



FUTURE READY

Audited Annual Results
for the Year Ended 31 March 2024

alt | ALTITUDE
GROUP PLC



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.



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Financial Highlights

Group revenues

£24.0m

⬆️ **33.0%**** (2023: £18.8 million)

Gross Profit

£10.4m

⬆️ **25.1%**** (2023: £8.6 million)

Group adjusted operating profit*

£2.4m

⬆️ **30.2%**** (2023: £2.0 million)

Adjusted basic earnings per share

2.61p

⬆️ **60.1%** (2023: £1.63p)

Cash balance at year end

£1.2m

⬆️ - (2023: £1.2 million)

- Basic earnings per share increased by **78.2% to 0.98p** (2023: 0.55p)
- Cash inflow from operating activities increased by **£0.6 million to £2.1 million** (2023: inflow £1.6m) **driven by significant revenue growth and increased trading activities**
- The Group increased its total financing facilities to **\$3.5 million** (2023: \$2.0 million) to support working capital fluctuations and future substantial growth in Merchanting. The facility is undrawn at the year end.

Ten Year Record:

Revenue



➡️ **Chief Financial Officer's Report page 20**

Key corporate developments and operational highlights

- The Group enjoyed another record year, **doubling revenues since FY22** and increasing adjusted operating profit* by 2.25 times in the same two-year period
- The Group's investment in Merchanting growth is the **significant growth driver** supported by the Services division which continued to outpace the greater promo industry
- The US delivered adjusted operating profit growth before central costs of 17% reaching \$4.8 million (2023: \$4.1 million)
- The Group's disruptive collegiate Gear Shop solution continued to expand with **7 new contracts since HY24** and continues to have a strong pipeline of opportunities this financial year
- UGS has 19 campus programmes at 22 locations, with a total **lifetime contract value of c\$45 million** and \$9 million (2023: 5 active contracts of \$1 million) annualised average expected revenues
- ACS continued to add **significant revenue growth**, further growing annualised expected revenues by 32% to \$18 million (2023: \$13.6 million) from both recruitment and organic growth
- ACS has started FY25 of with an **additional \$2 million of wins** to reach \$20 million annualised expected revenue
- Services revenue has grown by 5.6%, **delivering 90.5% gross margin**
- **US AIM membership has continued to grow**, and currently totals 2,262 members, up from 1,917 at acquisition, consolidating its position as one of the largest and strongest distributor organisations, recently being named a top distributor by the industry trade association PPAI

Please note that percentages are calculated based on unrounded numbers as reported in the primary statements.

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

** At constant currency

Our Core Values are...



At Altitude Respect is contagious

- We give it, we earn it, we spread it across our Group and our communities.

Altitude is a collaborative community

- By collaborating closely with our corporate partners, higher-education partners, supplier partners and across all of our customer base, we create positive experiences and opportunities for everyone in our community.

Altitude is forward thinking

- From strength in technology to creative resources, Altitude is constantly introducing fresh ideas to push innovation in market delivery forward.

Altitude is committed to our teams, partners, customers and our community

- Every day we strive for the betterment of our workplace and our world.

Altitude is never willing to accept the status quo

- Driven by industry success and ground-breaking results, Altitude's most powerful growth comes from our daily efforts to always be better than yesterday.

Altitude is a Group you can count on

- We take pride in our ability to provide a personal touch and deliver quality in everything we do.

Strategic Report

RECORD BREAKING RESULTS

Nichole Stella, Group CEO of Altitude, said:

"FY24 was a continuation of the accelerated growth we achieved in FY23, and once again we achieved record-breaking results for the Group. It was a year that required intense focus on delivery in new markets and ensuring continued scale within our core industry. FY25 has started strongly, with commercial growth in Merchanting and with Services continuing to outperform the wider industry. We remain excited about our growth potential, and continue to trade in line with market expectations."

➔ **Chief Executive's Statement pages 14 to 17**



Chairman's Statement

FUTURE READY

DAVID SMITH
NON-EXECUTIVE CHAIRMAN



I am pleased to report that the Group has shown strong performance in FY24 and once again delivered excellent revenue growth.

The management team have continued to deliver on our growth strategy and have built out a diversified offering in strategically attractive markets. The delivery of a large number of Gear Shop contracts and substantial growth in our ACS affiliates in the last financial year complements our traditional strengths in servicing the promotional products industry. The Group delivered 28% revenue growth to £24.0 million (2023: £18.8 million). Highlighting the importance of our Merchanting division, the Group grew gross profit by £1.8 million to £10.4 million (2023: £8.6 million) with £1.6 million of the growth being driven by Merchanting. The high margin service division remains a material contributor to the Group's adjusted operating profit, which increased by 23% to £2.4 million (2023: £2.0 million), almost 10% ahead of market expectations. This is an excellent result and is testament to the continued delivery of our strategy and the power of our business model.

Revenue Growth

£24.0m

⬆ 28% (2023: £18.8 million)

We continue to invest in the development of our technology and marketing platforms to provide our AIM distributors, ACS Affiliates and Preferred Partner suppliers with market leading capabilities. In addition we have invested in our Gear Shops to expand our reach and in the underlying systems and processes of the Group to drive benefits in operational gearing as we scale.



Year in Focus

Establishing a strong foothold within the Collegiate market whilst growing our Affiliates and outperforming the market in the Promotional Products Industry has taken effort and places us well for future growth.

In January 2023 we launched our third physical Gear Shop and by the end of March 2024 we landed with 16 live contracts. We also improved the quality within that number exiting 2 'online only' small stores but replacing with 13 more strategic contracts. Going live at 15 locations mostly in March to August is an extraordinary achievement and I commend the team on its delivery. FY25 has started with a further 6 contract wins and churn of 3 contracts in a season which is still open to win more contracts as we progress through the year.

