

# altogether

Audited Annual Results  
for the Year Ended 31 March 2022



# Presentation Team

Audited Annual Results for the Year Ended 31 March 2022

## Presentation Team



CEO

### Nichole Stella

- 17 years executive level experience in the Promo industry
- Track record of identifying & capitalizing on new revenue sources, launching products/services, and driving profitable growth
- Experienced AIM PLC CEO and board member
- Named to ASI's Power 50 List – Most Influential leaders in Promo Industry



CFO

### Graham Feltham

- Qualified FCA with EY in 2000
- Experienced AIM PLC CFO and Board member
- Tech, Services, FMCG & Manufacturing Industry experience
- Private Equity experience including transactional
- Strategic Business Planning & Partnering and Raising Finance



# Key Highlights – Financial

Audited Annual Results for the Year Ended 31 March 2022

## Key Highlights – Financial

Group revenues

£11.9m

↑ 54.9% (2021: £7.7m)

Gross margin

51.5%

↓ (2021: 72.3%)

*Anticipated and reflective of blended revenues across the Group*

Group adjusted operating profit\*

£1.1m

↑ 90.2% (2021: £0.6m)

Adjusted basic earnings per share\*\*

1.77p

↑ 71.9% (2021: 1.03p)



## Key Highlights – Financial

Operating cashflow before  
changes in working capital

£1.1m

↑ 149% (2021: £0.4m)

Cash balance  
at year end

£0.9m

↓ (2021: £2.1m) Cash at 30 June 2022 of £1.6 million

- 
- **Services revenue grew by 17.3%**, surpassing the Industry average of 12.1% reflecting the strong performance of our AIM network
  - **Strong trading momentum has continued into the first quarter** of our new financial year providing further confidence that the current market expectations are at least in line for the full year



# Industry we Serve

Audited Annual Results for the Year Ended 31 March 2022



## Industry we Serve

Post-pandemic, the market for promotional products in the US alone is estimated to be worth more than **\$23 billion**.

(Source: ASI)



## Industry we Serve

It is a large market, but an **inefficient one**, with approximately **75% of transactions** still carried out **offline**.

US Market



## Industry we Serve

Additionally, it is very fragmented with approximately **3,000 suppliers** and **23,000 distributors** serving a very broad customer base, spanning individual consumers to very large corporates and non-profit organisations.

