

Audited Annual Results for the Year Ended 31 March 2023

Record breaking numbers





Altitude is a diversified portfolio Group that is the **leading end-to-end solutions provider** for branded merchandise across a variety of sectors from the corporate promotional products industry and print vertical markets to the higher-education sector



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Financial Highlights

Group revenues

£18.8m

⬆️ **57.2%** (2022: £11.9 million)

Gross Profit

£8.6m

⬆️ **39.9%** (2022: £6.2 million)

Group adjusted operating profit*

£2.0m

⬆️ **83.4%** (2022: £1.1 million)

Basic and diluted earnings per share

0.55p

⬆️ **293%** (2022: £0.14p)

Cash balance at year end

£1.2m

⬆️ **£0.3m** (2022: £0.9 million)

- Cash inflow from operating activities increased by £1.8 million to £1.6 million (2022: outflow £0.2m) driven by significant revenue growth and increased trading activities
- Cash outflow from investing activities of £1.1 million (2022: £0.9 million)
- The Group secured a financing facility of \$1.7 million to support future substantial growth in Merchanting. The facility remains undrawn and the Group is debt-free

Ten Year Record:

Revenue



➡️ [Chief Financial Officer's Report page 18](#)

Key corporate developments and operational highlights

- The Group enjoyed a record year of adjusted operating profit
- The Group invested in pipeline growth and business development efforts, which have paid off, and driven significant growth across its Merchanting divisions, providing £1.6 million of operating cashflow to drive future growth
- The US delivered adjusted operating profit growth of 49% reaching \$4.1 million (2022: \$2.8 million)
- The Group's adjacent market solution has proven to be disruptive in the sector and is driving hyper-growth across the Group with the signing of high-value multi-year contracts which will all generate revenue in the first half of the current financial year. Further contracts have been signed after the year-end.
- ACS added significant revenue growth, doubling the annualised expected revenue run-rate from Affiliates in the year
- Services revenue has grown by 35%, which delivers a 90.6% fall through to gross margin
- US AIM membership has continued to grow, and currently totals 2,214 global members, up from 1,917 at acquisition, consolidating its position as one of the largest distributor organisations

Please note that percentages are calculated based on unrounded numbers as reported in the primary statements.

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

Our Core Values are...

At Altitude
Respect is contagious

We give it, we earn it, we spread it across our Group and our communities

Altitude is a
collaborative community

By collaborating closely with our corporate partners, higher-education partners, our supplier partners and across all of our customer base, we create opportunities for everyone in our community

Altitude is
forward thinking

From strength in technology to creative resources, Altitude is constantly introducing fresh ideas to push innovation in market delivery forward

Altitude is
committed to our teams, partners, customers and our community

Every day we strive for the betterment of our workplace and our world

Altitude is
never willing to accept the status quo

Driven by industry success and ground-breaking results, Altitude's most powerful growth comes from our daily efforts to be better than yesterday

Altitude is
a Group you can count on

We take pride in our ability to provide a personal touch and deliver quality in everything we do





Strategic Report



Driving the business forward at pace

Nichole Stella, Group CEO of Altitude, said:

This financial year was one of great progress, strong trading and record breaking results. We increased market share in our core markets and proved to be a disruptive force in a new market. As a result, the Group has shown growth across the business far exceeding our original expectations. This performance is a testament to not only the incredible hard work of our dedicated staff and management team but also a testament to the success of the strategy that was put in place when I arrived and renewed with vigour in 2021. I am delighted that we grew the existing business by 57.2% which in itself is no small feat, but to do it on a global basis whilst establishing a new vertical is a great achievement. We have a business that is robust, ambitious and is very well positioned for scalable growth. We look forward to the future, both near term and longer term, with great confidence.

➔ **Chief Executive's Statement page 12**

Chairman's Statement

David Smith Non-Executive Chairman

I am pleased to report that the Group has shown strong performance in FY23 and once again delivered revenue growth exceeding 50%.

The management team remained highly focused on operational gearing and delivery of continuous scalable growth despite macro-economic headwinds. This focus proved successful and the Group delivered 57% revenue growth to £18.8 million via the continued delivery of growth in AIM Services and the scaling of our Merchancing programmes. Growth in adjusted operating profit of 83% to £2.0 million has been achieved against the previous year that included a non-recurring £0.5m US Government credit. This is an excellent result and is testament to the continued delivery of our strategy and the power of our business model.

The management team continued development of our technology and marketing platforms to provide our AIM distributors, ACS Affiliates and Preferred Partner suppliers with market leading capabilities. The AIM distribution network continues to grow, with ACS Affiliates doubling their expected annualised revenue. Significant new contracts were signed in our Adjacent Market Programme to further boost revenue in FY24 and build an exciting new growth engine for future years.

Increased facility to support growth

 **\$1.7m**

(2022: \$0.7 million)

Amplify



Year in Focus

We have seen growth in both our core businesses and our Adjacent Market Programmes outstrip the market.

This is a very positive demonstration of our commitment to provide value to our superb network of excellent suppliers and distributors via exceptional service and the highest standards. Technology innovation and development remain at the core of our business as we continue to gain more expert users and utilise their demands and needs to drive improvement. Our technology partnership with Fully Promoted is a prime example. They chose to work with us after carrying out an industry wide review of fit-for-purpose technology. We will continue to invest capital and resource in technology for the benefit of all our stakeholders.

The strategy to develop diversified revenue streams within our Merchanting business has yielded excellent results. In our Adjacent Markets we have won a significant number of material contracts in the education sector in its first year of business development, via our fresh and innovative approach to the sector. The doubling of our revenue base for ACS has resulted from the exceptional support we provide to them to grow their business unencumbered by bureaucracy. The results of this investment in Merchanting can be seen in this report but the full impact will be seen in future years through diversity, growth rate, and significantly enhanced pipeline. The focus of the management team is firmly on delivery and execution of this strategy. They have repeatedly delivered above market expectations during this year, and I have trust in them to continue their excellent performance.

Cash has been managed well during the year generating an additional £0.3 million. Prudently the process was undertaken to extend our existing credit facility from \$0.7 million to \$1.7 million in anticipation of growth in Adjacent Markets where there is an element of up-front investment in fit out and inventory to service the 5 year contracts.

The facility has been secured ahead of time and will be under constant review. The Group remains debt free with the material credit facility in place to support future growth as opportunity arises.

Looking Forward

A business only moves forward through the dedication of its people. 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 another strong set of results.

As we move through 2023 and 2024, we will focus on the world class onboarding of the material contracts won, accelerating acquisition of new contracts, and continuing to develop our technology to expand and enhance our unique promotional goods marketplace. The Management team are under no illusions, the success of our contract wins provides operational challenges to navigate and overcome whilst maintaining the hunger to further improve and win new business. I am confident we have the right team in place under the dynamic and agile leadership of Nichole to continue delivery of our strategy.

We have made significant progress, achieved notable milestones, and positioned ourselves for sustained growth in a dynamic marketplace. We remain committed to listening to and delivering superior value to our stakeholders and look forward to the exciting opportunities that lie ahead.

David Smith
Non-Executive Chairman
24 July 2023

Profit attributable to operations

 **£390,000**

(2022: £97,000)

EPS Basic and Diluted

 **0.55p**

(2022: 0.14p)

Cash

 **£1.2m**

(2022: £0.9 million)

Business model / Who Are We

Altitude is a diversified portfolio Group that is the leading end-to-end solutions provider for branded merchandise across a variety of sectors from the corporate and print vertical markets to the higher-education and collegiate sector.

We deliver products and services in two distinct areas:

Services

Services are derived from operating distributor/vendor networks in the promotional products industry comprising of technology and software applications, membership subscriptions, Preferred Partner programmes, and marketing services programmes.

Merchandising

Our **Merchandising** programmes focus on the sale of promotional products and includes AIM Capital Solutions (ACS) and our Adjacent Market Programmes (AMPs).



We support our Services and Merchandising divisions with our **proprietary technology platforms** providing product search engines, order management tools, design applications, and e-commerce sites that deliver innovative solutions. Our trading platform facilitates the execution of both offline and online transactions. With an eye ever on the future we continue to innovate and develop our systems to drive efficiency and scalability – today Artificial Intelligence (AI) presents great opportunity to deliver new AI tools to drive efficiency and scale.

What's New

Via our AMPs we identified, targeted, and seized a significant opportunity in the higher-education space and **successfully launched** Gear Shop. Throughout the year we expanded our pipeline and collaborated closely with our course material partner.

The combination of different specialisms and enhanced services proved disruptive within the Educational/ Collegiate markets. In the year, the Group delivered significant multi-year contract wins and maintained an ever-growing pipeline.



Continued expansion and delivery of our Gear Shop technology solutions, marketing tools and supply chain know-how across the US markets will remain a primary and growing focus within the Groups business model.

[➔ Read more on page 8](#)

2021	2022	2023

Merchandising Revenue
2023: £10.2m – 82%

Business model / What we do

We deliver Services to our members and Preferred Partners that helps them to drive sales growth, increase cost savings and improve their efficiency and ease of doing business.

Services Preferred Partners

The Group provides vendors and suppliers with services to expand their 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 and events

How we make money: 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.

Services Members

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

How we make money: 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.

