30 October 2020

Altitude Group plc
("Altitude", the "Company" or the "Group")

Unaudited full year results and operational update

Altitude Group plc (AIM: ALT), the operator of a leading marketplace for personalised products, is pleased to announce its unaudited results for the 15 month period to 31 March 2020. The Group will make a further announcement when the audited Annual Report for the 15 month period ended 31 March 2020 has been published which is expected to be sent to shareholders in November. As a result of the delay the company will be posting a copy of this announcement to shareholders today.

Key corporate developments and operational highlights

- Successful integration of the AI Mastermind business acquired in January 2019, renamed AIM Smarter LLC ("AIM")
- Accelerated US hiring and training process complete across all divisions; sales, marketing, technology, customer service and accounting. US Headquarters established in Philadelphia
- AIM Capital Solutions launched as a premium member package in August 2019, providing order procurement, technology, administration and supply chain finance services to members
- 241 members utilised AIM enhanced services in the period
- Ad Products business sold for cash consideration of £0.65 million, with further contingent deferred consideration of up to £0.15 million. The transaction was approved by shareholders on 3 April and as such has been treated as a discontinued operation in these financial statements

Financial Highlights

- Group revenue from continuing operations increased by £5.4 million or 188% to £8.3 million in the period (2018: £2.9 million) following the acquisition and development of AIM
- AIM revenues increased by a factor of 7x since our acquisition in the 15 month period
- Gross profit increased by £5.3 million or 253% to £7.5 million (2018 £2.1 million)
- Gross margin increased to 89.7% (2018: 73.1%) reflecting the added value services developed within AIM
- Administrative expenses for the 15 month period were £7.0 million, a proportional run rate of administrative expenses £5.6 million per annum
- Adjusted operating profit* of £0.5m (2018: loss £0.9m), an increase of £1.4 million
- Loss before taxation £2.7m (2018: £2.7m)
- Continuing operations generated an operating cash inflow before changes in working capital of £0.7m (2018: £1.2m outflow) an increase of £1.9m
- As of 31 March 2020 Group was debt free and had net cash of £2.4m (2018 £0.4 million and at 31 August 2020: £1.6 million)

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

Post Period End Highlights

- Current net cash balance £1.9 million (as at 28 October 2020)
- Group remains debt free
- $2.6 million of PPE sales achieved in the post period end to 31 July 2020
- AIM membership holding steady at a current total of 2,103 members from 1,917 at acquisition despite the impact of Covid-19
- 175 suppliers (H1 2019 161) retained in our Preferred Supplier Program despite the impact of Covid-19
- $0.5 million funding received under the US federal Covid-19 related Paycheck Protection Programme. All conditions for the forgiveness of the funding have been met, and the Group is well placed to benefit from anticipated future schemes
- 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.

Nichole Stella, Group CEO of Altitude, said:

"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 and wish 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 very prudent in cash conservation and are confident that Altitude has sufficient financial resources and liquidity to see the business through to more normalised market conditions assuming that the steady recovery in the promotional products market place as witnessed since June 2020 continues, whilst accepting that there remains material uncertainty as to the future continuation, rate of recovery and overall economic impact of Covid-19 on the 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 the Company has provided to them during the crisis."

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014 of the Market Abuse Regulation

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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 31st 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 emphasises our emergence as a clearly focused US centric business.

COVID-19

The Group made significant and positive progress in the 15 month period ending 31st 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 (before share-based payment charges, amortization of intangible assets, depreciation of tangible assets and exceptional charges) 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 £2.7m (2018: £2.7m).

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 3rd 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. 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 G Edelman

Non-executive Chairman

30 October 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, 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 Bn 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 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 of sale arising from the disposal of Ad Products.

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, 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).

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 Officer

30 October 2020

Consolidated Statement of Comprehensive Income
for the 15 month period ended 31 March 2020

	Note	Unaudited 2020 £000	Audited Restated 2018 £000
Revenue - Continuing Operations		**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, amortisation of intangibleAssets, depreciation of tangible assets and exceptional charges		**461**	**(912)**
Share-based payment charges		(1,401)	(736)
Depreciation and Amortisation		(1,171)	(705)
Exceptional charges	5	(443)	(375)
Total administrative expenses		**(10,011)**	**(4,841)**
Operating loss		**(2,554)**	**(2,728)**
Finance charges		(112)	(7)
Loss before taxation		**(2,666)**	**(2,735)**
Taxation		275	423
Loss attributable to the equity shareholders of the Company		**(2,391)**	**(2,312)**
Loss from discontinued operation	7	(3,336)	(221)
Loss for the period		**(5,727)**	**(2,532)**
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)**	**(2,588)**
Earnings per ordinary share attributable to the equity shareholders of the Company:			
— Basic and diluted (pence) - Continuing operations	6	**(3.51p)**	**(4.31p)**
— Basic and diluted (pence) - Discontinued operations		**(4.90p)**	**(0.41p)**

