sandra Ribeiro

International CEO

Sandra joined itim in 2008 as General Manager for Iberia and Latin America. She brings more than 15 years' experience in margin optimisation through pricing and promotions and consultative selling of information technology solutions for the retailer community. In addition to her management responsibility for company leadership, she also manages the development and nurturing of itim's optimisation suite.

Justin King

Non-Executive Director

Justin is also a Non-Executive Director of Marks & Spencer plc and in April 2022 was appointed as the chair of Allwyn Entertainment Ltd, the preferred bidder for the 4th National Lottery licence. He served on the Public Interest Body for PwC until March 2022 and was the Vice Chairman of Terra Firma until May 2021, where he acted as an adviser to the General Partner. Prior to this, Justin was the CEO of Sainsbury's between 2004 and 2014, where he led the business through a major turnaround which led to nine years of profit growth. Before joining Sainsbury's, Justin was Head of Food at Marks & Spencer where he was one of the pioneers of the development of the Simply Food business. Justin is an operational leader with over 30 years of experience at leading customer-facing businesses, including Sainsbury's, Marks & Spencer, Asda, Häagen Dazs, PepsiCo and Mars.

Robert (Bob) Frosell

Non-Executive Director

Bob joined itim as Operations Director in January 2009 before stepping into a non-executive role in June 2021. Bob's experience in IT spans over 30 years with many large multi-national companies. He has been the Chief Information Officer at GrandMet Retailing (pubs and gastro-pubs), Pearle Vision (spectacles retailing, Burger King Corp., IMS Health (pharmaceutical information services), AC Neilson Corporation (consumer packaged goods information services) and currently CoreLogic Inc. (property information services).

Lee Williams

Non-Executive Director

Lee is currently the CFO at Seraphine. Previously, Lee was CFO at French Connection joining in April 2016 from ASOS, the global online fashion destination, where he was Director of Finance. Prior to that, he was CFO of the WorldStores and Kiddicare businesses and Head of Financial Planning and Analysis at BrightHouse Group Plc. He spent the majority of the earlier part of his career at Wm. Morrison Supermarkets Plc and Kingfisher Plc in various senior finance roles. He also spent 4 years working for PwC Consulting with Retail assignments in the UK, US and Central Europe. Lee has amassed a wealth of UK and international retail experience, in both traditional multisite operations but also, importantly, online. He is a member of the Chartered Institute of Management Accountants.

Frank Lewis

Non-Executive Director

Frank has a wealth of public company experience, having served as Non-Executive Chairman and Director for a number of international publicly-quoted firms with interests across Europe, the Far East, Middle East and Africa, which has given him a sound understanding of different business cultures and working practices, as well as considerable expertise in numerous business sectors. In addition to his non-executive roles, Frank had over 25 years of public and private company boardroom-level experience, including as Finance Director, CEO and Chairman, during which time he has been involved in numerous areas of business, including strategic planning, growth management, IPOs, corporate governance and regulatory compliance.

Chairman's statement on Corporate Governance

The Directors of itim Group recognise the importance of sound corporate governance. In accordance with the AIM Rules for Companies the Board has chosen to apply the Quoted Companies Alliance's Corporate Governance Code 2018. (the 'QCA Code') The Board chose to apply this code as it believes that it is suitable for small and mid-size companies.

As Chair, my role is to manage the Board in the best interests of our stakeholders, to ensure that our shareholders' views are communicated to the Board and to be responsible for ensuring the Board's integrity and effectiveness. I recognise that my role also involves my responsibility over the correct implementation of the QCA Corporate Governance Code into itim Group's corporate governance practice.

The Company is managed by the Board and it is the Board's job to ensure that itim Group is managed for the long-term benefit of all shareholders, with effective and efficient decision-making. Corporate governance is an important part of that job, reducing risk and adding value to our business.

The QCA Code includes ten governance principles and a set of disclosures. The Board has considered how we apply each principle to the extent appropriate. An explanation of the approach taken in relation to each of these principles, and any areas where we do not comply with the QCA code, is set out below.

The Board considers that it has complied with the provisions of the QCA Code, with the exception of the following areas:

- *The Board has not prepared a formal statement on culture, ethical values and behaviours and so there is no formal, regular measurement or assessment of this. The Board is however confident that it can adequately assess the corporate culture within the Company; and*
- *The Board has not established a nominations committee and so all matters relating to the appointment of Directors are reserved for the full Board.*

The ten QCA governance principles laid down and our response to them are provided in the pages below.

Michael Jackson
Chairman

Corporate Governance Statement

The directors recognise the importance of good corporate governance and have chosen to apply the QCA code as their framework to do so. The QCA code was developed by the Quoted Company Alliance in consultation with a number of institutional small company investors as an alternative code applicable to AIM companies.

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. The Directors have explained how each principle is applied below.

Principle 1: Establish a strategy and business model which promote long term value for shareholders

The Group's strategy to drive long term value for shareholders is reviewed by the Board on an annual basis and is based on the following:

- *Continued development of the Group's platform offerings;*
- *Revenue growth from both new and existing accounts;*
- *Realising opportunities in relevant new geographies; and*
- *Scaling the cost base efficiently with the objective of growing EBITDA in a controlled manner allowing for investment to drive revenue growth and then moving to cash generation in line with management expectations.*

Principle 2: Seek to understand and meet shareholder needs and expectations

The Board as a whole is responsible for ensuring that a dialogue is maintained with shareholders based on the mutual understanding of objectives.

Members of the Board meet with major shareholders on a regular basis, including presentations after the Group's announcement of the year-end results and at the half year. In addition to regulatory news announcements the Directors have published the annual report and accounts, the annual results presentation, the half year results and announcements on new contract wins as they arise.

The Board recognises that the annual general meeting is an important forum for all shareholders to meet with the board and raise any questions they may have.

Additionally, itim has a dedicated email address (shareholders@itim.com) for shareholder queries that can be used throughout the year.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Company intends to establish Mission and Vision statements along with a clear set of values against which the Company's corporate responsibilities are measured.

The Company's staff are enormously important to the future performance of the Company and so significant time and effort is taken to ensure that each member feels part of the team and are rewarded accordingly.

More details are set out in our s172 statement on page 11.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for ensuring that the appropriate framework of controls is in place to enable the proper assessment and management of risks. The risk management framework is a specific matter of overview by the Audit Committee, which advises the Board accordingly.

Both the Board and senior managers are responsible for reviewing and evaluating risk and the executive directors meet at least monthly to review ongoing trading performance, discuss budgets and forecasts and new risks associated with ongoing trading. This process allows the Board to gain assurance that the risk management and related control systems in place are effective.

The executive directors are responsible for the management of the business and implementing the Board's decisions.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

The Board is collectively responsible for the long-term success of the Company and provides effective leadership by setting the strategic aim of the Company and overseeing the efficient implementation of these aims to achieve a successful and sustainable business.

The Chair is responsible for the leadership of the Board and ensuing the effectiveness of all aspects of its role. Each scheduled meeting includes an agenda that allows each executive director to report to the Board on performance of the business including risk analysis and monitoring. Non-scheduled meetings are normally called to discuss single points of matter.

The Chair's role and the Chief Executive's role have been divided. The Chair sets the agenda for each meeting and ensures compliance with Board procedures and sets the highest standards of integrity, probity, and corporate governance throughout the Company. The Chief Executive is responsible for running the Company's business by proposing and developing the Company's strategy and overall commercial objectives.

The Chief Executive also ensures that the Chair is notified of forthcoming matters that may affect the running of the Company that the Chair may not be aware of.

All Executive Directors work on a full-time basis and the Non-Executive directors' letters of appointment set out expected time commitments. All directors recognise that at a certain time of increased activity, the preparation and attendance at meetings will increase. The Board considers that all Non-Executive directors bring an independent judgement to bear notwithstanding the varying lengths of service.

All Directors are subject to election by the shareholders at the first Annual General Meeting following their appointment, and to re-election thereafter every three years.

The Board typically meets formally four to six times per year to review and discuss the operating and financial performance of the Company relative to its annual operating plan and budget, assess any matters specifically reserved for the board, and to review progress towards its longer term strategic goals.

The Company maintains appropriate insurance cover in respect of legal action against the directors.

The Board has established three committees to assist in its considerations and to make recommendations to the Board. These committees are the Audit Committee, the Remuneration Committee and the AIM Compliance Committee.

The Board has not appointed a Nomination Committee as it concluded that given the size of the Group, this function can be effectively carried out by the Board.

More details of the Board Composition and the duties of the Committees can be found on pages 19 and 22.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board has a broad range of experience allowing it to assess and monitor the full spectrum of risks and requirements of the Company. Where required the directors will take further advice from professional advisors such as lawyers, accountants and tax specialists. Each director has the full authority of the Board to take any advice they feel necessary to undertake their individual roles.

The biographies of the Board can be found on pages 13 and 14.

The Chairman ensures that all Directors update their skills and knowledge required to fulfil their roles on the Board and Committees.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board will carry out an evaluation of its performance annually, taking into account the Financial Reporting Council's Guidance on Board Effectiveness. The Company will perform regular reviews of its Board composition, considering whether each director has the appropriate skills for the proper performance of their duties. The Board should be satisfied that each individual has the right balance of financial and market knowledge to understand the performance and prospects of the business for the proper development of the Company.

All continuing directors stand for re-election every three years. All directors undergo a performance evaluation before being proposed for re-election to ensure that their performance is and continues to be effective, that where appropriate they maintain their independence and that they are demonstrating continued commitment to the role.

Appraisals are carried out each year for all executive directors. The Board monitors succession planning as part of its general remit on risk mitigation.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Company continues to monitor its corporate and social responsibility policies.

All new employee positions are advertised to all employees in the Company and where possible we will look to promote existing employees to more senior positions, before offering a position to a new externally hired person.

The Board has not prepared a formal statement on culture, ethical values and behaviours and so there is no formal, regular measurement or assessment of this. The Board however through the role of Head of People are confident that it can adequately assess the corporate culture within the Company.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the board.

The Company's corporate governance statement on structure and processes is available on its corporate website within the AIM Rule 26, Corporate Governance section.

