ALTITUDE GROUP PLC

Annual Report 2019/20

Registered number 05193579

Contents

Directors

Keith Edelman (Non-executive Chairman) *[1,2]*

Keith joined the Board on 5 December 2018 and brings extensive commercial experience and a background in consumer facing businesses. Keith is currently Chairman of Revolution Bars Group plc and Pennpetro Energy plc, and a non-executive director of Headlam Group plc and the London Legacy Development Corporation.

In his executive career Keith was a director of consumer companies including Ladbroke Group plc, Carlton Communications plc and Storehouse plc. His last executive appointment, which ended in 2008, was Managing Director of Arsenal Holdings plc where he was responsible for the move from Highbury to Emirates Stadium. Since 2009 Mr Edelman has held several non-executive roles including Safestore plc, Superdry plc, J E Beale plc and Thorntons plc.

Peter Hallett (Non-executive Director) *[1,2]*

Peter joined the board in April 2015, is an experienced public company director, and was until early 2014 Group Chief Financial Officer of Castleton Technology plc ("Castleton"), the AIM-quoted infrastructure and network managed services provider. In addition, Peter was previously finance director of Texas Homecare and First Quench.

Nichole Stella (Chief Executive)

Nichole joined the Board on 25 September 2017 and was a leading force with the Promo Marketing Media Group, a division of Napco Media (North American Publishing Company), for the last 12 years and served as President and Chief Revenue Officer of the group since 2013. Promo Marketing Media Group is a leading source of services and information to the promotional product and print distributor industries in the USA.

Graeme Couturier (Chief Financial Officer)

Graeme joined the Board on 13 April 2018 and has over 15 years of senior leadership experience at successful, growing technology enterprises, most recently as Chief Financial Officer of Sorted, a private equity backed start up in the delivery technology space. Graeme qualified as a chartered accountant with PwC and has previously held Board level finance positions at 'Payzone' and 'We Buy Any Car'.

Deborah Wilkinson (Chief Operating Officer)

Deborah joined the Board on 9 October 2018. Deborah has over 14 years of experience in the promotional merchandise industry having been Head of Technology at Customer Focus Software Ltd and 11 years with Altitude Group. Deborah is responsible for launching our leading SaaS order management systems and online design applications.

1 - Member of the Audit Committee

2 - Member of the Remuneration Committee

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Chairman's Statement

I am delighted to have been appointed Chairman of the Company at the end of March 2020 although it coincided with the onset of the COVID-19 pandemic, the most challenging trading environment I have ever witnessed in my business career.

The financial period ended 31 March 2020 was notable for the Group as it successfully completed the acquisition and integration into the Group of AI Mastermind, now, AIM Smarter LLC ("AIM"). The Group now provides services across a significant section of the marketplace. This major strategic shift in focus to integrate, grow and monetize the acquired AIM business through existing technology and services through the AIM marketplace has successfully driven growth in revenue and profit during the post-acquisition period.

The disposal of Ad Products in the period also simplifies the activities and reporting of the Group and emphasizes our emergence as a clearly focused US centric business.

COVID-19

The Group made significant and positive progress in the 15 month period ending 31 March 2020 until the onset of the COVID-19 pandemic which has adversely impacted the business.

Whilst the pandemic only impacted the last month of the 15 month period it has had a disproportionate impact on our results. Revenue can only be recognised when the cash has actually been received or third-party verification received of the underlying transactions which provide the basis of charging for the services provided. Revenue recognition is constrained to the extent that a significant reversal is unlikely.

Unsurprisingly, COVID-19 has resulted in some accrued revenues as at 31 December 2019 not being realised due to business failure and elongation and extension of terms together with COVID-19 impacting the Group's ability to engage and reconcile transaction-based revenue and necessary commercial decision making for the benefit of the longer term. Revenues realised in this period were ultimately £0.6m less than estimated.

Additionally, in the first quarter of calendar year 2020 we accrue revenue in respect of the annual transaction-based service agreements which run from January 2020 until December 2020. These accruals were similarly affected as projections across promotional products sales for 2020 have been dramatically reduced with recent industry estimates suggesting year on year shortfalls in revenues of circa 80% over certain periods.

However, anticipating and understanding the widespread impact the pandemic would have on the business and industry, the Group reacted rapidly to mitigate these events. Since period-end we have reduced our headcount, curtailed discretionary expenditure and applied for and received $0.5 million from the US Federal Paycheck Protection Program. We have also engaged in the supply of PPE products thereby demonstrating the importance of our role to both members and suppliers. During this difficult period, I am pleased to report that our membership numbers have remained steady at 2,103 and the number of preferred supplier partners has been maintained at 175.

Results

In the period ended 31 March 2020, the Group achieved revenues from continuing operations of £8.3m (2018: £2.9m) and an adjusted operating profit* of £0.5m (2018: £0.9m loss). This represents an increase in reported revenue of £5.4m or 188% and a £1.4m increase in adjusted operating profit*. The operating loss for the period was £2.6m (2018: £2.7m).

Ad Products results for the period are included in the Statement of Consolidated Income under "Loss from discontinued operation". The loss from discontinued operations of £3.3m reflects the aggregate trading losses and the loss on remeasurement of assets held for sale at 31 March 2020 in respect of Ad Products. The sale of Ad Products was completed on 7 April 2020. The 2018 comparatives detailed above exclude revenues and expenditures of the Ad Products business.

It should be noted that the full £0.6m of underlying transaction value of amounts due from members in respect of purchases made on their behalf in the AIM Capital beta launch was included as revenue in the 12 months to 31 December 2019, however, we have concluded that under IFRS the correct treatment is to only record related service fees receivable by AIM Capital as revenue. Clearly this approach has no impact on our adjusted operating profit*.

**Operating profit before share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges*

Strategic Development

As I have stated above the Group was making good progress with our AIM business in the USA with new initiatives such as our AIM Capital Solutions ("ACS") programme, hosted buyer events, and innovative marketing activities. This was improving the saliency of AIM Smarter to both suppliers and distributors. The Group therefore decided to focus its efforts on the development in the USA of its AIM Smarter business resulting in the sale of Ad Products, which was completed following shareholder approval on 3 April 2020.

Board Changes

Following the sale of Ad Products to a company connected to Martin Varley, he decided to step down as a non-executive Director of Altitude Group Plc. Martin has an extensive knowledge of the industry coupled with huge enthusiasm and entrepreneurial flair which will be sadly missed around the Board table. We will though remain in close contact with Martin as a major shareholder and supporter of the business. I would, on behalf of the whole board and all shareholders, wish to put on record the tremendous contribution Martin has made to both Altitude Group Plc and the wider industry.

I would also like to thank Peter Hallett for his outstanding contribution as Chairman. Peter has steered the company from a UK centric business to a US focused business, the largest market for promotional products in the world. He has been the glue that has allowed the Company to maintain the viability of the business whilst it was transitioning to a new future. In due course it is our intention to add a further Non-Executive.

Finally, I would like to congratulate Nichole Stella for recently being named in The Advertising Specialty Institute's ("ASI") Counselor magazine "Power 50" list. ASI serves a network of 25,000 suppliers, distributors and decorators in the $25.8 billion promotional products industry. ASI's award winning Counselor® magazine provides the most authoritative business content in the industry. Of the Counselor Power 50, ASI notes, *"the 2020 Power 50 [is] an exclusive list that annually spotlights executives from distributor and supplier companies, as well as industry outsiders, who wield considerable power and influence in a global marketplace."* Nichole's dedication to the business is evident and successful navigation of the business during this tumultuous time has been rightly recognised.

Liquidity

The Group remains debt free with a current cash balance of £1.9 million as at 28 October 2020, and have met all the requirements for the permanent retention of $0.5m of COVID-19 relief funding received under the US Federal Paycheck Protection Plan.

We are also engaged in establishing a finance facility for the AIM Capital Solution business and are monitoring the likelihood of further US Federal support in the near future. However, notwithstanding the availability of potential funding from these sources the Board remains confident that subject to continued steady recovery in the promotional product market through to 31 March 22, we have sufficient liquidity to trade through to more normalized levels of trading. I comment on material uncertainty below.

Outlook

Clearly the COVID-19 pandemic has disrupted our industry significantly and will impact our profitability in the coming year. The impact of COVID-19 could still possibly result in revenue and resulting cash inflows that are less and later than modelled potentially creating a need to secure additional funding. Obtaining additional funding is inherently uncertain.

Notwithstanding that these factors represent a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing this announcement.

Due to the uncertainty it remains too difficult to quantify our short-term profitability whilst the restrictions due to the pandemic continue and the rate of prospective market recovery remains uncertain and therefore we remain unable to give guidance at this time.

The Group has recourse to substantial mitigating factors not currently included in the forecast model which supports the adoption of a going concern basis of preparation.

We remain excited and confident in the prospects for AIM Smarter and we believe that some of the practices and learnings from this period will make us stronger in the future. We have maintained our AIM distributor member base throughout this period representing circa. 8% of the US promotional products market and we believe that as soon as COVID-19 is behind us we will rebuild our revenues and profitability quickly.

Keith Edelman

Keith G Edelman
Non-Executive Chairman
27 November 2020

Chief Executive's Statement

In January of 2020 Altitude Plc's subsidiary AIM Smarter, LLC ("AIM") was poised for continued growth with the business being recognised by the industry association PPAI as "among the fastest growing in the industry". *(Source: PPAI)*

We acquired AIM in January 2019 as a leading promotional product distributor membership group which derived its income primarily from subscription income received from members in return for a menu of member benefits, including technology services provided by Altitude. The acquisition enabled the Company to effect a major strategic shift in focus to integrate and grow the newly branded combined platform and membership base, AIM Smarter, utilizing our existing technology and developing enhanced services throughout the marketplace. This has successfully driven growth in revenue and profit in the US, reflected in the Group results for the 15 month period to 31 March 2020. The acquisition and post integration strategy has been successful in driving 186% growth in Group revenue and 224% growth in gross margin. Our post acquisition progress is summarized below.

The COVID-19 pandemic of 2020 has proven to be the most challenging time in history for many promotional products businesses and their customers to navigate and has curtailed and recalibrated the progress made in 2019. The promotional product industry has witnessed the global COVID-19 pandemic significantly slow economies and completely halt robust and major market sectors like the events, education, hospitality, bar restaurant, sports, entertainment and retail industries, sectors directly correlated with the success of the AIM marketplace and the suppliers and distributors who trade within it. Fortunately, there have been some areas of opportunity during the shutdown period, which the business has seized particularly in the shift to selling personal protective equipment ("PPE").

To begin with Essential businesses were unable to purchase these high demand PPE products. The promotional product industry's deep ties to Far East manufacturing provided the ability to procure this equipment. Outside PPE sales, the impact and downturn in sales has been widespread, with the industry experiencing a 44% downturn in revenue performance across for the 6 month trading period ending 30 June 2020. *(Source: ASI)*

Decisive and quick action to protect the business was taken with the understanding that we would be measured on how well we could support our members and trusted supplier partners during this time which would in turn determine the platform for recovery and future success.

COVID-19 Response

As the enormity of the crisis became apparent, we took quick and decisive action to manage cash resources through the curtailment of discretionary spend and marketing costs. Additionally, on 23 March 2020, for the health and welfare of our employees and in accordance with government guidelines, AIM transitioned quickly and seamlessly to a remote working model across the UK and US without detriment to its ability to serve the AIM network. We maintained a high level of business continuity with all our employees equipped to work efficiently from home.

During this time, it became clear AIM's role would be to support and guide our community through this crisis. Thus, AIM quickly pivoted to provide a broad range of educational information, SME guidance on government programs, supplier business operations updates and virtual events. Through these efforts, membership numbers have remained steady at c.2,103 AIM Members, with average (pre COVID-19) distributor revenue increasing to c.$1m pa and aggregate historic (pre-COVID-19) member revenue of circa $2.2 billion per self-certification. Our VIP supplier partners remain unchanged at 175 from our last update.

Additionally, AIM played a vital role providing members access to high-demand PPE products from safe and trusted supplier sources and launched our digital AIM "Group Buys" platform. In the 2nd and 3rd quarters of 2020 the Company generated $2.6 million in revenue from these Group Buy activities. This program also showcased our ability to act as a direct sales conduit to members on high-demand products and the Group Buys program will remain a focal point of the Company as the economy recovers.

Finally, the Company took quick action to secure and benefit from US government support programs, receiving $0.5m in funding under the US Federal Paycheck Protection Program. The Company can confirm that all conditions for permanent retention of the funding received under the Program have been met and we expect to be able to continue to access qualifying government programs as they become available. We also took the necessary steps in decreasing employee headcount by 21% across the Company. US headcount is currently 36 and UK headcount is 30. In addition we instituted a temporary salary decrease of 20% across the Management team and Executives, as well as a reduction in working hours across all other employees, following the cessation of the period covered by the Paycheck Protection Program in June.

The Group remains debt-free, continues to be cautious in its approach to all discretionary spend and is carefully managing cash whilst adapting marketing and sales plans to meet the changing needs of AIM Members and suppliers.

Recent industry reporting indicates that market transactional volume improved in July 2020 to 71% of 2019 levels and was steady in August at 74% of 2019 volumes. Smaller and medium sized distributors are reported to be faring slightly better in terms of year on year reductions. The slower rate of improvement in August has tempered industry expectations and much uncertainty remains.

AIM Post Acquisition Progress and Trading

On 15 January 2019 the Company acquired the Advertising Industry Mastermind Group LLC. Pre-COVID-19, the feedback from both members and Preferred Suppliers in the period reaffirmed confidence in our business model, the scalability and the commercial attractiveness of our business offering across the supply chain.

It should be noted that the full period results have been impacted by the COVID-19 pandemic and the subsequent delay in payment schedules and collection of annual fees on annual and Q1 2020 quarterly service agreements.

In the US, revenues for the 15 months to 31 March 2020 were $7.5 million. As noted by the Chairman, previously disclosed US revenue of $7.1 million (2018 $0.6m) for the 12 months to 31 December has been impacted by the following issues:

- The period of COVID-19 disruption in the US resulted in total business shut-downs and widespread furlough across AIM partner businesses in the second and third quarters of 2020. This unprecedented disruption of business operations resulted in a complete inability to engage in the reconciliation of transaction-based revenue due in respect of 2019 and prompted necessary commercial decision making for the benefit of the longer term resulting in a subsequent revenue accrual reduction of $0.6m. In addition, we estimate that March 20 quarterly revenues were $0.4m below original expectations due to the impact of COVID-19, through lower than forecast trading volumes, post period business failures and associated uncollectible revenue

- Initial interpretation of IFRS 15 recognised the £0.6 million of underlying transaction value of amounts due from members in respect of purchases made on their behalf in the AIM Capital Solutions ("ACS") beta launch as revenue in the 4 months post launch to 31 December 2019, however, on further consideration we have concluded that it is correct to only recognise ACS service fees as revenue. Clearly this approach has no impact on our adjusted Operating Profit*
- Whilst under IFRS 15 we are unable to include or recognize as revenue the purchase cost of the underlying transaction, which as ACS, we are procuring, administering and funding on behalf of the distributor, it is has demonstrated the potential to grow rapidly and form an important part of our future business

**Operating profit before share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges*

ACS, requires mandatory use of the AIM Tech suite and offers technology driven back-office support procurement and supply chain finance in return for a service fee based on gross transaction value due back to AIM.

We believe that the addition of this premium enhanced member services provides the business with significant potential, particularly as the economic recovery from the COVID-19 pandemic continues. Commencing with a small trial member test group in August 2019 and a full launch in January 2020, we have now developed a service offer that we know is attractive. We have been cautiously expanding this business and closely monitoring the associated consumption of working capital. AIM retains total discretion on the acceptability of transactions presented for finance and in addition we are actively engaged in sourcing an external funding partner for its future development.

In the 15 months to 31 March 2020 Group revenue from continuing operations increased by 188% to £8.3m (2018: £2.9m). This growth was entirely attributable to the acquisition and development of AIM. It should be noted that the historic annual revenue of AIM prior to its acquisition by the Group was less than $1 million per annum with revenue achieved during the post-acquisition period showing a 7-fold increase.

Throughout 2019 our focus remained on our major routes to revenue growth:

- Continued growth in the AIM membership of high-quality promotional product distributor.
- Delivering added value services, leveraging existing applications, technology, resources and expertise, to help selected preferred partners grow their share of the total AIM purchase pipeline.
- Develop and sell additional added value services, leveraging its existing applications, resources and expertise, to help AIM distributor members grow their business
- Continued drive to increase member utilisation of the AIM Tech Suite
- The addition of ACS to AIM's offering completes the Group's current portfolio of services.

Today, AIM drives awareness and grows sales for both our Preferred Supplier partners to our AIM members and grows sales for our AIM members to their clients. By providing marketing and technology services to our members and Preferred Supplier partners, we are creating a virtuous growth cycle for the AIM marketplace.

In 2020, we increased our supplier network to 175 of the industry's top suppliers and added 8 additional suppliers from ASI's Top 40 industry supplier list. To further strengthen and more aggressively drive sales through our preferred network, drive our technology adoption, increase tracking order data and increase efficiency in orders, we launched our VIP Incentive Program, which gives cash back to members when purchasing "in network" and the Group partnered with ASI to utilize their data feed in the AIM Tech Suite.

Member adoption and usage of our technology solutions continues to grow with 341 distributors adopting the AIM Tech Suite for search and order creation and 1,299 unique distributors utilizing AIM's website and company store technology with more than 2,600 sites live to date.

Enhanced Member Services

We are pleased with the launch of and continued increased interest shown by our members in the enhanced member services. 241 members have utilised AIM's various paid enhanced services and we are working on initiatives to increase this number in the current financial year. The pace of sales on marketing services have retracted due to COVID-19, however, digital platform sales and our premium program, AIM Capital Solutions (“ACS”) has continued to be developed and grown despite COVID-19 as outlined above.

