



# 2020 HALF YEAR RESULTS

January 2021

# PRESENTATION TEAM



**CEO**  
**Nichole Stella**

- Experienced career US Promo industry professional
- 16 years in US Promo Industry with Promo Marketing Media Group; 5 years as President and Chief Revenue Officer
- Named to ASI's Power 50 List – Most Influential leaders in Promo Industry



**CFO**  
**Graeme Couturier**

- Previously CFO at Sorted Group, a PE backed business in the delivery technology space
- Board level finance positions at Payzone and We Buy Any Car
- Qualified as an accountant with PWC



# About the Industry

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Nichole Stella

Chief Executive Officer

# US PROMOTIONAL PRODUCTS MARKET

Gaining traction in US Market

## A highly fragmented market

- Perceived largest player 4Imprint - less than **3%** market share
- **42%** of market (~\$9.8bn) conducted by **22,700** distributors with revenues **<\$2.5m pa\***

## And an inefficient market structure

- Elongated inefficient supply chain
  - Transactions largely initiated offline
- > **88.5%** of orders placed face-to-face/fax/phone/email with small distributors\*
- < **11.5%** of orders processed online with smaller distributors

## Has resulted in

- Creation of distributor groups and mid-sized operators trying to counter the threat of large online retailers... **by far the largest of these is AI Mastermind (AIM)**
- Buyer groups need access to cost effective, full service e-commerce solutions... **such as ChannIPro**

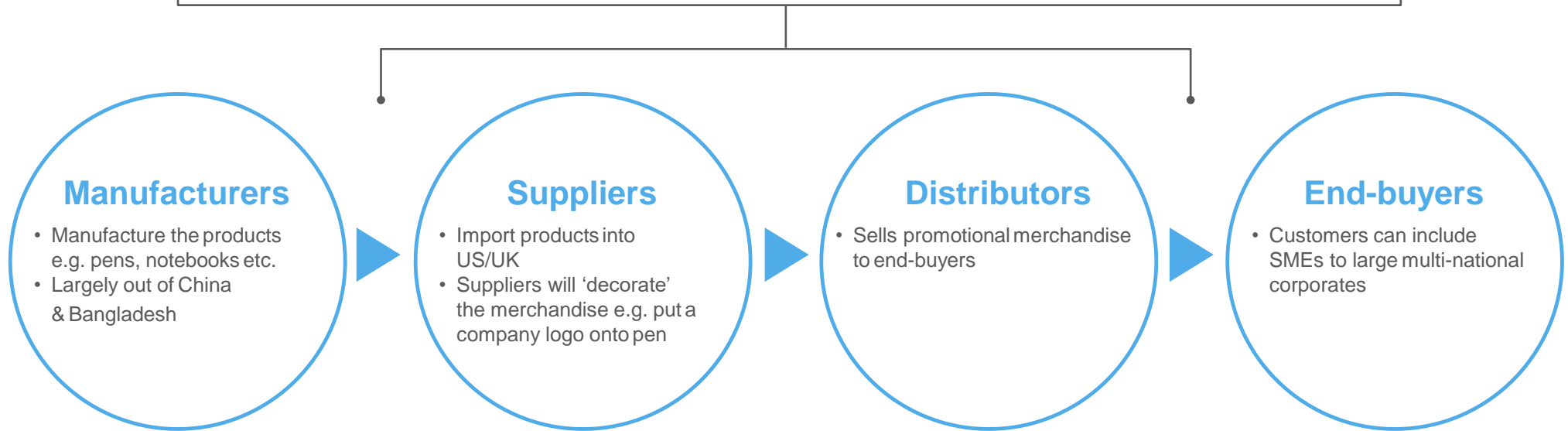
\* PPAI 2017 Annual sales volume estimate

	USA
Current market size	<b>\$23bn*</b>
Online share	<b>23%</b>
Number of product suppliers	<b>4,000</b>
Distributors/Resellers	<b>23,000</b>

