



alt | ALTITUDE
GROUP PLC

Presentation

Interim Results for the Period 1 April
2021 to 30 September 2021



Presentation Team

CEO / Nichole Stella

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



CFO / Graham Feltham

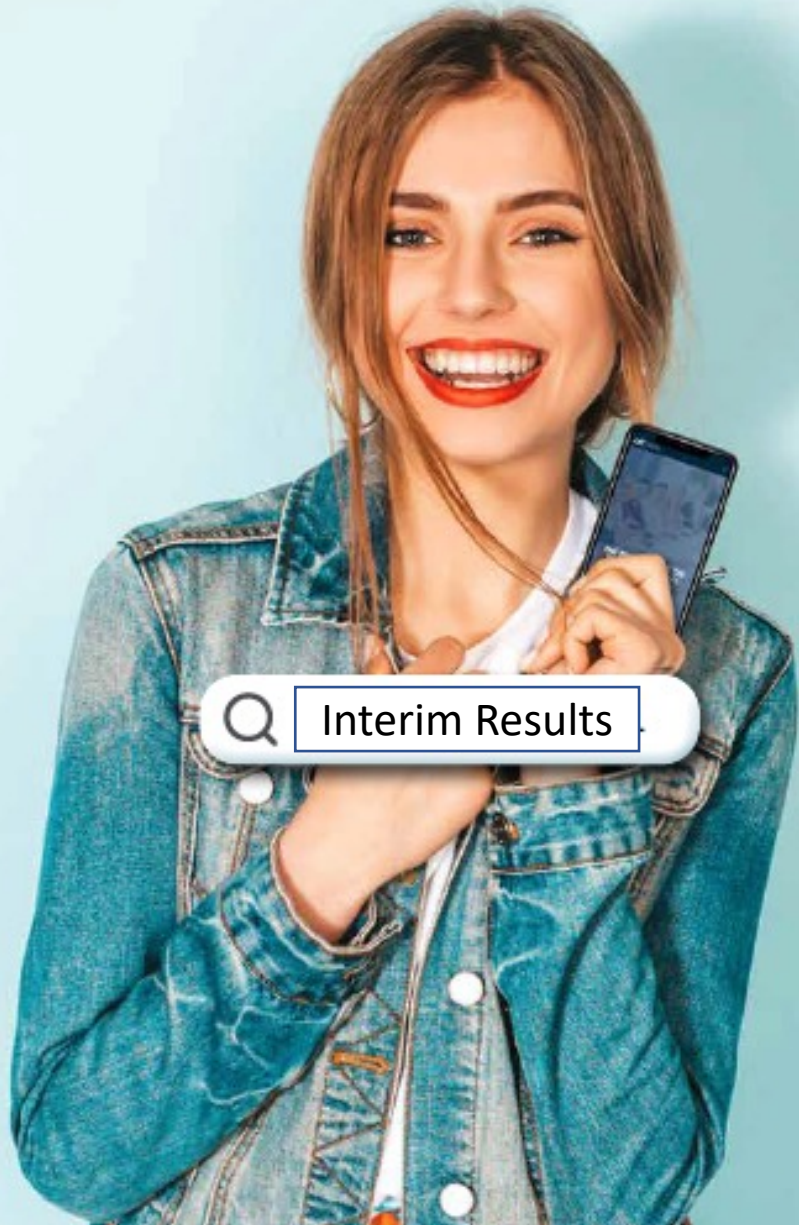
- Experienced public company CFO
- Qualified chartered accountant with +20 years PQE
- Former Group Finance Director at Newmark Security plc, Group Financial Controller at Safetykleen & StatPro plc



Non- Executive Director / Peter Hallett

- Experienced public company director
- Former Group CFO Castleon Technology plc (formerly Redstone PLC)
- Previous FD at Texas Homecare & First Quench





Key Highlights from the Financial Period

*Altitude Group sees continuing recovery and
growth*

- **Group revenues increased by £1.5m to £5.9m**, a 33% increase, in the half year period (H1 2020: £4.4m)
- **Acceleration of core strategic AIM Capital Solutions ("ACS")** merchanting revenues of £3.0m in H1 2021 replaces one-off sales of Protective Personal Equipment of £2.0m H1 2020
- **Gross profit increased 12% to £2.8m** (H1 2020 £2.5m) with increased trading activity
- **Administrative costs held steady £2.3m** (H1 2020 £2.2m)
- **Adjusted operating profit* before central plc costs increased 57% to £1.2m** (H1 2020: £0.7m) comprising:
 - **increase of 58% in the US to £1.0m** (H1 2020: £0.7m)
 - **increase of 47% in the UK to £0.1m** (H1 2020: £0.1m)
- **Group adjusted operating profit* increased by 86% to £0.5m** (H1 2020: £0.3m)