Details of the roles and responsibilities of the Board and its committees can be found on page 19 and under Principle 5 above.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board recognises the importance of regular and effective communication with shareholders. The primary forms of communication are:

- *The Groups Annual and interim statutory financial reports and associated investor and analyst presentations and reports.*
- *Announcements relating to trading or business updates released to the London Stock Exchange.*
- *The AGM which provides shareholders with an opportunity to meet the Board of directors and to ask questions relating to the business.*
- *Investor relations activity.*
- *Disclosure of all votes in a clear and transparent manner.*
- *The Group website.*

The Board and its Committees

The Board is made up of a Non-Executive Chair, two independent Non-Executive Directors, two further Non-Executive Directors, and three Executive Directors

The Chairman, Michael Jackson, Bob Frosell and Justin King are not deemed to be independent as they all have shareholdings in the Company but are considered by the Directors to add significant value to the Board due to their significant experience in the retail and technology sectors.

The Board has three sub committees; a remuneration committee, an audit committee and a compliance committee

The Directors are named below along with their membership of board committees.

Director	Role	Remuneration Committee	Compliance Committee	Audit Committee
A Athar	CEO			
I Hayes	CFO			
S Ribeiro	International CEO			
M Jackson	Non-executive chairman	X	X	X
R Frosell	Non-executive Director	X		
J King	Non-executive Director	X		
L Williams	Non-executive Director		X	X
F Lewis	Non-executive Director		X	X

The Board

The role of the Board is summarised as follows:

- *To establish and maintain the Group's vision, mission and values*
- *Decide on the current and future strategy to ensure the Groups longevity*
- *To delegate to management the implementation of policies, strategies and business plans while ensuring the framework of internal controls is effective*
- *Account to shareholders and stakeholders to promote their interests and the goodwill to the Group*

Audit Committee

Details of the Audit Committee are given in its Report on page 20.

The Remuneration Committee

Details of the Remuneration Committee are given in the Remuneration report on pages 21 and 22.

AIM Compliance Committee

The Board established an AIM Compliance Committee chaired by Michael Jackson, supported by Lee Williams and Frank Lewis. The AIM Compliance Committee will make recommendations to the Board on matters relating to the Company's compliance with the AIM Rules and any changes to the AIM Rules since the last meeting. The Company's Nominated Adviser will be invited to attend each meeting of the AIM Compliance Committee.

The AIM Compliance Committee will meet four times during the first 12 months immediately following Admission, thereafter at least twice a year and at such other times as the chair of the committee shall require.

Audit Committee Report

Dear Shareholder

As chair of the audit committee, I am pleased to present the committee's first report for the year ended 31 December 2021.

The Audit committee is responsible for monitoring the internal controls and the integrity of the financial statements of the company, including its annual and half-yearly reports during the year and reports to the board on significant financial reporting issues and judgements contained within those statements having regard to matters communicated to it by the auditor.

Members of the audit committee

The audit committee comprises Frank Lewis, Michael Jackson and is chaired by Lee Williams.

The Chief Financial Officer, and the external audit lead partner can be invited to attend meetings of the committee as and when appropriate.

Main responsibilities

The Audit Committee's Terms of Reference are available to view on the Company's website.

Its primary duties as set out in the Terms of Reference include:

1. Financial reporting in particular

- *the application of significant accounting policies and any changes to them;*
- *the methods used to account for significant or unusual transactions where different approaches are possible;*
- *whether the company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;*
- *the clarity and completeness of disclosures in the financial statements and the context in which statements are made; and*
- *all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management.*

2. Internal controls by keeping under review the company's internal financial controls systems that identify, assess, manage and monitor financial risks, together with other internal control and risk management systems.

3. Reviewing the performance of the Groups Auditors to ensure an independent, objective, professional and cost-effective relationship is maintained, meeting with the auditors to review their reports on the accounts and the Groups internal controls.

Activities during the year

The Committee met formally twice in the year for the following business:

- *Review of the interim financial statements*
- *Discussing the Audit strategy memorandum to discuss key issues of significant risk, key audit matters and other judgements and enhanced risk review*

The external auditors RPG Crouch Chapman attended the audit strategy meeting by invitation.

Internal Audit

The group does not have an internal audit function as the Audit Committee considers that it is not yet of a size or complexity to necessitate this.

Lee Williams
Audit Committee Chairman
11th May 2022

Remuneration report

Dear Shareholder

I am pleased to introduce the Directors' remuneration and remuneration committee report for the year ended 31st December 2021.

Remuneration committee

The Remuneration Committee consists of Michael Jackson, Justin King and Bob Frosell of which Michael Jackson is the Committee Chair. The committee meets at least twice a year, although usually more frequently, to determine the remuneration packages of the executive and senior directors of the group in accordance with the Principles and Provisions of the Quoted Companies Alliance Corporate Governance Code.

The Remuneration Committee has responsibility delegated to it for determining the policy for Directors' remuneration and setting remuneration for the company's chair who if a member of the committee shall not participate in any consideration of his remuneration or any decision in relation to it, Executive Directors and senior management.

Remuneration policy

The Remuneration Committees Terms of Reference are available for review on the Company's website.

The Executive remuneration packages are designed to attract and retain executives with the qualities and skills responsible for delivering the long-term growth of itim. The remuneration committee recommends to the board remuneration packages by reference to individual performance and uses the knowledge and experience of the committee members, published surveys relating to AIM companies and data on companies of similar size and in similar industries.

The main elements of the remuneration package for both the Executive Directors and employees alike are basic salaries, pensions and benefits in kind.

Basic salary

Basic salaries are recommended to the board by the remuneration committee, taking into account the performance of the individual and the rates for similar positions in comparable companies. Benefits in kind comprising death in service, income protection and private medical insurance are available to all staff and executive Directors.

Bonus payments

No bonus scheme existed in 2021 although Ian Hayes was paid a bonus of £30,000 based on a contractual obligation.

A bonus plan is being put in place for 2022 designed to reward based on performance criteria consistent with shareholders' interest.

Unapproved share option scheme

Unapproved options over the Company's shares may be granted on a discretionary basis to employees of the group at a price agreed and to be agreed between the Company and the relevant option holder. Under the terms of the options granted, such options vest on a number of dates from grant to various anniversaries of the award dates; are exercisable at the market price at the time the option was issued and are exercisable for ten years after the vesting date.

2017 EMI Option Scheme

In 2017 an Enterprise Management Incentive (EMI) share option scheme was designed and registered with HMRC as an approved EMI scheme. EMI options are a tax efficient way of granting options to employees. The value of options granted is by reference to the current market value (CMV) of the Company's share price at the date of grant and the maximum aggregate value of granted but un-exercised options outstanding at any one time is £3.0m with an individual maximum allowance at any one time to an employee of £250,000.

Other Employee benefits

All employees including the directors are entitled to a range of benefits, including contributions to individual personal pension plans, private medical insurance, life assurance and income protection in the event of long-term illness.

Service contracts and notice periods

The Executive Directors have contracts with an indefinite term subject to twelve months' notice from either the Executive or the Group, given at any time.

Non-Executive directors

Non-Executive Directors have a letter of appointment for an initial term of three years terminable by either party on three months' notice, given at any time.
In the event of termination of their appointment they are entitled to fees accrued up to termination but not entitled to any compensation.

Non-Executive Directors' fees are subject to an annual review by the Board having regard to the need to attract high calibre individuals with the right experience, the time and responsibilities entailed and comparative fees paid in the market in which the Group operates. They are not eligible for pensions.

Total Directors Remuneration

The table below sets out the total remuneration payable to the Directors:

	Salary £'000	Benefits £'000	Bonus £'000	Pension £'000	Total 2021 £'000	Total 2020 £'000
A Athar	259	10		13	282	243
I Hayes	180	5	30	18	233	203
S Ribeiro	210	11			221	220
S Evetts[1]	83	1	0	4	88	212
M Jackson	25				25	2
R Frosell[3]	37	4	0	6	47	60
J King[2]	13				13	-
L Williams[2]	15				15	-
F Lewis[2]	13				13	-

1. Resigned from the Group board on 20th May 2021

2. Appointed on 28th June 2021

3. Moved from an Executive Director to a Non-Executive Director on 28th June 2021

Directors share interests

The Directors interests in both beneficially owned shares and share options are detailed in the Directors report on page 24 of the report.

Michael Jackson
Remuneration Committee Chairman
11th May 2022

Director's report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Corporate status

itim Group plc is a public limited company which is listed on the AIM market of the London stock exchange and is incorporated in the United Kingdom with Company number 03486926. The Company has its registered office at 2nd floor Atlas House, 173 Victoria Street, London SW1E 5NH.

Principal activity

The Group's principal activities have been the provision of technology solutions to help clients drive revenues and profits. The Group will continue with its principal activity for the foreseeable future.

Business review and future developments

The review of the year's operations, trading outlook and future developments is contained in the Strategic report on pages 4 to 9.

Research and development

Research and development expenditure is charged to the income statement in the year incurred unless it meets the capitalisation criteria under IAS38.

During the year the Group expensed through the income statement £0.8 million (2020: £0.9 million) in relation to research and development costs. In addition, development costs amounting to £1.4 million (2020: £1.2 million) were capitalised within intangible assets.

The Group has attached a high priority to research and development in expanding its platform offering whilst continuing to improve the technological excellence of the platform. Details of itims platform development can be found on page 7 of the Strategic Report.

Initial public offering and admission to the AIM market of the London Stock Exchange

On the 28th June 2021 the Company raised £8m (gross) on its initial public offering and admission to the AIM market of the London Stock Exchange. Ahead of the listing, the company re-registered as a Public Limited Company ('PLC') and undertook a capital restructuring and consolidation in May and June 2021, buying back 110,251,743 of deferred shares of £0.01 each as shown in note 22, reduced its share premium account by £10,469,000 by crediting the profit and loss reserve and consolidating the share capital into 5p shares.

Results and dividends

The Group made a profit for the year of £252k (2020: £956k). The Directors do not recommend the payment of an ordinary dividend.