# PROMOTIONAL PRODUCTS - SUPPLY CHAIN OVERVIEW

Where we add value

**Altitude Group plc** provides a patented technology platform to distributors which has a supply chain already built in and combines an e-commerce trading platform with a cloud based CRM and order management system



Altitude provides complete e-commerce website solutions

Legacy business  
Exhibitions  
Publications

# AIM SMARTER OVERVIEW

Member Levels Maintained Through Covid-19

## AIM MEMBERS

Reach across all US states & territories and Canada on average 30+ new members joining per month

**2019**

1,917 Member Distributors at the time of acquisition



**2021**

2,085 Member Distributors as of Jan. 2021

## AVERAGE MEMBER GROSS REVENUE



Up from \$974k with a focus on bringing higher quality, larger distributors in 2020

## MEMBERSHIP SALES

**\$2.2 Billion pa**  
(2018: \$1.7bn) Sales



## AIM MEMBER CUSTOMERS

Aim customers include globally known household brand names including:



## REPORTED MEMBER REVENUES

**1,568 members** reported **\$250k** to **\$1 million** in annual sales

**484 members** reported over **\$1 Million** in annual sales

**35 ACS**  
**\$17m**  
Run rate

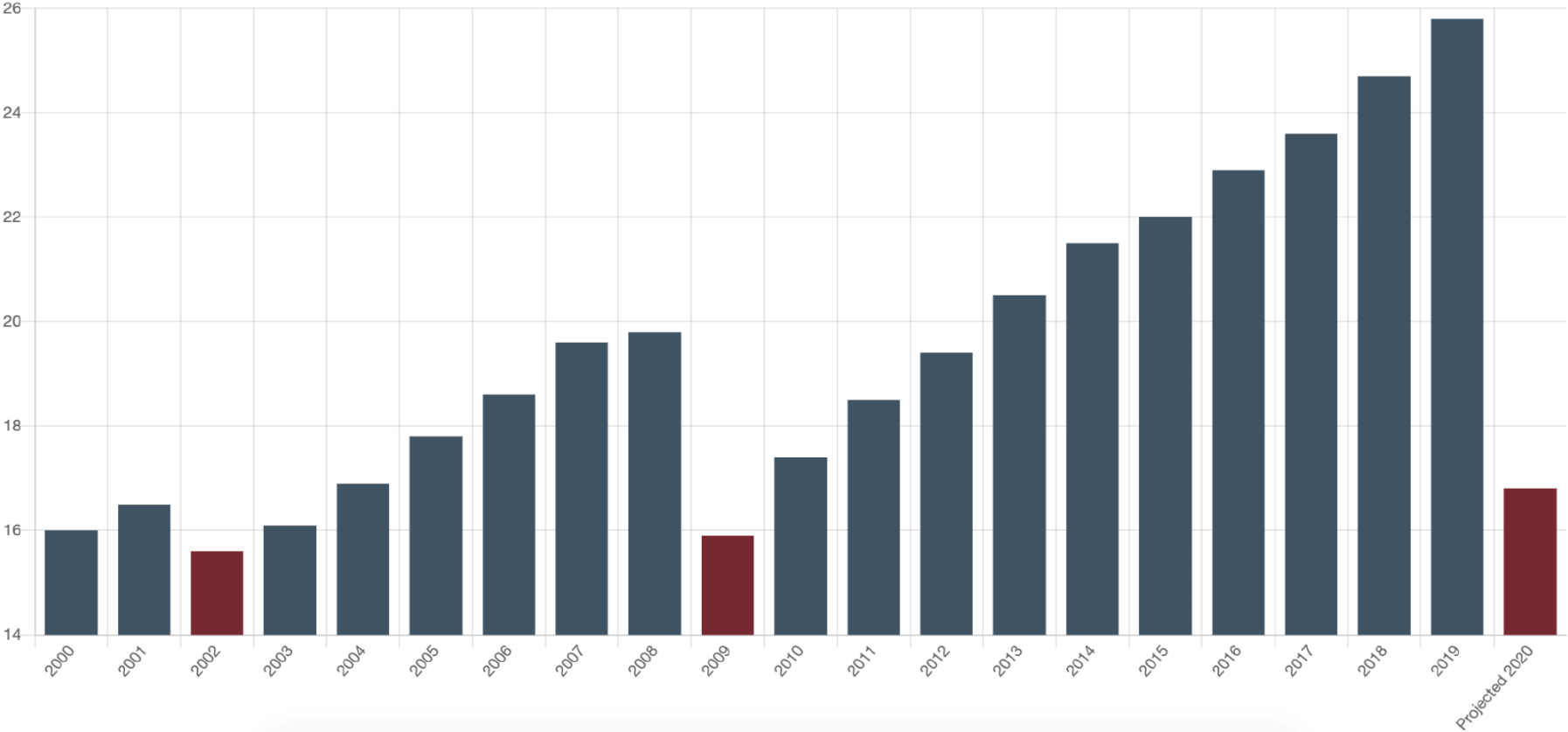
**83 members** reported over **\$5 million** in annual sales

