28 November 2023

Altitude Group plc

("Altitude", the "Company" or the "Group")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Altitude Group Plc (AIM: ALT), the leading end-to-end solutions provider for branded merchandise, is pleased to announce its unaudited interim results for the six months to 30 September 2023 ("HY24").

As reported on 27 October 2023, The Group's financial performance in HY24 demonstrates significant year-on-year growth, surpassing the figures from HY23 by over 50% on revenue and nearly 40% on Adjusted Operating Profit. The Group has benefited from strong growth in its diversified Merchanting Division and continuing solid performance in its Services Division.

As of September 2023, the contracts that had been awarded to the Adjacent Market Programmes (AMPs) have all been successfully launched on time and in multiple locations across the United States. Commercial trading within these spaces has recently commenced. Additionally, the business development team remains active and the pipeline continues to be robust. The Group is on track to achieve record year-end results in FY24.

Financial Highlights

- Group revenues increased by 53.5% to £11.8 million (HY23: £7.7 million) and 59.3% at constant currency
- Services revenue grew by 7.0% reflecting consistent growth and performance across the AIM network
- Merchanting revenue grew by 100.4% reflective of new affiliate signings and expansion of AMPs
- Gross profit increased 24.8% to £4.9 million (HY23: £3.9 million)
- Merchanting gross margin increased to 14.6% (HY23 9.0%) due to the growth of AMPs
- Gross margin of 41.8% (HY23: 51.4%) is reflective of blended revenues across the Group's programmes
- Group adjusted operating profit* increased in HY24 by 38.8% to £1.1 million (HY23: £0.8 million) and 46.8% at constant currency
- Adjusted basic earnings per share** increased by 61% to 0.71 pence (HY23: 0.44 pence)
- Investment of £1.1 million in AMPs within working capital £0.7 million, intangible assets of £0.3 million and tangible assets of £0.1 million
- Pre AMPs investment a net cash inflow of £0.4 million with a post investment net cash outflow of £0.7 million (HY23 £0.2 million outflow)
- The Group's balance sheet remains strong with gross cash of £0.4 million (HY23: £0.8 million) supported by $1.4 million (HY23: $0.7m) of remaining loan facility, which provides sufficient working capital for the group's existing needs

** Operating profit before share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges*
*** Adjusted basic earnings per share from continuing operations is calculated using profit after tax but before share-based payment charges, amortisation of acquired intangible assets and exceptional charges with the weighted average number of equity voting shares in issue*

Highlights & Key Corporate Developments

Strong HY24 growth in Merchanting programmes underpinned by key Services programmes

Services:

- Continued growth in Services revenue in HY24 showcasing 7% YOY growth. This growth is primarily driven by membership activity, an increase in throughput revenue, and the AIM membership package programme growth which includes SaaS technology subscriptions, marketing services and art services
- In-network preferred partner sales continued to rise during the period showing an increase of c. 4% in the period

Merchanting:

- Merchanting expansion continues to advance and drive strong revenue growth for the Group
- All previously announced awarded AMPs contracts have been successfully launched on time and in multiple locations across the United States
- At HY24 we have 15 AMPs contracts with an annualised expected gross revenue of at least $7m

- In our AMPs programme, we have successfully built a strong brand name and reputation which will accelerate our success into the future
- Our current AMPs pipeline has gained in strength, value and early momentum compared with this time last year with the main announcement of new contracts expected between March and June in 2024 when contracts are finalised
- Within ACS we are achieving c13% organic growth and benefiting from the full year impact of the significant affiliate recruitment in FY23

Technology
The Group's unwavering commitment to excellence within its proprietary technology platforms is evident in our ongoing investments to continually optimise these platforms. Key highlights during the first half of this financial year are:

- Expansion of our technological capabilities by adding further integrations with accounting, webstores, and analytics platforms, further enhancing the technological possibilities available to our users
- Implementation of platform configuration and security enhancements to facilitate rapid expansion both online and in-store within our AMP's division
- Customised adaptation of our US platform specifically designed for seamless utilisation within the Canadian promotional product market
- Over 200 integrations facilitating streamlined electronic data exchange across our preferred partner platforms, users on member and affiliate platforms, and complementary platforms
- Robust technology-driven operational improvements and process enhancements designed to facilitate scalable growth within the ACS business

Outlook
Revenue and adjusted* operating profit are in line with market expectations which we believe is a strong position given the current macro-economic environment in addition to gaining experience and building brand reputation within a new market. We are committed to delivering growth and shareholder value and will continue to keep the market informed of our progress.