Consolidated Statement of Changes in Equity
for the 15 month 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	-	-	(2,345)	(2,345)
Prior year adjustment (see Note 7b)			(188)	(188)
Restated loss for the year	-	-	(2,533)	(2,533)
Foreign exchange differences	-	-	(56)	(56)
Total comprehensive loss	**-**	**-**	**(2,589)**	**(2,589)**
Transactions with owners recorded directly in equity:				
Share-based payment charges	-	-	736	736
Shares issued for cash	16	1,637	-	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	-	-	(28)	(28)
Loss for the period	-	-	(5,727)	(5,727)
Foreign exchange differences	-	-	64	64
Total comprehensive loss	**-**	**-**	**(5,691)**	**(5,691)**
Transactions with owners recorded directly in equity:				
Share-based payment charges	-	-	1,401	1,401
Shares issued for cash	58	9,080	-	9,138
Total transactions with owners	**58**	**9,080**	**1,401**	**10,539**
At 31 March 2020	**277**	**20,080**	**(11,272)**	**9,085**

Consolidated balance sheet as at 31 March 2020

	Unaudited 2020 £000	**Audited Restated 2018 £000**
Non-current assets		
Property, plant & equipment	**80**	319
Right of use assets	**1,065**	-
Intangible assets	**2,814**	1,108
Goodwill	**3,108**	564
Deferred tax assets	**456**	426
Total non-current assets	**7,523**	**2,417**
Current assets		
Inventory	**-**	1,546
Trade and other receivables	**2,737**	914
Corporation Tax Receivable	**35**	454
Cash and cash equivalents	**2,350**	420
	5,122	**3,334**
Assets classified as held for sale	**650**	-
Total current assets	**5,772**	**3,334**
Total assets	**13,295**	**5,751**
Non-current liabilities		
Deferred tax liabilities	**(463)**	**-**
Current liabilities		
Trade and other payables	**(3,747)**	(1,514)
Total liabilities	**(4,210)**	**(1,514)**
Net assets	**9,085**	**4,237**
Equity attributable to the equity holders of the Company		
Called up share capital	**277**	219
Share premium account	**20,080**	11,000
Retained losses	**(11,272)**	(6,982)
Total equity	**9,085**	**4,237**

Consolidated cash flow statement for the 15 month period ended 31 March 2020

	Unaudited 2020 £000	Audited Restated 2018 £000
Cash flows from operating activities		
Loss for the period before tax – Continuing operations	**(2,665)**	**(2,734)**
Loss for the period before tax – Discontinued operations	**(3,336)**	**(221)**
Amortisation of intangible assets	**948**	723
Depreciation	**510**	67
Share-based payment charges	**1,401**	736
Impairment of assets held for sale	**2,207**	-
Corporation tax (R&D) credits received	**646**	4
Interest charge	**112**	-
IFRS 16 adjustment & Exchange differences	**73**	-
Operating cash outflow before changes in working capital	**(104)**	**(1,425)**
Change in operating assets and liabilities net of effect from the sale of Ad Products		
Movement in inventory	**(285)**	159
Movement in trade and other receivables	**(2,086)**	497
Movement in trade and other payables	**378**	(1,313)
Net cash flow from operating activities	**(2,097)**	**(2,082)**
Cash flows from investing activities		
Purchase of tangible assets	**(42)**	(283)
Purchase of intangible assets	**(801)**	(769)
Net cash outflow from acquisition of trade and assets	**(3,249)**	-
Net cash flow from investing activities	**(4,092)**	**(1,052)**
Cash flows from financing activities		
Repayment of borrowings	**(390)**	**-**
Interest paid	**(42)**	
Issue of shares for cash (net of expenses)	**8,551**	1,591
Net cash flow from financing activities	**8,119**	**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**
Cash and cash equivalents at the end of the period	**2,350**	**420**

Notes to the Consolidated Financial Statements

1 Financial information

The financial information set out herein does not constitute the Group's statutory accounts for the 15 months 31 March 2020 or the year ended 31 December 2018 within the meaning of sections 434 and 435 of the Companies Act 2006. The financial information set out herein has not been audited or reviewed by the auditors. The 2019/20 statutory accounts have not been finalised but this preliminary announcement has been prepared by the Directors based on the results and position which they expect will be reflected in the statutory accounts. The comparative information in respect of the year ended 31 December 2018 has been derived from the audited statutory accounts for the year ended on that date upon which an unmodified audit opinion was expressed and which did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The audited accounts will be posted to all shareholders in due course and will be available on the Group's website. A further announcement will be made at that time.