US Operations

Operationally we had been very active in building our business and infrastructure in the US:

- Completed the build-out and move into a new expanded office
- Recruited and completed staff training to establish a completely new US management team structure. We are very proud of how quickly this was put together and became immediately effective. We successfully targeted recruits of proven expertise within the industry, who have been instrumental in quickly establishing AIM as a key and influential player
- AIM held a hosted buyer event and Virtual Event Series from which we have had very positive feedback. We have established an AIM Supplier Advisory Board where 10 high-level senior executives of major industry suppliers have been invited to collaborate with AIM to drive innovative programs in our marketplace.

Protection of Intellectual Property

Throughout the Group's history, it has expended great resource and effort to develop and legally protect its intellectual property. In 2019, the Group engaged in efforts to protect its intellectual property rights in multiple instances. These efforts were successful and resulted in numerous licensing agreements. The Group will continue to monitor and protect its intellectual property.

UK Business

The UK business delivered revenue of £2.5m in the 15 months to 31 March 2020 versus £2.4m in 2018 excluding Ad Products. Whilst this represented a reduction in like for like terms over 12 months it was reflective of the discontinuation of the legacy UK trade show and associated publication in order to streamline focus on AIM Smarter membership services.

In May 2020, the Company launched the AIM Smarter platform in the UK. This new launch will provide similar benefits and programs to UK based distributors and supplier partners. We believe the disposal of Ad Products removes a perceived conflict of interest issue which will encourage UK suppliers to participate in the recently launched AIM Smarter platform in the UK. Following the UK launch of AIM Smarter, there is currently 54 preferred suppliers in participation and distributor members have grown 76% from 51 to 90 since launch. Alongside this we continue to provide various software applications to the promotional industry on a monthly recurring revenue model.

Having reduced our staffing from 40 prior to the onset of COVID-19, we currently retain a staff of 30 in the UK predominantly comprising the AIM Smarter technology research and development team for the Group's technology platforms and customer service and finance teams for the provision of the UK services. Following the discontinuation of the UK trade show and disposal of Ad Products the UK operations were restructured and consolidated from two locations, one in Manchester; where the legacy publications and exhibitions business was historically housed, and a separate facility in Sheffield housing the technology team, to a single new office located in Sheffield City Centre which provides better access to future technology talent.

Disposal of Ad Products

On 18 March 2020, the Company's wholly owned subsidiary Customer Focus Interactive Imaging Limited ("CFIIL") entered into a conditional agreement with Product Source Group Limited ("PSG") for the disposal of the trade and certain assets of Ad Products ("ADP"), the trading name of CFIIL and a UK based trade supplier and printer of promotional products (the "Disposal") for a total maximum consideration of £0.8 million.

Total maximum consideration of £0.8 million made up as follows:

- £0.35 million in cash on completion;
- £0.3 million receivable in 4 tranches over the 12-month period following completion, subject to a personal guarantee of Martin Varley; and
- £0.15 million conditional deferred consideration with performance criteria based on ADP revenue generation in the 12-month period following completion

PSG was owned and controlled by Joanne Varley, wife of Martin Varley who was at the time a Non-Executive Director of and a 14.8 percent. shareholder in Altitude. The Disposal, therefore, is considered a related party transaction for the purposes of the AIM Rules and a substantial property transaction under the Companies Act.

The transaction was approved by shareholders in a General Meeting on 3 April 2020.

Ad Products results for the period are included in the Statement of Consolidated Income under "Loss from discontinued operation".

Financial Results

Group revenues for the period increased by £5.4m to £8.3m (2018: £2.9m), an increase of 188%.

The increase in revenue is due to the 15 month accounting period versus 12 months in 2018, the first time inclusion of AIM Smarter and the subsequent introduction of new commercial arrangements, products and services to the AIM marketplace, forged in the 15 month period. These new arrangements products and services have served to generate a 7-fold increase in the pre-acquisition revenues of AIM.

Gross profit increased by £5.3m, or 253%, to £7.5m (2018: £2.1m), with gross margin increasing to 89.8% (2018: 73.1%) reflecting the 15 month accounting period versus 12 months in 2018, the first time inclusion of AIM Smarter and the development and introduction of more added value services to the marketplace.

Administration expenses before share-based payments, amortization of intangible assets, depreciation of tangible assets and exceptional charges increased by £4.0m, or 131% to £7.0m (2018: £3.0m) driven by a 15 month trading period compared to the 12 month period in 2018 and the associated scaling up of operations in the US following the acquisition of the trade and assets of Advertising Industry Mastermind in January 2019.

The Administrative expenses for the 15 month period of the business are representative of a proportionate annualized run rate of £5.6m per annum.

Adjusted Operating profit* was £0.5m (2018: £0.9m loss), an increase of £1.4m.

Loss before taxation was £2.7m (2018: £2.7m loss). The group capitalized £0.8m of software development (2018: £0.8m).

The loss from discontinued operations of £3.3m reflects the aggregate trading losses and the loss on remeasurement of assets held for sale in respect of Ad Products. The sale of Ad Products was completed after the period end.

Operating cash outflow before changes in working capital was £0.1m (2018: £1.4m outflow). However, continuing operations contributed an inflow of £0.7m (2018: £1.2m outflow) an increase of £1.9m and discontinued operations contributed an outflow of £0.8m (2018: £0.2m outflow). Net cash flow from continuing operations was therefore cash neutral (2018: £1.6m outflow) after funding an increase in working capital growth investment of £0.7m (2018: 0.4m outflow), required to support the rapid growth in revenue in the US.

Net cash outflow from investing activities resulted in a net outflow of £5.2m (2018: £1.1m), reflecting the purchase of AIM for £3.9m, purchase of tangible and intangible assets (software development) of £0.4m (2018: £0.3m) and £0.8m (2018: £0.8m) respectively.

Financing activities included the issue of shares for cash (net of expenses) of £8.5m (2018: £1.6m) to fund the acquisition and development of AIM, lease payments (under IFRS 16) of £0.4m (2018: £nil), and interest of £0.1m (2018: £nil).

Total net cash inflow was £1.9m (2018: £1.5m outflow).

Current net cash balances stand at £1.9m as at 28 October 2020, compared with £1.6m confirmed as at 31 August 2020.

**Operating profit before share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges*

Outlook

We remain confident in the future prospects of AIM Smarter. We have adapted quickly and pragmatically in navigating the initial challenges imposed by the COVID-19 pandemic and subsequent government lockdown. Given, the presence of material uncertainty surrounding ongoing impact of COVID-19 the Company remains unable to give any guidance for the 12 month trading period to the end of March 2021, but wishes to reassure shareholders that the Company remains responsive and nimble in the face of the current crisis and focused on recovery and the future success of the business.

Additionally we continue to be prudent in cash conservation and are confident that, subject to a continuation of the steady recovery in the promotional products market place as witnessed since June 2020 through to 31 March 2022, Altitude has sufficient financial resources and liquidity to trade the business through to more normalised market conditions, whilst accepting that there remains material uncertainty as to the future continuation, rate of recovery and the overall economic impact of COVID-19 on revenue.

We continue to enjoy the support of our supplier partners and AIM members, many of whom have expressed gratitude for the assistance and support AIM has provided to them during the crisis.

Nichole Stella
Chief Executive
27 November 2020

Strategic Report

Principal activities and business model

The market for promotional products in the US alone is estimated to be worth in excess of $25 billion. It is a large market, but an inefficient one, with approximately 90% of transactions still carried out offline. Additionally, it is very fragmented with approximately 4,000 suppliers and 22,000 distributors serving a very broad customer base, spanning individual consumers to very large corporates and non-profit organisations.

Altitude has developed various design tools, applications and web site pop up stores specifically for promotional product distributors and suppliers. It has also developed an e-commerce enabled, scalable, trading platform that enables both offline and online promotional product transactions to be executed, allowing Altitude the ability to generate revenue based on the transactional throughput across the platform.

Altitude's ultimate success depends on its ability to influence and direct the promotional product purchases of a large numbers of distributors towards a significant number of preferred suppliers, by effectively creating and growing market activity between distributors and suppliers.

Altitude derives revenues from providing a range of services to distributors including software and technology services, events and exhibitions, catalogues, artwork services, marketing and busines administration services.

In addition, Altitude derives revenue from preferred suppliers in return for providing marketing services and promotion of those suppliers to distributors. Revenues from this source reflect the value of the resulting purchase orders placed with preferred suppliers by distributors. This was a principal reason for the acquisition of the assets and business of our most significant trading partner, Advertising Industry Mastermind Group LLC ("AIM"), the largest promotional products distributor organization member group in the US, on 15 January 2019.

The acquisition of AIM significantly enhances the prospects of the Group, by providing a direct relationship with AIM's circa 2,100 members, whose aggregate revenues are estimated to exceed $2.2 billion per annum, by increasing our influence on the sourcing of member purchasing and selection of preferred suppliers and providing the opportunity to upsell AIM members to enhanced service packages comprising Altitude's technology applications.

The Groups ability to monitor the level of purchase activity across all members is directly correlated to the adoption and usage of the AIMPro Tech suite in its entirety. Currently that usage level is low and increasing the adoption of the AIMPro Tech Suite amongst the members is a key strategic priority. The usage of the AIMPro Tech Suite is mandatory for all members utilizing the services of AIM Capital Solutions.

In the UK, the group's remaining activities essentially mirror those of the US, though comprise less than 25% of Group revenue from continuing operations. The Group has recently launched the AIM membership model to UK based distributor and supplier customers. The Group also markets and sells its own cloud-based Enterprise Reporting System called Promoserve. The Group's systems development and technology support team is based in the UK.

Ad Products, the UK based promotional products supply business was contracted to be sold in March 2020 and is detailed in the Chairman's and CEO statements above. The business was performing poorly and was a barrier to launching AIM in the UK, as it was considered a conflict of interest by UK suppliers considering participating in a UK version of AIM.

The disposal of Ad Products, which completed on 7 April 2020 following shareholder approval, leaves the composition of the Group clear and focused on growth of the AIM business model in the US and UK.

Business review

The Group has delivered an adjusted operating profit* of £0.5m (2018 £0.9m loss) from continuing operations in the 15 month accounting period.

Having acquired AIM in early 2019 the Group has grown revenue from implementing the strategy very quickly, with the majority of the revenue earned from the June quarter onwards. However, the staffing of the US operations was more reflective of the 15 month accounting period.

Shareholders will be aware from previous communications and as explained above, of the strategic significance of the acquisition of AIM and the disposal in the UK of Ad Products. Our clear strategic priority is driving revenue from, and delivering value to, both sides of the AIM supply chain, increasing member order volumes and value to, and growing, our preferred supplier partnerships.

Further details in relation to the review of the Group's business is set out in the chairman' s and chief executive officer's statements and form part of this report by cross reference.

Financial review

Group revenues for the period increased by £5.4m to £8.3m (2018: £2.9m), an increase of 188%.

The increase in revenue is due to the 15 month accounting period versus 12 months in 2018, the first time inclusion of AIM Smarter and the subsequent introduction of new commercial arrangements, products and services to the AIM marketplace, forged in the 15 month period. These new arrangements products and services have served to generate a 7-fold increase in the pre-acquisition revenues of AIM.

Gross profit increased by £5.3m, or 253%, to £7.5m (2018: £2.1m), with gross margin increasing to 89.8% (2018: 73.1%) reflecting the 15 month accounting period versus 12 months in 2018, the first time inclusion of AIM Smarter and the development and introduction of more added value services to the marketplace.

Administration expenses before share-based payments, amortization of intangible assets, depreciation of tangible assets and exceptional charges increased by £4.0m, or 131% to £7.0m (2018: £3.0m) driven by a 15 month trading period compared to the 12 month period in 2018 and the associated scaling up of operations in the US following the acquisition of the trade and assets of Advertising Industry Mastermind in January 2019.

The Administrative expenses for the 15 month period of the business are representative of a proportionate annualized run rate of £5.6m per annum.

Adjusted Operating profit* was £0.5m (2018: £0.9m loss), an increase of £1.4m.

Loss before taxation was £2.7m (2018: £2.7m loss). The loss before taxation is similar to the prior period as the £1.4m increase in adjusted operating profit* has been offset by increased share-based payments, depreciation, amortization, exceptional and finance charges.

The group capitalized £0.8m of software development (2018: £0.8m).

The loss from discontinued operations of £3.3m reflects the aggregate trading losses and the loss of sale arising from the disposal of Ad Products.

**Operating profit before share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges*

Taxation

We are carrying a deferred taxation asset of £0.46m in respect of tax losses carried forward. Based on future forecasts the Directors believe the Group's profits will be sufficient to fully utilize the deferred tax asset within the next four years.

Earnings per share

The basic and fully diluted loss per share in respect of continuing operations was 3.51p (2018: 4.31p). The basic and fully diluted loss per share in respect of discontinued operations was 4.90p (2018: 0.41p).

Cash flow

Operating cash outflow before changes in working capital was £0.1m (2018: £1.4m outflow). However, continuing operations contributed an inflow of £0.7m (2018: £1.2m outflow), an increase of £1.9m and discontinued operations contributed an outflow of £0.8m (2018: £0.2m outflow).

Net cash flow from operations was therefore neutral (2018: £1.4m outflow) after funding an increase in working capital growth investment of £0.7m (2018: £0.4m outflow), required to support the rapid growth in revenue in the US.

Net cash outflow from investing activities resulted in a net outflow of £5.2m (2018: £1.1m), reflecting the purchase of AIM for £3.9m, purchase of tangible and intangible assets (software development) of £0.4m (2018: £0.3m) and £0.8m (2018: £0.8m) respectively.

Financing activities included the issue of shares for cash (net of expenses) of £8.5m (2018: £1.6m) to fund the acquisition and development of AIM, and lease payments (under IFRS 16) of £0.3m (2018: £nil), repayment of finance agreements and interest of £0.1m (2018: £nil).

Total net cash inflow was £1.9m (2018: £1.5m outflow).

Treasury

The Group continues to manage the cash position in a manner designed to meet the operational needs of the businesses. Only modest cash balances are held in foreign currencies to minimise the exchange rate risk on these funds. There is no policy to hedge the Group's currency exposures arising from the profit translation or the effect of exchange rate movements on the Group's overseas net assets.

Share capital

On 17 January 2019, 5,334,525 ordinary shares of 0.4p each were issued for consideration of 68p per share. On 31 January 2019, 7,900,770 ordinary shares of 0.4p each were issued for consideration of 68p per share. On 27 February 2019, 860,294 ordinary shares of 0.4p each were issued for consideration of 68p per share. On 3 October 2019, 52,552 ordinary shares of 0.4p each were issued for nil consideration per share. On 8 November 2019, 458,404 ordinary shares of 0.4p each were issued for nil consideration per share.

The share issues above increased the issued share capital from 54,689,634 to 69,296,179 ordinary shares of 0.4 pence each. The proceeds from these issues was £8.5m net of expenses.

As set out in note 5 the Company issued EMI & Unapproved options to senior management as part the management incentive scheme. 326,095 (2018: 575,000) EMI options in ordinary shares have been granted during the period, 288,095 (2018: 55,558) EMI options have been forfeited, nil (2018: 1,344,442) EMI options were exercised and nil were cancelled.

In addition, 1,001,905 (2018: 1,450,000) unapproved options in ordinary shares have been granted during the period, nil (2018: nil) unapproved options have been forfeited, 537,596 (2018: nil) unapproved options were exercised and nil unapproved options were cancelled (2018: nil).

Of the net 1,328,000 EMI & unapproved share options issued, 414,000 of these share options relate to time served in the business and accrued over three years. Of the remaining 914,000 a third were exercisable on the share price between 100 pence and 200 pence, a third on reaching between 130 pence and 250 pence and the remainder on reaching between 160 pence and 300 pence.

On 1 August 2019 the Group issued incentive warrants over 450,000 ordinary shares of 0.4p each, with an exercise price of 97 pence, to finnCap Limited as part of their remuneration for the placing completed in January 2019. There is no term attaching to the warrants and the warrants vest on 15 January 2022.

Post balance sheet events

On 18 March 2020, the Company's wholly owned subsidiary Customer Focus Interactive Imaging Limited ("CFIIL") entered into a conditional agreement with Product Source Group Limited ("PSG") for the disposal of the trade and certain assets of Ad Products ("ADP"), the trading name of CFIIL and a UK based trade supplier and printer of promotional products (the "Disposal") for a total maximum consideration of £0.8 million.

Total maximum consideration of £0.8 million made up as follows:

- £0.35 million in cash on completion;
- £0.3 million receivable in 4 tranches over the 12-month period following completion, subject to a personal guarantee of Martin Varley; and
- £0.15 million contingent consideration with performance criteria based on ADP revenue generation in the 12-month period following completion

PSG was owned and controlled by Joanne Varley, wife of Martin Varley who was at the time a Non-Executive Director and a 14.8 percent shareholder in Altitude. The Disposal, therefore, is considered a related party transaction for the purposes of the AIM Rules and a substantial property transaction under the Companies Act.

The transaction was approved by shareholders in a General Meeting on 3 April 2020.

Ad Products results for the period are included in the Statement of Consolidated Income under "Loss from discontinued operation". The loss from discontinued operations of £3.3m reflects the aggregate trading losses and the loss on remeasurement of assets held for sale in respect of Ad Products.

The carrying value of Ad Product assets has been remeasured to reflect the amount expected to be recovered through the sale transaction. The sale of Ad Products was completed after the period end. Further details can be found in note 26.

Key performance indicators

The Group's key performance indicators as discussed above are:

	2019/20 £000	2018 £000
Revenue	8,308	2,889
Gross Margin	89.8%	73.1%
Operating Profit/(Loss) before share-based payment charges, depreciation amortisation and exceptional charges	461	(913)
Loss before taxation	(2,666)	(2,735)

Significant judgements and estimates

In preparing the financial statements the Directors have made judgements and estimates in applying accounting policies. Details of the most significant areas where judgements and estimates have been made are set out in note 1 to the group financial statements.