Nichole Stella, Group CEO of Altitude, said:

"The first half of our current financial year has been a period of intense focus and hard work, achieving significant expansion for the Group. I am very proud of the team and their continued attention to growth and delivery. This continuous upward momentum and successful entry into new verticals, especially during challenging macro-economic times, is a testament to the entire team's talent, care, and commitment. We remain focused on both scaling through new contract awards and gearing the business for long-term success. Revenue and adjusted* operating profit are in line with market expectations, which we believe is a strong position given the current macro-economic environment in addition to gaining experience and building brand reputation within a new market. The Group is well placed for continued accelerated future growth, and the Board is confident in the long-term success of the business. It is very pleasing to note that the momentum we showed in the first half of the year has continued into this period and we look forward to updating shareholders in the New Year."

Enquiries:

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Chief Executive's statement

Interim results for the 6 months ended 30 September 2023

During the initial half of this financial year, the Group was extremely active with a concentrated focus on the delivery of our new AMPs contracts to meet our launch date targets for HY24. I am pleased to report we achieved those targets delivering widespread expansion and growth for the Group. Our teams played a crucial role in successfully safeguarding our core business while achieving this. As a result, we drove growth across all Services and Merchanting programmes and were able to increase Group revenues by 53.5% (59.3% at constant currency) to £11.8 million (HY23: £7.7 million) and Group adjusted operating profit* by 38.8% (46.8% at constant currency) to £1.1 million (HY23: £0.8 million).

A significant part of the Group's growth has been a continual investment into new business development and vertical market entry. We believe this is critical to creating long-term shareholder value and our continued investments in pipeline growth, business infrastructure, and technology-driven efficiency, have set the stage for continued scalable growth in revenue and profit. We are confident in our ability to scale successfully via investments in technology, operational gearing and talent. Both Services and Merchanting programmes maintain robust business development pipelines, providing the Group with continued expansion opportunities through new partner agreements across all our key business areas.

Who Are We

Altitude is a diversified portfolio group that is the leading end-to-end solutions provider for branded merchandise across a variety of sectors from the corporate and print vertical markets to the higher-education and collegiate sector.

We deliver products and services in two distinct areas - Services and Merchanting. Services are derived from operating distributor/vendor networks in the promotional products industry comprising of technology and software applications, membership subscriptions, Preferred Partner programmes, and marketing services programmes. Our Merchanting programmes focus on the sale of promotional products and includes AIM Capital Solutions (ACS) and our AMPs.

Technology is at our core, and we support our Services and Merchanting divisions with our proprietary technology platforms providing product search engines, order management tools, design applications, and e-commerce sites that deliver innovative solutions. Our trading platform facilitates the execution of both offline and online transactions. With an eye ever on the future we continue to innovate and develop our systems to drive efficiency and scalability – today Artificial Intelligence (AI) presents a great opportunity to deliver new tools to drive efficiency and scale.

What's New

- Services
    - Services demonstrated continued growth, increasing revenue by 7%, achieving £4.1 million (HY23: £3.9 million)
    - Global membership network stands at 2489 (FY23: 2476), with a self-reported average individual annual turnover of £1.2 million
    - Successful onboarding of new members following the successful go live of our strategic partnership with Fully Promoted across membership and technology
- Merchanting Revenue experienced a 100.4% increase, totalling £7.6 million (HY23: £3.8 million).
    - AMPs contracts
        - Our AMPs division is growing quickly, with the successful delivery of all our new contracts in H1. We now have 15 contracts with an annualised expected gross revenue of at least $7m.
        - We categorise our AMP accounts into 4 levels ranging from Small to Extra Large with our existing contracts falling into the small to large range. As the relationships deepen, we develop closer strategic partnerships and this provides organic growth for the Group, which will further enhance our levels of operational gearing.
        - We are actively engaged in the annual pitching season added to by referrals as our brand reputation strengthens. Today, our pipeline is strong, growing, and inclusive of all 4 levels of accounts Small to Extra Large.
    - ACS affiliates
        - In FY23, we doubled our affiliate base for ACS, to c$14m which is benefiting our top line growth. In HY24 this growth normalised and is in line with industry trends and growth rates. We place strong

emphasis on recruitment of high-quality affiliates and our commitment to maintaining exceptional quality standards and are achieving c13% organic growth in our annual expected revenue.