Key Corporate & Operational Highlights

- Accelerating recovery evidenced by strong growth across all revenue streams in both recurring & repeating services and merchandising activity:
- *US services revenue grew by 34% to £2.2m (H1 2020: £1.7m)*
- *US merchandising revenue grew by 41% to £3.1m (H1 2020: £2.2m)*
- AIM global membership increasing to 2,405 members (H1 2020: 2,200)

Key Corporate Developments & Operational Highlights

continued

- The Group now has 318 members of the AIM global Preferred Partner network (H1 2020: 228), 187 US Preferred Partners (H1 2020: 175), 131 UK Preferred Partners (H1 2020: 53)
- Preferred partner service fees increased by 79.8% on H1 2020 and 11.2% on H1 2019
- Global AIM Technology platform adoption increased 20% to 431 (H1 2020: 359) for search and orders
- The Group is continuing to accelerate its ACS offering and continues to develop programmes that will accelerate the growth of merchanting revenue

Our Routes to Revenue – Services & Merchanding

Services Revenue

aim™



Recurring/Repeat revenues

- Membership subscriptions – 2405 Global Members
- Add-on marketing services – Recovering from Covid
- Preferred Partner revenues – 318 partners
- Software and technology services – 20% usage

One off revenues

- Events and Exhibitions
- Catalogues

VIP Partners



Merchandising Revenue

acs™



Area of focused growth

- Gross transaction revenue on sale of promotional products

- **ACS Affiliates**

Revenues of £3.0m in H1 2021

Adjacent Market

- Launched, Growing & Revenue / Profit Additive

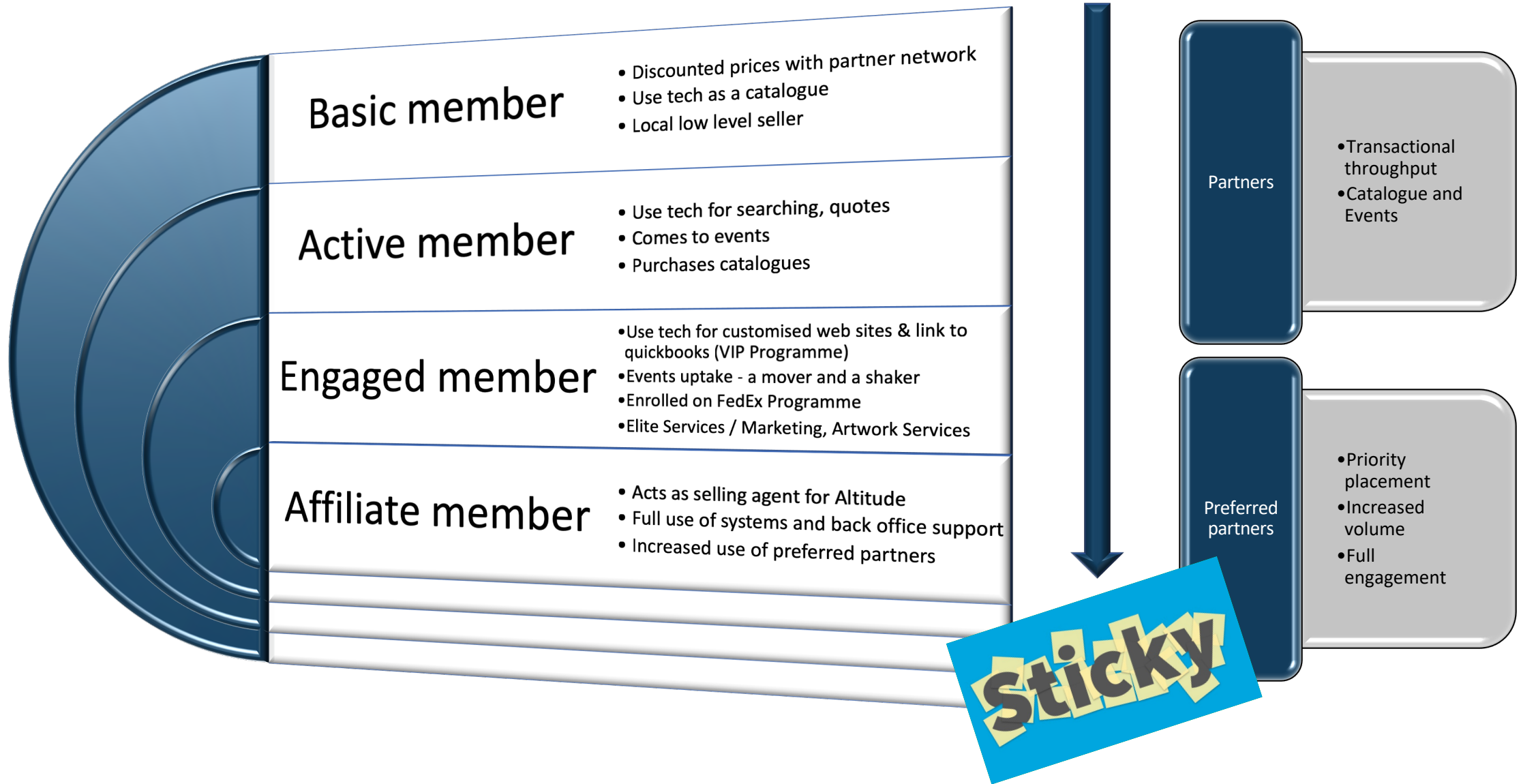