Principal risks and uncertainties

The Group's financial and operational performance is subject to a number of risks. The Board seeks to ensure that appropriate processes are put in place to manage, monitor and mitigate these risks. The Board considers the principal risks faced by the Group to be as follows at 31 March 2020:

- a continued and prolonged slump in market demand due to COVID-19 related restrictions. Whilst the market has seen a significant recovery since the worst of the lockdown in April 2020, where the industry reported volume shortfalls of approximately 80% compared to 2019, the shortfall in August 2020 is estimated to be approximately 25% lower than 2019.
- a significant deterioration in economic conditions, particularly in USA affecting SME's, the principal target customers for the Group's technology products
- significant delays and or cost overruns in developing and delivering products to meet customer requirements in the targeted market sectors
- predatory pricing or other actions by established competitors in our market sectors.
- a significant, adverse movement in the short-term in the US $ exchange rate compared with GBP
- the propensity of AIM distributor members to migrate orders to AIM preferred suppliers
- the propensity of AIM distributor members to upgrade membership to include enhanced marketing and sales support services
- deteriorating retention of the membership base of the acquired AIM business
- the risk of bad debts arising from AIM Capital Solutions
- a risk of under-reported revenue through incomplete visibility of member transactions

In all cases the Group seeks to mitigate these risks wherever possible by continuous marketing initiatives and promotions to stimulate market demand and continuous development of enhanced member services including "Group Buy" opportunities and the promotion of AIM Capital Solutions to high quality distributors with careful attention to credit risk. In addition, we maintain close relationships with all customers with service contracts based on transactional volume, and monitor progress using data sampling and quarterly confirmation. We also manage development projects closely and ensure that we continue to offer services that meet our customer needs.

Historically operations in the USA have been funded from the UK, exposing the group to adverse short-term exchange rate movements. US operations are now self-funding, mitigating the risk from short term exchange rate fluctuations.

AIM is the largest distributor member organisation in the USA, with circa 8% market share in a very fragmented market. We assess the risk of predatory pricing from other established competitors to be low as they do not possess the scale or geographic coverage necessary influence the market as a whole.

AIM members are incentivised to order from AIM preferred suppliers through the provision of significant discounts. Since the acquisition of growth has continued in line with historic trends, and since the inception of COVID-19 we have held the number of members steady at around 2,100.

Liquidity

The Group remains debt free with a current cash balance of £1.9 million as at 28 October 2020, and have met all the requirements for the permanent retention of $0.5m of COVID-19 relief funding received under the US Federal Paycheck Protection Plan.

We are also engaged in establishing a finance facility for the AIM Capital Solution business and are monitoring the likelihood of further US Federal support in the near future. However, notwithstanding the availability of potential funding from these sources the Board remains confident that subject to continued steady recovery in the promotional product market through to 31 March 22, we have sufficient liquidity to trade through to more normalized levels of trading.

Clearly the COVID-19 pandemic has disrupted our industry significantly and will impact our profitability in the coming year. The impact of COVID-19 could still possibly result in revenue and resulting cash inflows that are less and later than modelled potentially creating a need to secure additional funding. Notwithstanding that these factors represent a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing this announcement.

Due to the uncertainty it remains too difficult to quantify our short-term profitability whilst the restrictions due to the pandemic continue and the rate of prospective market recovery remains uncertain and therefore we remain unable to give guidance at this time.

The Group has recourse to substantial mitigating factors not currently included in the forecast model which supports the adoption of a going concern basis of preparation.

Outlook

We remain excited and confident in the prospects for AIM Smarter and we believe that some of the practices and learnings from this period will make us stronger in the future. We have maintained our AIM distributor member base throughout this period representing circa. 8% of the US promotional products market and we believe that as soon as COVID-19 is behind us we will rebuild our revenues and profitability quickly.

Approved by the board of directors and signed on its behalf by

Keith Edelman

Keith G Edelman
Non-Executive Chairman
27 November 2020

Directors' Report

The Directors present their report and the audited financial statements for the period ended 31 March 2020.

Dividend policy

The payment of dividends will be subject to availability of distributable reserves and having regard to the importance of retaining funds to finance the development of the Group's activities. In the short term it is the Directors 'intention to re-invest funds into the Group rather than fund the payment of dividends. Accordingly, and given the lack of distributable reserves, the Directors do not recommend the payment of a dividend.

Directors

Details of the Directors who have held office from 1 January 2019, to the date of this report, unless indicated otherwise, are listed below:

- Martin Varley (resigned 7 April 2020)
- Peter Hallett
- Gellan Watt (resigned 31 August 2019)
- Nichole Stella
- Graeme Couturier
- Deborah Wilkinson
- Keith Edelman

The members of the Board Committees are set out on page 2. Peter Hallett will retire at the Annual General Meeting in accordance with the Articles of Association of the Company and, being eligible, will seek re-election.

Directors' remuneration and interests

The remuneration of each of the Directors of the Company for the period ended 31 March 2020 and their interests in shares and share options is set out in notes 4 and 5.

The policy of the Remuneration Committee is to provide competitive, market- based packages which encourage and reward performance in a manner consistent with the long-term interests of the Company and shareholders.

Remuneration packages may comprise a basic salary together with benefits-in-kind (such as car allowance and medical insurance), a non-pensionable annual performance bonus, pension benefits based solely on basic salary and, where appropriate, participation in a share incentive plan.

Peter Hallett, Nichole Stella, Graeme Couturier and Deborah Wilkinson each have service agreements dated 28 April 2015, 13 September 2017, 13 April 2018 and 9 October 2018 respectively, each of which is subject to a six month rolling notice period.

Keith Edelman is appointed for a three-year term from 26th November 2018, subject to a one month notice period.

Substantial shareholders

The Company is informed that at 30 June 2020 shareholders, holding more than 3% of the Company's issued share capital were as follows:

	Number of issued shares	% of issued shares
Mr Martin Varley	10,329,618	14.91%
Mr Keith T Willis	6,726,273	9.71%
Hargreaves Lansdown	4,643,928	6.70%
Chelverton Asset Management	4,250,000	6.13%
Killik	4,219,117	6.09%
Mr Simon P Taylor	4,162,077	6.01%
Cavendish Asset Management	3,393,585	4.90%
Schroder Investment Management	2,647,058	3.82%
Interactive Investor	2,473,468	3.57%

The middle market price of the Company's ordinary shares on 31 March 2020 was 23.00p and the range from 1 January 2019 to 31 March 2020 was 18.00p to 117.50p with an average price of 74.73p.

Corporate Governance

In accordance with AIM rule 26 the Group has adopted the Quoted Companies Alliance's Corporate Governance Code. The statement of compliance with the Quoted Companies Alliance's Corporate Governance Code can be found on our website. The Board is committed to high standards of corporate governance as appropriate to the Company's size and activities and set out below the key governance areas.

The Board, which is headed by the Chairman comprised three executive members and three non-executive members as at 31 March 2020 and three executive members and two non-executive members at the date of this report.

The Board met regularly throughout the period with ad hoc meetings also being held. In the furtherance of their duties on behalf of the Company, the Directors have access to independent professional advice at the expense of the Company.

The Board has established the following committees:

Audit Committee

The Audit Committee comprises Peter Hallett and Keith Edelman and is chaired by Peter Hallett. It has specific terms of reference and meets with the auditors twice each year as a minimum. The Committee reviews the financial statements prior to their recommendation to the Board for approval and assists the Board in ensuring that appropriate accounting policies are adopted, and internal financial controls and compliance procedures are in place.

Remuneration Committee

The Remuneration Committee comprises Peter Hallett and Keith Edelman and is chaired by Keith Edelman. The committee is responsible for determining the remuneration arrangements of the Executive Directors, for advising the Board on the remuneration policy for senior executives and invites participation in the Company's long-term incentive shares schemes.

Stakeholder Engagement

The Board is aware of and understands its duties under Section 172 of the Companies Act 2006 and that engaging with our diverse stakeholder base is key to successfully managing the Group.

Below we share the groups identified as our key stakeholders and how we engage with each.

Team members

People are a key driver of our competitive advantage. We can only deliver an exceptional customer experience if we have exceptional team members who subscribe to our principles and values. We engage with our team members to ensure that we are fostering an environment that they are happy to work in and a culture that they identify with.

- Executive Directors regularly have day-to-day interaction with team members
- Competitive base compensation, excellent benefits and opportunities for results-based bonus
- Wide range of training and development opportunities available for team members
- Regular employee feedback surveys

Customers

Our goal has always been to provide the best technology, products and services, enabling our customers to maximise the potential of their business. Our membership models ensure our interests are aligned with those of our customers.

- Regular customer forums to understand how the marketplace is evolving and what our customers need to succeed
- Exclusive customer networking events to share learning experiences and build relationships
- Development of new products and services to enable our customers to grow their businesses
- Regular online and in person forums to facilitate knowledge sharing and review best practice

Suppliers

Strong partnerships with our suppliers are key to providing the highest levels of quality and service to our customers. Our success is closely aligned with that of our supplier partners.

- Collaboration with supplier partners to market their products effectively
- Exclusive supplier networking events to share learning experiences and build relationships
- Formal written contracts, negotiated in an open and transparent manner
- Regular meetings, information sharing, and feedback

Shareholders

We aim to attract Shareholders whose requirements are aligned with our strategic objectives, and who are interested in a long term holding in our Company. This involves a good understanding of our strategic objectives, our business model and our culture.

- Meetings with key shareholders following publication of preliminary and interim results
- Review and act on feedback from institutional shareholders
- Meetings or calls as requested by existing and potential shareholders

Control environment

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors have established an organisational structure with clear lines of responsibility and delegated authority. The systems include:

- the appropriate delegation of authority to operational management;
- the control of key financial risks through appropriate authorisation levels and segregation of accounting duties;
- financial reporting, within an established financial planning and accounting framework, including the approval by the Board of the annual budget and regular review by the Board of actual results compared with budgets and forecasts;
- reporting on any non-compliance with internal financial controls and procedures; and
- reviewing reports issued by the external auditors.

The Company does not have an Internal Audit function as the Board presently considers that the size and nature of the business does not warrant it. The Audit Committee on behalf of the Board reviews reports from the external auditors together with management's actions in response.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare such financial statements for each financial period. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

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 and the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- follow applicable UK accounting standards
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the consolidated financial statements, state whether state whether applicable IFRS's have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the parent company financial statements, state whether applicable UK Accounting Standards have 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 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 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 corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

The Directors confirm that, so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps that they might reasonably have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The financial statements have been prepared on a going concern basis. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report and Chairman's statement.

The Financial Reporting Council issued "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies" in 2009, and "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks" in 2016. The Directors have considered these when preparing these financial statements.

The current economic conditions caused by the COVID-19 pandemic have created uncertainty particularly over the level of demand for the company's products and services and over the availability of finance which the directors are mindful of. The Board is confident that the Group has sufficient liquidity to trade through to more normalized trading conditions. The financial statements have therefore been prepared on a going concern basis. The directors have taken steps to ensure that they believe the going concern basis of preparation remains appropriate. The key conditions are summarized below:

- The Directors have prepared sensitised cash flow forecasts extending to March 2022. The cashflows include a base scenario and a sensitized revenue scenario.
- The base scenario assumes reductions in revenue of 44% and 17% in the current financial year to 31 March 2021 and the year to 31 March 2022 respectively, compared to an annualized 2019/20 comparative. The sensitized scenario assumes reductions in revenue of 47% and 23% respectively, each compared to an annualized 2019/20 comparative. The model indicates that the Group can trade throughout the period to 31 March 2022 in either scenario.
- In addition, the forecast assumes continued elongation of credit terms with customers. Collection of receivables during the pandemic has been understandably problematical and in the current climate we are unable to predict with accuracy the timing of future cash receipts and therefore rely on current and past experience to make such judgements. The model assumes cash collections in line with what we have experienced since the acquisition of AIM and more recently in the post COVID-19 period.
- The base and sensitized cash flow forecasts do not include any mitigating factors available to management in terms of:
    - discontinuing the development of AIM Capital Services to release working capital
    - reactionary cost reduction programmes in respect of headcount and organisation
    - the availability of a second round of Federal support in the US in the form of the Paycheck Protection Programme
    - securing new working capital facilities in respect of the AIM Capital Solutions business
- The Group maintains the distributor membership and preferred suppliers throughout the forecast period
- The Group continues to develop the product offerings to meet the demands of the market and customers
- The Directors have considered the position of the individual trading companies in the Group to ensure that these companies are also able to continue to meet their obligations as they fall due.
- There are not believed to be any contingent liabilities which could result in a significant impact on the business if they were to crystallise

Based on the above indications and assumptions, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

However, the impact of COVID-19 could still possibly result in revenue and resulting cash inflows that are less and later than modelled potentially creating a need to secure additional funding. The Directors consider that such a severe yet plausible scenario indicates the existence of a material uncertainty which may cast significant doubt on the Group and company's ability to continue as a going concern.

Notwithstanding that these factors represent a material uncertainty that may cast significant doubt about the Group and parent company's ability to continue as a going concern, the Board has a reasonable expectation that the Group and parent Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Research and development

The Group expended £900,000 during the period (2018: £900,000) on research and development of which £801,000 was capitalised (2018: £769,000).

Employee involvement

It is Group policy that there shall be no discrimination in respect of gender, colour, race, religion or nationality and that equal opportunity shall be given to all employees.

The Company's policy is to give full and fair consideration to applications for employment from disabled persons and to provide training and advancement to disabled employees whenever appropriate. Where existing employees become disabled, suitable continuing employment would, if possible, be found.

Every effort is made to ensure good communication and for managers and supervisors to ensure that employees are made aware of developments within the Group and to encourage employees to present their views and suggestions.

Financial instruments

An indication of the financial risk management objectives and policies and the exposure of the group to credit risk, interest rate risk and currency risk is provided in note 17 to the Consolidated Financial Statements.

Directors' indemnities

Qualifying third party indemnity provisions (as defined in section 234(2) of the Companies Act 2006) are in force for the benefit of the Directors.

Supplier payment policy and practice

The Group's operating companies determine terms and conditions of payment for the supply of goods and services. Payment is then made in accordance with these terms, subject to the terms and conditions being met by suppliers.

The ratio, expressed in days, between the amount invoiced to the Group by its trade suppliers during the period to 31 March 2020 and the amount owed to its trade creditors at 31 March 2020 was 48 days excluding inventory in transit at the period-end (2018: 69 days).

Environment and Health and Safety

The Group has clear policies in respect of environmental care and the health and safety of its employees. The environmental policy seeks to minimise the amount of waste produced and encourages recycling wherever practicable. The health and safety policy seeks to ensure the Group provides a safe working environment for all staff and visitors to our sites and to ensure compliance with statutory requirements.

Appointment of auditor

Grant Thornton UK LLP have expressed their willingness to continue in office and will be reappointed for the next financial year in accordance with section 487 (2) of the Companies Act 2006.

Future developments and post balance sheet events

The directors have described the future developments within the Chairman's Statement. Post balance sheet events have been disclosed in the Strategic Report.

Annual General Meeting

In accordance with Government legislation and related restrictions in response to COVID-19, and to minimise public health risks, the 2020 Annual General Meeting is to be held as a closed meeting, electronically, and members and their proxies will not be able to attend the meeting in person.

As a result, the minimum number of Directors or employees of the Company will attend to ensure that the meeting is quorate. Updates in relation to the 2020 Annual General Meeting will be provided on our website and, where appropriate, announced via a Regulatory Information Service.

If you would like to vote on the resolutions, you can appoint a proxy to exercise your right to vote at the Annual General Meeting. As such, you are strongly encouraged to appoint the Chairman of the Annual General Meeting to act as your proxy as any other named person will not be permitted to attend the meeting.

You are requested to register your proxy votes as soon as possible but in any event by no later than 11.00 a.m. on 18 December 2020.

At the meeting itself, voting on all resolutions will be conducted by way of a poll. Further details on voting are set out in the notes to the Notice of Annual General Meeting.

Notice is hereby given that the annual general meeting of Altitude Group Plc (the "Company") will be held on 29 December 2020 at 4.00 p.m. for the purpose of considering and if thought fit, passing the following resolutions. Resolutions number 1 to 3 will be proposed as ordinary resolutions and resolutions 4 to 6 will be proposed as special resolutions.

By Order of the Board

Keith Edelman

Keith G Edelman
Non-Executive Chairman
27 November 2020

Independent Auditor's Report to the Members of Altitude Group plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Altitude Group plc (the 'parent company') and its subsidiaries (the 'Group') for the period ended 31 March 2020, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

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 March 2020 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 and the parent company 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.

Material uncertainty related to going concern

We draw attention to the Going concern note on pages 41 to 43 of the financial statements, which indicates that the impact of Covid-19 could result in revenues and resulting cash inflows that are less and later than modelled by management potentially creating a need to secure additional funding. As stated in the Going concern note on pages 41 to 43, these events or conditions, along with other matters as set forth in the Going concern note, indicate that a material uncertainty exists that may cast significant doubt on the Group's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Audit work performed

To respond to risks relating to going concern, our procedures evaluated management's assessment of the impact of COVID-19 on the Group and parent company's business model and working capital requirements. In concluding that there is a material uncertainty, we performed the following procedures:

- Obtained management's base case forecasts for the period to 31 March 2022, together with supporting evidence for key working capital and cash flow assumptions.

- Obtained management's worst case scenario which reflects management's assessment of further uncertainties, and which management considers to be severe but plausible. We evaluated the assumptions under this scenario. We considered whether the assumptions are consistent with our understanding of the business obtained during the course of the audit and the changing external circumstances arising from the impact of the Covid-19 pandemic;
- Robustly challenged the process that management has undertaken to conclude on the appropriateness of the going concern basis of preparation, including challenging and applying sensitivities to the key assumptions made by management in preparing the forecasts;
- Considered evidence of post year end trading performance, particularly as regards the Group's most significant revenue stream;
- Considered the reasonableness of any further mitigating actions identified by management, which included an assessment of the feasibility of such mitigative measures available to management; and
- Reviewed the disclosures made within the financial statements for consistency with management's assessment of going concern and requirements of the accounting standards.