What Do We Do – Merchanting

Gear Shops: The Group secures long term contracts within the higher-education and collegiate sectors to provide, technology & e-commerce solutions, marketing tools, supply chain know-how, and innovative retail experiences across the US markets. Additionally, via a partner, we provide access to textbooks to deliver a seamless, single on-campus solution. As a result, Gear Shops:

- Provide specialist expertise on branded merchandise with access to full product ranges from our Preferred Partners
- Provide e-commerce, marketing solutions and modern/innovative spaces to drive brand awareness and community engagement
- In specialised partnership, seamlessly deliver a single Gear Shop solution, delivering both branded merchandise with course materials and text books

ACS Affiliates: The Group recruits high-calibre sales professionals to affiliate (Affiliates) with the Group which:

- Enables Affiliates to focus on sales activities, which is their skillset, and to become part of a corporate business driving growth and profitability, which is our skillset, which helps them exceed their stand-alone potential
- Full utilisation of technology is both advantageous and mandatory
- Provides scalable expansion and growth for the Group

What Do We Do – Services

We deliver Services to our members and Preferred Partners that helps them to drive sales growth and increase cost savings while improving their efficiency and ease of doing business.

Services – Member benefits: In addition to our marketplace platform, the Group delivers highly sought-after business benefits to members and affiliates such as:

- Preferred Partner pricing benefits
- Freight programmes and shipping discounts
- Community & networking opportunities
- Education & professional development
- Expanded marketing services, products and tools

Services - Preferred Partner: The Group provides vendors and suppliers with services to expand their visibility and sales to the AIM and ACS community through:

- Top level visibility across our marketplace product search engine
- Preferred technology integration opportunities
- Guaranteed participation in publications, catalogues, educational product programmes and merchandise campaigns
- Expanded access to AIM community via social media and events

Services - Technology: Our marketplace platform delivers important opportunities and efficiencies to our members and affiliates, improving profitability through:

- Efficiency – providing an intuitive online ordering experience for buyers coupled with the back-end technology stack to support the quick fulfilment of orders for branded merchandise
- Effectiveness – ensuring product availability whenever and wherever you are, with 24/7/365 uptime and a mobile first approach
- Experience – delivering the right experience and high degree of satisfaction for members, affiliates, partners, and end-buyers
- Trust – providing a compliant and reliable service from start to finish

Technology

Altitude's technology platforms remain pivotal, serving as the nexus for our activities within both the Services and Merchanting segments. Our unwavering commitment to excellence is reflected in the ongoing investments made to continually optimise these platforms. The primary objective is to enhance operational efficiency and scalability, extract meaningful data insights, and uphold best-in-industry integrations and systems.

Altitude continues to experience increased utilisation of the core AIM Tech Suite and ACS proprietary platforms, with continuing increases in high value, higher quality users, and the active onboarding of end-to-end users who conduct their order cycles through the platform. As a result, our emphasis remains on driving operational efficiencies and insights for all users, partner suppliers and internal teams and addressing the evolving needs of their businesses.

During the initial six months of FY24, significant technological progress was made within our proprietary AIM and ACS Tech Suite. Notably, targeted enhancements were implemented to facilitate localised customisations, offering a solution tailored for Canadian users. This resulted in the immediate adoption of the AIM Tech Suite, which is now operational with Canadian users utilising the platform for search and order processing, which is customised to meet their specific requirements.

A specific focus during this period has been on enhancing scalability within the Merchanting segment. Substantial progress has been achieved, particularly in realising efficiency gains within the ACS division for both Affiliates and our internal processing teams. Additionally, there has been a swift and concentrated effort to deploy technology solutions and establish secure environments to accommodate the rapid growth within the AMP division and its multi-channel retail approach. Both technological and operational gearing have been strategically designed to support the dynamic expansion of this key segment of our business.

Financial Results

Group revenue for the period increased by £4.1m to £11.8m (HY23: £7.7m), an increase of 53.5%.

Services have grown by £0.3 million or 7%, driven from increased levels of network activity and throughput. We continue to outperform against published market data from ASI Central, which reported c.4% average quarter-on-quarter growth. Industry reports are mixed but are relatively consistent that there is increased uncertainty in the Industry for the calendar year 2023 with macro-economic events impacting confidence.

