



Altitude Group plc

Interim Results Presentation
September 2018



- **Rapid expansion in US through AIMPro rollout is our strategic priority**
 - **AIM** partnership enhanced/extended
 - On-boarding of **AIM** members began Jan 2018 – encouraging progress being achieved
 - 65 preferred suppliers on-boarded
- **Two year partnership signed with Napco media leading to the launch of ThinkPromoNow in August 2018**
- **Soft launch in UK of complementary website *andeverything.com***
- **Board strengthened with appointments of new CEO & CFO**

US Promotional Products Market

Very Large, Highly Fragmented, Low Online Penetration



- **Highly fragmented market**

- Perceived largest player 4Imprint c.2.7% market share
- Distributors see threat of large online retailers entering the market
- 90% of orders currently handled by independent distributors

- **Inefficient market structure**

- 90%+ is face-to-face/fax/phone/email
- Proofing process is slow and costly
- Suppliers receive less than 10% of orders electronically
- Cost prohibitive for small distributors/resellers to develop an online presence

* PPAI 2017 Annual sales volume estimate

	USA
Current market size	\$23bn*
Online share (lead generation)	10%
Number of product suppliers	4,000
Distributors/Resellers	22,000





Compelling reasons to use CHANNL PRO		
Suppliers	Distributors/Resellers	End-User
<ul style="list-style-type: none"> • Increased business through access to aggregated orders • Single point of engagement 	<ul style="list-style-type: none"> • Free access to leading tech • True ecommerce platform • Enables them to compete vs new online entrants • Instant online stores • Integrated CRM & offline ordering 	<ul style="list-style-type: none"> • Easier to design • Easier to buy • No human intervention
<ul style="list-style-type: none"> • Removes customer acquisition costs 	<ul style="list-style-type: none"> • Free bespoke webstores for multiple customers 	<ul style="list-style-type: none"> • Real-time personalisation and artwork ready
<ul style="list-style-type: none"> • Proofing and process efficiency 	<ul style="list-style-type: none"> • No costs/interference associated with artwork 	<ul style="list-style-type: none"> • No proof exchange • Faster delivery



“White Label” solution combining Altitude’s cloud-based highly scalable e-commerce platform (Channl) and offline CRM & order system to capture total transactional pipeline (online and offline) from supplier to end user



- Revenue model based on capture of the transactional pipeline onto **AIMPro**
- Supplier fee % currently blended rate based on current offline dominance
- Transaction fee% will increase as online orders grow
- Medium term target is capture of 90% of AIM members transacting on **AIMPro**



	Suppliers		Distributors
	<i>Transaction Fee % of PO value</i>	<i>Transaction Fee As % of SO value</i>	<i>Transaction Fee/Commission</i>
Offline orders	Up to 6%	Up to 3.9%	nil
Online orders	Up to 15%	Up to 9.8%	nil
andeverything.com	Up to 8%	-	Up to 12%