Overview of our audit approach

GrantThornton

- Overall materiality: £125,000 which represents 1.5% of the Group's revenue;
- Key audit matters were identified as improper revenue recognition, impairment assessment of non-current assets and recoverability of the carrying value of investments in, and inter-company receivables due from, subsidiaries; and
- We have assessed the components within the Group and performed a combination of full scope audit procedures and specified audit procedures. The audit procedures performed cover 100% of the Group's revenue.

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 (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were 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. In addition to the matter described in the 'Material uncertainty related to going concern' section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Improper revenue recognition Under ISA (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', there is a presumed risk of fraud in revenue recognition. £3.9m of the Group's total revenue of £8.3m is derived from volume rebate agreements and is treated as variable consideration under IFRS 15 due to uncertainty over timing and value. Due to the level of uncertainty involved this element of revenue has been constrained such that amounts are only recognised as cash is received.	Our audit work included, but was not restricted to: • documenting our understanding of the systems and controls in place around the recording of revenue and testing that they are designed effectively and appropriately implemented; • assessing and challenging the revenue recognition accounting policy to confirm that it is consistent with IFRS 15 'Revenue from contracts with customers' and appropriate for the business;

Key Audit Matter – Group	How the matter was addressed in the audit – Group
There is a risk that variable consideration will not be accounted for appropriately and that revenue will be recognised when it is not highly probable that a significant revenue reversal will not subsequently occur, or not recognised when such a reversal is unlikely to occur. We have accordingly focused our testing on this risk. We therefore identified improper revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.	• confirming on a sample basis that revenue is recognised in accordance with the group's revenue recognition policy for variable revenue; • performing substantive testing on a sample of revenue transactions with variable consideration, including agreement to contracts and to post year end cash receipts to confirm that it is highly probable that a reversal of revenue will not occur; and • assessing the disclosure of the key judgement made by management in respect of the recognition of variable revenue and how management determine whether it is highly probable that reversal of revenue will not occur. The group's accounting policy on revenue recognition is shown in note 1 – Revenue recognition in the financial statements, and related disclosures are included in note 2. The key judgement made by management in respect of the point at which it is appropriate to recognise the revenue is shown on page 52 of the financial statements. **Key observations** Based on our audit work revenue arising from variable consideration was recorded in accordance with the Group's accounting policies and IFRS15 'Revenue from contracts with customers'
Impairment assessment of non-current assets The group financial statements record goodwill, other intangible assets and property, plant and equipment of £3.3m, £2.1m and £1.1m respectively as at 31 March 2020. Under IAS 36 'Impairment of assets' management is required to undertake an annual impairment review in relation to goodwill and also for other assets such as other intangible assets and property, plant and equipment for which there are indicators of impairment. Management has accordingly undertaken the annual impairment review based on discounted cash flows in relation to cash generating units that include goodwill and where there are indicators of impairment. There are significant judgements in the discounted cash flow calculations including forecast operating cashflows, capital expenditures and discount rates. We therefore	Our audit work included, but was not restricted to: • obtaining an understanding of the design and evaluating implementation of the processes and controls through which the Group initiates, records, processes and reports impairments in respect of non-current assets; • assessing the methodology applied by management to identify indicators of impairment and when performing their impairment assessment; • challenging the methodology used to perform the assessment, including the identification of cash generating units and the discount rate used in the discounted cash flows; • testing the arithmetical accuracy and integrity of management's impairment model, by checking the internal consistency of the formulae;

Key Audit Matter – Group	How the matter was addressed in the audit – Group
identified impairment assessment of non-current assets as a significant risk, which was one of the most significant assessed risks of material misstatement.	• considering the trading performance and forecasts for the Group to determine the reasonableness of the forecast future cash flows; • considering management's sensitivity analysis on the various assumptions used in the model; • considering the accounting policy for compliance with IAS 36 and application by the Group for consistency with the stated policy; and • assessing whether disclosures in respect of the accounting policy and disclosures made in the financial statements relating to impairment are appropriate. The group's accounting policy on valuation of non-current assets is shown in note 1 - Impairment in the financial statements and related disclosures are included in note 10. The significant estimates made by management in the impairment review of non-current assets are as shown on pages 54 to 55 of the financial statements. **Key observations** We did not identify any material impairment of non-current assets from the audit work performed. Our testing did not identify any material deviations in the application of the group's impairment review policy under IAS 36. We consider the disclosures in the financial statements to provide sufficient information regarding management's impairment review.

Key Audit Matter – Parent company	How the matter was addressed in the audit – Parent company
Recoverability of the carrying value of investments in, and inter-company receivables due from, subsidiaries The parent company statement of financial position includes investments in subsidiaries of £0.5m (2018: £0.6m) and receivables due from subsidiaries of £7.9m (2018: £5.3m). There is a risk that the carrying value of investments and inter-company receivables may be overstated. The process for assessing whether impairment exists under both IAS 36 'Impairment of Assets' and IFRS 9 'Financial Instruments' is complex. Management have assessed the expected credit loss with reference to forecast performance.	Our work included, but was not restricted to: • assessing management's impairment review and comparing management's forecasts with the latest Board-approved budget; • assessing the accuracy of management's forecasting through a comparison of historical data to actual results and projections for following periods; • obtaining an understanding of the design and evaluating implementation of the processes and controls through which the company initiates, records, processes and reports impairments of investments in, and receivables due from, subsidiaries; • challenging the appropriateness of management's assumptions, including the growth rate, discount rate and forecast used by comparing them with historical results;

Key Audit Matter – Group	How the matter was addressed in the audit – Group
The judgements made by management are subject to significant measurement uncertainty. We have therefore identified recoverability of the carrying value of investments in, and inter-company receivables due from, subsidiaries as a significant risk, which was one of the most significant assessed risks of material misstatement.	• considering any indicators of impairment such as market capitalisation and current financial performance; • assessing management's sensitivity analysis performed to understand the impact of any reasonably possible changes in key assumptions; and • assessing the adequacy of the disclosures in the financial statements for the requirements of IAS 36 'Impairment of Assets' and IFRS 9 'Financial Instruments'. The company's accounting policy on impairment of investments and Group balances is shown in note 28 to the parent company financial statements. The significant estimates made by management in the impairment review of investments in and inter-company receivables due from subsidiaries are as shown on pages 94 to 95 of the financial statements. **Key observations** We did not identify any material misstatements in respect of the recoverability of the carrying value of investments in and intercompany receivables due from subsidiaries.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent company
Financial statements as a whole	£125,000 which represents 1.5% of the Group's revenue. This benchmark is considered the most appropriate because revenue is a key performance indicator of the Group and is a stable base. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2018 to reflect increased revenues due to a longer accounting period and new revenue streams which commenced in the period.	£85,000, which is based on 1.5% of the parent company's net assets. This benchmark is considered the most appropriate given that the activities of the parent company primarily comprise those of a holding company. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2018 due to an increase in the company's net assets.
Performance materiality used to drive the extent of our testing	70% of financial statement materiality.	70% of financial statement materiality.
Communication of misstatements to the audit committee	£6,300 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£4,300 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Group's business, its environment and risk profile and in particular included:

- Evaluation of the identified components by the Group audit team to assess the significance of that component and to determine the planned audit response based on a measure of materiality calculated by considering the component's significance as a percentage of the Group's revenues, total assets and loss before tax;

- A full scope audit of the financial statements of the parent company, Altitude Group plc, performed by the Group audit team;

- Components subject to full scope or specified audit procedures contributed 100% of the Group's consolidated revenues. All full scope and specified audit procedures were performed by the Group audit team;

- An evaluation of the Group's internal control environment, including performance of process walkthroughs and documentation of controls relevant to the audit;

- Testing of the consolidation process, including re-performance of management's calculations; and

- Changes in scope from the prior year relate to procedures performed in relation to two components which commenced trading during the period.

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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

- 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 under the Companies Act 2006

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.

Matters on which we are required to report by exception

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 for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on pages 24 to 25, 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.

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

M Overfield

Mark Overfield, BSc, FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
27 November 2020

Consolidated Statement of Comprehensive Income

for the period ended 31 March 2020

	Note	15 Months 2019/20 £000	Restated 12 Months 2018 £000
Revenue			
— continuing		**8,308**	**2,889**
Cost of Sales		(851)	(776)
Gross Profit		**7,457**	**2,113**
Administrative expenses before share-based payment charges and amortisation of intangible assets, depreciation of tangible assets and exceptional charges		(6,996)	(3,026)
Operating Profit/(Loss) before share-based payment charges, deprecition, amortisation and exceptional charges		**461**	**(913)**
Share-based payment charges	5	(1,401)	(736)
Depreciation and Amortisation	9,10	(1,170)	(704)
Exceptional charges	3	(444)	(375)
Total administrative expenses		**(10,011)**	**(4,841)**
Operating loss	6	**(2,554)**	**(2,728)**
Finance charges		(112)	(7)
Loss before taxation		**(2,666)**	**(2,735)**
Taxation	7	275	423
Loss attributable to continuing operations		**(2,391)**	**(2,312)**
Loss on discontinued operation	26	(3,336)	(221)
Loss attributable to the equity shareholders of the Company		**(5,727)**	**(2,533)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
• Foreign exchange differences		64	(56)
Total comprehensive loss for the period		**(5,663)**	**(2,589)**
Earnings per ordinary share attributable to the equity shareholders of the Company:			
— Basic and diluted (pence) - Continuing operations	8	(3.51p)	(4.31p)
— Basic and diluted (pence) - Discontinued operations	8	(4.90p)	(0.41p)

Consolidated Statement of Changes in Equity

for the period ended 31 March 2020

	Share Capital £000	Share Premium £000	Retained Losses £000	Total £000
At 1 January 2018	**203**	**9,363**	**(5,129)**	**4,437**
Loss for the year	0	0	(2,345)	(2,345)
Prior year adjustment	0	0	(188)	(188)
Restated loss for the year	0	0	(2,533)	(2,533)
Foreign exchange differences	0	0	(56)	(56)
Total comprehensive loss	**0**	**0**	**(2,589)**	**(2,589)**
Transactions with owners recorded directly in equity				
Share-based payment charges	0	0	736	736
Shares issued for cash	16	1,637	0	1,653
Total transactions with owners	**16**	**1,637**	**736**	**2,389**
At 31 December 2018	**219**	**11,000**	**(6,982)**	**4,237**
Adjustment on adoption of IFRS 16	0	0	(27)	(27)
Loss for the period	0	0	(5,727)	(5,727)
Foreign exchange differences	0	0	64	64
Total comprehensive loss	**0**	**0**	**(5,663)**	**(5,663)**
Transactions with owners recorded directly in equity				
Share-based payment charges	0	0	1,401	1,401
Shares issued for cash	58	9,080	0	9,138
Total transactions with owners	**58**	**9,080**	**1,401**	**10,539**
At 31 March 2020	**277**	**20,080**	**(11,271)**	**9,086**

Consolidated Balance Sheet

at 31 March 2020

	Note	2019/20 £000	2018 Restated £000
Non-current assets			
Property, plant & equipment	9	189	319
Right of use assets	9	957	0
Intangible assets	10	2,814	1,108
Goodwill	10	3,108	564
Deferred tax assets	15	456	426
Total non-current assets		**7,524**	**2,417**
Current assets			
Inventory	11	0	1,546
Assets classified as held for sale	26	650	0
Trade and other receivables	12	2,738	914
Corporation Tax Receivable		35	454
Cash and cash equivalents	13	2,350	420
Total current assets		**5,773**	**3,334**
Total assets		**13,297**	**5,751**
Non-current liabilities			
Deferred tax liabilities	15	(463)	0
Current liabilities			
Trade and other payables	14	(3,748)	(1,514)
Total liabilities		**(4,211)**	**(1,514)**
Net assets		**9,086**	**4,237**
Equity attributable to equity holders of the Company			
Called up share capital	16	277	219
Share premium account		20,080	11,000
Retained losses		(11,271)	(6,982)
Total equity		**9,086**	**4,237**

The consolidated financial statements on pages 36 to 100 were approved by the Board of Directors on 27 November 2020 and signed on its behalf by:

Keith Edelman

Keith G Edelman
Non-Executive Chairman
Registered number: 05193579

Consolidated Cash Flow Statement

for the period ended 31 March 2020

Cash flows from operating activities	2019/20 £000	2018 Restated £000
Loss for the period before tax - Continuing operations	(2,391)	(2,734)
Loss for the period before tax - Discontinued operations	(3,336)	(221)
Amortisation of intangible assets	995	723
Depreciation	523	67
Share-based payment charges	1,401	736
Impairment of assets held for sale	2,207	0
Taxation	(275)	4
Interest paid	112	0
Exchange differences	82	0
Operating cash outflow before changes in working capital	**(682)**	**(1,425)**
Movement in inventory	(285)	159
Movement in trade and other receivables	(2,166)	497
Movement in trade and other payables	299	(1,313)
Changes in working capital	**(2,152)**	**(657)**
Tax received	646	**0**
Net cash flow from operating activities	**(2,188)**	**(2,082)**
Cash flows from investing activities		
Purchase of tangible assets	(166)	(283)
Purchase of intangible assets	(803)	(769)
Proceeds on disposal of trade and assets	350	0
Net cash outflow from acquisition of trade and assets	(3,357)	0
Net cash flow from investing activities	**(3,976)**	**(1,052)**
Financing activities		
Repayment of borrowings	(402)	0
Interest paid	(57)	0
Issue of shares for cash (net of expenses)	8,553	1,591
Net cash flow from financing activities	**8,094**	**1,591**
Net increase/(decrease) in cash and cash equivalents	**1,930**	**(1,543)**
Cash and cash equivalents at the beginning of the period	**420**	**1,963**
Net increase/(decrease) in cash and cash equivalents	1,930	(1,543)
Cash and cash equivalents at the end of the period	**2,350**	**420**

Notes to the Consolidated Financial Statements

1. Accounting policies

Significant accounting policies

Altitude Group plc (the 'Company') is a company incorporated in the United Kingdom. The consolidated financial statements of the Company for the period ended 31 March 2020 comprise the Company and its subsidiaries (together referred to as the "Group").

The following paragraphs summarise the significant accounting policies of the Group, which have been applied consistently in dealing with items which are considered material in relation to the Group's consolidated financial statements and to all the periods presented, unless otherwise stated.

Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IFRS Interpretations Committee ("IFRIC IC") interpretations endorsed by the European Union and those parts of the Companies Act 2006 that remain applicable to companies reporting under IFRS. The Company financial statements have been prepared under FRS 102.

Both financial statements have been prepared on the historical cost basis, with the exception of certain items which are measured at fair value as disclosed in the principal accounting policies set out below. The financial information is presented in Sterling and has been rounded to the nearest thousand (£000).

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other source. Actual results may differ from these estimates.

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 affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

The Group has adopted IFRS 16 in these financial statements, with effect from 1 January 2019. IFRS 16 replaces IAS 17 'Leases' and related interpretations.

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 7.0%.

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and, in some cases, had not yet been adopted by the EU:

- IFRS 3 Business combinations - Amendments to clarify the definition of a business
- IFRS 7 Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform
- IFRS 16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification

The application of these standards and interpretations is not expected to have a material impact on the Group's reported financial performance or position.

The following principal accounting policies have been applied consistently to all periods presented in these Group financial statements:

Going concern

The financial statements have been prepared on a going concern basis. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report and Chairman's statement. In addition, note 17 to the financial statements includes details of the Group's financial instruments; and its exposures to credit risk and liquidity risk.

The Financial Reporting Council issued "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies" in 2009, and "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks" in 2016. The Directors have considered these when preparing these financial statements.

The current economic conditions caused by the COVID-19 pandemic have created uncertainty particularly over the level of demand for the company's products and services and over the availability of finance which the directors are mindful of. The Board is confident that the Group has sufficient liquidity to trade through to more normalized trading conditions. The financial statements have therefore been prepared on a going concern basis. The directors have taken steps to ensure that they believe the going concern basis of preparation remains appropriate. The key conditions are summarized below:

- The Directors have prepared sensitised cash flow forecasts extending to March 21 and further to March 2022. The cashflows include a base scenario and a sensitized revenue scenario.
- The base scenario assumes reductions in revenue of 44% and 17% in the current financial year to March 2021 and the year to 31 March 2022 respectively, compared to an annualized 2019/20 comparative. The sensitized scenario assumes reductions in revenue of 47% and 23% respectively, each compared to an annualized 2019/20 comparative. The model indicates that the Company can trade throughout the period to 31 March 2022 in either scenario.
- In addition, the forecast assumes continued elongation of credit terms with customers. Collection of receivables during the pandemic has been understandably problematical and in the current climate we are unable to predict with accuracy the timing of future cash receipts and therefore rely on current and past experience to make such judegments. The model assumes cash collections in line with what we have experienced since the acquisition of AIM and more recently in the post COVID-19 period.
- The base and sensitized cash flow forecasts do not include any mitigating factors available to management in terms of:
    - discontinuing the development of AIM Capital Services to release working capital
    - reactionary cost reduction programmes in respect of headcount and organisation
    - the availability of a second round of Federal support in the US in the form of the Paycheck Protection Programme
    - securing new working capital facilities in respect of the AIM Capital Solutions business
- The Group maintains the distributor membership and preferred suppliers throughout the forecast period
- The Group continues to develop the product offerings to meet the demands of the market and customers
- The Directors have considered the position of the individual trading companies in the Group to ensure that these companies are also able to continue to meet their obligations as they fall due.
- There are not believed to be any contingent liabilities which could result in a significant impact on the business if they were to crystallise

Based on the above indications and assumptions, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

However, the impact of COVID-19 could still possibly result in revenue and resulting cash inflows that are less and later than modelled potentially creating a need to secure additional funding. The Directors consider that such a severe yet plausible scenario indicates the existence of a material uncertainty which may cast significant doubt on the Group and company's ability to continue as a going concern.