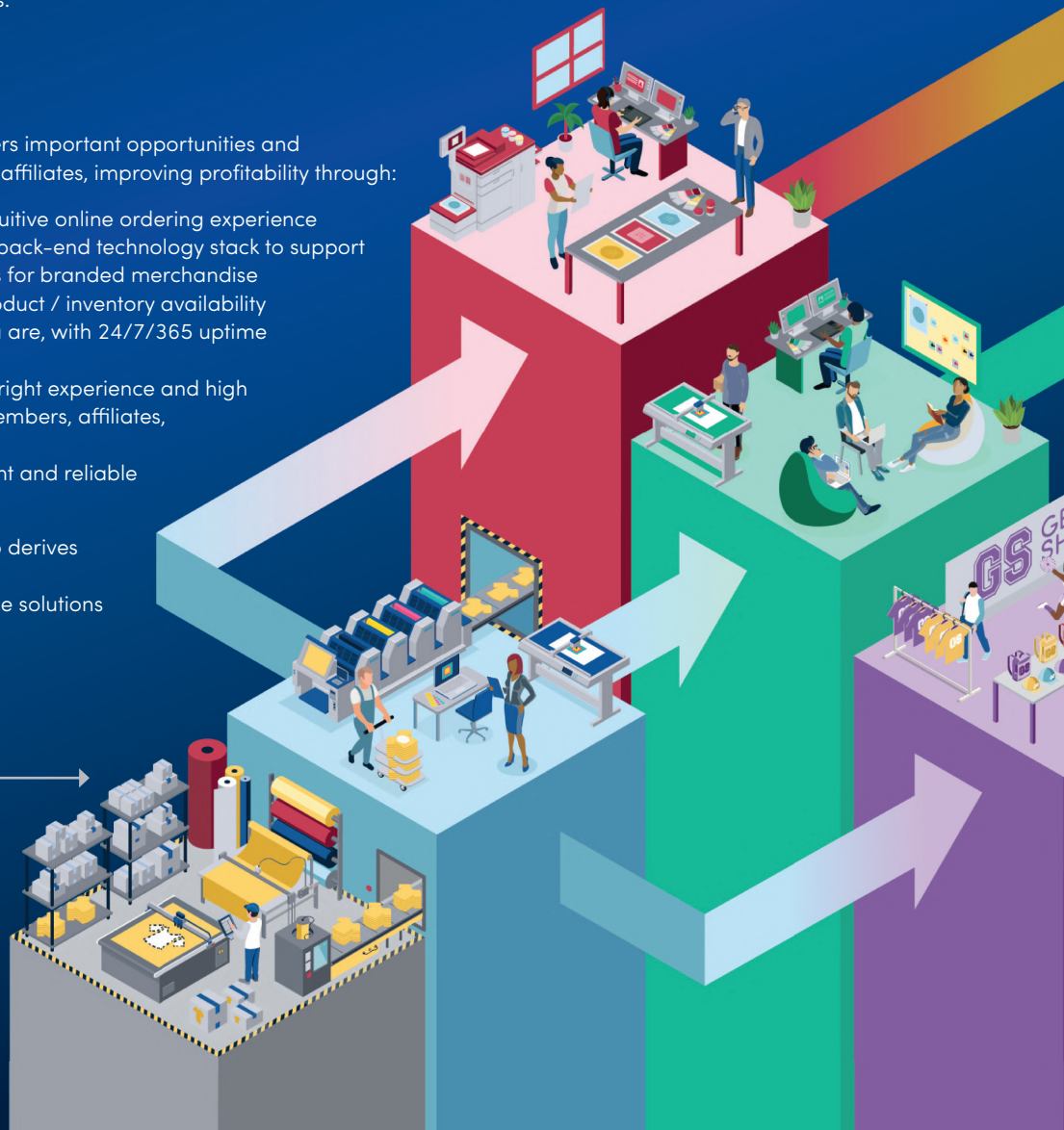
Technology

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

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

Overseas Manufacturers



Merchandising 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

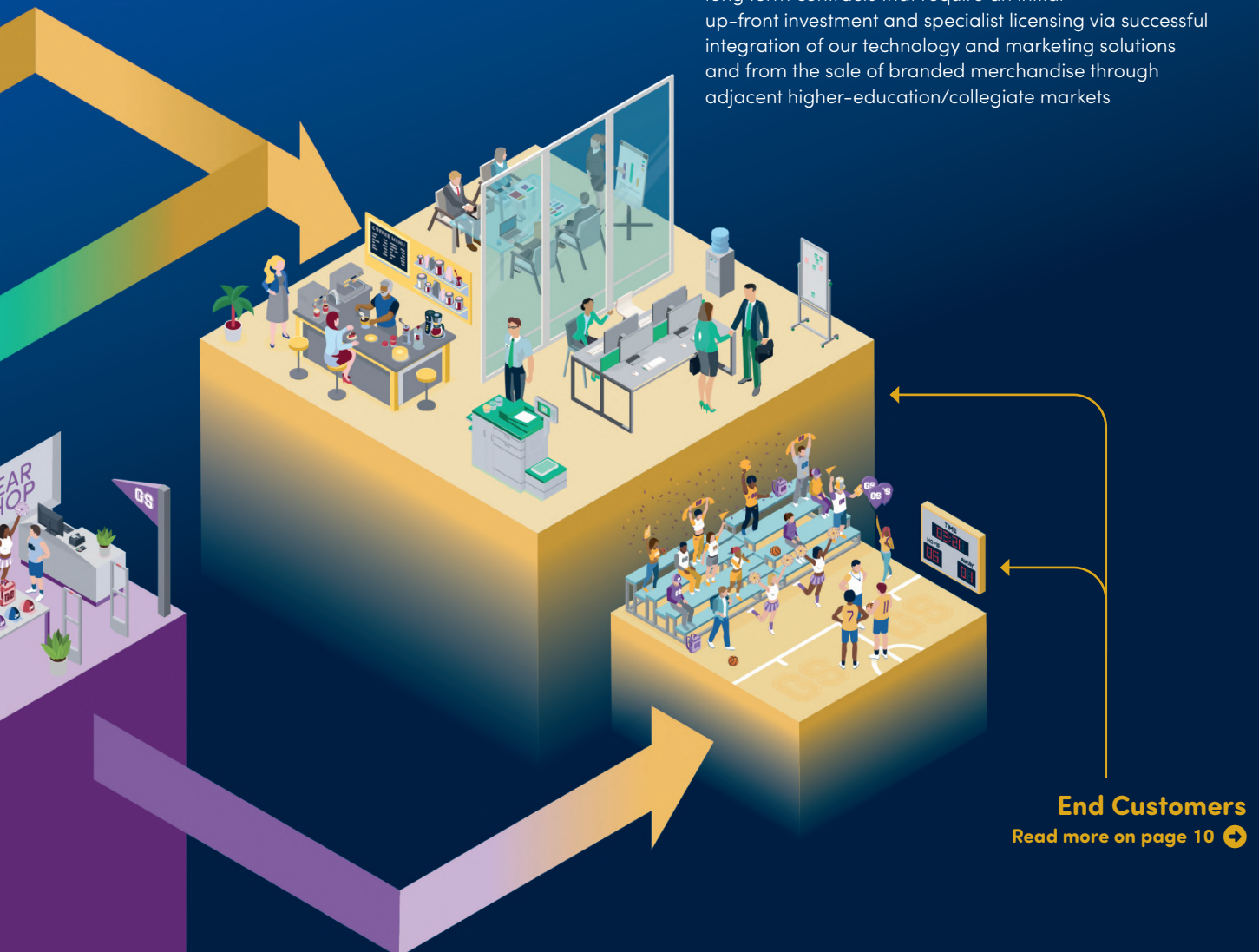
How we make money: The Group derives revenue from the sale of promotional products which is procured via our affiliates, who act as our sales agents. Along with our dedicated team our Affiliates utilise our technology, Preferred Partner network, efficient processes and financial expertise to deliver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

Merchandising Gear Shop

The Group secures long term contracts within the higher-education and collegiate sectors to provide, technology & e-commerce solutions, marketing tools and supply chain know-how across the US markets. Additionally, via a partner, we provide access to textbooks to deliver a seamless, single on-campus solution. As a result, Gear Shops:

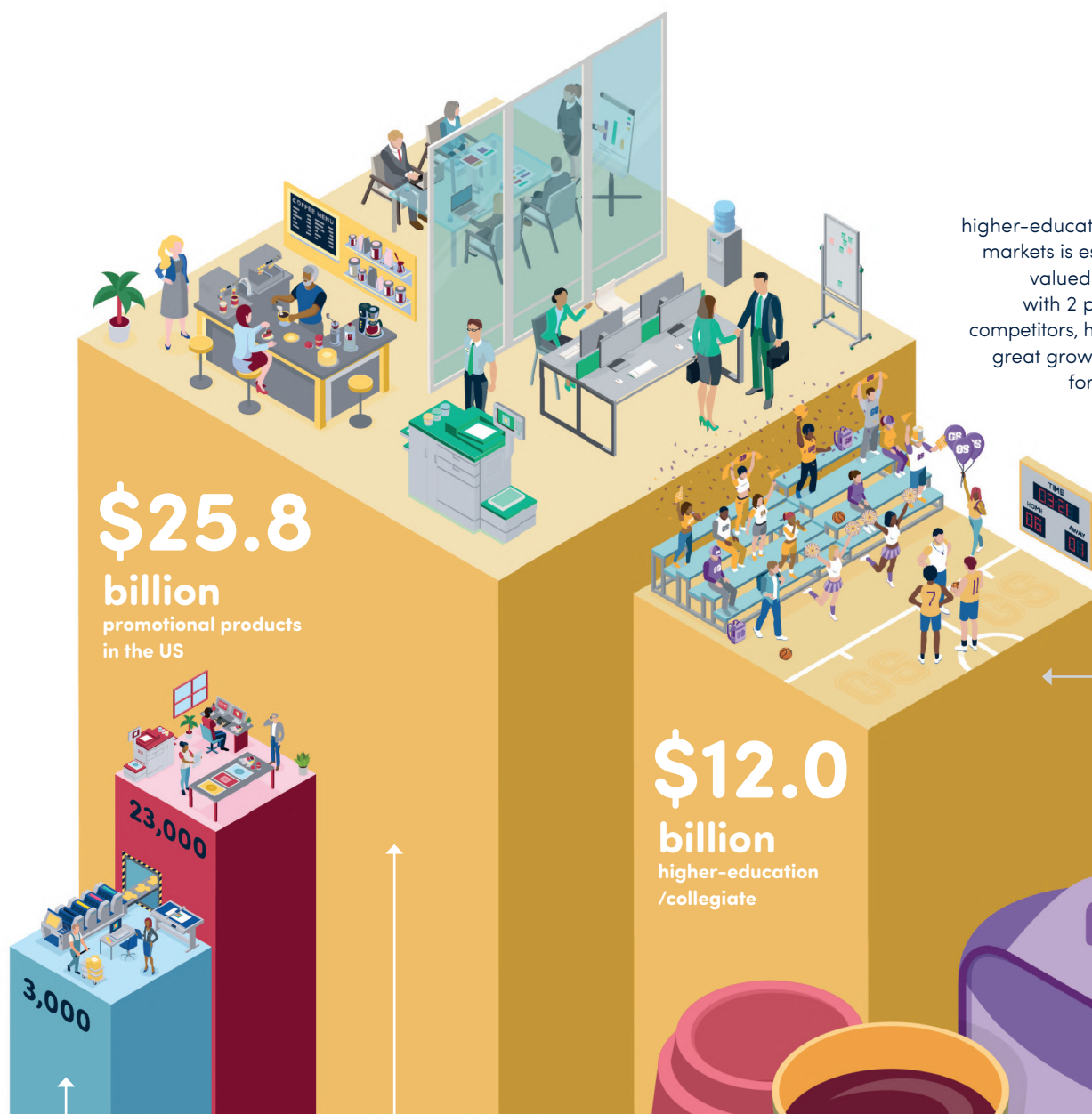
- Provide specialist expertise on branded merchandise with access to full product ranges from our Preferred Partners
- Provide e-commerce, marketing solutions and modern/innovative spaces to drive brand awareness and community engagement
- In specialised partnership, seamlessly deliver a single Gear Shop solution, delivering both branded merchandise with course materials and text books

How we make money: The Group derives revenue from long term contracts that require an initial up-front investment and specialist licensing via successful integration of our technology and marketing solutions and from the sale of branded merchandise through adjacent higher-education/collegiate markets



End Customers
Read more on page 10 ➔

Business model / Size of the market we serve



The retail higher-education/collegiate markets is estimated to be valued at **\$12 billion**, with 2 primary legacy competitors, highlighting the great growth opportunity for the disruptive Gear Shops.

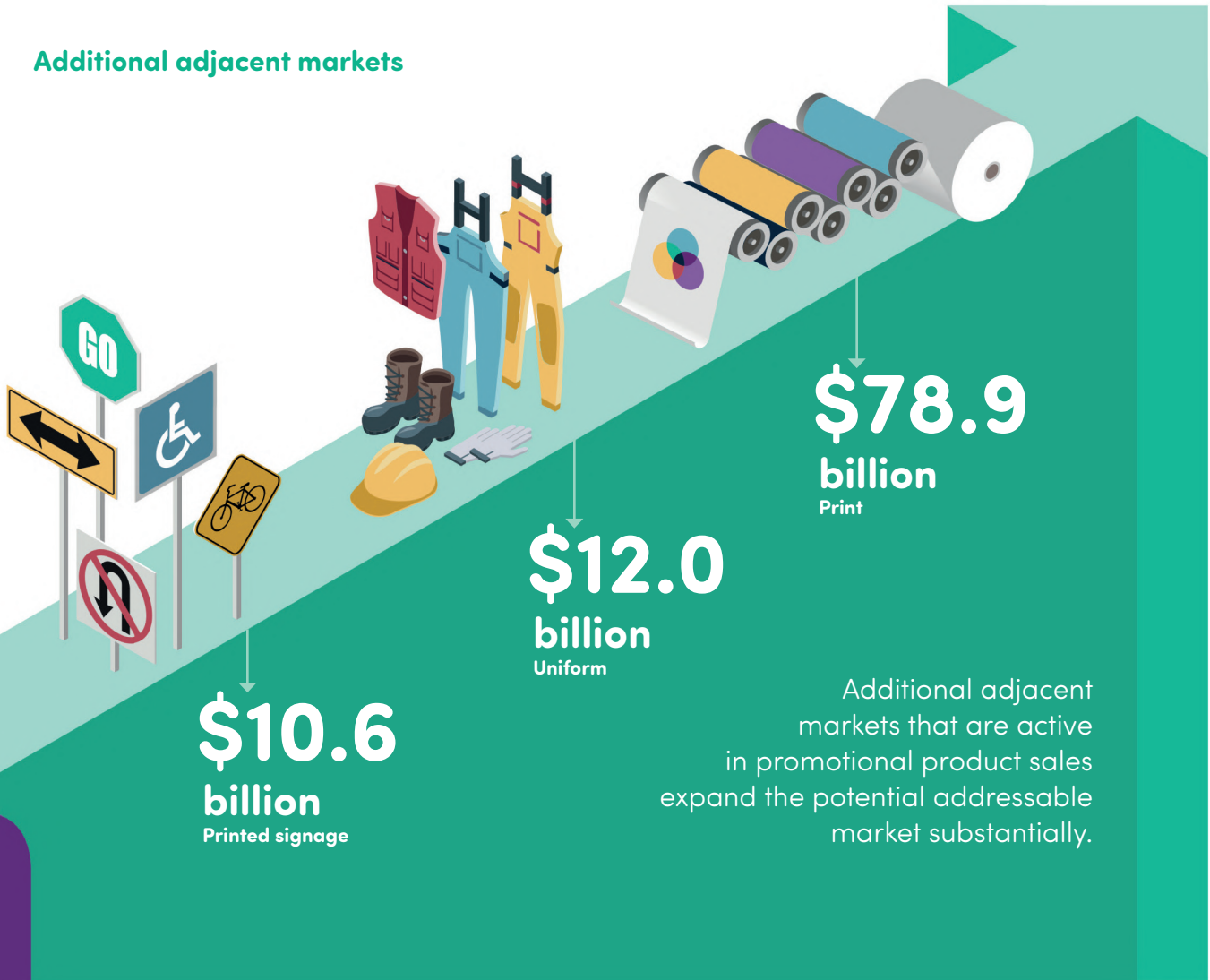
The market for promotional products in the US alone is estimated to be worth more than **\$25.8 billion**.

It is very fragmented with approximately **3,000** suppliers and **23,000** distributors serving a very broad customer base, spanning small businesses to large corporates and non-profit organisations.

(Source: ASI)

Combined, the Group has an addressable market size of nearly **\$40 billion**.

Additional adjacent markets



Additional adjacent markets that are active in promotional product sales expand the potential addressable market substantially.

