



Presentation of 2017 Interim Results



Peter J Hallett **Executive Chairman**

- Experienced public company director
- Turnaround specialist across technology, retail and manufacturing
- Former CFO of Redstone plc (now Castleton Technology plc)
- Previously Finance Director at Texas Homecare and First Quench



Nichole Stella **President US Operations**

- Experienced career US Promo industry professional
- 12 years in US with Promo Media Marketing Group; last 6 years as President and Chief Revenue Officer
- Promo Media Marketing Group a division of Napco Media (North America)

2017 H1 Earnings

Increased Profitability / Further cost reduction / First time Ad Products Contribution



REVENUE

- +£0.3m first time revenue from Ad Products
- Overall SaaS Revenues flat
- UK Exhibitions reduced by £0.1m due to removal of unprofitable activity
- Spectrum advertising revenue down £0.1m but recovered for 2018
- £0.1m publishing revenue re-phased to H2

GROSS MARGIN

- +£0.1m first time margin from Ad Products
- Underlying margin maintained 78.8% (2016: 78.9%)
- £0.2m reduction due to exhibitions & advertising revenue
- £0.1m publishing margin re-phased to H2

OPERATING COSTS

- £0.3m (16.7%) cost reduction
- Manchester head office rationalisation

PROFITABILITY

- Adjusted Op Profit +20.6%, PBT +20.5%
- Basic EPS +9.5% Fully Diluted +13.9%

INCOME STATEMENT

	H1	H1	Variance		Full Yr
	2017	2016	£000	%	2016
	£000	£000	£000	%	£000
Revenue	2,972	3,015	(43)	(1.4%)	4,323
Gross Profit	2,233	2,379	(146)	(6.1%)	3,500
	75.2%	78.9%			81.0%
Adjusted Operating costs*	(1,419)	(1,704)	285	16.7%	(2,935)
Adjusted Operating Profit	814	675	139	20.6%	565
Share based payments	(27)	(28)	1	(2.6%)	(25)
Amortisation	(161)	(143)	(18)	12.6%	(400)
Exceptional charges	(131)	(94)	(37)	39.3%	(68)
Operating Profit	495	410	85	20.7%	73
Interest	(1)	0			0
Profit before tax	494	410	84	20.5%	73
Earnings per share - pence					
Basic	1.05	0.96	9.5%		0.17
Fully Diluted	0.99	0.87	13.9%		0.15

*before share based payments, amortisation & exceptional charges

Participants:-

~4,000* Suppliers:

- Sources unbranded merchandise predominantly from Far East
- Produce catalogues - either branded or unbranded - for the distributors

~22,000* Distributors:

- Distribute catalogues and sell on a face-to-face/fax/phone basis
- ~45.6% of market undertaken by ~21.5k distributors with revenues < \$2.5m pa*
- Only ~9.7% claimed trading online

End Users:

- Very broad corporates, schools, sports teams, consumers, not for profit, healthcare etc
- Increasingly millennial, naturally looking to buy online



Market Size
Total US spend on
Promotional Products per
annum*



Market "Leader"
4imprint's annual revenues are
just 2.7% of the market



Altitude's *throughput* ambition
5% market share over the
medium term

OPPORTUNITY

Highly fragmented, low tech adoption market with small resellers unable to adopt and benefit from shift to online

PROPOSED SOLUTION

Design and create the only scalable online solution to help distributors sell online free of charge

How

www.channl.com



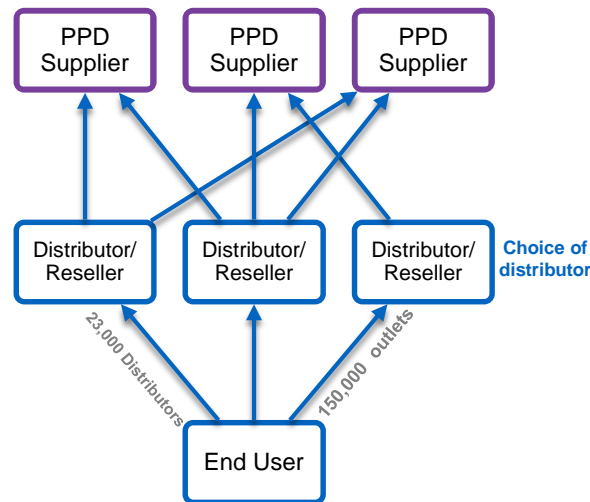
* Source PPAI 2016 Annual Sales Volume Estimate