Notwithstanding that these factors represent a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

For these reasons, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Company:

- has the power over the investee
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Statement of Comprehensive Income.

All intra-group balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated fully on consolidation.

Foreign currencies

The Group's consolidated financial statements are presented in Sterling, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the Consolidated 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.

ii) Group companies

On consolidation the assets and liabilities of foreign operations are translated into Sterling at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates prevailing during the period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

Leases

A lease is defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date of a lease a right-of-use asset and a lease liability are recognised in the financial statements.

The lease liability is initially measured at the present value of expected future lease payments discounted at the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. Subsequently the lease liability decreases by the lease payments made, offset by interest on the liability, and may be remeasured to reflect any reassessment of expected payments or to reflect any lease modifications.

The right-of-use asset is initially measured at cost. This comprises the amount of the initial lease liability plus: any lease payments made on or before the commencement date less incentives received; any incremental costs of obtaining the lease; and, if any, the costs of decommissioning the asset and any restoration work to return the asset to the condition required under the terms of the lease. Subsequently the right-of-use asset is measured using the cost model. The asset is amortised on a straight-line basis over the expected term of the lease, adjusted for any remeasurement of the lease liability, and is shown net of the accumulated depreciation and any impairment provisions.

The Group has elected to use the recognition exemptions for low value assets and short-term leases are expensed to operating profit on a straight-line basis over the term of the lease.

Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and impairment charges.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value, which is based on up to date prices, of property, plant and equipment over their estimated useful lives as follows:

- Fixtures and fittings — 3 to 10 years
- Leasehold property — straight line over the term of the lease

Intangible assets — Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Acquired intangible assets — Business combinations

Intangible assets that are acquired as a result of a business combination and that can be separately measured at fair value on a reliable basis are separately recognised on acquisition at their fair value. Amortisation is charged on a straight-line basis to the Consolidated Statement of Comprehensive Income over their expected useful economic lives as follows:

- Intellectual property up to 5 years
- Customer relationships 3 to 15 years

Assets that are subject to amortisation are tested for impairment when events or a change in circumstances indicate that the carrying amount may not be recoverable.

Further details of the intangible assets recognised arising on the acquisition of the trade and assets of AI Mastermind LLC and the calculation methodology can be found in note 25.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or deferred tax assets, which continue to be measured in accordance with the Group's other accounting policies.

Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

On 23 March 2020 the Ad Products business was classified as assets held for sale following Board approval of the disposal of Ad Products to Product Services Group ("PSG").

As required by IFRS 5, the Group re-measured Ad Products at the lower of the carrying amount and fair value less costs to sell. The transaction completed on 3 April 2020 following approval by the shareholders in general meeting. The business was not sold at 31 March 2020 and is therefore classified as held for sale at this date. In accordance with IFRS 5, assets and liabilities classified as held for sale are shown as a separate line on the balance sheet. IFRS 5 also requires that the profit or loss from a discontinued operation is shown as a single amount on the face of the income statement and the comparatives and related notes have been restated accordingly. This represents total post-tax loss of the disposal group for the whole of the financial year including any post-tax gain or loss on the measurement of fair value, as well as the post-tax loss on sale of the disposal group completed on 3 April 2020. Ad Products is presented as a discontinued operation for the year ended 31 March 2020.

Further details can be found in note 26.

Profit or loss from discontinued operations

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal group(s) constituting the discontinued operation.

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, the Group can demonstrate at the time of expenditure all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate
- the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and its ability to measure reliably the expenditure attributable to the intangible asset during its development

Internally generated intangible assets are amortised over their useful economic life which is 3 to 5 years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment

The carrying amount of the Group's non-financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income.

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are identifiable cash flows. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which estimates of future cash flows have not been adjusted.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash- generating units (group of units) and then, to reduce the carrying amount of the other assets of the unit (group of units) on a pro-rata basis.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less allowance for any uncollectible amounts. Where receivables are considered to be irrecoverable an impairment charge is included in the Consolidated Statement of Comprehensive Income.

Classification of financial instruments issued by the Group

The financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are treated as distributions and are recorded directly in equity.

Financial assets

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the Group does not have any financial assets categorised as FVTPL or FVOCI.

After initial recognition, these are measured at amortised cost using the effective interest rate method. Discounting is omitted where the effect if immaterial. All of the Group's financial assets fall into this category.

Impairment of financial assets

The group accounts for impairment of financial assets using the expected credit loss ("ECL") model as required by IFRS 9. The group considers a broad range of information when assessing credit risk and measuring expected losses, including past events, current conditions, reasonable and supportable forecasts that effect the expected collectability of the future cash flows of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits together with other short-term highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Cash Flow Statement.

Revenue recognition

Revenue represents the amounts receivable, excluding sales related taxes, for goods and services supplied during the period to external customers shown net of sales taxes, returns, rebates and discounts.

When assessing revenue recognition against IFRS15, the Group assess the contract against the five steps of IFRS15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

This process includes the assessment of the performance obligations within the contract and the allocation of contract revenue across these performance obligations once identified. Revenue is recognised either at a point in time or over time, when, or as, the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The difference between the amount of income recognised and the amount invoiced on a particular contract is included in the statement of financial position as deferred income. Amounts included in deferred income due within one year are expected to be recognised within one year and are included within current liabilities.

The Group has a number of different revenue streams which are described below.

Software and technology services revenues

Revenues in respect of software product licences and associated maintenance and support services are recognised evenly over the period to which they relate.

An element of technology services revenue is dependent on the value of orders processed via the Group's technology platforms. Revenue is accrued based on the value of underlying transactions and the relevant contractual arrangements with the customer. Revenue is constrained to the extent that is that it is highly probable that it will not reverse.

Member subscription revenues

AIM distributor members are required to pay a subscription for basic membership which confers immediate access to a range of commercial benefits to the member at no additional cost to the member. The member may then elect to upgrade to a range of enhanced services provided by AIM via an increased subscription. Subscription revenues are recognised over time on a monthly basis over the membership period.

Other discretionary services

Certain other services are made available to AIM members on a discretionary usage basis such as artwork services, catalogues and merchandise boxes. These revenues are recognised following performance of the service or delivery of the product.

AIM Capital revenues

AIM trialled a premium enhanced membership package in August 2019 called AIM Capital Solutions ("ACS"). ACS, requires mandatory use of the AIM Tech suite and offers technology driven back-office support, procurement and supply chain finance in return for a service fee based on the end user transaction value.

IFRS 15 determines that only the service fee in relation to the transaction should be recognised as revenue, rather than the gross end user transaction value. Revenue is recognised as such at the point of delivery of the products to the end user.

Supplier service revenues

AIM provides marketing services to promotional product supplier customers, whereby such suppliers are actively promoted to AIM members via a variety of methods including utilising the AIM technology platform ("AIM Tech Suite"), webinars, email communications and quarterly publications. These supplier customers sign annual service agreements with AIM.

Revenues reflect the transactional value of purchases made by the AIM members from the supplier customers. These revenues are recognised over time by reference to the value of transactions in the period. Payment for such services is made by customers on a calendar quarter or annual basis.

An element of the Group's revenue is treated as variable consideration under IFRS 15 due to uncertainty over timing and value. Revenue is recognised to the extent that it is highly probable that it will not reverse.

Events and exhibitions revenues

AIM promotes and arranges events for AIM members and groups of supplier customers to meet and build relationships. Revenue from these events is recognised once the performance obligations have been satisfied.

Operating segments

The Group is currently organised as two operating segments:

- North America
- United Kingdom

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

An operating segment's operating results are reviewed regularly by the Board of directors, who are regarded as the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The directors have concluded that there are two operating segments on the basis of the information presented to the CODM.

In the previous reporting period, the Group was organised into two operating segments defined as:

- To enable the buyers and sellers of products to interact and trade, through the provision of technology, promotional products, catalogues and exhibition services, predominantly in the promotional merchandising and printing sectors (“Technology and Information”)
- The sale of promotional products (“AdProducts”)

Since the acquisition of the trade and assets of AI Mastermind in January 2019 the Group has been increasingly focussed on expanding its operations in North America, which have delivered significant new revenue growth in the period.

Following the strategic decision to divest of the Ad Products business the Group’s operating segments were reorganised to reflect a geographic split. The activities undertaken in each segment remain substantially similar.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Exceptional items

Exceptional items are material items in the Consolidated Statement of Comprehensive Income which derive from events or transactions which do not fall within the ordinary activities of the Group and which relate to activities that are incurred due to events that are not expected to recur or relate to activities that are outside the normal activities of the business or, if of a similar type, in aggregate the Group has highlighted as needing to be disclosed by virtue of their size or incidence and are relevant to the understanding of the accounts.

Non-recurring items

Non-recurring items are material items of profit or loss incurred before a material restructuring of the business. These comprise employment, property and other costs that were charged to profit or loss up to the date of the restructuring and are not expected to recur.

Post-retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period.

Share based payments including warrants

The fair value of awards to employees that take the form of shares or rights to shares is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted.

Performance conditions that are market conditions are taken onto account when measuring fair value. The fair value is not adjusted if these performance conditions are not met.

The fair value excludes the effect of non-market based vesting conditions. 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 equity instruments that will eventually vest.

At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items in other comprehensive income in which case it is recognised in other comprehensive income and items recognised directly in equity, in which case it is recognized in equity.

Current tax is the tax currently payable based on taxable profit for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in previous years.

Deferred income taxes are calculated using the balance sheet method. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss except to the extent that it relates to items in other comprehensive income in which case it is recognized in other comprehensive income and items recognized directly in equity, in which case it is recognized in equity.

Significant estimates and judgements

Key estimates

In the preparation of the Group financial statements, the Directors, in applying the accounting policies of the Group, make some judgements and estimates that affect the reported amounts in the financial statements. The Directors consider the following are the areas requiring the use of judgement and estimates that may significantly impact the financial statements

Supplier service revenues

AIM provides marketing services to promotional product supplier customers, whereby such suppliers are actively promoted to AIM members via a variety of methods including utilising the AIM technology platform ("AIM Tech Suite"), webinars, email communications and quarterly publications. These supplier customers sign annual service agreements with AIM.

Revenues reflect the transactional value of purchases made by the AIM members from the supplier customers. These revenues are recognised over time by reference to the value of transactions in the period. Payment for such services is made by customers on a calendar quarter or annual basis.

The Groups ability to monitor the level of purchase activity across all members is directly correlated to the adoption and usage of the AIMPro Tech suite in its entirety. Currently that usage level is low hence this element of the Group's revenue is treated as variable consideration under IFRS 15 due to uncertainty over timing and value. Revenue is only recognised to the extent that it is highly probable that it will not reverse.

Payment for these services are made by customers on a calendar quarter or annual basis. Revenue in respect of agreements settled on a quarterly basis has been constrained such that revenue is only recognised as cash is received.

Revenue in respect of agreements settled on an annual basis has been constrained to customers where confirmation has been received of the amounts owed at 31 March 2020 and, having considered the financial standing of the customer, management believe it is highly likely cash will be received in the future.

Deferred consideration

On 18 March 2020, the Company's wholly owned subsidiary Customer Focus Interactive Imaging Limited ("CFIIL") entered into a conditional agreement with Product Source Group Limited ("PSG") for the disposal of the trade and certain assets of Ad Products ("ADP"), the trading name of CFIIL and a UK based trade supplier and printer of promotional products (the "Disposal") for a total maximum consideration of £0.8 million.

Total maximum consideration of £0.8 million made up as follows:

- £0.35 million in cash on completion;
- £0.3 million receivable in 4 tranches over the 12-month period following completion, subject to a personal guarantee of Martin Varley; and
- £0.15 million contingent consideration with performance criteria based on ADP revenue generation in the 12-month period following completion

The Company has received notification from the purchaser seeking to reschedule the payment profile of the unconditional deferred consideration due to the impact of COVID-19.

The Directors currently consider the current fair value of the unconditional deferred consideration to be £0.3 million.

The additional consideration of £0.15m is payable subject to the achievement of a revenue target by the disposed business in the year to 31 March 2021.

The Directors consider achievement of the target revenue to be unlikely given the impact of COVID-19 on the Ad Products business and have therefore estimated the fair value of the additional consideration to be £nil.

Share based payments

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions, for example profitability and sales growth targets and performance conditions.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period.

The number of vested options ultimately exercised by holders does not impact the expense recorded in any period. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

Leases

Lease liabilities are initially measured at the present value of expected future lease payments discounted at the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate.

The interest rates inherent in the leases could not be ascertained, therefore, estimates have been used which approximate the likely incremental costs of borrowing for a similar term and asset.

Based upon discussions with the Group's bankers, we ascertained the likely incremental costs of borrowing for a similar term and similar commercial property asset to be between 5% and 9%. An interest rate of 7% has been used in the IFRS 16 calculations.

Had a 1.0% higher interest rate been used, the profit before tax would have been £1,000 lower and net assets £29,000 lower.

Intangible assets

In order that Altitude comply with the requirements of IFRS 3 Business Combinations ("IFRS 3") in relation to the acquisition of the trade and assets of AI Mastermind LLC by Altitude's US subsidiary, AIM Smarter LLC, Mazars LLP were engaged to prepare a Purchase Price Allocation report.

IFRS 3 requires that an acquirer of a business recognises each of the assets acquired and liabilities assumed at its acquisition-date fair value, measured in accordance with IFRS 13 Fair Value Measurement ("IFRS 13").

Mazars report considers the fair value of the identifiable intangible assets of AI Mastermind LLC acquired by AIM Smarter LLC which meet the criteria of IFRS 3 for separate recognition from goodwill.

Future financial forecasts for AI Mastermind LLC were not available at the date of acquisition hence Mazars LLP prepared financial forecasts for AI Mastermind LLC for the purposes of the report based on available historical information. These financial forecasts were discussed and agreed with Altitude management.

To value the acquired intangible assets Mazars LLP were required to make numerous estimates and judgements. These included, but are not limited to, estimates of:

- Future revenues of the business attributable to customer's existing at the acquisition date
- The weighted average cost of capital of Altitude Group Plc
- The internal rate of return applicable to the transaction
- Customer attrition and expected remaining life of the customer relationship intangible asset

The fair values calculated for goodwill, the acquired customer relationship intangible asset and deferred tax are all sensitive to changes in these assumptions.

Management have considered the judgements and results of the work performed by Mazars LLP and consider them reasonable.

A 1% increase in the discount rate would result in a £68,000 reduction in the fair value of the acquired customer relationship intangible asset, an £18,000 reduction in the fair value of the deferred tax asset and a £50,000 increase in the fair value of the goodwill recognised.

The Group continues to develop its software products. Where specific expenditure on a product can be identified, where it can be demonstrated to have improved the product and where the future income streams are expected to be increased as a result of the expenditure, the expenditure is capitalised and carried as an intangible asset in the period in which it is incurred.

These intellectual property assets are estimated to have a useful life of at least five years. As such, intellectual property intangibles are recognised in the periods that the costs are incurred and are being amortised over a five year period from the date of acquisition.

Key judgements

Impairment of assets

All property, plant and equipment and intangible assets are reviewed for impairment in accordance with IAS 36 'Impairment of Assets' if there is an indication that the carrying value of the asset may have been impaired.

As part of the impairment review, the carrying value of the assets is measured against their value in use based on future estimated cash flows, discounted by the appropriate cost of capital, resulting from the use of those assets.

Assets are grouped at the lowest level for which there is a separately identifiable cash flow (a cash generating unit). An impairment loss is recognised for the amount at which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Exceptional costs

Income or costs which are both material and non-recurring, whose significance is sufficient to warrant separate disclosure in the financial statements, are referred to as exceptional items. The Directors consider that the separate disclosure of these items assists in understanding the Group's financial performance.

Deferred taxation assets

Deferred taxation assets arise from the losses incurred, in certain businesses, in the group. The Directors review the forecasts of each business to assess the recoverability of these assets and the tax rates that are expected to apply in the period when the asset is realised. In the event that the recoverability of these assets is not probable the asset is not recognized.

The period of review to utilise these losses and realise the assets has been constrained to four years. The directors have taken into account the assumptions in the forecasts, including the growth assumptions of the US business and associated sensitivity analysis, when determining the level of deferred tax asset to be recognised.

Group has unrecognised tax losses significantly in excess of those which comprise the deferred tax asset recognised in previous periods. The Group fully intends to utilise these losses against future profits as US operations continue to grow.

Whilst the Group's forecasts show it is likely these losses will be utilised in the future, there is significant uncertainty around future global economic performance due to COVID-19. For this reason, the Directors have chosen to constrain the deferred tax asset to the value recognised in previous periods until disruption related to the COVID-19 pandemic has eased and trading conditions are more settled.

2. Segmental information

The chief operating decision maker has been identified as the Board of Directors and the segmental analysis is presented based on the Group's internal reporting to the Board. At 31 March 2020, the Group has two operating segments, North America and the United Kingdom.

	2019/20 £000	2018 £000
Turnover		
North America	5,856	498
United Kingdom and Europe	2,452	2,391
Total	**8,308**	**2,889**
Operating Profit/(Loss) before share-based payment charges, depreciation, amortisation and exceptional charges		
North America	707	(1,008)
United Kingdom and Europe	(246)	95
Total	**461**	**(913)**
Operating Profit / (loss)		
North America	(154)	(1,051)
United Kingdom and Europe	(2,400)	(1,677)
Total	**(2,554)**	**(2,728)**
Depreciation		
North America	(115)	(2)
United Kingdom and Europe	(60)	(12)
Total	**(175)**	**(14)**
Amortisation		
North America	(224)	(39)
United Kingdom and Europe	(771)	(651)
Total	**(995)**	**(690)**

Segment assets consist primarily of property, plant and equipment, intangible assets, trade and other receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations.