★ Our Aspirations

We retain our high growth ambitions and are confident in our ability to substantially scale and expand the business. The management team continues to be focused on scalable growth in the new financial year and accelerated compounding future growth. We are focused on delivery and committed to achieving our aspirations to build a **\$100 million business.**

Chief Executive's Statement

Nichole Stella Chief Executive

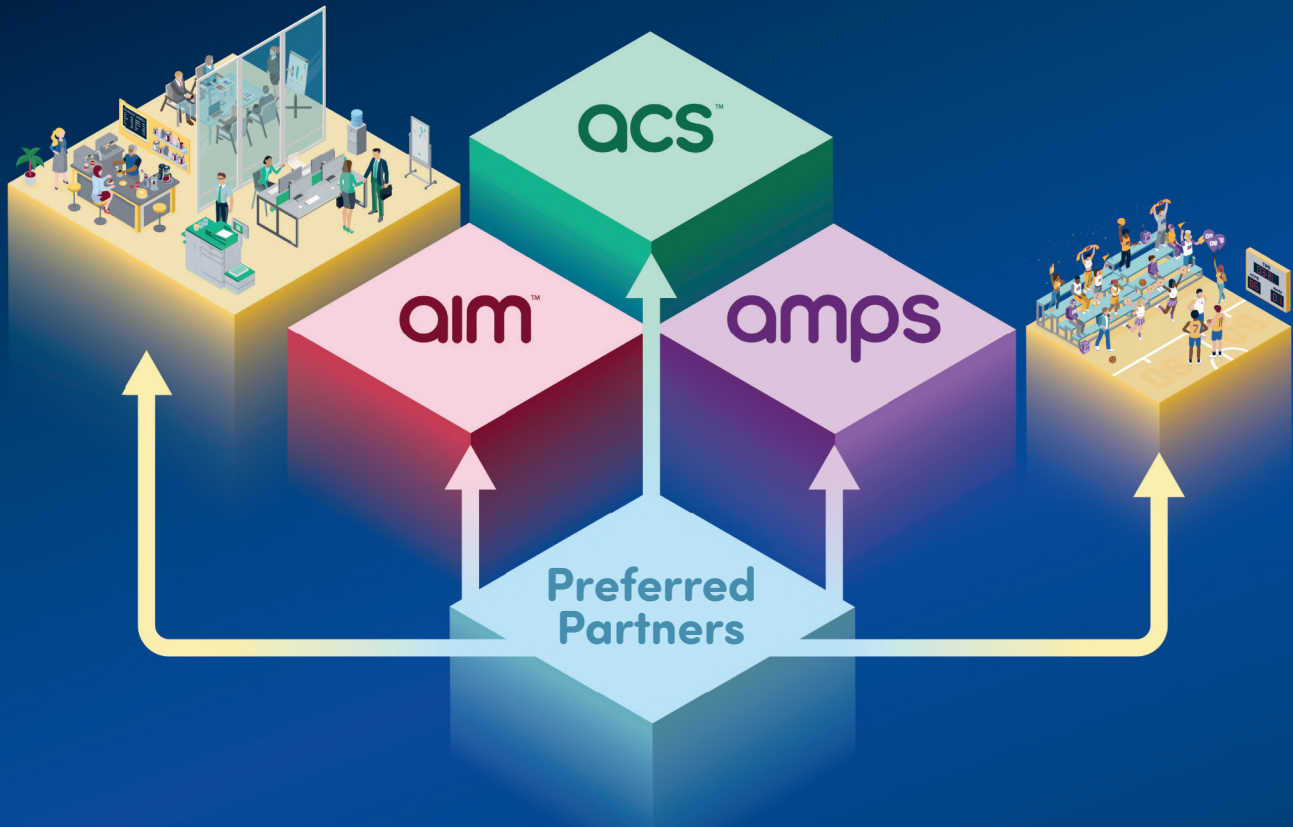
The year ended 31 March 2023 ("FY23") has proven to be a breakthrough year for the Group, setting new records and heralding a notable phase of transformation and scalability across the entire organisation.

Against a backdrop of macro-economic challenges, the Group has seen strong growth in our promotional products divisions and the rapid advancement and expansion in our Adjacent Markets Programs (AMPs) throughout North America.

Via our AMPs we identified, targeted, and seized a significant opportunity in the higher-education space and successfully launched our Gear Shop solution providing technology & e-commerce solutions, marketing tools and supply chain know-how across the US markets. Throughout the year we expanded our pipeline and collaborated closely with our course material partner. The combination of different specialisms and enhanced services proved disruptive within the Educational/ Collegiate markets. In the year the Group delivered significant multi-year contract wins and maintained an ever-growing pipeline. Continued expansion and delivery of our Gear Shop technology solutions, marketing tools and supply chain know-how across the US markets will remain a primary and growing focus within the Group's business model.

Strategy & Growth





Services ↑ 35%

Merchandising ↑ 82%

Group Revenue

↑ 57.2%

£18.8 million
(2022: £11.9 million)

US adjusted
operating profit

↑ 49.0%

\$4.1 million
(2022: \$2.8 million)

Thanks to the team's unwavering dedication, exceptional performance, and relentless pursuit of growth, the Group has once again achieved a year of outstanding results. Group revenues increased 57.2% to £18.8 million (2022: £11.9 million) and Group adjusted operating profit* increased 83.4% to £2.0 million (2022: £1.1 million). Further, I am pleased to report our above stated growth significantly out-paced the market. The promotional product industry trade association, PPAI, recently released the U.S. promotional products market in 2023, which grew by c.15.6% over 2022 and reported sales figures to \$25.5 billion (2022: \$22.1 billion).

Operational Excellence

As a company we are always focused on continuous improvement and heightened operational gearing. We do this by regularly evaluating and implementing new strategies to drive process optimisation, building programmes that focus on economies of scale and improve our technology and systems to increase production efficiency. Over the last year, the Group has made great gains in streamlining operations which have empowered us to invest back in the business to drive pipeline growth and new revenue generating activities. This focus on operational gearing has enhanced our ability to adapt to changing market conditions and take advantage of new opportunities.

Chief Executive's Statement (continued...)



Services

2023 Revenue
↑ 35%

During FY23, our Services Revenue demonstrated remarkable growth, increasing 35.1% and reaching £8.5 million (2022: £6.3 million). Simultaneously, our Merchancing Revenue experienced a 81.9% increase, totalling £10.2 million (2022: £5.6 million). These impressive outcomes serve as a testament to the achievements and advancements made by our business in expanding our market presence and diversifying our revenue streams.

Our Services programs have a global reach, with members located in every state in the US, as well as across Canada and the UK. Currently, our global membership stands at 2,476, with an impressive aggregate pipeline sales of £2.9 billion and an average individual annual turnover of £1.2 million. Furthermore, we are proud to have established partnerships with over 300 Preferred Partners across the US, Canada, and the UK.

We have a business that is robust, ambitious and is very well positioned for scalable growth. We look forward to the future, both near term and longer term, with great confidence.



Merchandising

2023 Revenue
↑ 82%

In contrast, our Merchancing programs are exclusively focused in the US, and are steadily expanding across the country. These programmes consist of ACS, where we recruit high-calibre promotional product sales professionals to join ACS. These sales professionals act as our sales agent and in return we provide access to our Preferred Partner network and administrative, accounting and financial assistance. Also within our Merchancing revenue stream is our AMPs, where we provide branded merchandise solutions within adjacent markets. This includes our Gear Shop solution.

In FY23, we doubled our revenue base for ACS, to £9.7 million (2022: £5.4 million). This growth highlights the strong emphasis we place on recruitment of high-quality affiliates and our commitment to maintaining exceptional quality standards.

Additionally, throughout the financial year we invested in our AMPs pipeline. As previously noted, we identified, targeted, and invested in business development and pipeline growth within the higher-education space and successfully launched our Gear Shop solution. This investment proved powerful and disruptive within the sector, and the Group successfully signed multiple new significant contracts. All contracts are expected to begin generating revenue for the Group in the first half of the financial year ending 31 March 2024 ("FY24").

Technology

The core of all our operations, across both the Services and Merchancing segments of our business, is our technology platforms. Operating within an agile and continuous improvement environment, we have consistently invested in enhancing our systems. This ongoing commitment enables us to achieve greater efficiency, leverage valuable data insights, and establish best-in-industry integrations and systems. The result is a streamlined and optimised operation that empowers us to deliver exceptional services to our clients.

As a testament to the power of our technology, in FY23, we continued to attract a growing number of users, including notable partnerships like Fully Promoted. Fully Promoted, a global franchise group, chose our order management platform after conducting a comprehensive industry-wide review of over 20 tech providers.

We are always focused on new technology and have begun to harness the power of AI within the Group. Our core development teams continue to review how we as a Group can maximise AI technology to drive automation and streamline efficiency across all of our platforms and business divisions.

Credit Facility

We were also pleased to report in the financial year that the Group secured an increase in its working capital credit facility (the "Facility") with TD Bank N.A. to \$1.7 million, previously \$700k. The facility increase was secured from continued successful delivery across all areas of the business. The Facility has no significant financial covenants and will provide access to non-dilutive funding to support the continued execution of the Group's growth strategy. The Facility is currently undrawn.

The Management team continues to be focused on scalable growth in the new financial year and accelerating future growth. We are focused on delivery and committed to achieving our aspirations to build a \$100 million business.

Market Opportunities

As noted previously, PPAI's market research estimates the current size of the U.S. promotional products market in 2022, a healthy increase of more than 15% over 2021. Their report further states that the market remains optimistic for 2023 with nearly 70% of the industry's distributors expecting even higher sales in 2023, meaning we could continue to see the industry's momentum continue to gain higher ground. The market remains highly fragmented with a network of 23,000 distributors and the top 5 market-leading distributor organisations representing a small segment of the market at c.\$3 billion in sales.

At present, the Group boasts a network of over 2,214 distributors in North America, accounting for approximately 10% of the total distributor companies in the industry. With a highly skilled management team and advanced technology tailored to the industry, we offer comprehensive solutions to suppliers, including pricing benefits, marketing support, finance assistance, and administrative services. This strong foundation positions us optimally to drive business growth through our service programs, namely AIM Membership, our Preferred Partner program, and our merchandising program known as ACS Affiliate Services.

Pairing ongoing industry expansion and the presence of an untapped addressable market, along with our powerful software solutions and programs, we are confident in the Group's continued significant promotional product market opportunity.

Additionally, we are seeing incredible momentum within the Group across identified adjacent markets opportunities. Our primary areas of focus are the print industry with a reported market size of c.\$79 billion and the higher education service provider sector with a stated \$12 billion market size. Currently we are actively and aggressively building our pipeline, closing opportunities and disrupting the higher education adjacent market. Having signed significant multi-year contracts in this financial year, we see this as an important and significant growth area for the Group in the immediate term and future.

Our People & Our Commitment

Our workforce and community form the backbone of our business. We remain dedicated to fostering employee growth and cultivating a welcoming and engaging culture that recognises the achievements and contributions of all employees at every level of the organisation. Throughout the year, we continued to prioritise internal promotions, enabling 12 individuals to advance their careers and expand their skill sets.

Diversity, Equity & Inclusion

Our organisation fully embraces and upholds the values of diversity, equity, and inclusion (DEI). These principles play a vital role in how we form our teams, develop our leaders, and establish collaborative, innovative, and inclusive environments within the Altitude Group and our wider industry. Our inclusive culture fosters a range of perspectives, encourages open and honest discussions, and empowers each individual within our team and the broader communities we serve.

Community Engagement & Giving Back

At Altitude, our commitment to community engagement and giving back is core to who we are and what we believe to be vital for the overall success and well-being of society. We actively participated in a variety of community-based initiatives in the financial year including launching a JustGiving fundraiser with a corporate match for those impacted by the war in Ukraine and the "adoption" of an animal rescue whose mission is to rescue, rehabilitate and educate, as well as providing scholarship funds to students within the campus communities we serve. We know this commitment fosters a strong bond between our company and the communities we operate in, and also increases loyalty and employee satisfaction. Our goal is to be a part of a growing commitment to corporate responsibility that contributes to a more inclusive resilient society that works towards the betterment of all.

Outlook

This financial year was one of great progress, strong trading and record breaking results. We increased market share in our core markets and proved to be a disruptive force in a new market. As a result, the Group has shown growth across the business far exceeding our original expectations. This performance is a testament to not only the incredible hard work of our dedicated staff and management team but also a testament to the success of the strategy that was put in place when I arrived and renewed with vigour in 2021. I am delighted that we grew the existing business by 57.2% which in itself is no small feat, but to do it on a global basis whilst establishing a new vertical is a great achievement. We have a business that is robust, ambitious and is very well positioned for scalable growth. We look forward to the future, both near term and longer term, with great confidence.

Nichole Stella
Chief Executive
24 July 2023

Chief Operating Officer's Report

Deborah Wilkinson Chief Operating Officer

We continued to invest strategically in technology development and operational efficiencies during the year.

As a result, the Group ended FY23 with significantly greater functionality and infrastructure to support both our Merchanting and Services business segments. This period saw a particular focus on leveraging technology to support increasing volumes and enhance operational efficiency along with continuing advancements to our feature rich member and affiliate Tech Suite solutions.



Planned technology releases



New user facing features

Capitalised development spend

 **£0.9m**

(2022: £0.8 million)

Optimise

Product Innovation and Development

Our proprietary e-commerce and marketplace technology suite provides an end-to-end SaaS solution that enables our users to source, showcase and fulfil orders for branded items throughout the US and UK. Technological advancement remains core to our strategy, and we made remarkable progress in developing and launching new functionality to members and affiliates. Our talented in-house research and development team introduced several advancements to the AIM and ACS Tech Suite that address the evolving needs of our users. These innovations have not only driven customer satisfaction but also contributed to our revenue growth, by enabling more efficient platform usage by larger volume affiliates and quicker onboarding of users.