Merchanting has been positively impacted by an additional £3.8 million revenue and £0.8 million gross profit from the full impact of ACS affiliates recruitment and the successful onboarding of new AMPs contracts in the educational sector. The new AMPs contracts were onboarded throughout the period with a number commencing trading in August and September.

Gross profit increased by £1.0m, or by 24.8%, to £4.9m (HY23: £3.9m), with gross margin reducing to 41.8% (HY23: 51.4%) reflecting an increased mix of merchanting especially within our ACS affiliate programme. Merchanting gross profit increased to 14.6% (HY23: 9.0%) from the higher margin AMPs contracts. Services gross margin remained strong at 92.5% (HY23: 93.5%).

Administration expenses before share-based payments, amortisation, depreciation and exceptional charges increased by £0.7m to £3.9m (HY23: £3.2m). The increase is driven by the implementation of AMPs operations, procurement and support teams. Central costs remain flat year on year.

Adjusted operating profit* increased by 38.8%% to £1.1m (HY23: £0.8m) and the profit before taxation increased by £0.2m to £0.1m (HY23: loss £0.1m).

Basic and diluted profit per share improved by 0.17p to 0.07p (HY23: loss 0.10p).

Net operating cash flow before exceptional items reduced by £0.2m to a £0.2m inflow (HY23: inflow £0.4m) driven from a £0.3m improved operating cashflow before working capital countered by £0.5m investment predominantly in inventory for the new AMPs contracts. Net cash outflow from investing activities was £1.0m (HY23: £0.4m outflow), primarily comprising of capitalised software development costs of £0.5m (HY23: £0.4m) and AMPs contract investments of £0.4m (HY23: £nil), which are made up of equipment and deferred contract assets. Net cash outflows from financing activities of £0.1m were mainly comprised of lease repayments and interest (HY23: £0.1m) with the drawdown of the revolving facility being an inflow of £0.2m (HY23: £nil). The prior period activities of a £0.1m outflow includes a credit for issue of shares for cash (net of expenses).

Total net cash outflow was £0.7m (HY23: £0.2m outflow). The bank facility of $1.7m, secured in FY23, was put in place to fund short-term working capital fluctuations and investment in inventory, equipment and fitting out costs as a result of our growth in Merchanting.

** Operating profit before share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges*

Outlook

The first half of our current financial year has been a period of intense focus and hard work, achieving significant expansion for the Group. I am very proud of the team and their continued attention to growth and delivery. This continuous upward momentum and successful entry into new verticals, especially during challenging macro-economic times, is a testament to the entire team's talent, care, and commitment.

We remain focused on both scaling through new contract awards and gearing the business for long-term success. Revenue and adjusted* operating profit are in line with market expectations, which we believe is a strong position given the current macro-economic environment in addition to gaining experience and building brand reputation within a new market. The Group is well placed for continued accelerated future growth, and the Board is confident in the long-term success of the business. It is very pleasing to note that the momentum we showed in the first half of the year has continued into this period and we look forward to updating shareholders in the New Year.

Nichole Stella
Chief Executive Officer
28 November 2023

Consolidated income statement for the six months ended 30 September 2023

	Note	Unaudited 6 months 30 Sep 2023 £'000	Audited 12 months 31 Mar 2023 £'000	Unaudited 6 months 30 Sep 2022 £'000
Revenue	3	**11,768**	18,761	**7,666**
Cost of sales		**(6,846)**	(10,156)	**(3,723)**
Gross profit		**4,922**	8,605	**3,943**
Administrative expenses before share based payment charges, depreciation amortisation and exceptional expenses		**(3,863)**	(6,648)	**(3,180)**
Operating profit before share based payment charges, depreciation, amortisation and exceptional charges		**1,059**	1,957	**763**
Share based payment charges		**(305)**	(511)	**(231)**
Depreciation and amortisation		**(634)**	(1,131)	**(562)**
Exceptional charges		**(69)**	(101)	**(76)**
Total administrative expenses		**(4,871)**	(8,391)	**(4,049)**
Operating profit/(loss)		**51**	214	**(106)**
Finance expenses		(20)	(62)	(27)
Profit / (loss) before taxation		**31**	152	**(133)**
Taxation		**17**	238	**60**
Profit /(loss) attributable to the equity shareholders of the Company		**48**	390	**(73)**
Earnings per ordinary share attributable to the equity shareholders of the Company:				
— Basic and diluted (pence)	4	0.07p	0.55p	(0.10p)