Directors and their interests

The Directors who have served during the year and details of their interests including family interests in the Company's ordinary 5p shares are disclosed below:

	2021 Shares No.	2021 Options No.	2020 Shares No.[3]	2020 Options No.[3]
M Jackson	550,405	-	550,405	-
Athar family interest	11,985,416	1,200,000	11,985,416	1,200,000
I Hayes	850,170	600,000	850,170	600,000
S Ribeiro	270,095	1,000,000	20,095	1,250,000
S Evetts[1]	-	-	-	-
R Frosell	2,383,924	-	2,383,924	-
J King[2]	231,548	492,041	-	-
L Williams[2]	-	-	-	-
F Lewis[2]	-	-	-	-

1. Resigned from the Group board on 20th May 2021

2. Appointed on 28th June 2021

3. Equivalent holding after adjusting for the share consolidation on 4th June 2021

Substantial Shareholdings

Save for the Directors' interests disclosed above together with the following shareholders, the Directors are not aware of any other shareholding representing 3% or more of the issued share capital at the year end.

	Shares No.	% holding
Lewis family interest	5,639,364	18.07%
Herald Investments	1,398,701	4.48%
Curtis family interest	1,393,655	4.47%

Auditors

In accordance with the company's articles, a resolution proposing that RPG Crouch Chapman LLP be reappointed as auditors of the company will be put at a General Meeting.

Directors' and Officers' liability insurance

Directors; and Officers liability insurance is in place at the date of this report. The Board remains satisfied that an appropriate level of cover is in place and a review of cover takes place annually.

Strategic Report

The Company has chosen in accordance with Companies Act 2006 s414C (11) to set out the Company's Strategic Report on pages 4 to 11. Information required to be contained in the Large and Medium sized Companies and Groups (Accounts and Reports) regulation 2008 Sch 7, where not already disclosed in the Directors Report, including trends and factors affecting the Group and an analysis of the development and performance pf the business, including key performance indicators.

Disclosure of information to the auditors

So far as the Directors are aware:

- *there is no relevant audit information of which the auditors are unaware and*
- *additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.*

I D Hayes
Director

Statement of Director's responsibilities

In respect of the Directors' report and financial statements

The Directors are responsible for preparing the strategic and Directors report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group and parent company financial statements in accordance with International Financial Reporting Standards as adopted in the United Kingdom (IFRS) in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing these financial statements, the Directors are required to:

- *select suitable accounting policies and then apply them consistently;*
- *make judgements and accounting estimates that are reasonable and prudent;*
- *state whether IFRS has been followed, subject to any material departures disclosed and explained in the financial statements; and*
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.*

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

itim Group plc
Independent auditor's report to the members of itim Group plc

Opinion

We have audited the financial statements of itim Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted in the United Kingdom (IFRS).

In our opinion, the financial statements:

- *give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;*
- *have been properly prepared in accordance with IFRS; and;*
- *have been prepared in accordance with the requirements of the Companies Act 2006.*

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- *Analysing management's and the Directors' cash flow forecast which forms the basis of their assessment that the going concern basis of preparation remains appropriate for the preparation of the Group and Company financial statements for a period of at least twelve months from the date of approval of these financial statements;*
- *Testing the integrity of the cash flow model;*
- *Comparing the revenue, costs and results included in the model for each segment compared to actuals achieved in the year and post-year end performance;*
- *Sensitising the cash flows for changes in key assumptions and considering impact on headroom; and*
- *Reviewing and considering the adequacy of the disclosure within the financial statements relating to the Directors' assessment of the going concern basis of preparation.*

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the members of itim Group plc (continued)

As we cannot predict all future events or conditions and subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and Company will continue in operation.

Our approach to the audit

In planning our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to issue an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

We performed the audits of the UK-registered material components of the group, being the parent company and ITIM Limited. We issued group instructions to António Magalhães & Carlos Santos SROC with regard to the audit of Profimetrics Software Solutions, S.A, which is registered in Portugal, and reviewed the work performed by the component auditor.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement we identified (whether or not due to fraud), including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. The matter identified was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our work addressed this matter
Carrying value of intangible assets The most significant assets of the group as at December 2021 were intangible assets of £8.7m comprising £4.0m of goodwill arising on acquisition of subsidiaries, £3.7m of development costs, and £1.0m of other intangible assets. In accordance with IAS36 Impairment of Assets, entities are required to conduct annual impairment tests for goodwill and certain intangible assets. Given the subjectivity and number of estimates involved in any such assessment, we consider the carrying value of intangible assets to be a key audit matter.	**Our work included:** • *Reviewing the impairment model provided and checking that the value in use model is appropriate;* • *Testing the integrity of the cashflow model ;* • *Discussing with management the assumptions used and obtaining support for key assumptions;* • *Sensitising the cash flow for key assumptions and considering if the disclosures in the financial statements reflect appropriately the requirement to disclosure key judgements and estimates; and* • *Comparing the market capitalisation of the group with the reported equity funds in the financial statements*

Independent auditor's report to the members of itim Group plc (continued)

Key audit matter	How our work addressed this matter
Revenue recognition There is a rebuttable presumption that revenue recognition results in a risk of material misstatement. The majority of major contracts are recurring and regular in terms of revenue recognised however they can included terms to allow for clawback of certain amounts based on performance as well as additional amounts for increased activity. Given the significant judgements in the estimated outcomes of open contractual positions at the period end and unsettled at the date of approval of the financial statements, we consider revenue recognition to be a key audit matter.	**Our work included:** • *Reviewing accounting policies adopted and ensuring these are in accordance with IFRS;* • *Confirming revenue has been recognised in accordance with the accounting policies;* • *Reconciling expected income for a sample of contracts to amounts reported in the accounts; and* • *Reviewing settlement of contract values after the period end.*
Management override Management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We therefore consider management override to be a key audit matter.	**Our work included:** • *journals testing, including completeness of journal review, reviewing journals posted during and after the year end for any activity that is not in line with our knowledge;* • *reviewing the consolidation and corroboration of all consolidation journal items to supporting documentation;* • *reviewing management estimations, judgements and application of accounting policies for undue bias in the financial statements;* • *reviewing unadjusted audit differences for indications of bias of a deliberate misstatement; and* • *applying professional scepticism in our audit procedures.*

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We consider revenue to be the most significant determinant of the Group's financial performance used by the users of the financial statements. We have based materiality on 2% of reported turnover for each of the operating components, which is consistent with the prior year. Overall materiality for the group was therefore set at £0.3m (2020: £0.3m). For each component,

Independent auditor's report to the members of itim Group plc (continued)

the materiality set was lower than the overall group materiality. For the parent company, we based materiality on 1.5% of total assets, which we considered most appropriate for a holding company. The materiality level set for the parent company was £0.2m (2020: £0.2m).

We agreed with the Audit Committee that we would report on all differences in excess of 5% of materiality relating to the Group financial statements. We also report to the Audit Committee on financial statement disclosure matters identified when assessing the overall consistency and presentation of the consolidated financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- *the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and*
- *the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.*

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- *adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or*
- *the parent company financial statements are not in agreement with the accounting records and returns; or*
- *certain disclosures of directors' remuneration specified by law are not made; or*
- *we have not received all the information and explanations we require for our audit.*

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such
internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the members of itim Group plc (continued)

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and IFRS.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- *agreement of the financial statement disclosures to underlying supporting documentation;*
- *enquiries of management;*
- *review of minutes of board meetings throughout the period; and*
- *obtaining an understanding of the control environment in monitoring compliance with laws and regulations.*

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Wilson MA FCA (Senior Statutory Auditor)
For and on behalf of RPG Crouch Chapman LLP

Chartered Accountants
Statutory Auditor
5th Floor, 14-16 Dowgate Hill
London
EC4R 2SU

Date: 11th May 2022

itim Group plc – Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Note	Total 2021 £'000	Total 2020 £'000
Revenue	4,5	13,474	11,820
Cost of sales		(7,953)	(7,114)
Gross profit		**5,521**	**4,706**
Other income		-	202
Administrative expenses		(3,297)	(3,374)
EBITDA		**2,224**	**1,534**
Amortisation of intangible assets	13	(746)	(515)
Share option charge	24	(151)	(91)
Depreciation	14	(38)	(45)
Depreciation of right-of-use assets	20	(297)	(231)
Profit/(Loss) on disposal of right-of-use assets	20	10	(9)
Profit from operations		**1,002**	**643**
Finance costs	10	(67)	(114)
Other interest – right of use assets	20	(42)	(67)
Exceptional items	6	(667)	-
Profit on ordinary activities before taxation	6	**226**	**462**
Taxation	11	26	494
Profit for the year		**252**	**956**
Other comprehensive income			
Exchange differences on retranslation of foreign operations		(119)	63
Total comprehensive income for the year net of tax		**133**	**1,019**
Earnings per Share			
Basic	12	0.88p	3.74p
Diluted	12	0.78p	3.31p

All comprehensive income for continuing operations is shown above.

itim Group plc – Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital £000	Share premium £000	Share options reserve £000	Capital redemption reserve £000	Foreign exchange reserve £000	Retained losses £000	Total £000
At 1 January 2020 as restated	2,379	10,469	213	-	82	(9,239)	3,904
Comprehensive income for the year	-	-	-	-	-	956	956
Foreign exchange movement	-	-	-	-	63	-	63
Total comprehensive income	-	-	-	-	63	956	1,019
Share option charge	-	-	91	-	-	-	91
At 31 December 2020	**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	**1,561**	**7,398**	**455**	**1,103**	**26**	**2,438**	**12,981**

itim Group plc – Company Registration number: 03486926
Consolidated Statement of Financial Position

As at 31 December 2021

	Note		2021 £'000		2020 £'000
Non-current assets					
Intangible assets	13		8,733		8,206
Plant and equipment	14		280		53
Right-of-use assets	20		649		897
Deferred tax	11		65		298
Total non-current assets			9,727		9,454
Current assets					
Trade and other receivables	16		3,702		3,492
Cash and cash equivalents			6,172		2,127
Total current assets			9,874		5,619
Total assets			**19,601**		**15,073**
Current liabilities					
Trade and other payables	17		(5,218)		(4,570)
Right-of-use liability	20		(290)		(248)
Total current liabilities			(5,508)		(4,818)
Non-current liabilities					
Trade and other payables due in more than one year	18		(176)		(4,011)
Right-of-use liability	20		(434)		(729)
Deferred tax	11		(502)		(501)
Total non-current liabilities			(1,112)		(5,241)
Total liabilities			**(6,620)**		**(10,059)**
Net assets			**12,981**		**5,014**
Capital and reserves					
Called up share capital	22	1,561		2,379	
Share premium account	23	7,398		10,469	
Share options reserve	23	455		304	
Capital redemption reserve	23	1,103		-	
Foreign exchange reserve	23	26		145	
Retained profit/(loss)	23	2,438		(8,283)	
Shareholders' funds			**12,981**		**5,014**

These financial statements were approved and authorised for issue by the Board of Directors on 11th May 2022.