Throughout this period seven planned technology releases were made available to users which included over 25 substantial new user facing features including: API company store order integrations expanding our customer reach; enhancements to our in-built presentation tools to advance users sales capabilities and optimised purchasing capabilities to increase user; and internal order processing efficiencies.

Core to our systems is the accuracy and availability of data that is exchanged between users and Preferred Partners. Access to live inventory, order and shipping information from Preferred Partners allows users to process orders efficiently and in a centralised location, while making communications more efficient for Preferred Partners. The Group now have over 200 integrations exchanging live data between Preferred Partners and Tech Suite users.

The Group has witnessed an increase in the depth of system usage with a 14.5% growth over 2022 in users processing orders through the Tech Suite platform and a 16% growth in volume of orders processed. There are currently 478 distributors utilising the Tech Suite for search and order creation.

Following the Group's introduction of adjacent market programmes in 2022, IT and system environments including fixed and mobile point-of-sale configurations with shared inventory-based ecommerce websites, were designed to support the groups Merchandising revenues. There are currently 11 point-of-sale locations, 18 ecommerce solutions and complementary pop-up ecommerce stores transactional with a robust operational plan to enable further scaling.

Operational Excellence

We continued to enhance our operational efficiency and agility through various initiatives. We have initiatives to implement artificial intelligence across different departments, resulting in streamlined processes and greater ability to scale more effectively. We have also implemented greater automation in areas such as data conversion resulting in the capacity to migrate groups of users at greater pace.

Cybersecurity and Data Protection

Safeguarding our systems, data, and customer information is of paramount importance. We have implemented increased cybersecurity measures to protect our digital infrastructure from evolving threats and increased the frequency of employee training on cyber security and related topics. Furthermore, we have reinforced our commitment to data protection, privacy compliance and payment industry standards and rolled this out into our adjacent market operations.

Looking Ahead

As we look ahead, we remain committed to providing best-in-class solutions to our market by embracing customer feedback and emerging trends to support our business strategies. We will continue to invest in research and development, data intelligence and further exploring areas such as artificial intelligence and automation to enhance user experiences and drive scalable growth through operational efficiency.

Deborah Wilkinson
Chief Operating Officer
24 July 2023



Chief Financial Officer's Report

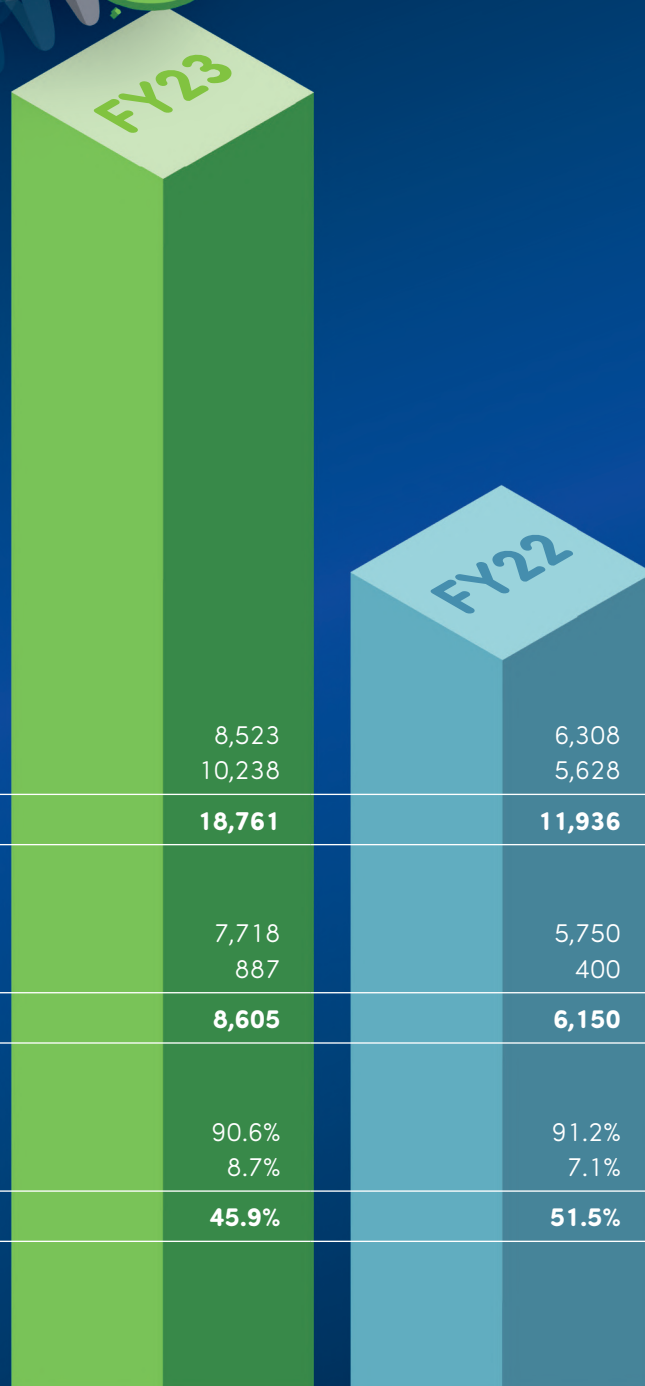
Graham Feltham Chief Financial Officer

Group revenues for the year increased by £6.9 million to £18.8 million (2022: £11.9 million), an increase of 57% with an underlying growth of 41% at constant currency.

FY23 is the year of 'lift off' for Altitude with 35% growth in Services and an 82% growth in Merchancing. Service growth is mainly driven from throughput revenue, derived from membership activity through our VIP Supplier network, surpassing the industry distributor average of 15.6% (as reported in PPAI Research), which reflects our commitment to a high quality distributor membership model. The Merchancing Division has grown from additions to our Affiliate sales network, which is the main driver behind the 82% increase over last year. Importantly, we have also grown our Adjacent Market Programmes ('AMPs') focusing on our Gear Shops within the Educational Sector. Altitude's entrance into a complementary adjacent market provides growth opportunities as well as diversification. As communicated we have secured a number of contracts that will positively impact the results in future years.

Operational gearing is a key area of focus for us with the profitability generated from our Services business model we have invested in the growth of our Merchancing Division. With ACS delivering high levels of revenue growth for lower margin, profitability is sensitive to overhead increases therefore process efficiency and cost control is essential to maximise profit fall through. Within our Gear Shops we assess returns on each contract to measure the appropriate level of investment in a strong central team. The central Gear Shop team will then be equipped to deliver further growth. To ensure scalability in FY24 we are investing in systems and processes.

Execute



Adjusted Profit before tax

↑ 989%

£915,000 (2022: £84,000)

Operating cash flow

↑ £1.6m

(2022: outflow of £0.2 million)

Adjusted basic earnings per share

↑ 1.63p

(2022: 0.48p)

Chief Financial Officer's Report

(continued...)

Gross profit has increased by £2.5 million, a 40% increase, to £8.6 million (2022: £6.2 million). This is mainly driven by an increase in the AIM distributors purchasing through our Preferred Partner network, demonstrating the value of our services to our Preferred Partners.

Gross margin was 45.9% (2022: 51.5%) reflecting the growth in lower margin Merchenting activity, whilst Services retained a consistently high margin. The relationship of the growth in AMPs and our ACS Affiliate model impacts our Gross Profit margin. AMPs deliver a higher gross profit margin than the ACS Affiliate model, which is a volume business. ACS won some larger one-off orders this year, which is testament to our goal of enabling our Affiliates to grow and deliver more activity and value.

Altitude's entrance into a complementary adjacent market provides growth opportunities as well as diversification.

Administration expenses before share-based payments, amortisation of intangible assets, depreciation of tangible assets and exceptional charges of £6.6 million (2022: £5.1 million) are ahead of prior year by £1.5 million. This increase has been driven by a prior year one-off US Government Employee Retention Scheme Credit of £0.5 million, a £0.5 million foreign currency translation, with the remaining increase of £0.5 million driven from a mix of additional travel and marketing activities to drive pipeline and people costs.

Adjusted operating profit* increased by 83.4% to £2.0 million (2022: £1.1 million). The statutory profit before taxation was £0.4 million (2022: profit of £0.1 million), whilst the adjusted profit*** before taxation increased by £0.8 million to £0.9 million (2022: £0.1 million). Please see below for constant currency analysis.

Exceptional costs

The Group incurred exceptional costs of £0.1 million (2022: £0.2 million) relating to second-phase finance transformation costs, along with a provision for the historic portion of a VAT reclaim and legal costs.

Development

The Group capitalised £0.9 million of software development (2022: £0.8 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 were 0.55p (2022: 0.14p), an increase of 293%. Adjusted basic earnings per share** was 1.63p (2022: 0.48p), representing an increase of 240%. The calculation for adjusted earning per share has been updated to be consistent with external measures by adding back amortisation on acquired intangibles whereas previously all depreciation and amortisation was added back.

Taxation

The Group is carrying a deferred taxation asset of £458,000 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 although expect that this will reduce in light of the UK Governments budget resulting in a profit and loss tax credit of £193,000 (2022: £254,000).

Total Group Revenue = £18,761m

Gross profit = £8,605m



Services Revenue = £8,523m



Merchenting Revenue = £10,238m



Gross margin 46%

Cash flow

Operating cash inflow before changes in working capital was £2.0 million (2022: £1.1 million). Working capital represented an outflow of £0.4 million (2022: £1.5 million) principally driven by an increase in inventory driven by the early start of a significant Merchanting contract. Operating cash inflow therefore increased by £1.8 million to £1.6 million (2022: outflow £0.2 million). Net cash outflow from investing activities of £1.1 million (2022: £0.9 million outflow) is mainly represented by our development spend. Financing activities included the repayment of finance agreements and interest of £0.2 million (2022: £0.2 million). Total net cash inflow was £0.2 million (2022: £1.2 million outflow). The year-end cash balance stood at £1.2 million (2022: £0.9 million) with no debt.

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.

Key performance indicators

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

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000	Impact of currency translation	Underlying change		Total Change
				£'000	%	
Revenue	18,761	11,936	1,988	4,837	41%	6,825
Gross profit	8,605	6,150	853	1,602	26%	2,455
Gross margin	46%	52%	-	-	-	-
Adjusted operating profit*	1,957	1,067	326	564	53%	890
Statutory profit/(loss) before tax	152	(157)	1	308	-	309
Adjusted profit before tax***	915	84	26	805	958%	831

* Adjusted operating profit is 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 is calculated using profit after tax but before share-based payment charges, amortisation of acquired intangible 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 to review the performance of the underlying business including the depreciation for development costs.

The Group has secured an increased credit facility (the "Facility") with TD Bank N.A., to \$1.7m (2022: \$0.7 million). 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 and is senior to the subordinated Intercreditor loans. The Facility will provide access to non-dilutive funding to support the Group in executing its growth strategy. The Facility has a small annual arrangement fee and incurs interest at 1% above the US Prime Rate on drawdown. This Facility remains undrawn at the year end.

Share capital

The number of shares increased by 166,666 to 70,847,830 (2022: 70,681,164). 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 2,648,000 (2022: 444,444). During the year the number of share options exercised was 166,666 (2022: 213,896) with the number of share options forfeited being 1,211,110 (2022: 2,329,667). The total number of share options outstanding at the year-end is 6,357,447 (2022: 4,299,445).

Chief Financial Officer's Report

(continued...)

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 2023:

- 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
- a risk of cyber attack that targets our systems causing downtime to end user processing or point of sale
- predatory pricing or other actions by established competitors in our market sectors
- the risk of bad debts arising from AIM Capital Solutions
- 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
- a risk of under-reported revenue through incomplete visibility of member transactions

In all cases the Group seeks to mitigate these risks wherever possible by continuous marketing initiatives and promotions to stimulate market demand and continuous development of enhanced member services 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. The Group has also expanded its reach and diversified with AMPs and extended into the Education sector.

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.

The Board are considering, with the onset of growth and potential utilisation of the US credit facility in FY24, to undertake a review of the primary economic environment that the Group is operating in and re-evaluating the functional for the Group.

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.

Cyber Security processes and controls including reminders and training and regularly provided to all staff to ensure they remain extra vigilant and exercise extreme caution when using email and the internet.

Liquidity

The Group remains debt free with a cash balance of £1.2 million as at the year end.

We have extended our finance facility by \$1.0 million to \$1.7 million with TD Bank. The facility will support the growth in Merchanting specifically with our AMPs new contract signings into the new year.

Graham Feltham

Chief Financial Officer
24 July 2023

Image References:

1. *Inaugural ACS Affiliate and VIP Vendor event*
2. *AIM Tech Services: Promoting Preferred VIP Vendors*
3. *AIM Member-meet-Vendor event*
4. *Gear Shop in-store computer store*
5. *VIP Vendor product collection photo shoot*
6. *Promoting our Gear Shops*
7. *High energy, high impact new look Gear Shops*
8. *Showcasing our VIP Vendor product boxes*
9. *Promoting our VIP Vendor via TechSuite*



alt | ALTITUDE GROUP PLC

Altitude succeeds and scales through its ability to influence and direct member purchasing through its preferred suppliers, through its ability to recruit high calibre sales affiliates and via expansion of the Gear Shop solution



S172 Statement



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 requested an in depth strategic review to clarify the aspirations of the Group and the potential of the Merchenting division to deliver value to the shareholders. The Executive presented a detailed plan and profile of the business models and the potential shareholder value. Following this the Board further ratified the Executives approach and support over the future direction of the Group.

