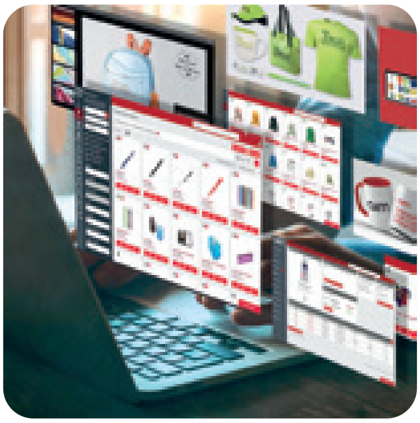
ALTITUDE GROUP PLC

altogether

Audited Annual Results
for the Year Ended 31 March 2022

ALTITUDE GROUP PLC



Altitude is a technology company and has developed an industry specific marketplace which provides various design tools, applications, and web site pop-up stores for promotional product distributors and suppliers.

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Financial Highlights

Group revenues
£11.9m
54.9% (2021: £7.7 million)

Gross margin
51.5%
(2021: 72.3%)
Anticipated and reflective of blended revenues across the Group

Group adjusted operating profit*
£1.1m
90.2% (2021: £0.6 million)

Adjusted basic earning per share**
1.77p
71.9% (2021: £1.03p)

Operating cashflow before changes in working capital
£1.1m
149% (2021: £0.4 million)

Cash balance at 30 June 2022
£1.6m
54.9% (2021: £2.1 million)
Cash at year end 2022 of £0.9 million

- **Services revenue grew by 17.3%**, surpassing the Industry average of 12.1% reflecting the strong performance of our AIM network
- **Strong trading momentum has continued into the first quarter** of our new financial year providing further confidence that the current market expectations are at least in line for the full year

Read Chief Financial Officer's Report on page 16 →

Key corporate developments and operational highlights

- AIM membership has continued to grow, and currently totals 2,425 global members, up from 1,917 at acquisition, consolidating its position as the largest global distributor organisations
- The Group has continued to strengthen its core technology platforms, with 476 distributors adopting the AIM Tech Suite for search and order creation, a 32% increase from 359 in FY 2021. To date, the Group has launched 2,646 unique webstores
- Merchanting revenue increased by 141.4% to £5.6 million (2021: £2.3 million) through the now fully evolved AIM Capital Solutions ("ACS") programme
- During the year the Group secured a financing facility of £0.5m that remains undrawn

Outlook

- Preferred Partner service fees tracked 32% over last year demonstrating recovery and gaining momentum into the new financial year
- The Group's Merchanting programmes are expanding and driving new growth within the promotional products industry and adjacent markets
- The Group remains debt free and has a credit facility in place to support continued growth and expansion
- The Board is confident in the future scalability and success of the business and the executive management team's ability to successfully execute upon the Group's strategy

* *Operating profit before share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges*
** *Adjusted basic earnings per share from continuing operations is calculated using profit after tax but before share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges and the weighted average number of equity voting shares in issue*

Strategic Report

Nichole Stella, Group CEO of Altitude:

"The Group experienced a year of strong profitable growth, driven by the commitment of our teams and the quality of our programmes. We are also extremely pleased to see last year's strong trading momentum has continued into the first quarter of our new financial year providing further confidence that the current market expectations are at least in line for the full year. We have continued to be nimble and drive the business forward through the most uncertain of times, building a strong foundation and delivering year-over-year positive growth, whilst remaining debt free and not raising dilutive funds. We retain our high growth ambitions and are confident in our ability to substantially scale and expand the business."

Chief Executive's Statement page 10 →

Technology is at the core of our value drivers

– Efficiency, Effectiveness, Experience, Trust

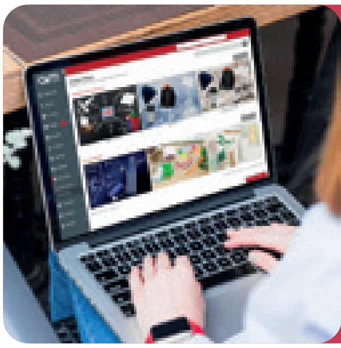
Read more on page 14 →

Who Are We

Altitude is a **technology company** and has developed an industry specific marketplace which provides various design tools, applications, and web site pop-up stores for promotional product distributors and suppliers. We have developed a robust e-commerce enabled and scalable, trading platform that facilitates the execution of both offline and online promotional product transactions. This gives us the ability to generate revenue based on the transactional throughput both inside and outside our platform. The Group's technology combined with an experienced team and proven service offerings delivers in-industry scalable growth opportunities and expansion into adjacent markets. We deliver products and services in two distinct areas - **Services** and **Merchanting**. Services is comprised of technology and software applications, membership subscriptions, preferred partner programmes, and marketing services programmes. Our Merchanting programmes include ACS and our adjacent market programmes, where the Group now acts as principal in the sale of promotional products. **Page 5 →**

What Do We Do

We deliver **Services to our members**, **affiliates** and **preferred partners** that helps them to drive sales growth, increase cost savings and improve their efficiency and ease of doing business. Our Merchanting teams drive scalable growth on sales, ensuring we have the right products available for fulfilling our customers' needs, effective and seamless processing of orders and tight working capital management. **Page 4 →**



2,425

Global Members

(2019: 1,917)

The Industry We Serve

Post-pandemic, the market for promotional products in the US alone is estimated to be worth more than $23 billion (Source: ASI). It is a **large market**, but an **inefficient one**, with approximately 75% of transactions still carried out offline. Additionally, it is very fragmented with approximately 3,000 suppliers and 23,000 distributors serving a very broad customer base, spanning individual consumers to large corporates and non-profit organisations.

Find out about Market Opportunities page 6 →

$23b

US promotional products industry

Business Model
(...continued)

Services Revenue £6.3m
↑ 17.3%

Technology Services

Our marketplace platform delivers important opportunities and efficiencies to our members and affiliates, improving profitability through:

- **Efficiency** – providing an intuitive online ordering experience for buyers coupled with the back-end technology stack to support the quick fulfilment of orders for branded merchandise
- **Effectiveness** – ensuring product / inventory availability whenever and wherever you are, with 24/7/365 uptime and a mobile first approach
- **Experience** – delivering the right experience and high degree of satisfaction for members, affiliates, partners, and end-buyers
- **Trust** – providing a complaint and reliable service from start to finish

The Group derives SaaS technology fee revenue for marketplace access, e-commerce solutions and its proprietary ERP system.

Business Services

In addition to our marketplace platform, the Group delivers highly sought-after business benefits to members and affiliates such as:

- Preferred Partner pricing benefits
- Freight programmes and shipping discounts
- Community & networking opportunities
- Education & professional development
- Expanded marketing services, products and tools

The Group derives subscription fee revenue from providing a broad range of services to distributors including supplier relations services, negotiated group discounts, events and exhibitions, catalogues, artwork services and marketing programmes.

Preferred Partner Services

The Group provides vendors and suppliers with services to expandtheir visibility and sales to the AIM and ACS community through:

- Top level visibility across our marketplace product search engine
- Preferred technology integration opportunities
- Guaranteed participation in publications, catalogues, educational product programmes and merchandise campaigns
- Expanded access to AIM community via social media, events

The Group derives revenue through gross transaction fees on orders through our supplier network, vendors and other service providers 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 partners by distributors.

Merchanting Revenue £5.6m
↑ 141.4%

Affiliates

The Group recruits high-calibre sales professionals to affiliate (Affiliates) with the Group which:

- Enables Affiliates to focus on sales activities, which is their skillset, and to become part of a corporate business driving growth and profitability, which is our skillset, which helps them exceed their stand-alone potential
- Full utilisation of technology is both advantageous and mandatory
- Provides scalable expansion and growth back to the Group

The Group derives revenue from the sale of promotional products which is procured via our affiliates, who act as our sales agents. Along with our dedicated team our Affiliates utilise our technology, preferred partner network, efficient processes and financial expertise to deliver increased sales levels and profitability.

Adjacent Markets

Gear Shops: The Group derives revenue via successful integration of our technology and from the sale of branded merchandise through adjacent Educational markets.

Altitude succeeds and scales through its ability to influence and direct member purchasing through its preferred suppliers, through our ability to recruit high calibre sales affiliates and via expansion into adjacent markets. **Page 6 →**

Business Model
(...continued)

Market Opportunities

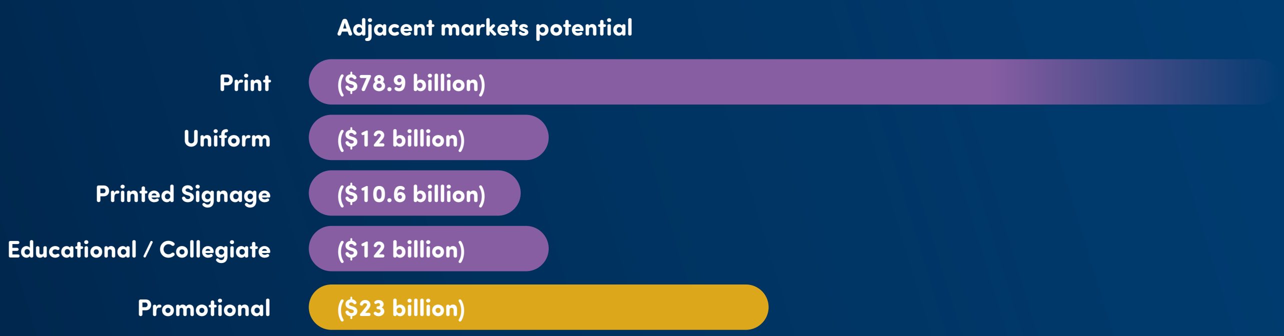
Currently, the Group has exceeded pre-covid network numbers with more than 2,100 AIM distributor members within the North American network, representing c.9% of the industry's distributor companies. With an experienced management team and robust industry-specific technology, supplier solutions, pricing benefits, marketing solutions, Affiliate solutions and adjacent market solutions, the Group has never been better placed to scale and accelerate business growth.

Post-covid, the Advertising Specialty Institute® (ASI) has marked the ongoing resilience of North American promotional products industry, with total annual revenue rising to $23.2 billion in 2021, up from the covid-impacted 2020 industry revenue of $20.7 billion. The market is highly fragmented with a network of 23,000 distributors, whilst the top 5 market-leading distributor organizations represent a small segment of the market at c. $3 billion in sales.

E-commerce continues to drive sales activity across the industry. Promotional Products Association International (PPAI) reported on 1 June 2022, "the share of online sales of promotional products was 25.8% in 2021 (up from 17.3% in 2020)."

Given the size of the untapped addressable promotional product market and our robust software solutions and programmes we believe the market opportunity for the Group is strong.

Additionally, adjacent markets that are active in promotional product sales such as; print ($78.9 billion), uniform ($12 billion), printed signage ($10.6 billion) and the educational / collegiate markets ($12 billion) expand the potential addressable market substantially. (Sources: Market sizes taken from reputable Industry publications).






Our Aspirations

We retain our high growth ambitions and are confident in our ability to substantially scale and expand the business. The expansion of our Affiliate network and the successful integration of our technology into adjacent markets delivers opportunities for significant growth over the medium term.

Chairman's Statement

David Smith
Non-Executive Chairman

Once again, we are reporting on a year impacted by the global pandemic.

There was hope and expectation that the impact would diminish as the year progressed but the spring Delta variant and autumn Omicron outbreak ensured an overhang that covered the majority of 2021. However, despite these significant headwinds, the year was one of great progress, with revenue rising by 55% to £12 million and adjusted operating profit rising by 90.2% to £1.1 million. A very significant part of this success was the replacement of the one-off PPE sales of £2 million in 2020/21 into core, repeatable revenue.

The management team remained focused on the continued development of the technology platform and marketing initiatives to provide our AIM distributors, ACS Affiliates and Preferred Partner suppliers with an exceptional experience, whilst diversifying revenue streams and extracting greater value through the $23 billion promotional goods industry value chain.

Year in Focus

Most importantly, material investment was made in our technology base to improve and simplify processes for our AIM/ACS distributors and Preferred Partner suppliers. Further connection of our unique proprietary software to business utilities was made in line with distributor and supplier demand, with customer satisfaction continuing to rise. We are, at our core, a technology company enabling a global marketplace within the industry, and significant progress was made in enhancing the experience for all participants.

For Altitude to remain at the forefront of the industry this investment is vital and will stand the Group in good stead as the promotional goods industry continues to rebound strongly in 2022.

All key performance metrics moved in the right direction. AIM membership and product sales via our supplier Preferred Partnerships increased resulting in our service revenues increasing. More ACS affiliates came on board with Merchanting revenues rising sharply. Group Buys shifted in focus from one-off PPE to core, repeatable Merchanting revenue, proving our ability to respond to changing market challenges. The strategic focus on diversifying revenue streams via a high-quality technology experience gathered pace as the pandemic eased in Q1 2022. Whilst Q4 growth was slowed by Omicron, both Q4 2021 and Q1 2022 saw an industry rebound that helped deliver the stronger revenue and adjusted operating profit performance recorded for the full year.