Our ACS Affiliates, after doubling in annualised expected revenues during the prior year, has again grown by 32% from a mix of Affiliate recruitment and organic growth. We are seeing the material revenue growth arising from the prior year's wins and we look forward to securing additional Affiliates to ACS in FY25.

The promotional products industry, as reported by ASI Research, showed a slowdown in growth throughout FY24 with September to December 2023 being flat year on year. This brought industry growth rates for the calendar year 2023 to 1.2% (Calendar 2022: 11.4%) with our own underlying Services growth rate achieving 5.6% in FY24. Our ability to exceed the industry benchmark is testament to our compelling offer, high-quality membership and partner network. We will continuously strive to grow further in a competitive and fragmented market.

In a year where the business model of the Group has substantially evolved we have managed our cash position highly effectively. Delivering net increase in cash and cash equivalents of £0.1 million (2023: increase £0.2 million) in a year where we increased capital investment by 62.5% to £1.8 million (2023: £1.1 million), whilst building in organic growth is a significant achievement. We extended our main existing credit facility from \$1.5 million to \$3.0 million which supports the up-front investment in fit out and inventory for our Gear Shop contracts and other routine working capital fluctuations. The facility has been secured ahead of time and will be under constant review at each annual renewal. The Group has utilised its facility during the year, but is debt free at the year end and the facility remains in place to support future growth as opportunity arises.

Management have outperformed in what has been a transformative year for the Group. They have delivered above market expectations for the second year running, and I have confidence in them continuing to deliver excellent performance.



Looking Forward

A business only moves forward though the skills and dedication of its people. On behalf of the Board, I would like to thank all the Altitude Group's employees for their hard work and passion which has delivered another strong set of results.

As we move through 2024 and 2025, we will focus on increasing profitability and strengthening our position within the Collegiate market. Continued focus on promotional products strategic partnerships within AIM and scaling our Affiliate model are further priorities.

The Management team have overcome many operational challenges to deliver the business we have today and retain the hunger to further improve and win new business. I am confident we have the right team in place under the dynamic and agile leadership of Nichole to continue delivery of our strategy.

Despite the slowdown in the promotional products market, we have delivered excellent growth in revenues and profits for the third consecutive year. We will continue to execute on our strategy to ensure we provide sustainable performance year on year. As ever we remain committed to listening to and delivering superior value to our stakeholders and look forward to the exciting opportunities that lie ahead.

David Smith

Non-Executive Chairman
29 July 2024

Business Model



WHO WE ARE

BRANDED MERCH SOLUTIONS

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

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.



Merchancing

Our Merchancing programmes focus on the sale of promotional products and includes AIM Capital Solutions (ACS) and our Adjacent Market Programmes (AMPs).



Technology is at our core

We support our Services and Merchancing 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 great opportunity to deliver new AI tools to drive efficiency and scale.

Business model (continued...)

WHAT'S NEW

This time last year we had been awarded multiple AMPs Gear Shop contracts, we had doubled our recruitment of ACS affiliates and outstripped the promotional product market growth with our AIM network. This year we continue to **focus on delivering sustainable profitable growth and driving long term shareholder value** via our Merchanting and Services programmes.

In the year we implemented a significant number of Gear Shop contracts, going live on campuses across the US with our innovative specialty higher-education solution. FY 25 has started strongly, with seven Gear Shop wins so far in the season and an attractive pipeline for additional contract wins in the late summer, autumn and towards the end of our financial year. We do see awards arriving slightly later in the tendering period and a shift in the tendering process which we believe to be a ripple effect in the market relating to commercial issues facing the two legacy industry leaders. We are very confident in our ability to disrupt and gain market share in this industry. To date, the Group has experienced disruptive market share growth with 19 campus programmes at 22 locations, with a total lifetime contract value of c\$45 million and \$9 million (2023: 5 active contracts of \$1 million) annualised average expected revenues. Recently we identified three contracts that were not an appropriate fit for us and therefore this resulted in normal contract churn. We are well positioned in the market and are building an extensive network of strategic relationships to strengthen our reputation and secure continued and market disrupting growth into the future. In a year of significant organic growth and increased investment, we have generated cashflow.

 **19** campus programmes
at 22 locations

ACS to reach \$20m
annualised expected revenue

Our ACS affiliate division experienced a surge in market brand awareness, which delivered a rush on new high quality affiliate signings at the end of FY24. ACS continued to add significant revenue growth, increasing annualised expected revenues by 32% to \$18m (2023: \$13.6 million) from both recruitment and organic growth. ACS has started FY25 with an additional \$2 million of wins to reach a \$20 million annualised expected revenue run-rate.

In FY24, the promotional product market experienced a challenging year for year-on-year growth. It's clear that the industry significantly grew post covid and, as experienced in many industries, the growth flattened in 2023. However, this hasn't stopped our AIM network from outperforming the industry, which it has done year over year. While the market remains highly fragmented, we have seized the opportunity to grow market share in the AIM business by bolstering our Global Sales team with a new head of sales.

A significant factor in our continuing success is maintaining our focus on operational gearing within our teams and systems. In the year, we have made significant progress in improving our systems and processes via the installation of new and innovative technology platforms as well as integrations with our proprietary technology systems. Additionally, in such a fast-paced period of growth, our people and teams are crucial to our continued success. We continue to be nimble and align our people organisation with the changing needs of the Group.

Image References:

1. Lebanon Valley College (LVC) T-Shirt & Gear Shop
2. Marywood University Hoodie & Gear Shop



Business model (continued...)

WHAT WE DO

Altitude succeeds and scales through its ability to influence and direct member purchasing through its preferred suppliers, through its ability to recruit high calibre sales affiliates and via expansion of the Gear Shop solution.