2. The Board approved an increase to its working capital credit facility (the "Facility") with TD Bank N.A. to \$1.7 million, previously \$700k. The Facility has no significant financial covenants and will provide access to non-dilutive funding to support the continued execution of the Group's growth strategy. The Facility is currently undrawn.

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 continue to foster and nurture excellent relationships with our Affiliates and Members by not only listening to their needs but also actively delivering solutions. Investment in the ongoing evolution of our current technology platforms remains a primary objective, demonstrating our commitment to driving the industry forward. Our sustained investment in intuitive industry technology continues to facilitate an “ease of doing business,” improving efficiency across the supply chain. In turn, this supports our Preferred Partners, fosters the adoption of new users, and bolsters the retention of existing users. Recognising the value of personal interaction, we have introduced affiliate events that present opportunities for our affiliates to connect directly with our senior leadership. These events not only facilitate communication but also help to strengthen our ties, fostering a collaborative environment.

3. The Industry – We continue to work closely with industry organisations, playing a proactive role in industry events and fostering meaningful relationships with industry bodies. Incorporating the latest industry feeds for products and pricing into our technology, we maintain a cutting-edge stance in the market. Our presence at industry-produced events remains strong, highlighting our unwavering commitment to collaboration with our Affiliates and Members. This engagement underpins our dedication to supporting and growing our network. The spirit of cooperation, mutual growth, and resilience is at the core of our industry involvement, marking a vibrant resurgence in our collective industry journey.

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. Culture is Paramount – Our goal is to make Altitude Group and its divisions a great place to work, recognising 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.

6. Provide Support – In light of the prevailing cost of living crisis and the challenging global environment we all navigate today, we understand the profound impact these circumstances can have on individuals’ well-being. At Altitude, we are committed to supporting our people and addressing the stress and anxiety that many may be experiencing as a result of the ongoing cost of living challenges.

7. 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.

8. 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.



Social Responsibility

At Altitude Group PLC we recognise the importance of social responsibility and strive to make a positive impact on the communities and environments in which we operate. We are committed to acting ethically, responsibly, and transparently in all aspects of our business. Our social responsibility initiatives are guided by the following principles:

Environmental Sustainability: The Group's ecological footprint is low and we eliminate paper with our digital first approach. Our new working practices reduce travel and our carbon footprint. The Group encourages recycling wherever practicable.

Diversity and Inclusion: At Altitude, we believe in a culture of diversity and inclusion. This guiding principle is instrumental in how we build our teams, cultivate leaders and create a collaborative and inclusive environment throughout the AIM network, which benefits our industry and our communities. Our inclusive culture supports diverse perspectives, drives courageous conversations, and empowers every individual in the AIM community to be their authentic selves, to be bold, to innovate, to connect, and ultimately, to grow stronger together.

Community Engagement & Giving Back: At Altitude Group our commitment to community engagement and giving back is core to who we are and what we believe to be vital for the overall success and well-being of society. We actively participated in a variety of community based initiatives in the financial year. We know this commitment fosters a strong bond between our company and the communities we operate in and also increases loyalty and employee satisfaction. Specifically, the Group;

- provided scholarship dollars to students throughout the network of campus communities we serve, providing dollars to assist in covering the costs of enrichment and education for students in need.
- supported and participated in a Thanksgiving fundraiser with the non-profit MANNA, this fundraiser is designed to provide healthy meals to families in need across the metro-Philadelphia area.
- initiated and implemented a JustGiving fundraiser to raise money across our global membership network for the Disaster Emergency Committee to help with immediate needs in for those impacted by the war in Ukraine. The company matched dollar for dollar each donation members made.
- adopted and supported with product donations a non-profit farm animal sanctuary, Arthur's Acres Animal Sanctuary. Arthur's mission is squarely focused on – rescue, rehabilitation and education to create a sustainable and cruelty free world.

Our goal is to be a part of a growing commitment to corporate responsibility that contributes to a more inclusive resilient society that works towards the betterment of all.

Ethical Business Practices: We uphold the highest standards of integrity and ethics in all our business dealings. We adhere to laws and regulations, promote fair competition, and maintain transparency in our relationships with customers, partners, and stakeholders.

Employee Well-being: We prioritise the well-being and safety of our employees. We provide a healthy work environment, encourage work-life balance, and invest in professional development opportunities to foster personal growth and career advancement.

Governance: Altitude Group has chosen to adopt the Quoted Companies Alliance's Corporate Governance Code, which is crucial to its long-term success and stakeholder trust. Please see the Group website for our key governance practices which include:

- Board composition and compliance
- Board evaluation
- Shareholder engagement
- Application of the 10 Principles of the QCA Code

Customer Privacy and Data Protection: We recognise the critical importance of protecting customer privacy and safeguarding data. Maintaining customer trust is one of our core values, therefore, we have implemented several initiatives to ensure the privacy and security of customer information. Data protection measures include principle of least privilege access controls, encryption technologies, vulnerability assessments and secure data storage. We continuously monitor and update our security policies and procedures, conduct employee awareness training and third-party vendor due diligence to stay ahead of emerging threats and comply with relevant data protection regulations.

We understand that social responsibility is an ongoing commitment, and we continuously strive to improve our practices and make a meaningful difference in the world. By embracing these principles, we aim to contribute positively to society while ensuring the long-term sustainability and success of our business."

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

24 July 2023



Governance

Diversified Portfolio Group

- ✓ 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 National Farmers Union Mutual Insurance Society Limited 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.

Nichole Stella

Chief Executive

Nichole joined the Board on 25 September 2017. Nichole is a proven, global chief executive with a track record of successful leadership and the business acumen to strategically manage a complex multi-national organisation, including M&A, raising corporate capital, revenue generation, operations, corporate governance and strong P&L management. Beginning her career with Promo Marketing Media Group, Nichole has 18 years of industry executive level experience. She has extensive commercial understanding of the market and throughout her career has driven the strategic launches of new programs, products, and programmes for both the industry and adjacent markets. Her implementation of agile methodology and continuous improvement initiatives drives operational gearing and scalable growth. Nichole is committed mentoring senior leadership and to diversity and inclusion, developing and launching a DEI Council and industry-wide educational event series.

Graham Feltham

Chief Financial Officer

Graham joined the Board on 1 October 2021 and is an experienced AIM public company CFO. Graham began his career at Ernst & Young, where he qualified as a Chartered Accountant in 2000 and then established his career in industry spending six years at Belron, the world's largest vehicle glass repair and replacement Group. Following Belron he spent five years at StatPro Group plc, an AIM listed Software development group as 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 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 is currently Senior Non-Executive Director for Revolution Beauty Group plc. 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.

1 - Member of the Audit Committee

2 - Member of the Remuneration Committee

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 March 2023.

Principal activities

Altitude is a diversified portfolio Group that is the leading end-to-end solutions provider for branded merchandise across a variety of sectors from the corporate promotional products industry and print vertical markets to the higher-education sector. The Group has operations in North America, UK and Europe.

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 2022 to the date of this report, unless indicated otherwise, are listed below:

- Nichole Stella
- Deborah Wilkinson
- Martin Varley
- Peter Hallett
- David Smith
- Graham Feltham

The members of the Board Committees are set out on pages 28 and 29. Peter Hallett will retire at the Annual General Meeting in accordance with the Articles of Association of the Company and, being eligible, will seek re-election.

Directors' remuneration and interests

The remuneration of each of the Directors of the Company for the period ended 31 March 2023 and their interests in shares and share options are 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 as of 20 June 2023 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	10,068,677	14.21%
Mr Simon Taylor	9,493,617	13.40%
Mr Keith Willis	6,726,273	9.49%
Stonehage Fleming Family & Partners	4,318,585	6.10%
M J & M C Murphy	4,200,000	5.93%
Chelverton Asset Mgt	3,471,544	4.90%
Charles Stanley	2,204,340	3.11%

The middle market price of the Company's ordinary shares on 31 March 2023 was 47.50p and the range from 1 April 2022 to 31 March 2023 was from 20.50p to 47.50p with an average price of 29.33p.

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 2023 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 inviting 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 and organisational structure 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.

Disclosure of information to auditor

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

Going concern

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

The Group is following a strong growth trajectory despite the macro-economic conditions of high inflation and growing interest rates amidst fears of recession. The prolonged war in Ukraine and corrections in the Banking industry has created instability and a slowing down in the global economic recovery. The Promo Industry and continued to grow but at far lower growth rates experienced last year as the Industry came out of the pandemic. With single digit growth reported by the industry bodies in the quarter ending March 2023 there is a degree of caution with some level of churn in distributors expected along with a potential reluctance to change network or affiliation. The Group continues to maintain strong relationships within the AIM network and additionally has entered into strategic partnerships and added diversifying revenues from the AMPs whilst constantly monitoring growth spend and cash forecasts.

The Board is confident that the Group has sufficient liquidity to manage the growth of the company and can flex on overhead spend should any part of the business underperform against our expectations. 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 2024. The cash flow forecasts include a mid scenario and sensitised cases.
- The low scenario assumes reductions in revenue of c12% compared to the mid-scenario.
- The forecasts assume regular collections and payments in line with the normalised conditions experienced with detailed modelling of growth cash outflows included.
- The base and sensitised 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 Merchancing business outside of the sensitised forecast.

Directors' Report (continued...)

- 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 £1,223,000 (2022: £1,160,000) during the period on research and development of which £887,000 (2022: £788,000) 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.

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.

The ratio, expressed in days, between the amount invoiced to the Group by its trade suppliers during the period to 31 March 2023 and the amount owed to its trade creditors at 31 March 2023 was 36 days (2022: 28 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.

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 the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and the Companies Act 2006.

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 applicable IFRS 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual General Meeting

The Annual General Meeting will be held at the offices of Zeus, 125 Old Broad Street, London EC2N 1AR on 14 September 2023 at 11 a.m. and your attention is drawn to the notice of meeting set out on page 82.

By Order of the Board

Graham Feltham
24 July 2023

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 2023, which comprise:

- the Consolidated statement of comprehensive income for the year ended 31 March 2023;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company Balance Sheet as at 31 March 2023;
- the Consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group 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 2023 and of the Group's profit for the period 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 and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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;
- Performing a retrospective review to understand whether an indication of management bias exists;
- Obtaining Group and Parent Company'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;
- Assessing the cash flow forecast and challenging management's key assumptions in the going concern model, including the forecast sales, margins and other costs assumptions over the period to September 2024;
- Considering the appropriateness of disclosure made in respect of going concern.

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 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 £170,000 (2022: £118,000), based on approx. 1% (2022: 1%) of Group turnover. Materiality for the Parent Company financial statements as a whole was set at £40,000 (2022: £30,000) based on 4% (2022: 4%) 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 £119,000 (2022: £82,600) for the group and £28,000 (2022: £21,000) for the parent.

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 £8,500 (group audit) (2022: £5,900) and £2,000 (company audit) (2022: £1,500). 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

Our engagement is in respect of the Group's consolidated financial statements and those of the Parent Company.

Our audit approach was developed by obtaining a thorough understanding of the Group's activities and is risk based. Based on this understanding we assessed those aspects of the Group and Subsidiary Companies' transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error.

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.

Specifically, we identified what we considered to be significant and material areas and planned our audit approach accordingly. We undertook a combination of analytical procedures and substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

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.

Together with the matter included under the heading Conclusions relating to Going concern, we identified the below key audit matters:

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
<p>Revenue Recognition Refer to pages 46–55 (Notes to the Consolidated Financial Statements – Note 1 Accounting policies), pages 55–58, Note 2 (financial disclosures).</p> <p>Revenue is recognised in accordance with the accounting policy set out in the financial statements.</p> <p>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 involves significant estimate and judgement. It is a key determinant of the group's profitability, which has a consequent impact on its share price performance. As such, we consider this to be a Key Audit Matter.</p>	<p>Our audit procedures over revenue recognition included:</p> <ul style="list-style-type: none"> Assessing the Group's internal control environment around revenue process; Reviewing the stated revenue accounting policies and ensuring they are appropriate for the nature of the business and compliant with IFRS and validating that revenue is recognised in accordance with the accounting policies; Ensuring that the revenue has been recognised in the correct accounting period by reviewing a sample of transactions recognised around the reporting date; Examining support for a sample of revenue transactions to sales invoices, contracts, sales orders, bank receipt and confirming revenue was recognised in line with IFRS; Assessing the adequacy of the Group's disclosures related to revenue.
<p>Carrying value of goodwill and other intangible assets Refer to page 44 Consolidated balance sheet, pages 46–55 (Notes to the Consolidated Financial Statements – Note 1 Accounting policies), pages 67–68 Note 10 (financial disclosures).</p> <p>The carrying value of goodwill and other intangible assets at 31 March 2023 was £5.5 million (2022: £5.3 million).</p> <p>The Group's intangible assets comprise of goodwill arising on acquisition of subsidiaries, customer relationships and software developments.</p> <p>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 might be impaired.</p> <p>The key judgements are in relation to growth and profitability which involves estimation uncertainty. Changes in these factors could result in an impairment to the carrying value of the goodwill and intangible assets.</p>	<p>Our audit procedures over valuation or impairment of goodwill and intangible assets included:</p> <ul style="list-style-type: none"> Assessing the Group's internal control environment around the valuation or impairment of intangibles and goodwill to ensure the process was robust; Evaluating in comparison to the requirements set out in IAS 36, management's assessment (using discounted cash flow model) as to whether goodwill and/or other intangible assets were impaired. Reviewing, challenging and considering management's impairment model, their key estimates, including the discount rate. Reviewing the appropriateness and consistency of the process for making such estimates. Obtaining management's discounted cash flow model and comparing cash flow forecasts used in the impairment review to historical performance and forecasts used in the assessment of going concern and challenging where forecasts indicate significant performance deviation from historical performance, in the absence of significant changes in the business or market environment. Challenging key assumptions in the model, including the forecasted revenue and gross margin, discount rates and growth rates. Engaging an internal valuation specialist to review the discount rates and reviewing the growth rates benchmarked to our knowledge of sector performance, to evaluate the reasonableness of these assumptions. Performing sensitivity analysis 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 contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 directors' report and strategic 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 set out on page 35, 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.