US Market



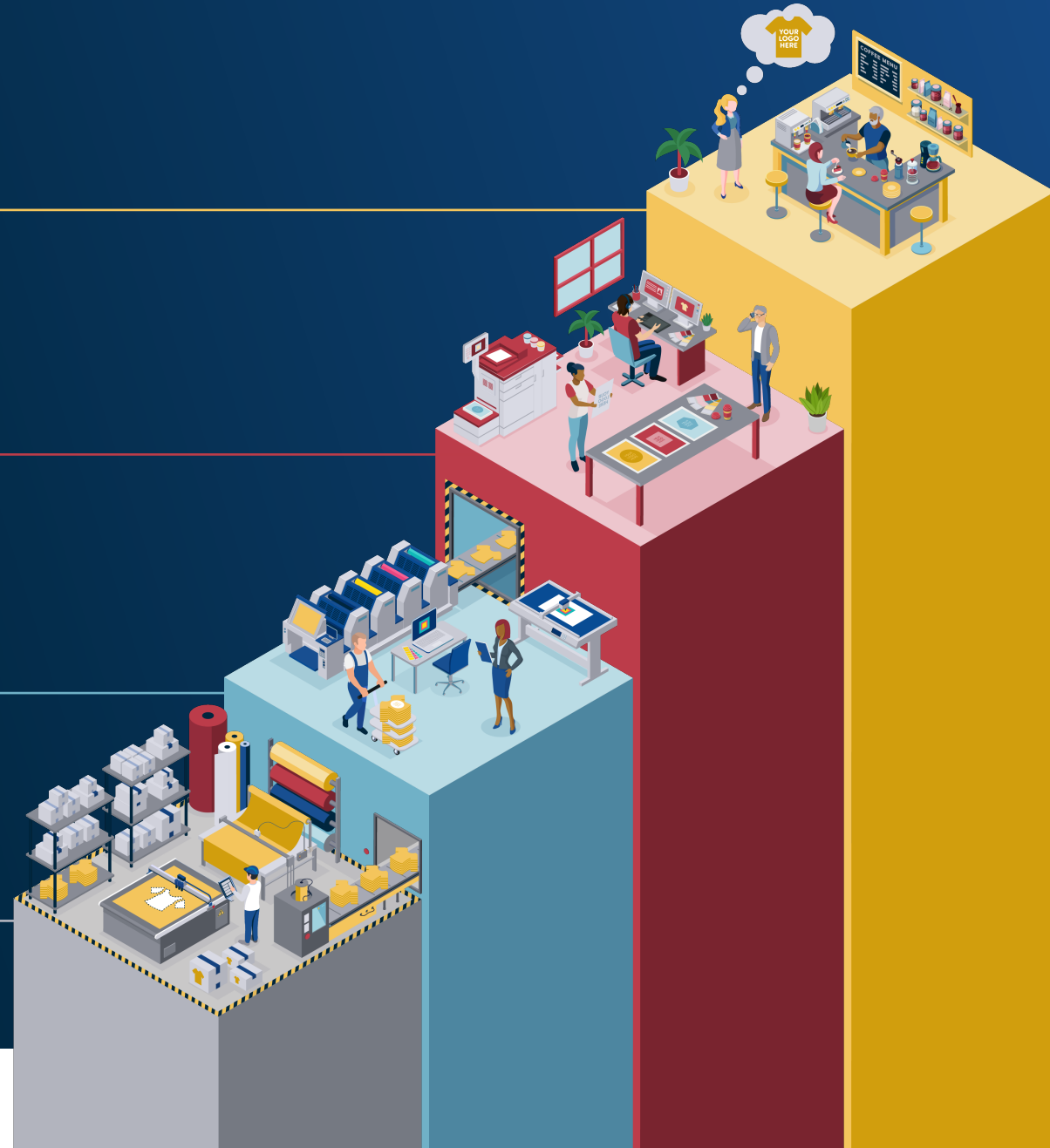
# Industry we Serve

End Buyer Company/ End User

Distributor Sales

Supplier

Overseas Manufacturer

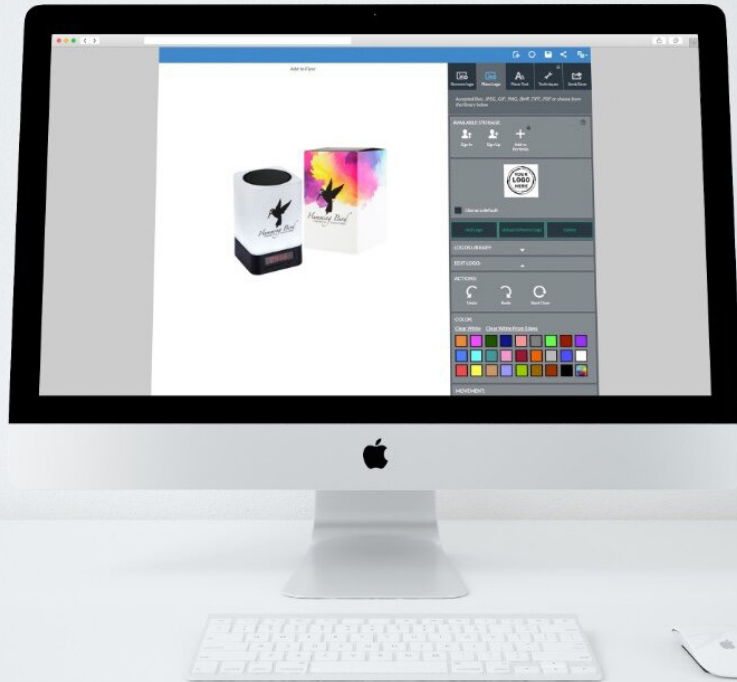




# Who are we?

Audited Annual Results for the Year Ended 31 March 2022

## Who are we?



Altitude is a technology company and has developed an **industry specific marketplace** which provides various design tools, applications, and web site pop-up stores for promotional product distributors and suppliers.