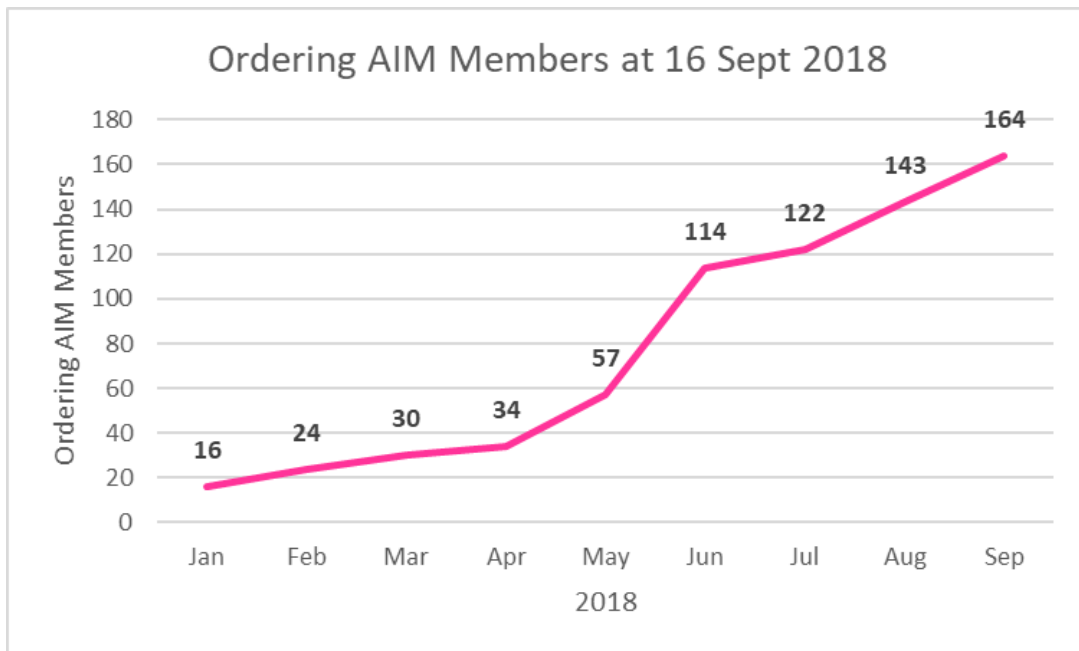
- **AIM** is a fast-growing buying group of distributors in the US.
- Members now total 1,857 – an increase of 280 (+18%) since February.
- Combined revenue is c\$1.6bn – c.6.9% market share
- Average revenue per member c.\$880k pa
- **Altitude's** partnership with **AIM** has been extended to 2022
- Exclusive and Endorsed technology partner to **AIM**
- **AIM** working in tandem with **Altitude**:
 - member education, webinars & events
 - providing marketing support
 - assist and promote on-boarding to **AIMPro Tech Suite**
- Ongoing US roadshows and digital marketing programme driving high & immediate response
- US On-boarding team in place



AIM Members On-Boarding Progress



- **Total sales orders placed to date** **\$9.9m**
- **AOV** **\$889**
- **No.of orders** **11,123**
- Full time US based engagement team now in place
- Ordering members accelerating quickly:
 - Average growth 37% per month



On-Boarding Status	16 Sep	28 May	Change
	No.	No.	%
Placed multiple orders	120	37	224%
Placed first order	44	20	120%
Ordering Members	164	57	188%
On-boarded or in progress	354	221	60%
On-Boarded members	518	278	86%
Acquisition (Demo)	202	184	10%
Total Engaged Members	720	462	56%
Total AIM Membership	1,857	1,704	9%
% Members Engaged	39%	27%	



AIM Members Order Frequency



- A summary of order frequency is shown in the table below. From this it can be seen that 73% of active users have placed at least two orders and 45% have placed six orders.
- We are encouraged by the high level of repeat orders and have found that our engagement team are able to directly influence this through repeated member coaching and interaction.

	1 st Order	2 nd Order	3 rd Order	4 th Order	5 th Order	6 th Order
Number of members	164	120	100	90	82	74
		73.2%	61.0%	54.9%	50.0%	45.1%

- We are particularly pleased that speed of adoption by members and repeat order frequency has proved sensitive to active management
- Once coaching commences, users become self-sufficient in managing their business via the platform
- **Both points confirm to us that we can directly impact scalability via short term active member coaching**

AIM Suppliers On-Boarding Progress



- **Total Purchase Orders placed to date** **\$5.1m**
- **AOV** **\$764**
- **No. of orders** **6,680**
- Supplier penetration building
- High enthusiasm – Suppliers do not want to miss out
- Data upload of product outsourced to India
- Supplier on-boarding assisted by existing Altitude proprietary database
- Supplier base will be leveraged in other “ChannIPro” partnerships including NAPCO

On-Boarding Status	16 Sep	28 May
	No.	No.
AIM Preferred Suppliers (“APS”) Receiving Orders	63	33
APS sign ups	2	18
Total APS signed up	65	51
APS finalising	10	6
APS in negotiation	24	25
Total Engaged Suppliers	99	82
Total AIM Preferred Suppliers	193	186