Disrupting the Existing US Market Model

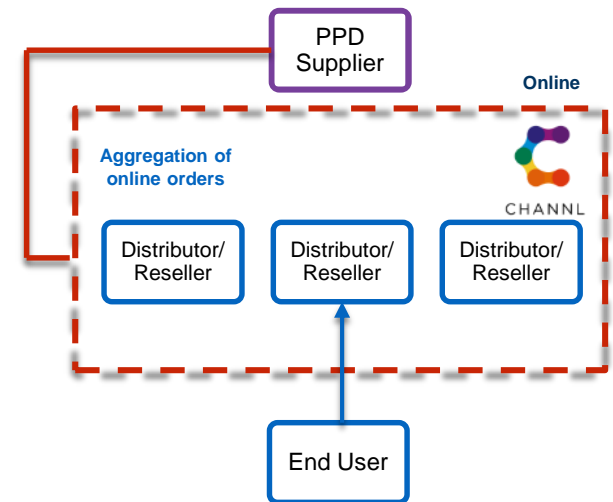
Current US Market Structure & Impact of Channl

- Highly inefficient F2F/fax/phone based
- Slow and costly process of proofing adds cost
- Only ~9.7% of market currently online
- Cost prohibitive for distributors to develop “web to print”
- Current model disconnected from growing millennial end-user
- Channl simplifies and streamlines buying process for millennials used to Amazon
- Channl is interactive putting creative control into millennial hands

Existing US Market Model



Altitude's US Model using Channl eCommerce platform



Channl solution gives:

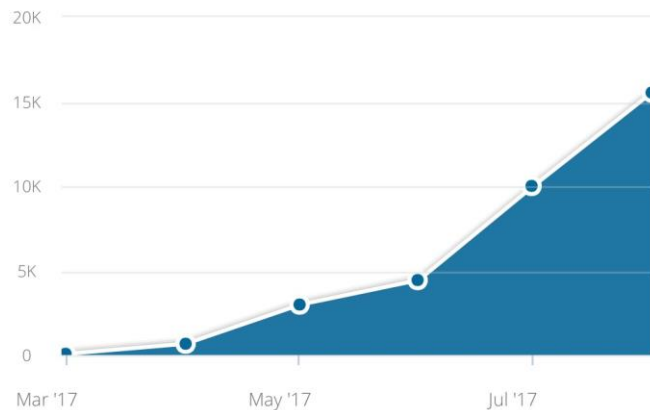
Distributors & Resellers an online presence; and

Facilitates AGGREGATION of orders to Suppliers

Total Visits	15.54K ▲ 55.22%
⌚ Avg. Visit Duration	00:37:49
📄 Pages per Visit	35.52
➡ Bounce Rate	22.88%

Total Visits

🖥️ 📱 On desktop & mobile web, in the last 6 months



- **TRAFFIC ACCELERATING ACROSS ALL CHANNL SITES FROM ZERO BASE**

- **STATS FOR AUGUST 2017:**

- **Visits up 55.2% in August**
- **Average duration 37.5 minutes**
- **25.5 pages per visit**
- **Bounce rate very low at only 22.9%**

- **EXPONENTIAL PROGRESSION SINCE MARKETING COMMENCED EARLY MARCH 17**

High Volume Pure Digital Marketing Campaign

• Step 1

- High volume digital only blitz; 9 week progressive programme March - July
- All conducted by Aprinta with Altitude technical support
- Email contacts primarily “cold”, Aprinta data cleansing issues affected quality of email delivery
- Open Rates 9%, Click Through Rate 4.7%

• Step 2

- Concentration on selected handful of the 4.7% CTR's
- Altitude took the technical lead on marketing and support creating logo specific personalised emails for selected distributor end users
- Promotional offers key to generating orders
- Immediate positive reaction:
 - 8x increase in OR & CTR
 - 5,000 page views in one distributor
 - Order intake from zero to average of 48 per week over 4 weeks
 - Average order value \$300

Key Learnings:

- *Permanent support operation required in the US*
- *Quality rather than quantity*
- *Clean data essential*
- *Targeted marketing campaigns*

