



2019 INTERIM RESULTS

September 2019

PRESENTATION TEAM



CEO
Nichole Stella

- Experienced career US Promo industry professional
- 14 years in US Promo Industry with Promo Marketing Media Group; 5 years as President and Chief Revenue Officer



CFO
Graeme Couturier

- 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

FINANCIAL HIGHLIGHTS

Historic growth in the US

Revenue up **43%** to **£5.4m** (H1 2018: £3.8m)

Gross profit up **78%** to **£3.7m** (H1 2018: £2.1m)

Adjusted operating profit of **£0.3m** (H1 2018 loss: £0.3m) driven by Q2 – the first full quarter of new US AIM revenue streams

US revenue up **6x** to c. **\$2m** for the Q2 (Q2 2018: \$0.3m)

US Operations **Profitable & Self-Funding**

Technology gross margin **82%** (H1 2018: 80%)

Group remains free of bank borrowing, with net cash resources of **£3.5m** as at **30 June 2019** (31 December 2018: £0.4m)

Successful equity fund raise of **£9.0m** (gross) on **15 January 2019** to acquire AI Mastermind now AIM Smarter

OPERATIONAL HIGHLIGHTS

Successful and rapid integration of AIM Smarter

US Business is Now Profitable and Self-Funding

Despite rapid growth in post acquisition period, overall revenue did not accelerate as quickly as expected – Domino Effect

- Result of transition to the new business model / Suppliers needed to Identify members in their systems, this was not required before acquisition
- Slow down in supplier member order identification, slowed down our ability to identify gaps in our preferred supplier coverage
- Issue now identified and we are immediately working to expand our preferred supplier network
- 161 Suppliers now signed – up from 149 in Q2

AIM Smarter (AIM) integrated well under Group ownership and continues to grow

- AIM membership increased **14%** to **2,185** members
- AIM aggregate revenues increased **12.1%** to **\$2.13bn** (up from **\$1.9bn** as at **January 2019**)
- Adding **268** members since **January 2019**
- AIM elite memberships launched with **92** elite members signed to date with a blended fee per month of **\$829**

ALTITUDE FINANCIALS (UNAUDITED)

INCOME STATEMENT

	H1 2019	H1 2018	VARIANCE Fav/(Adv)	
	£m	£m	£m	%
REVENUE	5.4	3.8	1.6	43%
GROSS PROFIT	3.7	2.1	1.6	78%
Adjusted Operating Costs	(3.4)	(2.4)	(1.0)	45%
ADJUSTED OPERATING (LOSS)/PROFIT	0.3	(0.3)	0.6	
Share Based Payments	(0.4)	(0.1)	(0.3)	556%
Depreciation and amortisation	(0.7)	(0.2)	(0.5)	176%
Exceptional Charges	(0.1)	(0.1)	(0.0)	(43%)
OPERATING (LOSS)/PROFIT	(0.9)	(0.7)	(0.2)	23%
Finance expenses	(0.0)	(0.0)	(0.0)	659%
(LOSS)/PROFIT BEFORE TAX	(0.9)	(0.7)	(0.2)	26%
EARNINGS PER SHARE				
Basic	(1.39p)	(1.41p)		
Fully Diluted	(1.39p)	(1.41p)		

- Significant revenue growth of **43%** to **£5.4m** (H1 2018: £3.8m)
- Gross profit up **78%** to **£3.7m** (H1 2018: £2.1m)
- Adjusted operating profit of **£0.3m** (H1 2018: £0.3m loss)
- Revenue and gross profit growth driven by Q2, the first full quarter of new US AIM revenues (6 months US costs but only one full quarter of revenue)
- Loss before taxation **£0.9m** (H1 2018 loss: £0.7m)

ALTITUDE FINANCIALS (UNAUDITED)

BALANCE SHEET		
	H1 2019	H1 2018
	£m	£m
Tangible fixed assets	1.1	0.2
Intangible assets	2.7	1.1
Goodwill	2.7	0.6
CURRENT ASSETS:		
Inventory	1.6	1.7
Trade & other receivables	3.8	1.9
Cash	3.5	1.3
TOTAL ASSETS	15.4	6.8
Trade & other payables	(2.2)	(1.4)
NET ASSETS	13.1	5.4
SHARE CAPITAL & RESERVES		
Retained earnings	(7.2)	(5.7)
TOTAL EQUITY	13.1	5.4