Assets and liabilities at 31 March 2020 and capital expenditure for the period then ended are as follows. This information has not been disclosed by reporting segment as the information by segment is not regularly reported to the chief operating decision maker.

	2019/20 £000	2018 £000
Assets	13,297	5,751
Liabilities	4,211	1,514
Operating Profit / (loss)	(2,554)	(2,728)
Capital expenditure	6,160	780

The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2019/20 £000	2018 £000	2019/20 £000	2018 £000
North America	5,856	498	5,124	97
United Kingdom	2,452	2,391	2,400	2,320
Total	**8,308**	**2,889**	**7,524**	**2,417**

The Group derives revenue from the transfer of goods and services over time and at a point in time as detailed in the table below.

Timing of Revenue Recognition	At a point in time	Over time	Total
North America	977	4,877	5,854
United Kingdom and Europe	775	1,679	2,454
Total	**1,752**	**6,556**	**8,308**

Revenues from the sale of goods are in respect of the Ad Products business. Revenue is recognised on dispatch of goods to the customer. Technology and information revenues are primarily derived from the provision of online services and applications. Revenues are recognised evenly over life of a contract as customers receive/consume the benefits of the software services/applications provided on an ongoing basis. Revenues recognised at a point in time are comprised of variable, throughput related revenues and advertising revenues arising from legacy exhibitions and publications activity.

3. Exceptional charges

	2019/20 £000	2018 £000
Employment termination costs	27	158
Legal, acquisition and consultancy costs	392	149
Other costs	25	68
	444	375

The exceptional charges relate to the costs of terminating employment arising from restructuring exercises undertaken. Legal, acquisition and consultancy costs arise from the acquisition of AI Mastermind, legal action taken in the US to protect the Group's patents, and a continuation of the restructuring of legacy UK publications and exhibitions businesses.

4. Employees

	2019/20 £000	2018 £000
Staff costs:		
- Wages and salaries	4,041	3,196
- Social security costs	354	231
- Other pension costs	91	47
	4,486	3,474
Average number of employees (including directors) during the year:	121	101

Directors' remuneration and interests

The emoluments of the Directors for the period, who are the key management personnel, excluding share options, were:

		Basic salary £000	Payments made for loss of office £000	Benefits in kind £000	**2019/20 £000**	2018 £000
Keith Edelman	Non-executive Chairman	34	0	0	**34**	2
Peter Hallett	Non-executive	100	0	6	**106**	85
Nichole Stella	Executive	332	0	0	**332**	180
Graeme Couturier	Executive	123	0	0	**123**	75
Deborah Wilkinson	Executive	136	0	0	**136**	27
Martin Varley	Non-executive	38	0	15	**53**	44
Gellan Watt	Non-executive	10	4	0	**14**	15
Total		773	4	21	**798**	**428**

The beneficial interests of Directors in the ordinary shares of 0.4p each as at 31 March 2020 and 31 December 2019 were as follows:

	2019/20	2018
Keith Edelman	312,987	0
Peter Hallett	443,196	231,337
Nichole Stella	492,904	24,000
Graeme Couturier	144,156	28,369
Deborah Wilkinson	532,300	532,300
Martin Varley	10,329,618	12,132,559

None of the Directors had any interest in the share capital of any subsidiary undertaking of the Company at any time during the period.

Directors' interests in contracts

Other than the sale of the Ad Product business to Product Source Group, in which Martin Varley has an interest, there are no contracts between the Company and its subsidiary undertakings and any of the Directors. Further detail on the sale of Ad Products can be found in notes 22 and 26.

The Directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Directors' share options

	Type	Number of share options 2018	Granted in period	Exercised in period	Forfeited in period	Number of share options 2020
1 July 2015						
Peter Hallett	EMI	800,000	-	-	-	800,000
8 February 2017						
Gellan Watt	EMI	238,095	-	-	(238,095)	-
25 September 2019						
Nichole Stella	Unapproved	437,609	-	-	-	437,609
6 June 2018						
Nichole Stella	Unapproved	1,000,000	-	(485,404)	-	514,596
Graeme Couturier	EMI	400,000	-	-	-	400,000
Graeme Couturier	Unapproved	250,000	-	(52,552)	-	197,448
26 June 2019						
Keith Edelman	Unapproved	-	500,000	-	-	500,000
Deborah Wilkinson	EMI	-	238,095	-	-	238,095
Deborah Wilkinson	Unapproved	-	321,905	-	-	321,905

The aggregate of realised gains on exercise of share options in the period was £288,000. The current directors have not sold any such shares in the period from exercise to the date of the financial statements being approved.

Directors' pension contributions

The pension contributions received by the directors during the period were:

	2019/20 £000	2018 £000
Keith Edelman	0	0
Peter Hallett	6	3
Nichole Stella	30	15
Graeme Couturier	8	3
Deborah Wilkinson	8	1
Martin Varley	2	1
Gellan Watt	1	1
Total	**55**	**24**

5. Share based payments

The Group operates an HMRC approved enterprise management incentives (EMI scheme) and unapproved share option scheme. The scheme awards share options to Directors, senior executives and employees with a vesting period of three years and are subject to performance conditions.

The options granted under the EMI & Unapproved scheme are set out below.

Grant Date	Type	Employees entitled	Number of options	Exercise price (p)	Expiry date
15 January 2019 [1]	EMI	2	88,000	68.00	15 January 2024
1 April 2019 [2]	Unapproved	2	100,000	98.00	1 April 2024
26 June 2019 [3]	EMI	1	238,095	105.00	26 June 2024
26 June 2019 [3]	Unapproved	1	321,905	105.00	26 June 2024
26 June 2019 [4]	Unapproved	1	500,000	105.00	26 June 2024
4 October 2019 [2]	Unapproved	4	80,000	46.00	4 October 2024

1 – Half of these share options relate to time served in the business and accrue over three years. Of the balance a third will be exercisable on the share price reaching 100 pence, a third on reaching 130 pence and the remainder on reaching 160 pence.

2 - Half of these share options relate to time served in the business and accrue over three years. Of the balance a third will be exercisable on the share price reaching 135 pence, a third on reaching 175 pence and the remainder on reaching 200 pence.

3 - Half of these share options relate to time served in the business and accrue over three years. Of the balance a third will be exercisable on the share price reaching 200 pence, a third on reaching 250 pence and the remainder on reaching 300 pence

4 - These unapproved share options relate to performance only. A third will be exercisable on the share price reaching 200 pence, a third on reaching 250 pence and the remainder on reaching 300 pence

The number and weighted average exercise price of share options are as follows:

	Weighted average exercise price 2019/20 (p)	Number of options 2019/20	Weighted average exercise price 2018 (p)	Number of options 2018
Outstanding at start of period	28.37	3,700,704	24.11	3,075,704
Granted during the period	73.55	1,778,000	23.09	2,025,000
Exercised	0.00	-510,956	11.33	-1,344,442
Forfeited during the period	0.80	-288,095	11.95	-55,558
Outstanding at end of the period	0.45	4,679,653	28.37	3,700,704
Exercisable at end of the period	31.09	1,827,281	26.71	1,548,425

Share Warrants

On 1 August 2019 the Group issued incentive warrants over 450,000 ordinary shares of 0.4p each, with an exercise price of 97 pence, to finnCap Limited as part of their remuneration for the placing completed in January 2019. There is no term attaching to the warrants and the warrants vest on 15 January 2022.

Fair value assumptions of share based payments

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted.

The estimate of fair value is measured using the Black Scholes model for options accruing continued service and non-market based performance conditions and the Monte Carlo model for options subject to market based performance conditions.

Details of the fair value of share options granted during the period and the assumptions used in determining the fair value are summarised below (based on the weighted average of grants in the period).

	January 2019 EMI Options	April 2019 Unapproved Options	June 2019 EMI and Unapproved Options	August 2019 Warrants	October 2019 Unapproved Options
Fair value of the option at measurement date (pence)	37.08	44.22	44.37	70.70	16.32
Share price at grant date (pence)	78.50	100.50	110.00	104.00	46.00
Exercise price (pence)	68.00	98.00	105.00	97.00	46.00
Expected volatility (%)	60.0%	60.0%	60.0%	60.0%	60.0%
Average option life (year)	5	5	5	No time limit	5
Expected dividend (%)	0%	0%	0%	0%	0%
Risk free interest rate (%)	3%	3%	3%	3%	3%

The expected volatility is based on the historic volatility of the company's share price.

Charge to the Consolidated Statement of Comprehensive Income

The charge to the consolidated statement of comprehensive income comprises:

	2019/20 £000	2018 £000
Share based payments charge	1,401	736

6. Operating loss

	2019/20 £000	2018 £000
Operating loss is stated after charging:		
Depreciation of owned property, plant and equipment	175	67
Amortisation of intangible assets	995	723
Research and development expenditure expensed as incurred	99	131
Operating lease rentals :		
- Land and buildings	0	256
Loss/(profit) on currency translation	(2)	2
Cost of inventories recognised as an expense	0	1,220
Auditors' remuneration:		
Audit of the Company's annual financial statements	50	36
Amounts receivable by auditors and their associates in respect of:		
- Audit of financial statements of subsidiaries pursuant to legislation	45	33
- Other services relating to taxation	18	42
- All other assurance services	3	3

7. Taxation

	2019/20 £000	2018 £000
Corporation tax	227	423
Deferred tax origination and reversal of timing differences	48	0
Total tax in consolidated statement of income	275	423

Reconciliation of effective tax rate

	2019/20 £000	2018 £000
Profit/(loss) before tax for the period	(6,002)	(2,761)
Tax using the UK corporation tax rate of 19% (2018: 19%)	(1,140)	(525)
Non-deductible expenses	6	20
Utilisation of unprovided deferred tax asset	0	0
Deferred taxation asset arising but not reflected	1,134	505
Research and development tax credit	227	423
Deferred tax origination and reversal of timing differences	48	0
Total tax credit	275	423

8. Basic and diluted earnings per ordinary share

The calculation of earnings per ordinary share is based on the profit for the period after taxation and the weighted average number of equity voting shares in issue as follows:

Loss attributable to the equity shareholders of the Company:	2019/20	2018
Continuing operations (£000)	(2,391)	(2,312)
Discontinued operations (£000)	(3,336)	(221)
Weighted average number of shares (number '000)	68,125	53,579
Fully diluted average number of shares (number '000)	69,948	55,065

Basic loss per ordinary share (pence)		
Continuing operations	(3.51p)	(4.31p)
Discontinued operations	(4.90p)	(0.41p)

Diluted loss per ordinary share (pence)		
Continuing operations	(3.51p)	(4.31p)
Discontinued operations	(4.90p)	(0.41p)

Disclosure of the number of shares in issue including the effects of share options that could potentially dilute basic loss per share in the future were not included in the table above as the calculation of diluted earnings per share is anti-dilutive for the current period and the previous year.

9. Tangible non-current assets

Property, plant, and equipment

	£000
Cost	
At 1 January 2018	**805**
Additions	283
At 31 December 2018	**1,088**
Additions	716
Disposals	(869)
At 31 March 2020	**935**
Depreciation	
At 1 January 2018	**702**
Charge for the year	67
At 31 December 2018	**769**
Charge for the period	240
Disposals	(263)
At 31 March 2020	**746**
Net book value	
At 1 January 2018	103
At 31 December 2018	319
At 31 March 2020	**189**

Right of use assets

The Group's right of use assets comprise leased office space in Manchester, Sheffield and Philadelphia and production/warehousing facilities in Manchester.

	2019/20 £000
Cost	
At 1 January 2018	**0**
Adjustment arising from adoption of IFRS 16	276
At 1 January 2018 after adjustment	**276**
Additions	1,059
Disposals	(231)
Exchange difference	(14)
At 31 March 2020	**1,090**
Depreciation	
At 1 January 2018	**0**
Adjustment arising from adoption of IFRS 16	0
At 1 January 2018 after adjustment	**0**
Charge for the period	283
Disposals	(154)
Exchange difference	4
At 31 March 2020	**133**
Net book value at 31 March 2020	**957**

The additions relate to new leasehold premises in Sheffield and Philadelphia. The disposal relates to premises in Philadelphia which were vacated upon moving into new premises.

10. Intangible assets

	Goodwill £000	Customer related intangibles £000	Intellectual property - acquired £000	Intellectual property - internally generated £000	**Total £000**
Cost					
At 1 January 2018	918	813	673	2,355	4,759
Additions	0	0	0	769	769
At 31 December 2018	918	813	673	3,124	5,528
Additions	2,544	1,898	0	803	5,246
At 31 March 2020	3,462	2,711	673	3,927	10,773
Amortisation and impairment					
At 1 January 2018	354	780	673	1,329	3,136
Amortisation for the year	0	33	0	687	720
At 31 December 2018	354	813	673	2,016	3,856
Amortisation for the year	0	183	0	812	995
At 31 March 2020	354	996	673	2,828	4,851
Carrying amounts					
At 1 January 2018	564	33	0	1,026	1,623
At 31 December 2018	564	0	0	1,108	1,672
At 31 March 2020	**3,108**	**1,715**	**0**	**1,099**	**5,922**

Amortisation charges are included within administrative costs. Goodwill is allocated to cash generating units as follows:

Goodwill	2019/20 £000	2018 £000
Envoy Catalogue	192	192
Promoserve Business Systems	79	79
Trade Only/Technologo	293	293
AIM Smarter	2,544	0
Carrying values	**3,108**	**564**

The carrying values of goodwill for the cash generating units given above were determined based on value in use calculations derived from discounted cash flow projections based on budgets and strategic plans covering a four year period.

The discount rate applied was 18.5% (2018: 10.0%), which the Directors deem to be a market adjusted pre-tax weighted average cost of capital.

These calculations are not sensitive to what the Directors would consider to be reasonably foreseeable changes in the underlying assumptions. The value in use calculations did not identify any impairment compared to the carrying value, however if the forecast revenues are not achieved then this could result in impairment in future years. Forecast revenues reflect the Director's best estimates of the economic impact of the COVID-19 pandemic.

The cumulative impairment charge recognised to date is £354,000 (2018: £354,000)

A list of investments in subsidiaries, including name, country of incorporation and proportion of ownership interest is given in note 32 to the Company's separate financial statements. All of these subsidiaries are included in the consolidated results.

11. Inventory

	2019/20 £000	2018 £000
Goods in transit	0	270
Raw Materials	0	26
Finished goods	0	1,438
Total	**0**	**1,734**

The cost of inventories recognised as an expense during the period in respect of discontinued operations was £2.1m (2018: £1.2m).

The cost of inventories recognised as an expense during the period in respect of write-downs of inventory to net realisable value was £1.8m (2018: £nil).

12. Trade and other receivables

	2019/20 £000	2018 £000
Trade receivables net of impairment of £74,000 (2018: £244,000)	755	657
Accrued income	1,430	0
Prepayments and other debtors	553	257
Total	**2,738**	**914**

Trade and other receivables denominated in currencies other than sterling comprise £348,000 (2018: £322,000) of trade receivables denominated in US dollars. The fair values of trade and other receivables are the same as their book values.

The Group estimates the amount of credit loss associated with its trade receivables based on forward looking estimates that take into account current and forecast credit conditions. In adopting IFRS 9 the Group has applied the Simplified Approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses.

The summarised ageing analysis of trade receivables past due but not impaired is as follows:

	2019/20 £000	2018 £000
Not Overdue	321	511
Under 30 days overdue	240	78
Over 30 days but under 60 days overdue	129	27
Over 60 days overdue	65	41
Total	**755**	**657**

Reconciliation of movement in loss allowance:

31 March 2020	**Expected Credit Loss Rate**	**Gross Carrying Amount**	**Lifetime Expected Credit Loss**
Not overdue	12.0%	365	44
Under 30 days overdue	3.1%	245	8
Over 30 days but under 60 days overdue	6.0%	137	8
Over 60 days overdue	17.1%	82	14
Lifetime expected credit loss		**829**	**74**

1 January 2019	**Expected Credit Loss Rate**	**Gross Carrying Amount**	**Lifetime Expected Credit Loss**
Not overdue	0.2%	512	1
Under 30 days overdue	11.0%	88	10
Over 30 days but under 60 days overdue	19.0%	33	6
Over 60 days overdue	84.7%	268	227
Lifetime expected credit loss		**901**	**244**

The other classes within trade and other receivables do not contain impaired assets.

13. Cash and cash equivalents

	2019/20 £000	2018 £000
Cash and cash equivalents	2,350	420

Cash and cash equivalents denominated in foreign currencies other than sterling comprise £1,347,000 (2018: £66,000) of which £1,327,000 was denominated in US dollars, £8,000 in Canadian dollars and £12,000 denominated in euros.

14. Trade and other payables

	2019/20 £000	2018 £000
Current		
Trade payables	2,126	748
Other taxes and social security	302	243
Accruals	347	209
Deferred income	973	314
Total	**3,748**	**1,514**

Trade payables denominated in currencies other than sterling is comprised £1,038,000 (2018: £113,000) of trade payables denominated in US dollars. Deferred income includes £350,000 owed to a related party.

15. Deferred tax

Deferred tax balances are attributable to the following and are disclosed as non-current assets and non-current liabilities in the balance sheet.

Deferred tax assets

	2019/20 £000	2018 £000
Accelerated capital allowances	30	30
Adjustments in respect of prior periods	30	0
Losses	396	396
Total	**456**	**426**

Movement in the deferred tax asset for the period ended 31 March 2020:

	As at 1 Jan 2019 £000	Income Statement £000	As at 31 Mar 2020 £000
Accelerated capital allowances	30	0	30
Losses	396	30	426
Total	**426**	**30**	**456**

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

A deferred tax asset of £456,000 (2018: £426,000) has been recognized in relation to companies where it is considered there is a high probability of utilisation, based on the forecast future revenues and profits of the Group, in the next four years.