2 Basis of preparation

The financial information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) adopted for use in the European Union, including IFRIC interpretations issued by the International Accounting Standards Board, and in accordance with the AIM rules and is not therefore in full compliance with IFRS. IFRS 16 has been adopted in the current period. The other principal accounting policies of the Group have remained unchanged from those set out in the Group's 2018 annual report.

The Accounts have been prepared under the historical cost convention. The Consolidated Financial Statements are presented in Sterling, rounded to the nearest thousand.

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 sources. 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.

In preparing the condensed, consolidated financial statements, management are required to make accounting assumptions and estimates. The assumptions and estimation methods are consistent with those applied to the Annual Report and financial statements for the year ended 31 December 2018. The acquisition of AIM in the US has introduced new revenue streams and in addition, significant revenue streams have been developed in AIM during the period of these financial statements, which have been accounted for in accordance with IFRS 15.
Additionally, the principal risks and uncertainties that may have a material impact on activities and results of the Group remain materially unchanged from those described in that Annual Report except as noted below with regard to the adoption of IFRS 16.

Leases

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 standard requires lessees to recognise right-of-use assets and lease liabilities for all leases meeting the lease definition set out by the standard unless certain exemptions are available. Accounting for lessors is largely unchanged. The Group has adopted the modified retrospective approach, electing to apply the practical expedient to use hindsight when determining the lease term. As a result, the Group, as a lessee, has recognised right-of use assets representing its rights to use the underlying assets, and lease liabilities representing its obligation to make lease payments, for all lease contracts.

Basis of consolidation
On 15 January 2019 the Group acquired the trade and assts of Advertising Industry Mastermind Group LLC.

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.

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 5 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.

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.

Discontinued operations and 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 Producst 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, as set out in note 8. 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 7.

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 VAT, sales taxes, returns, rebates and discounts.

When assessing whether to recognise revenue, the Group assess the contract against the five-step process set out in 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 Group has a number of different revenue streams. Revenue from customer subscriptions, marketing & technology services, trade exhibitions, catalogues, promotional products and other services is recognised when the company has delivered its obligations to its customers, normally when that service has been provided to the customer, an exhibition takes place, or the catalogue or promotional product is delivered to the customer. Revenues in respect of software product licences and associated maintenance and support services are typically recognised evenly over the period to which they relate.

In 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 annual membership period.

Certain other services are made available to 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 trialled a premium enhanced membership package in August 2020 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 due back to AIM. 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. This revenue is therefore recognised as such at the point of delivery of product to the end user.

AIM also provide marketing services to promotional product supplier customers, whereby such suppliers are actively promoted to AIM members utilising the AIM technology platform ("AIM Tech Suite"). These supplier customers sign annual service agreements with AIM with revenue based on the transactional volume of purchases made by the AIM members from the supplier customer. These revenues are recognised over time by reference to the volume of transactions in that time period. Payment for such services is made by the customer on a calendar quarter or annual basis.

An element of the Group's revenue is treated as contingent revenue under IFRS 15 due to uncertainty over timing and value. This element has been constrained such that amounts are recognised as cash is received.

In addition, AIM promotes and arranges events for AIM members and groups of supplier customers to meet, and also creates publications in which supplier customers can run special promotions. Revenue from these events is recognised once the performance obligations have been satisfied.

In comparative periods, revenue is recognised at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business and is shown net of Value Added Tax and other sales taxes.

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.

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 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 judgments. 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’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.

3. 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.

4. 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 continuing operating segments, North America and the United Kingdom.

	2020 £000	**Restated 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 of tangible assets, amortisation of intangible assets and exceptional charges		
North America	707	(1,007)
United Kingdom and Europe	(246)	95
Total	**461**	**(912)**
Operating Profit / (loss)		
North America	(154)	(1,050)
United Kingdom and Europe	(2,400)	(1,677)
Total	**(2,554)**	**(2,727)**
Depreciation		
North America	(127)	(3)
United Kingdom and Europe	(60)	(12)
Total	**(187)**	**(15)**
Amortisation		
North America	(224)	(39)

United Kingdom and Europe	(759)	(651)
Total	**(983)**	**(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.