Consolidated statement of changes in equity for the six months ended 30 September 2023

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Foreign Exchange Translation Reserve £'000	Total £'000
At 31 March 2022	**283**	**20,194**	**(11,962)**	**(410)**	**8,105**
Profit for the period attributable to equity shareholders	-	-	(73)	-	(73)
Foreign exchange differences	-	-	-	1,225	1,225
Total comprehensive income	**-**	**-**	**(73)**	**1,225**	**1,152**
Transactions with owners recorded directly in equity:					
Share based payment charges	-	-	231	-	231
Total transactions with owners	**-**	**-**	**231**	**-**	**231**
At 30 September 2022	**283**	**20,194**	**(11,804)**	**815**	**9,488**
Profit for the period attributable to equity shareholders	-	-	463	-	463
Foreign exchange differences	-	-	-	(800)	(800)
Total comprehensive income	**-**	**-**	**463**	**(800)**	**(337)**
Transactions with owners recorded directly in equity:					
Share based payment credit	-	-	280	-	280
Total transactions with owners	**-**	**-**	**280**	**-**	**280**
At 31 March 2023	**283**	**20,194**	**(11,061)**	**15**	**9,431**
Profit for the period attributable to equity shareholders	-	-	48	-	48
Foreign exchange differences	-	-	-	102	102
Total comprehensive income	**-**	**-**	**48**	**102**	**150**
Transactions with owners recorded directly in equity:					
Share based payment charges	-	-	305	-	305
Total transactions with owners	**-**	**-**	**305**	**-**	**305**
At 30 September 2023	**283**	**20,194**	**(10,708)**	**117**	**9,886**

Consolidated balance sheet as at 30 September 2023

	Unaudited 6 months 30 Sep 2023 £'000	Audited 12 months 31 Mar 2023 £'000	**Unaudited 6 months 30 Sep 2022 £'000**
ASSETS			
Non-current assets			
Property, plant & equipment	**266**	202	**137**
Right of use assets	**437**	471	**667**
Intangibles	**2,976**	2,652	**2,614**
Goodwill	**2,969**	2,934	**3,219**
Deferred tax	**400**	458	**467**
Total non-current assets	**7,048**	6,717	**7,104**
Current assets			
Inventory	**1,054**	361	**93**
Trade and other receivables	**5,645**	5,521	**4,654**
Corporation tax receivable	**218**	91	**59**
Cash and cash equivalents	**441**	1,173	**814**
Total current assets	**7,358**	7,146	**5,620**
Total assets	**14,406**	13,863	**12,724**
LIABILITIES			
Current liabilities			
Revolving facility	**(213)**	-	**-**
Trade and other payables	**(3,514)**	(3,699)	**(2,341)**
	(3,727)	**(3,699)**	**(2,341)**
Net current assets	**3,631**	**3,447**	**3,279**
Non-current liabilities			
Deferred tax liabilities	**(268)**	(347)	**(374)**
Lease liabilities	**(525)**	(386)	**(521)**
Total non-current liabilities	**(793)**	**(733)**	**(895)**
Total liabilities	**(4,520)**	**(4,432)**	**(3,236)**
Net assets	**9,886**	9,431	**9,488**
EQUITY			
Called up share capital	**283**	283	**283**
Share premium	**20,194**	20,194	**20,194**
Retained earnings	**(10,591)**	(11,046)	**(10,989)**
Total equity attributable to equity holders of the parent	**9,886**	9,431	**9,488**