Cash was prudently managed through the pandemic and the cash balance remained at £0.9 million at year end, having funded a material £1.4 million increase in trade and other receivables during the year. Cash balances at 30 June 2022 stood at £1.6 million. The Group remains debt free with a material credit facility in place to support future growth as opportunity arises.

Board Changes

The Board was enhanced with the addition of Graham Feltham as CFO. Both experienced and entrepreneurial, Graham adds strength in depth beyond his finance remit. Alongside Nichole Stella as CEO, Deborah Wilkinson as COO, and Peter Hallett and Martin Varley as Non-Executive Directors, who represent a knowledgeable and well-balanced Board.

Keith Edelman stood down as Chair in November 2021 and leaves with our best wishes. I'd like to thank Keith for his professionalism during the transition and handover to me.

Looking Forward

The year was a very important one for the Group as we moved through and beyond the pandemic. On behalf of the Board I'd like to thank all the Altitude Group's employees for their hard work and passion which has delivered this strong set of results.

As we move through 2022, we will continue to focus on technology development to expand and enhance our unique promotional goods marketplace.

We expect to see material growth in both our Services and Merchanting revenue as great distributor and supplier experience leads to increased membership and usage. The management team are far from complacent, alive to current inflationary and supply chain issues and remain confident. Beyond 2022 we expect to continue to capitalise on our ownership of the pre-eminent global promotional goods distribution network and our enabling technology to achieve significant scale.

The Board looks forward to supporting the successful execution of our strategy and listening to our stakeholders, from employees to distributors, to suppliers, and investors, as together we build an ever-stronger marketplace and business.

David Smith
Non-Executive Chairman
27 July 2022

Group revenues

55%

(£11.9 million)

Adjusted operating profit

90.2%

(£1.1 million)

Promotional goods industry continues to rebound strongly in 2022.

"As we move through 2022, we will continue to focus on technology development to expand and enhance our unique promotional goods marketplace."

Chief Executive's Statement

Nichole Stella
Chief Executive

I am pleased to report the full-year results for the year ended March 31, 2022. The team's continued high-level performance, commitment to the business and passion for growth has delivered another year of positive results for the Group.

We continue to successfully navigate the post-covid "new normal" business environment while strengthening our technology, delivering innovative solutions, and driving revenue and profit growth across the Group. Our revenues increased 54.9% to £11.9 million (2021: £7.7 million) and Group adjusted operating profit* increased 90.2% to £1.1 million (2021: £0.6 million).

Additionally, Group revenues over this 12-month period grew by 43.7% to £11.9 million (2020 (a 15-month period): £8.3 million) showcasing both recovery from the pandemic, continuous organic growth across the business and a fully evolved ACS Affiliate model. The Group's adjusted operating profit has shown continual year over year growth since 2018, culminating in a 90.2% growth compared to prior year.

Services revenue

17.3%

(£6.3 million)

Merchanting revenue

141.4%

(£5.6 million)

Our business routes to revenue, how we make money, are separated into two distinct segments, Services and Merchanting. Our Services Revenue is comprised of membership subscriptions, Preferred Partner service fees on a percentage of network sales throughput, SaaS technology fees and marketing services fees. Our Merchanting revenue is comprised of sales of promotional products via our Affiliate and adjacent market programmes. In both programmes the Group is the principal in the transaction. In the financial year, our Services revenue increased 17.3% to £6.3 million (2021: £5.4 million) and our Merchanting revenue increased 141.4% to £5.6m (2021: £2.3 million).

Our Services programmes are global, with members present in every state in the US, across Canada and the UK. Our current membership is 2,425 globally. The US alone representing an estimated $2.8 billion+ pa in US aggregate pipeline sales and an average of $1.3 million pa annual turnover per US Distributor. We have more than 300 Preferred Partner lines, also around the globe in the US, Canada and UK. Our Merchanting programmes are based solely out of the US with national sales which are expected to grow and expand.

Our technology platforms are the centre of all of the Group's activities on both the Services and Merchanting segments of the business. Working within an agile and continuous improvement environment, the Group continued to invest in our platforms to ensure we drive efficiency, data insights and best-in-industry integrations and systems. These efforts drive efficiency and scalability across all of areas of the business, including our Merchanting services where all transactions are processed end-to-end through our platforms.

Our e-commerce and marketplace platforms include nearly 1 million products and connects our users (members and Affiliates) to the industry's best products and our Preferred Partners. When searching, our users will see our Preferred Partners products at the top of our search results. Users can seamlessly check inventory levels, create client quotes for their campaigns, push supplier purchase orders directly into the decoration facility and send sales invoices straight to clients from the platform. Welcoming a new open environment era, the Group's platforms now integrate with top accounting software, sales tax calculation platforms, payment processors, shipping providers, email services and the industry's top supplier companies.

Additionally, we have launched our business intelligence data warehouse which provides the Group the ability to extract data and information to find trending products, predict market shifts and understand our users' needs to drive efficiency, engagement and business insights.

The success of this year places the Group in a strong position for the start of the new financial year. We are focused on protecting our current business, growing our current core opportunities and utilising the strength in our technology stack and industry know-how to expand in the industry and adjacent markets.

Progress and Strategy

Looking forward, the Board and management team remain focused on investing in, and fostering a culture of technological innovation, supported by continued investment in our products, people and client relationships. This ensures we continue to deliver innovative solutions to our customers who engage with us to leverage their buying power of promotional goods. Our strategy is not only to grow our footprint of clients globally, but to expand and deepen engagement across our existing customer base of over 2,425 members.

In the financial year the Group experienced growth via our Services programmes which includes Preferred Partner programmes, SaaS technology fees, marketing service fees, subscription fees, and product fees via:

- Driving growth for our Preferred Partners
- Retention and 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 member purchase pipeline.
- Developing and selling additional added value services, leveraging existing applications, technology resources and expertise, to help AIM distributor members grow their business to end-user clients and purchase through preferred vendors and programmes, driving revenue and profits to AIM and benefiting the Group as whole.
- Continuing to increase member utilisation of the AIM Tech Suite

The Group also experienced growth in the financial year in our Merchanting programme, ACS, through the recruitment of high-calibre sales affiliates.

ACS enables affiliates to focus on sales activities, which is their core skillset. ACS delivers affiliates the opportunity to become part of a corporate business driving growth and profitability, which is our skillset. ACS's supplier access, operational expertise, financial strength and technology systems exceeds their stand-alone potential, and is particularly attractive as inflationary and recessionary fears rise. ACS provides the business with significant potential to scale revenue and thus profit through volume sales.

Chief Executive's Statement
(continued...)

Merchanting Revenue

142%

(2022: £5.6 million)

During the year the Group secured a new working capital credit facility with TD Bank N.A., with an initial 12-month revolving facility of $700k. The facility will provide access to non-dilutive funding to support the Group in executing its growth strategy. The facility is secured from the successful delivery of the AIM business, along with a parental guarantee, which allows the Group to focus on developing growth areas within Merchanting.

Market Opportunities

Altitude has entered the new financial year with positive trajectory, having expanded our Group's technology, grown our services and enhanced our supply chain strength throughout the pandemic. In the financial year the Group was able to successfully expand services into adjacent markets to offer **"Gear Shop"** services in the education sector by delivering our comprehensive technology stack, increasing our marketplace and e-commerce solutions, and by the constant upgrade of our supply chain and merchandising capabilities in a non-competing adjacent market. Early-stage implementation has proven successful and the Group anticipates continued growth in this sector and also looks to **additional adjacent markets** such as print, uniform and signage industries to drive expansion opportunities and growth.

Technology

Altitude's technology platforms are the centre of all of the Group's activities on both the Services and Merchanting segments of the business. Working within and agile and continuous improvement environment, the Group continued to invest in its platforms to ensure we drive efficiency, data insights and best-in-industry integrations and systems. These efforts drive efficiency and scalability across all of areas of the business, including our Merchanting services where all transactions are processed end-to-end through the Group's systems. As the technology evolves, Member adoption and usage of Altitude's technology solutions continues to grow with 476 distributors adopting the AIM Tech Suite for search and order creation, a 32% increase from 359 in FY 2021 and 2,646 unique websites live to date.

Our People & Our Commitment

Our people and community are our strength and the lifeblood of the business. We continue to focus on employee development and the creation of a culture that is welcoming, engaging and recognises the successes and contributions across all employees in every aspect of the business. In the year, we were able to continue to promote from within, assisting 11 US employees advance their careers and grow their skillset. Additionally, acknowledging the difficult global environment we are all working within today, the Group is launching a programme addressing stress and anxiety issues with forums to discuss coping skills and build mechanisms to assist the AIM team and the community in managing the stress and anxiety that many are experiencing since the onset of the global pandemic.

"We retain our high growth ambitions and are confident in our ability to substantially scale and expand the business."

Diversity, Equity & Inclusion

We embrace and are committed to a culture of diversity, equity and inclusion ("DEI"). This guiding principle is instrumental in how we build our teams, cultivate our leaders and create collaborative, innovative and inclusive environments throughout the AIM network and industry. Our inclusive culture supports diverse perspectives, drives courageous conversations and empowers every individual across the team and throughout the AIM community.

Financial Results

The significant increase in Group adjusted operating profit* of 90.2% to £1.1 million (2021: £0.6 million) is demonstrative of our ambition to deliver scalable growth and also of the operational leverage inherent within the business. To deliver this in a year still impacted by COVID-19, whilst growing the Merchanting lines, is a great achievement. To further support the growth in Merchanting we have secured the credit facility as mentioned above. This places Altitude in a financially secure and strong position to overlay growth opportunities in the future. A detailed financial review can be found in the CFO's report. **Page 16 →**

Outlook

The Group experienced a year of strong profitable growth, driven by the commitment of our teams and the quality of our programmes. We are also extremely pleased to see last year's strong trading momentum has continued into the first quarter of our new financial year providing further confidence that the current market expectations are at least in line for the full year. We have continued to be nimble and drive the business forward through the most uncertain of times, building a strong foundation and delivering year-over-year positive growth, whilst remaining debt free and not raising dilutive funds. We retain our high growth ambitions and are confident in our ability to substantially scale and expand the business.

Nichole Stella
Chief Executive
27 July 2022

Adjusted operating profit

£1.1 million

(2021: £0.6 million)

Chief Operating Officer's Report

Deborah Wilkinson
Chief Operating Officer

Altitude provides a proprietary SaaS-based technology suite to promotional product distributors operating in the USA and UK.

The technology suite provides an online marketplace for the procurement of best-in-class promotional merchandise by supporting AIM members and ACS affiliates with the capability to source, showcase and fulfil orders for branded items.

The four value drivers that guide our software innovations and technology roadmap focus on providing members, partners and buyers with a world-class online experience which is fully aligned with our preferred partner suppliers' products, and customer experience teams providing an effortless ordering experience with every interaction:

- **Efficiency** – providing an intuitive online ordering experience for buyers coupled with the back-end technology stack to support the quick fulfilment of orders for branded merchandise
- **Effectiveness** – ensuring product availability whenever and wherever you are, with 24/7, 365 uptime and a mobile first approach
- **Experience** – delivering a delightful experience and high degree of satisfaction for Members, Affiliates, Partners, and End-buyers
- **Trust** – providing a compliant and reliable service from start to finish

The tech suite has been developed specifically for the seamless ordering and fulfilment of branded merchandise, encompassing over 20 years of industry knowledge and features. Our technology team consists of a suite of experienced individuals who have combined technical and industry experience and operate agile methodology which enables the Group to stay relevant by learning-from and shaping the tech suite to users evolving requirements, advancing buying behaviour and technological advancements.

The click-to-ship technology stack includes a full suite of tools required for the sale of branded merchandise including quotation and order management, finance, e-commerce webstores, inventory and warehousing capabilities, production planning, reporting, logo visualisation and interactive online catalogues.

The tech suite is utilised by users throughout the USA and UK with a robust infrastructure that provides localised environments with country specific product catalogues, multiple currency and language support online. As a result, our e-commerce platforms are trusted by multi-million-dollar brands in a range of sectors such as healthcare, IT and finance with an average enterprise-level user lifetime of over 10 years.

As the technology evolves, member adoption and usage of the Group's technology solutions continues to grow, with 476 distributors adopting the AIM Tech Suite for search and order creation, a 32% increase from 359 in 2021, whilst 2,646 unique websites have been launched to date.

Throughout this period the technology department delivered key advancements with focusses on scalable growth, user and supply chain efficiencies and user-retention.

The ACS platform was provided with its own branding and identity and had significant advancements released to support financial process automations, with a focus on scalability and efficiencies both internally and for affiliates.

Across AIM and ACS preferred partner supplier relationships were enhanced, with continuing focus on deeper integrations to add increased automation and strengthen the availability of real-time data between parties. The tech suite now features two-way API data exchanges, enabling live preferred partner supplier inventory levels and electronic purchase order submission directly into partner ERP systems. With the addition of automated order and shipping status updates returned from partner and shipping agents to AIM and ACS member systems, this reduces the manual exchange of information and speeds up order processing.

