This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR

Maintel Holdings Plc

("Maintel", the "Company" or the "Group")

Trading update for the 12-month period ended 31 December 2022

Maintel Holdings plc (the "Company", the "Group" or "Maintel") announces the following trading update for the financial year ended 31 December 2022 (FY22), based on unaudited financial information.

Group Revenue for the second half of FY22 is expected to be broadly in line with the first half of FY22, delivering approximately £91m of revenue for FY22. However, Adjusted EBITDA* has been negatively affected especially in the 4th Quarter, with Adjusted EBITDA for the year set to be above £4m, due to unexpected inflation costs on 3rd party vendor suppliers, professional services margin reduction due to project delays whilst having to maintain the associated cost base, increased office service costs and lower gross margin on technology sales.

Despite the challenging trading environment with global supply chain issues, a lower volume of public sector tenders and the economic downturn, the Group has built a total sales order backlog exceeding £45m of orders, all of which is under contract and with the project management teams in place for delivery, which will positively impact revenues and associated gross margin levels, especially on professional services in 2023 and beyond as the associated revenue is recognised.

The Company remained cash generative in the period and has reduced its net cash debt** position from £19.4m as at 31 December 2021 to £16.7m as at 31 December 2022, outperforming our expectations, despite Adjusted* EBITDA being below expected levels.

Maintel's transition to a cloud and managed services business continues apace with the Group nearing 170,000 contracted cloud seats at period end, up around 27% from 31 December 2021. The Group's cloud portfolio continues to be enhanced with both Public and Private cloud solutions, with enhanced offerings around Customer Experience.

Commenting on the Group's performance, Chief Executive Officer, Ioan MacRae, said:

"As the pandemic subsides, continuing global hardware supply chain disruptions and inflationary pressures have impacted 2022 performance despite resilient customer demand as evidenced by the sales order backlog standing at an all time high, guaranteeing increased revenue in 2023 and beyond. We have continued to invest in the development of the ICON cloud platform and further enhanced our wider product portfolio to continue to scale our business.

In light of the disappointing second half EBITDA, the management team is in constructive conversations with its principal banking partner whilst implementing a program of revenue maximisation and process efficiency measures which not only recover Gross Margin performance after the economic headwinds of FY22, but also generate much improved EBITDA and cash generation which will recover to at least recent historical levels.

These actions, along with focused positioning of products and services into high growth market segments, support a return to growth in FY23. With the sales order book backlog unwind, continued cloud seat growth and c.73% of recurring revenue flowing into FY23, the Group has improved visibility of revenue generation, gross margin and faster re-alignment of overheads. This supports a substantially improved Adjusted EBITDA outlook for this financial year".

* Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation, adjusted for share-based payments and exceptional costs.

** Net Cash Debt excludes IFRS16 liabilities

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