- Fixed assets increase driven by investment in new machinery for Ad Products
- Increase in goodwill due to acquisition of AIM during **2019**
- Inventory relates to Ad Products
- Receivables balance includes accrued income in respect of our AIM Smarter Preferred Supplier program
- **£3.5m** of cash at **30 June 2019**
- Payables balance includes **£0.6m** of long term hire purchase commitments

ALTITUDE FINANCIALS (UNAUDITED)

CASHFLOW STATEMENT

	H1 2019	H1 2018	VARIANCE
	£m	£m	£m
LOSS AFTER TAX	(0.9)	(0.7)	(0.2)
Amortisation and depreciation	0.7	0.2	0.5
Share based payments	0.4	0.1	0.3
OPERATING CASH INFLOW	0.2	(0.4)	0.6
Movement in Working Capital	(1.2)	(1.4)	0.2
OPERATING CASH INFLOW/(OUTFLOW)	(1.0)	(1.8)	0.8
Purchase of AI Mastermind	(3.8)	0.0	(3.8)
Capex - tangible	(0.9)	(0.1)	(0.8)
Capex – intangible	(0.3)	(0.3)	(0.0)
CASHFLOW BEFORE FINANCING	(6.0)	(2.2)	(3.8)
Issue of shares for cash	9.1	1.5	7.6
NET CASH INFLOW/(OUTFLOW)	3.1	(0.7)	3.8
Balance b/f	0.4	2.0	
BALANCE C/F	3.5	1.3	

- Intangible capex increase reflects acquisition of AIM
- Tangible capex comprised recognition of 'right of use' assets under IFRS 16 and new machinery to expand Ad Products production capacity and capability
- Shares issued to acquire AIM and provide required working capital for scale up of US operations

A hand is shown typing on a laptop keyboard. The background is a dark blue gradient with various business-related icons overlaid, including a location pin, a person with a stack of coins, a person with a bar chart, a person with a line graph, a person with a gear, a person with a laptop, and a person with a bar chart. The text "STRATEGY & POSITIONING" is written in white, bold, uppercase letters across the center of the image.

STRATEGY & POSITIONING

AIM SMARTER OVERVIEW

AIM is the largest and fastest growing distributor group in the U.S.

AIM MEMBERS

Reach across all US states & territories and Canada on average 30+ new members joining per month

2018

1,917 Member Distributors by the end of 2018



2019

More than 2185 Member Distributors

AVERAGE MEMBER GROSS REVENUE



MEMBERSHIP SALES

\$2.1 Billion pa (2018: \$1.7bn) Sales



Nearly 12.1% revenue growth in 6 months

AIM MEMBER CUSTOMERS

Aim customers include globally known household brand names including:

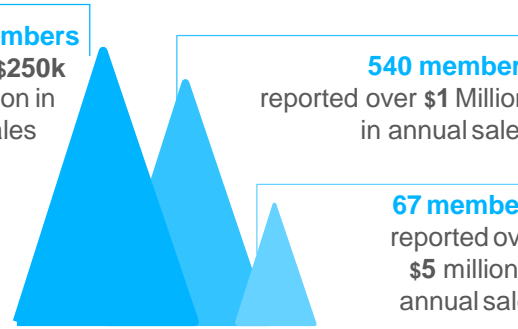


REPORTED MEMBER REVENUES

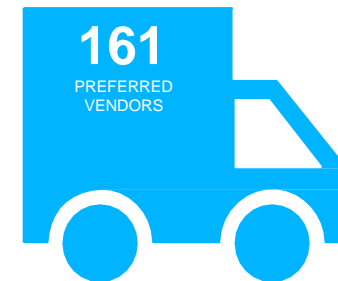
1,593 members reported \$250k to \$1 million in annual sales

540 members reported over \$1 Million in annual sales

67 members reported over \$5 million in annual sales



AIM SUPPLIERS



BUSINESS MODEL

Three routes to revenue growth

Simplified Business Model with Strategic Routes to Revenue Growth:

- Continue to **grow** in the AIM **membership** of high-quality promotional product distributors
- Continue to **grow** the preferred **supplier network**
- **Drive member purchases through the AIM preferred supplier network** through the provision of direct marketing services across all media promoting our preferred suppliers
- **Sell** high value **enhanced membership packages** – average blended value \$829 per month
 - **Marketing**
 - **Administrative Assistance**
 - **Technology**
 - **And More!**

BUILDING OUR BUSINESS

We have been very active building our business in the US:

Developed, Launched & Sold Preferred Supplier Program – **161** signed to date

Developed, Launched & Began Selling Enhanced Memberships – **92** signed to date

Added additional **285** high quality AIM Members - 86 over \$1million in sales / 10 over \$5million in sales

Established the US Operations

- New US headquarters build-out and move in complete
- Accelerated US hiring
 - US based Controller / Financial Director appointed
 - Recruited Experienced Management Team
 - Employed a further **29** people across all divisions
 - Training process complete across all divisions; sales, marketing, technology, customer service and accounting
- Held the first supplier / member forum from which we have had very positive feedback

MEMBERSHIP PROGRESS – WHAT THEY ARE SAYING

< **Distributors** ▶ AIM ...
 Wednesday at 4:41 PM · 📷

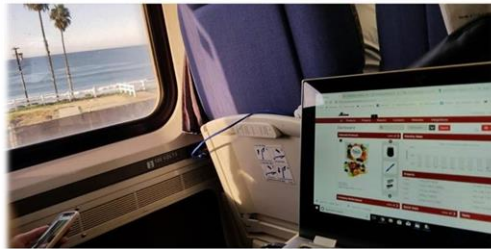
AIM Merch Box arrived! Looking forward to the results.

#AIMMerchBox



I am so jazzed and excited about this! This is exactly how 4imprint markets and having something similar sounds just awesome. Can't wait to hear the details!

Traveling today via train to LA and working in AIM Pro... Generating sales orders and PO's



👍 Like 💬 Comment

AIMPro - makes my life easy everyday

14w Like Reply  1

The AIMpro Suite does it all. Drop me a line or give me a call - I will be able to help you.

10w Like Reply



“AIM is a special and unique family of distributors. The camaraderie is unlike any I’ve experienced in our industry. The meeting was a terrific experience, bringing so many members from almost every corner of the map. I truly enjoyed meeting such a wonderful cross section. The suppliers were equally awesome! Everyone displayed a positive and supportive attitude. The atmosphere was filled with a sense of collaboration and helpfulness.”

PREFERRED SUPPLIERS – What Suppliers Are Saying

“On a VERY positive note, got our “key account” numbers on Friday, and through the first quarter we are up over \$100K with the AIM group, and this is OFF season for us! Loving the inside cover of this magazine I just received, very cool! You guys are doing some big things!”

**VP of Sales
An AIM Preferred Supplier**

“We are truly excited to be a part of this new program with AIM. I think that it will really help AIM grow even more and that it will benefit both the AIM members as well as the Suppliers.
Thanks!”

**National Sales Manager
An AIM Preferred Supplier**

“I love this GROUP and we are the perfect supplier for them. And YES I want to do more, please let me or Keith know what we can do...
THANKS”

**President
An AIM Preferred Supplier**

AIM MEMBER REVENUE

Enhanced package sales sales in H1 were slower than expected

- The addition and training of quality sales staff was required in Q2
- As training is complete, we anticipate acceleration in enhanced package sales

Continued increased interest from members in enhanced member packages

- Increase in direct marketing & outreach regarding enhanced memberships
- **92** members signed to date across various enhanced services with a blended cost per month of **\$829** per month



SUPPLIER REVENUE

Identification process for preferred supplier network – now complete

- Supplier partners require time to identify AIM members in their systems - this Member Set-up process delayed Q2 supplier reports
- Supplier partner identification process complete - encouraged that many have reported double digit growth with AIM since joining

Expanding coverage across AIM purchase orders

- Accepted applications for and have signed an additional **14** suppliers to the preferred supplier program
- Additional **33** new suppliers identified to join the program & more expected in 2020

Easy Sync / Member Purchase Order Reports / Real Time Orders

- Great progress was made in driving purchase order information (**\$65m** at YTD) into internal system from **653** members
- Taking measures to increase member data syncing, including increased individual outreach and benefits.