Further advancements include the addition of an inventory module within the order management and webstore platforms, widening usage by supporting the operations of members who hold stock themselves or run corporate scheme programmes.

The technology focus for the financial year 2023 will see a continuing pace of further enhancements to the tech suite for AIM and ACS. One of the key roadmap items for the coming financial year is in-line with the rise in e-commerce within the promotional products industry. The second half of the year will see the launch of an upgraded e-commerce platform, which will include new user and buyer driven features for SEO and online purchasing and serve the growing needs of our members and affiliates operating corporate scheme and niche transactional webstores. The new e-commerce platform will encompass a retail experience with a mobile-first approach to meet evolving buyer expectations and will be fully integrated with our order management suite for member efficiencies and preferred partner supplier network connectivity.

The ongoing investment in the wider technology roadmap for financial year 2023 will ensure the tech suite continues to evolve to attract new members and affiliates, strengthen partner relationships and support member retention.

Deborah Wilkinson
Chief Operating Officer
27 July 2022

OUR VALUE DRIVERS

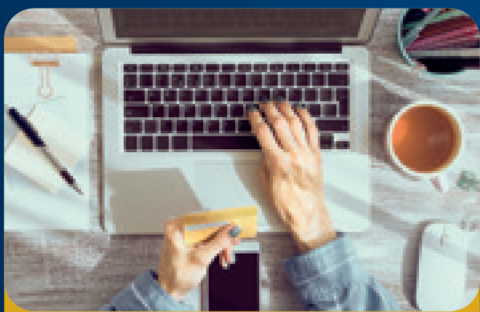
- **Efficiency**
- **Effectiveness**
- **Experience**
- **Trust**

Member adoption of Group's technology solutions

33%

(2022: 476)

"The new e-commerce platform will encompass a retail experience with a mobile-first approach to meet evolving buyer expectations..."



New e-commerce platform 2023

Chief Financial Officer's Report

Graham Feltham
Chief Financial Officer

Financial Results - Group revenues for the year increased by £4.2 million to £11.9 million (2021: £7.7m), an increase of 54.9%.

2022 is a significant year for Altitude, with a 17.3% growth in Services, surpassing the Industry distributor average of 12.1%, which reflects the strong performance of the AIM network and the Industry's recovery from COVID-19. This year, with the evolution of the business model, Merchanting predominately reflects the sale of promotional products through our Affiliate sales network, which is the main driver behind the 141.4% increase over last year. In the prior year the majority of Merchanting revenue was derived from a one-off initiative to supply COVID-19 related product placed through our Group Buys platform.

	Year ended 31 March 2022 £'000 Group	Year ended 31 March 2021 £'000 Group	Change	% Change
Turnover				
Services	6,308	5,376	932	17.3%
Merchanting	5,628	2,331	3,297	141.4%
Total	**11,936**	**7,707**	**4,229**	54.9%
Gross Profit				
Services	5,750	4,863	887	18.2%
Merchanting	400	712	(312)	-43.8%
Total	**6,150**	**5,575**	**575**	10.3%
Gross Profit Margin				
Services	91.2%	90.5%		
Merchanting	7.1%	30.5%		
Total	**51.5%**	**72.3%**		

Gross profit has increased by £0.6 million, a 10.3% increase, to £6.2 million (2021: £5.6 million). This is mainly driven by an increase in the AIM purchasing pushed through our Preferred Partner network, demonstrating the value of our Services to our Preferred Partners.

Gross margin was 51.5% (2021: 72.3%) reflecting the growth in lower margin Merchanting activity, whilst Services retained a consistently high margin. Merchanting has benefited from multiple technology enhancements and a rigorous review of process during the quieter COVID-19 impacted period. The established ACS core processes provides the Group with a solid platform for scalable growth for which we saw increased demand and Affiliate onboarding late in the year. ACS is primarily a volume business which fully utilises our Technology and also benefits from our Preferred Partner network.

Administration expenses before share-based payments, amortisation of intangible assets, depreciation of tangible assets and exceptional charges of £5.1 million (2021: £5.0 million) are broadly in line with prior year. In a year of increased activity, the Group has maintained tight control over costs, and taken advantage of the US Government support of the Employee Retention Scheme, which contributed £0.5 million (2021: £0.4 million) through Paycheck Protection.

Adjusted operating profit* increased by 90.2% to £1.1 million (2021: £0.5 million). The statutory loss before taxation was £0.2 million (2021: loss of £1.3 million), whilst the adjusted profit*** before taxation increased by £0.7 million to £0.1 million (2021: loss of £0.6 million).

Exceptional costs

The Group incurred exceptional costs of £234,000 (2021: £39,000) reflecting the first stage of finance transformation, including the development of a new forecasting model, costs of recruiting a new CFO, costs associated with the change in Nominated Adviser and Broker and costs incurred in a bad debt.

Development

The Group capitalised £0.8 million of software development (2021: £0.7 million). The commitment to investing in our technology is underpinned by our spend and our close relationship with our affiliates and members in driving customer focused improvements. This is discussed in more detail in the COO review.

Earnings per share

Basic earnings per share for continuing operations were 0.14p (2021 loss 1.56p). Adjusted basic earnings per share** from continuing operations was 1.77p (2021: 1.03p), representing an increase of 72%.

Taxation

The Group is carrying a deferred taxation asset of £436,000 mainly in respect of tax losses carried forward. Based on future forecasts the Directors believe the Group's profits will be sufficient to fully utilise the deferred tax asset within the next four years. The Group was again successful in its application for the R&D tax credit with two years credit received resulting in a net income tax received position of £413,000 (2021: £11,000).

Operating cashflow before working capital

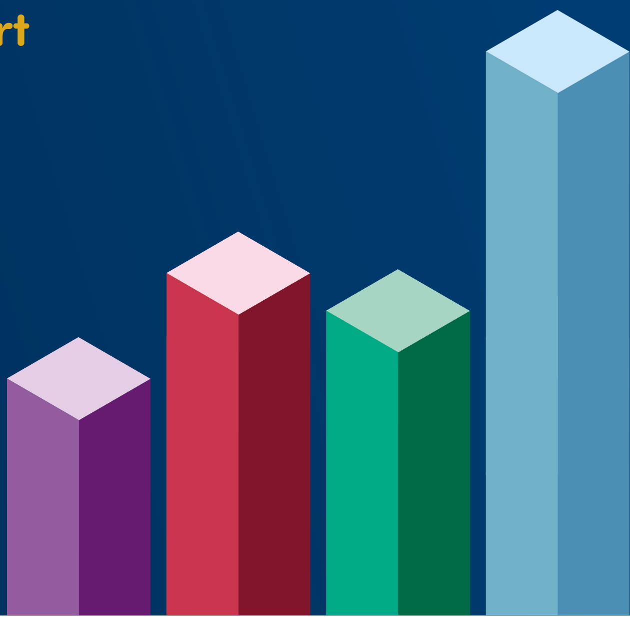
£1.1m

(2021: £0.4 million)

Cash flow

Operating cash inflow before changes in working capital was £1.1 million (2021: £0.4 million). Working capital increased by £1.5 million (2021: £Nil) principally driven by trade and other debtors, reflecting the growth in revenue and timing of receipts. Net cash outflow from investing activities of £0.9 million (2021: £0.3 million outflow) represents the purchase of tangible and intangible assets (software development) of £0.9 million (2021: £0.6 million). The prior year was also impacted by £0.3 million of proceeds from the disposal of Ad Products. Financing activities included the repayment of finance agreements and interest of £0.2 million (2021: £0.1 million) with a small inflow from the issue of shares relating to share options exercised. Total net cash outflow was £1.2 million (2021: £0.1 million inflow). The year-end cash balance stood at £0.9 million (2021: £2.1 million).

Chief Financial Officer's Report
(continued...)



Treasury

The Group continues to manage the cash position in a manner designed to meet the operational needs of the businesses. Cash balances held in foreign currencies reflect the geographies in which the Group operates. 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.

The Group has secured a new working capital credit facility (the "Facility") with TD Bank N.A., with an initial 12-month revolving facility of $700k. The Facility has no significant financial covenants and is secured by the assets of the US Group with a parental guarantee from Altitude Group PLC. The Facility will provide access to non-dilutive funding to support the Group in executing its growth strategy. The Facility has an arrangement fee of $3,500 annually and incurs interest at 1% above the US Prime Rate on drawdown. This Facility remains undrawn at the year end.

Key performance indicators

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

	Year ended 31 March 2022 £'000	**Year ended 31 March 2021 £'000**
Revenue	11,936	7,707
Gross Profit	6,150	5,576
Gross Margin	52%	72%
Operating profit before share-based payment charges, depreciation, amortisation, and exceptional charges*	1,067	561
Statutory loss before tax	(157)	(1,323)
Adjusted profit before tax***	84	(594)

* *Operating profit before share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges is a consistently used measure used to show the performance of the revenue generating activities and the related costs involved in the delivery of the revenue for the current year*

** *Basic adjusted earnings per share from continuing operations is calculated using profit after tax but before share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges and the weighted average number of equity voting shares in issue and, when relevant, in respect of diluted earnings per share includes the effect of share options that could potentially dilute basic earnings per share. This provides a consistent metric with the Income Statement for underlying performance*

*** *Adjusted Profit Before Tax is profit before tax adjusted for share based charges, exceptional costs and amortisation on acquired intangibles. This metric is introduced this year to review the performance of the underlying business including the depreciation for development costs.*

"This year, with the evolution of the business model, Merchanting predominately reflects the sale of promotional products through our Affiliate sales network..."

Share capital

The share capital increased by 213,896 to 70,681,164 (2021: 70,467,268). All of the shares issued in the period were in respect of options exercised by employees and are detailed in note 5 with some further disclosures related to Directors' interests in note 4.

The Company issued share options to senior management of 444,444 (2021: 3,400,000). During the year the number of share options exercised was 213,896 (2021: 1,171,089) with the number of share options forfeited being 2,329,667 (2021: 60,000). The total number of share options in issued being 4,299,445 (2021: 6,398,564).

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 2022:

- a continued and prolonged slump in market demand due to COVID-19 related restrictions
- 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

Chief Financial Officer's Report
(continued...)

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. The US now regularly remits funds back to the UK, generally on a monthly basis at relatively low levels. Management have reviewed the requirement of a formal hedging strategy however this will only be necessary if the funding levels increase. In the meantime, spot rates have been utilised with an outsourced foreign currency firm.

AIM is the largest distributor member organisation in the USA, with circa 9% 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.

Liquidity

The Group remains debt free with a cash balance of £1.6 million as at 30 June 2022.

We have also secured a finance facility for the US division with TD Bank. The facility will support the Group with the phasing of cash inflows being predominantly biased to the February to July period and the further growth of Merchanting. The Board remains confident that subject to continued steady recovery in the promotional product market through to September 2023, we have sufficient liquidity to trade through to more normalised levels of trading.

The Group has now settled any "time to pay" and delayed liabilities that were put into place to navigate COVID-19 although are still mindful of the ongoing macro-economic challenges such as inflation, ongoing supply chain disruption and potential recession.

Notwithstanding that these factors, 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 financial statements.

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.

Graham Feltham
Chief Financial Officer
27 July 2022

The Directors are aware of their duty under Section 172 of the Companies Act 2018 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, to have regard (amongst other matters) to the:

- need to foster the Group's business relationships with Shareholders, Preferred Partners, Members, Affiliates, Debt providers, Industry Bodies and others
- the interests of the Group's employees
- Group's reputation for high standards of business conduct
- impact of the Group's operations on the community and environment
- likely consequences of any decisions in the long term

Key Board Decisions

1. The Board welcomed a new Chairman, David Smith and CFO, Graham Feltham. The Board recognises that maintaining the right balance is critical for effective decision making. As Chair, David adds a wealth of experience in industry shifts to technology-enabled intermediated businesses. He also provides a balanced and level approach to the Board. David is supported by the Non-Executive team consisting of Martin who provides an innovative and entrepreneurial spirit, and Peter who delivers financial and market expertise. The Executive team is bound together by Nichole, a respected industry leader, who drives the business forward with great vision and focus, Deborah who leads our technology, development team and roadmap delivery and Graham who is structuring the financial strategy and team to support the business going forward whilst building better reporting for effective decision making.

2. The Board approved a new financing facility with TD Bank to support the growth of our Merchanting activities. The securing of a facility with TD bank is a real indication of the Board's intent to organically drive and grow the business built on the successful acquisition of AIM. The success of AIM Smarter has provided a platform to borrow from and invest in our Merchanting businesses.