Services

Preferred Partners

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

How we make money: The Group derives revenue through gross transaction fees on orders through our supplier network, vendors and other service providers 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 Partners by distributors.



Services

Members

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

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 programmes.

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

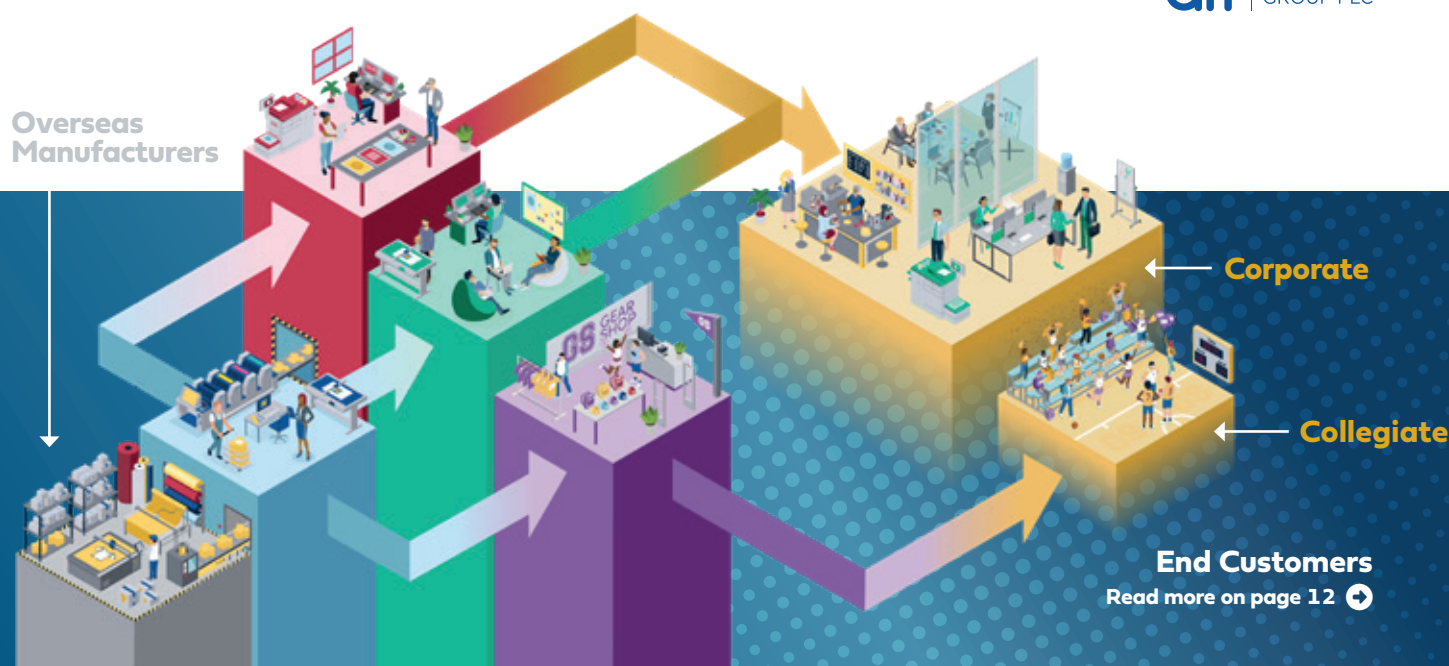


Technology

How we make money: The Group derives SaaS technology fee revenue for marketplace access, e-commerce solutions and its proprietary ERP system.

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 / inventory 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



Merchenting

Affiliates

The Group recruits high-calibre sales professionals (Affiliates) to affiliate 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 back to the Group

How we make money: The Group derives revenue from the sale of promotional products which is procured via our affiliates, who act as our sales agents. Along with our dedicated team our Affiliates utilise our technology, Preferred Partner network, efficient processes and financial expertise to deliver increased sales levels and profitability.



Merchenting

Gear Shop

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 and graduation regalia with quick access to full product ranges from our Preferred Partners, laptops and other technology accessories, non-textbooks course materials and supplies, food and beverage items and personal care
- ▶ 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 textbooks

How we make money: The Group derives revenue from long term contracts that require an initial up-front investment and specialist licensing via successful integration of our technology and marketing solutions and from the sale of branded merchandise through adjacent higher-education / collegiate markets



Business model (continued...)

SIZE OF THE MARKETS WE SERVE

The market for promotional products in the US alone is estimated to be worth more than **\$26.1 billion**.

(Source: ASI)

It is very fragmented with approximately **25,000+ suppliers, distributors and decorators** serving a very broad customer base, spanning small businesses to large corporates and non-profit organisations. We estimate that there are about **3,000 suppliers** as part of the 25,000+ industries participants.



The retail higher-education / collegiate markets is estimated to be valued at **\$12 billion** for 4,000 stores, with 2 primary legacy competitors, highlighting the great growth opportunity for the disruptive Gear Shops.

\$26.1

billion

promotional products
in the US

\$12.0

billion

higher-education
/collegiate

\$40.0
billion

Combined, the Group has
an addressable market size
of nearly \$40 billion.

OUR ASPIRATIONS

We retain our high growth ambitions and are confident in our ability to substantially **scale and expand the business**. The management team continues to be focused on scalable growth in the new financial year and accelerated compounding future growth. We are focused on delivery and committed to achieving our aspirations to build a **\$100 million business**.



ADDITIONAL ADJACENT MARKETS

Additional adjacent markets that are active in promotional product sales such as:

- ➔ **Print** (\$78.9 billion)
- ➔ **Uniform** (\$12 billion)
- ➔ **Printed signage** (\$10.6 billion)

expand the potential addressable market substantially.

Chief Executive's Statement

BOLD EXPANSION

NICHOLE STELLA
CHIEF EXECUTIVE



Financial year 2024 ("FY24") saw a continuation of Altitude's accelerated organic scale, expansion and delivery of more Group record-breaking results.