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

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.

We obtained an understanding of the legal and regulatory frameworks within which the Group 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 is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditors/audit-assurance-ethics/auditors-responsibilities-for-the-audit>. 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

24 July 2023



Financial Statements

How we've performed

Graham Feltham, Chief Financial Officer of Altitude, said:

FY23 is the year of 'lift off' for Altitude with 35% growth in Services and an 82% growth in Merchandising. Service growth is mainly driven from throughput revenue, derived from membership activity through our VIP Supplier network, surpassing the industry distributor average of 15.6% (as reported in PPAI Research), which reflects our commitment to a high quality distributor membership model. The Merchandising Division has grown from additions to our Affiliate sales network, which is the main driver behind the 82% increase over last year. Importantly, we have also grown our Adjacent Market Programmes ('AMPs') focusing on our Gear Shops within the Educational Sector. Altitude's entrance into a complementary adjacent market provides growth opportunities as well as diversification. As communicated we have secured a number of contracts that will positively impact the results in future years.

[↪ Chief Financial Officer's Report page 18](#)

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2023

	Notes	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Revenue	2	18,761	11,936
Cost of sales		(10,156)	(5,786)
Gross profit:		8,605	6,150
Administrative expenses before share-based payment charges, depreciation, amortisation, and exceptional charges		(6,648)	(5,083)
Operating profit before share-based payment charges, depreciation, amortisation, and exceptional charges		1,957	1,067
Share-based payment (charges)/credits	5	(511)	127
Depreciation and Amortisation	9,10	(1,131)	(1,044)
Exceptional charges	3	(101)	(234)
Total administrative expenses		(8,391)	(6,234)
Operating profit/(loss)		214	(84)
Finance charges		(62)	(73)
Profit/(loss) before taxation		152	(157)
Taxation	7	238	254
Profit attributable to operations		390	97
Other comprehensive income: Items that may be reclassified subsequently to profit and loss:			
• Foreign exchange differences		425	302
Total comprehensive income for the year		815	399
Earnings per ordinary share attributable to the equity shareholders of the Company:			
— Basic and diluted (pence)	8	0.55p	0.14p

Consolidated Statement of Changes in Equity

for the year ended 31 March 2023

Group	Share capital £'000	Share premium £'000	Retained losses £'000	Foreign exchange translation reserve £'000	Total equity £'000
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
Profit for the period	-	-	390	-	390
Foreign exchange differences	-	-	-	425	425
Total comprehensive income	-	-	390	425	815
Transactions with owners recorded directly in equity					
Share-based payment charge	-	-	511	-	511
Shares issued for cash	-	-	-	-	-
Total transactions with owners	-	-	511	-	511
At 31 March 2023	283	20,194	(11,061)	15	9,431

Consolidated Balance Sheet

as at 31 March 2023

	Notes	As at 31 March 2023 £'000	As at 31 March 2022 £'000
Non-current assets			
Goodwill	10	2,934	2,781
Intangible assets	10	2,652	2,477
Property, plant and equipment	9	202	139
Right of use assets	9	471	606
Deferred tax assets	14	458	436
Total non-current assets		6,717	6,439
Current assets			
Inventory		361	29
Trade and other receivables	11	5,521	3,875
Corporation Tax Receivable		91	42
Cash and cash equivalents	12	1,173	902
Total current assets		7,146	4,848
Total assets		13,863	11,287
Liabilities			
Current liabilities			
Trade and other payables	13	(3,699)	(2,282)
		(3,699)	(2,282)
Net current assets		3,447	2,566
Non-current liabilities			
Deferred tax liabilities	14	(347)	(364)
Lease liabilities	22	(386)	(536)
		(733)	(900)
Total liabilities		(4,261)	(3,182)
Net assets		9,431	8,105
Equity attributable to equity holders of the Company			
Called up share capital	15	283	283
Share premium account		20,194	20,194
Retained losses and foreign exchange		(11,046)	(12,372)
Total equity		9,431	8,105

The consolidated financial statements on pages 42 to 81 were authorised for issue by the Board of Directors on 24 July 2023 and signed on its behalf by:

Graham Feltham

Chief Financial Officer

Registered number: 05193579

Consolidated Cash Flow Statement

for the year ended 31 March 2023

	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Operating profit/(loss)	214	(84)
Amortisation of intangible assets	901	845
Depreciation	230	199
Share-based payment charges	511	(127)
Exceptional items	101	234
Operating cash flow before changes in working capital	1,957	1,067
Movement in inventory	(339)	(29)
Movement in trade and other receivables	(1,532)	(1,398)
Movement in trade and other payables	1,404	(101)
Changes in working capital	(467)	(1,528)
Net cash flow from operating activities before exceptional items	1,490	(461)
Exceptional items	(84)	(179)
Net cash flow from operating activities after exceptional items	1,406	(640)
Income tax received	144	413
Net cash flow from operating activities	1,550	(227)
Cash flows from investing activities		
Purchase of tangible assets	(119)	(64)
Purchase of intangible assets	(986)	(788)
Net cash flow from investing activities	(1,105)	(852)
Cash flows from financing activities		
Repayment of lease borrowings	(163)	(135)
Lease interest paid	(47)	(52)
Other interest paid	(15)	(21)
Issue of shares for cash (net of expenses)	-	44
Net cash flow from financing activities	(225)	(164)
Net increase/(decrease) in cash and cash equivalents	220	(1,243)
Cash and cash equivalents at the beginning of the period	902	2,095
Effect of foreign exchange rate changes on cash and cash equivalents	51	50
Net (decrease)/increase in cash and cash equivalents	220	(1,243)
Cash and cash equivalents at the end of the period	1,173	902

Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

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 2023 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 2023 are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Non-Current Liabilities with Covenants (Amendments to IAS 1)

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.

The Group is following a strong growth trajectory despite the macro-economic conditions of high inflation and growing interest rates amidst fears of recession. The prolonged war in Ukraine and corrections in the Banking industry has created instability and a slowing down in the global economic recovery. The Promo Industry has continued to grow but at far lower growth rates experienced last year as the Industry came out of the pandemic. With single digit growth reported by the industry bodies in the quarter ending March 2023 there is a degree of caution with some level of churn in distributors expected along with a potential reluctance to change network or affiliation.

The Group continues to maintain strong relationships within the AIM network and additionally has entered into strategic partnerships and added diversifying revenues from the AMPs whilst constantly monitoring growth spend and cash forecasts.

The Board is confident that the Group has sufficient liquidity to manage the growth of the company and can flex on overhead spend should any part of the business underperform against our expectations. 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 2024. The cash flow forecasts include a mid scenario and sensitised cases.
- The low scenario assumes reductions in revenue of c12% compared to the mid-scenario.
- The forecasts assume regular collections and payments in line with the normalised conditions experienced with detailed modelling of growth cash outflows included.
- The base and sensitised 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 Merchanting 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.

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

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.

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

for the year ended 31 March 2023

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.

Contract costs

Costs to fulfil a contract are capitalised, amortised and assessed for impairment if they meet the required criteria. If the costs do not meet the criteria they are expensed as incurred.

Costs to fulfil a contract are recognised as an asset only if they:

- Relate directly to a contract, or to an anticipated contract that can be specifically identified
- Generate or enhance resources to be used to satisfy performance obligations in future, and
- Are expected to be recovered.

The policy applies to contracts that are greater than one year in length.

The asset is amortised over the life of the contract once the contract is live.

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 2023

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 and financial liabilities

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 is 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.

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.

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

for the year ended 31 March 2023

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 it is highly probable that it will not reverse.

Merchandising revenues

Merchandising revenues arise when group companies contract with customers to supply promotional products. By far the most significant operation that carries out merchandising 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 Merchandising 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 and Europe

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 'Merchandising' is shown. Service revenues are derived from servicing our AIM membership base and generating throughput with our contracted Preferred Partners. Merchandising 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 recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

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

for the year ended 31 March 2023

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 recognised in equity.

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

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

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

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

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

Critical accounting judgements and key sources of estimation uncertainty

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 received 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 it continues to grow.

Whilst the Group's forecasts show it is likely these losses will be utilised in the future, there is some uncertainty around future global economic performance. For this reason, the Directors have chosen to constrain the deferred tax asset to the value recognised in previous periods and will review the position in FY24 following the delivery of further growth.

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 2023, the Group has two operating segments, North America, and the United Kingdom & Europe along with a Central segment. The Group further analyses performance to Gross Profit by presenting 'Service' and 'Merchandising' as shown. Service revenues are derived from servicing our AIM membership base and generating throughput with our contracted Preferred Partners. Merchandising 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 2023 and capital expenditure for the period then ended are as follows.

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

for the year ended 31 March 2023

	Year ended 31 March 2023 £'000	Year ended 31 March 2023 £'000	Year ended 31 March 2023 £'000	Year ended 31 March 2023 £'000
	North America	UK and Europe	Central	Group
Turnover				
Services	7,155	1,368	-	8,523
Merchanting	10,238	-	-	10,238
Total	17,393	1,368	-	18,761
Cost of Sales				
Services	(582)	(223)	-	(805)
Merchanting	(9,351)	-	-	(9,351)
Total	(9,933)	(223)	-	(10,156)
Gross Profit				
Services	6,573	1,145	-	7,718
Merchanting	887	-	-	887
Total	7,460	1,145	-	8,605
Operating Profit/(Loss) before share-based payment charges, depreciation, amortisation, and exceptional charges	3,426	170	(1,639)	1,957
Share-based payment charges	-	-	(511)	(511)
Depreciation	(171)	(59)	-	(230)
Amortisation	(168)	(733)	-	(901)
Management fees	(2,397)	778	1,619	-
Exceptional charges	(65)	(14)	(22)	(101)
Finance charges	(41)	(21)	-	(62)
Segmental profit before income tax	584	121	(553)	152
Assets*	11,187	2,368	308	13,863
Liabilities*	(3,475)	(462)	(495)	(4,432)
Net Assets	7,712	1,906	(187)	9,431
<i>*external balances disclosed for segmental purposes</i>				
Capital expenditure				
Intangible assets	(99)	(887)	-	(986)
Property, plant and equipment	(91)	(26)	(2)	(119)
Right of use assets	-	-	-	-
Capital Expenditure	(190)	(913)	(2)	(1,105)

	Year ended 31 March 2023 £'000	Year ended 31 March 2023 £'000	Year ended 31 March 2023 £'000	Year ended 31 March 2023 £'000
	North America	UK and Europe	Central	Group
Timing of Revenue Recognition				
At a point in time	11,216	186	-	11,402
Over time	6,177	1,182	-	7,359
Total Revenue	17,393	1,368	-	18,761
	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	2,034	286	(1,253)	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	109	89	(355)	(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
Capital expenditure				
Intangible assets	-	(788)	-	(788)
Property, plant and equipment	(51)	(13)	-	(64)
Right of use assets	-	-	-	-
Capital Expenditure	(51)	(801)	-	(852)

*external balances disclosed for segmental purposes

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

for the year ended 31 March 2023

	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

A central cost of £411,000 was previously reported as a cost allocated to North America for FY22 and has been restated to a central cost in the table above within Operating Profit/(Loss) before share-based payment charges, depreciation, amortisation, and exceptional charges. Central costs were previously reported at a loss of £842,000 and North America was a profit of £1,623,000.

3. Exceptional charges

Analysis of exceptional items:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Legal, professional and consultancy costs	84	168
Other exceptional costs	17	66
	101	234

Exceptional charges principally relate to the second-phase of finance transformation costs, along with a provision for the historic portion of a VAT reclaim. (2022: relates 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). Other exceptional costs principally relates to a reversal of a historic tax prepayment (2022: relates to a bad-debt write-off).

4. Employees

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Employee costs:		
Wages and salaries	4,402	3,644
Social security costs	407	332
Other pension costs	114	99
	4,923	4,075

Average number of employees (including Directors) during the year: 78 84

Employee costs are stated net of £nil of US Employee Retention Scheme (2022: £0.5m), 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 2023 £'000	Year ended 31 March 2022 £'000
David Smith	Non-executive Chairman	60	-	60	21
Peter Hallett	Non-executive	45	6	51	51
Martin Varley	Non-executive	45	-	45	46
Nichole Stella	Executive	263	143	406	302
Graham Feltham	Executive	144	34	178	75
Deborah Wilkinson	Executive	103	56	159	106
		660	239	899	601

The beneficial interests of Directors in the ordinary shares of 0.4p each as at 31 March 2023 and 31 March 2022 were as follows:

	Year ended 31 March 2023 Number	Year ended 31 March 2022 Number
David Smith	183,187	183,187
Peter Hallett	1,293,196	1,293,196
Nichole Stella	1,019,607	822,941
Graham Feltham	142,843	57,870
Deborah Wilkinson	553,850	532,200
Martin Varley	10,068,677	11,268,677
	13,261,360	14,158,071

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

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

for the year ended 31 March 2023

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.