## AIM SUPPLIERS



# AIM MEMBER REVENUE – Recovery

## The Promo Industry in 2000s



From Advertising Specialty Institute – 2020 State of the Industry Report

# AIM MEMBER REVENUE – Recovery

**Seeing improvement in purchase orders processed through the AIM system have shown progressive improvement to c.70% of original volume expectations since steepest point of COVID-19 decline in April of 2020**

- Nearly 30% of Distributors in our network expect recovery in Jan 21
- Nearly 47% of Distributors in our network expect recovery in March 21
- 18% reported being back and doing well now
  
- Recent Survey from AIM members top purchasing verticles
  - Healthcare
  - Education
  - Professional Services (financial/legal)
  - Construction





# FINANCIAL HIGHLIGHTS

**Graeme Couturier**  
**Chief Financial Officer**

# FINANCIAL HIGHLIGHTS

Profitable in the Face of Covid-19

- Group revenue from continuing operations **increased by £1.1m or 36% to £4.4m** in the period (H1 2019\*: £3.3m)
- AIM **US revenues increased to £3.9m** (H1 2019\*: £2.2m) assisted by the Group Buy programme delivering a US adjusted operating profit of £0.5m (H1 2019\*: £0.7m)
- AIM **core gross margin maintained at 2019 levels**, excluding the Group Buy programme
- Adjusted **operating profit\*\* of £0.3m** (H1 2019\*: £0.6m)
- Total administrative expenses for the period were £3.1m (H1 2019\*: £3.4m), including the benefit of £0.4m of Paycheck Protection funding
- Adjusted profit before taxation\*\*\* £0.2m (H1 2019\*: £0.6m)

*\* Comparative figures for H1 2019 comprise the reported trading results for the six month period ended 30 June 2019, adjusted for the disposal of Ad Products*

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

*\*\*\* Profit before taxation, share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges*

# FINANCIAL HIGHLIGHTS

Profitable in the Face of Covid-19

- Adjusted basic and diluted earnings from continuing operations per share 0.39p (H1 2019\*: 0.86p)
- Cash inflow from continuing operations before changes in working capital was £0.2m (H1 2019\*: £0.1m)
- As of 30 September 2020, Group was **debt free and had net cash of £1.2m** (31 March 2020: £2.4m).  
As of 22 January 2021 the **Group's cash resources were £1.3m**. Cash inflows are expected to increase over the next three months reflecting the settlement of annual agreements.

*\* Comparative figures for H1 2019 comprise the reported trading results for the six month period ended 30 June 2019, adjusted for the disposal of Ad Products*

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

*\*\*\* Profit before taxation, share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges*

The background of the slide features a dark blue color scheme with a grid of small white dots. Overlaid on this are several semi-transparent icons: a location pin, a person silhouette, a cloud with arrows, a person with a stack of coins, a gear, a bar chart, and a line graph. In the bottom left corner, a person's hand is visible typing on a laptop keyboard.

