25 JANUARY 2021

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

Altitude Group Trades Profitably Through COVID-19

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Altitude Group plc (AIM: ALT), the operator of a leading marketplace for the global promotional products industry, is pleased to announce its unaudited interim results for the 6 months to 30 September 2020. Comparative figures for H1 2019 comprise the reported trading results for the six month period ended 30 June 2019, adjusted for the disposal of Ad Products.

Key corporate developments and operational highlights

- The Group traded profitably in the period by enacting an immediate and effective response to the COVID-19 pandemic and subsequent lockdowns
- Robust performance in H1 resulting in an adjusted operating profit** of £0.3m, despite the impact of COVID-19
- The Group traded within its existing cash resources and remains debt free with a current cash balance of £1.3m as at 22 January 2021. Cash flow is stabilised and reflective of anticipated working capital movement
- AIM membership remains stable with a total of 2,085 members, up from 1,917 at time of acquisition, despite the impact of COVID-19
- Retained 100% participation levels in the Preferred Partner Program despite the impact of COVID-19
- Purchase orders processed through the AIM system have shown progressive improvement to c.70% of original volume expectations since steepest point of COVID-19 decline in April of 2020
- Focus on delivering further growth with high quality distributor partners via AIM Capital Solutions ("ACS") Launched as a premium enhanced member program in August 2019, ACS, provides full system order processing, innovative technology, administrative support and supply chain finance services to members

Financial Highlights

- Group revenue from continuing operations increased by £1.1m or 36% to £4.4m in the period (H1 2019*: £3.3m)
- AIM US revenues increased to £3.9m (H1 2019*: £2.2m) assisted by the Group Buy programme delivering a US adjusted operating profit of £0.5m (H1 2019*: £0.7m)
- AIM core gross margin maintained at 2019 levels, excluding the Group Buy programme
- Adjusted operating profit** of £0.3m (H1 2019*: £0.6m)
- Total administrative expenses for the period were £3.1m (H1 2019*: £3.4m), including the benefit of £0.4m of Paycheck Protection funding
- Adjusted profit before taxation*** £0.2m (H1 2019*: £0.6m)
- Adjusted basic and diluted earnings from continuing operations per share 0.39p (H1 2019*: 0.86p)
- Statutory loss before taxation £0.6m (H1 2019*: £0.4m)
- Statutory basic and diluted loss from continuing operations per share 0.86p (H1 2019*: 0.64p)
- Cash inflow from continuing operations before changes in working capital was £0.2m (H1 2019*: £0.1m)
- As of 30 September 2020 Group was debt free and had net cash of £1.2m (31 March 2020: £2.4m). At 22 January 2021 the Group's cash resources were £1.3m. Cash inflows are expected to increase over the next three months reflecting the settlement of annual agreements.

** Comparative figures for H1 2019 comprise the reported trading results for the six month period ended 30 June 2019, adjusted for the disposal of Ad Products*
*** Operating profit before share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges*
**** Profit before taxation, share-based payment charges, amortisation of intangible assets, depreciation of tangible assets and exceptional charges*

Nichole Stella, Group CEO of Altitude, said:

"In the face of the most challenging business environment in modern times, the Board is pleased with the resilience, effort and performance of the team and business during the period. Since the acquisition of AIM in 2019, we have worked tirelessly to develop the foundation and strategy of the business, and have driven significant growth in both revenue and profit.

This pre-pandemic effort and our ability to act quickly and pragmatically in navigating the challenges imposed by COVID-19 have ensured our ability to trade profitably during this unprecedented period of disruption as well as protect and position the Group for sustainable future growth.

Whilst uncertainty remains on the overall duration of COVID-19 disruption, the Board remains confident in the long-term future of the Company, its growth trajectory and strong position in the market place."

Enquiries:

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Chief Executive's statement

Interim results for the 6 months ended 30 September 2020

The first six month trading period of FY 2020/21, included the most intense period of disruption in the US and around the globe caused by the COVID-19 pandemic. This has proven to be the most challenging time in history for many promotional products businesses and their customers to navigate, significantly slowing economies and completely halting robust and major market sectors like the events, education, hospitality, bar & restaurant, sports, entertainment and retail industries, sectors most directly correlated with the success of the AIM Smarter ("AIM") marketplace and the suppliers and distributors who trade within it.