other merchanding



Our merchanding programmes were newly launched in 2020/2021, in the interim period these programmes drove significant revenue growth and are fully integrated in our strategic future growth plans

Our Network

Both members and partner network becoming more engaged generating “stickier” revenue



£2.8m Services Revenue

~98% Recurring & Repeating derived from our AIM Marketplace

- *either annual recurring fixed revenues or*
- *repeating ad valorem marketing revenues based on AIM members transactional volume with contracted Preferred Partners.*



AIM Membership

- AIM's global membership has increased to 2,405 (H1 2020: 2,200)
- 2,070 members in the US, average US distributor revenue of c.\$1.1 million pa
- aggregate member revenue rising to c.\$2.6 billion* purchase pipeline c.\$1.6 bn pa
- Economic compulsion and sense of community underpins recurring and repeating revenue

* Per self-certification pre COVID

Preferred Partner Network

- Rooted in strong stable relationships with key industry partners
- 100% retention throughout COVID
- H1 Preferred Partner service fees increased by 79.8% vs 2020 and 11.2% vs 2019
- Stability and size of AIM membership market share underpins recurring and repeating revenue
- Our continuous development of our order management platform, e-commerce and popup shops, and marketing programmes encourages prolonged participation

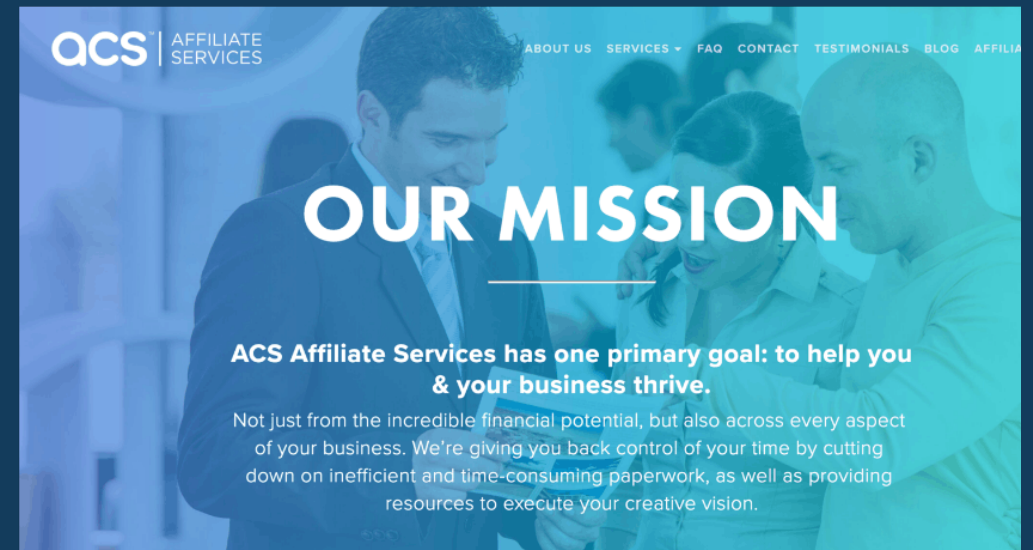
£3.1m Merchanting Revenue

- Repeating revenue derived from our AIM Marketplace
- Repeating revenue from non competing adjacent markets