We reported growth across our services divisions and affiliate program, outstripping the wider promotional product industry in YOY growth, which industry body PPAI reported grew by 2.24% in 2023 and reported sales figures of \$26.1 billion (2022: \$25.5 billion). Additionally, the Group's reputation within the specialty education market continues to grow with the nationwide launch and delivery of our newly contracted Gear Shops.

Our teams focus on performance and relentless pursuit of growth, once again delivered a year of outstanding results for the Group. For FY24, we delivered an increase in revenues of 33.0% at constant currency to £24 million (2023: £18.8 million) and Group adjusted operating profit* increased by 30.2% at constant currency to £2.4 million (2023: £2 million). The US operations delivered an adjusted operating profit before central costs increase of 17% to \$4.8 million (2023: \$4.1 million), which has powered our ability to scale the business organically.

Operational Excellence

We prioritise continuous improvement and operational efficiency by utilising strategies for process optimisation, scaling programs, and enhancing technology. Recent operational streamlining has enabled reinvestment in our business, fuelling pipeline growth and new revenue opportunities. This focus enhances our agility in adapting to market changes and seizing new opportunities. Examples include optimising supply chain logistics and upgrading production systems for increased efficiency.



 **6x**
Gear Shops growth

 **2,509**
Global membership (2023: 2,476)

Services & Merchenting

In FY24 the Group delivered growth across both its Global Services programmes and its US based Merchenting programmes. The Global Services division delivered continued growth of 5.6% at constant currency reaching £8.7 million (2023: £8.5 million). Whilst tempered following the post-covid boom of FY 2023, our Services programmes continue to deliver high gross margins and support our organic growth strategies. Simultaneously, our Merchenting Revenue experienced a 55.8% at constant currency increase, totalling £15.3 million (2023: £10.2 million). These results are evidence of our business's accomplishments in expanding market influence and broadening our revenue sources.

Our services programs have a worldwide presence, encompassing members in all US states, Canada, and the UK. At year end, our global membership totals 2,509 (2023: 2,476), representing an estimated share of the promotional products aggregate sales figure of \$3.0 billion (2023: \$2.9 billion) and an average annual turnover per member of \$1.2 million (2023: \$1.2 million). Additionally, we continue to have strong supply partners with more than 300 Preferred Partners spanning the US, Canada, and the UK.

In contrast, our Merchenting programs are exclusively focused in the US, and are steadily expanding across the country. Our specialty education Gear Shops have grown exponentially in the year achieving 600% growth in the year. We have built on both our live contracts and learnings in a new market – adding stronger campus partners and releasing small online low yield contracts. Additionally, the team has built a solid reputation within the market and we anticipate continued scaling in this market. With our team's growing knowledge, we are able to be more selective in the campus programs we agree to serve and can approach larger institutions with confidence as we continue to compete against the large legacy providers.

Our affiliate programme, ACS, continues to mature and gain brand recognition. The division continues to recruit high-calibre promotional product sales professionals to join ACS. These sales professionals act as our sales agent and in return we provide access to our Preferred Partner network and administrative, accounting and financial assistance. ACS grew by 32%, highlighting the strong emphasis we place on recruitment of high-quality affiliates and our commitment to maintaining exceptional quality standards.

Technology

Our technology is the heart of our operations, spanning both the Services and Merchenting segments of our business. We continue to work within an agile framework focused on continuous improvement. In the year we have maintained a steadfast investment in enhancing our systems through integrations, and systematic systems and feature upgrades. This focus, empowers us to consistently deliver exceptional services to our clients and attract larger members, affiliates and campus clients.

Last year we introduced notable partnerships like Fully Promoted, a global franchise group, that chose our order management platform after conducting a comprehensive industry-wide review of over 20 tech providers. Today, we continue to grow with Fully Promoted serving more than 90 franchisees in the US and now Canada. Additionally, we are now the exclusive technology provider for all new Franchisees and have recently been named 'Vendor of the Year' at the Fully Promoted 'World Expo'.



'Vendor of the Year' at the Fully Promoted 'World Expo'.

Credit Facility

We were also pleased to report in the financial year that the Group secured an increase in its facilities (the "Facilities") with TD Bank N.A. totalling \$3.2 million, previously \$1.7m. The facilities increase was secured from continued successful delivery across all areas of the business. The Facilities have no significant financial covenants and will provide access to non-dilutive funding to support the continued execution of the Group's growth strategy. The main Facility was undrawn at the year end and is renewed annually.

Chief Executive's Statement

(continued...)

Trading Progress



Services

Throughout the financial year our focus remained squarely on driving efficiency, investing in and expanding our pipelines and promoting growth across our major routes to revenue growth through our services programs, including our Preferred Partner Program, technology service fees, marketing service fees, subscription fees, and product fees via:

- Driving growth for our Preferred Partners;
- Retention and continued growth in the AIM membership of high-quality promotional product distributors;
- Helping selected Preferred Partners grow their share of the total AIM purchase pipeline;
- Supporting AIM distributor members grow their business to end-user clients and driving the end-users to purchase through preferred vendors and programs, all of which drives revenue and profits to AIM and benefits the Group as a whole; continuing to increase member utilisation of the AIM Tech Suite.



Merchanting

The financial year saw growth across its Merchanting segments via:

- The Group's Gear Shop division won significant contracts, delivered the national launch of the new contracts on time and benefited from these wins in FY24. As a new and disruptive service provider in the space, we have garnered attention and entered into new partnerships that accelerated growth in FY24 and will continue to drive growth of the division in FY25 and beyond. In addition we began efforts to provide longer term efficiencies in supply logistics and inventory management which will benefit the Group in FY25 and beyond.
- AIM's premium enhanced member service marketed as ACS requires mandatory use of the full AIM Tech suite and offers technology driven back-office support, procurement utilising our supply chain relationships, on which the Group is the principal in the sale and pays the sales agent a commission.