3. The Board approved the Group's Strategic Plan spanning to the period through 31 March 2024 which supports driving increased shareholder value. Following the challenging times of the pandemic and fresh look at the business was required. One of his first duties, Graham engaged RSM to support him in building and delivering a new Strategic forecasting model with the help of the team at RSM. This has supported the Board in setting challenging targets and cascading these targets throughout the teams within the business. The output has helped shape discussions with our key stakeholders to bring them on the journey with us.

S172 Statement
(continued...)

Stakeholder Relationships

1. Shareholders – Whilst the global pandemic and government mandated shutdowns made face-to-face meetings with shareholders impossible, the Group utilised investor platforms and video conferencing tools to communicate progress with shareholders. Interim results and annual results presentations are published on our website. The Board reviews its objectives regularly with 10 meetings per year in an effort to reflect upon the current and rapidly changing business environment in which the Group is operating under. This effort is to ensure that the investments made will to achieve the greatest return. We closely engage with Zeus Capital, our brokers to ensure fair practices are in place and we utilise our Investor Relations firm, Weston Advisors to provide support and guidance when needed.

2. Network Relationships – We drive excellent relationships with our Affiliates and Members by listening and delivering. Investment in the continued development of our current technology platforms is an important and key objective. Our investment in intuitive industry technology drives market "ease of doing business," increases efficiency across the supply chain and supports our Preferred Partners, drives new user adoption and supports existing user retention. This investment will also attract new Affiliates to the ACS division with referrals and business activity increasing.

3. The Industry – We work closely with the Industry organisations. The Group is very active with Industry events and in fostering relationships with Industry bodies. With latest Industry feeds for products and pricing into our technology and excellent attendance and collaboration with our Affiliates and Members at industry produced events the essence of supporting and growing our network is back with great momentum, following the extended period of lockdown and hesitancy within the Industry during the pandemic.

4. Driving Growth – We are focused on driving growth and have put great focus on and continuous effort to protect our current business as well as scale and expand the business throughout both the industry and adjacent markets. In the financial year the Group continued to invest in ACS, this programme is expected to drive substantial growth into the future. Additionally, the Group successfully launched into the adjacent $10b collegiate services market with its Gear Shop program.

5. Act with Care – The Group has continued to support its suppliers, members and affiliates, especially those most impacted by COVID-19, making available specialized marketing collateral, providing reduced fees where applicable and accelerating and supporting the move to digital via relevant digital technology and marketing solutions.

6. Culture is Paramount – Our goal is to make Altitude Group and its divisions a great place to work, recognizing our people are the lifeblood of the business. In 2021 we launched the Diversity, Equity & Inclusion Council which drives forward the principles on how we build our teams, cultivate our leaders and create collaborative, innovative and inclusive environments throughout the Group, our network and industry as a whole.

7. Provide Support – Additionally, acknowledging the difficult global environment we are all working within today, the Group is launching a programme addressing stress and anxiety issues with forums to discuss coping skills and build mechanisms to assist the AIM team and community in managing stress and anxiety that many are experiencing since the onset of the global pandemic.

8. Reputational Excellence – Our reputation throughout the community and industry is always in focus. The Group has invested in the recruitment of a high-performing respected team whose perspectives, work ethic and objectives are aligned with the company. The Group has also supported non-profit endeavors both within the industry and in the community at large to continue to develop.

9. Sustainability – Our environmental footprint is low and we eliminate paper with our digital first approach. Our new working practices reduce travel and our carbon footprint.

The Group is committed to continuing to build upon the positive work we have initiated in the financial year.

The Strategic report is authorised by order of the Board.

Nichole Stella
Chief Executive Officer
27 July 2022

Governance

- The Board
- Directors' Report
- Independent Auditor's Report

The Board

David Smith

Non-executive Chairman 1,2

David brings extensive experience with technology-enabled, intermediated business to the Board. He is currently Chairman of Lockton Companies LLP, a US/global insurance broker, and a non-executive Director of Bupa Insurance Ltd and AIG UK Ltd. In his executive career, David served as Managing Director of personal and commercial lines business for Zurich Insurance plc, his final appointment being CEO of the UK General Insurance business in 2015. His early career was spent in sales, distribution, and marketing. David was also a non-executive Director and chairman of the UK insurance industry software and standards body, Polaris UK Ltd, for over 10 years. Since 2015, David has held further non-executive roles with AA Insurance Services Ltd and the Chartered Insurance Institute. He is a Chartered Engineer.

1 – Member of the Audit Committee
2 – Member of the Remuneration Committee

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.

Graham Feltham

Chief Financial Officer

Graham Feltham is an experienced public company CFO, and joins from AIM listed Newmark Security plc, where he was appointed CFO in 2019. Graham began his career at Ernst & Young, where he qualified as a Chartered Accountant in 2000. Subsequently, Graham worked at Belron International Ltd, the world's largest vehicle glass repair and replacement company. Following his time at Belron, Graham spent approximately five years at StatPro Group plc, an AIM listed Software development group, as European Financial Controller and Group Financial Controller, where he managed the external financial reporting and performance and analysis teams. Following StatPro, Graham spent over four years as Group Financial Controller of Safetykleen Group, a private equity owned group specialising in a recurring book of business in surface cleaners and with annual revenues of over £235 million. Graham played a key role in the sale of Safetykleen by Warbug Pincus to APAX Partners for £800 million in 2017. He joined Newmark Security from Safetykleen in 2019 where he raised finance, secured significant tax credits, restructured the finance team and delivered the strategic business plan for the Group.

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.

Peter Hallett

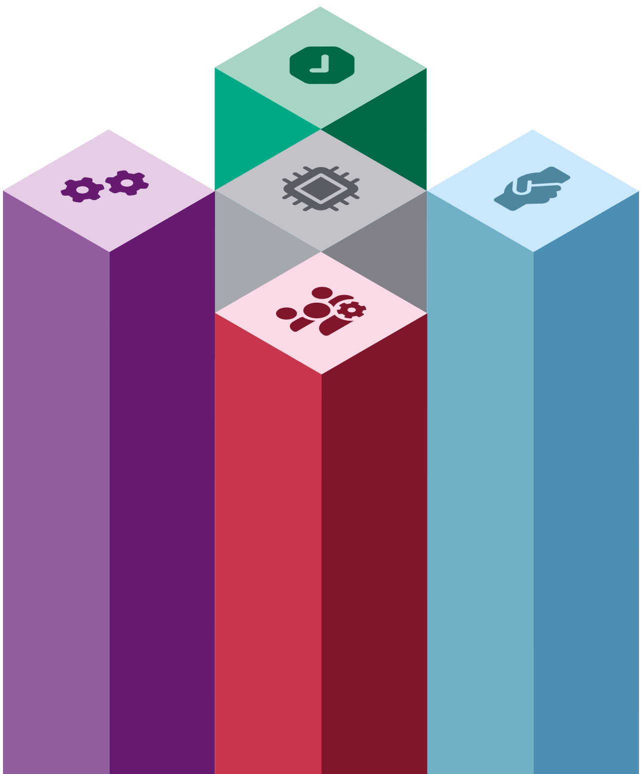
Non-executive Director 1,2

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 (formerly Redstone PLC), the AIM-quoted infrastructure and network managed services provider. In addition, Peter was previously finance Director of Texas Homecare and First Quench and was retained on many high-profile interim assignments in business turnaround situations. Peter chairs both the Audit and Remuneration Committees.

Martin Varley

Non-executive Director 2

Martin was responsible for the formation of Altitude in 2005 when he completed the MBI of Dowlis Corporate Solutions and served as Chief Executive from 2005 to 2017. Martin was a non-executive Director from June 2018 to April 2020. Martin re-joined the Board in February 2022. Prior to forming Altitude, Martin was the European Managing Director of 4imprint Group plc where he led the creation of the market leader in the promotional product space, with EU revenues in excess of $100 million and offices in London, Manchester, Hagen, Paris and Hong Kong. With over 25 years' experience in the promotional merchandise industry, Martin has extensive knowledge of the supply and distribution sectors of the market.



Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 March 2022.

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 April 2021 to the date of this report, unless indicated otherwise, are listed below:

- Nichole Stella
- Deborah Wilkinson
- Martin Varley
- Peter Hallett
- David Smith (appointed 24 November 2021)
- Graham Feltham (appointed 1 October 2021)
- Keith Edelman (resigned 26 November 2021)
- Graeme Couturier (resigned 1 October 2021)

The members of the Board Committees are set out on pages 24 and 25. Deborah Wilkinson and Martin Varley 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 2022 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, Graham Feltham, Deborah Wilkinson and Martin Varley each have service agreements dated 28 April 2015, 13 September 2017, 15 September 2021, 9 October 2018 and 18th February 2021 respectively, each of which is subject to a six-month rolling notice period.

David Smith is appointed for a three-year term from 26th November 2021, subject to a six-month notice period.

Substantial shareholders

The Company is informed that at as of 30 June 2022 the 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	11,268,677	15.91%
Mr Keith Willis	6,726,273	9.49%
Mr Simon Taylor	6,315,000	8.91%
Stonehage Fleming Family & Partners	4,318,585	6.10%
M J & M C Murphy	4,200,000	5.93%
Chelverton Asset Mgt	4,000,000	5.65%
Interactive Investor (EO)	3,710,513	5.24%
Hargreaves Lansdown Asset Mgt (EO)	3,305,596	4.67%
A J Bell Securities (EO)	2,573,204	3.63%
Halifax Share Dealing (EO)	2,458,342	3.47%
Charles Stanley	2,204,340	3.11%

The middle market price of the Company's ordinary shares on 31 March 2022 was 34.50p and the range from 1 April 2021 to 31 March 2022 was from 23.50p to 57.00p with an average price of 33.83p.

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 at 31 March 2022 and three executive members and three 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 David Smith 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, Martin Varley and David Smith and is chaired by Peter Hallett. 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.

Directors' Report
(continued...)

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 UK adopted International Accounting Standards and the company financial statements in accordance with FRS101 within United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 of the Group and Company and the profit or loss of the Group 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.

Directors' Report
(continued...)

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.

Although the outlook is improved from prior years the current economic conditions caused as a result of COVID-19 restrictions being eased have caused subsequent supply chain challenges in meeting increased Global demand. Combining with the increase in Global demand the Russian invasion of Ukraine has increased pressure on energy prices. The impact on the Industry is uncertain with Corporate costs increasing putting pressure on budgets and therefore marketing spend versus the increase in demand and revival of the Industry and Corporate activity post Pandemic. The Board is cautiously approaching the next months while keeping focus on growth and retaining options to flex spends accordingly.

The Board is confident that the Group has sufficient liquidity to trade through to more normalised 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 summarised below:

- The Directors have prepared cash flow forecasts extending to September 2023. The cash flow forecasts include a mid-scenario and sensitised high/low cases.
- The low scenario assumes reductions in revenue of c10% compared to the mid-scenario. The high scenario assumed increases of c20% based on pipeline opportunities.
- The forecasts assume regular collections and payments in line with the now normalised conditions experienced. The Group has caught up any delayed payments and Government support initiatives available and has a financing facility in place to support cash cycle throughout the year.
- 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
  - securing new working capital facilities in respect of any growth of AIM Capital Solutions business outside of the sensitised forecast.
- 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.

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

Research and development

The Group expended £1,160,000 (2021: £744,000) during the period on research and development of which £788,000 (2021: 659,000) was capitalised. During the year management reviewed the process for measuring development time and captured the elements of maintenance work carried out by the development team which arrives at a higher delta between expenditure and capitalised costs.

Revenue recognition

Over the past 18 months significant investment in our technology and the evolution of contracting with our ACS Merchanting Affiliates along with enforcement of contractual terms has prompted the Directors to re-evaluate the application of IFRS 15. The Directors' have concluded it is appropriate to recognise the sale of promotional products, with the related costs of goods supplied, freight and affiliates selling commission recognised as the cost of goods sold. The application of this treatment is applicable from 1 April 2021. The Directors believe this represents the substance of the transaction and the real steps forward the Group has made in technology and fostering strong relationships with it's Partners and Affiliates.

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 16 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.

Directors' Report
(continued...)

The ratio, expressed in days, between the amount invoiced to the Group by its trade suppliers during the period to 31 March 2022 and the amount owed to its trade creditors at 31 March 2022 was 28 days (2021: 61 days) reflecting the ACS revenue recognition which is in alignment with the recognition of creditors.

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

Crowe U.K. 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

The Annual General Meeting will be held at will be held at the offices of Zeus, 10 Burlington St, London, W1S 3AG on 15 September 2022 at 11 a.m. and your attention is drawn to the notice of meeting set out on page 83.

By Order of the Board

Graham Feltham
27 July 2022

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

Opinion

We have audited the financial statements of Altitude Group Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 March 2022, which comprise:

- the Group statement of comprehensive income for the year ended 31 March 2022;
- the Group and Parent Company statement of changes in equity for the year then ended;
- the Group and Parent Company balance sheet as at 31 March 2022;
- the Group statement of cash flows for the year then ended; and
- the 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 financial statements is applicable law and UK adopted International Accounting Standards. 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 2022 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the budgeting and forecasting process followed by management, including performing a retrospective review to understand whether an indication of management bias exists;
- Obtaining Group's cash flow forecast covering the going concern period, and management's assessment of the going concern basis formed after a detailed review of the current economic conditions;
- Reviewing the mathematical accuracy of the model;
- Discussing the cash flow forecast with management and challenging key assumptions;
- Considering the appropriateness of disclosure made in respect of going concern.