Consolidated cash flow statement for the six months ended 30 September 2023

	Unaudited	Audited	**Unaudited**
	6 months	12 months	**6 months**
	30 Sep 2023	**31 Mar 2023**	**30 Sep 2022**
	£'000	£'000	**£'000**
Operating Profit /(loss)	**51**	214	**(106)**
Amortisation of intangible assets	**480**	901	**450**
Depreciation	**154**	230	**112**
Share based payment (credit) /charge	**305**	511	**231**
Exceptional items	**69**	101	**76**
Operating cash flow before changes in working capital	**1,059**	1,957	**763**
Movement in Inventory	**(669)**	(339)	**(55)**
Movement in trade and other receivables	**(218)**	(1,532)	**(175)**
Movement in trade and other payables	**38**	1,404	**(90)**
Changes in working capital	**(849)**	(467)	**(320)**
Net operating cash flow before exceptional items	**210**	1,490	**443**
Exceptional items	(69)	(84)	(76)
Net operating cash flow activities after exceptional items	**141**	1,406	**367**
Income tax received	**(26)**	144	**-**
Net cash flow from operating activities	**115**	1,550	**367**
Cash flows from investing activities			
Purchase of tangible assets	**(108)**	(119)	**(46)**
Purchase of intangible assets	**(846)**	(986)	**(345)**
Net cash flow from investing activities	**(954)**	(1,105)	**(391)**
Cash flows from financing activities			
Repayment of lease borrowings	**(84)**	(163)	**(105)**
Lease interest paid	**(18)**	(47)	**(25)**
Other interest paid	**(2)**	(15)	**(6)**
Drawdown of Revolving facility	**213**	-	**-**
Net cash flow from financing activities	**109**	(225)	**(136)**
Net increase/(decrease) in cash and cash equivalents	**(730)**	220	**(160)**
Cash and cash equivalents at the beginning of the period	**1,173**	902	**902**
Effect of foreign exchange rate changes on cash and cash equivalents	**(2)**	51	**72**
Cash and cash equivalents at the end of the period	**441**	**1,173**	**814**

Notes to the half yearly financial information

1. Basis of preparation

This consolidated half yearly financial information for the half year ended 30 September 2023 has been prepared in accordance with the AIM rules and applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the period ended 31 March 2023. The Group's accounting policies are based on the recognition and measurement principles of UK-adopted international accounting standards. The financial information is presented in Sterling and has been rounded to the nearest thousand (£000).

The consolidated half yearly report was approved by the Board of Directors on 28 November 2023.

The financial information contained in the interim report has not been reviewed or audited, and does not constitute statutory accounts for the purpose of Section 434 of the Companies Act 2006, and does not include all of the information or disclosures required and should therefore be read in conjunction with the Group's FY23 consolidated financial statements, which have been prepared in accordance with UK-adopted international accounting standards. The financial information relating to the period ended 31 March 2023 is an extract from the latest published financial statements on which the auditor gave an unmodified report that did not contain statements under Section 498 (2) or (3) of the Companies Act 2006 and which have been filed with the Registrar of Companies.

2. Accounting policies

The condensed, consolidated financial statements in this half-yearly financial report for the six months ended 30 September 2023 have been prepared in accordance with the AIM Rules for Companies and on a basis consistent with the accounting policies and methods of computation consistent with those set out in the Annual Report and financial statements for the period ended 31 March 2023, except as described below. The Group has chosen not to adopt IAS 34 'Interim Financial Statements' in preparing these interim financial statements and therefore the Interim financial information is not in full compliance with International Financial Reporting Standards.

In preparing the condensed, consolidated financial statements, management are required to make accounting assumptions and estimates. The assumptions and estimation methods are consistent with those applied to the Annual Report and financial statements for the period ended 31 March 2023. Additionally, the principal risks and uncertainties that may have a material impact on activities and results of the Group remain materially unchanged from those described in that Annual Report. The financial statements have been prepared on a going concern basis. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report and Chairman's statement in the Annual Report and financial statements for the period ended 31 March 2023.

The Financial Reporting Council issued "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies" in 2009, and "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks" in 2016. The Directors have considered these when preparing the interim financial statements.

The current economic conditions have created uncertainty particularly over the level of demand for the Group's products and services and over the availability of finance which the directors are mindful of. The Board is confident that the Group has sufficient liquidity to trade through to more normalised trading conditions. The interim financial statements have therefore been prepared on a going concern basis. The directors have taken steps to ensure that they believe the going concern basis of preparation remains appropriate. The key conditions are summarised below:

- The Directors have prepared cash flow forecasts extending to November 2024. These show that the Group has sufficient funds available to meet its trading requirements.
- The Group's year to date financial performance has been factored into the cash flow forecasts.
- The Group has a financing facility in place of $1.7m which provides additional comfort and headroom to the cash forecasts. We expect that with future additional growth this facility can be increased to support any excess working capital requirements.
- The Directors have considered the position of the individual trading companies in the Group to ensure that these companies are also in a position to continue to meet their obligations as they fall due.
- There are not believed to be any contingent liabilities which could result in a significant impact on the business if they were to crystallise.