Market Opportunities

We continue to see notable momentum within our Group as we explore promising opportunities in adjacent markets. Specifically, our key areas of interest within the higher education service provider sector. Within the estimated \$12 billion higher education market, our Gear Shop solution has proven to be disruptive and has garnered much interest. We remain intensively focused on expanding our pipeline, securing deals, and innovating within this adjacent market. With additional multi-year contracts already signed this financial year, we view this as a crucial area for substantial growth in both the short and long term for our Group.

At present, the Group continues to boast a network of 2,262 distributors in North America, accounting for approximately 10% of the total distributor companies in the industry. As noted previously, PPAI's market research estimates the current size of the U.S. promotional products market in 2023, experienced tempered growth in the year of 2.24% to a market size of \$26.1 billion. Their report further noted, "While another milestone, this represents a net negative for the industry. The growth rate for 2023 was 2.24%, failing to outpace inflation, which has not dipped below 3% since March 2021." While the industry experienced slower growth rates in the year, 63% of distributors are bullish on growth for the new year. The Group, with our Services and ACS affiliate division of Merchanting, easily outstripped the wider market growth in its market share gains down to both affiliate recruitment as well as from our existing affiliates and we anticipate this accelerated growth continuing through this new financial year.

We have a highly skilled management team and advanced technology tailored to the markets we serve. Pairing our ongoing industry expansion and our successful entrance into the higher education market we are confident in the Group's continued significant opportunities.

Our People & Our Commitment

Our workforce and community are the cornerstone of our organisation. We are committed to nurturing employee development and cultivating a supportive and inclusive culture that celebrates the accomplishments and contributions of every team member, from entry-level to executive positions. We prioritise creating an environment where individuals can thrive and grow professionally, fostering a sense of belonging and engagement. Our dedication to recognising and rewarding achievements ensures that each employee feels valued and motivated, enhancing overall morale and productivity across the organisation. Throughout the year, we continued to prioritise internal promotions, enabling 16 individuals to advance their careers and expand their skill sets.

Diversity, Equity & Inclusion

Our organisation fully embraces and upholds the values of diversity, equity, and inclusion (DEI). These principles play a vital role in how we form our teams, develop our leaders, and establish collaborative, innovative, and inclusive environments within the Altitude Group and our wider industry. Our inclusive culture fosters a range of perspectives, encourages open and honest discussions, and empowers each individual within our team and the broader communities we serve.

Community Engagement & Giving Back

At Altitude, we are a forward-thinking organisation that integrates ESG principles into our everyday operations. Our commitment to community engagement and giving back is core to who we are and what we believe to be vital for the overall success and well-being of society. We view our commitment to community engagement not just as corporate duty but a defining core value of the business. Our goal is to represent positive change and commitment to corporate responsibility that contributes to a more inclusive resilient society that works towards the betterment of all.

 **63%**
of distributors bullish on growth

A notable initiative launched in FY23 and expanded in FY24 is our Gear Shop division's Educational Giving Back (EGB) scholarship program, in which we donate financial scholarships to students in need. The Gear Shop division is a growing area for our business and thus our pledged scholarships will continue expanding as the division expands. Our EGB scholarship program is national throughout the campus communities we serve. We empower students' equitable outcomes by providing financial support in order to access educational programs and course materials. Additionally, we extend our impact in higher education through student internship and ambassador programs. These initiatives further equip students with practical skills and a future competitive edge when they enter the job market. We are committed to today's students, nurturing their talent for successful outcomes and futures and thus provide a positive contribution to society.

Altitude Group continues its social responsibility efforts and "adopted" Arthur's Acres Animal Sanctuary (AAAS), reflecting dedication to animal welfare and sustainability. Our initiatives align with the sanctuary's mission of rescue, rehabilitation, and education for a sustainable and cruelty-free world. In FY24, in partnership with one of our Gear Shop university clients, we paired (AAAS) with the university's architectural program, for a semester long project to redesign a new rehabilitation barn for animals with special needs. Additionally, we provide donations and allow employees to participate in various volunteer efforts in support of this program.

Outlook

FY24 was a continuation of the accelerated growth we achieved in FY23, and once again we achieved record-breaking results for the Group. It was a year that required intense focus on delivery in new markets and ensuring continued scale within our core industry. FY25 has started strongly, with commercial growth in Merchanting and with Services continuing to outperform the wider industry. We remain excited about our growth potential, and continue to trade in line with market expectations.

Nichole Stella
Chief Executive
29 July 2024



Chief Operating Officer's Report

STRATEGIC INVESTMENT

DEBORAH WILKINSON
CHIEF OPERATING OFFICER



During FY24 we continued to invest strategically in technology development to gear our Services and Merchanting operations for further growth, our dual focus on innovation and operational excellence has bolstered our ability to deliver superior services to our members, affiliates and clients providing several technologically driven advancements that have enabled contract wins across all divisions.

Product Innovation and Development

We continued to advance our proprietary Tech Suite, providing an end-to-end SaaS solution that enables our users to source, showcase, and seamlessly fulfil orders for branded items across the US, UK and Canada. Our commitment to technological innovation remains at the forefront of our strategy. Throughout the year, our highly skilled and knowledgeable in-house research and development team introduced several core enhancements to the AIM and ACS Tech Suite, addressing the evolving needs of our users and providing increased efficiency for internal processing teams to support growing volumes of orders being processed.