Regardless of the depth of the immediate downturn in March, the acquisition of AIM in 2019 and the rapid efforts made in developing the foundation and strategy of the acquired business prior to the COVID-19 lockdowns, allowed the Group to respond to the crisis quickly and effectively. Decisive action to protect the business was taken alongside continuous improvement measures and timely pivots to ensure the Group's ability to successfully emerge from the pandemic and look to the future with confidence.

Despite the challenges imposed by COVID-19 during the six months to 30 September 2020, the Group achieved revenues from continuing operations of £4.4m (H1 2019*: £3.3m) and an adjusted operating profit** of £0.3m (H1 2019*: £0.6m).

** Comparative figures for H1 2019 comprise the reported trading results for the six month period ended 30 June 2019, adjusted for the disposal of Ad Products*

Liquidity

The Group continues to trade within its current cash resources and remains debt free with a current cash balance of £1.3m as at 22 January 2021. Cash flow is stabilised and reflective of anticipated working capital movement. The cash balance reflects the self-funding of ACS receivables in the current financial year.

We continue to monitor the likelihood of further US Federal support in the near future. However, notwithstanding the availability of any further support the Board remains confident that, subject to continued steady recovery in the promotional product market through the current year, we have sufficient liquidity to trade through to more normalized levels of trading

In addition, all the requirements for the permanent retention of $0.5m of COVID-19 relief funding received under the US Federal Paycheck Protection Plan have been met.

COVID-19 Response

During this time, it became clear AIM's role would be to support and guide our member and supplier community through this crisis. Thus, AIM quickly pivoted to provide a broad range of educational information, SME guidance on government programs, supplier business operations updates and virtual events. Through these efforts, membership numbers have remained steady with 2,085 AIM Members as of 1 January 2021, with average (pre COVID-19) distributor revenue increasing to c.$1.2m pa and aggregate historic (pre-COVID-19) member revenues of circa $2.26 Bn per self-certification. Our Preferred Partners remain unchanged at 175 from our last update.

Additionally, AIM played a vital role providing members access to high-demand PPE products from safe and trusted supplier sources and launched our digital AIM "Group Buys" platform. This program also showcased our ability to act as a direct sales conduit to members on high-demand products.

Finally, the Group took quick action to secure and benefit from US government support programs, receiving $0.5m in funding under the US Federal Paycheck Protection Program. We also took the necessary steps in decreasing employee headcount by 21% across the Company. During the period through September US headcount was 36 and UK headcount was 30, mainly comprising the systems development team. In addition, we instituted a temporary salary decrease of 20% across the Management team and Executives, as well as a reduction in working hours across all other employees, following the cessation of the period covered by the Paycheck Protection Program from June through October.

AIM Progress and Trading

AIM continues to drive awareness and sales growth for both our Preferred Partners (to our AIM members) and our AIM members (to their clients). By providing marketing and technology services to our members and Preferred Supplier Partners, we are committed to creating a virtuous growth cycle for the AIM marketplace.

Our focus remains on the following major routes to revenue growth:

- Continued growth in the AIM membership of high-quality promotional product distributors.
- Delivering added value services, leveraging existing applications, technology, resources and expertise, to help selected preferred partners grow their share of the total AIM purchase pipeline.
- Develop and sell additional added value services, leveraging its existing applications, resources and expertise, to help AIM distributor members grow their business
- Continued drive to increase member utilisation of the AIM Tech Suite
- The addition of AIM Capital Solutions ("ACS") to AIM's offering completes the Group's current portfolio of services. This premium distributor program launched in August 2019, requires full system order processing via the Group's innovative technology and provides administrative support and supply chain finance services to participating members

Despite COVID-19, we maintained our preferred partner network 175 of the industry's top suppliers. To further strengthen and more aggressively drive sales through our preferred network, drive our technology adoption, increase tracking order data and increase efficiency in orders, we launched our VIP Incentive Program, which gives cash back to members when purchasing "in network." Additionally, the Group partnered with ASI to utilize their data feed in the AIM Tech Suite.

Member adoption and usage of our technology solutions continues to grow with 429 distributors adopting the AIM Tech Suite for product search and/or order creation and 1,642 unique distributors utilizing AIM's website and company store technology with more than 2,700 sites live to date.