Based on the above indications and assumptions, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Revenue recognition

The Group has a number of different revenue streams which are described below.

Services Revenue

Includes a range of member and member-related revenues as well as legacy software license revenue.

Member subscription revenues

AIM distributor members pay a monthly subscription fee for basic membership which confers immediate access to a range of commercial benefits at no additional cost to the member. Members may elect to upgrade their membership to access a range of enhanced services provided by AIM in exchange for an increased monthly subscription fee. Subscription revenues are recognised on a monthly basis over the membership period.

Other discretionary services

Certain other services are made available to AIM members on a discretionary usage basis such as artwork processing services, catalogues and merchandise boxes. These revenues are recognised upon performance of the service or delivery of the product. For example, catalogue and merchandise box revenues are recognised on dispatch of the products to members.

Events and exhibitions revenues

AIM promotes and arranges events for AIM members and groups of supplier customers to meet and build relationships. Revenue from these events is recognised once the performance obligations have been satisfied, typically on completion of an event or exhibition.

Preferred Partner revenues

AIM provides services to vendors within the promotional products industry whereby Preferred Partners are actively promoted to AIM members via a variety of methods including utilising the AIM technology platform, webinars, email communications and quarterly publications.

Revenues are variable and depend on the value of purchases made and services utilised by the AIM members from Preferred Partners. Revenue is recognised over time by reference to the value of transactions in the period. Payment for AIM's marketing services is made by Preferred Partner customers on a calendar quarter or annual basis. Revenue is recognised to the extent that it is highly probable that it will not reverse based on historic fact pattern and latest market information.

Software and technology services revenues

Revenues in respect of software product licences and associated maintenance and support services are recognised evenly over the period to which they relate. An element of technology services revenue is dependent on the value of orders processed via the Group's technology platforms. Revenue is accrued based on the value of underlying transactions and the relevant contractual arrangements with the customer. Revenue is constrained to the extent that is that it is highly probable that it will not reverse.

Merchanting revenues

Merchanting revenues arise when group companies contract with customers to supply promotional products. By far the most significant operation that carries out merchanting is within ACS. ACS bears the risk of the transaction as Principal, provisioning of orders and contracting with the customer, determining the transaction price, provision of fulfilment and supplier contracts and pricing, performing credit control and processing payments. The sale of the promotional products including branded merchandise, with the related costs of goods supplied, freight and AIM affiliates selling commission recognised as the cost of goods sold. The revenue is recognised on the shipment of the goods from the supplier and as notified by the supplier invoice which are raised following shipment. The Directors accept that the technical transfer of risks and rewards to the customer occur on delivery of the goods which are usually delivered within 2-5 days of shipment. The Directors use a proxy of the shipment date as the trigger for recognising revenue.

3. Segmental Performance

The chief operating decision maker has been identified as the Board of Directors and the segmental analysis is presented in the Group's internal reporting to the Board. At 30 September 2023, the Group has two operating segments, North America, and the United Kingdom.

Service revenues are derived from servicing our AIM membership base and generating throughput with our contracted Preferred Partners. Merchanting revenues are from the sale of promotional products.

	Unaudited 6 months 30-Sep-23 £’000 Group	Unaudited 6 months 30-Sep-23 £’000 North America	Unaudited 6 months 30-Sep-23 £’000 UK and Europe	Unaudited 6 months 30-Sep-23 £’000 Central
Services				
Turnover	4,120	3,562	558	-
Cost of Sales	(312)	(221)	(90)	-
Gross Profit	**3,809**	**3,341**	**467**	**-**
Merchanting				
Turnover	7,648	7,648	-	-
Cost of Sales	(6,534)	(6,534)	-	-
Gross Profit	**1,114**	**1,114**	**-**	**-**
Group				
Turnover	11,768	11,210	558	-
Cost of Sales	(6,846)	(6,756)	(90)	-
Gross Profit	**4,922**	**4,455**	**467**	**-**
Adjusted* Operating Profit/(Loss)	**1,059**	**1,867**	**(60)**	**(747)**
Share-based payment charges	(305)	-	-	(305)
Depreciation	(480)	(79)	(402)	-
Amortisation	(154)	(123)	(30)	-
Exceptional charges	(69)	(19)	(38)	(11)
Finance charges	(20)	(16)	(3)	-
Segmental profit before income tax	**31**	**1,629**	**(534)**	**(1,064)**