Technology releases



Integrations

Capitalised development spend

↑ **£1.3m**

(2023: £0.9m)

Key achievements included:

Eight Technology Releases: This year focussed largely on increasing operational efficiencies within our order management solution, with growing order volumes processed through our Merchanting divisions, 35 major technological advancements were made to enable efficient scalability through technological solutions. These advancements provided enhancements to platform users, internal order processing and account management teams and end-buyers.

MerchBook™ was developed and launched, a proprietary and fully customisable online publication solution that enables users to upload logos directly to interactive merchandise catalogues, driving forward a digital approach to industry publications.

Canadian Market: Specialised development was completed to Tech Suite which has enabled the introduction of a Canadian product catalogue and specific Canadian system operations resulting in the successful onboarding of AIM's first Canadian based promotional product distributors.

Strengthened Supplier Relations: Now with over 335 integrations (FY23: 220) that facilitate live data exchanges between Preferred Partners and Tech Suite users, continued effort was placed on enhancing and strengthening these relationships through deeper electronic processes centred around the seamless exchange of passage of product, inventory, art and order data.

Data Intelligence

Data intelligence is now integral to our strategic approach, driving informed decision-making and uncovering valuable insights across Services, Merchanting and campus operations. By leveraging advanced analytics and Amazon Web Services data processing power, we have developed a robust internal business intelligence platform that tracks key performance indicators (KPIs) throughout the group. This platform enables us to monitor and optimise various aspects of our business, from operational efficiencies to user behaviour and market trends. The actionable insights derived from our data intelligence efforts and dedicated team empower our teams to make data-driven decisions, enhancing productivity, manage cost bases and ultimately improve user and buyer experiences, this is key to our sustained growth and competitive edge in the industry.

**Operational Excellence**

We continued to enhance our operational efficiency and agility through various initiatives. By implementing deeper automation of processes across various departments including data processing, account management, finance, system development and quality assurance we have and continue to streamline processes and improve our scalability.

Cybersecurity and Data Protection

Cybersecurity remains a top priority as we safeguard our digital infrastructure and protect our customers' data. During FY24, we have implemented additional advanced cybersecurity measures to defend against evolving threats, ensuring robust protection for our systems and sensitive information. Our proactive approach includes regular updates to our security protocols and the deployment of cutting-edge technologies to detect and mitigate potential vulnerabilities. Additionally, we have implemented targeted dedicated employee training on cybersecurity best practices, fostering a culture of vigilance and awareness throughout the organisation.

Our commitment to data protection, privacy and payment compliance, and adherence to industry standards is unwavering, as we strive to maintain the highest levels of trust and security for our members, affiliates, clients and partners.

Looking Ahead

Looking ahead, we remain committed to providing best-in-class solutions to our market by integrating customer feedback and emerging trends into our business strategies. We will continue to invest in research, development, and data intelligence with a core focus on delivering internal scalability and best-in-class solutions.

Deborah Wilkinson

Chief operating Officer

29 July 2024

Chief Financial Officer's Report

DIVERSIFIED GROWTH

GRAHAM FELTHAM
CHIEF FINANCIAL OFFICER



Financial Results

Group revenues for the year increased by an underlying £6.2 million despite an adverse foreign exchange variance of £1.0 million to arrive at reported revenues of £24.0 million (2023: £18.8 million), an underlying increase of 33.0%.

FY24 was the year of 'locking in' successful Collegiate contract wins and reaffirming our position as a key player in the Promotional Products Industry. We have achieved our revenue growth from new contract wins in our Merchandising division and performing well in Services which was impacted by an industry-wide slower growth year when compared against 2022, which was boosted by being the first full year post-pandemic.

Our underlying Service revenue growth of 5.6% is mainly driven from throughput volume, derived from membership activity through our VIP Supplier network, surpassing the industry 2023 calendar year distributor average of 1.2% (2023:11.2%) as reported by ASI Central. This reflects our commitment to a high-quality distributor membership model.

 **6x**
Gear Shops growth

Gross Profit

£10.4m

⬆ **25.1%*** (2023: £8.6 million)

* At constant currency

The Merchanting Division has grown from further expansion in our Affiliate sales network with year-end expected annualised run-rate revenues growing by 32% to \$18 million (2023: \$13.6 million) from a mix of 18% recruitment and 14% organic growth. Following the year end we have signed additional Affiliates comprising a further approximately \$2 million in potential annual revenue to reach the \$20 million milestone in annualised expected revenue run rates.

Our Adjacent Market Programme ('AMP') focusing on our Collegiate Gear Shops within the Educational Sector has seen underlying revenue growth of 600%, ending the year with 16 (2023: 5) contracts of over \$7 million (2023: \$1 million) expected aggregate annualised revenues. During FY24 we gained 13 contracts and exited 2 small online only contracts. Altitude's now firm foothold into the complementary Collegiate adjacent market provides growth opportunities as well as diversification. We commence FY25 with 6 newly awarded programmes and 3 churned contracts to reach 19 contracts comprising approximately of \$9 million annualised average expected revenues with an active near term pipeline of opportunities to go for. We have recently expanded our reach by developing further strategic partnerships. We cannot underplay how much we believe our expansion and market positioning positively impacts the outlook for the Group as we continue to learn and grow in this exciting space.

Operational gearing is a key area of focus for us with our Affiliate model delivering high levels of revenue growth for lower margin, profitability is sensitive to overhead increases. Therefore process efficiency and cost control is essential to maximising profit realisation. Within our Gear Shops we measure expected returns on each contract to assess the appropriate level of investment in a strong central team. The central Gear Shop team will then be equipped to deliver further growth. In Merchanting as a whole we have implemented improved processes throughout the year and have now gone live with a new ERP with integrated inventory management within our AMP's programmes.