Independent Auditor's Report to the Members of Altitude Group plc (continued...)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £118,000 (2021: £96,000), benchmark based on 1% (2021: 1%) of turnover. Materiality for the Parent Company financial statements as a whole was set at £30,000 (2021: £56,000) benchmark based on 4% (2021: 8%) of Profit before tax.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £82,600 (2021: £67,200) for the Group and £21,000 (2021: £39,200) for the Parent Company.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £5,900 (2021: £3,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Altitude Group plc is located in the United Kingdom. Our audit was conducted remotely. The operations of its subsidiaries, AIM Smarter Limited, Customer Focus Exhibitions Limited and Customer Focus Interactive Imaging Limited are located in the UK. The operations of its subsidiaries, Altitude Group Inc, AIM Smarter LLC, AIM Capital LLC and University Gear Shop LLC are in the United States. We conducted specific audit procedures in relation to these entities. Analytical reviews over the remaining subsidiaries, Boxcam Limited, Promoserve Business Systems Limited, The Advertising Products Group Limited and Trade Only Technology Services were performed.

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 which 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.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue Recognition Refer to page 31 (directors' report), page 40, (Consolidated Statement of Comprehensive Income), pages 44-74 (Notes to the Consolidated Financial Statements – Note 1 Accounting policies), Note 2, pages 53-56, (financial disclosures). Revenue is recognized in accordance with the accounting policy set out in the financial statements. We focus on the risk of material misstatement in the recognition of revenue as a result of both fraud and error, because revenue is material and is an important determinant of the group's profitability, which has a consequent impact on its share price performance. We focus on change in the business model during the current year from acting as an agent in the previous year whereas principal in the current year.	• Our work focused on assessing that revenue accounting policies were compliant with IFRS and validating that revenue is recognised in accordance with the accounting policies and that cut off was correctly applied through testing. • We validated a sample of revenue items to confirm revenue was being recognised in line with IFRS ensuring the goods were delivered within the period. In addition, we have validated samples of revenue items with cash received in Bank accounts. • We have assessed the adequacy of the Group's disclosures related to revenue. • We validated the change in the business model during the current year with the underlying documents with resulted in a change in line with IFRS ensuring the entity is acting as principal.

Independent Auditor's Report to the Members of Altitude Group plc (continued...)

Key audit matter	How the scope of our audit addressed the key audit matter
Carrying value of goodwill and other intangible assets Refer to page 26 (directors' report), page 42 (Consolidated balance sheet) , pages 44-52 (Notes to the Consolidated Financial Statements – Note 1 Accounting policies), Note 10, pages 65-66 (financial disclosures). The carrying value of goodwill and other intangible assets at 31 March 2022 was £5.3 million. The Group's intangible assets comprise of goodwill arising on acquisition of subsidiaries, customer relationships and software developments. When assessing the carrying value of goodwill and intangible assets, management makes judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these. We considered the risk that goodwill and/or other intangible assets were impaired. The key judgements are in relation to growth and profitability. Changes in these factors could result in an impairment to the carrying value of the goodwill and intangible assets.	• We evaluated, in comparison to the requirements set out in IAS 36, management's assessment (using discounted cash flow models) as to whether goodwill and/or other intangible assets were impaired. We reviewed, challenged and considered management's impairment and fair value models as appropriate and their key estimates, including the discount rate. We reviewed the appropriateness and consistency of the process for making such estimates. We have also reviewed the constitution of CGU's identified by the management. • We obtained management's discounted cash flow models supporting the intangible asset valuation. We challenged the key assumptions into the model, including the forecast revenue and gross margin, discount rates and growth rates. We compared cash flow forecasts used in the impairment review to historical performance and forecasts used in the assessment of going concern, and challenged where forecasts indicated performance that deviated significantly from historical performance, in the absence of significant changes in the business or market environment. • Discount rates and growth rates were benchmarked to our knowledge of sector performance, to evaluate the reasonableness of these assumptions. Sensitivity analysis was performed on the key assumptions such as growth, margin and discount rates to identify those assumptions to which the goodwill or intangible asset valuation was highly sensitive.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 by exception

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where 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 the Directors for the financial statements

As explained more fully in the directors' responsibilities statement 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below however the primary responsibility for the prevention and detection of fraud lies with management and those charged with governance of the company.

Independent Auditor's Report to the Members of Altitude Group plc (continued...)

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation in the countries in which the group operates.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these .risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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.

Leo Malkin (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
27 July 2022

Financial Statements

Group revenues

£11.9m

54.9% (2021: £7.7 million)

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2022

	Notes	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Revenue			
– continuing	2	11,936	7,707
Cost of sales		(5,786)	(2,131)
Gross profit:		**6,150**	**5,576**
Administrative expenses before share-based payment charges, depreciation, amortisation, and exceptional charges		(5,083)	(5,015)
Operating profit before share-based payment charges, depreciation, amortisation, and exceptional charges		**1,067**	**561**
Share-based payment credits/ (charges)	5	127	(544)
Depreciation and Amortisation	9,10	(1,044)	(1,228)
Exceptional charges	3	(234)	(39)
Total administrative expenses		(6,234)	(6,826)
Operating loss		**(84)**	**(1,250)**
Finance charges		(73)	(73)
Loss before taxation		**(157)**	**(1,323)**
Taxation	7	254	230
Profit/(loss) attributable to continuing operations		**97**	**(1,093)**
Loss on discontinued operation		–	(133)
Profit/(loss) attributable to the equity shareholders of the Company		**97**	**(1,226)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
• Foreign exchange differences		302	(691)
Total comprehensive income / (loss) for the year		**399**	**(1,917)**
Earnings per ordinary share attributable to the equity shareholders of the Company:			
— Basic (pence) – Continuing operations	8	0.14p	(1.56p)
— Basic (pence) – Discontinued operations	8	–	(0.19p)

Consolidated Statement of Changes in Equity

for the year ended 31 March 2022

Group	Share capital £'000	Share premium £'000	Retained losses £'000	Foreign exchange translation reserve £'000	Total equity £'000
At 31 March 2020	**277**	**20,080**	**(11,250)**	**(21)**	**9,086**
Loss for the period	–	–	(1,226)	–	(1,226)
Foreign exchange differences	–	–	–	(691)	(691)
Total comprehensive loss	**–**	**–**	**(1,226)**	**(691)**	**(1,917)**
Transactions with owners recorded directly in equity					
Share-based payment charge	–	–	544	–	544
Shares issued for cash	5	71	–	–	76
Total transactions with owners	**5**	**71**	**544**	**–**	**620**
At 31 March 2021	**282**	**20,151**	**(11,932)**	**(712)**	**7,789**
Profit for the period	–	–	97	–	97
Foreign exchange differences	–	–	–	302	302
Total comprehensive income	**–**	**–**	**97**	**302**	**399**
Transactions with owners recorded directly in equity					
Share-based payment credit	–	–	(127)	–	(127)
Shares issued for cash	1	43	–	–	44
Total transactions with owners	**1**	**43**	**(127)**	**–**	**(83)**
At 31 March 2022	**283**	**20,194**	**(11,962)**	**(410)**	**8,105**

Consolidated Balance Sheet

as at 31 March 2022

	Notes	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Non-current assets			
Goodwill	10	2,781	2,668
Intangible assets	10	2,477	2,462
Property, plant and equipment	9	139	114
Right of use assets	9	606	736
Deferred tax assets	14	436	419
Total non-current assets		**6,439**	**6,399**
Current assets			
Inventory		29	-
Trade and other receivables	11	3,875	2,378
Corporation Tax Receivable		42	220
Cash and cash equivalents	12	902	2,095
Total current assets		**4,848**	**4,693**
Total assets		**11,287**	**11,092**
Liabilities			
Current liabilities			
Trade and other payables	13	(2,282)	(2,390)
		(2,282)	**(2,390)**
Net current assets		**2,566**	**2,303**
Non-current liabilities			
Deferred tax liabilities	14	(364)	(382)
Lease liabilities	22	(536)	(531)
		(900)	(913)
Total liabilities		**(3,182)**	**(3,303)**
Net assets		**8,105**	**7,789**
Equity attributable to equity holders of the Company			
Called up share capital	15	283	282
Share premium account		20,194	20,151
Retained losses and foreign exchange		(12,372)	(12,644)
Total equity		**8,105**	**7,789**

The consolidated financial statements on pages 40 to 82 were authorised for issue by the Board of Directors on 27 July 2022 and signed on its behalf by:

Graham Feltham
Chief Financial Officer
Registered number: 05193579

Consolidated Cash Flow Statement

for the year ended 31 March 2022

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Operating loss – Continuing operations	(84)	(1,250)
Operating loss – Discontinued operations	–	(133)
Amortisation of intangible assets	845	1,032
Depreciation	199	196
Share-based payment charges	(127)	544
Exceptional items	234	39
Operating cash flow before changes in working capital	**1,067**	**428**
Movement in inventory	(29)	–
Movement in trade and other receivables	(1,398)	710
Movement in trade and other payables	(101)	(707)
Changes in working capital	**(1,528)**	**3**
Net cash flow from operating activities before exceptional items	**(461)**	**431**
Exceptional items	(179)	(39)
Net cash flow from operating activities after exceptional items	**(640)**	**392**
Income tax received	413	11
Net cash flow from operating activities	**(227)**	**403**
Cash flows from investing activities		
(Purchase)/ proceeds of tangible assets	(64)	21
Purchase of intangible assets	(788)	(659)
Proceeds of disposal of trade and assets	–	300
Net cash flow from investing activities	**(852)**	**(338)**
Cash flows from financing activities		
Repayment of lease borrowings	(135)	(73)
Lease interest paid	(52)	(10)
Other interest paid	(21)	–
Issue of shares for cash (net of expenses)	44	76
Net cash flow from financing activities	**(164)**	**(7)**
Net increase/(decrease) in cash and cash equivalents	**(1,243)**	**58**
Cash and cash equivalents at the beginning of the period	**2,095**	**2,350**
Effect of foreign exchange rate changes on cash and cash equivalents	50	(313)
Net (decrease)/increase in cash and cash equivalents	(1,243)	58
Cash and cash equivalents at the end of the period	**902**	**2,095**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2022

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 year ended 31 March 2022 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 UK adopted International Accounting Standards. The Company financial statements have been prepared under FRS 101.

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 sources of information. 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.

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

New standards impacting the Group that have not been adopted in the annual financial statements for the year ended 31 March 2022 are:

- COVID-19-Related Rent Concessions (Amendments to IFRS 16).
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant & Equipment – Proceeds before intended use (Amendments to IAS 16)
- Onerous Contracts – Cost of fulfilling a contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, will be reviewed for their impact on the financial statements prior to their initial application.

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.

Although the outlook has improved from prior years the current economic conditions caused as a result of COVID-19 restrictions being eased have resulted in supply chain challenges in meeting the subsequent increase in Global demand. Combining with the increase in Global demand, the Russian invasion of Ukraine has increased pressure on energy prices. The resultant impact on the Industry is uncertain with Corporate costs increasing putting pressure on budgets and therefore marketing spend countering the increase in demand and revival of the Industry and Corporate activity post Pandemic. The Board is approaching the immediate future with caution, keeping focussed on growth and reviewing options to flex spends accordingly.

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 their belief that the going concern basis of preparation remains appropriate. The key factors are summarized below:

- The Directors have prepared cash flow forecasts extending to September 2023. The cash flow forecasts include a mid-scenario and sensitized high/low cases
- The low scenario assumes reductions in revenue of c10% compared to the mid-scenario. The high scenario assumed increases of c20% based on pipeline opportunities
- The forecasts assume regular collections and payments in line with the now normalised conditions experienced. The Group has caught up any delayed payments and Government support initiatives available and has a financing facility in place to support cash cycle throughout the year
- 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/flex programmes in respect of headcount and organisation
  - securing additional working capital facilities in respect of any growth of AIM Capital Solutions business outside of the sensitised forecast
- 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 adverse impact on the business

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

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 period. 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

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

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.

Customer relationship intangible assets comprise only the intangible assets recognised upon the acquisition of the trade and assets of AI Mastermind LLC in January 2019. These are being amortised over 13 years as per the Purchase Price Allocation report prepared by Mazars LLP.

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.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

Impairment
The carrying amounts of the Group's non-financial assets are reviewed at each reporting 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, financial assets 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:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- 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 accrued or deferred income. Amounts included in accrued and deferred income due within one year are expected to be recognised within one year and are included within current assets and current liabilities respectively.

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

Services Revenue
Includes a range of member and member-related revenues as well as legacy software license revenue.