Tech Suite adoption increased to 476 users 32%  
2,646 Unique webstores live

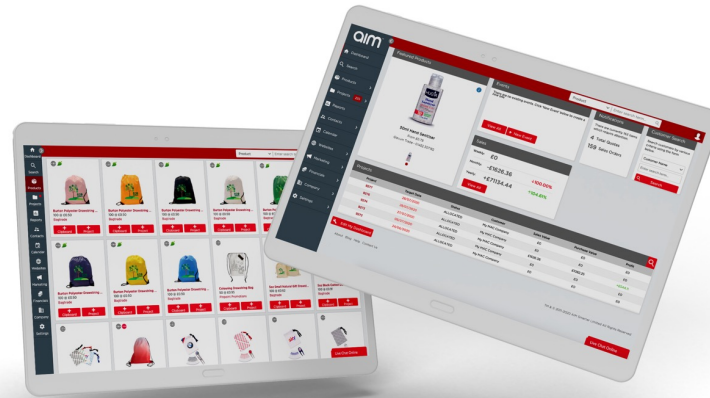


## Who are we?

We have developed a robust e-commerce enabled and **scalable, trading platform** that facilitates the execution of both offline and online promotional product transactions. This gives us the ability to generate revenue based on the transactional throughput both inside and outside our platform.



# Driving Efficiency with Integrations





## Who are we?



The Group's technology combined with an experienced team and proven service offerings delivers in-industry **scalable growth opportunities** and expansion into adjacent markets.

## Who are we?

# We deliver products and services in two distinct areas - Services and Merchandising.

**Services** is comprised of technology and software applications, membership subscriptions, preferred partner programmes, and marketing services programmes.

Our **Merchandising** programmes include ACS and our adjacent market programmes, where the Group now acts as principal in the sale of promotional products.





# Services and Merchants / How we make money

Audited Annual Results for the Year Ended 31 March 2022

## Services / How we make money

### Business Services

- Preferred Partner pricing benefits
- Freight programs 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 programs.

 **Subscription fees**



Service Revenue

**£6.3m**

 **17%**

## Services / How we make money

### Preferred Partner Services

- The Group provides suppliers with services to expand their visibility and sales to the AIM and ACS community
- Top level visibility across our marketplace product search engine
- Preferred technology integration opportunities
- Guaranteed participation in publications, catalogues, merchandise campaigns
- Expanded access to AIM community via social media, events

**How we make money:** Altitude derives revenue through gross transaction fees on orders throughout supplier partner network, and other vendors and service providers (Preferred Partners) 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 suppliers by distributors.

#### ↑ Service Fees



Service Revenue

£6.3m

↑ 17%

## Merchandising / How we make money

Our Merchandising Programs are focused on operational gearing that drives efficiency and feeds into our Services / Preferred Partner Programs

## Affiliates

- The Group recruits high-caliber sales professionals to affiliate (Affiliates) with the Group
- The Group is the principle in the sale
- Technology use is mandatory
- Provides scalable expansion and growth back to the Group
- Provides administrative support to allow sales professionals to focus on driving sales growth

**How we make money:** The Group derives revenue from the sale of promotional products which is procured via our affiliates who act as sales agents.

↑ Procurement sales



Merchandising  
Revenue

£5.6m

↑ 142%

## Merchanting / How we make money

### Adjacent Markets

- Non-competitive spaces
- Integrated E-commerce Driven Technology
- Supply chain know how
- During the year the Group secured a financing facility of £0.5m to support future growth. To date, this facility remains undrawn.

**How we make money:** The Group derives revenue from the integration of its technology and the sale of branded apparel and promotional products in alliance with our adjacent market partners.