	FY24 £'000	FY23 £'000	Impact of currency translation £'000	Underlying change		Total change	
				£'000	%	£'000	%
Turnover							
Services	8,690	8,523	(313)	480	5.6%	167	2.0%
Merchanting	15,319	10,238	(637)	5,718	55.8%	5,081	49.6%
Total	24,009	18,761	(950)	6,198	33.0%	5,248	28.0%
Gross Profit							
Services	7,862	7,718	(287)	431	5.6%	144	1.9%
Merchanting	2,512	887	(104)	1,729	195.0%	1,625	183.2%
Total	10,374	8,605	(391)	2,160	25.1%	1,769	20.6%
Gross Profit Margin							
Services	90.5%	90.6%					
Merchanting	16.4%	8.7%					
Total	43.2%	45.9%					

Chief Financial Officer's Report

(continued...)

Gross profit has increased by £2.2 million, a 25.1% underlying increase, to £10.4 million (2023: £8.6 million) despite an adverse currency variance of £0.4 million.

Gross margin is relatively stable at 43.2% (2023: 45.9%). Whilst Services retained a consistently high margin of 90.5%, Merchanting gross margin grew to 16.4% (2023: 8.7%) being driven from the delivery of won contracts in the Collegiate sector which delivers a substantially higher gross margin than the Affiliate model. The graduation regalia sales that mainly occur between March and May with an element in December have a mix of store sales and commission sales which occur when we utilise an online supplier sales channel as is customary in the Industry.

Administration expenses before share-based payments, amortisation of intangible assets, depreciation of tangible assets and exceptional charges of £8.0 million (2023: £6.6 million) are ahead of prior year by £1.3 million or £1.6 million at underlying rates. This increase has been driven from the roll out and delivery of the Collegiate contracts of £1.0 million from store employees, central procurement and operations. Volume-related increases driven by transaction levels with administrative support staff c£0.4 million countered by a reduction in incentives of £0.4 million. Inflationary wage rises and costs increases have been estimated at impacting c£0.2 million.

Adjusted operating profit* increased by 30.2% at underlying rates and at actual exchange rates by 23.0% to £2.4 million (2023: £2.0 million). The statutory profit before taxation was at break even (2023: profit of £0.2 million), whilst the adjusted profit*** before taxation increased by £0.2 million to £1.2 million (2023: £0.9 million). Please see below for constant currency analysis.

Exceptional costs

The Group incurred exceptional costs of £0.3 million (2023: £0.1 million) relating to re-organisations within Sales, introducing a Global Head of Sales, along with continued Finance transformation including a system project to make stepped changes to support the fast changing nature of the Group.

Development

The Group capitalised £1.3 million of software development (2023: £0.9 million). The commitment to investing in our technology is underpinned by our spend and our close relationship with our Affiliates and members in driving customer focused improvements. Included within Internally generated development is £0.2 million related to the ERP system implementation. This is discussed in more detail in the COO review.

Earnings per share

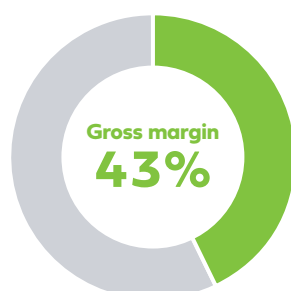
Basic earnings per share were 0.98p (2023: 0.55p), an increase of 78.2%. Adjusted basic earnings per share** was 2.61p (2023: 1.63p), representing an increase of 60.1%. The calculation for adjusted earnings per share was updated in the prior year to be consistent with external measures by adding back amortisation on acquired intangibles whereas previously all depreciation and amortisation was added back.

Taxation

The Group is carrying a deferred taxation asset of £0.7 million (2023: £0.5 million) reflecting the recognition of tax losses carried forward. Based on future forecasts the Directors believe the Group's profits will be sufficient to fully utilise the deferred tax asset within the next four years. The Group was again successful in its application for the R&D tax credit resulting in a profit and loss tax credit of £0.1 million (2023: £0.2 million).

Cash flow

Operating cash inflow before changes in working capital was £2.4 million (2023: £2.0 million). Working capital represented an outflow of £0.1 million (2023: £0.4 million) from an increase in collegiate store inventory countered by earlier receipts from supplier revenues and less receivables outflow due to timing of orders around the year end and lower accruals. Net cash flow from operating activities increased by £0.6 million to £2.1 million (2023: £1.6 million inflow). Net cash outflow from investing activities of £1.8 million (2023: £1.1 million outflow) is mainly represented by our development spend, investments in our retail operations and system change. Financing activities included the repayment of finance agreements and interest of £0.3 million (2023: £0.2 million). Total net cash inflow was £0.1 million (2023: £0.2 million inflow). The year-end cash balance stood at £1.2 million (2023: £1.2 million) with no debt at the balance sheet date.



Total Group
Revenue = £24,009m

Gross profit
= £10,374m



Services
Revenue = £8,690m



Merchanting
Revenue = £15,319m



Treasury

The Group continues to manage the cash position in a manner designed to meet the operational needs of the businesses. Cash balances held in foreign currencies reflect the geographies in which the Group operates. There is no policy to hedge the Group's currency exposures arising from the profit translation or the effect of exchange rate movements on the Group's overseas net assets.

The Group has secured an increase in its main credit facility (the "Facility") with TD Bank N.A., to \$3.0 million (2023: \$1.5 million). The Facility has no significant financial covenants and is secured by the assets of the US Group with a parental guarantee from Altitude Group PLC and is senior to the subordinated Intercreditor loans. The Facility will provide access to non-dilutive funding to support the Group in executing its growth strategy. The Facility has a small annual arrangement fee and incurs interest at 1% above the US Prime Rate on drawdown. This Facility remains undrawn at the year end. The Group has other operational facilities of \$0.5 million (2023: \$0.5 million).

Share capital

The number of shares increased by 287,900 to 71,135,730 (2023: 70,847,830). All of the shares issued in the period were in respect of deferred bonus share awards and are detailed in note 5 with further disclosures related to Directors' interests in note 4.