Signed on behalf of the Board of Directors
I D Hayes
Director

itim Group plc – Company Registration number: 03486926
Company Statement of Financial Position
As at 31 December 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Intangible assets	13	-	-
Plant and equipment	14	213	-
Investments	15	5,071	5,071
Deferred tax	11	55	-
		5,339	5,071
Current assets			
Trade and other receivables	16	10,738	9,903
Cash and cash equivalents		3,209	157
		13,947	10,060
Total assets		**19,286**	**15,131**
Current liabilities			
Trade and other payables	17	(498)	(90)
Non-current liabilities			
Trade and other payables due in more than one year	18	(176)	(3,762)
Total liabilities		**(674)**	**(3,852)**
Net assets		**18,612**	**11,279**
Equity			
Called up share capital	22,25	1,561	2,379
Share premium account	23,25	7,398	10,469
Share options reserve	23,25	455	304
Capital redemption reserve	23,25	1,103	-
Retained profit/(loss)	23,25	8,095	(1,873)
Equity shareholders' funds		**18,612**	**11,279**

These financial statements were approved and authorised for issue by the Board of Directors on date 11th May 2022.

Signed on behalf of the Board of Directors
I D Hayes
Director

itim Group plc – Consolidated Cash Flow Statement

Year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Profit after taxation		252	956
Adjustments for:			
Taxation	11	(26)	(494)
Finance costs	10	67	114
Share option charge		151	91
Other interest on leases	20	42	67
Exchange gain/(loss)		-	49
Amortisation and depreciation	13,14, 20	1,081	791
(Profit)/Loss on disposal of right-of-use assets	20	(10)	9
Cash flows from operations before changes in working capital		**1,557**	**1,583**
Movement in trade and other receivables	16	(354)	275
Movement in trade and other payables	17	335	60
Cash generated from operations		**1,538**	**1,918**
Finance costs	10	(4)	(69)
Corporation tax		543	285
Net cash flows from operating activities		**2,077**	**2,134**
Cash flows from investing activities			
Capital expenditure on intangible assets	13	(1,361)	(1,227)
Purchase of plant and equipment	14	(49)	(17)
Cash acquired with subsidiary		-	277
Payment to acquire subsidiary		-	(223)
Proceeds from shares issued - IPO	22	8,000	-
Proceeds from share option conversion	22	181	-
IPO expenses	22	(498)	-
Net cash flows from investing activities		**6,273**	**(1,190)**
Cash flows from financing activities Loan repayments			-
Loan Repayments	19	(3,659)	
Interest repayments	19	(98)	-
Payment of lease liabilities	20	(335)	(457)
New bank loan		-	250
Loan issued	16	(210)	-
Net cash flows from financing activities		**(4,302)**	**(207)**
Net increase in cash and cash equivalents		**4,048**	**737**
Cash and cash equivalents at beginning of year		2,127	1,390
Exchange gains/(losses) on cash and cash equivalents	29	(3)	-
Cash and cash equivalents at end of year		**6,172**	**2,127**

itim Group plc – Company Cash Flow Statement

Year ended 31 December 2021

		2021 £'000	2020 £'000
Cash flows from operating activities			
Profit after taxation		(501)	1,189
Adjustments for:			
Taxation	11	40	-
Depreciation	14	5	-
Finance costs	10	63	108
Finance income		(18)	(20)
Share option charge		151	91
Cash flows from operations before changes in working capital		**(260)**	**1,369**
Movement in trade and other receivables	16	(721)	(977)
Movement in trade and other payables	17	49	(20)
Cash generated from operations		**(932)**	**372**
Finance costs	10	-	(61)
Finance income		18	20
Net cash flows from operating activities		**(914)**	**331**
Cash flows from investing activities			
Payment to acquire subsidiary		-	(223)
Proceeds from share capital issued - IPO	22	8,000	-
Proceeds from share option conversion	22	181	-
IPO expenses	22	(498)	-
Net cash flows from investing activities		**7,683**	**(223)**
Cash flows from financing activities			
Loan repayments	19	(3,409)	-
Interest paid	19	(98)	-
Loan issued	16	(210)	-
Net cash flows from financing activities		**(3,717)**	-
Net increase in cash and cash equivalents		**3,052**	**108**
Cash and cash equivalents at beginning of year		157	49
Cash and cash equivalents at end of year		**3,209**	**157**

1. Corporate Information

The consolidated financial statements of ITIM Group plc and its subsidiaries (collectively, the Group) for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 10th May 2022. itim Group plc ("the Company") is a public limited company incorporated and domiciled in the UK. The nature of the operations and principal activities of the Company and its subsidiary undertakings (the "Group") are set out in the Strategic Report on pages pages 4 to 11 and the Directors' report on pages 23 to 25.

The Company re-registered as a PLC on 13th May 2021.

2. Basis of preparation

The consolidated financial statements of the Group are prepared under IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company's financial statements have been prepared under IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and as permitted by section 408 of the Companies Act 2006, no income statement is presented for the company. The Company made a profit of £501,537 for the year ended 31 December 2021 (2020: £1,189,338)

The financial statements are presented in GBP, which is also the company's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

The financial statements have been prepared on the going concern basis.

3. Summary of significant accounting policies

Basis of consolidation

The Group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Subsidiaries

Subsidiaries are all entities over which the Group has the ability to exercise control and are accounted for as subsidiaries. The results of subsidiaries are included in the Group income statement from the date of acquisition until the date that such control ceases. Intercompany transactions and balances between Group companies are eliminated upon consolidation.

Revenue recognition

Revenue was recognised to the extent that it was probable that the economic benefits would flow to the Group and the revenue could be reliably measured.

Revenue represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers during the year by the group. Revenue is derived from the Group's principal activity and excludes VAT.

The Group derives revenue from two principal sources as noted below:

1. Recurring revenue

Recurring revenue consists of:

- *Subscriptions - revenue from subscriptions derive from the Group's hosted software-as-a-service subscription application, which allows customers to use hosted software over the contract period without taking possession of the software. Revenue is recognised over the contract period, commencing on the date of the service go live which gives the customer the right-to-use and access the platform.*
- *Support and maintenance – derive from support services and software upgrades offered to customers using the Group's software products. Revenue is recognised over the contract period, commencing on the go-live date of the implementation which gives the customer the right to access support services and the right to receive upgrades.*

2. One off revenue

One off revenue consists of:

- *Licences - the performance obligation for the provision of licences is considered to be satisfied when the agreement is signed by the customer and they are given access to the related software intellectual property ("IP") without any requirement to provide updates. It is recognised in full at the transaction price and over the period of implementation before the go live date of the implementation.*
- *Services - Services revenue relate to design and implementation services for each customer. Services enhance an asset that the customer controls and the Group creates specific fit for purpose assets which cannot be used elsewhere. The transaction price is the amount determined by fixed price contracts or on a time and materials basis where the Group has a right for consideration for work performed to date. Under the terms of the contracts, the Group has a right to invoice at the achievement of various milestones in the contract.*
- *Services are recognised over time and management consider the time spent as a proportion of total time expected is the most appropriate basis for recognition of this revenue stream as staff time is the main input into the delivery of the service. Any differences to the revenue measured by the above method and the amounts invoiced are included in the balance sheet. Further information on the contracts assets or contract liabilities are included in note 4.*

Intangible assets - Goodwill

In most cases the Group identified its cash generating units as one level below that of an operating segment. Cash flows at this level are substantially independent from other cash flows and this is the lowest level at which goodwill is monitored. A goodwill impairment loss is recognised in the Statement of Comprehensive Income whenever and to the extent that the carrying amount of a cash-generating unit exceeds the unit's recoverable amount, which is the greater of value in use and fair value less cost to sell.

Negative goodwill relating to intangible fixed assets requires immediate recognition in the Statement of Comprehensive Income.

In calculating goodwill, the total consideration, both actual and deferred, is taken into account. Where the deferred consideration is contingent and dependent upon future trading performance, an estimate of the present value of the likely consideration payable is made. This contingent consideration is re-assessed annually. The difference between the present value and the total amount payable at a future date gives rise to a finance charge which is charged to the Statement of Comprehensive Income and credited to the liability over the period in which the consideration is deferred. The discount used approximates to market rates.

Intangible assets – research and development expenditure

Research expenditure is written off as incurred. Internally generated development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised and amortised over the period during which the group is expected to benefit. This period is seven years. Provisions are made for any impairment.

Intangible assets – other

Other intangible assets recognised in these financial statements consist of Customer contracts and relationships and Intellectual Property Rights acquired on the acquisition of EDI Plus Limited.

Amortisation is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Customer contracts and relationships– straight line over 10 years

Intellectual Property Rights – straight line over 10 years

The amortisation of intangible fixed assets is shown as a separate line in the Consolidated Statement of Comprehensive Income.

The carrying values of intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Impairment non-current assets

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item.

For consolidation purposes, the assets and liabilities of overseas subsidiary undertakings are translated at the functional currency at the rate of exchange ruling at the reporting date. Profit and loss accounts of such undertakings are consolidated at the average rate of exchange during the year. Exchange differences arising are included in a separate component of equity.

Plant and equipment

Plant and equipment is carried at cost less accumulated depreciation and any recognised impairment in value. Cost comprises the aggregate amount paid to acquire asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation of plant and equipment is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Computer equipment - straight line over 3 years
Office equipment - straight line over 3 years
Fixtures and fittings - straight line over 3 years

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate on an annual basis. An asset is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period that the asset is derecognised. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed asset investments

Subsidiaries are measured at cost less impairment.
Investments are reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. Provision is made for any impairment.