Our Merchanting programmes, which includes ACS acting as principal in the underlying transaction grew by 41% in the half year to £3.1m (H1 2020: £2.2m)

ACS Key Features

- Enhanced member service driven by demand
- Key service that will attract new members
- Highly retentive service – very sticky
- Mandatory 100% Full Distributor Business Funding
- Back Office Support
- Affiliate sliding scale fees from 6% to 12%
- Increasing total transaction (Partner & Affiliate) fees to max fees of 18%



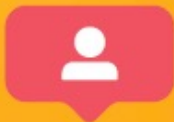
The image is a screenshot of the ACS Affiliate Services website. The top left corner features the ACS logo and the text 'AFFILIATE SERVICES'. A navigation menu at the top right includes links for 'ABOUT US', 'SERVICES', 'FAQ', 'CONTACT', 'TESTIMONIALS', 'BLOG', and 'AFFILIATE'. The main content area has a large heading 'OUR MISSION' in white text on a blue-tinted background of people in a meeting. Below the heading, there is a sub-heading: 'ACS Affiliate Services has one primary goal: to help you & your business thrive.' followed by a paragraph: 'Not just from the incredible financial potential, but also across every aspect of your business. We're giving you back control of your time by cutting down on inefficient and time-consuming paperwork, as well as providing resources to execute your creative vision.'

Focus on Execution = Results



Our continued focus on execution resulted in:

- Overall Group revenue increase of £1.5 million to £5.9 million (H1 2020: £4.4m).
- As a result, the Group adjusted operating profit* increased 86% to £0.5m (H1 2020: £0.3m)
- Adjusted operating profit* before central Plc costs increased 57% to £1.2m (H1 2020: £0.7m).



Financial Results

*Interim Financial Period Ending
30 September 2021*

Profitable & Growing despite COVID-19

Interim Financial Results

for the 6-month Financial Period Ending 30 September 2021

- Accelerating recovery evidenced by strong growth across all revenue streams (see next slide)
- The Group is continuing to accelerate its ACS strategic offering with £3.0m revenues replacing £2.0m one-off PPE revenues from the prior year
- Gross profit increased by £0.3m with growth generated from both market recovery and strategic initiatives
- Gross margin diluted to 48% due to growth in ACS merchanting
- Overheads benefited from Group securing paycheck protection program and employee retention scheme in US in both half year periods
- Central costs increase from change in NOMAD, inflationary increases and recruiting CFO
- Review in progress to establish fit-for-purpose organisational structure as we come out of COVID

	2021 6 Months 30-Sep £m	2020 6 Months 30-Sep £m	2021 12 Months 31-Mar £m
Revenue	5.9	4.4	7.7
Gross Profit	2.8	2.5	5.6
GP%	48%	57%	72%
Overheads (ex central costs)	(1.7)	(1.8)	(4.0)
Adj Op profit	1.2	0.7	1.5
Central costs	(0.7)	(0.5)	(1.0)
Adj Group Op profit	0.5	0.3	0.6
Share based payments*	(0.4)	(0.3)	(0.5)
Amortisation and depreciation	(0.5)	(0.5)	(1.2)
Exceptional costs	-	(0.0)	(0.0)
Operating loss	(0.4)	(0.6)	(1.3)
Interest	(0.0)	(0.0)	(0.1)
Loss before tax	(0.4)	(0.6)	(1.3)
EPS - Continuing Ops			
Basic & diluted (pence)	(0.42)	(0.86)	(1.56)
Adj EPS - Continuing Ops			
Basic & diluted (pence)	0.72	0.40	0.80