Enhanced Member Services

We are pleased with the launch of and continued increased interest shown by our members in the enhanced member services. 241 members have utilised AIM's various paid enhanced services and we are working on initiatives to increase this number in the current financial year. The pace of sales on marketing services have retracted due to COVID-19, however, digital platform sales and our premium program, AIM Capital Solutions has continued to be developed and grown despite COVID-19 as outlined above.

UK Business

The UK business delivered revenue of £0.6m in the period ended 30th September 2020.

In May 2020 the UK company rebranded from Customer Focus Software Limited to AIM Smarter Limited and launched AIM Smarter services to UK members and supplier partners. Following a successful launch there are currently 57 preferred suppliers in participation and distributor members have grown 186% from 51 to 146 since launch whilst continuing to provide various software applications to the promotional industry on a monthly recurring revenue model.

Throughout this period the technology development team delivered additional integrations with US product data providers to provide access to product data through the AIM Tech Suite and Websites, recognizing that seamless access to product data is core to member requirements. Additionally, the core technology was enhanced to create a process driven, scalable Group platform to enable efficient processing of AIM Capital Solutions (ACS) transactions allowing for Group, Member and Customer level order processing and communications which is now live.

Disposal of Ad Products

On 18 March 2020, the Company's wholly owned subsidiary Customer Focus Interactive Imaging Limited ("CFIIL") entered into a conditional agreement with Product Source Group Limited ("PSG") for the disposal of the trade and certain assets of Ad Products ("ADP"), the trading name of CFIIL and a UK based trade supplier and printer of promotional products (the "Disposal") for a total maximum consideration of £0.8 million.

Total maximum consideration of £0.8 million made up as follows:

- £0.35 million in cash on completion
- £0.3 million receivable in 4 tranches over the 12-month period following completion, subject to a personal guarantee of Martin Varley; and
- £0.15 million conditional deferred consideration with performance criteria based on ADP revenue generation in the 12-month period following completion

PSG was owned and controlled by Joanne Varley, wife of Martin Varley who was at the time a non-executive Director of and a 14.8 percent shareholder in Altitude. The Disposal, therefore, was considered a related party transaction for the purposes of the AIM Rules and was a substantial property transaction under the Companies Act.

The transaction was approved by shareholders in a General Meeting on 3 April 2020.

Ad Products results for the period are included in the consolidated income statement under "Loss from discontinued operation".

Financial Results

Group revenue for the period increased by £1.1m to £4.4m (H1 2019*: £3.3m), an increase of 36%.

The promotional products industry was subject to significant disruption during the period, resulting in a substantial decrease in transactional throughput related Partner services revenues. The decrease in Partner services revenues was largely offset by new AIM Smarter Group Buy revenues.

Gross profit decreased by £0.5m, or 16%, to £2.5m (H1 2019*: £3.0m), with gross margin decreasing to 57% (H1 2019*: 92%) reflecting lower margins on AIM Smarter Group Buy activities.

Administration expenses before share-based payments, amortization of intangible assets, depreciation of tangible assets and exceptional charges decreased by £0.2m, or 7% to £2.2m (H1 2019*: £2.4m), driven by the receipt of £0.4m of Paycheck Protection funding which has been offset against payroll expenditure in accordance with IAS 20 — Accounting for Government Grants and Disclosure of Government Assistance. The Company can confirm that all conditions for permanent retention of the funding received under the Program have been met.

Administration expenses before share-based payments, amortization of intangible assets, depreciation of tangible assets and exceptional charges for the 6 month period are representative of an annualized run rate of £5.2m per annum.

Adjusted operating profit** was £0.3m (H1 2019*: £0.6m) and the loss before taxation was £0.6m (H1 2019*: £0.4m).

The loss from discontinued operations of £0.1m reflects expenditure related to the disposal of Ad Products.

Statutory operating loss and loss before taxation were each £0.6m (H1 2019*: £0.4m), with basic and diluted loss per share of 0.86p (H1 2019*: 0.64p).

Operating cash inflow from continuing operations (before changes in working capital) was £0.2m (H1 2019*: £0.1m).

Net cash outflows from investing activities was £0.3m (H1 2019*: £4.8m outflow), primarily comprising capitalised software development costs. The net cash outflow in H1 2019* included the purchase of AIM (£3.9m) and the purchase of tangible assets (£0.7m).