Step 1: Marketing to Distributors

Email, DM, Webinars, Social, AIM/Aprinta Intranet and other tools



Step 2: Marketing to End Customers

Email, Social, Phone and other tools



Step 3: End Customer Adoption

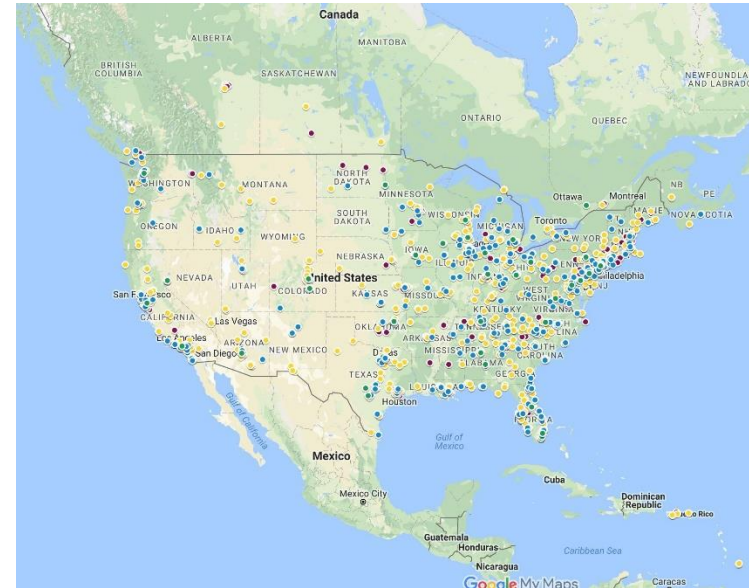


First and repeat Channl orders

High Volume Pure Digital Marketing Campaign

- **Step 1**
 - All 1,400 AI Mastermind (“AIM”) US distributors contacted progressively from March - July
 - Same programme followed as per Aprinta
 - All conducted by Altitude UK based technical support
 - Programme was AIM management supported and anticipated by members
 - Email contacts primed by AIM buying group marketing
 - Much higher level of engagement & interest:
 - Open Rates 31%, Click Through Rate 23%
- **Step 2**
 - AIM distributors larger & more engaged. Channl sites and platform very popular and sparked interest
 - Demand for associated CRM, marketing tools and linked order processing
 - Led to expansion of Partnership Agreement to include these off-the-shelf applications. Pricing of the enhanced solution based on revenue throughput on all orders processed.

AIM Distributor Map



	Revenue pa
Yellow	< \$500k
Blue	\$500k - \$1m
Red	\$1m- £5m
Green	\$5m+

Key Learnings:

- *AIM members attracted to Channl*
- *Members demanding help in marketing online; we have the tools*
- *Go Live estimated Jan 2018*
- *AIM incentivised to push solution*

Extended Partnership Agreement terms:

- **TERM**

- **3 year extension to 2020**

- **DIRECT ACCESS**

- **Altitude will be given direct access to members**

- **PROMOTION**

- **Aim will actively market & promote Altitude's Channl & order management platform to members**
- **AIM will work in tandem with Altitude to educate members through webinars & events**

- **ENDORSEMENT**

- **AIM will make Altitude the exclusive technology provider on the AIM member portal**

- **INCENTIVISATION**

Market Participants

~1,900 Suppliers:

- Sources unbranded merchandise predominantly from Far East
- Produce catalogues - either branded or unbranded - for the distributors

~2,700 Distributors:

- Distribute catalogues and sell on a face-to-face/fax/phone basis
- Minimal online trading, limited to brand promotion & enquiry generation, requiring sales team intervention
- ~40.8% of market undertaken by ~1.8k distributors with revenues < £1.0m pa

End Users:

- Very broad - corporate, educational, sports, religious, consumers etc. requiring branded or personalised merchandise
- Increasingly millennial, increasingly wanting / expecting to buy online



Market Size
Total UK spend on Promotional
Products per annum



Altitude's *throughput* ambition
10% market share over the medium
term

OPPORTUNITY

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PROPOSED SOLUTION

Design and create the only scalable online solution to help distributors sell online free of charge



CHANNL

• Step 1

- Ad Products, Pen Warehouse & Snap Products powering the supply side of Channl UK
- Ad Products distributor database and existing legacy business relationships used to generate 236 customised Channl sites
- All conducted by Altitude technical support since commencing in August
- Email contacts supported by Ad Products engagement and marketed through UK publications
- Open Rates 15%, Click Through Rate 4.7%