Interim Financial Results

for the 6-month Financial Period Ending 30 September 2021

Segmental Financial Review

	6 months to 30 September 2021			Variance			6 months to 30 September 2020			12 months to 31 March 2021		
	H1'22 Total £m	H1'22 US £m	H1'22 UK £m	Total £m	US £m	UK £m	H1'21 Total £m	H1'21 US £m	H1'21 UK £m	FY21 Total £m	FY21 US £m	FY21 UK £m
Revenue												
Services	2.8	2.2	0.6	0.6	0.6	0.0	2.2	1.7	0.6	5.4	4.2	1.2
Merchandising	3.1	3.1	-	0.9	0.9	(0.0)	2.2	2.2	0.0	2.3	2.3	0.0
Total	5.9	5.3	0.6	1.5	1.5	0.0	4.4	3.9	0.6	7.7	6.5	1.2
	100%	90%	10%	33%	38%	3%	100%	87%	13%	100%	85%	15%
Gross Profit	2.8	2.3	0.6	12%	14%	5%	2.5	2.0	0.5	5.6	4.4	1.1
Gross margin	48%	42%	95%				57%	51%	93%	72%	68%	96%
Gross margin (Services)	92%	92%	95%				90%	89%	93%	91%	89%	96%
Adj Overhead	(1.7)	(1.2)	(0.4)	(6%)	(7%)	(3%)	(1.8)	(1.3)	(0.5)	(4.0)	(3.1)	(0.9)
Adj Op profit	1.2	1.0	0.1	56%	57%	47%	0.7	0.7	0.09	1.5	1.3	0.2
% revenue	20%	19%	22%				0%	0%	0%	20%	20%	20%
Central costs	(0.7)			40%			(0.5)			(1.0)		
Adj Group Op profit	0.5			84%			0.3			0.6		

Interim Financial Results

for the 6-month Financial Period Ending 30 September 2021

Continued
Segmental Financial Review

- Services comprise 47% of revenue and 92% of cash margin. Sticky and recurring through AIM members & Preferred Supply Partners
- Merchanting revenue will grow substantially re ACS revenue recognition. Sticky through access to AIM members
- Margin reduced in line with expectations
- ACS & merchanting have growth potential
- Marginal recovery in UK business post transition to US model
- US business continues growth trajectory
- Central costs – fixed but tightly controlled with additional costs driven by CFO and NOMAD churn

Interim Financial Results

for the 6-month Financial Period Ending 30 September 2021

- Operating cashflow pre working capital positive as business begins to recover and return to growth
- Significant working capital investment reflecting increased trading activity and growth of ACS.
- Employee retention scheme credit due of £0.5m with Tax R&D expected in H2 included in working capital
- Continued software investment delivering further advances to ACS member affiliates experience to generate top line growth

	2021 6 Months 30-Sep £m	2020 6 Months 30-Sep £m	2021 12 Months 31-Mar £m
Loss for period	(0.2)	(0.7)	(1.2)
Non cash items			
Share-based payments	0.4	0.3	0.5
Amortisation & depreciation	0.5	0.5	1.2
Tax	(0.1)	-	(0.2)
Interest	0.0	-	0.1
Exch diff	0.1	-	(0.3)
OPERATING CASHFLOW PRE W. CAPITAL	0.7	0.1	0.1
WORKING CAPITAL	(1.7)	(0.3)	-
Tax received	0.2	-	-
OPERATING ACTIVITIES	(0.8)	(0.2)	0.1
Investing activities:			
Capex	(0.4)	(0.3)	(0.7)
Disposal proceeds	-	-	0.3
INVESTING ACTIVITIES	(0.4)	(0.3)	(0.4)
Financing activities:			
Repayment of borrowings	(0.1)	(0.5)	(0.1)
Interest paid	(0.0)	(0.2)	-
Issue of shares for cash	0.0	0.1	0.1
FINANCING ACTIVITIES	(0.1)	(0.6)	-
NET (DECR)/INCR IN CASH	(1.3)	(1.1)	(0.3)
Cash b/fwd	2.1	2.4	2.4
Cash c/fwd	0.8	1.2	2.1



OUTLOOK

"Throughout H1 2021, the industry has experienced initial recovery from the impact of the pandemic. Though caution across the industry still remains, our team continues to be focused on executing our strategic growth plan including developing and supporting our community, technology, services, and pipeline development, thus successfully increasing both Services and Merchandising revenue. The Board is pleased to report that the Group continues to trade positively, and current business performance is in line with the Board's expectations. With ongoing investment in growth, strong focus on core business development and sustained recovery the Board is optimistic and expects continued profitability in the full year."