Trade and other receivables

Trade and other receivables are initially stated at their fair value plus transaction costs, then subsequently at amortised cost using the effective interest method if applicable, less impairment losses. Provisions against trade and other receivables are made when there is objective evidence that the Group will not be able to collect all amounts due to them in accordance with the original terms of those receivables. The amount of the write down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of cash management are included as components of cash and cash equivalents for the purposes of the cash flow statement.

Trade and other payables

Trade and other payables are recognised at original cost.

Loans and borrowings

Loans and borrowings are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the statement of comprehensive income.

Leases - as a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset with similar terms, security and conditions.

Lease payments are allocated between principal and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, and any initial direct costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with low-value items and leases of a duration less than 1 year are recognised as an expense in profit or loss on a straight-line basis.

Income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled based on the tax rates and tax laws enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Finance costs

Finance costs comprise interest payable on loans from directors and third parties and are recognised on an accruals basis.

Share-based payments

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions

Fair value is measured by use of the Black Scholes Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Pension contributions

The company operates a defined contribution scheme for its employees. Contributions are charged to the Statement of Comprehensive Income in the year they are payable. The assets of the scheme are held separately from those of the group.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. The other income included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income relates entirely to government support through the furlough scheme.

Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Use of assumptions and estimates

The Group makes judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision effects both current and future periods.
The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

Useful economic lives of intangible assets

Intangible assets are amortised over their useful lives. Useful lives are based on management's estimates, which are periodically reviewed for continued appropriateness. Changes to estimates can result in variations in the carrying values and amounts charged to the statement of comprehensive income in specific periods.

Change in accounting policies

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1st January 2021.

(a) New and amended standards adopted by the Company:

There are no new standards which have had a material impact in the annual financial statements for the year ended 31 December 2021.

(b) New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. These include:

- *Annual Improvements to IFRS Standards 2018-2020 Cycle – IFRS 9 Financial Instruments and IFRS 16 Leases*
- *Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies*
- *Amendments to IAS 8 – Definition of Accounting Estimates*
- *Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

4. Segmental reporting

The chief operating decision maker ("CODM") for the purpose of IFRS 8 is the Board. Segments are determined by reference to the internal reports reviewed by the Board. The group's operations relate to the provision of technology solutions to help clients drive revenues and profit.

The Group measures the performance of its operating segments through a measure of segment profit or loss which is referred to as EBITDA. This measure is reported to the CODM for the purposes of resource allocation and assessment of performance. The measure is the same as reported in the historic financial information.

Information about geographic location by key segments.

Year ended 31 December 2021	UK	Portugal	Total
	£000	£000	£000
Revenue	9,191	4,283	13,474
Non-current assets	8,219	1,508	9,727

Year ended 31 December 2020	UK	Portugal	Total
	£000	£000	£000
Revenue	7,013	4,807	11,820
Non-current assets	7,701	1,455	9,156

Information about major customers

Transactions with a single customer exceeding 10% of total revenue amounted to £2,541k in the year (2020: £1,780k) and related to one customer (2020: 1).

5. Revenue

The analysis of the Group's revenue by geographical destination is set out below.

	2021	2020
	£'000	£'000
United Kingdom	8,611	6,506
Europe	271	520
Rest of World	4,592	4,794
	13,474	11,820

A breakdown of revenue by the two revenue streams as detailed in accounting policies is shown below:

	2021	2020
	£'000	£'000
Recurring revenue	10,324	8,566
One off revenue	3,150	3,254
	13,474	11,820

Revenue is either recognised at a point in time or over the period of the contract in line with the accounting policy (note 2).

The following table provides information on contract assets and contract liabilities from contracts with customers:

	2021 £'000	2020 £'000
Contract assets	418	99
Contract liabilities	2,498	1,809

Contract assets ("accrued income") are recognised where there are excess of revenues earned over billings. Contracts are classified assets when only the act of invoice is pending, there is an unconditional right to receive cash and only the passage of time is required as per contractual terms.

Contract liabilities ("deferred income") are recognised when there are billings in excess of revenues. Contracts are classified as liabilities when there is an obligation to transfer goods or services to a customer for which the Group has received consideration from the customer (or the payment is due) but the transfer has not yet completed. These arise based on the billing cycle of the Group's revenues and all are expected to be reversed in under one year.

6. Profit on operating activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2021 £'000	2020 £'000
Share based payments	151	91
Exceptional items	667	-
Deprecation of tangible fixed assets		
- owned	38	45
Depreciation of right-of-use assets	297	231
Amortisation of intangible assets	746	515
(Profit)/Loss on disposal of right-of-use assets	(10)	9
Auditors' remuneration (see note 7)	139	27

Exceptional items relate to costs incurred in relation to the initial public offering and the admission to the AIM Market of the London Stock Exchange.

7. Auditors remuneration

The analysis of auditors' remuneration is as follows:

	2021 £'000	2020 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts	13	2
Fees payable to the company's auditors and their associates for other services to the group		
- The audit of the company's subsidiaries pursuant to legislation	27	20
- Tax compliance services	3	3
- Other fees	96	2
Total other services	126	25

8. Employee information

Their aggregate emoluments were:

	2021 £'000	2020 £'000
Wages and salaries	6,549	6,200
Social security costs	987	923
Other pension costs	210	202
Other benefits	340	286
	8,086	7,611

The average monthly number of employees (including directors) during the year for the group was as follows:

	2021 No.	2020 No.
Selling and administration	22	25
Technical	138	132
	160	157

9. Directors' emoluments

	2021 £'000	2020 £'000
Aggregate emoluments	896	891
Pension contributions (money purchase schemes)	41	49
	937	940

Total directors' emoluments disclosed above is equivalent to total key management personnel compensation in the period. Directors' emoluments disclosed above include the following payments to the highest director:

	2021 £'000	2020 £'000
Aggregate emoluments	269	232
Pension contributions (money purchase schemes)	13	11
	282	243

	2021 £'000	2020 £'000
Number of directors to whom relevant benefits are accuring under:		
Pension contributions (money purchase schemes)	4	4

The above is equivalent to total key management personnel compensation. There were no other key management personnel other than the Directors.

Further details of Directors remuneration can be found in the remuneration report on pages 21 to 22.

Share based compensation

The Group operates an equity-settled share based compensation plan for Directors and executives. In accordance with IFRS 1, the Group has elected to implement the measurement requirements of IFRS 2 in respect of only those equity-settled share options that were granted after 7 November 2002 and that had not vested as at 1 January 2005. The fair value of the employee services received in exchange for the grant of options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the grant date.

At each year end date, the Group revises its estimate of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the Statement of Consolidated Income, and a corresponding adjustment to equity over the remaining vesting period. When share options are cancelled the Group accounts for the cancellation as an acceleration of vesting and therefore recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The fair value of share options has been assessed using the Black Scholes Model.

No share options were granted to Directors in the period (2020 – 2,000,000).
Included on the face of the Statement of Comprehensive Income, is a total charge for share based payments of £151,000 (2020: £91,000) which arises wholly from transactions accounted for as equity settled share based payments.

10. Finance costs

	2021 £'000	2020 £'000
Other interest and similar charges	67	114

11. Taxation

(a) Taxation charge:

	2021 £'000	2020 £'000
Total current income tax credit charged in the income statement		
Research and development tax credit	(300)	(443)
Portugal corporate tax	40	56
Adjustment in respect of prior years	-	(63)
Total current income tax	(260)	(450)
Deferred tax (income) / expense		
Current year	234	(44)
	234	(44)
Total income tax	**(26)**	**(494)**

(b) Taxation reconciliation:

The current income tax credit for the year is explained below:

	2021 £'000	2020 £'000
Profit before tax	226	462
Profit at the standard UK income tax rate of 19% (2020: 19%)	43	88
Effects of:		
Expenses not deductible for tax purposes	253	17
Capital allowances in excess of depreciation	(45)	2
Tax losses utilised as part of research and development tax credit	(300)	(443)
Unrelieved tax losses and other deductions arising in the year	(112)	-
B/fwd losses group relieved	(72)	-
Adjustment in respect of earlier year	-	(63)
Difference in overseas tax rates and temporary GAAP differences	(27)	(63)
Recognition of deferred tax asset in respect of losses	92	(116)
Other deferred tax timing differences	142	84
Total income tax credited in the income statement	**(26)**	**(494)**

(c) Deferred tax

Deferred tax balances consist of the following timing differences

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Deferred tax asset				
Acceleration capital allowances-UK	(466)	(326)	(40)	-
Tax losses available for carry forward - UK	528	621	95	-
Other timing differences-UK	3	3	-	-
	65	298	55	-

	Group		Company	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Deferred tax asset				
Acceleration capital allowances-Portugal	(292)	(266)	-	-
Tax losses available for carry forward - UK	(210)	(235)	-	-
	(502)	(501)	-	-

The Group has not recognised all deferred tax assets in respect of tax losses due to timing uncertainty regarding the recoverability against future profits. If all tax losses were recognised the deferred tax asset would increase as below in each year.

	2021	**2020**
	£'000	**£'000**
Deferred tax asset		
Acceleration capital allowances-UK	(467)	(325)
Tax losses available for carry forward - UK	1,817	1,939
Other timing differences-UK	3	3
Deferred tax asset	1,353	1,617
Increase in deferred tax asset if all losses recognised	1,288	1,319

The movement in deferred tax assets during the period are:

Group

Deferred tax assets	**Accelerated capital allowances on PPE- UK**	**Accelerated capital allowances on Development costs- UK**	**Tax losses available for carry forward- UK**	**Other timing differences- UK**	**Total**
At 31 December 2019 (as restated)	**(1)**	**(253)**	**433**	**3**	**182**
Charged to profit and loss account	2	(73)	187	0	116
At 31 December 2020	**1**	**(326)**	**620**	**3**	**298**
Charged to profit and loss account	(47)	(94)	(92)	0	(233)
At 31 December 2021	**(46)**	**(420)**	**528**	**3**	**65**

Company

Deferred tax assets	Accelerated capital allowances on PPE- UK	Tax losses available for carry forward- UK	Total
At 31 December 2020	-	-	-
Charged to profit and loss account	(40)	-	(40)
Transferred from Itim Ltd		95	95
At 31 December 2021	**(40)**	**95**	**55**

The movement in deferred tax liabilities during the period are:

	Accelerated capital allowances on Development costs- Portugal	Timing differences on acquired intangible assets- UK	Total
Deferred tax liabilities			
At 31 December 2019 (as restated)	**(182)**	**-**	**(182)**
Arising on business combination	-	(247)	(247)
Charged to profit and loss account	(84)	12	(72)
At 31 December 2020	**(266)**	**(235)**	**(501)**
Charged to profit and loss account	(26)	25	(1)
At 31 December 2021	**(292)**	**(210)**	**(502)**

12. Earnings per share

Basic and diluted loss per share is calculated by dividing the 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. Additionally, the Company's ordinary shares were subject to a share consolidation where 5 ordinary shares were converted into 1 ordinary share. The comparative period weighted average number of shares has been adjusted for this to aid comparison. The Company's share options have a dilutive effect over the two year period.