• Step 2

- Concentration on selected handful of the 4.7% CTR's
- Promotional offers key to generating orders
- Immediate positive reaction:
 - Small number of orders but more immediate than US
 - Average order value to date £440

Step 1: Marketing to Distributors

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Step 2: Marketing to End Customers

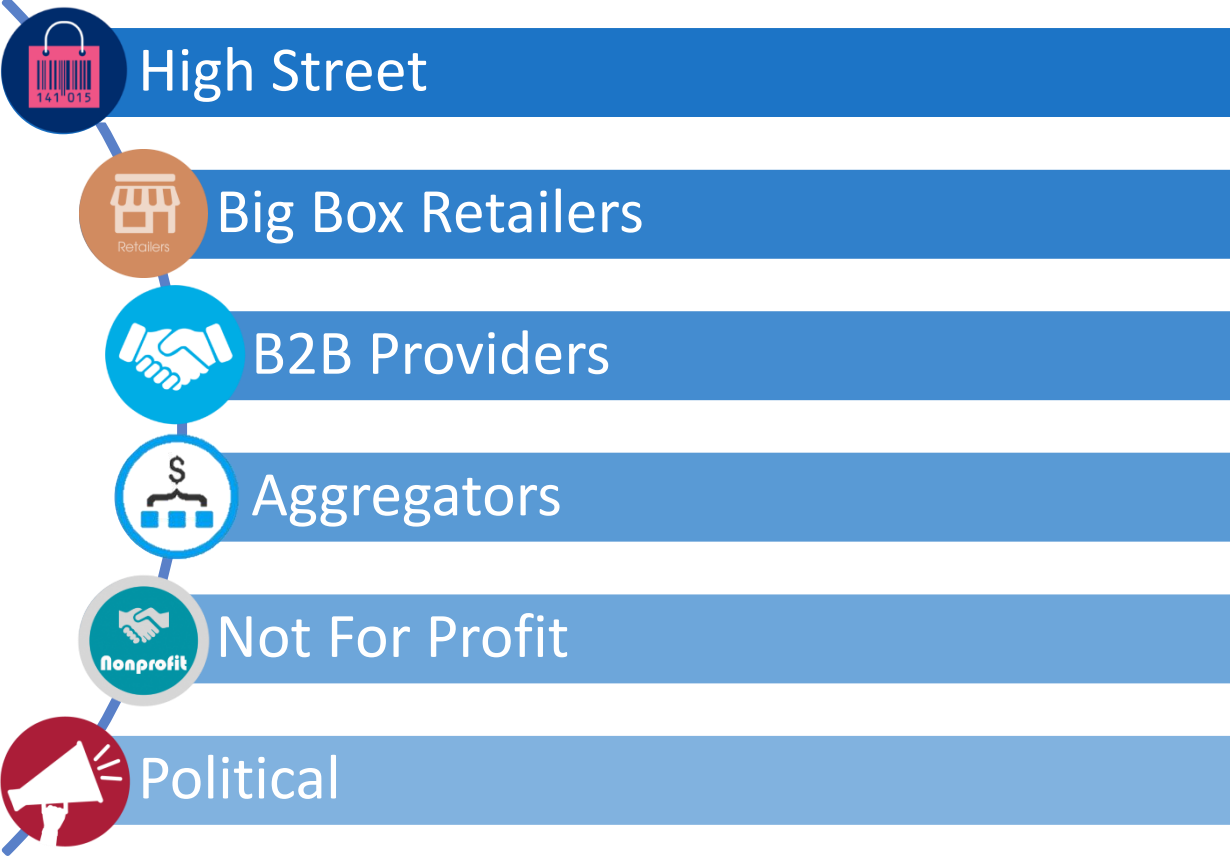
Email, Social, Phone and other tools



Step 3: End Customer Adoption



First and repeat Channl orders



Comparable Returns: Monthly Recurring Revenue vs Throughput Model

- Typical “smaller” reseller business:
 - Revenue \$50k pa
 - Average order value \$500
 - 100 orders pa
- Current Altitude revenue for web store \$360 pa for 100 orders
- Channl model provides Altitude with 20% of supplier throughput revenue
- Suppliers attracted by incremental volume & efficiency savings (proofing & sales)

