AIM Investor Update

Thursday 17th November 2022

Regency
RESEARCH

iEnergizer (IBPO)

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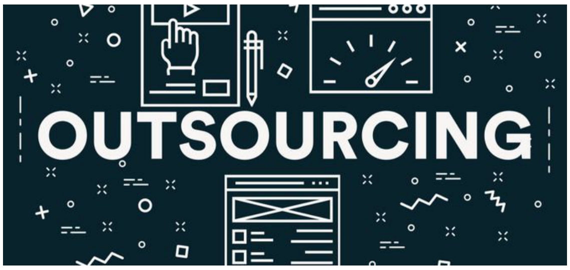
iEnergizer rises on strong HY performance

iEnergizer (IBPO) released a strong set of interim results this week in which it said HY revenue rose 24% to $152m.



The business process outsourcing specialist has seen *"continued strong momentum across the group"* and delivered HY profit before tax of $44.3m, up from $37.9m a year ago.

iEnergizer also said it achieved cost savings through effective use of resources and productivity improvements, even as more employees moved back to working from offices, on a routine basis during H1 2023.

On outlook, iEnergizer's board statement said:

"While we recognise the macro uncertainty, we are optimistic for the remainder of FY23, in particular due to ongoing inflationary pressures which continues to drive multinationals to focus not only on cost reduction but also revenue retention".

"Overall, new customer contract wins, reoccurring and repeat nature of business and improved margins give the Board confidence in the future outlook for the Company and underpin the expectations for FY23".

IBPO Daily Candle Chart

Kitwave sees FY results in line with upgraded market expectations

Delivery wholesale business, **Kitwave (KITW)** said its strong first half performance had continued for the remainder of the financial year.

Kitwave expect the results for the full financial year to be *"in line with the upgraded market expectations referred to in the interim results of the Group, published on 5 July 2022"*.

Kitwave also said that increases in interest rates and inflationary pressures will continue to impact operating costs, but the Group has *"taken prudent measures to mitigate these risks and will continue to recover these costs, wherever possible"*.

Paul Young, Kitwave CEO commented:

"As outlined earlier in the year, the strong H1 performance enabled us to improve our financial expectations for the full year. A further robust H2 has ensured that we expect to meet these targets, positioning the Group well going forward, despite ongoing external pressures. As we enter the new financial year, this momentum continues and the outlook for the Group remains positive".

"With considerable growth opportunities still available, both in the form of organic developments and through strategic, complementary acquisitions, we look forward to updating the market further on our continued progress."

KITW Daily Candle Chart

Enwell Energy (ENW)

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Enwell Energy slides after Ukraine exploration licence ruled invalid

Enwell Energy (ENW) said its Ukraine Svystunivsko-Chervonolutskyi exploration licence, held by LLC Arkona Gas-Energy, has been ruled invalid by Appellate Administrative Court in Kyiv.

Enwell bought Arkona Gas-Energy and Arkona in March 2020 and in April 2021, JV Boryslav Oil Co made legal claim that irregular procedures were followed in granting the licence.

The Appellate Administrative Court in Kyiv ruled in favour of Boryslav and Enwell said that it intends to appeal to Supreme Court.

Enwell's share price gapped lower on the news, but prices have since stabilised and prices remain locked in a choppy medium-term range.

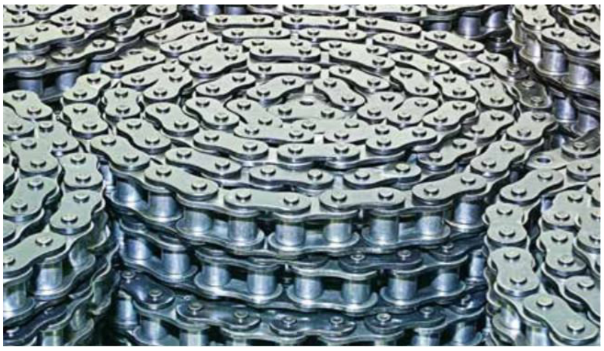
ENW Daily Candle Chart

Renold sees significant increase in earnings

Renold (RNO) released a strong set of interim results yesterday in which it saw a *"significant increase in earnings"*.

The industrial chain supplier said revenue increased 22% to £116.3m for the HY to end Sep, driven by strong growth in its chain division.

Adjusted operating profit jumped 33.3% to £9.6m and return on sales increased by 80bps to 8.3% with price increases helping to offset input cost and supply chain challenges.



And there was a significant increase in adjusted earnings per share (EPS) up 42.1% to 2.7p.