	2021 £'000	2020 £'000
Profit after tax for the year	**252**	**956**
Exceptional items	667	-
Share option charge	151	91
Adjusted Profit after tax for the year	**1,070**	**1,047**
Weighted average number of shares:		
Basic – 000	28,536	25,534
Potentially dilutive share options – 000	3,668	3,318
Diluted average number of shares – 000	32,204	28,852
Earnings per share:		
Basic – pence on continuing operations	0.88	3.74
Diluted – pence on continuing operations	0.78	3.31
Adjusted earnings – Basic – pence on continuing operations	3.75	4.10
Adjusted Diluted – pence on continuing operations	3.32	3.63

13. Intangible assets

Group

	Development cost £000	Goodwill £000	Acquired intellectual property rights £000	Customer contracts £000	Total £000
Cost					
At 1 January 2021	12,185	8,712	300	1,000	22,197
Foreign exchange differences	(150)	-	-	-	(150)
Additions	1,351	-	-	-	1,351
At 31 December 2021	**13,386**	**8,712**	**300**	**1,000**	**23,398**
Amortisation					
At 1 January 2021	9,167	4,759	15	50	13,991
Foreign exchange differences	(72)	-	-	-	(72)
Charge for the period	616	-	30	100	746
At 31 December 2021	**9,711**	**4,759**	**45**	**150**	**14,665**
Net book value					
At 31 December 2021	**3,675**	**3,953**	**255**	**850**	**8,733**
At 31 December 2020	**3,018**	**3,953**	**285**	**950**	**8,206**

Goodwill arising prior to 1 January 2020 relates to acquisition prior to the date of transition to IFRS of 1 January 2015 and therefore the exemption for business combinations completed before that date has been applied and the amounts not restated.

The Board consider that there is only one Cash Generating Unit. In accordance with the accounting policy, goodwill is tested annually for impairment, Management have used a fair value less cost of sales methodology supported by offers for the Group and consider that the value supports the carrying value of goodwill at each period end.

Company

	Development costs £000	Total £000
Cost		
At 1 January 2021 and at 31 December 2021	13	13
Amortisation		
At 1 January 2021 and at 31 December 2021	13	13
Net book value		
At 31 December 2021	-	-
At 31 December 2020	-	-

Development costs for The Retail Suite have been capitalised in accordance with IAS 38 "Intangible assets". Production commenced in 2008, from which date the related costs were written off over 7 years.

14. Plant and equipment

Group

	Fixtures and equipment £000	Total £000
Cost		
At 1 January 2021	987	987
Foreign exchange differences	(7)	(7)
Additions	266	266
Disposals	(11)	(11)
At 31 December 2021	**1,235**	**1,235**
Depreciation		
At 1 January 2021	934	934
Foreign exchange differences	(6)	(6)
Charge for the period	38	38
Disposals	(11)	(11)
At 31 December 2021	**955**	**955**
Net book value		
At 31 December 2021	**280**	**280**
At 31 December 2020	**53**	**53**

Company

	Fixtures and equipment £000	Total £000
Cost		
At 1 January 2021	16	16
Additions	217	217
At 31 December 2021	**233**	**233**
Depreciation		
At 1 January 2021	15	15
Charge for the period	5	5
At 31 December 2021	**20**	**20**
Net book value		
At 31 December 2021	**213**	**213**
At 31 December 2020	**1**	**1**

15. Investments

The principal subsidiaries of itim Group plc, all of which have been included in these consolidated financial statements, are as follows:

Company

	Shares in group undertaking	Other investments	Total
	£000	£000	£000
Cost			
At 1 January 2021 and at 31 December 2021	8,005	46	8,051
Provision for impairment			
At 1 January 2021 and at 31 December 2021	2,934	46	2,980
Net book value			
At 31 December 2021	**5,071**	**-**	**5,071**
At 31 December 2020	**5,071**	**-**	**5,071**

The company holds more than 20% of the share capital of the following companies:

Subsidiary undertakings	Country of Incorporation	Percentage holding	Class of share	Principal activity	Profit/ (loss) £'000	Net assets/ (liabilities) £'000
ITIM Limited	England and Wales	100%	Ordinary 'A' Ordinary Deferred	Software consultancy and supply	198	(6,952)
EDI Plus Limited	England and Wales	100%	Ordinary	Data exchange services	377	921
Profimetrics Software Solutions S.A	Portugal	100%	Ordinary Preferred	Development and distribution of software	285	1,579

The registered address of ITIM limited and EDI Plus Limited are same as ITIM Group Plc.

The registered address of Profimetrics Software Solutions S.A. is R. Lionesa 446, Edifício C Loja L, 4465-671 Leça do Balio, Portugal.

16. Trade and other receivables

	Group		Company	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Trade receivables	2,133	2,369	-	-
Corporation tax	324	596		
Amounts owed by group undertakings due within one year	-	-	8,359	7,995
Amounts owed by group undertakings due in greater than one year	-	-	1,908	1,908
Other receivables	333	229	235	-
Loan receivables	210	-	210	
Prepayments and accrued income	702	298	26	-
	3,702	3,492	10,738	9,903

17. Trade and other payables

	Group		Company	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Trade payables	687	592	21	1
Corporation tax	40	-	-	-
Other taxation and social security	650	1,438	55	89
Other payables	96	27	41	-
Loans and borrowings (see note 19 below)	318	-	318	-
Accruals	929	704	63	-
Deferred income	2,498	1,809	-	-
	5,218	4,570	498	90

18. Trade and other payables due in more than one year

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Other payables	176	-	176	-
Loans and borrowings (see note 19 below)	-	4,011	-	3,762
	176	4,011	176	3,762

19. Loans and borrowings

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Loans	-	3,658	-	3,408
Accrued interest	318	353	318	354
	318	4,011	318	3,762

Loans comprise of:

Secured liabilities - Group

	2021 £'000	2020 £'000
External investor	-	450
Directors	-	770
Unsecured liabilities – Group		
External investor	-	-
Bank loan – CBILs scheme	-	250
Deferred considerations	-	2,088
Directors	-	100
	-	3,658

The loans from Directors, the external investor and the bank bears interest at rates between bank base plus and 3% and LIBOR plus 9%. No interest is charged on the deferred consideration loan in respect of the EDI Plus Limited acquisition.

Analysis of maturity of loans and borrowings

	Group		Company	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Amounts payable				
Within one year	318	-	318	-
Within two and five years	-	4,011	-	3,762
	318	4,011	318	3,762

Net obligations under finance leases are secured by fixed charges on the assets concerned.

20. Leases

The Group leases five units within properties from which it operates and also leases computer equipment for the hosting centre. Lease payments are fixed throughout the contract period.

	Right-of-use - Property £'000	Right-of-use - Equipment £'000	Total £
Cost			
At 1 January 2021	1,118	225	1,343
Foreign exchange differences	(18)	-	(18)
Additions	128	9	137
Disposals	(50)	-	(50)
At 31 December 2021	1,178	234	1,412
Depreciation			
At 1 January 2021	422	24	446
Foreign exchange differences	(7)	-	(7)
Charge for the year	301	65	366
Disposals	(42)	-	(42)
At 31 December 2021	674	89	763
Net book value			
At 31 December 2021	504	145	649
At 31 December 2020	696	201	897

Lease liabilities:

	2021 £'000	2020 £'000
At 1 January	977	1,737
Foreign exchange movement	(11)	-
Interest expense	42	67
Lease payments	(335)	(457)
Additions	51	204
Disposals	-	(574)
At 31 December 2021	**724**	**977**

Amounts payable are as follows:

	2021 £	2020 £
Due within 1 year	290	248
Due 2-5 years	404	681
Due over 5 years	30	48
Total	**724**	**977**

The Company's right of use assets consist of the Company's premises, data centres' and sundry office equipment. The expiry of the leases varies between 1 and 8 years.

21. Financial instruments

Financial risk factors
The Group's financial assets comprise cash and cash equivalents, trade receivables and accrued income. These are all measured at amortised cost. The financial liabilities comprise loans and borrowings, trade payables and accruals, lease liabilities and deferred consideration payable for acquisitions of subsidiaries. These are measured at amortised cost.

The majority of the financial instruments arise directly from the operations with the exception of loans and borrowings and lease liabilities which have been used to finance the operations.

Fair values of financial instruments
For the following financial assets and liabilities: trade and other payables, trade and other receivables and cash at bank and in hand, the carrying amount approximates the fair value of the instrument due to the short-term nature of the instrument. The Directors consider that there is no material difference between book value and fair value for any of the financial instruments held.

Financial risk management
The Group's activities expose the Group to a number of risks including capital management risk, interest rate risk, foreign exchange risk, credit risk and liquidity risk.