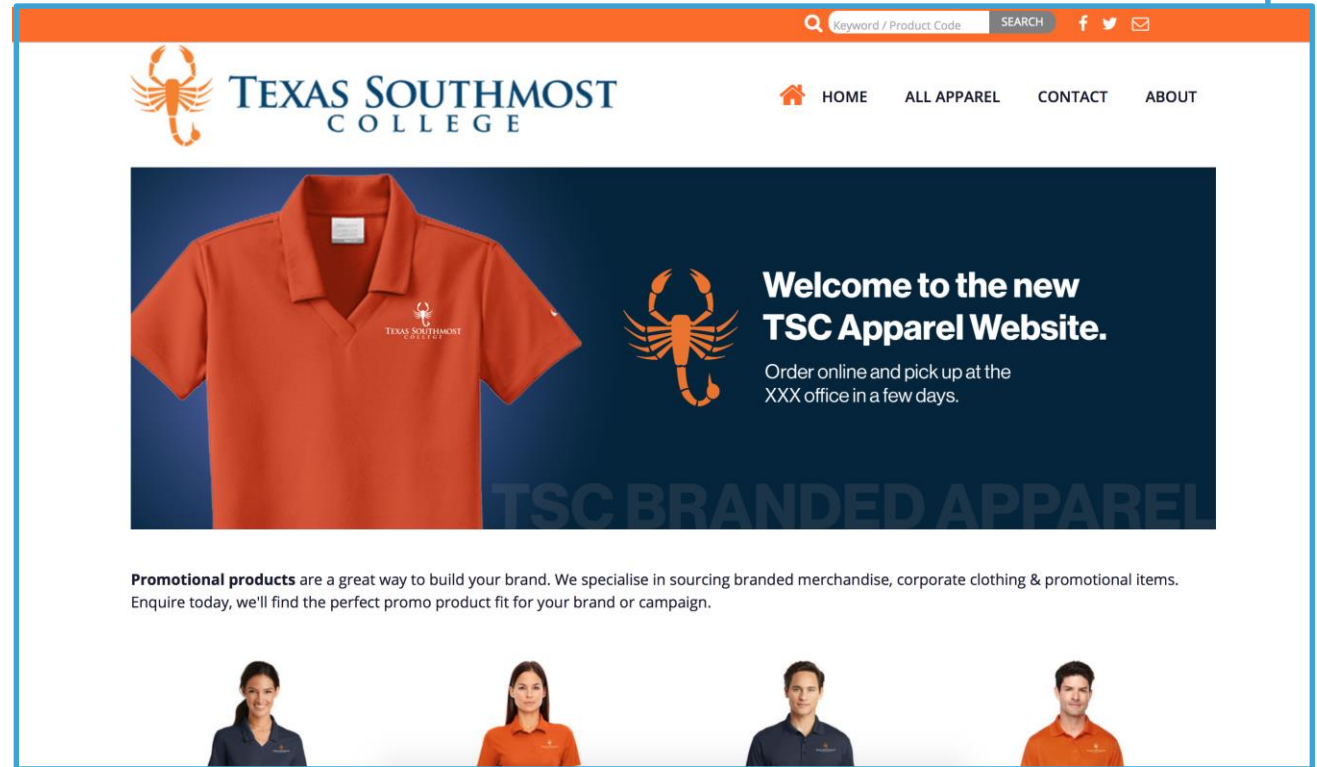


AIM Member Case Study #1



AIM Member, Texas, USA

- AIM Member on-boarded 2 May 2018
- First order placed 14 May 2018
- AIMPro Customer Success Team helped to build 1st ecommerce **Channl** site
- Launched 2nd store later in May with no assistance
- Never traded online before **AIMpro**
- **165 orders placed to mid September**