Directors' share options

	Type	Number of share options 2022	Granted in period	Exercised in period	Lapsed in period	Number of share options 2023
06 June 2018						
Nichole Stella	Unapproved	166,666		(166,666)		-
26 June 2019						
Deborah Wilkinson	EMI	238,095			(119,047)	119,048
Deborah Wilkinson	Unapproved	321,905			(160,952)	160,953
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
27 October 2022						
Nichole Stella	Unapproved	-	1,062,000			1,062,000
Graham Feltham	EMI	-	560,000			560,000
Deborah Wilkinson	EMI	-	400,000			400,000

The aggregate of realised gains on exercise of share options in the period was £nil (2022: £nil). 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 2023 £'000	Year ended 31 March 2022 £'000
David Smith	-	-
Peter Hallett	1	1
Nichole Stella	8	7
Graham Feltham	3	2
Deborah Wilkinson	3	3
Martin Varley	1	1
	16	14

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
27 October 2022 ¹	EMI	2	960,000	4	27 October 2026
27 October 2022 ¹	Unapproved	1	1,062,000	4	27 October 2026
30 March 2023 ²	EMI	4	185,000	4	04 August 2026
30 March 2023 ²	Unapproved	8	441,000	4	04 August 2026

All share options granted in year relate to performance only.

- 1 No options will be exercisable prior to the third anniversary of the date of grant. The options shall lapse on the fourth anniversary of the Grant date, assuming they are not exercised before then and no event occurs to cause it to lapse under the rules.
- 2 No options will be exercisable prior to the third anniversary of the date of grant. The options shall lapse 90 days after the third 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 2023 (p)	Number of options 2023 No	Weighted average exercise price 2022 (p)	Number of options 2022 No
Outstanding at start of period	17.29	4,299,445	31.63	6,398,564
Granted during the period	4	2,648,000	Nil	444,444
Exercised during the period	Nil	(166,666)	22.00	(213,896)
Forfeited during the period	-	-	41.82	(2,329,667)
Lapsed during the period	92.17	(423,332)	-	-
Outstanding at end of the period	5.72	6,357,447	17.29	4,299,445
Exercisable at end of the period	96.74	365,001	27.36	300,000

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

for the year ended 31 March 2023

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).

	October 2022 EMI Options	October 2022 Unapproved Options	March 2023 EMI Options	March 2023 Unapproved Options
Fair value of the option at measurement date (pence)	30.8	30.8	76.81	76.81
Share price at grant date (pence)	22.5	22.5	47.5	47.5
Exercise price (pence)	4	4	4	4
Expected volatility (%)	-	-	70%	70%
Average option life (year)	3	3	3.25	3.3
Expected dividend (%)	0%	0%	0%	0%

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 2023 (p)	Number of options 2023 No	Weighted average exercise price 2022 (p)	Number of options 2022 No
Outstanding at start of period	89.50	1,807,778	91.00	2,257,778
Granted during the period	-	-	-	-
Forfeited during the period	-	-	97.00	(450,000)
Lapsed during the period	89.62	(787,778)	-	-
Outstanding at end of the period	89.41	1,020,000	89.50	1,807,778
Exercisable at end of the period	60.00	20,000	89.25	797,778

Charge to the Consolidated Statement of Comprehensive Income

The charge to the consolidated statement of comprehensive income comprises:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Issue of share options	458	(181)
Issue of warrants	53	54
Total (credit) / charge	511	(127)

The credit in the prior 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 profit

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	63	47
Depreciation of right of use assets	167	152
Amortisation of intangible assets	901	845
Research and development expenditure expensed as incurred	336	372
Loss/(profit) on currency translation	51	122
Auditors' remuneration:		
Audit of the Company's annual financial statements	75	50
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	20	35
Other services relating to taxation	-	8
All other assurance services	-	4

7. Taxation

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Corporation tax	197	218
Deferred tax origination and reversal of timing differences	41	36
Total tax in consolidated statement of income	238	254

Reconciliation of effective tax rate

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Profit/(loss) before tax for the period	152	(157)
Tax using the UK corporation tax rate of 19% (2022: 19%)	(29)	(30)
Difference in tax rates	4	-
Non-deductible expenses	127	(42)
Deferred taxation asset arising but not reflected	(118)	30
Research and development tax credit	143	153
Adjustment relating to tax in a prior period	111	143
Total tax credit	238	254

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

for the year ended 31 March 2023

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 2023	Year ended 31 March 2022
Profit attributable to the equity shareholders of the Company (£000)	390	97
Weighted average number of shares (number '000)	70,813	70,657
Fully diluted weighted average number of shares (number '000)	71,198	70,957
Basic and diluted profit per ordinary share (pence)	0.55p	0.14p
Adjusted profit per ordinary share (pence)		
Profit attributable to the equity shareholders of the Company (£000)	390	97
add back:		
Share based payments	511	(127)
Amortisation on acquired intangibles*	151	134
Exceptional charges	100	234
Adjusted earnings	1,152	338
Adjusted basic and diluted earnings per ordinary share (pence)	1.63p	0.48p

**To be consistent with external metrics and the updated Group's key performance indicators adjusted earnings has been amended to only adjust for amortisation on acquired intangibles and not for depreciation and other amortisation as reported in previous years.*

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. We determine potentially dilutive shares as any share which is exercisable on publishing of the Annual Report.

9. Tangible non-current assets

Property, plant, and equipment

Cost	Total £'000
At 1 April 2021	884
Additions	64
Disposals	(311)
Exchange adjustments	15
At 31 March 2022	652
Additions	119
Disposals	-
Exchange adjustments	18
At 31 March 2023	789
Accumulated depreciation	
At 1 April 2021	(769)
Charge for the period	(47)
Disposals	311
Exchange adjustments	(8)
At 31 March 2022	(513)
Charge for the period	(63)
Disposals	-
Exchange adjustments	(11)
At 31 March 2023	(587)
Net book value at 31 March 2022	139
Net book value at 31 March 2023	202

Additions in 2022 predominantly relate to fixtures and fittings and computer hardware.

Additions in 2021 predominantly relate to fixtures and fittings. The disposals relate to a review of the asset registers resulting in the adjustments shown above

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

for the year ended 31 March 2023

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 2021	967
Exchange adjustments	35
At 31 March 2022	1,002
Exchange adjustments	48
At 31 March 2023	1,050
Accumulated depreciation	
At 1 April 2021	(231)
Charge for the period	(152)
Exchange adjustments	(13)
At 31 March 2022	(396)
Charge for the period	(167)
Exchange adjustments	(16)
At 31 March 2023	(579)
Net book value	
At 31 March 2022	606
At 31 March 2023	471

There were no additions or disposals in 2022 or 2023.

10. Intangible assets

Cost	Customer related intangibles £'000	Intellectual property - internally generated £'000	Contract Costs £'000	Total £'000
At 1 April 2021	2,711	4,586	-	7,297
Additions	-	788	-	788
At 31 March 2022	2,711	5,374	-	8,085
Additions	-	887	99	986
At 31 March 2023	2,711	6,261	99	9,071
Amortisation				
At 1 April 2021	(1,295)	(3,540)	-	(4,835)
Charge for the period	(134)	(711)	-	(845)
Currency translation differences	65	7	-	72
At 31 March 2022	(1,364)	(4,244)	-	(5,608)
Charge for the period	(151)	(749)	(1)	(901)
Disposals	-	-	-	-
Exchange adjustments	88	2	-	90
At 31 March 2023	(1,427)	(4,991)	(1)	(6,419)
Net book value at 31 March 2022	1,347	1,130	-	2,477
Net book value at 31 March 2023	1,284	1,270	98	2,652

Amortisation charges are included within administrative costs.

Cost	Goodwill £'000
At 1 April 2021	3,462
At 31 March 2022	3,462
At 31 March 2023	3,462
Impairment	
At 1 April 2021	(794)
Impairment for the period	-
Exchange adjustments	113
At 31 March 2022	(681)
Impairment for the period	-
Exchange adjustments	153
At 31 March 2023	(528)
Net book value at 31 March 2022	2,781
Net book value at 31 March 2023	2,934

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

for the year ended 31 March 2023

Impairment charges are included within administrative costs.

Goodwill has arisen as follows:

	2023	2022
	£'000	£'000
Goodwill		
Promoserve Business Systems	79	79
Trade Only/Technolog	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 budget and 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% (2022: 14.2%), 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 2023.

The cumulative impairment charge recognised to date is £546,000 (2022: £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

	2023	2022
	£'000	£'000
Trade receivables net of impairment of £47,000 (2022: £45,000)	1,830	797
Accrued income	3,289	2,641
Prepayments and other debtors	402	437
Total	5,521	3,875

Trade receivables denominated in currencies other than sterling comprise £1,604,000 (2022: £669,000) 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 £2,180,000 (2022: £2,150,000) 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 £1,038,000 (2022: £476,000) 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:

	2023	2022
	£'000	£'000
Not overdue	1,043	329
Under 30 days overdue	391	306
Over 30 days but under 60 days overdue	155	119
Over 60 days overdue	241	43
Total	1,830	797

Reconciliation of movement in loss allowance:

	Expected credit loss rate	Gross carrying amount	Lifetime expected credit loss
	£'000	£'000	£'000
31 March 2023			
Not overdue	2.2%	1,067	24
Under 30 days overdue	2.7%	402	11
Over 30 days but under 60 days overdue	2.5%	159	4
Over 60 days overdue	3.2%	249	8
Total Lifetime expected credit loss		1,877	47

	Expected credit loss rate	Gross carrying amount	Lifetime expected credit loss
	£'000	£'000	£'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

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

12. Cash and cash equivalents

	2023	2022
	£'000	£'000
Cash and cash equivalents	1,173	902

Cash and cash equivalents denominated in foreign currencies other than sterling comprise £885,000 (2022: £731,000) which was denominated in US dollars.

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

for the year ended 31 March 2023

13. Trade and other payables

	2023 £'000	2022 £'000
Current		
Trade payables	1,008	448
Other taxes and social security	250	455
Accruals	1,965	1,028
Deferred income	299	197
Lease liabilities	177	154
Total	3,699	2,282

Trade payables denominated in currencies other than sterling is comprised £815,000 (2022: £259,000) 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.

	2023 £'000	2022 £'000
Deferred tax assets		
Accelerated capital allowances	30	30
Exchange rate difference	(22)	(20)
Losses	450	426
Total	458	436

Movement in the deferred tax asset for the period ended 31 March 2023:

	As at 1 April 2022 £'000	Income Statement £'000	Exchange Difference £'000	As at 31 March 2023 £'000
Accelerated capital allowances	30	-	-	30
Losses	406	-	22	428
Total	436	-	22	458

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. Tax losses were utilised during the year, however the related recognised deferred tax asset remains unchanged. This infers a utilisation and a recognition of the deferred tax asset of £280,000 in the year, resulting in a £nil impact on the income statement.

A deferred tax asset of £458,000 (2022: £436,000) 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.

There are potential unrecognised deferred tax assets of approximately £2.3 million (2022: £2.4 million). The related losses, totalling £9.2 million (2022: £9.5 million), have at least 10 years before they expire. The losses are not recognised due to the insufficient evidence of the availability of suitable taxable profits after 4 years.

Deferred tax liabilities

The deferred tax liability relates to a customer relationship intangible asset of £1.9 million 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.

	2023 £'000	2022 £'000
Deferred tax liability	(347)	(364)

15. Share capital and reserves

	2023 £'000	2022 £'000
Allotted, called up and fully paid:		
70,847,830 (2022: 70,681,164) ordinary shares of 0.4p each	283	283

On 16 June 2022, 166,666 ordinary shares of 0.4p each were issued for nil consideration per share in respect of share options exercised by N Stella.

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

The Group sets the amount of capital in proportion to risk. The capital structure of the Group consists of equity comprising issued capital, reserves and retained earnings as set out below. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. 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 2022, was to keep debt to a minimum. Net cash at 31 March 2023 was £1,173,000 (2022: net cash £902,000).

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.

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.

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

for the year ended 31 March 2023

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.

Interest rate risk

The Group continues to manage the cash position in a manner designed to maximise interest income, while at the same time minimising 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

	2023 £'000	2022 £'000
Financial assets		
Loans and receivables:		
Trade receivables	1,877	842
Accrued income	3,289	2,641
Cash at bank	1,173	902
Total	6,339	4,385

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

	2023 £'000	2022 £'000
Financial liabilities		
Other liabilities:		
Trade payables	1,008	448
Lease liabilities	563	690
Other short-term liabilities	1,965	1,028
Total	3,536	2,166

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 £885,000 (2022: £731,000) which was denominated in US dollars.

Trade receivables of £1,604,000 (2022: £669,000) and accrued income of £3,246,000 (2022: £2,626,000) are denominated in US dollars; and other short-term liabilities of £1,472,000 (2022: £760,000) 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:

	2023	2022
	£'000	£'000
Maturity profile of financial liabilities:		
Due within one year or on demand	2,979	1,630
Due after one year	386	536

Fair value of financial instruments

At 31 March 2023 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 2023 as it has no borrowings. The Group is not materially exposed to changes in exchange rates as at 31 March 2023 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 secured a working capital credit facility with TD Bank N.A., with a 12-month revolving facility of \$1.7 million (2022: \$0.7 million).. 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 2023 the Facility is undrawn at the year end.