“I’m proud to be a vendor to the AIM Group. You know the value of a partnership ... I was worried about the service fees at first but I can see where the money is going now and not a concern any longer. If I were some Industry leading distributor ownership groups I would be getting nervous! ... What AIM is today and what it will be moving forward you have the opportunity to lead the Industry.. You already are 10% of the total Industry sales.....wow!”

– VP of Sales,
An AIM Preferred Supplier



OUTLOOK & SUMMARY

Nichole Stella

Chief Executive Officer

OUTLOOK

Focus on working collaboratively with network of Preferred Suppliers and AIM membership

Preferred Suppliers

- Continue to strategically sign Preferred Suppliers
- Supplier Marketing and Technology being delivered
- Many participating suppliers reporting double digit percentage growth
- An additional **33** suppliers have been identified as potential preferred partners thus increasing network coverage

Distributor Members

- Proven demand for additional member service offerings currently in development
- Developing higher value services - some of which were launched in August - the addition of these premium enhanced member services provides even greater potential than originally envisaged
- We are confident that the current estimated **25%** purchase order coverage of total AIM member purchases will grow significantly

We remain confident in the future. The opportunity and potential for Altitude is significant, and the acquisition of AIM is transformative for the Group.



Q&A

AIM SINCE ACQUISITION

In the 7 months since the acquisition of AIM we have:

- Successfully integrated AIM, renamed AIM Smarter, with a focus on accelerating and growing the US business
 - Expanded the US team
- Formalized agreements with **161** suppliers as part of the Preferred Supplier Programme
- Added a “paid for” marketing & sales support service due to strong demand from Members. **85** already signed up to tiered packages

Through technology, marketing and partnerships with suppliers we have begun to assist in increasing the order flow regardless of whether it is transacted through the AIMPro platform. Our focus has been:

- Strengthen the quality of the supply chain
- Develop “Gold”, “Platinum” and “Diamond” packages for suppliers
- Agreeing contracts with preferred suppliers (**161** now signed)

Resulting in:

- **\$65m** captured through “synching” members thus far
- **653** Active Users / **more than 3000** Live Sites
- AIM membership grown to 2185 members YTD









WHY WE ACQUIRED AIM

Enable altitude to control & monetise the entire \$2.13bn pipeline in perpetuity

- Secures the **\$2.13bn** pipeline for monetisation
- Enables ALT to leverage the entire AIM order flow in partnership with selected contracted Preferred Suppliers, *regardless of whether the order is placed through AIMPro platform or placed through another method; email, phone, fax, etc.*
- Provides ALT with immediate Member/Distributor Revenue
- Enables ALT to offer additional added value services, leveraging existing applications and expertise, *to help members & supply partners* grow their businesses, whilst increasing ALT revenue

COMPETITIVE LANDSCAPE

AIM is by far the largest PPD member group by gross revenue in the USA (c. 8% Market Share)

 <p>\$608m No membership model</p>	 <p>\$592m No membership model</p>
 <p>\$416m 800 "members"</p>	 <p>\$368m Undisc members</p>
 <p>\$185m Undisc members</p>	 <p>\$174m Undisc members</p>
 <p>\$175m Undisc members</p>	 <p>\$114m Undisc members</p>



AIM members love AIM because...

- “Free” Technology AIM Tech Suite
- End Quantity Pricing from AIM Preferred Suppliers
- Discounts on:
 - Credit Card Processing Fees
 - Art & Digitizing Services
 - Shipping Discounts
 - Healthcare Insurance
- Access to Buying Club Discounts:
 - Events
 - Quickbooks software
 - Hotels & Office Supplies and more
- Annual End-buyer Friendly Catalogue

REVENUE CYCLE

Fees Captured from both Member & Supplier Across All Orders

Tiered member benefits & services & agreements with supplier partners

161 Key Supplier Partners Signed & Participating
Standard AIM Membership **\$59** per month
Agency Pro – Marketing & Creative Solution
Tech Pro – Technology Solutions
Sales Pro – Sales & Administrative Solutions



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THANK YOU