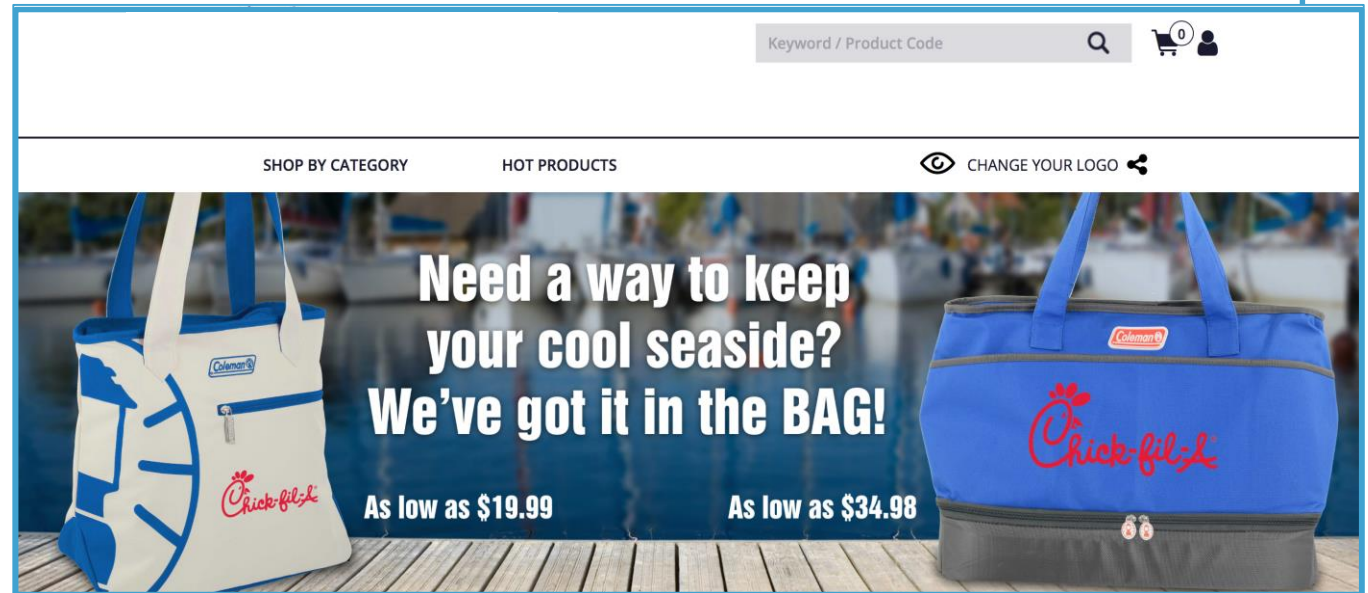


AIM Member Case Study #2



AIM member, Illinois, USA

- AIM Member on-boarded 9 March 2018
- First order placed 13 March 2018
- \$400 AOV
- \$33.2K total order value to date
- **83 orders placed to mid September**





- Two year partnership agreement with Printing Packaging & Publishing division of **NAPCO Media** (North American Publishing Company), based in Philadelphia US
- Altitude are providing a white label **ChannIPro** platform, mirroring the **AIMPro** platform, called “**ThinkPromoNow**“
- Launched in August 2018, four businesses already onboarded and first orders placed
- Agreement provides Altitude with access to c.80,000 print businesses of which c.12,500 are already active in the PPD market
- The ThinkPromoNow platform will provide easy access to the PPD market for the whole NAPCO print community
- Platform leverages the same supplier database already partnering via **AIMPro**