	2020 £000	**Restated 2018 £000**
Assets	13,295	5,751
Liabilities	4,210	1,702
Operating loss	(2,554)	(2,727)
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**	
	2020 £000	**Restated 2018 £000**	**2020 £000**	**Restated 2018 £000**
North America	5,854	498	5,036	97
United Kingdom	2,454	2,391	,487	2,320
	8,308	**2,889**	**7,523**	**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 £000**
	£000	**£000**	**£000**
North America	977	4,877	5,854
United Kingdom and Europe	775	1,679	2,454
Total	**1,752**	**6,556**	**8,308**

5. Exceptional charges

	2020 £000	Restated 2018 £000
Employment termination costs	27	158
Legal, acquisition and consultancy costs	391	149
Other costs	25	68
	443	**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

6. Basic and diluted earnings per ordinary share

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

		2020 £000	Adjusted 2018 £000
Loss attributable to the equity shareholders of the Company:			
Continuing operations		(2,391)	(2,312)
Discontinued operations		(3,336)	(221)
Weighted average number of shares (number '000)		68,125	53,579
Basic & diluted loss per ordinary share (pence)	Continuing operations	(3.51)	(4.31)
Basic & diluted loss per ordinary share (pence)	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.

7. Disposal of the Ad Products Business

7. (a) Description

On 23 March 2020 the Group announced the disposal of certain assets and the business undertaking of Ad Products, subject to shareholder approval, which was obtained in General Meeting after the period end on 3 April 2020.

The associated assets and liabilities of Ad Products were consequently presented as held for sale in the 2019/20 financial statements and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period is set out below.

7. (b) 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.

	2020 £000	Restated 2018 £000
Revenue	**4,460**	**3,714**
Cost of sales	(2,647)	(1,824)
Cost of sales – prior year adjustment*	-	(188)
Gross profit	**1,813**	**1,702**
Administration expenses before amortisation of intangible assets, depreciation of tangible assets and exceptional charges	(2,172)	(1,815)
Operating loss before amortisation of intangible assets, depreciation of tangible assets and exceptional charges	**(359)**	**(113)**
Depreciation and Amortisation	(332)	(86)
Exceptional charges	(440)	(22)
Operating loss before taxation	**(1,129)**	**(221)**
Taxation	-	-
Loss for the period	**(1,129)**	**(221)**
Loss on measurement of assets held for sale (see 7(c) below)	(2,207)	-
Loss on discontinued operation	**(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 omitted from the 2018 financial statements in respect of certain goods in transit requiring correction by increasing cost of sales and purchase accruals respectively by £188k, resulting in retained losses at 31 December 2018 being increased by £188k.

Cash flow from the discontinued operation is as follows:

	2020 £000	Restated 2018 £000
Operating cash outflow before changes in working capital	(797)	(169)
Net cash outflow from operating activities	(1,235)	(497)
Net cash outflow from investing activities	(735)	(239)
Net cash inflow from financing activities	502	525
Net cash outflow from discontinued operation	**(1,468)**	**(211)**

7.(c) Details of the sale of the Ad Products business

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

		2020
	£000	**£000**

Disposal Proceeds:		
Cash on completion*		350
Unconditional deferred consideration**		300
Additional deferred consideration***		-
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 vlue 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 December 2018:

	2020 £000	**Restated 2018 £000**
Assets classified as held for sale:		
Property, plant, machinery and equipment	**-**	-
Promotional products	294	-
Trade debtors	356	-
Total assets of disposal group held for sale	**650**	**-**

8. Acquisition of the Advertising Industry Mastermind Group LLC business

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.

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		1
Deferred tax on identified intangible assets	-	(500)	(500)
Total assets acquired at fair values	**1**	**1,352**	**1,353**
Consideration			
US$4.25m cash consideration (including $0.5m deferred consideration held in escrow)			3,248
US$0.75m equity consideration (860,294 shares)			587
Total Consideration			**3,835**
Acquired Goodwill			**2,482**

9. 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").

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. 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.; and
- £0.15 million conditional deferred consideration with performance criteria based on ADP revenue generation in the 12-month period following completion. The additional consideration 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 prudently provided for full impairment of the additional purchase consideration reducing the fair value to nil.