# OVERVIEW – BUSINESS UPDATE

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**Nichole Stella**  
**Chief Executive Officer**

# OPERATIONAL HIGHLIGHTS

Profitable in the Face of Covid-19

- The **Group traded profitably** in the period by enacting an immediate and effective response to the COVID-19 pandemic and subsequent lockdowns - [www.aimsmarter.com](http://www.aimsmarter.com)
- **Robust performance in H1** resulting in an adjusted operating profit\*\* of £0.3m, despite the impact of COVID19
- The Group **traded within its existing cash resources** and **remains debt free** with a **current cash balance of £1.3m** as at 22 January 2021. Cash flow is stabilised and reflective of anticipated working capital movement
- AIM **membership remains stable with a total of 2,085** members, up from 1,917 at time of acquisition, despite the impact of COVID-19

# OPERATIONAL HIGHLIGHTS

Profitable in the Face of Covid-19

- **Retained 100%** participation levels in the Preferred Partner Program despite the impact of COVID-19
- Purchase orders processed through the AIM system have shown **progressive improvement to c.70% of original volume expectations** since steepest point of COVID-19 decline in April of 2020
- Focus on delivering further growth with high quality distributor partners via **AIM Capital Solutions (“ACS”)** Launched as a premium enhanced member program in August 2019, ACS, provides **full system order processing, innovative technology, administrative support and supply chain finance services to members**

<https://www.acsaffiliateservices.com/>

# COVID Response

## **During Covid-19 lock-downs we took immediate action to remain highly relevant and a trusted partner and resource during the crisis**

*Regardless of the depth of the immediate downturn in March, the acquisition of AIM in 2019 and the rapid efforts made in developing the foundation and strategy of the acquired business prior to the COVID-19 lockdowns, allowed the Group to respond to the crisis quickly and effectively. Decisive action to protect the business was taken alongside continuous improvement measures and timely pivots to ensure the Group's ability to successfully emerge from the pandemic and look to the future with confidence.*

- Moved to an all-virtual work environment with no impact or interruption
- Launched Group Buys to provide members with access to Personal Protective Equipment – which drove significant revenues in Q2 & Q3
- We assisted and educated members in how to access PPP Government Grant funds
- Real time info regarding supplier closures, delays and product availability
- Provided Covid appropriate Marketing tools
- Shift to Virtual Events

# BUSINESS MODEL

Routes to revenue growth

aim™

acs™ | AFFILIATE SERVICES

VIP Partners

Customer	SME Promotional Product Distributors Print Brokers, Uniform Distributors	SME Promotional Product Distributors	Promotional Product / Apparel Suppliers, Print Suppliers, B2B Business partners
Services	<ul style="list-style-type: none"><li>• Discounted Pricing</li><li>• Elite Services<ul style="list-style-type: none"><li>• SAAS Technology Tools to Drive Efficiency and Online Presence</li><li>• Marketing Services for Fee</li><li>• Supply Chain Management</li><li>• Community &amp; Professional Development</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Working Capital Support</li><li>• Back Office Administrative Support</li><li>• Mandatory Use of Order Management System Marketing Services</li><li>• Strategic Business Development</li><li>• Freight Programs</li><li>• Supply Chain Management</li><li>• Community &amp; Professional Development</li></ul>	<ul style="list-style-type: none"><li>• Promote and direct purchasing to these businesses through:<ul style="list-style-type: none"><li>• Top placement in product search</li><li>• Priority placement in Elite Member Programs</li><li>• Marketing exposure in publications, supplements newsletters, catalogs, social media, webinars, etc.</li><li>• Access to members at live &amp; virtual events</li><li>• Priority opportunity in Group Buy Events</li><li>• Access to monthly member list</li><li>• Listing in Directory online</li><li>• MerchBox product placement</li></ul></li></ul>
Routes to Revenue	<ul style="list-style-type: none"><li>• Monthly Subscription Fees</li><li>• Elite Service Fees from \$199 to \$749 per month</li><li>• Supplier Partner Transaction Fees</li><li>• Business to Business Partner Fees</li></ul>	<ul style="list-style-type: none"><li>• Affiliate Transaction Fees</li><li>• Supplier Partner Transaction Fees</li><li>• Business to Business Partner Fees</li></ul>	<ul style="list-style-type: none"><li>• Transaction fee on <b>all</b> member and ACS affiliate orders</li><li>• Events &amp; Sponsorships</li></ul>