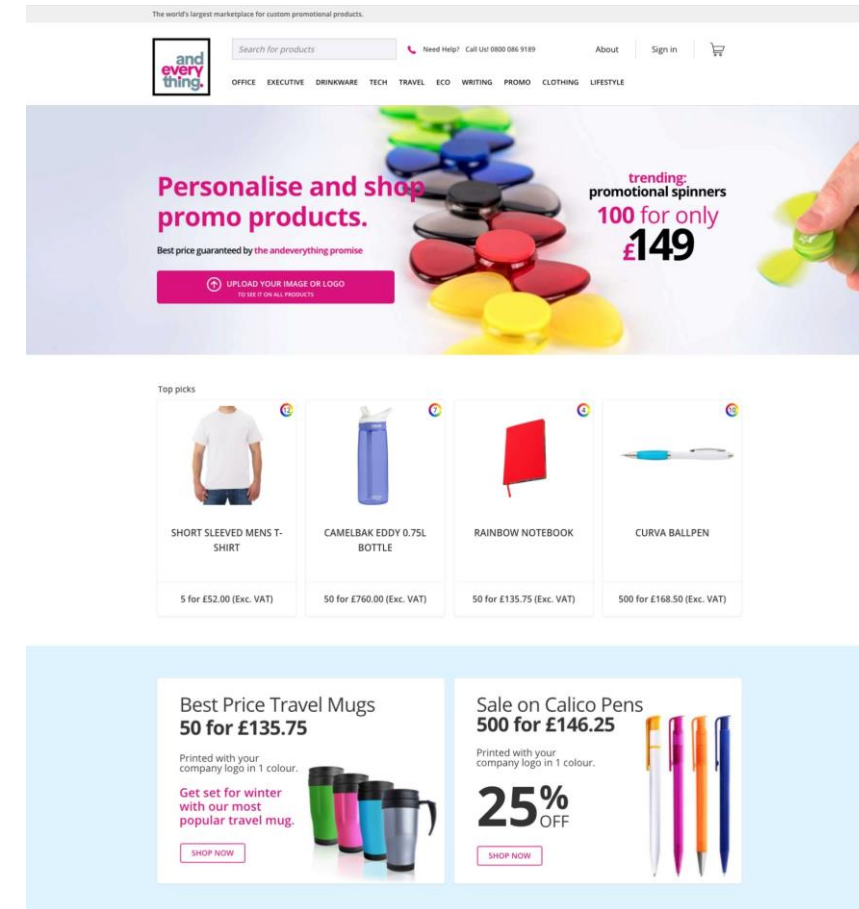
NAPCO Publications

In-plantGraphics

**PRINTING
IMPRESSIONS®**



- **Soft/test** launched in UK mid-January, **US launch** scheduled later this year
- **andeverything.com** (“AE”) is an aggregating marketplace for promotional products with full **Channl** personalisation technology
- Distributors subscribe for products to be listed
- AE is supported by SEO spend
- AE totally complementary to **AiMpro** and other **ChannlPro** platforms
- Revenue derived from commission (12%) payable by the distributor/**ChannlPro** member
- Where order placed on a **Channl** or **ChannlPro** supplier, additional fees earned
- Launch in the US will enhance **ChannlPro** offering & attraction



Other businesses: Complementary & Profitable



- Acquired June 2017 for net asset value £0.8m, to supply Channl in UK
- UK promotional products supplier/printer: 2017 Revenue £2.1m, EBITDA £0.3m
- 2018 trading in line with expectations
- New product range to support Channl UK

CUSTOMERFOCUS.

Technology

- Overall 2017 tech revenues maintained at £2.5m, including £0.1m from ecommerce
- Also comprises saas “Promoserve” ERP system and multiple SaaS web and cloud-based applications, UK & US
- ERP prices increased in 2017, SaaS model moving to throughput basis
- Group 2018 revenues in line with expectations
- Revenue remains stable as resources diverted to supporting ChannlPro in US

Exhibitions & publications

- Both non-core
- Exhibitions traded in line with expectations in 2018
- Both utilised to maximise exposure of AdProducts, Channl, andeverything.com and SaaS applications
- Revenue declining in each in line with declining sectors



- **2018 interim results in line with expectations**
- **AiMPro roll out progressing and accelerating – 164 members currently ordering**
- **Strong supplier interest and demand – 65 suppliers signed up**
- **Permanent US team recruited and driving engagement**
- **NAPCO launched in Q3 2018, initial take up is very promising**
- **Board confident of continued momentum**



ALTITUDE
GROUP PLC

Appendix



Nichole Stella – CEO

- 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 is a division of Napco Media