It is the Group's policy that no trading in financial instruments should be undertaken.
There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Finance Department through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Interest rate risk
The Group's interest rate exposure arises mainly from the interest bearing borrowings as disclosed in note 19. All the Group's facilities were at floating rates, which exposed the entity to cash flow risk. However, given the low level of borrowings this is not considered material.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's largest financial assets are the cash balances held in banks and it is exposed to credit risk on those balances. It is the

Group's policy only to make deposits with banks with an acceptable credit rating.
The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices. An ageing analysis of trade receivables is detailed below:

2021	**Total £'000**	**Current £'000**	**30-60 days £'000**	**> 60 days £'000**
Trade and other receivables	2,133	1,642	117	374
Contract assets	418	418	-	-
	2,551	2,060	117	374
2020	**Total £'000**	**Current £'000**	**30-60 days £'000**	**> 60 days £'000**
Trade and other receivables	2,369	1,512	336	521
Contract assets	99	99	-	-
	2,468	1,611	336	521

Trade receivables are recognised initially at the transaction price. They are subsequently measured less any provision for impairment in relation to expected credit losses. At each reporting date the Group assesses the expected credit losses and changes in credit risk since initial recognition of the receivable and a provision for impairment is recognised when considered necessary. The Group considers the ageing to be reasonable and has no history of significant bad debts. No provisions have been made in in these financial statements. The Board do not consider the credit risk to be significant for the financial assets currently held.

Foreign exchange risk
Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional (currency). Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group's main exposure to foreign currency risk is on the trade receivables in the Portuguese subsidiary which are not held in Euros. The Directors have considered the balances at year end and based on the level of foreign currency balances and the expected timing of settlement of those amounts that the foreign exchange risk is not material.

Liquidity risk

Liquidity risk is the risk that ITIM Group may encounter difficulty in meeting its obligations associated with the financial liabilities that are settled by delivering cash or other financial assets. The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions.

The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows through effective cash management. The maturity analysis of the financial liabilities are included below:

As at 31 December 2021	**Carrying amount**	**1 year or less**	**1<2 years**	**2-5years**	**5 years**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Trade and other payables	1,888	1,712	176	-	-
Right of use liability	724	290	269	135	30
Other loans and borrowings	318	318	-	-	-
	2,930	2.320	445	135	30

As at 31 December 2021	**Carrying amount**	**1 year or less**	**1<2 years**	**2-5years**	**5 years**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Trade and other payables	1,323	1,323	-	-	-
Right of use liability	977	248	391	253	85
Other loans and borrowings	4,012	-	3,911	101	-
	6,312	1,571	4,302	354	85

Capital management risk

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade for the foreseeable future. The Group also aims to optimise its capital structure of debt and equity so as to minimise its cost of capital. The Group in particular reviews its levels of borrowing and the repayment dates, setting these out against forecast cash flows and reviewing the level of available funds.

22. Share capital

	2021 £'000	2020 £'000
Authorised:		
37,949,651 Ordinary shares of 5p each	1,898	-
189,748,257 Ordinary shares of 1p each	-	1,898
110,251,743 Deferred shares of 1p each	-	1,102
	1,898	3,000

	2021 £'000	2020 £'000
Allotted, called up and fully paid:		
31,210,607 Ordinary shares of 5p each	1,561	-
127,671,264 Ordinary shares of 1p each	-	1,277
110,251,743 Deferred shares of 1p each	-	1,102
	1,561	2,379

In May 2021, the Company bought back 110,251,743 deferred shares of £0.01 each for £0.01 which were then subsequently cancelled. This reduced share capital by £1,102,517 and created a capital redemption reserve of the same value. At the same time, the share premium account was reduced by £10,469,000 and this was credited to the Company's profit and loss reserve.

On 18th June 2021 250,000 £0.05 Ordinary shares were issued for consideration of £19,938. The share premium on the issue was £7,438.

On 28th June 2021 231,548 £0.05 Ordinary shares were issued for consideration of £160,000. The share premium on the issue was £148,422.

On 28th June 2021 5,194,806 £0.05 Ordinary shares were issued for consideration of £8,000,001. The share premium on the issue was £7,740,261.

IPO expenses on the new share issue of £497,641 were written off against the share premium account.
A summary of the rights of the different classes of share is given below:

Voting
All Ordinary shares are entitled to one vote each. The holders of deferred shares are not entitled to receive notice of, to attend, to speak or to vote at any general meeting of the Company.

Dividends

The profits of the Company available for distribution shall be used to pay dividends to the holders of Ordinary Shares a dividend equivalent to such amounts as the Directors may determine and as is approved by the Ordinary Shareholders in general meeting.

23. Reserves

Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Share options reserve

The share options reserves represent the fair value of equity-settled share options granted using the Black Scholes model.

Capital redemption reserve

This reserve arises on the purchase of the company's own shares.

Foreign exchange reserve

This reserve includes any exchange differences arising on the retranslation of foreign subsidiaries on consolidation.

Retained earnings

This balance represents the cumulative profit and loss made by the Group net of distributions to owners.

24. Share-based payments

Share options

The Company has a share option scheme for certain employees of the Group. Options are granted with a fixed exercise price. The vesting period varies from vesting immediately to vesting over 2 years from the date of grant. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of equity settled share options outstanding during the year are as follows:

Year ended 31 December 2021

Grant date	Outstanding at 1 January 2021	Share Consolidation	Granted	Exercised	Lapsed	Outstanding at 31 December 2021	Exercise period	Exercise price
08/08/2011	1,250,000	(1,000,000)	-	(250,000)	-	-	10 years	1.595p
14/04/2015	750,000	(600,000)	-	-	-	150,000	10 years	1.595p
10/04/2017	13,075,000	(10,460,000)	-	-	-	2,615,000	10 years	3.000p
31/03/2021	2,000,000	(1,600,000)	-	-	-	400,000	10 years	14.000p
19/04/2021	-	-	723,589	(231,548)	-	492,041	10 years	70.000p
	17,075,000	(13,660,000)	723,589	(481,548)	-	3,657,041		

Year ended 31 December 2020

Grant date	Outstanding at 1 January 2020	Granted	Exercised	Lapsed	Outstanding at 31 December 2020	Exercise period	Exercise price
08/08/2011	1,250,000	-	-	-	1,250,000	10 years	1.595p
14/04/2015	750,000	-	-	-	750,000	10 years	1.595p
10/04/2017	13,075,000	-	-	-	13,075,000	10 years	3.000p
31/03/2021	-	2,000,000	-	-	2,000,000	10 years	14.000p
	15,075,000	2,000,000	-	-	17,075,000		

Details of the share options and weighted average exercise price (WAEP) during the years are as follows:

	31 December 2021		31 December 2020	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	17,075,000	4.124p	15,075,000	2.814p
Share consolidation	(13,660,000)	0.000p	-	-
Granted during the year	723,589	70.000p	2,000,000	14.000p
Exercised during the year	(481,548)	(37.79)	-	-
Lapsed during the year	-	-	-	-
Forfeited during the year	-	-	-	-
	3,657,041	28.13p	17,075,000	4.124p

The weighted average contractual life of share options outstanding as at 31 December 2021 was 6 years (31 December 2020: 6 years).

ITIM recognises equity settled share-based payment expenses based on the fair value determined by the Black Scholes model. The model is internationally recognised as being appropriate to value employee share options schemes. The inputs into the option issues were as follows:

	Year ended 31 December 2021	**Year ended 31 December 2020**
	£000	£000
Share price	78p	14p
Exercise price	69p	14p
Expected volatility	25%	25%
Expected life	10 years	10 years
Risk free rate	0.5%	0.5%

Risk-free rate
The risk-free interest rate is based on the lower of the Bank of England's base rate and 0.5%.

Volatility
The measure of volatility is based management's estimate after considering the historical volatility of guideline companies operating within the same industry as ITIM Group, over a 10-year time period.

25. Company statement of changes in equity

	Share capital £'000	Share premium £'000	Share options reserve £'000	Capital Redemption Reserve £'000	Retained losses £'000	Total £000
At 1 January 2020	2,379	10,469	213	-	(3,062)	9,999
Total comprehensive income for the year	-	-	-	-	1,189	1,189
Share options exercised	-	-	91	-	-	91
At 1 January 2021	2,379	10,469	304	-	(1,873)	11,279
Total comprehensive income for the year	-	-	-	-	(501)	(501)
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	**1,561**	**7,398**	**455**	**1,103**	**8,095**	**18,612**

The profit for the year dealt with in the financial statements of the parent company is shown above. As permitted by section 408 of the Companies Act 2006, no separate income statement is presented in respect of the parent company.

26. Pension commitments

The group makes contributions to individual pension schemes (money purchase). The amount paid during the year was £209,553 (2020: £186,920). Outstanding contributions at the balance sheet date amounted to £26,042 (2020: £23,148).

27. Contingent liabilities

itim Group plc and its subsidiary undertakings have given cross guarantees and been granted rights to set-off in respect of group undertaking overdrafts and loans.

The Company is party to a cross guarantee for amounts payable to R M Frosell of £Nil (2020: £350,000) by the Group.

28. Related party transactions

The Group has taken advantage of the exemption available under IAS 2 Related Party Disclosures not to disclose details of transactions between Group undertakings which are eliminated on consolidation.

The loans made from the Directors are detailed in note 19.

29. Supporting statement for cash flows

Year ended 31 December 2021	Brought forward	Cash flow	Non cash	Carried forward
Loans and borrowings	(4,011)	3,757	(64)	(318)
Leases	(977)	355	(102)	(724)
	(2,861)	8,160	(169)	5,130

Year ended 31 December 2020	Brought forward	Cash flow	Non cash	Acquisition of sub	New loans	Carried forward
Loans and borrowings	(1,627)	-	(46)	(2,088)	(250)	(4,011)
Leases	(1,737)	457	303	-	-	(977)

30. Controlling party

There is no single ultimate controlling party.

Other Information

Notice of Annual General Meeting

Registered number: 03486926
itim Group plc
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of itim Group plc (the "Company") will be held at the offices of DMH Stallard LLP, 6 New Street Square, London EC4A 3BF on 20 June 2022 at 10.00 a.m. to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 11 (inclusive) will be proposed as ordinary resolutions and resolutions 12 and 13 will be proposed as special resolutions. Resolutions 12 to 13 (inclusive) are items of special business.

ORDINARY RESOLUTIONS

1 To receive the Company's annual accounts for the financial year ended 31 December 2021 together with the directors' report, the directors' remuneration report and the auditors' report on those accounts.

2 To re-appoint RPG Crouch Chapman LLP as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company to be held in 2023 and to authorise the directors to fix their remuneration.