	Current MRR Revenue	New Throughput Revenue
Distributor Sells	\$500	\$500
Distributor Buys	\$300	\$300
Altitude Revenue	\$3.60	\$60
<i>Cost to Distributor</i>	<i>\$3.60</i>	<i>0</i>
<i>Cost to Supplier</i>	<i>0</i>	<i>\$60</i>

Illustrative Model: 10k engaged Channl Distributors Medium Term Plan

- Average order value \$500
- 10k active distributors (including end customer sites)
- Base Case 100 orders pa
- Target Case (5% market share) 210 orders pa

	Base	Target
Distributor Sells	\$500m	\$1.05bn
Distributor Buys	\$300m	\$630m
Altitude Revenue	\$60m	\$126m

- Established leadership team in largest addressable market
- Legacy business profitable
- Ad Products is performing to expectations
- Channl is driving orders with distributor education, support & marketing
 - Average orders from zero to 48 pw over a 4 week period in US
 - 8x increase in distributor CTR in US
 - Immediate orders taken in UK commencing 30 August
 - Site visits up over 55% during August across Channl domain
- AI Mastermind is committing to being actively engaged and supportive of Channl to it's 1,400 members
- Substantial revenue potential from enterprise level partnerships

Appendix

Martin Varley **President & Founder**

- Serial Entrepreneur
- Founded and sold the company that became 4imprint
- Unrivalled history and connections in the promotional products industry

Shaun Parker **Chief Operating Officer & MD Ad Products**

- Senior management positions in Specialist Computer Centers, Redstone plc, Hewlett Packard
- International Project Management
- Experience in corporate restructuring, operational realignment

Gellan Watt **Non-Executive Director**

- Multi-award winning marketer
- Founder of Thinking Juice, UK Agency of the Year
- Merged to create the UK's 12th largest MarComms agency

Interim Results 6 Months Ended 30 June 2017

INCOME STATEMENT	H1	H1	Variance		Full Yr
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	£000	£000	£000		£000
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Earnings per share - pence					
Basic	1.05	0.96	9.5%		0.17
Fully Diluted	0.99	0.87	13.9%		0.15

*before share based payments, a amortisation & exceptional charges

CASHFLOW STATEMENT	H1	Full Yr	H1
	2017	2016	2016
	£000	£000	£000
Profit/(Loss) before tax	495	73	410
Amortisation & depr'n	167	427	162
Share based payments	27	25	28
Operating Cash inflow before w cap	690	525	600
Movement in Inventory	(248)	-	-
Movement in Debtors	(386)	289	183
Movement in Creditors	(742)	(355)	(539)
Operating Cash inflow/(outflow)	(686)	459	244
Acquisition of Adproducts assets	(761)	-	-
Capex tangible	(7)	(7)	(6)
Capex intangible	(144)	(282)	(200)
Cashflow before financing	(1,598)	170	38
Issue of shares for cash	2,951	205	-
Net Cash inflow/(outflow)	1,352	375	38
Cash bal b/fwd	741	366	366
Cash bal c/fwd	2,093	741	404

BALANCE SHEET	June	Dec	June
	2017	2016	2016
	£000	£000	£000
Tangible assets	82	22	32
Intangible assets	802	818	990
Goodwill	564	564	564
Deferred tax	426	426	426
Inventory	976	-	
Trade and other receivables	847	407	503
Cash	2,093	741	415
Trade and other payables	(982)	(1,698)	(1,481)
Net current assets	2,934	(550)	(563)
Net assets	4,809	1,280	1,449
Share capital	203	180	172
Share premium	9,378	6,451	6,254
Retained earnings/(losses)	(4,772)	(5,351)	(4,977)
Total equity	4,809	1,280	1,449

Channl Attractions to Participants

The Distributor/Reseller

- FREE Cloud Based state of art eCommerce trading platform
- Ability to create bespoke FREE sites for every customer
- No erosion of margin
- This will accelerate the current migration online
- Smaller resellers could never justify investment

The Supplier

- Production ready orders remove proofing and processing inefficiency
- Incremental business through AGGREGATION of online orders
- Removes Customer Acquisition Costs
- Two US top 40 supplier partners engaged (Aprinta and Prime)

The End User

- Easier online purchasing of personalised product
- Buyers are increasingly millennial
- Allows for real time personalisation of product
- Artwork production ready, no proofing required
- Hassle free design and purchase



CHANNL

THAT'S THE WAY TO DIGITAL.