17. Commitments

Capital commitments

The Group had placed contracts for future capital expenditure of £nil at 31 March 2023 (2022: £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 £109,000 (2022: £118,000).

19. Contingent liabilities

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

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

for the year ended 31 March 2023

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 2023, sales of £40,435 (2022: £82,446) were made to PSG and trade receivables at 31 March 2023 includes £43,278 (2022: £28,076) due from PSG.

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 2023, sales of £45,000 (2022: £170,000) were made to the related party.

During the year the Group procured services of £62,000 (2022: £101,000) 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 2022	-	690	690
Cash flows:			
- Repayment including interest	-	(210)	(210)
Non-cash			
- Exchange adjustments	-	36	36
- Interest charge	-	47	47
31 March 2023	-	563	563
	Long term borrowings £'000	Lease liabilities £'000	Total £'000
01 April 2021	-	800	800
Cash flows:			
- Repayment including interest	-	(187)	(187)
Non-cash			
- Exchange adjustments	-	25	25
- Interest charge	-	52	52
31 March 2022	-	690	690

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.

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.

	2023	2022
	£'000	£'000
Expiring within one year	177	154
Expiring within two to five years	386	536
Expiring in more than five years	-	-

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

	Total
	£'000
At 1 April 2021	800
Additions	-
Disposals	-
Interest charge	52
Lease payments	(187)
Exchange adjustments	25
At 31 March 2022	690
Additions	-
Disposals	-
Interest charge	47
Lease payments	(210)
Exchange adjustments	36
At 31 March 2023	563

The amounts recognised in the income statement are as follows:

	2023	2022
	£'000	£'000
Depreciation of right-of-use assets	167	152
Interest expense on lease liabilities	47	52
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

at 31 March 2023

	Notes	As at 31 March 2023 £'000	As at 31 March 2022 £'000
Non-current assets			
Investments	27	842	510
Fixed assets		2	-
Current assets			
Debtors	28	5,444	5,234
Cash and cash equivalents		12	23
Current liabilities			
Creditors: amounts falling due within one year	29	(474)	(469)
Net current assets		5,314	4,788
Net assets		5,826	5,298
Capital and reserves			
Called up share capital	30	283	283
Share premium account		20,194	20,194
Profit and loss account		(14,651)	(15,179)
Shareholder's funds		5,826	5,298

The Company reported a profit for the period ended 31 March 2023 of £17,000 (2022: £906,000 profit).

The balance sheet was authorised for issue by the Board of Directors on 24 July 2023 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 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
Profit for the period	-	-	17	17
Transactions with owners recorded directly in equity:				
Share-based payment charge	-	-	511	511
Shares issued for cash	-	-	-	-
Total transactions with owners	-	-	511	511
At 31 March 2023	283	20,194	(14,651)	5,826

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.

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.

The Company is following a strong growth trajectory despite the macro-economic conditions of high inflation and growing interest rates amidst fears of recession. The prolonged war in Ukraine and corrections in the Banking industry has created instability and a slowing down in the global economic recovery.

The Board is confident that the Group has sufficient liquidity to manage the growth of the company and can flex on overhead spend should any part of the business underperform against our expectations. 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 £17,000 (2022: £906,000 profit).

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 2022	907
Additions	332
At 31 March 2023	1,239
Impairment	
At 31 March 2022	(397)
Impairment charge in period	-
At 31 March 2023	(397)
Net book value at 31 March 2022	510
Net book value at 31 March 2023	842

Additions of £332,000 in the year relate to share based payment charges for employees in their respective subsidiaries.

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

for the period ended 31 March 2022

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

Subsidiary undertakings	Country of incorporation	Principal activity	Class of shares held	Holding
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

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Other debtors	22	23
Amounts owed by subsidiary undertakings	5,422	5,211
Total	5,444	5,234

All amounts owed by subsidiary undertakings are interest free and repayable on demand; however we do not anticipate needing to recall any funds in the next 12 months.

29. Creditors: Amounts falling due within one year

	2023 £'000	2022 £'000
Trade and other creditors	54	198
Accruals and deferred income	420	271
Total	474	469

The Group are able to offset overdrawn accounts with accounts that are in credit. The average effective interest rate on bank overdrafts are £nil (2022: £nil) as these borrowings are secured by cash balances held within the group and balances are offset for interest purposes.

30. Share capital

	2023 £'000	2022 £'000
Allotted, called up and fully paid:		
70,847,830 (2022: 70,681,164) ordinary shares of 0.4p each	283	283

On 16 June 2022, 166,666 ordinary shares of 0.4p each were issued for nil consideration per share in respect of share options exercised by N Stella.

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 working capital credit facility obtained by Altitude Group Inc with TD Bank N.A., with a 12-month revolving facility of \$1.7 million (2022: \$0.7 million). The Company had no other capital commitments existing at 31 March 2023 or 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.

Notice of Annual General Meeting 2023

NOTICE IS HEREBY GIVEN that the annual general meeting of Altitude Group Plc (company number **05193579**) (the “**Company**”) will be held at 11:00 a.m. on 14 September 2023 at the offices of Zeus Capital Limited, 125 Old Broad St, London EC2N 1AR at 11 a.m. for the following purposes.

Resolutions number 1 to 5 will be proposed as ordinary resolutions and resolutions 6 and 7 will be proposed as special resolutions.

Ordinary business

1. To receive the Company’s annual accounts for the financial year ended 31 March 2023 together with the last Directors’ Report, the last Directors’ Remuneration Report and the Auditors’ Report on those accounts.
2. To elect Peter Hallett who has been appointed to the board of Directors who retires in accordance with the articles of association of the Company, as a Director of the Company.
3. To re-appoint Crowe U.K. LLP as the Company’s auditor to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the Company at which accounts are laid before the Company.
4. To authorise the Directors to determine the remuneration of the Company’s auditors.
5. Authority to allot shares

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

- a) to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares of the Company (such shares and rights being together referred to as “**Relevant Securities**”) up to an aggregate nominal value of £94,463.77 representing approximately one third of the Company’s issued share capital to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the articles of association of the Company); and further
- b) to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal value of £188,927.55 representing approximately two thirds of the Company’s issued share capital in connection with a fully pre-emptive offer (“**Share Offer**”) of such securities

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 14 December 2024, 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.

In this resolution, “**Share Offer**” 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.

Special business

6. Disapplication of pre-emption rights

THAT, subject to and conditional upon the passing of the resolution 5, 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 5 above as if section 561(1) of the Act did not apply to any such allotment provided that this authority and power shall be limited to the allotment of equity securities:

- a) in connection with a Share Offer (as defined in resolution 5(b) above);
- b) otherwise than pursuant to sub-paragraph 5(a) above up to an aggregate nominal amount of £28,339.13 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 14 December 2024, 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.

7. 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 £28,339.13 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 14 December 2024 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

Almond CS Limited
Company Secretary
24 July 2023

Registered office

7th Floor
32 Eyre St
Sheffield
S1 4QZ

Notes

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at 11:00 a.m. on 12 September 2023 or, if this meeting is adjourned, at 11:00 a.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, Neville House, Steelpark Road, Halesowen B62 8HD no later than 11.00 a.m. on 12 September 2023.
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.

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 12 September 2023.
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 & International 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 & International 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.

Explanatory Notes

Dear Shareholders

In the following notes, references to the “current issued share capital” of the Company are to the 70,847,830 ordinary shares of £0.004 each in the capital of the Company in issue as at the close of business on 15 August 2023 (being the latest practicable date prior to the publication of this document).

Resolution 1 – To Receive The Financial Statements And Directors Report

This resolution deals with the receipt and adoption of the accounts of the Company and the reports of the directors and auditors of the Company for the period ended 31 March 2023.

Resolutions 2 – Re-Election Of Directors

This resolution is to re-elect Peter Hallett who retires as a director in accordance with the Articles of Association of the Company. Peter joined the Board in April 2015; biographical details are set out in the enclosed annual report and accounts and appear on the Company’s website.

Having considered Peter’s performance and contributions, the board of directors remain satisfied that his performance remains effective and that he continues to demonstrate commitment to his role. As such, the directors recommend his re-election under resolution 2.

Resolutions 3 And 4 – Re-Election And Remuneration Of The Auditors

The Company is required to appoint auditors at each annual general meeting, to hold office until the next such meeting at which accounts are presented. Resolution 3 proposes the re-appointment of the Company’s existing auditors, Crowe U.K. LLP.

Resolution 4 proposes that the Board be authorised to determine the auditors’ remuneration.

Resolution 5 – Director’s Power To Allot Relevant Securities

This routine resolution deals with the Directors’ authority to allot Relevant Securities in accordance with section 551 of the Companies Act 2006 as granted at the last annual general meeting. This resolution complies with the Investment Association Share Capital Management Guidelines issued in February 2023.

If passed, the resolution will authorise the Directors to allot:

- i) in relation to any form of fully pre-emptive offer, equity securities (as defined by section 560 of the CA 2006) up to a maximum nominal amount of £188,927.55 which represents approximately two thirds of the Company’s issued ordinary shares as at the date hereof. This maximum is reduced by the nominal amount of any Relevant Securities allotted under the authority set out in Resolution 5(b); and
- ii) in any other case, Relevant Securities up to a maximum nominal amount of £94,463.77 which represents approximately one third of the Company’s issued ordinary shares as at the date hereof. This maximum is reduced by the nominal amount of any equity securities allotted under the authority set out Resolution 5(a) in excess of £94,463.77.

The Directors have no present intention to exercise the authority conferred by this resolution.

Resolution 6 – Disapplication Of Pre-Emption Rights On Equity Issues For Cash

Section 561 of the Companies Act requires that a company issuing shares for cash must first offer them to existing shareholders following a statutory procedure which, in the case of a pre-emptive share offer, may prove to be both costly and cumbersome.

This routine resolution excludes that statutory procedure as far as pre-emptive share offers are concerned. It also enables the directors to allot new shares up to 10 per cent of the nominal value of the current ordinary share capital of the Company, subject to resolution 5 being passed.

The directors believe that the limited powers provided by this resolution will maintain a desirable degree of flexibility.

Unless previously revoked or varied, the disapplication will expire on the conclusion of the next annual general meeting of the Company or on the date which is 15 months after the passing of this resolution (whichever is the earlier).

As is the case with resolution 5, the Directors have no present intention to exercise the authority conferred by this resolution.

Resolution 7 – Directors' Authority To Make Market Purchases Of Ordinary Shares

If passed, this Resolution will grant the Company authority for a period of up to fifteen months after the date of passing of the Resolution to buy its own Ordinary Shares in the market. The Resolution limits the number of Ordinary Shares that may be purchased to 10 per cent of the current issued share capital of the Company. The price per Ordinary Share that the Company may pay is set at a minimum amount (excluding expenses) of £0.004 per Ordinary Share and a maximum amount (excluding expenses) of the higher of:

- i) 5 per cent. over the average of the previous five business days' middle market prices per Ordinary Share; and
- ii) the price stipulated by Article 3(2) of Delegated Regulation (EU) 2016/1052 of 8 March 2016 relating to the conditions applicable to buy-back programmes and stabilisation measures (being the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out). This Share Buyback Authority will expire following the conclusion of the Annual General Meeting of the Company to be held in 2024 and will only be exercised if market conditions make it advantageous to do so.

The Directors are of the opinion that it would be advantageous for the Company to have the flexibility to purchase its own Ordinary Shares should such action be deemed appropriate by the Directors.

The Directors have no present intention of exercising the authority to purchase the Company's Ordinary Shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price, future investment opportunities and the overall position of the Company.

The Share Buyback Authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per Ordinary Share and would be in the interests of Shareholders as a whole. Ordinary Shares purchased would either be cancelled and the number of Ordinary Shares in issue reduced accordingly or held as treasury shares.

Advisors

Registrars

Neville Registrars Limited
Neville House
Steelpark Road
Halesowen
B62 8HD

Auditors

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

UK Principal bankers

HSBC UK Bank plc
33 Park Row
Leeds
LS1 5HD

US Principal bankers

TD Bank, N.A.
2035 Limestone Road
Wilmington
DE - 19808

Solicitors

DAC Beachcroft LLP
100 Fetter Lane
London
EC44 1BN

Nominated Adviser and Stockbrokers

Zeus Capital Ltd
82 King Street
Manchester
M2 4WQ

Registered office

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

Audited Annual Results
for the Year Ended 31 March 2023



Nichole Stella, Group CEO of Altitude, said:

This financial year was one of great progress, strong trading and record breaking results. We increased market share in our core markets and proved to be a disruptive force in a new market. As a result, the Group has shown growth across the business far exceeding our original expectations. This performance is a testament to not only the incredible hard work of our dedicated staff and management team but also a testament to the success of the strategy that was put in place when I arrived and renewed with vigour in 2021. I am delighted that we grew the existing business by 57.2% which in itself is no small feat, but to do it on a global basis whilst establishing a new vertical is a great achievement. We have a business that is robust, ambitious and is very well positioned for scalable growth. We look forward to the future, both near term and longer term, with great confidence.

➔ **Chief Executive's Statement page 12**



Altitude Group Plc | Audited Annual Results for the Year Ended 31 March 2023