Net cash outflows from financing activities of £0.6m reflects repayment of finance agreements and interest of £0.5m, lease repayments (under IFRS 16) of £0.1m and the issue of shares for cash (net of expenses) of £0.1m in respect of options exercised during the period.

Total net cash outflow was £1.1m (H1 2019*: £3.1m inflow).

Current net cash balances stand at £1.3m as at 22 January 2021, compared with £1.2m at 30 September 2020.

** Comparative figures for H1 2019 comprise the reported trading results for the six month period ended 30 June 2019, adjusted for the disposal of Ad Products*

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

Outlook

In the face of the most challenging business environment in modern times, the Board is pleased with the resilience, effort and performance of the team and business during the period. Since the acquisition of AIM in 2019, we have worked tirelessly to develop the foundation and strategy of the business and have driven significant growth in both revenue and profit.

This pre-pandemic effort and our ability to act quickly and pragmatically in navigating the challenges imposed by COVID-19 have ensured our ability to trade profitably during this unprecedented period of disruption and has protected and positioned the Group for sustainable future growth.

Whilst uncertainty remains on the overall duration of COVID-19 disruption, the Board remains confident in the long-term future of the Company, its growth trajectory and strong position in the marketplace.

Nichole Stella
Chief Executive Officer
25 January 2021

Consolidated income statement for the six months ended 30 September 2020

	Note	Unaudited 6 months 30 Sep 2020 £'000	Audited 15 months 31 Mar 2020 £'000	Restated Unaudited 6 months 30 Jun 2019 £'000
Revenue - Continuing Operations		**4,443**	8,308	**3,264**
Cost of sales		**(1,922)**	(851)	**(261)**
Gross profit		**2,521**	7,457	**3,003**
Administrative expenses before share based payment charges, depreciation amortisation and exceptional expenses		**(2,248)**	(6,996)	**(2,425)**
Operating profit before share based payment charges, depreciation, amortisation and exceptional charges		**273**	461	**578**
Share based payment charges		**(274)**	(1,401)	**(433)**
Depreciation and amortisation		**(533)**	(1,170)	**(598)**
Exceptional charges		**(24)**	(444)	**26**
Total administrative expenses		**(3,079)**	(10,011)	**(3,430)**
Operating loss		**(558)**	(2,554)	**(427)**
Finance expenses		(43)	(112)	-
Loss before taxation		**(601)**	(2,666)	**(427)**
Taxation		**-**	275	**-**
Loss attributable to continuing operations		**(601)**	**(2,391)**	**(427)**
Loss on discontinued operation		**(117)**	(3,336)	**(315)**
Loss attributable to the equity shareholders of the Company		**(718)**	(5,727)	**(742)**
Loss per ordinary share attributable to the equity shareholders of the Company:				
— Basic and diluted (pence) - Continuing operations	3	(0.86p)	(3.51p)	**(0.64p)**
— Basic and diluted (pence) - Discontinued operations	3	(0.17p)	(4.90p)	**(0.47p)**

Consolidated statement of changes in equity for the six months ended 30 September 2020

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total £'000
At 1 January 2019	**219**	**11,000**	**(6,982)**	**4,237**
Loss for the period attributable to equity shareholders	-	-	(742)	(742)
Foreign exchange differences	-	-	59	59
Total comprehensive income	**-**	**-**	**(683)**	**(683)**
Transactions with owners recorded directly in equity:				
Shares issued for cash	53	8,947	-	9,000
Preliminary expenses	-	(477)	-	(477)
Shares issued as consideration	3	582	-	585
Share based payment charges	-	-	433	433
Adoption of IFRS 16	-	-	36	36
Total transactions with owners	**56**	**9,052**	**469**	**9,577**
At 30 June 2019	**275**	**20,052**	**(7,196)**	**13,131**
Loss for the period attributable to equity shareholders	-	-	(4,985)	(4,985)
Foreign exchange differences	-	-	5	5
Total comprehensive income	**-**	**-**	**(4,980)**	**(4,980)**
Transactions with owners recorded directly in equity:				
Shares issued for cash	2	28	-	30
Share based payment charges	-	-	968	968
Adoption of IFRS 16	-	-	(63)	(63)
Total transactions with owners	**2**	**28**	**905**	**935**
At 31 March 2020	**277**	**20,080**	**(11,271)**	**9,086**
Loss for the period attributable to equity shareholders	-	-	(718)	(718)
Foreign exchange differences	-	-	(249)	(249)
Total comprehensive income	**-**	**-**	**(967)**	**(967)**
Transactions with owners recorded directly in equity:				
Shares issued for cash	3	73	-	76
Share based payment charges	-	-	274	274
Total transactions with owners	**3**	**73**	**274**	**350**
At 30 September 2020	**280**	**20,153**	**(11,964)**	**8,469**