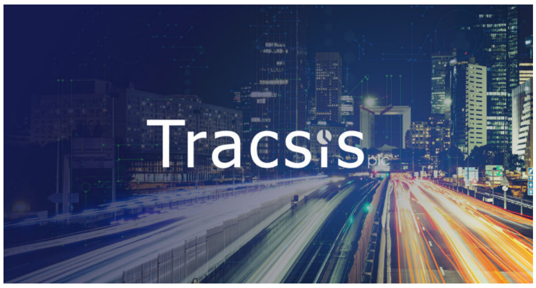
Net debt came in higher at £34m primarily due to a €20m initial cash consideration for the acquisition of Industrias YUK, S.A.

Renold CEO, Robert Purcell commented:

"The strong trading momentum experienced in the second half of the last financial year has continued in the first half, with the Group continuing to successfully manage significant inflation and supply chain disruption, resulting in growing sales and record orders. Whilst we are mindful that global markets continue to be uncertain, with ongoing labour and energy cost inflation and supply chain challenges, the Group's trading momentum continues to be positive. The Group has record order books and the acquisition of YUK provides opportunities for synergies and further growth."

RNO Daily Candle Chart

Tracsis delivers organic revenue growth of 24%



Tracsis (TRCS) released a robust set of final results in which headline revenue increased by 37% to £68.7m.

The traffic analytics group also enjoyed organic revenue growth of 24%, with adjusted earnings (EBITDA) rising 9% to £14.2m.

At the divisional level, the Data, Analytics, Consultancy and Events Division delivered revenue growth of 63% including post-Covid recovery and contribution from acquisitions.

And the Rail Technology and Services Division saw revenue increased by 13%, including the benefit from multi-year software contract wins that went live during the year and the acquisition of RailComm.

Tracisis CEO, Chris Barnes commented:

"We have delivered a financial performance aligned to our long-term strategic growth plan, with high levels of organic and acquisitive growth. Our Rail Technology and Services Division has won several multi-year software contracts, and in Data, Analytics, Consultancy and Events we have seen a strong post-Covid recovery in activity levels."

TRCS Daily Candle Chart

Argentex (AGFX)

Argentex's operating profit jumps 55%

Argentex (AGFX) released a strong set of interim results last week in which operating profits jumped 55%.

The principal forex broker delivered impressive revenue growth of 75% to £27.4m, underpinned by strong levels of cash generation.

Corporate clients increased 12% to 1,393 and the number of clients trading on its new online platform grew by 82%.

On outlook, Argentex said:

"Momentum has continued across all facets of the strategy into the last quarter of our new reporting period. Although market dynamics continue to be supportive, we maintain a balanced approach to risk, particularly in light of the uncertainty through this period of high inflation".

"As highlighted in the 3 October trading update, the Board expects that the financial performance for the full year will exceed current market expectations and in the medium term expects initiatives to generate a strong return on investment through growth in revenues and optimisation of revenue mix, thereby boosting profitability and improved earnings quality"

Having rallied sharply ahead of the results, it would appear that market expectations had got ahead of themselves as we've seen some profit taking which has caused the shares to pull back.

Our long-term view remains unchanged and we are happy to have Argentex in our list of open positions.

AGFX Daily Candle Chart

Totally (TLY)

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Totally's first half revenue tops £70m

NHS insourcing group **Totally (TLY)** posted revenue of £70.3m for the six months to 30 September 2022, up from £61.5m in the first half of the prior year.

Pre-tax profits went from £921,000 to £1m while Totally's cash position halved to £7.4m – *"reflecting the impact of changes in working capital model and accelerated growth"*.

Totally provided services to approximately 1.25m people during the period and was awarded extensions to 15 existing urgent care contracts amounting to £37m.

A statement from chief executive Wendy Lawrence said:

"We have proven that we can deliver quality patient care whilst services are under pressure and maintain GOOD ratings on all CQC registered services."

She added: *"In response to mounting financial pressures, experienced by all businesses within the UK, we continue to seek out and identify new opportunities to drive efficiencies as part of our business-as-usual cost management processes".*

TLY Daily Candle Chart

Tough ad spending climate hits Tremor International in third quarter

Tremor International (TRMR) delivered another disappointing trading update on Monday as macro factors weaken ad demand.

The connected television (CTV) advertising specialist reported a third-quarter contribution, excluding traffic acquisition costs, of $64.9m, down from $76.7m year-on-year.

Tremor said its contribution ex-TAC for the nine months ended 30 September slipped to $206.7m from $213.4m in the same period of 2021.

Tremor expects *"rising inflation, rising interest rates, geopolitical and macroeconomic uncertainty, recession concerns, and widespread global supply chain issues in certain verticals such as automotive"* to weaken ad demand in 2022 and beyond.

On a more positive note, Tremor continued to expand CTV market share with record Q3 CTV spend of $73m, reflecting an increase of 45% compared to $50.4m in Q3 2021, and record CTV spend of $183.9m for the nine months ended September 30, 2022, representing an increase of 33% compared to $138.4m in the nine months ended September 30, 2021.

TRMR Daily Candle Chart