Merchanting Revenue

**£5.6m**

↑ 142%

↑ Procurement sales



# What have we been up to

Audited Annual Results for the Year Ended 31 March 2022



# What have we been up to

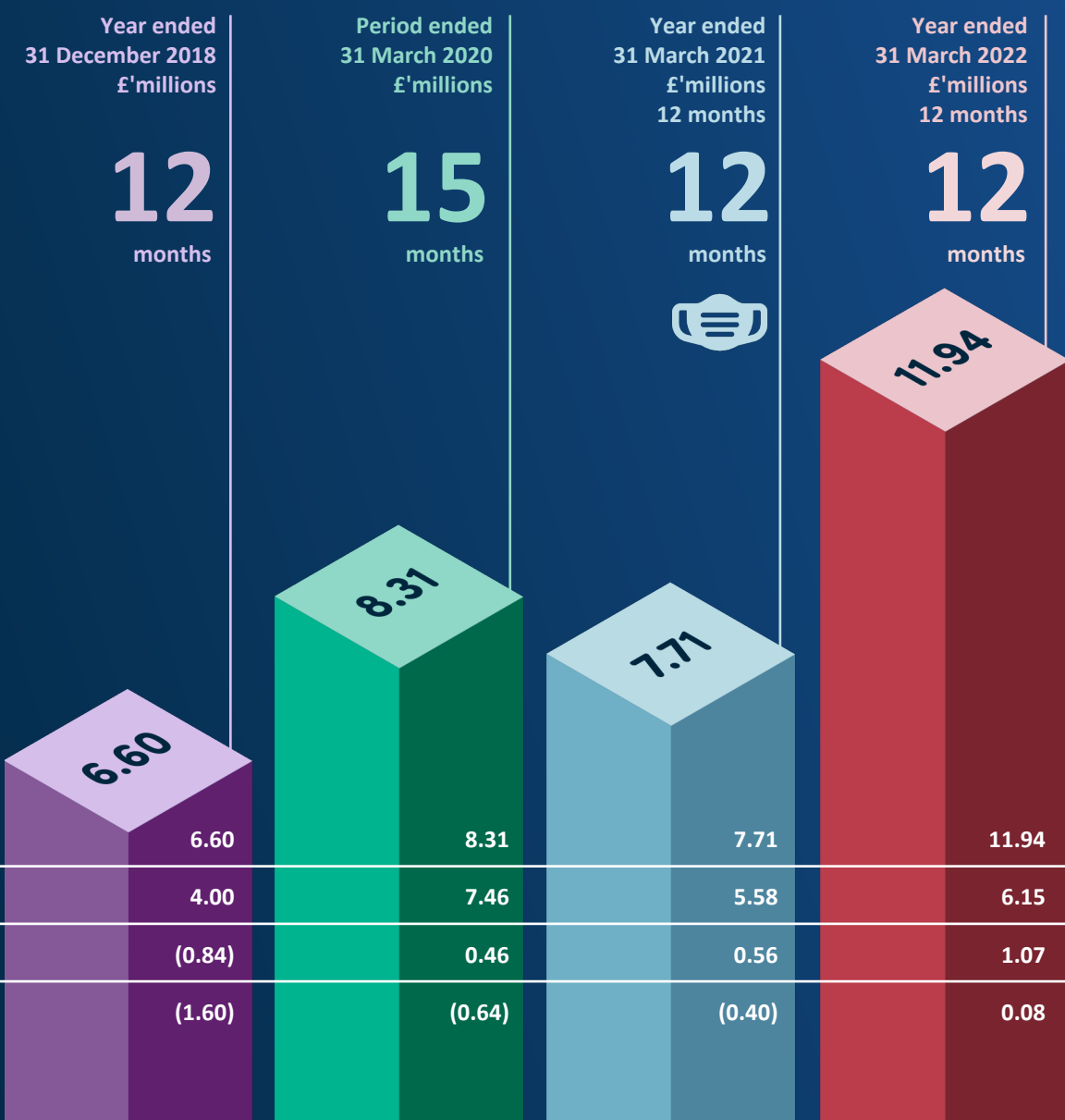


Foundation Built

Bank Facility Obtain

Tech Strengthened

Ready to Scale





# Financials

# How we've performed

Audited Annual Results for the Year Ended 31 March 2022

## Group Performance

|  | 2022<br>12 Months<br>31-Mar<br>£m | 2021<br>12 Months<br>31-Mar<br>£m | Variance     | % change   |
|--|-----------------------------------|-----------------------------------|--------------|------------|
| <b>Revenue</b>   | <b>11.9</b>                       | <b>7.7</b>                        | <b>4.2</b>   | <b>55%</b> |
| <b>Gross Profit</b>  | <b>6.2</b>                        | <b>5.6</b>                        | <b>0.6</b>   | <b>10%</b> |
| <b>GP%</b>   | <b>52%</b>                        | <b>72%</b>                        |              |            |
| Overheads (ex central costs)                                 | (4.2)                             | (4.3)                             | 0.1          | (1%)       |
| <b>Adj Op profit</b>   | <b>1.9</b>                        | <b>1.3</b>                        | <b>0.6</b>   | <b>50%</b> |
| Central costs  | (0.8)                             | (0.7)                             | (0.1)        | 18%        |
| <b>Adj Group Op profit</b>                                   | <b>1.1</b>                        | <b>0.6</b>                        | <b>0.5</b>   | <b>90%</b> |
| Share based payments*  | 0.1                               | (0.5)                             | 0.6          |            |
| Amortisation and depreciation                                | (1.0)                             | (1.2)                             | 0.2          |            |
| Exceptional costs  | (0.2)                             | (0.0)                             | (0.2)        |            |
| <b>Operating loss</b>  | <b>(0.1)</b>                      | <b>(1.3)</b>                      | <b>1.2</b>   | <b>93%</b> |
| Interest   | (0.1)                             | (0.1)                             | -            |            |
| <b>Loss before tax</b>                                       | <b>(0.2)</b>                      | <b>(1.3)</b>                      | <b>1.2</b>   | <b>88%</b> |
| Taxation   | 0.3                               | 0.2                               | 0.0          |            |
| Loss on discontinued operation                               | -                                 | (0.1)                             | 0.1          |            |
| <b>Profit/(loss) attributable to the equity shareholders</b> | <b>0.1</b>                        | <b>(1.2)</b>                      | <b>1.3</b>   |            |
| <b>EPS - Continuing Ops</b> Basic & diluted (pence)          | <b>0.14p</b>                      | <b>(1.56p)</b>                    | <b>1.31p</b> |            |
| <b>Adj EPS - Continuing Ops</b> Basic & diluted (pence)      | <b>1.77p</b>                      | <b>1.03p</b>                      | <b>0.74p</b> |            |