Consolidated balance sheet as at 30 September 2020

	Note	**Unaudited 6 months 30 Sep 2020 £'000**	Audited 15 months 31 Mar 2020 £'000	**Unaudited 6 months 30 Jun 2019 £'000**
ASSETS				
Non-current assets				
Property, plant & equipment		**172**	189	**801**
Right of use assets		**818**	957	**285**
Intangibles		**2,650**	2,814	**2,718**
Goodwill		**3,017**	3,108	**2,690**
Deferred tax		**442**	456	**450**
Total non-current assets		**7,099**	7,524	**6,944**
Current assets				
Inventory		**-**	-	**1,620**
Assets classified as held for sale	5	**-**	650	**-**
Trade and other receivables		**3,020**	2,738	**3,279**
Corporation tax receivable		**36**	35	**32**
Cash and cash equivalents		**1,215**	2,350	**3,485**
Total current assets		**4,271**	5,773	**8,416**
Total assets		**11,370**	13,297	**15,360**
LIABILITIES				
Non-current liabilities		**(1,251)**	(1,326)	**(188)**
Total non-current liabilities		**(1,251)**	(1,326)	**(188)**
Current liabilities				
Trade and other payables		**(1,650)**	(2,885)	**(2,041)**
Total current liabilities		**(1,650)**	(2,885)	**(2,041)**
Total liabilities		**(2,901)**	(4,211)	**(2,229)**
Net assets		**8,469**	9,086	**13,131**
EQUITY				
Called up share capital		**280**	277	**275**
Share premium		**20,153**	20,080	**20,052**
Retained earnings		**(11,964)**	(11,271)	**(7,196)**
Total equity attributable to equity holders of the parent		**8,469**	9,086	**13,131**

Consolidated cash flow statement for the six months ended 30 September 2020

	Unaudited	Audited	**Unaudited**
	6 months	15 months	**6 months**
	30 Sep 2020	31 Mar 2020	**30 Jun 2019**
	£'000	£'000	**£'000**
Cash flow from operating activities			
Loss for the period - Continuing operations	**(601)**	(2,391)	**(427)**
Loss for the period - Discontinued operations	**(117)**	(3,336)	**(315)**
Amortisation of intangible assets	**432**	995	**465**
Depreciation	**101**	523	**189**
Impairment of asset held for sale	**-**	2,207	**-**
Interest paid	**43**	112	**30**
Taxation	**-**	(275)	**-**
Exchange differences	**(37)**	82	**59**
Share based payment charges	**274**	1,401	**433**
Operating cash (outflow)/inflow before changes in working capital	**95**	(682)	**434**
Movement in Inventory	**-**	(285)	**(74)**
Movement in trade and other receivables	**18**	(2,166)	**(2,228)**
Movement in trade and other payables	**(337)**	299	**715**
Operating cash outflow from operations	**(319)**	(2,152)	**(1,586)**
Tax received	**-**	**646**	**-**
Net cash used in continuing operations	**(224)**	**(2,188)**	**(1,152)**
Cash flows from investing activities			
Purchase of certain assets and undertakings of AI Mastermind LLC	**-**	(3,357)	**(3,880)**
Proceeds on disposal of trade and assets	**-**	350	**-**
Purchase of tangible assets	**(7)**	(166)	**(655)**
Purchase of intangible assets	**(326)**	(803)	**(237)**
Net cash used in investing activities	**(333)**	(3,976)	**(4,772)**
Financing activities			
Repayment of borrowings	**(491)**	(402)	**(89)**
Interest paid	**(163)**	(57)	**(30)**
Issue of shares for cash (net of expenses)	**76**	8,553	**9,108**
Net cash from financing activities	**(578)**	8,094	**8,989**
Net increase/(decrease) in cash and cash equivalents	**(1,135)**	1,930	**3,065**
Cash and cash equivalents at the beginning of the period	**2,350**	420	**420**
Cash and cash equivalents at the end of the period	**1,215**	2,350	**3,485**

Notes to the half yearly financial information

1. Basis of preparation

This consolidated half yearly financial information for the half year ended 30 September 2020 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 2020. The Group's accounting policies are based on the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union. 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 22 January 2021.