** Operating profit before share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges*

	Unaudited 6 months 30-Sep-22 £'000	Unaudited 6 months 30-Sep-22 £'000	Unaudited 6 months 30-Sep-22 £'000	Unaudited 6 months 30-Sep-22 £'000
	Group	**North America**	**UK and Europe**	**Central**
Services				
Turnover	3,850	3,179	671	-
Cost of Sales	(250)	(222)	(28)	-
Gross Profit	**3,600**	**2,957**	**643**	**-**
Merchanting				
Turnover	3,816	3,816	-	-
Cost of Sales	(3,473)	(3,473)	-	-
Gross Profit	**343**	**343**	**-**	**-**
Group				
Turnover	7,666	6,995	671	-
Cost of Sales	(3,723)	(3,695)	(28)	-
Gross Profit	**3,943**	**3,300**	**643**	**-**
Adjusted* Operating Profit/(Loss)	**763**	**1,312**	**190**	**(739)**
Share-based payment charges	(231)	-	-	(231)
Depreciation	(112)	(82)	(30)	-
Amortisation	(450)	(84)	(366)	-
Exceptional charges	(76)	-	(66)	(10)
Finance charges	(27)	(21)	(6)	-
Segmental profit before income tax	**(133)**	**1,125**	**(278)**	**(980)**

** Operating profit before share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges*

4. Basic and diluted earnings per share

The calculation of earnings per ordinary share is based on the profit or loss for the period divided by the weighted average number of equity voting shares in issue.

Profit / (loss) attributable to the equity shareholders of the Company:	**Unaudited 6 months 30-Sep-23**	**Audited* 12 months 31-Mar-23**	**Unaudited 6 months 30-Sep-22**
Continuing operations (£000)	48	390	(73)
Weighted average number of shares (number ‘000)	70,813	70,813	70,778
Fully diluted weighted average number of shares (number '000)	71,128	71,198	71,236
Basic and diluted profit / (loss) per ordinary share (pence)			
Continuing operations	0.07	0.55	(0.10)
Adjusted profit / (loss) per ordinary share (pence) on continuing operations			
Continuing operations (£000)	**48**	**390**	**(73)**
add back:			
Share based payments	305	511	231
Amortisation on acquired intangibles	78	151	75
Exceptional charges	69	100	76
Adjusted earnings	**500**	**1,152**	**309**
Adjusted basic and diluted earnings per ordinary share (pence) on continuing operations	0.71	1.63	0.44

Share options that could potentially dilute basic earnings per share in the future were not included in the calculation of diluted earnings per share because they are antidilutive for the six months ended 30 September 2023.

5. Key performance indicators

The Group's key performance indicators have been updated to align with external market sentiment including incentives for the Executive and Senior Management.

	Unaudited 6 months 30-Sep-23 £'000	**Audited 12 months 31 Mar 2023 £'000**	**Unaudited 6 months 30 Sep 2022 £'000**
Revenue	11,768	18,761	7,666
Gross Profit	4,922	8,605	3,943
Adjusted EBITDA*	1,059	1,957	763
Statutory loss before tax	31	152	(133)
Adjusted profit before tax**	483	915	249
Gross Margin (per cent.)	41.8%	45.9%	51.4%
Adjusted basic earnings per share (pence)***	0.71	1.63	0.44

**Operating profit before share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges. 'Adjusted EBITDA' is a consistent measure used to show the performance of the revenue generating activities and the related costs involved in the delivery of revenue for the current year.*

***Adjusted profit before tax is profit before tax adjusted for share based charges, exceptional costs and amortisation on acquired intangibles. This metric is introduced to review the performance of the underlying business including depreciation and amortisation of development costs and is aligned with the principle of underlying total shareholder return.*

**** Basic adjusted earnings per share from continuing operations is calculated using profit after tax but before share-based payment charges, amortisation of acquired intangible assets and exceptional charges with the weighted average number of equity voting shares in issue. This provides a metric that is used when evaluating shareholder return combined with the underlying performance of the business.*