Member subscription revenues
AIM distributor members pay a monthly subscription fee for basic membership which confers immediate access to a range of commercial benefits at no additional cost to the member. Members may elect to upgrade their membership to access a range of enhanced services provided by AIM in exchange for an increased monthly subscription fee. Subscription revenues are recognised 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 processing services, catalogues and merchandise boxes. These revenues are recognised upon performance of the service or delivery of the product. For example, catalogue and merchandise box revenues are recognised on dispatch of the products to members.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

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, typically on completion of an event or exhibition.

Preferred Partner revenues
AIM provides services to vendors within the promotional products industry whereby preferred partners are actively promoted to AIM members via a variety of methods including utilising the AIM technology platform, webinars, email communications and quarterly publications.

Revenues are variable and depend on the value of purchases made and services utilised by the AIM members from preferred partners. Revenue is recognised over time by reference to the value of transactions in the period. Payment for AIM's marketing services is made by preferred partner customers on a calendar quarter or annual basis. Revenue is recognised to the extent that it is highly probable that it will not reverse based on historic fact pattern and latest market information.

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.

Merchanting revenues
Merchanting revenues arise when group companies contract with customers to supply promotional products. By far the most significant operation that carries out merchanting is within ACS. Over the past 18 months significant investment in our technology and the evolution of contracting with our affiliates along with enforcement of contractual terms has prompted the Directors to re-evaluate the application of IFRS 15. Under the terms of the ACS contract the AIM member affiliates act as independent sales representatives of ACS to secure sales with customers. The contracts have evolved since the inception of ACS along with enforcement, monitoring and control over the substance of the contracts. All transactions are mandatorily processed through the AIM technology platform and utilise ACS people and know-how to efficiently operate the full end to end process.

ACS bears the risk of the transaction as Principal, provisioning of orders and contracting with the customer, determining the transaction price, provision of fulfilment and supplier contracts and pricing, performing credit control and processing payments. The sale of the promotional products, with the related costs of goods supplied, freight and AIM affiliates selling commission recognised as the cost of goods sold. The revenue is recognised on the shipment of the goods from the supplier and as notified by the supplier invoice which are raised following shipment. The Directors accept that the technical transfer of risks and rewards to the customer occur on delivery of the goods which are usually delivered within 2-5 days of shipment. The Directors use a proxy of the shipment date as the trigger for recognising revenue.

The Group also sources products directly through its network of preferred partners, which it sells to AIM members and adjacent markets, where such sales do not conflict with the interest of either suppliers or the AIM membership. The Group Buy scheme falls under Merchanting and is a facility that supported the sales of Personal Protective Equipment in the prior year.

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.

As the Group evolves and operates in geographically consistent operating models an additional analysis presenting 'Service' and 'Merchanting' is shown. Service revenues are derived from servicing our AIM membership base and generating throughput with our contracted Preferred Partners. Merchanting revenues are when the Group acts as principal in the sale of promotional products.

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. The activities undertaken in each segment are 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
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.

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.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

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 recognised in other comprehensive income and items recognized directly in equity, in which case it is recognised 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.

Preferred Partner 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 services provided to the Partners as mentioned above and are based on 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.

The Group monitors the level of purchase activity across its members by maintaining close relationships with its preferred partner network. The preferred partners submit regular reports detailing the transactions of throughput and any necessary adjustments. The Supplier Relations team review the reports against our contractual arrangements with our preferred partners. Revenues are variable and depend on the value of purchases made by the AIM members from preferred partners. Revenue is recognised over time for the services provided by reference to the value of transactions in the period.

Payment for such services is made by customers on a calendar quarter, semi-annual or annual basis. Estimates are made with reference to the fact pattern of cash receipts and returns made by our supplier network and industry intel. True ups are made to projections throughout the year as the cash is receipted and the fact pattern is updated. Management make more prudent estimates for longer term projections when reviewing calendar annual contracts and estimating the final fiscal quarter when macro-economic fluctuations may impact industry activity and performance.

Key judgements

Intangible assets

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.

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.

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 recognised.

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 2022, the Group has two operating segments, North America, and the United Kingdom along with a Central segment. The Group further analysis performance to Gross Profit by presenting 'Service' and 'Merchanting' as shown. Service revenues are derived from servicing our AIM membership base and generating throughput with our contracted Preferred Partners. Merchanting revenues are sales of promotional products where the Group acts as principal in the underlying transaction.

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 2022 and capital expenditure for the period then ended are as follows.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

	Year ended 31 March 2022 £'000	Year ended 31 March 2022 £'000	Year ended 31 March 2022 £'000	Year ended 31 March 2022 £'000
	North America	UK and Europe	Central	Group
Turnover				
Services	5,139	1,169	–	6,308
Merchanting	5,628	–	–	5,628
Total	**10,767**	**1,169**	**-**	**11,936**
Cost of Sales				
Services	(518)	(40)	–	(558)
Merchanting	(5,228)	–	–	(5,228)
Total	**(5,746)**	**(40)**	**-**	**(5,786)**
Gross Profit				
Services	4,621	1,129	–	5,750
Merchanting	400	–	–	400
Total	**5,021**	**1,129**	**-**	**6,150**
Operating Profit/(Loss) before share-based payment charges, depreciation, amortisation, and exceptional charges	1,623	286	(842)	1,067
Share-based payment charges	–	–	127	127
Depreciation	(142)	(57)	–	(199)
Amortisation	(156)	(689)	–	(845)
Management fees	(1,495)	581	914	–
Exceptional charges	(91)	–	(143)	(234)
Finance charges	(41)	(32)	–	(73)
Segmental profit before income tax	**(302)**	**89**	**56**	**(157)**
Assets*	8,745	1,715	827	11,287
Liabilities*	(1,689)	(619)	(874)	(3,182)
Net Assets	**7,056**	**1,096**	**(47)**	**8,105**

*external balances disclosed for segmental purposes

Capital expenditure				
Intangible assets	–	(788)	–	(788)
Property, plant and equipment	(51)	(13)	–	(64)
Right of use assets	–	–	–	–
Capital Expenditure	**(51)**	**(801)**	**-**	**(852)**

	Year ended 31 March 2022 £'000	Year ended 31 March 2022 £'000	Year ended 31 March 2022 £'000	Year ended 31 March 2022 £'000
	North America	**UK and Europe**	**Central**	**Group**
Timing of Revenue Recognition				
At a point in time	5,984	47	–	6,031
Over time	4,783	1,122	–	5,905
Total Revenue	**10,767**	**1,169**	**-**	**11,936**

	Year ended 31 March 2021 £'000	Year ended 31 March 2021 £'000	Year ended 31 March 2021 £'000	Year ended 31 March 2021 £'000
	North America	**UK and Europe**	**Central**	**Group**
Turnover				
Services	4,192	1,184	–	5,376
Merchanting	2,331	–	–	2,331
Total	**6,523**	**1,184**	**-**	**7,707**
Cost of Sales				
Services	(462)	(51)	–	(513)
Merchanting	(1,619)	–	–	(1,619)
Total	**(2,081)**	**(51)**	**-**	**(2,132)**
Gross Profit				
Services	3,730	1,133	–	4,863
Merchanting	712	–	–	712
Total	**4,442**	**1,133**	**-**	**5,575**
Operating Profit/(Loss) before share-based payment charges, depreciation, amortisation, and exceptional charges	1,035	241	(715)	561
Share-based payment charges	–	–	(544)	(544)
Depreciation	(139)	(57)	–	(196)
Amortisation	(167)	(865)	–	(1,032)
Exceptional charges	(39)	–	–	(39)
Finance charges	(57)	(16)	–	(73)
Segmental profit before income tax	**633**	**(697)**	**(1,259)**	**(1,323)**
Assets*	8,342	1,470	1,280	11,092
Liabilities*	(1,487)	(798)	(1,018)	(3,303)
Net Assets	**6,855**	**672**	**262**	**7,789**

*external balances disclosed for segmental purposes

Capital expenditure				
Intangible assets	–	(659)	–	(659)
Property, plant and equipment	–	21	–	21
Right of use assets	–	–	–	–
Capital Expenditure	**-**	**(638)**	**-**	**(638)**

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

	Year ended 31 March 2021 £'000	Year ended 31 March 2021 £'000	Year ended 31 March 2021 £'000	Year ended 31 March 2021 £'000
	North America	UK and Europe	Central	Group
Timing of Revenue Recognition				
At a point in time	2,755	154	-	2,908
Over time	3,768	1,031	-	4,799
Total Revenue	**6,523**	**1,184**	**-**	**7,707**

3. Exceptional charges

Analysis of exceptional items:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Legal, professional and consultancy costs	168	39
Other exceptional costs	66	-
	234	**39**

Exceptional charges principally relate to, finance transformation being the recruitment of a new CFO and business modelling, the one-off costs relating to the change of our corporate broker and NOMAD and the write-off of a bad debt (2021: relates to legal costs). Other exceptional costs in the year principally relate to a bad-debt write-off.

4. Employees

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Employee costs:		
Wages and salaries	3,644	3,601
Social security costs	332	309
Other pension costs	99	89
	4,075	**3,999**
Average number of employees (including Directors) during the year:	84	78

Employee costs are stated net of £0.5m of US Employee Retention Scheme (2021: £0.4m of Paycheck Protection funding), which has been offset against payroll expenditure in accordance with IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance.

Directors' remuneration and interests

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

		Gross Salary £'000	Benefits in kind & incentives £'000	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
David Smith	Non-executive Chairman	21	-	21	-
Peter Hallett	Non-executive	45	6	51	43
Martin Varley	Non-executive	46	-	46	1
Nichole Stella	Executive	242	60	302	242
Graham Feltham	Executive	74	1	75	-
Deborah Wilkinson	Executive	106	-	106	107
		534	**67**	**601**	**393**

The beneficial interests of Directors in the ordinary shares of 0.4p each as at 31 March 2022 and 31 March 2021 were as follows:

	Year ended 31 March 2022 Number	Year ended 31 March 2021 Number
David Smith	183,187	-
Peter Hallett	1,293,196	1,243,196
Nichole Stella	822,941	805,441
Graham Feltham	57,870	-
Deborah Wilkinson	532,200	532,200
Martin Varley	11,268,677	11,112,777
	14,158,071	**13,693,614**

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

There are no contracts between the Company and its subsidiary undertakings and any of the Directors.

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

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

Directors' share options

	Type	Number of share options 2021	Granted in period	Lapsed in period	Number of share options 2022
06 June 2018					
Nichole Stella	Unapproved	666,667		(500,000)	166,667
26 June 2019					
Deborah Wilkinson	EMI	238,095			238,095
Deborah Wilkinson	Unapproved	321,905			321,905
11 March 2021					
Nichole Stella	Unapproved	1,000,000			1,000,000
Deborah Wilkinson	Unapproved	250,000			250,000
28 March 2022					
Graham Feltham	Unapproved	–	444,444		444,444

The aggregate of realised gains on exercise of share options in the period was £nil (2021: £147,000). 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:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
David Smith	–	–
Peter Hallett	1	3
Nichole Stella	7	7
Graham Feltham	2	–
Deborah Wilkinson	3	7
Martin Varley	1	–
	14	**17**

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
28 March 2022 1	EMI	1	444,444	0.00	28 March 2027

1 These EMI share options relate to continued-service only. No options will be exercisable prior to the third anniversary of the date of grant. The options shall lapse on the fifth anniversary of the Grant date, assuming they are not exercised before then and no event occurs to cause it to lapse under the rules.

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

	Weighted average exercise price 2022 (p)	Number of options 2022 No	Weighted average exercise price 2021 (p)	Number of options 2021 No
Outstanding at start of period	**31.63**	**6,398,564**	**50.30**	**4,229,653**
Granted during the period	Nil	444,444	Nil	3,400,000
Exercised	22.00	(213,896)	6.49	(1,171,089)
Forfeited during the period	41.82	(2,329,667)	46.00	(60,000)
Outstanding at end of the period	**17.29**	**4,299,445**	**31.63**	**6,398,564**
Exercisable at end of the period	27.36	300,000	53.29	1,459,163

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.

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).

	March 2022 Unapproved Options
Fair value of the option at measurement date (pence)	31.50
Share price at grant date (pence)	31.50
Exercise price (pence)	Nil
Average option life (year)	5
Expected dividend (%)	0%

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

Share Warrants

The Group did not issue any warrants during the period.

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

	Weighted average exercise price 2022 (p)	Number of options 2022 No	Weighted average exercise price 2021 (p)	Number of options 2021 No
Outstanding at start of period	**91.00**	**2,257,778**	**90.91**	**2,480,000**
Granted during the period	–	–	–	–
Forfeited during the period	97.00	(450,000)	90.00	(222,222)
Outstanding at end of the period	**89.50**	**1,807,778**	**91.00**	**2,257,778**
Exercisable at end of the period	89.25	797,778	–	nil

Charge to the Consolidated Statement of Comprehensive Income

The charge to the consolidated statement of comprehensive income comprises:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Issue of share options	(181)	458
Forfeit of warrants	54	85
Total (credit) / charge	**(127)**	**543**

The credit in the year is driven from the reversal of the charge from forfeited shares due to ceased employment. The charge is not reversed if the performance conditions are not met.