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 2019/20 consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The financial information relating to the period ended 31 March 2020 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 2020 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 2020, 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 2020. 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 2020.

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 caused by the COVID-19 pandemic 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 normalized 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 summarized below:

- The Directors have prepared sensitised cash flow forecasts extending to March 2022. The cashflows include a base scenario and a sensitized revenue scenario.

- The base scenario assumes reductions in revenue of 44% and 17% in the current financial year to March 2021 and the year to 31 March 2022 respectively, compared to an annualized 2019/20 comparative. The sensitized scenario assumes reductions in revenue of 47% and 23% respectively, each compared to an

annualized 2019/20 comparative. The model indicates that the Company can trade throughout the period to 31 March 2022 in either scenario.

In addition, the forecast assumes continued elongation of credit terms with customers. Collection of receivables during the pandemic has been understandably problematical and in the current climate we are unable to predict with accuracy the timing of future cash receipts and therefore rely on current and past experience to make such judgments. The model assumes cash collections in line with what we have experienced since the acquisition of AIM and more recently in the post COVID-19 period

- The base and sensitized cash flow forecasts do not include any mitigating factors available to management in terms of:
    - discontinuing the development of AIM Capital Services to release working capital
    - reactionary cost reduction programmes in respect of headcount and organisation
    - the availability of a second round of Federal support in the US in the form of the Paycheck Protection Programme
- securing new working capital facilities in respect of the AIM Capital Solutions business
- The Group maintains the distributor membership and preferred suppliers throughout the forecast period
- The Group continues to develop the product offerings to meet the demands of the market and customers

The Directors have considered the position of the individual trading companies in the Group to ensure that these companies are also able 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 interim financial statements on a going concern basis.

However, the impact of COVID-19 could still possibly result in revenue and resulting cash inflows that are less and later than modelled potentially creating a need to secure additional funding. The Directors consider that such a severe, yet plausible scenario indicates the existence of a material uncertainty which may cast significant doubt on the Group and company's ability to continue as a going concern.

Notwithstanding that these factors represent a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

For these reasons, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

The interim financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

3. **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.

	Unaudited	Audited	**Unaudited**
	6 months	15 months	**6 months**
	30 Sep 2020	31 Mar 2020	**30 Jun 2019**
	£'000	£'000	**£'000**
Continuing operations - Loss for the period	**(601)**	(2,391)	**(427)**
Discontinued operations - Loss for the period	**(117)**	(3,336)	**(315)**
Weighted average number of shares (number '000)	**69,637**	68,125	**67,060**
Fully diluted weighted average number of shares (number '000)	**71,811**	69,948	**68,864**
— Basic and diluted (pence) - Continuing operations	**(0.86p)**	(3.51p)	**(0.64p)**
— Basic and diluted (pence) - Discontinued operations	**(0.17p)**	(4.90p)	**(0.47p)**

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 2020.

4. Prior period adjustment

The results for the six month period to 30 June 2019 have been restated due to a cut off error identified in Ad Products during the FY19/20 financial period relating to 2018.

An accrual was erroneously made in the 2018 financial statements in respect of certain goods in transit, requiring correction by increasing cost of sales and decreasing goods in transit respectively by £188k, resulting in retained losses at 31 December 2018 being increased by £188k.

As a result of the above error Ad Products cost of sales was overstated by £188k in the interim financial results for the six month period to 30 June 2019.

The impact of the restatement is shown below.

Consolidated income statement (extract)	**As previously stated**	**Increase/ Decrease £000's**	**Restated 30 June 2019**
Loss on discontinued operation	(503)	188	(315)
(Loss)/profit attributable to the equity shareholders of the Company	(930)	188	(742)
(Loss)/Earnings per ordinary share attributable to the equity shareholders of the Company:			
— Basic and diluted (pence) - Continuing operations	(0.64p)	0.00p	(0.64p)
— Basic and diluted (pence) - Discontinued operations	(0.75p)	0.28p	(0.47p)

5. Assets held for sale

On 23 March 2020 the Ad Products business was classified as assets held for sale following Board approval of the disposal of Ad Products to Product Services Group ("PSG").