## Segmental performance

|   | Year ended<br>31 March 2022<br>£'millions | Year ended<br>31 March 2021<br>£'millions | Variance<br>£'millions | Year ended<br>Variance<br>% |
|---|---|---|------------------------|-----------------------------|
| <b>Services</b>   |   |   |                        |                             |
| Turnover  | 6.31                                      | 5.38                                      | 0.93                   | 17%                         |
| Cost of Sales   | (0.56)                                    | (0.51)                                    | (0.05)                 | 10%                         |
| <b>Gross Profit</b>   | <b>5.75</b>                               | <b>4.87</b>                               | <b>0.88</b>            | <b>18%</b>                  |
| Gross Profit Margin %   | 91%                                       | 91%                                       |                        |                             |
| <b>Merchanting</b>  |   |   |                        |                             |
| Turnover  | 5.63                                      | 2.33                                      | 3.30                   | 142%                        |
| Cost of Sales   | (5.23)                                    | (1.62)                                    | (3.61)                 | 223%                        |
| <b>Gross Profit</b>   | <b>0.40</b>                               | <b>0.71</b>                               | <b>(0.31)</b>          | <b>(-44%)</b>               |
| Gross Profit Margin %   | 7%  | 30%                                       |                        |                             |
| <b>Group</b>  |   |   |                        |                             |
| Turnover  | 11.94                                     | 7.71                                      | 4.23                   | 55%                         |
| Cost of Sales   | (5.79)                                    | (2.13)                                    | (3.66)                 | 172%                        |
| <b>Gross Profit</b>   | <b>6.15</b>                               | <b>5.58</b>                               | <b>0.57</b>            | <b>10%</b>                  |
| Gross Profit Margin %   | 52%                                       | 72%                                       |                        |                             |
| <b>Adjusted Operating Profit/(Loss)* before central costs</b> | <b>1.91</b>                               | <b>1.28</b>                               | <b>0.63</b>            | <b>49%</b>                  |
| Central costs   | (0.84)                                    | (0.72)                                    | (0.12)                 | 17%                         |
| <b>Adjusted Operating Profit/(Loss)*</b>                      | <b>1.07</b>                               | <b>0.56</b>                               | <b>0.51</b>            | <b>91%</b>                  |

## Financial Position

|                                 | 2022<br>12 Months<br>31 March<br>£m | 2021<br>12 Months<br>31 March<br>£m | Variance      |
|---------------------------------|-------------------------------------|-------------------------------------|---------------|
| <b>Total non-current assets</b> | <b>6.44</b>                         | <b>6.40</b>                         | <b>0.04</b>   |
| <b>Current assets</b>           |                                     |                                     |               |
| Inventory                       | 0.03                                | -                                   | 0.03          |
| Trade and other receivables     | 3.88                                | 2.38                                | 1.50          |
| Corporation Tax Receivable      | 0.04                                | 0.22                                | (0.18)        |
| Cash and cash equivalents       | 0.90                                | 2.10                                | (1.19)        |
| <b>Total current assets</b>     | <b>4.85</b>                         | <b>4.69</b>                         | <b>0.15</b>   |
| <b>Total assets</b>             | <b>11.29</b>                        | <b>11.09</b>                        | <b>0.19</b>   |
| <b>Current liabilities</b>      |                                     |                                     |               |
| Trade and other payables        | (2.28)                              | (2.39)                              | 0.13          |
| <b>Net current assets</b>       | <b>2.57</b>                         | <b>2.3</b>                          | <b>0.26</b>   |
| <b>Non current liabilities</b>  | <b>(0.90)</b>                       | <b>(0.91)</b>                       | <b>(0.01)</b> |
| <b>Total liabilities</b>        | <b>(3.18)</b>                       | <b>(3.30)</b>                       | <b>0.12</b>   |
| <b>Net assets</b>               | <b>8.11</b>                         | <b>7.79</b>                         | <b>0.32</b>   |