1. BROWSE

2. CUSTOMISE

3. CHECKOUT

4. PRODUCTION

THE WAY YOU DO DIGITAL IS ABOUT TO CHANGE. AND IT'S FREE!

The Channl solution gives you a free online store which comes fully branded with your logo along with preloaded promotional products from our trusted suppliers.

CUSTOMERS WILL BE ABLE TO:	Browse through a comprehensive catalog of promotional products.	Personalize products with text, logos and images and approve online.
	Choose products and see instant pricing.	Pay securely using secure online payment methods.

You can then release the print ready artwork and order to the supplier at the click of a button, and your customers can sit back and wait for their products to arrive.

VISIT WWW.CHANNL.COM TO CREATE YOUR FREE WEBSITE IN MINUTES!
OR GET IN TOUCH: 0844 509 0050.

Channl :

- Distributors/Resellers are enabled with an online store in minutes
- Ability to “spin” thousands of online stores for end customers
- We build all sites for free
- No loss of margin for **Resellers**
- Production ready incremental orders for **Suppliers**
- Addresses ease of ordering and online needs of the new millennial **End Buyer**
- Now adding 'Business Identity Products' in the US and EU
- Service is similar to Moo 10+ and Vistaprint Corporate (note: those services are print only)

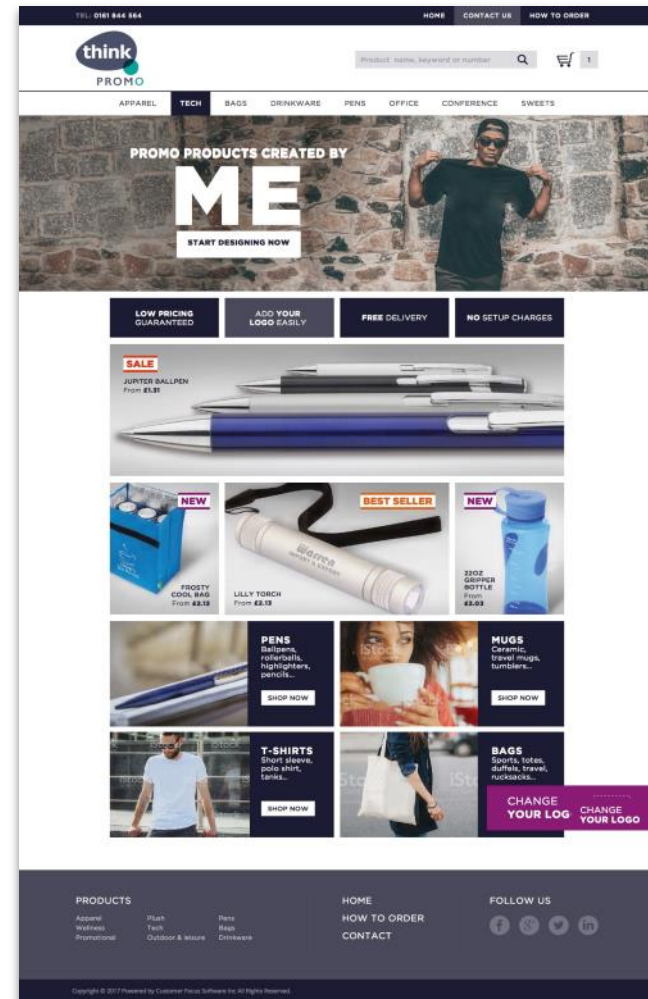


Table of Competitor Capabilities

	4Imprint	Vistaprint Corporate	MOO 10+	Channl
Online Customisation	X	✓	✓	✓
Custom Store Offering	X	✓	✓	✓
No Artwork Needed	X	X	X	✓
Automated Reseller Set Up	X	X	X	✓
Automated End Customer Set Up	X	X	X	✓
Ability to Create 10,000 + site/day	X	X	X	✓

Barriers to Entry:

- We believe we have a two year head start on our competitors with regard to our proprietary technology
- Artworktool design application protected by US patent
- With the requirement for a multimillion dollar investment and time constraints of developing a similar tool why not just use Channl?



ELECTRONIC ARTS™



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