Graeme Couturier – CFO

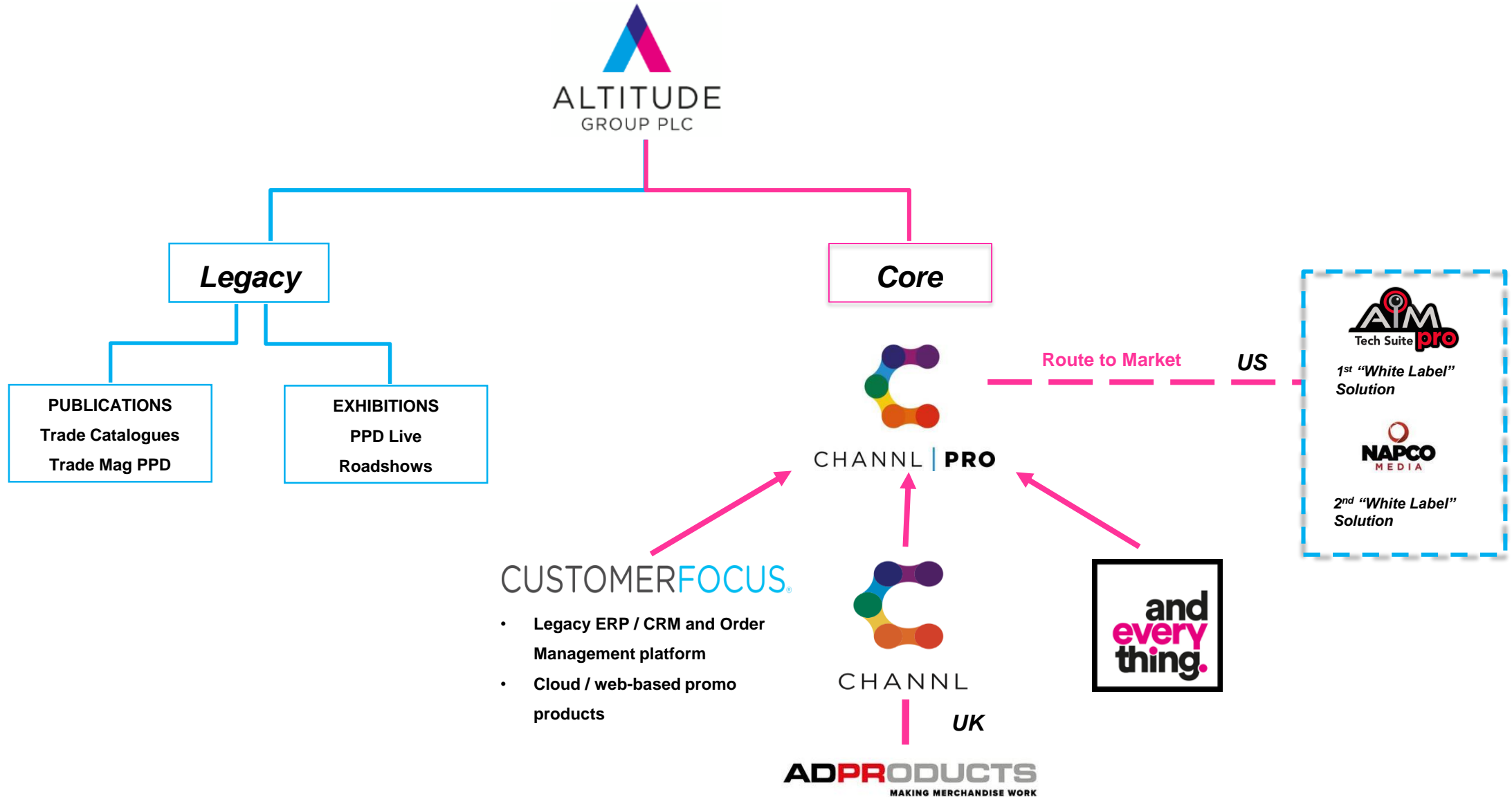
- Previously CFO at Sorted Group, a PE backed business in the delivery technology space
- Board level finance positions at Payzone and We Buy Any Car
- Qualified as an accountant with PWC



Peter Hallett – Non-Executive Chairman

- Experienced public company director
- Former CFO of Redstone plc (now Castleon Technology plc)
- Previous FD at Texas Homecare and First Quench