Nichole Stella, Group CEO

Questions & Discussion



The Promotional Product Industry

Pre-Covid-19 – c. \$26 Billion Dollar Industry

Healthy. Competitive. Growth.

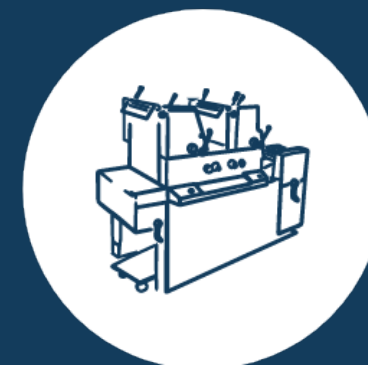
\$23.6B - 2017 | \$24.7B - 2018 | \$25.8 B - 2019



YOY Growth. \$25.8b
2019



c. 24,000
Distributors |
Industry Sales Force

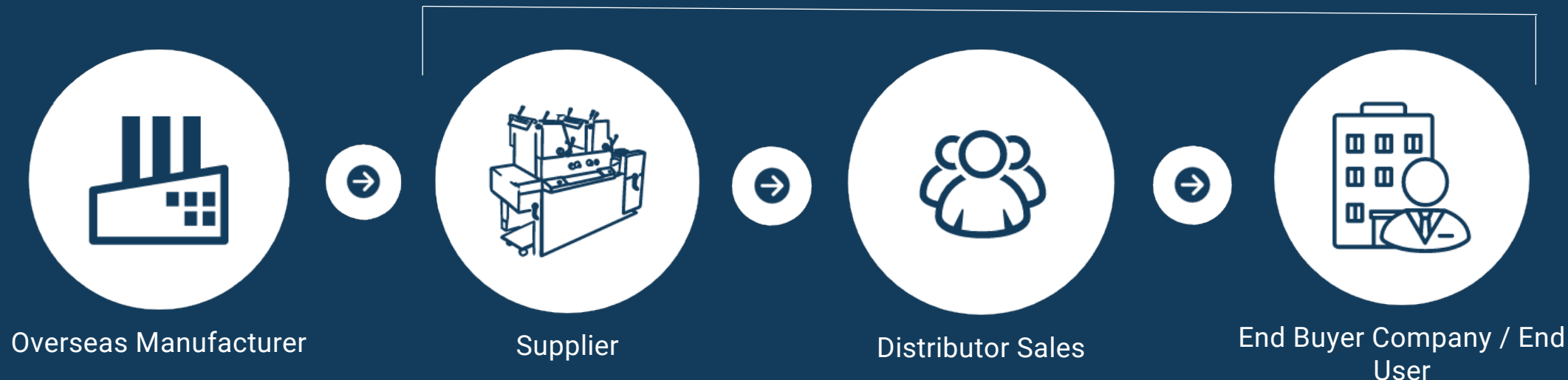


c. 3000 Suppliers | Product
Warehouse & Decoration

The Promotional Product Industry

Industry Supply Chain

Altitude Group Plc, through our subsidiary AIM Smarter, provides an online marketplace platform, e-commerce websites, marketing services, finance and administrative tools thus creating an interconnected growth-oriented marketplace that benefits all participants and delivers revenue and growth for the Group.



Highly Fragmented

- Market Leading Distributor \$860m in 2019
- Market Leading Apparel \$1.6 Billion
- Market Leading Hard Goods Supplier \$650m

Our Services

AIM Smarter now offers sought after enhanced service packages to Suppliers & Distributors



VIP Supplier Program

We provide select suppliers access to the AIM network and promote and direct purchasing to these Preferred Partners: Top placement on our online product search, Marketing exposure access to the network at events, etc.



Targeted Marketing Packages

Our in-house design agency works to create turn-key brochures, videos, marketing campaigns and more to help distributor business thrive.



Technology Tools

Our industry specific custom-built technology platform is an innovative game-changer that will drive efficiency and get our clients' businesses online.



AIM Capital Solutions

AIM Capital Solutions allows our clients to focus on growing their business, with access to a full complement of back-office support staff, while also extending funding for their supplier purchasing needs.