# BUSINESS MODEL

## Routes to revenue growth

### Simplified the Routes to Revenue Growth through Corporate Continuous Improvement & Agile Initiatives:

- Continued development of the preferred partner network / drive member purchases through the preferred network
- Continued growth in the AIM membership of high-quality promotional product distributors
- 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 businesses
- Continue to innovate technology and services to drive efficiency, increase orders and help both suppliers and distributors grow.

The background features a blue-toned image of a person's hands typing on a laptop keyboard. Overlaid on this are various semi-transparent icons: a location pin, a person, a laptop with a cloud and arrows, a person with a stack of coins, a line graph with an upward arrow, and gears. The overall aesthetic is professional and tech-oriented.

# **FINANCIAL REVIEW**

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**Graeme Couturier**  
**Chief Financial Officer**

# ALTITUDE FINANCIALS (UNAUDITED)

INCOME STATEMENT				
	H1 2020/21	H1 2019	VARIANCE	
	£m	£m	£m	%
<b>REVENUE</b>	<b>4.4</b>	<b>3.3</b>	<b>1.1</b>	<b>33%</b>
<b>GROSS PROFIT</b>	<b>2.5</b>	<b>3.0</b>	<b>(0.5)</b>	<b>(17%)</b>
Adjusted Operating Costs	(2.2)	(2.4)	0.2	(8%)
<b>ADJUSTED OPERATING (LOSS)/PROFIT</b>	<b>0.3</b>	<b>0.6</b>	<b>(0.3)</b>	<b>(50%)</b>
Share Based Payments	(0.3)	(0.4)	0.1	(25%)
Depreciation and amortisation	(0.5)	(0.6)	0.1	(17%)
Exceptional Charges	0.0	0.0	0.0	0%
<b>OPERATING (LOSS)/PROFIT</b>	<b>(0.5)</b>	<b>(0.4)</b>	<b>(0.1)</b>	<b>25%</b>
Finance expenses	(0.1)	0.0	(0.1)	100%
<b>LOSS – CONTINUING OPERATIONS</b>	<b>(0.6)</b>	<b>(0.4)</b>	<b>(0.2)</b>	<b>50%</b>
Loss on discontinued operation	(0.1)	(0.3)	0.2	(67%)
<b>LOSS</b>	<b>(0.7)</b>	<b>(0.7)</b>	<b>0.0</b>	<b>0%</b>
<b>EARNINGS PER SHARE</b>				
Basic and diluted – continuing operations	(0.86p)	(0.64p)		
Basic and diluted – discontinued operations	(0.17p)	(0.47p)		

- Significant revenue growth of **33%** to **£4.4m** (H1 2019: £3.3m) assisted by the Group Buy programme
- Gross profit down **17%** to **£2.5m** (H1 2019: £3.0m) due to lower margins on Group Buy activities generated in response to COVID PPE demands
- Adjusted operating costs of £2.2m include benefit of £0.4m Paycheck Protection funding
- Adjusted operating profit of **£0.3m** (H1 2019: £0.6m)
- Loss before taxation **£0.6m** (H1 2019: £0.4m) despite significant impact from COVID-19 during the period

# ALTITUDE FINANCIALS (UNAUDITED)

BALANCE SHEET		
	H1 2020/21	H1 2019
	£m	£m
Tangible assets	1.0	1.1
Intangible assets	2.7	2.7
Goodwill	3.0	2.7
Deferred Tax	0.4	0.5
<b>TOTAL NON CURRENT ASSETS</b>	<b>7.1</b>	<b>7.0</b>
Inventory	0.0	1.6
Trade and other receivables	3.1	3.3
Cash	1.2	3.5
<b>TOTAL ASSETS</b>	<b>11.4</b>	<b>15.4</b>
Trade and other payables	(1.6)	(2.1)
Non current liabilities	(1.3)	(0.2)
<b>NET ASSETS</b>	<b>8.5</b>	<b>13.1</b>
<b>SHARE CAPITAL AND RESERVES</b>	20.4	20.3
Retained earnings	(11.9)	(7.2)
<b>TOTAL EQUITY</b>	<b>8.5</b>	<b>13.1</b>