6. Operating loss

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	47	38
Depreciation of right of use assets	152	112
Amortisation of intangible assets	845	1,050
Research and development expenditure expensed as incurred	372	92
Loss/(profit) on currency translation	122	(150)
Auditors' remuneration:		
Audit of the Company's annual financial statements	50	50
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	35	35
Other services relating to taxation	8	26
All other assurance services	4	4

7. Taxation

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Corporation tax	218	193
Deferred tax origination and reversal of timing differences	36	37
Total tax in consolidated statement of income	**254**	**230**

Reconciliation of effective tax rate

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Profit/(loss) before tax for the period	(157)	(1,456)
Tax using the UK corporation tax rate of 19% (2021: 19%)	(30)	(277)
Non-deductible expenses	(42)	10
Deferred taxation asset arising but not reflected	30	267
Research and development tax credit	153	193
Deferred tax origination and reversal of timing differences	–	37
Adjustment relating to tax in a prior period	143	–
Total tax credit	**254**	**230**

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

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:

	Year ended 31 March 2022	Year ended 31 March 2021
Profit / (loss) attributable to the equity shareholders of the Company:		
Continuing operations (£000)	97	(1,093)
Discontinued operations (£000)	–	(133)
Weighted average number of shares (number '000)	70,657	69,897
Basic and diluted profit / (loss) per ordinary share (pence)		
Continuing operations	0.14	(1.56)
Discontinued operations	–	(0.19)
Adjusted profit / (loss) per ordinary share (pence) on continuing operations		
Continuing operations (£000)	97	(1,093)
add back:		
Share based payments	(127)	544
Depreciation and amortisation	1,044	1,228
Exceptional charges	234	39
Adjusted earnings	**1,248**	**718**
Adjusted basic and diluted earnings per ordinary share (pence) on continuing operations	1.77	1.03

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 has an immaterial impact for the current period and was anti-dilutive for the previous year.

9. Tangible non-current assets

Property, plant, and equipment

Cost	Total £'000
At 1 April 2020	**935**
Disposals	(21)
Exchange adjustments	(30)
At 31 March 2021	**884**
Additions	64
Disposals	(311)
Exchange adjustments	15
At 31 March 2022	**652**
Accumulated depreciation	
At 1 April 2020	**(746)**
Charge for the period	(38)
Exchange adjustments	15
At 31 March 2021	**(769)**
Charge for the period	(47)
Disposals	311
Exchange adjustments	(8)
At 31 March 2022	**(513)**
Net book value at 31 March 2021	115
Net book value at 31 March 2022	**139**

Additions in 2022 predominantly relate to fixtures and fittings. The disposals relate to a review of the asset registers resulting in the adjustments shown above.

There were no additions in 2021. The disposals in 2021 related to consolidating premises to one.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

Right of use assets

The Group's right of use assets comprises leased office space in Sheffield and Philadelphia.

Cost	Total £'000
At 1 April 2020	**1,090**
Disposals	(45)
Exchange adjustments	(78)
At 31 March 2021	**967**
Additions	–
Disposals	–
Exchange adjustments	35
At 31 March 2022	**1,002**
Accumulated depreciation	
At 1 April 2020	**(132)**
Charge for the period	(157)
Disposals	45
Exchange adjustments	13
At 31 March 2021	**(231)**
Charge for the period	(152)
Disposals	–
Exchange adjustments	(13)
At 31 March 2022	**(396)**
Net book value	
At 31 March 2021	736
At 31 March 2022	**606**

The disposals in 2021 related to consolidating premises to one.

10. Intangible assets

Cost	Customer related intangibles £'000	Intellectual property – internally generated £'000	Total £'000
At 1 April 2020	**2,711**	**3,927**	**6,638**
Additions	–	659	659
At 31 March 2021	**2,711**	**4,586**	**7,297**
Additions	–	788	788
At 31 March 2022	**2,711**	**5,374**	**8,085**
Amortisation			
At 1 April 2020	**(996)**	**(2,828)**	**(3,824)**
Charge for the period	(146)	(712)	(858)
Currency translation differences	(153)	–	(153)
At 31 March 2021	**(1,295)**	**(3,540)**	**(4,835)**
Charge for the period	(134)	(711)	(845)
Disposals	–		–
Exchange adjustments	65	7	72
At 31 March 2022	**(1,364)**	**(4,244)**	**(5,608)**
Net book value at 31 March 2021	1,416	1,046	2,462
Net book value at 31 March 2022	**1,347**	**1,130**	**2,477**

Amortisation charges are included within administrative costs.

Cost	Goodwill £'000
At 1 April 2020	**3,462**
At 31 March 2021	**3,462**
At 31 March 2022	**3,462**
Impairment	
At 1 April 2020	**(354)**
Impairment for the period	(192)
Exchange adjustments	(248)
At 31 March 2021	**(794)**
Impairment for the period	–
Exchange adjustments	113
At 31 March 2022	**(681)**
Net book value at 31 March 2021	2,668
Net book value at 31 March 2022	**2,781**

Impairment charges are included within administrative costs.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

Goodwill has arisen as follows:

	2022 £'000	2021 £'000
Goodwill		
Promoserve Business Systems	79	79
Trade Only/Technologo	918	918
AIM Smarter	2,296	2,296
Net book values	**3,293**	**3,293**

Goodwill is allocated across 2 cash generating units ("CGU") being the US and the UK. Central costs are allocated across the CGUs. The carrying values of goodwill are allocated to each cash generating unit and compared to their value in use. The value in use is determined using discounted cash flows over the next 2 years from the Board approved Group's forecast model which supports the market expectation of the Group's performance, with the addition of a terminal value representing the expected cash flows in perpetuity.

The discount rate applied was 14.2% (2021: 18.5%), which the Directors deem to be a market adjusted pre-tax weighted average cost of capital. Sensitivity analysis was applied to the discount rate used (+/- 5%). These scenarios indicated no impairment of any of the intangible assets

These calculations are not sensitive to what the Directors would consider to be reasonably foreseeable changes in the underlying assumptions.

Management are of the opinion that the carrying value of the Group's intangible assets is consistent with the Group's forecasts and supported by our business targets and expectations and that no impairment is required at 31 March 2022.

The cumulative impairment charge recognised to date is £546,000 (2021: £546,000)

A list of investments in subsidiaries, including name, country of incorporation and proportion of ownership interest is given in note 27 to the Company's separate financial statements. All of these subsidiaries are included in the consolidated results.

11. Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables net of impairment of £45,000 (2021: £95,000)	797	496
Accrued income	2,641	1,655
Prepayments and other debtors	437	227
Total	**3,875**	**2,378**

Trade receivables denominated in currencies other than sterling comprise £669,000 (2021: £541,000) of trade receivables denominated in US dollars. The fair values of trade and other receivables are the same as their book values.

Accrued income is primarily comprised of Preferred Partner Service fees of £2.15million (2021: £777,000) outstanding for the December remittances for annual and semi-annual contracts and the accrual for the first calendar quarter. Also, within accrued income is an AIM Capital revenue accrual of £476,000 (2021: £863,000) in respect of payments made to suppliers for promotional products where the customer has not yet been invoiced and the goods have been dispatched.

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 which are not impaired is as follows:

	2022 £'000	2021 £'000
Not overdue	329	91
Under 30 days overdue	306	190
Over 30 days but under 60 days overdue	119	58
Over 60 days overdue	43	157
Total	**797**	**496**

Reconciliation of movement in loss allowance:

	Expected credit loss rate £'000	Gross carrying amount £'000	Lifetime expected credit loss £'000
31 March 2022			
Not overdue	4.3%	345	15
Under 30 days overdue	6.4%	327	21
Over 30 days but under 60 days overdue	4.8%	124	6
Over 60 days overdue	6.6%	46	3
Total Lifetime expected credit loss		**842**	**45**

	Expected credit loss rate £'000	Gross carrying amount £'000	Lifetime expected credit loss £'000
31 March 2021			
Not overdue	14.6%	108	16
Under 30 days overdue	20.5%	239	49
Over 30 days but under 60 days overdue	22.4%	74	17
Over 60 days overdue	7.7%	170	13
Total Lifetime expected credit loss		**591**	**95**

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

12. Cash and cash equivalents

	2022 £'000	2021 £'000
Cash and cash equivalents	902	2,095

Cash and cash equivalents denominated in foreign currencies other than sterling comprise £731,000 (2021: £1,749,000) which was denominated in US dollars.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

13. Trade and other payables

	2022 £'000	2021 £'000
Current		
Trade payables	448	529
Other taxes and social security	455	789
Accruals	1,028	730
Deferred income	197	208
Lease liabilities	154	134
Total	**2,282**	**2,390**

Trade payables denominated in currencies other than sterling is comprised £259,000 (2021: £284,000) of trade payables denominated in US dollars.

14. 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.

	2022 £'000	2021 £'000
Deferred tax assets		
Accelerated capital allowances	30	30
Exchange rate difference	(20)	(37)
Losses	426	426
Total	**436**	**419**

Movement in the deferred tax asset for the period ended 31 March 2022:

	As at 1 April 2021 £'000	Income Statement £'000	As at 31 March 2022 £'000
Accelerated capital allowances	30	–	30
Exchange rate difference	(37)	17	(20)
Losses	426	–	426
Total	**419**	**17**	**436**

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 £436,000 (2021: £419,000) has been recognised 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 after 4 years there are potential deferred tax assets of approximately £2 million in the UK and over $3 million in the USA that have not been recognised. These losses have at least 10 years before they expire.

Deferred tax liabilities

The deferred tax liability relates to a customer relationship intangible asset of £1.9m following the acquisition of the trade and assets of AI Mastermind LLC by AIM Smarter LLC. As the customer relationship intangible is amortised the deferred tax liability unwinds.

	2022 £'000	2021 £'000
Deferred tax liability	(364)	(382)

15. Share capital and reserves

	2022 £'000	2021 £'000
Allotted, called up and fully paid:		
70,681,164 (2021: 70,467,268) ordinary shares of 0.4p each	283	282

On 26 April 2021, 200,000 ordinary shares of 0.4p each were issued for consideration of 22.00p per share in respect of share options exercised by G Taylor. On 29 July 2021, 13,896 ordinary shares of 0.4p each were issued for nil consideration per share in respect of unapproved share options exercised by G Couturier.

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. To maintain or adjust the capital structure, the Group may adjust the value 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 2021, was to keep debt to a minimum. Net cash at 31 March 2022 was £902,000 (2021: net cash £2,095,000).

The Group operates an HMRC approved incentive plan (EMI scheme) and an unapproved incentive plan, details of which are set out in note 5.

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.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

16. 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.

The Group assesses credit risk from its cash and cash equivalents on a regular basis. The Group considers such risk to be minimal as cash is held by banks with high credit ratings in the UK and USA.

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 the majority of its revenues are denominated in US dollars. The risk is primarily a currency translation and remittance to parent risk as the Group's US entities operate as US dollar entities and the majority of their expenditure is denominated in US dollars.

The Group seeks to remove currency risk by invoicing in local currency, primarily Sterling or US dollars, where possible. Where this is not possible, the Group utilises US dollars held within its cash balances.

Interest rate and currency profile

	2022 **£'000**	**2021** **£'000**
Financial assets		
Loans and receivables:		
Trade receivables	842	590
Accrued income	2,641	1,655
Cash at bank	902	2,095
Total	**4,385**	**4,340**

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

	2022 £'000	2021 £'000
Financial liabilities		
Other liabilities:		
Trade payables	448	395
Lease liabilities	690	799
Other short-term liabilities	1,028	730
Total	**2,166**	**1,924**

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

The majority of the Group's financial assets and liabilities are denominated in US dollars. Cash and cash equivalents denominated in foreign currencies other than sterling comprise £731,000 (2021: £1,749,000) which was denominated in US dollars.

Trade receivables of £669,000 (2021: £590,000) and accrued income of £2,626,000 (2021: £1,640,000) are denominated in US dollars; and other short-term liabilities of £760,000 (2021: £527,000) 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.

Maturity profile of financial liabilities:

	2022 £'000	2021 £'000
Maturity profile of financial liabilities:		
Due within one year or on demand	1,630	1,259
Due after one year	536	531

Fair value of financial instruments

At 31 March 2022 the book value of the Group's financial assets and liabilities approximates to the fair value.

Sensitivity analysis

The Group is not materially exposed to changes in interest rates 31 March 2022 as it has no borrowings. The Group is not materially exposed to changes in exchange rates as at 31 March 2022 as US operations are expected to generate sufficient cash in US dollars to meet liabilities as they fall due. There is some exposure to the transmittal of US dollars to the UK however this is carried out regularly and in low values.