PSG was owned and controlled by Joanne Varley, wife of Martin Varley who was at the time a non-executive Director of and a 14.8 percent shareholder in Altitude. The Disposal, therefore, was considered a related party transaction for the purposes of the AIM Rules and was a substantial property transaction under the Companies Act.

As required by IFRS 5, the Group re-measured Ad Products assets at the lower of the carrying amount and fair value less costs to sell, as set out below.

The transaction completed on 7 April 2020 following approval by the shareholders in general meeting on 3 April 2020. The business was not sold at 31 March 2020 and is therefore classified as held for sale at this date.

In accordance with IFRS 5, assets and liabilities classified as held for sale are shown as a separate line on the balance sheet. IFRS 5 also requires that the profit or loss from a discontinued operation is shown as a single amount on the face of the income statement and the comparatives and related notes have been restated accordingly.

The loss for the period represents total post-tax loss of the disposal group for the whole of the financial period, including any post-tax gain or loss on the measurement of fair value, as well as the post-tax loss on sale of the disposal group.

Financial Performance

The financial performance and cash flow information presented are for the fifteen months ended 31 March 2020 (2019/20 column) and the year ended 31 December 2018.

	15 months 31 Mar 2020 £'000
Revenue - Continuing Operations	**4,460**
Cost of sales	(2,647)
Gross profit	**1,813**
Administrative expenses before share based payment charges, depreciation amortisation and exceptional expenses	(2,171)
Operating loss before share based payment charges, depreciation, amortisation and exceptional charges	**(358)**
Depreciation and amortisation	(332)
Exceptional charges	(439)
Total administrative expenses	**(2,942)**
Operating loss before taxation	**(1,129)**
Taxation	-
Loss for the period	**(1,129)**

** The prior year adjustment arose from a cut-off error discovered during the current financial period relating to 2018. An accrual was erroneously made in the 2018 financial statements in respect of certain goods in transit, requiring correction by increasing cost of sales and decreasing goods in transit respectively by £188k, resulting in retained losses at 31 December 2018 being increased by £188k.*

Cash flow from the discontinued operation is as follows:

	15 months 31 Mar 2020 £'000
Operating cash outflow before changes in working capital	(751)
Net cash outflow from operating activities	185
Net cash outflow from investing activities	(30)
Net cash inflow from financing activities	(306)
Net cash outflow from discontinued operation	**151**

Details of the sale of the Ad Products business

The loss on measurement and disposal of assets held for sale is calculated as follows:

	31 Mar 2020 £'000	31 Mar 2020 £'000
Disposal proceeds		
Cash on completion*		350
Unconditional deferred consideration**		300
Additional deferred consideration***		-
Total consideration		**650**
Carrying value of assets as at date of sale:		
Fixed assets	692	
Inventory	1,819	
Trade and other debtors	346	**(2,857)**
Loss on measurement of assets held for sale		**(2,207)**

**The cash due on completion of disposal on 3rd April 2020 was prepaid by the purchaser prior to the period end and is included in the financial statements as deferred income within other creditors.*

***The unconditional deferred consideration is subject to the personal guarantee of Martin Varley and is receivable under the following schedule:*

- *£50,000 on 3 August 2020*
- *£50,000 on 3 October 2020*
- *£100,000 on 3 December 2020 and*
- *£100,000 on 3 March 2021*

As at 22 January 2021, all amounts due under the agreed schedule have been received. The Directors currently consider the current fair value of the unconditional deferred consideration to be £0.3 million.

**** The additional consideration of £150k is payable subject to the achievement of a revenue target by the disposed business in the year to 31 March 2021. The Directors consider achievement of the target revenue to be unlikely given the impact of COVID-19 on the Ad Products business and have therefore estimated the fair value of the additional consideration to be £nil.*

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 March 2020:

Assets classified as held for sale	31 Mar 2020 £'000
Property, plant, machinery and equipment	-
Promotional products	294
Trade debtors	356
Total assets of disposal group held for sale	**650**