- Intangible assets comprise acquired customer relationship assets and capitalised software development costs
- Increase in goodwill reflects completion of Purchase Price Allocation report by 3<sup>rd</sup> party valuations expert as part of FY19/20 audit procedures
- Inventory relates to Ad Products
- Receivables balance includes accrued income in respect of our AIM Smarter Preferred Supplier program
- **£1.2m** of cash at **30 September 2020**
- Non current liabilities of **£1.3m** primarily comprised of liabilities recognised in respect of offices leases under IFRS 16

# ALTITUDE FINANCIALS (UNAUDITED)

CASHFLOW STATEMENT			
	H1	H1	VARIANCE
	2020/21	2019	
	£m	£m	£m
<b>LOSS FOR THE PERIOD</b>	(0.7)	(0.7)	0.0
Amortisation and depreciation	0.5	0.7	(0.2)
Share based payments	0.3	0.4	(0.1)
<b>OPERATING CASH INFLOW</b>	<b>0.1</b>	<b>0.4</b>	<b>(0.3)</b>
Movement in working capital	(0.3)	(1.6)	1.3
<b>OPERATING CASH OUTFLOW</b>	<b>(0.2)</b>	<b>(1.2)</b>	<b>1.0</b>
Acquisition of certain assets of AI Mastermind	0.0	(3.8)	3.8
Purchase of tangible assets	0.0	(0.7)	0.7
Purchase of intangible assets	(0.3)	(0.2)	(0.1)
<b>CASHFLOW BEFORE FINANCING</b>	<b>(0.5)</b>	<b>(5.9)</b>	<b>5.4</b>
Repayment of borrowings	(0.5)	(0.1)	(0.4)
Interest paid	(0.2)	0.0	(0.2)
Issue of shares for cash	0.1	9.1	(9.0)
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>(1.1)</b>	<b>3.1</b>	<b>(4.2)</b>
Cash at beginning of period	2.4	0.4	
<b>CASH AT END OF PERIOD</b>	<b>1.3</b>	<b>3.5</b>	

- Investment in working capital reflects growth in ACS funding
- Intangible asset purchases comprised of capitalised software development costs
- H1 2019 tangible asset purchases comprised of new machinery to expand Ad Products production capacity and capability
- Repayment of borrowings cash outflows reflect settlement of hire purchase agreements in respect of machinery sold as part of the disposal of Ad Products
- Shares issued in H1 2019 to acquire AIM and provide required working capital for scale up of US operations



# OUTLOOK & SUMMARY

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Nichole Stella

Chief Executive Officer

# OUTLOOK

*“In the face of the most challenging business environment in modern times, the Board is pleased with the resilience, effort and performance of the team and business during the period. Since the acquisition of AIM in 2019, we have worked tirelessly to develop the foundation and strategy of the business and have driven significant growth in both revenue and profit.*

*This pre-pandemic effort and our ability to act quickly and pragmatically in navigating the challenges imposed by COVID-19 have ensured our ability to trade profitably during this unprecedented period of disruption as well as protect and position the Group for sustainable future growth. Whilst uncertainty remains on the overall duration of COVID-19 disruption, the Board remains confident in the long-term future of the Company, its growth trajectory and strong position in the marketplace.”*

A person's hand is shown typing on a laptop keyboard. The image is overlaid with a blue semi-transparent layer containing various business and technology icons, including a location pin, a person with a plus sign, a person with a stack of coins, a gear, a bar chart, and a line graph. The text 'THANK YOU' is prominently displayed in the center.

**THANK YOU**