Borrowing facilities

The Group has secured a new working capital credit facility with TD Bank N.A., with an initial 12-month revolving facility of $700k. The Facility has no significant financial covenants and is secured by the assets of the US Group with a parental guarantee from Altitude Group PLC. The Facility will provide access to non-dilutive funding to support the Group in executing its growth strategy. The Facility has an arrangement fee of $3,500 annually and incurs interest at 1% above the US Prime Rate on drawdown. At 31 March 2022 the Facility remains undrawn at the year end.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

17. Commitments

Capital commitments

The Group had placed contracts for future capital expenditure of £nil at 31 March 2022 (2021: £nil).

18. 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 £118,000 (2021: £130,000).

19. Contingent liabilities

The Group is able to offset overdrawn bank accounts with bank accounts that are in credit.

20. 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 year the Group sold promotional products and logistical and fulfilment services on an arms-length basis to a related party being a company substantially owned and controlled a partner of a Director.

- In 2022, sales of £82,446 (2021: £104,000) were made and trade receivables at 31 March 2022 includes £28,076 (2021: £3,000) due.
- The Group procured contract IT development services via the related party totalling £nil (2021: £6,000) during the year and trade payables at 31 March 2022 include £nil (2021: £nil) payable to the related party.

During the period the Group sold promotional products on an arms-length basis to a related party, whose Board member is a related party of a Director. In 2022, sales of £170,000 (2021: £65,000) were made to the related party.

In 2022, sales of £nil (2021: £3,000) were made to a related party, and trade receivables at 31 March 2022 includes nil (2021: nil) due from the related party. The related party is a distributor business owned by an employee.

During the year the Group procured services of £101,000 (2021: £96,000) from a related party whereby a lead of the supplier of the services company is a related party to a Director.

21. 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
01 April 2021	**-**	**799**	**799**
Cash flows:			
- Repayment	-	(161)	(161)
Non-cash			
- Additions and disposals of right-of-use asset in exchange for increased/decreased lease liabilities	-	52	52
31 March 2022	**-**	**690**	**690**

	Long term borrowings £'000	Lease liabilities £'000	Total £'000
01 April 2020	**61**	**1,034**	**1,095**
Cash flows:			
- Repayment	(61)	(298)	(359)
Non-cash			
- Additions and disposals of right-of-use asset in exchange for increased/decreased lease liabilities	-	63	63
31 March 2021	**-**	**799**	**799**

The non-cash movements principally relate to, accrued interest rolled up into the principal value of certain borrowings, which is payable only on redemption of the borrowing, and the movements on IFRS 16 for obligations under finance leases.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2022

22. Leases

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

	2022 £'000	2021 £'000
Expiring within one year	154	134
Expiring within two to five years	536	629
Expiring in more than five years	–	36

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

	Total £'000
At 1 April 2020	**1,034**
Additions	–
Disposals	–
Interest charge	63
Lease payments	(187)
Exchange adjustments	(110)
At 31 March 2021	**800**
Additions	–
Disposals	–
Interest charge	52
Lease payments	(187)
Exchange adjustments	25
At 31 March 2022	**690**

The amounts recognised in the income statement are as follows:

	2022 £'000	2021 £'000
Depreciation of right-of-use assets	152	157
Interest expense on lease liabilities	52	63
Short-term leases	–	–

The Group currently leases office space in Sheffield and Philadelphia.

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.

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

Company Balance Sheet

Company Balance Sheet

at 31 March 2022

	Notes	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Non-current assets			
Investments	27	510	510
Current assets			
Debtors	28	5,234	4,122
Cash and cash equivalents		23	213
Current liabilities			
Creditors: amounts falling due within one year	29	(469)	(370)
Net current assets		**4,788**	**3,965**
Net assets		**5,298**	**4,475**
Capital and reserves			
Called up share capital	30	283	282
Share premium account		20,194	20,151
Profit and loss account		(15,179)	(15,958)
Shareholder's funds		**5,298**	**4,475**

The Company reported a profit for the period ended 31 March 2022 of £906,000 (2021: £1,856,000 loss).

The balance sheet was authorised for issue by the Board of Directors on 27 July 2022 and signed on its behalf by:

Graham Feltham
Director
Registered number: 05193579

Company Statement of Changes in Equity

for the period ended 31 March 2022

	Share capital £'000	Share premium £'000	Retained losses £'000	Total equity £'000
At 31 March 2020	**277**	**20,080**	**(14,646)**	**5,711**
Loss for the period	–	–	(1,856)	(1,856)
Transactions with owners recorded directly in equity:				
Share-based payment charges	–	–	544	544
Shares issued for cash	5	71	–	76
Total transactions with owners	**5**	**71**	**544**	**620**
At 31 March 2021	**282**	**20,151**	**(15,958)**	**4,475**
Profit for the period	–	–	906	906
Transactions with owners recorded directly in equity:				
Share-based payment credit	–	–	(127)	(127)
Shares issued for cash	1	43	–	44
Total transactions with owners	**1**	**43**	**(127)**	**(83)**
At 31 March 2022	**283**	**20,194**	**(15,179)**	**5,298**

Notes to the Company Balance Sheet

for the period ended 31 March 2022

23. 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 no investments were identified as being impaired.

Receivables due from subsidiary undertakings
The Directors have assessed the recoverability of the receivables due from subsidiary undertakings, by considering both the current position and future revenues/expenditure of each entity and concluded that the subsidiary undertakings would be able to repay the outstanding balances as they fall due.

Going Concern
The financial statements have been prepared on a going concern basis.

Although the outlook is improved from prior years the current economic conditions caused as a result of COVID-19 restrictions being eased have caused subsequent supply chain challenges in meeting increased Global demand. Combining with the increase in Global demand the Russian invasion of Ukraine has increased pressure on energy prices. The impact on the Industry is uncertain with Corporate costs increasing putting pressure on budgets and therefore marketing spend versus the increase in demand and revival of the Industry and Corporate activity post Pandemic. The Directors are cautiously approaching the next months while keeping focus on growth and retaining options to flex spends accordingly.

The Directors are confident that the Group has sufficient liquidity to trade through to more normalised trading conditions. The financial statements have therefore been prepared on a going concern basis.

24. 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 profit for the period was £906,000 (2021:£1,856,000 loss).

25. Operating costs

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

26. 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.

27. Investments

Cost	**Shares in subsidiary undertakings £'000**
At 31 March 2021, and 31 March 2022	**907**
Impairment	
At 31 March 2021	**(397)**
Impairment charge in period	-
At 31 March 2022	**(397)**
Net book value at 31 March 2021	510
Net book value at 31 March 2022	**510**

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

Notes to the Company Balance Sheet (continued...)

for the period ended 31 March 2022

Subsidiary undertakings	Country of incorporation	Principal activity	Class of shares held	Holding
AIM Smarter 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	Sale of Promotional Products	Ordinary	100%
University Gear Shop LLC [1]	United States	Sale of Promotional Products	Ordinary	100%
Boxcam Limited	England and Wales	Dormant	Ordinary	100%
Promoserve Business Systems Limited [1]	England and Wales	Dormant	Ordinary	100%
Customer Focus Exhibitions Limited [1]	England and Wales	Dormant	Ordinary	100%
Customer Focus Interactive Imaging Limited [1]	England and Wales	Dormant	Ordinary	100%
The Advertising Products Group Limited [1]	England and Wales	Dormant	Ordinary	100%
Trade Only Technology Services Limited	Canada	Dormant	Ordinary	100%

1 – Held by a subsidiary undertaking

28. Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Other debtors	23	46
Amounts owed by subsidiary undertakings	5,211	4,076
Total	**5,234**	**4,122**

All amounts owed by subsidiary undertakings are interest free and repayable on demand and therefore are shown as current debtors.

29. Creditors: Amounts falling due within one year

	2022 £'000	2021 £'000
Trade and other creditors	198	336
Accruals and deferred income	271	35
Total	**469**	**371**

The Group are able to offset overdrawn accounts with accounts that are in credit. The average effective interest rate on bank overdrafts are £nil (2021: £nil) as these borrowings are secured by cash balances held within the group and balances are offset for interest purposes.

30. Share capital

	2022 £'000	2021 £'000
Allotted, called up and fully paid:		
70,681,164 (2021: 70,467,268) ordinary shares of 0.4p each	283	282

On 26 April 2021, 200,000 ordinary shares of 0.4p each were issued for consideration of 22.00p per share in respect of share options exercised by G Taylor. On 29 July 2021, 13,896 ordinary shares of 0.4p each were issued for nil consideration per share in respect of unapproved share options exercised by G Couturier.

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.

31. Commitments

Altitude Group PLC acts as guarantor to a new working capital credit facility obtained by Altitude Group Inc with TD Bank N.A., with an initial 12-month revolving facility of $700k. The Company had no other capital commitments existing at 31 March 2022 or 31 March 2021.

Notes to the Company Balance Sheet (continued...)

for the period ended 31 March 2022

32. Related parties

The related party transactions with key personnel are set out in note 20 to the consolidated financial statements.

33. Post balance sheet events

At the time of signing there were no post balance sheet events requiring disclosure.

34. 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"). On 3 April 2020 the transaction was approved by shareholders at a General Meeting and the disposal was duly completed on 7 April 2020. For full details of the transaction please refer to the previous year's Annual Report. The closing out of the transaction was fulfilled in the previous year with discontinued activity costs of £133,000 and a receipt of £300,000 for the final tranche of deferred consideration.

Notice is hereby given that the annual general meeting of Altitude Group Plc (the "Company") will be held at the offices of Zeus Capital Limited, 10 Burlington St, London, W1S 3AG on 15 September 2022 at 11 a.m. for the purpose of considering and if thought fit, passing the following resolutions.

Resolutions number 1 to 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions.

Ordinary business

- To receive the Company's annual accounts for the financial year ended 31 March 2022 together with the last Directors' Report, the last Directors' Remuneration Report and the Auditors' Report on those accounts.
- To re-elect Graham Feltham who has been appointed to the board of Directors since the last annual general meeting and who retires in accordance with the articles of association of the Company, as a Director of the Company.
- To re-elect David Smith who has been appointed to the board of Directors since the last annual general meeting and who retires in accordance with the articles of association of the Company, as a Director of the Company.
- To re-elect Martin Varley who retires in accordance with the articles of association of the Company, as a Director of the Company.
- To re-elect Deborah Wilkinson who retires in accordance with the articles of association of the Company, as a Director of the Company.
- To re-appoint Crowe U.K. LLP as auditor of the Company and to authorise the Directors to fix their remuneration.

Special business

- 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"):

- 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 £94,463 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
- to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal value of £94,463 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 2023, 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.

- Disapplication of pre-emption rights

Notice of Annual General Meeting 2022 (continued...)

THAT, subject to and conditional upon the passing of the resolution 7, 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 7 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:

- in connection with a rights issue (as defined in resolution 7(b) above);
- otherwise than pursuant to sub-paragraph 7(a) above up to an aggregate nominal amount of £28,339 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 2023, 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.

- 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 £28,339 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 2023 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
Graham Feltham
Company Secretary
27 July 2022

Registered office
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 13 September 2022 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 attend, speak and 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, speak and vote at the meeting.

Appointment of proxies

2. 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 attend, speak and 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.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.

4. 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. To appoint more than one proxy please refer to the notes on the proxy form.

Appointment of proxy using hard copy proxy form

5. 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, no later than 11.00 a.m. on 13 September 2022.

6. 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.

7. 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.

Explanatory Notes
(continued...)

Appointment of proxy by joint members

8. 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

9. 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.

10. 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.

11. 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

12. 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.

13. 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.

14. 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.

15. The revocation notice must be received by Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD no later than 11.00 a.m. on 13 September 2022.

16. 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.

17. 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

18. 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

19. 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

20. 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.

Advisors

Registrars
Neville Registrars Limited
Neville House
Steelpark Road
Halesowen
B62 8HD

Auditors
Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Principal bankers
HSBC UK Bank plc
1 Centenary Square
Birmingham
B1 1HQ

Solicitors
DAC Beachcroft LLP
The Walbrook Building
25 Walbrook
London
EC4N 8AF

Nominated Adviser and Stockbrokers
Zeus Capital Ltd
82 King Street
Manchester
M2 4WQ

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

www.altitudeplc.com

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ALTITUDE
GROUP PLC

Audited Annual Results
for the Year Ended 31 Marcg 2022

Nichole Stella, Group CEO of Altitude:

"The Group experienced a year of strong profitable growth, driven by the commitment of our teams and the quality of our programmes. We are also extremely pleased to see last year's strong trading momentum has continued into the first quarter of our new financial year providing further confidence that the current market expectations are at least in line for the full year. We have continued to be nimble and drive the business forward through the most uncertain of times, building a strong foundation and delivering year-over-year positive growth, whilst remaining debt free and not raising dilutive funds. We retain our high growth ambitions and are confident in our ability to substantially scale and expand the business."

Chief Executive's Statement page 10 →

www.altitudeplc.com

Altitude Group Plc | Audited Annual Results for the Year Ended 31 Marcg 2022