## Cash Performance

|  | 2022<br>12 Months<br>31 March<br>£m | 2021<br>12 Months<br>31 March<br>£m | Variance      |
|--|-------------------------------------|-------------------------------------|---------------|
| <b>Operating cash flow before changes in working capital</b>           | <b>1.07</b>                         | <b>0.43</b>                         | <b>0.64</b>   |
| Movement in inventory  | (0.03)                              | -                                   | (0.03)        |
| Movement in trade and other receivables                                | (1.40)                              | 0.71                                | (2.11)        |
| Movement in trade and other payables                                   | (0.10)                              | (0.71)                              | 0.61          |
| <b>Changes in working capital</b>                                      | <b>(1.53)</b>                       | <b>0.00</b>                         | <b>(1.53)</b> |
| Exceptional items  | (0.18)                              | (0.04)                              | (0.14)        |
| <b>Net cash flow from operating activities after exceptional items</b> | <b>(0.64)</b>                       | <b>0.39</b>                         | <b>(1.03)</b> |
| Income tax received  | 0.41                                | 0.01                                | 0.40          |
| <b>Net cash flow from operating activities</b>                         | <b>(0.23)</b>                       | <b>0.40</b>                         | <b>(0.63)</b> |
| Net cash flow from investing in operations                             | (0.85)                              | (0.64)                              | (0.21)        |
| Net cash flow from disposals   | -                                   | 0.30                                | (0.30)        |
| Net cash flow from financing activities                                | (0.16)                              | (0.01)                              | (0.16)        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>            | <b>(1.24)</b>                       | <b>0.06</b>                         | <b>(1.30)</b> |



# Blue Sky / Market Opportunities

Audited Annual Results for the Year Ended 31 March 2022

## Blue Sky / Market Opportunities / As the market place grows we grow



- Currently, the Group has **exceeded pre-covid network numbers** with more than 2122 distributors within the North American network, representing nearly 10% of the industry's distributor companies.
- The market is highly fragmented with a network of c.22,000 distributors and the **top 5 market-leading distributor organizations representing a small segment** of the market at c.\$3 billion in sales.
- Post-covid, the Advertising Specialty Institute® (ASI) marked the ongoing resilience of North American promotional products industry, with total annual revenue rising to **\$23.2 billion** in 2021, up from the covid-impacted 2020 industry revenue of \$20.7 billion.



## Blue Sky / Market Opportunities / As the market place grows we grow

- **E-commerce continues to drive sales activity** across the industry. Promotional Products Association International (PPAI) reported on 1 June 2022, “the share of online sales of promotional products was 25.8% in 2021 (up from 17.3% in 2020).”
- Coupling the size of the untapped addressable promotional product market with our robust software solutions and programs we believe the **market opportunity for the Group is strong.**
- Additionally, adjacent markets that are active in promotional product sales such as;  
**Print (\$78.9b), Uniform (\$12bn), Printed signage (\$10.6b)**  
**Collegiate markets (\$10b)** expand the potential addressable market substantially.





# Outlook

Audited Annual Results for the Year Ended 31 March 2022

## Outlook



- Preferred Partner service fees tracked 32% over last year demonstrating recovery and gaining momentum into the new financial year
- The Group's Merchanting programmes are expanding and driving new growth within the promotional products industry and adjacent markets
- The Group remains debt free and has a credit facility in place to support continued growth and expansion
- The Board is confident in the future scalability and success of the business and the executive management team's ability to successfully execute upon the Group's strategy

## Outlook

“The Group experienced year of strong profitable growth, driven by the commitment of our teams and the quality of our programmes. We are also extremely pleased to see last year’s strong trading momentum has continued into the first quarter of our new financial year providing further confidence that the current market expectations are at least in line for the full year. We have continued to be nimble and drive the business forward through the most uncertain of times, building a strong foundation and delivering year-over-year positive growth, whilst remaining debt free and not raising dilutive funds. We retain our high growth ambitions and are confident in our ability to substantially scale and expand the business.”

**N. Stella, CEO Altitude Group, Plc**





# Questions & Discussions

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