Current Group Structure





“White Label” solution for distributor and supplier platforms

- **ChannlPro** combines Channl’s e-commerce trading solutions with Altitude’s existing CRM and order management system, to allow both online and offline transactions to execute through Channl
- The **ChannlPro** solution is **tailored** for each **specific user**: The **End Customer, Distributor** and **Supplier**



- **ChannlPro** solution provided to distributors for free
- Altitude derives revenue from all suppliers – average blended rate of c.3% on offline orders and c.8.5% on online orders
- Migration from offline to online will have a material impact on Altitude’s GTR
- On-boarding of suppliers and distributors to each **ChannlPro** platform will drive transaction volumes and therefore Altitude’s GTR
- **Speed and facilitation of on-boarding members to ChannlPro is a key factor in growing Altitude’s GTR**



- We believe we have a good head start on our competitors with regard to our proprietary technology
- **Artworktool** design application protected by extended US patent
- Requirement for a multimillion dollar investment and time constraints significant barrier to entry, makes **ChannlPro** more attractive

	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	✓



CHANNL | PRO



Gross Transactional Revenue "GTR"



GTR fee potential from \$1.3bn of throughput revenue

Offline Orders

Contractual commission from suppliers

as a % of End User retail value

Up to 6%

Up to 3.9%

Online Orders

Expected contractual commission from suppliers

as a % of End User retail value

Up to 15%

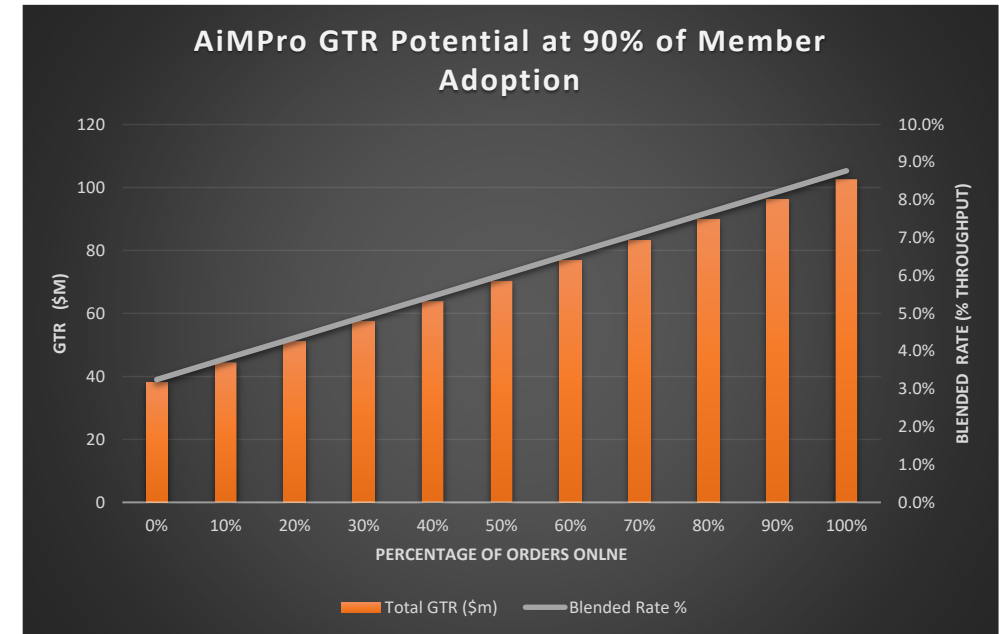
Up to 9.75%

andeverything.com Orders

Contractual commission from distributors

as a % of End User retail value

Up to 12%*



GTR Potential - 90% of members @ average fees

100% OFF line
\$38m

100% ON line
\$103m



• Customer Acquisition Cost (“CAC”)	\$3,100
Including cost of prospecting and on-boarding	+
• Cost to Serve (“CTS”)	\$5,700*
Total Cost of Acquisition	\$8,800
• Lifetime Value (“LTV”)	\$44,000**
• CAC / LTV	5.0 X

* Costs to service AiM member over 3 year estimated lifetime

** 3 year AiM member lifetime assumption based on experience re Altitude legacy applications