3 To re-elect Sandra Ribeiro who, having been appointed since the Company's last annual general meeting, retires in accordance with article 77 of the articles of association of the Company and who, being eligible, offers herself for re-election as a director.

4 To re-elect Michael Jackson who, having been appointed since the Company's last annual general meeting, retires in accordance with article 77 of the articles of association of the Company and who, being eligible, offers himself for re-election as a director.

5 To re-elect Justin King who, having been appointed since the Company's last annual general meeting, retires in accordance with article 77 of the articles of association of the Company and who, being eligible, offers himself for re-election as a director.

6 To re-elect Lee Williams who, having been appointed since the Company's last annual general meeting, retires in accordance with article 77 of the articles of association of the Company and who, being eligible, offers himself for re-election as a director.

7 To re-elect Frank Lewis who, having been appointed since the Company's last annual general meeting, retires in accordance with article 77 of the articles of association of the Company and who, being eligible, offers himself for re-election as a director.

8 To re-elect Ian Hayes who, having been appointed since the Company's last annual general meeting, retires in accordance with article 77 of the articles of association of the Company and who, being eligible, offers himself for re-election as a director.

9 To re-elect Mahmood Ali Athar who, having been appointed since the Company's last annual general meeting, retires in accordance with article 77 of the articles of association of the Company and who, being eligible, offers himself for re-election as a director.

10 To re-elect Robert Frosell who, having been appointed since the Company's last annual general meeting, retires in accordance with article 77 of the articles of association of the Company and who, being eligible, offers himself for re-election as a director.

11 That, in substitution for any equivalent existing and unexercised authorities and powers, the directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the "Act") to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company up to an aggregate nominal value of £520,177 to such persons

at such times and generally on such terms and conditions as the directors may determine (subject always to the articles of association of the Company), provided that this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company to be held in 2023 or, if earlier, 20 September 2023, save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require such securities to be allotted after the expiry of such period and the directors of the Company may allot such securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTIONS

12 That, subject to and conditional upon the passing of resolution 11 and in substitution for any equivalent existing and unexercised authorities and powers, the directors of the Company be and are hereby empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560(1) of the Act) for cash pursuant to the authority conferred upon them by resolution 11 and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, as if section 561 of the Act did not apply to any such allotment provided that this authority and power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £78,027 (representing approximately 5 per cent. of the current issued share capital of the Company) provided that this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company to be held in 2023 or, if earlier, 20 September 2023, save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require such securities to be allotted after the expiry of such period and the directors of the Company may allot such securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

13 That the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares in the capital of the Company ("Ordinary Shares") provided that:

(a) the maximum aggregate number of Ordinary Shares which may be purchased is 3,121,060 (representing approximately 10 per cent. of the Company's existing issued share capital);

(b) the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is £0.05 (being its nominal value);

(c) the maximum price (exclusive of expenses) which may be paid for each Ordinary Share is the higher of: (i) an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange plc for the 5 business days immediately preceding the day on which the Ordinary Share in question is purchased; and (ii) the value of an Ordinary Share calculated on the basis of the higher of the price quoted for the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the London Stock Exchange Trading System;

(d) unless previously renewed, revoked or varied, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company to be held in 2023 or, if earlier, 20 September 2023; and

(e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which contract or contracts will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance

BY ORDER OF THE BOARD
Ian Hayes
Secretary
Date: 11th May 2022
Registered office: 2nd Floor Atlas House, 173 Victoria Street, London, SW1E 5NH

NOTES:

1 Pursuant to the Company's Articles of Association, a member of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to exercise any of his rights to attend, speak and vote at that meeting on his behalf.

2 If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.

3 A proxy may only be appointed using the procedures set out in these notes and the notes to the form of proxy. To validly appoint a proxy, a member must complete, sign and date the enclosed form of proxy and deposit it at the office of the Company's registrars, Neville Registrars, at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD, by 10.00 a.m. on 16 June 2022 (or, in the event that the meeting is adjourned, not less than 48 hours, excluding non-working days, before the time fixed for the holding of the adjourned meeting). Any power of attorney or any other authority under which the form of proxy is signed (or a duly certified copy of such power or authority) must be enclosed with the form of proxy.

4 In order to revoke a proxy appointment, a member must sign and date a notice clearly stating his intention to revoke his proxy appointment and deposit it at the office of the Company's registrars, Neville Registrars, at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD prior to commencement of the meeting. If the revocation is received after the time specified, the original proxy appointment will remain valid unless the member attends the meeting and votes in person.

5 Pursuant to the Articles of Association, any corporation which is a member of the Company may authorise one or more persons (who need not be a member of the Company) to attend, speak and vote at the meeting as the representative of that corporation. A certified copy of the board resolution of the corporation appointing the relevant person as the representative of that corporation in connection with the meeting must be deposited at the office of the Company's registrars, Neville Registrars, at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD prior to the commencement of the meeting. If the revocation is received after the time specified, the original corporate representative appointment will remain valid unless the member attends the meeting and votes in person.

6 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy in respect of the same shares, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

7 The right to vote at the meeting shall be determined by reference to the register of members of the Company. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those persons whose names are entered on the register of members of the Company at 6.00 p.m. on 16 June 2022 (or, in the event of any adjournment, at 6.00 p.m. on the date which is two business days prior to the adjourned meeting) shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to vote at the meeting.

8 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

9 In order for a proxy appointment or instruction made by means of the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST

Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID 7RA11) by the latest time for proxy appointments set out in paragraph 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

11 As at 10th May 2022, the latest practicable date prior to the date of this notice, the Company’s issued share capital consisted of 31,210,607 ordinary shares of £0.05 each, carrying one vote each and, therefore, the total number of voting rights in the Company as at 10th May 2022 were 31,210,607.

12 You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this notice or in any related documents (including the form of proxy and the annual report and accounts) to communicate with the Company for any purposes other than those expressly stated.

13 Your personal data includes all data provided by you, or on your behalf, which related to you as a shareholder, including your name and contact details, the votes you cast and your reference number (as attributed to you by the Company or its registrars). The Company determines the purposes for which, and the manner in which, your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

EXPLANATORY NOTES:

Resolutions 1 to 11 (inclusive) are proposed as ordinary resolutions. For each of these to be passed, more than half of the votes cast must be in favour of the relevant resolution.

Resolutions 12 and 13 are proposed as special resolutions. For each of these resolutions to be passed, at least three quarters of the votes cast must be in favour of the resolution. An explanation of each of the resolutions is set out below:

Resolution 1 – Annual Report and Accounts
The Directors are required to present to the annual general meeting the audited accounts and the Directors’ and Auditors’ Reports for the financial year ended 31 December 2021.

Resolutions 2 – Auditors
The Company is required to appoint an auditor at every general meeting of the Company at which accounts are presented to shareholders. The appointment of RPG Crouch Chapman LLP. Accordingly, this resolution proposes the re-appointment of RPG Crouch Chapman LLP as the auditors of the Company. It is normal practice for a company’s directors to be authorised to agree how much the auditors should be paid and Resolution 2 grants this authority to the directors.

Resolutions 3 to 10 – Re-election of Directors

Article 77 of the Company's articles of association requires any directors who have been appointed by the Board since the last annual general meeting and any directors who were not appointed or reappointed at one of the preceding two annual general meetings to retire from office. Any such director is entitled to offer himself for re-election.

Resolutions 11 and 12 – Directors' general power to allot relevant securities

Resolution 11 is proposed to renew the directors' power to allot shares.

Resolution 11 seeks to grant the directors authority to allot, pursuant to section 551 of the Act, shares or grant rights to subscribe for or to convert any security into shares in the Company up an aggregate nominal value of £520,177 which is equal to one third of the nominal value of the current issued ordinary share capital of the Company as at 10th May 2022 (being the latest practicable date prior to the publication of this notice). Unless previously renewed, revoked or varied, the authorities sought under this resolution will expire at the conclusion of the next annual general meeting of the Company next annual general meeting of the Company to be held in 2023 or 20 September 2023 (whichever is the earlier). The Directors have no present intention of exercising either of the authorities under this resolution, but the Board wishes to ensure that the Company has maximum flexibility in managing the financial resources of the Company. As at the date of this notice, no shares are held by the Company in treasury.

Resolution 12 is to approve the partial disapplication of pre-emption rights in respect of the allotment of equity securities for cash. The passing of this resolution (together with resolution 11) would allow the directors to allot shares for cash and/or sell treasury shares without first having to offer such shares to existing shareholders in proportion to their existing holdings. The authority would be limited to allotments or sales up to an aggregate nominal amount of £78,027 which represents approximately 5 per cent. of the nominal value of the current issued ordinary share capital of the Company as at 10th May 2022 (being the latest practicable date prior to the publication of this notice). Unless previously renewed, revoked or varied, the authorities sought under this resolution will expire at the conclusion of the next annual general meeting of the Company next annual general meeting of the Company to be held in 2023 or 20 September 2023 (whichever is the earlier).

Resolution 13 – Authority for the market purchase by the Company of its own shares

The authority sought by resolution 13 limits the number of shares that could be purchased to a maximum of 3,121,060 ordinary shares (equivalent to 10 per cent. of the Company's issued ordinary share capital as at 10th May 2022 (being the latest practicable date prior to the publication of this notice)) and sets a minimum and maximum price. Unless previously renewed, revoked or varied, the authority will expire at the conclusion of the annual general meeting of the Company to be held in 2023 or 20 September 2023 (whichever is the earlier). The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The Directors will exercise this authority only when to do so would be in the best interests of the Company and of its shareholders generally, and could be expected to result in an increase in earnings per share of the Company. Any purchases of ordinary shares would be by means of market purchase through the London Stock Exchange plc. Any shares the Company buys under this authority may either be cancelled or held in treasury. Treasury shares can be re-sold for cash, cancelled or used for the purposes of employee share schemes. No dividends are paid on shares whilst held in treasury and no voting rights attach to treasury shares. The Directors believe that it is desirable for the Company to have this choice as holding the purchased shares as treasury shares would give the Company the ability to re-sell or transfer them in the future and so provide the Company with additional flexibility in the management of its capital base.

Adding retail value