Due to the insufficient evidence of the availability of suitable taxable profits in the near future there are potential deferred tax assets of more than £3m in the UK and more than $6m in the USA that have not been recognised. These losses have at least 10 years before they expire.

Deferred tax liabilities

A deferred tax liability of £0.5m was recognised in the period upon recognition of a customer relationship intangible asset of £1.9m following the acquisition of the trade and assets of AI Mastermind LLC by AIM Smarter LLC.

	2019/20 £000	2018 £000
Deferred tax liability	(463)	0
Total	**(463)**	**0**

16. Share capital and reserves

	2019/20 £000	2018 £000
Allotted, called up and fully paid		
69,296,179 (2018: 54,689,634) ordinary shares of 0.4p each	277	219

On 17 January 2019, 5,334,525 ordinary shares of 0.4p each were issued for consideration of 68p per share. On 31 January 2019, 7,900,770 ordinary shares of 0.4p each were issued for consideration of 68p per share. On 27 February 2019, 860,294 ordinary shares of 0.4p each were issued for consideration of 68p per share. On 3 October 2019, 52,552 ordinary shares of 0.4p each were issued for nil consideration per share in respect of share options exercised by G Couturier. On 8 November 2019, 458,404 ordinary shares of 0.4p each were issued for nil consideration per share in respect of share options exercised by N Stella.

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The capital structure of the Group consists of equity comprising issued capital, reserves and retained earnings as set out below. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. During the period, the Group's strategy, which was unchanged from 2018, was to keep debt to a minimum. Net cash at 31 March 2020 was £2,350,000 (2018: net cash £420,000).

The Group operates an HMRC approved executive incentive plan (EMI scheme) and an unapproved executive incentive plan. Details are set out in note 5. The schemes award share options to Executive Directors, senior executives and employees with a vesting period of three years. Under the EMI scheme, 326,095 (2018: 575,000) options in ordinary shares have been granted during the period, 288,095 (2018: 55,558) options have been forfeited, nil (2018: 1,344,442) options were exercised and nil were cancelled. Under the Unapproved scheme, 1,001,905 (2018: 1,450,000) options in ordinary shares have been granted during the period, nil (2018: nil) options have been forfeited, 537,956 options were exercised (2018: nil) and nil options were cancelled (2018: nil).

Reserves

Share premium account includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. Retained earnings includes all current and prior period retained profits and losses less dividends paid.

17. Financial instruments disclosures

Financial instruments policy

Treasury and financial risk policies are set by the Board and have remained unchanged from the previous period. All instruments utilised by the Group are for financing purposes. The day-to-day financial management and treasury function is controlled centrally for all operations. During the period the Group had no derivative transactions, except in relation to share options and warrants.

Financial assets and liabilities

The Group's financial instruments comprise cash and liquid resources, and various items such as trade receivables and trade payables that arise directly from its operations. In the view of the Directors the fair value of financial assets and financial liabilities is not materially different to their carrying amounts.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

The Group continues to manage the cash position in a manner designed to maximise interest income, while at the same time minimizing any risk to these funds. Surplus cash funds are deposited with commercial banks that meet credit criteria approved by the Board, for periods between one and six months where economic to do so.

Currency risk

The Group is exposed to fluctuations in exchange rates as some of its future revenues will be denominated in foreign currencies, mainly comprising US dollars. The Group seeks to remove this risk by invoicing in Sterling. Where this is not possible, the Group utilises US dollars held within its cash balances and also may hedge such transactions through foreign exchange forward contracts. The Group has not hedged such transactions through forward contracts during the period.

Interest rate and currency profile

Financial assets

	2019/20 £000	2018 £000
Loans and receivables:		
Trade receivables	829	901
Cash at bank	2,350	420
Total	**3,179**	**1,321**

The Group's banking facilities allow for the offset of bank overdrafts against cash at bank.

Financial liabilities

	2019/20 £000	2018 £000
Other financial liabilities:		
Trade payables	1,092	748
Lease liabilities	1,034	0
Other short-term liabilities	346	209
Total	**2,472**	**957**

The loans, receivables and other financial liabilities are measured at amortised cost.

The majority of financial assets and liabilities are denominated in sterling with the exception of cash at bank of £1,347,000 (2018: £66,000) of which £1,327,000 was denominated in US dollars, £8,000 in Canadian dollars and £12,000 denominated in euros.

Trade receivables of £348,000 (2018: £322,000) denominated in US dollars; and other short term liabilities of £129,000 (2018: £104,000) which are denominated in US dollars.

Liquidity risk

The responsibility for liquidity risk management rests with the board of directors. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Group has no external debt facilities.

Maturity profile of financial liabilities:

	2019/20 £000	2018 £000
Due within one year or on demand	1,666	957

Fair value of financial instruments

On 31 March 2020 the difference between the book value and the fair value of the Group's financial assets and liabilities was £nil (2018: £nil).

Sensitivity analysis

The Group is not materially exposed to changes in interest or exchange rates as at 31 March 2020.

Borrowing facilities

At 31 March 2020 the Group had £nil (2018: £nil) undrawn committed borrowing facilities.

18. Commitments

Capital commitments

The Group had placed contracts for future capital expenditure of £nil at 31 March 2020 (2018: £0.1m).

19. Pensions

The Group operates a defined contribution pension scheme for its employees. The pension cost charge for the period represents contributions payable by the Group to the scheme and other personal pension plans and amounted to £147,000 (2018: £119,000).

20. Contingent liabilities

The Group does not have an overdraft facility. The Group are able to offset overdrawn accounts with accounts that are in credit.

21. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have therefore not been disclosed.

During the period the Group made purchases of £1,700 (2108: nil) from Martin Varley, trading as Ice London Aviation. No amounts were outstanding at 31 March 2020.

During the period the Ad Products has sold products and logistical and fulfilment services on an arms-length basis to ICE.co.uk Group Limited (company number 05888031, “ICE”), a company substantially owned and controlled by Mrs Joanne Varley, wife of Martin Varley and Product Source Group Limited (company number 12521274, “PSG”), a company substantially owned and controlled by Mrs Joanne Varley, wife of Martin Varley.

On 19 March 2020 ICE.co.uk Group Limited changed its name to Product Source Group Limited and Product Source Group Limited changed its name to ICE.co.uk Group Limited.

In 2019/20, sales of £591,000 (2018: £69,000) were made to ICE and trade receivables at 31 March 2020 include £343,000 (2018: £39,000) due from ICE. During the period the Group made purchases of £3,000 (2018: nil) from ICE, of which nil (2018: nil) was included within trade creditors at 31 March 2020.

In 2019/20, sales of £19,000 (2018: nil) were made to PSG and trade receivables at 31 March 2020 includes £19,000 (2018: nil) due from PSG.

The Group procured contract IT development services via PSG totalling £33,000 (2018: nil) during the period and trade payables at 31 March 2020 include £2,000 (2018: nil) due to PSG.

Deferred income at 31 March 2020 includes £350,000 from Product Source Group, being consideration paid in advance in respect of the sale of Ad Products. The post year end disposal of Ad Products to Product Source Group is detailed in note 22.

22. Post balance sheet events

On 18 March 2020 the Company's wholly owned subsidiary, Customer Focus Interactive Imaging Limited ("CFIIL"), entered into a conditional agreement with Product Source Group Limited ("PSG") for the disposal of the trade and certain assets of AdProducts ("ADP"), the trading name of CFIIL and a UK based trade supplier and printer of promotional products (the "Disposal").

The Company engaged Sentio Partners, a third-party corporate finance consultancy to manage and oversee the engagement of all interested parties, including PSG, a company controlled by Mrs Joanne Varley, the wife of Martin Varley.

The Independent Directors (being all those save for Martin Varley) carefully considered all the offers made for the business together with the advice provided by Sentio Partners and are of the view that the offer is the best offer available and that the value potential and market opportunity available to the Company via the AIM Smarter platform in the US, means that it is in the best interests of the Company to focus all possible resources on AIM Smarter.

PSG is owned and controlled by Joanne Varley, the wife of Martin Varley, a Non-Executive Director of and 14.8 per cent. shareholder in Altitude, and therefore the Disposal constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies and as a substantial property transaction under the Companies Act.

For the purposes of the AIM Rules, the Independent Directors, having consulted with the Company's Nominated Adviser, finnCap Ltd, consider the terms of the Related Party Transaction to be fair and reasonable insofar as the Company's Shareholders are concerned.

On 3 April 2020 the transaction was approved by shareholders at a General Meeting and the disposal was duly completed on 7 April 2020.

Total maximum consideration of £0.8 million is comprised as follows:

- £0.35 million in cash on completion;
- £0.3 million receivable in 4 tranches over the 12-month period following completion, subject to a personal guarantee of Martin Varley; and
- £0.15 million conditional deferred consideration with performance criteria based on ADP revenue generation in the 12-month period following completion.

23. Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long-term borrowings £000	Lease liabilities £000	**Total £000**
1 January 2019	**89**	**407**	**496**
Adoption of IFRS 16	0	(103)	(103)
Revised 1 January 2019	**89**	**304**	**393**
Cash flows			
- Repayment	(28)	(337)	(365)
- Proceeds	0	0	0
Non-cash			
- Fair value	0	0	0
- Additions and disposals of right-of-use asset in exchange for increased/decreased lease liabilities	0	1,067	1,067
- Reclassification	0	0	0
31 March 2020	**61**	**1,034**	**1,095**

	Long-term borrowings £000	Lease liabilities £000	**Total £000**
1 January 2018	**111**	**591**	**702**
Cash flows			
- Repayment	(22)	(184)	**(206)**
- Proceeds	0	0	**0**
Non-cash			
- Fair value	0	0	**0**
- Reclassification	0	0	**0**
31 December 2018	**89**	**407**	**496**

24. Leases

The Group leases space in buildings in Manchester, Sheffield and Philadelphia and has a car on a short-term lease. The Group has applied the IFRS 16 exemptions for short-term and low value leases. No leases contain variable payment terms.

	2019/20 £000
Expiring within one year	171
Expiring within two to five years	672
Expiring in more than five years	191

The movement in lease liabilities in the period are shown below:

	2019/20 £000
At start of period	**0**
Adjustment arising from the adoption of IFRS 16	304
Additions	1,059
Disposals	(47)
Interest charge	55
Lease payments	(325)
Exchange difference	(12)
At end of period	**1,034**

The amounts recognised in the income statement are as follows:

	2019/20 £000
Depreciation of right-of-use assets	283
Interest expense on lease liabilities	55
Short-term leases	148

Lease agreements in respect of the two premises in Manchester end on 31 July 2020 and the Group do not intent to renew these agreements. The lease term on the Sheffield premises ended on 31 March 2020. New premises in Sheffield were leased under a five year agreement commencing 31 March 2020.

During the period the Group entered into a new seven year lease for premises in Philadelphia to accommodate the increased number of US employees. As part of the agreement the lease on the existing Philadelphia premises was cancelled.

The interest rates inherent in the leases could not be ascertained, therefore, estimates have been used which approximate the likely incremental costs of borrowing for a similar term and asset.

Based upon discussions with the Group's bankers, we ascertained the likely incremental costs of borrowing for a similar term and similar commercial property asset to be between 5% and 9%. An interest rate of 7% has been used in the above calculations.

Had a 1.0% higher interest rate been used, the profit before tax would have been £1,000 lower and net assets £29,000 lower.

Details of right-of-use assets are shown in note 9.

25. Acquisition of the trade and assets of Advertising Industry Mastermind Group LLC

On 15 January 2019 the Group acquired the trade and assts of Advertising Industry Mastermind Group LLC for a total consideration of $5.0m, of which $3.5m was payable in cash at completion, US$0.75m was paid into escrow to be retained for a period of 18 months, of which US$0.5m represented conditional deferred consideration (based on the achievement of membership retention targets at six, twelve and eighteen months post completion) and US$0.25m is held as a contingent fund.

The balance of consideration of $0.75m was satisfied by the issue of 860,294 consideration shares to the vendor. Post-acquisition the business trading name was changed to AIM Smarter ("AIM").

The transaction has been accounted for in the period using the acquisition method of accounting.

In order that Altitude comply with the requirements of IFRS 3 Business Combinations (“IFRS 3”) in relation to the acquisition of the trade and assets of AI Mastermind LLC by Altitude’s US subsidiary, AIM Smarter LLC, Mazars LLP were engaged to prepare a Purchase Price Allocation report.

IFRS 3 requires that an acquirer of a business recognises each of the assets acquired and liabilities assumed at its acquisition-date fair value, measured in accordance with IFRS 13 Fair Value Measurement (“IFRS 13”).

Mazars report considers the fair value of the identifiable intangible assets of AI Mastermind LLC acquired by AIM Smarter LLC which meet the criteria of IFRS 3 for separate recognition from goodwill.

Future financial forecasts for AI Mastermind LLC were not available at the date of acquisition hence Mazars LLP prepared financial forecasts for AI Mastermind LLC for the purposes of the report based on available historical information. These financial forecasts were discussed and agreed with Altitude management.

To value the acquired intangible assets Mazars LLP were required to make numerous estimates and judgements. These included, but are not limited to, estimates of:

- Future revenues of the business attributable to customer’s existing at the acquisition date
- The weighted average cost of capital of Altitude Group Plc
- The internal rate of return applicable to the transaction
- Customer attrition and expected remaining life of the customer relationship intangible asset

The fair values calculated for goodwill, the acquired customer relationship intangible asset and deferred tax are all sensitive to changes in these assumptions.

Management have considered the judgements and results of the work performed by Mazars LLP and consider them reasonable.

A 1% increase in the discount rate would result in a £68,000 reduction in the fair value of the acquired customer relationship intangible asset, an £18,000 reduction in the fair value of the deferred tax asset and a £50,000 increase in the fair value of the goodwill recognised.

A summary of the fair values of the assets acquired is set out below.

	Book Value of acquired assets £000	Fair Value Adjustments £000	Fair Value of acquired assets £000
Intangible assets: Customer relationships	0	1,852	1,852
Trade receivables	1	0	1
Deferred tax on identified intangible assets	0	(500)	(500)
Total assets acquired at fair values	**1**	**1,352**	**1,353**
Consideration			
US$4.25m cash consideration (including $0.75m deferred consideration held in escrow)			3,248
US$0.75m equity consideration (860,294 shares)			587
Total Consideration			**3,835**
Acquired Goodwill			**2,482**

The customer relationship intangible asset is being amortised over its expected useful lifetime of thirteen years, as determined by Mazars LLP as part of their valuations work.

26. Assets held for sale

On 23 March 2020 the Ad Products business was classified as assets held for sale following Board approval of the disposal of Ad Products to Product Services Group ("PSG").

As required by IFRS 5, the Group re-measured Ad Products assets at the lower of the carrying amount and fair value less costs to sell, as set out below.

The transaction completed on 3 April 2020 following approval by the shareholders in general meeting. The business was not sold at 31 March 2020 and is therefore classified as held for sale at this date.

In accordance with IFRS 5, assets and liabilities classified as held for sale are shown as a separate line on the balance sheet. IFRS 5 also requires that the profit or loss from a discontinued operation is shown as a single amount on the face of the income statement and the comparatives and related notes have been restated accordingly.

The loss for the period represents total post-tax loss of the disposal group for the whole of the financial period, including any post-tax gain or loss on the measurement of fair value, as well as the post-tax loss on sale of the disposal group, which completed on 3 April 2020. Ad Products is presented as a discontinued operation for the period ended 31 March 2020.

Financial Performance

The financial performance and cash flow information presented are for the fifteen months ended 31 March 2020 (2019/20 column) and the year ended 31 December 2018.

	2019/20 £000	Restated 2018 £000
Revenue	**4,460**	**3,714**
Cost of Sales	(2,647)	(1,824)
Cost of Sales - prior period adjustment*	0	(188)
Gross Profit	**1,813**	**1,702**
Administration expenses before amortisation of intangible assets, depreciation of tangible assets and exceptional charges	(2,171)	(1,815)
Operating Profit/(Loss) before share-based payment charges, depreciation, amortisation and exceptional charges	**(358)**	**(113)**
Depreciation and Amortisation	(332)	(86)
Exceptional charges	(439)	(22)
Operating loss before taxation	**(1,129)**	**(221)**
Taxation	0	0
Loss for the period	**(1,129)**	**(221)**
Loss on remeasurement of assets held for sale	(2,207)	0
Loss for period	**(3,336)**	**(221)**

** The prior year adjustment arose from a cut-off error discovered during the current financial period relating to 2018. An accrual was erroneously made in the 2018 financial statements in respect of certain goods in transit, requiring correction by increasing cost of sales and decreasing goods in transit respectively by £188k, resulting in retained losses at 31 December 2018 being increased by £188k.*

Cash flow from the discontinued operation is as follows:

	2019/20 £000	Restated 2018 £000
Operating cash outflow before changes in working capital	(751)	(135)
Net cash outflow from operating activities	185	(274)
Net cash outflow from investing activities	(28)	(183)
Net cash inflow from financing activities	(306)	246
Net cash outflow from discontinued operation	**(151)**	**(211)**

Details of the sale of the Ad Products business

The loss on measurement and disposal of assets held for sale is calculated as follows:

Disposal proceeds	2019/20 £000	2019/20 £000
Cash on completion*		350
Unconditional deferred consideration**		300
Additional deferred consideration***		0
Total consideration		**650**
Carrying value of assets as at date of sale:		
Fixed assets	692	
Inventory	1,819	
Trade and other debtors	346	**(2,857)**
Loss on measurement of assets held for sale		**(2,207)**

**The cash due on completion of disposal on 3rd April 2020 was prepaid by the purchaser prior to the period end and is included in the financial statements as deferred income within other creditors.*

***The unconditional deferred consideration is subject to the personal guarantee of Martin Varley and is receivable under the following schedule:*

- *£50,000 on 3 August 2020*
- *£50,000 on 3 October 2020*
- *£100,000 on 3 December 2020 and*
- *£100,000 on 3 March 2021*

The Company has received notification from the purchaser seeking to reschedule the payment profile of the unconditional deferred consideration due to the impact of COVID-19. The Directors currently consider the current fair value of the unconditional deferred consideration to be £0.3 million.

**** The additional consideration of £150k is payable subject to the achievement of a revenue target by the disposed business in the year to 31 March 2021. The Directors consider achievement of the target revenue to be unlikely given the impact of COVID-19 on the Ad Products business and have therefore estimated the fair value of the additional consideration to be £nil.*

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 March 2020 and 31 December 2018:

Assets classified as held for sale	**2019/20 £000**	**Restated 2018 £000**
Property, plant, machinery and equipment	0	0
Promotional products	294	0
Trade debtors	356	0
Total assets of disposal group held for sale	**650**	**0**

27. Prior period adjustment

The prior period has been restated due to a cut off error identified in Ad Products during the current financial period relating to 2018.

An accrual was erroneously made in the 2018 financial statements in respect of certain goods in transit, requiring correction by increasing cost of sales and decreasing goods in transit respectively by £188k, resulting in retained losses at 31 December 2018 being increased by £188k.

The impact of the restatement is shown below.

Consolidated Statement of Comprehensive Income (extract)	As previously stated 2018 £000	Increase/ Decrease £000	Restated 2018 £000
Cost of Sales	(2,600)	(188)	(2,788)
Operating Profit/(Loss) before share-based payment charges, deprecition, amortisation and exceptional charges	(837)	(188)	(1,025)
(Loss)/profit attributable to the equity shareholders of the Company	(2,345)	(188)	(2,533)
(Loss)/Earnings per ordinary share attributable to the equity shareholders of the Company:			
— Basic (pence)	(4.38p)	(0.35p)	(4.73p)
—Diluted (pence)	(4.38p)	(0.35p)	(4.73p)
Consolidated Balance Sheet (extract)			
Inventory	1,734	(188)	1,546
Net Assets	4,425	(188)	4,237

Company Balance Sheet

at 31 March 2020

	Note	2019/20 £000	2018 £000
Fixed Assets			
Investments	32	510	589
		510	**589**
Current Assets			
Debtors	33	7,989	5,344
Creditors: amounts falling due within one year	34	(2,788)	(2,702)
Net current assets/(liabilities)		5,201	2,642
Net assets		**5,711**	**3,231**
Capital and reserves			
Called up share capital	35	277	219
Share premium account		20,080	11,000
Profit and loss account		(14,646)	(7,988)
Shareholder's funds		**5,711**	**3,231**

The Company reported a loss for the period ended 31 March 2020 of £7,925,000 (2018: £1,612,000).

The balance sheet was approved by the Board of Directors on 27 November 2020 and signed on its behalf by:

Keith Edelman

Keith G Edelman
Director
Registered number: 05193579

Company Statement of Changes in Equity

for the period ended 31 March 2020

	Share Capital £000	Share Premium £000	Retained Losses £000	Total £000
At 1 January 2018	**203**	**9,363**	**(7,071)**	**2,495**
Loss for the year	0	0	(1,612)	(1,612)
Transactions with owners recorded directly in equity				
Share-based payment charges	0	0	695	695
Shares issued for cash	16	1,637	0	1,653
Total transactions with owners	**16**	**1,637**	**695**	**2,348**
At 31 December 2018	**219**	**11,000**	**(7,988)**	**3,231**
Loss for the period	0	0	(7,925)	(7,925)
Transactions with owners recorded directly in equity				
Share-based payment charges	0	0	1,267	1,267
Shares issued for cash	58	9,080	0	9,138
Total transactions with owners	**58**	**9,080**	**1,267**	**10,405**
At 31 March 2020	**277**	**20,080**	**(14,646)**	**5,711**

Notes to the Company Balance Sheet

28. Company accounting policies

The separate financial statements of the company are presented as required by the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS101).

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and certain related party transactions.

Where required equivalent disclosures are given in the consolidated financial statements.

The Accounts have been prepared under the historical cost convention. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as noted below.

Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less accumulated impairment. Impairment reviews are carried out if there is an indication that the carrying value of the investments may have been impaired. The Directors exercise their judgement in determining whether any such indicators exist. Where, in the opinion of the Directors, an impairment of the investment has arisen, provisions are made in accordance with IAS 36 'Impairment of Assets'.

Receivables due from subsidiary undertakings

Amounts owed by subsidiary undertakings are assessed for expected credit losses on a general basis under IFRS 9 'Financial Instruments'. Where required, the Company recognises a provision on this basis reflecting either the lifetime or 12-month expected credit loss dependent on the change in credit risk since initial recognition of the financial asset. The amount of the provision is recognised in the income statement.

Key estimates and judgements

In the preparation of the Company financial statements, the Directors, in applying the accounting policies of the Company, make some judgements and estimates that affect the reported amounts in the financial statements. The Directors consider the following are the areas requiring the use of judgement and estimates that may significantly impact the financial statements.

Investments in subsidiary undertakings

The Directors performed their assessment of the carrying value of the investments in subsidiaries and concluded that the remaining £79,000 investment in Promoserve Business Systems Limited should be impaired to nil. No other investments were identified as being impaired.

Receivables due from subsidiary undertakings

The quantum of receivables due from subsidiary undertakings has increased significantly during the period due to the Company providing funding for AIM Smarter LLC to acquire the trade and assets of AI Mastemind LLC and providing working capital funding to scale operations in the USA.

The Directors performed their assessment of the carrying value of the receivables due from subsidiary undertakings and concluded that the subsidiary undertakings would be unable to repay in full the outstanding amounts at the reporting date.

The recoverable amounts have been assessed with reference to value in use and the likely proceeds of a sale of part of the Group. An impairment provision of £5.5m has been recognised in the period.

29. Company profit and loss account

The company has taken advantage of the section 408 Companies Act 2006 exemption to present its own profit and loss account. The loss for the period was £7,925,000 (2018: £1,612,000)

30. Operating costs

The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements.

31. Employees

The only employees of the Company were the Directors.

Details of the Directors' remuneration, share options and pension entitlements are disclosed in note 4 to the consolidated financial statements.

32. Investments

	Shares in subsidiary undertakings £000
Cost	
At 1 January 2018, 31 December 2018 and 31 March 2020	907
Impairment	
At 1 January 2018 and 31 December 2018	(318)
Impairment charge in period	(79)
At 31 March 2020	(397)
Net book value	
At 1 January 2018, 31 December 2018	598
At 31 March 2020	**510**

The companies in which Altitude Group plc's interest is more than 20% at the period-end are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class of shares held	Holding
Customer Focus Software Limited [1]	England and Wales	Sale of software and marketing services	Ordinary	100%
Customer Focus Exhibitions Limited [1]	England and Wales	Sale of software and marketing services	Ordinary	100%
Altitude Group Incorporated	United States	Sale of software and marketing services	Ordinary	100%
AIM Smarter LLC [1]	United States	Sale of software and marketing services	Ordinary	100%
AIM Capital Solutions LLC [1]	United States	Business support services	Ordinary	100%
Boxcam Limited	England and Wales	Dormant	Ordinary	100%
Promoserve Business Systems Limited [1]	England and Wales	Dormant	Ordinary	100%
Customer Focus Interactive Imaging Limited [1]	England and Wales	Printing of Promotional Products	Ordinary	100%
The Advertising Products Group Limited [1]	England and Wales	Dormant	Ordinary	100%
Ad Products USA LLC [1]	United States	Dormant	Ordinary	100%
Trade Only Technology Services Limited	Canada	Dormant	Ordinary	100%

1 – Held by a subsidiary undertaking

33. Debtors

	2019/20 £000	2018 £000
Amounts falling due within one year		
Other debtors	47	6
Amounts owed by subsidiary undertakings	7,942	5,338
Total	**7,989**	**5,344**

All amounts owed by subsidiary undertakings are interest free and repayable on demand.

34. Creditors: Amounts falling due within one year

	2019/20 £000	2018 £000
Bank overdraft	2,548	2,529
Trade and other creditors	136	108
Accruals and deferred income	103	65
Total	**2,788**	**2,702**

Bank overdrafts are denominated in sterling and are repayable on demand. The Group are able to offset overdrawn accounts with accounts that are in credit. The average effective interest rate on bank overdrafts are nil (2018 nil) as these borrowings are secured by cash balances held within the group and balances are offset for interest purposes.

35. Share capital

	2019/20 £000	2018 £000
Allotted, called up and fully paid		
69,296,179 (2018: 54,689,634) ordinary shares of 0.4p each	277	219

On 17 January 2019, 5,334,525 ordinary shares of 0.4p each were issued for consideration of 68p per share. On 31 January 2019, 7,900,770 ordinary shares of 0.4p each were issued for consideration of 68p per share. On 27 February 2019, 860,294 ordinary shares of 0.4p each were issued for consideration of 68p per share. On 3 October 2019, 52,552 ordinary shares of 0.4p each were issued for nil consideration per share. On 8 November 2019, 458,404 ordinary shares of 0.4p each were issued for nil consideration per share.

Reserves

Share premium account includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. Retained earnings includes all current and prior period retained profits and losses less dividends paid.

36. Commitments

The Company had no capital commitments or operating lease commitments existing at 31 March 2020 or 31 December 2018.

37. Related parties

The related party transactions with key personnel are set out in note 21 to the consolidated financial statements.

38. Post balance sheet events

On 18 March 2020 the Company's wholly owned subsidiary, Customer Focus Interactive Imaging Limited ("CFIIL"), entered into a conditional agreement with Product Source Group Limited ("PSG") for the disposal of the trade and certain assets of AdProducts ("ADP"), the trading name of CFIIL and a UK based trade supplier and printer of promotional products (the "Disposal").

The Company engaged Sentio Partners, a third-party corporate finance consultancy to manage and oversee the engagement of all interested parties, including PSG, a company controlled by Mrs Joanne Varley, the wife of Martin Varley.

The Independent Directors (being all those save for Martin Varley) carefully considered all the offers made for the business together with the advice provided by Sentio Partners and are of the view that the offer is the best offer available and that the value potential and market opportunity available to the Company via the AIM Smarter platform in the US, means that it is in the best interests of the Company to focus all possible resources on AIM Smarter.

PSG is owned and controlled by Joanne Varley, the wife of Martin Varley, a Non-Executive Director of and 14.8 per cent. shareholder in Altitude, and therefore the Disposal constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies and as a substantial property transaction under the Companies Act.

For the purposes of the AIM Rules, the Independent Directors, having consulted with the Company's Nominated Adviser, finnCap Ltd, consider the terms of the Related Party Transaction to be fair and reasonable insofar as the Company's Shareholders are concerned.

On 3 April 2020 the transaction was approved by shareholders at a General Meeting and the disposal was duly completed on 7 April 2020.

Total maximum consideration of £0.8 million is comprised as follows:

- £0.35 million in cash on completion;
- £0.3 million receivable in 4 tranches over the 12-month period following completion, subject to a personal guarantee of Martin Varley; and
- £0.15 million conditional deferred consideration with performance criteria based on ADP revenue generation in the 12-month period following completion.

Notice of Annual General Meeting

In accordance with Government legislation and related restrictions in response to COVID-19, and to minimise public health risks, the 2020 Annual General Meeting is to be held as a closed meeting, electronically, and members and their proxies will not be able to attend the meeting in person.

As a result, the minimum number of Directors or employees of the Company will attend to ensure that the meeting is quorate. Updates in relation to the 2020 Annual General Meeting will be provided on our website and, where appropriate, announced via a Regulatory Information Service.

If you would like to vote on the resolutions, you can appoint a proxy to exercise your right to vote at the Annual General Meeting. As such, you are strongly encouraged to appoint the Chairman of the Annual General Meeting to act as your proxy as any other named person will not be permitted to attend the meeting.

You are requested to register your proxy votes as soon as possible but in any event by no later than 4.00 p.m. on 23 December 2020.

At the meeting itself, voting on all resolutions will be conducted by way of a poll. Further details on voting are set out in the notes to the Notice of Annual General Meeting.

Notice is hereby given that the annual general meeting of Altitude Group Plc (the "Company") will be held on 29 December 2020 at 4.00 p.m. for the purpose of considering and if thought fit, passing the following resolutions. Resolutions number 1 to 4 will be proposed as ordinary resolutions and resolutions 5 and 6 will be proposed as special resolutions.

Ordinary business

1. To receive the Company's annual accounts for the financial period ended 31 March 2020 together with the last Directors' Report, the last Directors' Remuneration Report and the Auditors' Report on those accounts.

2. To re-elect Peter Hallett who retires in accordance with the articles of association of the Company, as a director of the Company.

3. To re-appoint Grant Thornton (UK) LLP as auditor of the Company and to authorise the directors to fix their remuneration.

Special business

4. Authority to allot shares

THAT, in substitution for all existing and unexercised authorities and powers granted to the directors prior to the passing of this resolution, the directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 Companies Act 2006 (the "Act"):

a. 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 (such shares and rights being together referred to as "Relevant Securities") up to an aggregate nominal value of £93,461.55 representing approximately one third of the Company's issued share capital 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); and further

b. to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal value of £93,461.55 representing approximately one third of the Company's issued share capital in connection with an offer of such securities by way of a rights issue ("rights issue"),

provided that this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the earlier of the conclusion of the next annual general meeting and 31 December 2021, save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Relevant Securities or equity securities (as the case may be) to be allotted after the expiry of such period and the directors of the Company may allot Relevant Securities or equity securities (as the case may be) in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

"Rights issue" means an offer of equity securities to holders of ordinary shares in the capital of the Company on the register on a record date fixed by the directors in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or legal or practical issues arising under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter

5. Disapplication of pre-emption rights

THAT, subject to and conditional upon the passing of the resolution 4, the directors be and are hereby empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560 of the Act) of the Company wholly for cash pursuant to the authority of the directors under section 551 of the Act conferred by resolution 4 above as if section 561(1) 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:

a. in connection with a rights issue (as defined in resolution 4(b) above);

b. otherwise than pursuant to sub-paragraph 5(a) above up to an aggregate nominal amount of £28,038.40 representing approximately 10 per cent. of the Company's issued ordinary share capital,

and shall, unless previously renewed, varied or revoked by the Company in a general meeting, expire at the earlier of the conclusion of the next annual general meeting and 31 December 2021, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired

6. Purchase of the Company's own shares

THAT the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 639(4) of the Act) of ordinary shares of 0.4 pence each in the capital of the Company ("Ordinary Shares") on such terms as the directors think fit up to an aggregate nominal amount of £28,038.40 at a price per share (exclusive of expenses) of not less than 0.4 pence and not more than 105 per cent. of the average of the middle market quotations for an Ordinary Share, as derived from the London Stock Exchange plc, for the five business days immediately preceding the day on which the Ordinary Share is purchased, provided that this authority shall expire at the earlier of the conclusion of the next annual general meeting and 31 December 2021 unless previously revoked, varied or renewed, save that the Company may purchase equity securities pursuant to this authority at any later date where such purchase is made pursuant to a contract concluded by the Company before the expiry of this authority and which will or may be executed wholly or partly after such expiry.

By Order of the Board

Graeme Couturier

Graeme Couturier
Company Secretary
27 November 2020

Registered office
Altitude Group Plc
7th Floor
32 Eyre St
Sheffield
S1 4QZ

Explanatory Notes

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at 6.00 p.m. on 23 December 2020 or, if this meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to vote at the meeting in accordance with Regulation 41 of the Uncertificated Securities Regulations 2001. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

COVID-19

2. In accordance with recent Government legislation and related restrictions in response to COVID-19, and to minimise public health risks, the 2020 Annual General Meeting is to be held as a closed meeting, electronically, and members and their proxies will not be able to attend the meeting in person. As such, members are strongly encouraged to appoint the Chairman of the Annual General Meeting to act as their proxy as any other named person will not be permitted to attend the meeting.

Voting at the Meeting

3. Voting on Resolutions 1 to 6 will be conducted by way of a poll. This is a more transparent method of voting as member votes are to be counted according to the number of shares held. Poll cards will be completed to indicate how members and proxies wish to cast their votes. These cards will be collected at the end of the meeting. As soon as practicable following the Annual General Meeting, the results of the voting at the Annual General Meeting will be announced via a Regulatory Information Service.

Appointment of proxies

4. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

5. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. While a proxy need not be a member of the Company, members are strongly encouraged to appoint the Chairman of the Annual General Meeting to act as their proxy as any other named person will not be permitted to attend the meeting.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each or withhold their vote. To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD; and
- received by Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD no later than 4.00 p.m. on 23 December 2020.

7. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

8. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, 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).

Changing proxy instructions

10. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off times for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

11. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD.

12. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointment

13. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD.

14. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

15. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

16. The revocation notice must be received by Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD no later than 4.00 p.m. on 23 December 2020.

17. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

18. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

Submission of proxy electronically

19. 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. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider should refer to their CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using 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 specifications and must contain the information required for such instructions, as described in the CREST 64 Manual. The message, regardless of whether it relates to the appointment of a proxy, the revocation of a proxy appointment or 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 issuer's agent (ID 7RA11) by the latest time(s) for receipt of proxy appointments specified in this notice of meeting. 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 issuer'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 a proxy appointed through CREST should be communicated to the appointee by other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited 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, to procure that his CREST sponsor or voting service provider take) 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.

Corporate representative

20. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Documents on display

21. The following documents will be available for inspection at the registered office of the Company on any weekday (excluding public holidays) during normal office hours from the date of this notice until the time of the meeting and for at least 15 minutes prior to the meeting and during the meeting:

- copies of the service contracts of the executive directors of the Company; and
- copies of the letters of appointment of the non-executive directors of the Company.