The Company issued share options to senior management of nil (2023: 2,648,000). During the year the number of share options exercised was nil (2023: 166,666) with the number of share options and warrants lapsed being 1,636,000 (2023: 1,211,110). The total number of share options outstanding at the year-end is 4,741,447 (2023: 6,357,447).

Other KPI definitions used in the report

"Annualised expected revenue" is used in the context of ACS annualised revenue expectations. When a potential affiliate goes through an extensive vetting process with the team prior to signing their contract the annual expected sales levels are identified and selling commissions are agreed upon based on these levels. The expected level of sales generated is then measured against the actual performance of the affiliate and updated annually according to experienced performance, adjusting for one off large orders and other influencing factors. As the sales are usually non-contractual then they are called "expected".

"Annualised expected average revenue" is used in the context of our Gear Shop contracts. On tendering for a contract during the Request for Proposal ("RFP") the institution will usually release revenue histories which form a basis for the tender process. The quality of this information can vary, and management will review and take a prudent view of the expected contract size. It is usually expected that the year 1 revenues generated will be under the expected and that at some point during a 5 year contract the revenues may exceed the original view therefore management call the expected annualised sales as "average". The expected value will be reviewed annually and updated as appropriate.

Key performance indicators

The Group's key performance indicators as discussed above are:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000	Impact of currency translation £'000	Underlying change		Total change	
				£'000	%	£'000	%
Revenue	24,009	18,761	(950)	6,198	33.0%	5,248	28%
Gross profit	10,374	8,605	(391)	2,160	25.1%	1,769	21%
Gross margin	43%	46%	-	-	-	-	-
Adjusted operating profit*	2,407	1,957	(141)	591	30.2%	450	23%
Adjusted profit before tax***	1,152	915	(24)	261	28.5%	237	26%
Statutory profit/(loss) before tax	(5)	152	(9)	(148)	-	(157)	-

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

** Basic adjusted earnings per share is calculated using profit after tax but before share-based payment charges, amortisation of acquired intangible assets and exceptional charges and the weighted average number of equity voting shares in issue and, when relevant, in respect of diluted earnings per share includes the effect of share options that could potentially dilute basic earnings per share. This provides a consistent metric with the Income Statement for underlying performance

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

Chief Financial Officer's Report

(continued...)

Significant judgements and estimates

In preparing the financial statements the Directors have made judgements and estimates in applying accounting policies. Details of the most significant areas where judgements and estimates have been made are set out in note 1 to the group financial statements.

Principal risks and uncertainties

The Group's financial and operational performance is subject to a number of risks. The Board seeks to ensure that appropriate processes are put in place to manage, monitor and mitigate these risks. The Board considers the principal risks faced by the Group to be as follows at 31 March 2024:

- a significant deterioration in economic conditions, particularly in USA affecting SME's, the principal target customers for the Group's technology products
- significant delays and or cost overruns in developing and delivering products to meet customer requirements in the targeted market sectors
- a risk of cyber attack that targets our systems causing downtime to end user processing or point of sale
- significant AMPs wins requiring investment over and above our cash resources
- predatory pricing or other actions by established competitors in our market sectors
- the risk of bad debts arising from AIM Capital Solutions
- a significant, adverse movement in the short-term in the US \$ exchange rate compared with GBP
- the propensity of AIM distributor members to migrate orders to AIM preferred suppliers
- the propensity of AIM distributor members to upgrade membership to include enhanced marketing and sales support services
- deteriorating retention of the membership base of the acquired AIM business
- a risk of under-reported revenue through incomplete visibility of member transactions

In all cases the Group seeks to mitigate these risks wherever possible by continuous marketing initiatives and promotions to stimulate market demand and continuous development of enhanced member services and the promotion of AIM Capital Solutions to high quality distributors with careful attention to credit risk. In addition, we maintain close relationships with all customers with service contracts based on transactional volume, and monitor progress using data sampling and quarterly confirmation.

Growth in our AMPs contracts require investment in inventory at the onset of the contract and fit out usually at the end of the first year of the contract. Management review funding requirements depending on pipeline wins to assess this risk and work closely with the Board on major contract tenders. The COO manages development projects closely and works with the Executive team to ensure that we continue to offer services that meet our customer needs.

US operations are self-funding, mitigating the risk from short term exchange rate fluctuations. The US now regularly remits a funds back to the UK, generally on a monthly basis at relatively low levels. Management have reviewed the requirement of a formal hedging strategy however this will only be necessary if the funding levels increase. In the meantime, spot rates have been utilised with an outsourced foreign currency firm.

AIM is the largest distributor member organisation in the USA, with a 9-11% estimated member share of the promotional products aggregate sales figures in a very fragmented market. We assess the risk of predatory pricing from other established competitors to be low as they do not possess the scale or geographic coverage necessary influence the market as a whole. AIM members are incentivised to order from AIM preferred suppliers through the provision of significant discounts.

Cyber Security processes and controls including reminders and training and regularly provided to all staff to ensure they remain extra vigilant and exercise extreme caution when using email and the internet.

Liquidity

The Group remains debt free as at the year end with a cash balance of £1.2 million.

We have extended our finance facilities to \$3.2 million from \$1.7 million with TD Bank. The facility has supported the growth in Merchanting and was utilised during the year to manage the peaks and troughs in our working capital cycle.

Graham Feltham

Chief Financial Officer
29 July 2024

Image References:

1. A supplier partner set up at the AIM Higher Event
2. UGS March Madness tournament champion t-shirt
3. ACS team member Nick Augustine presenting ACC Affiliate program
4. ACS Affiliate event cementing their relationships with our VIP Partners
5. Product collections shoot
6. Extending the universities marketing reach
7. New store to transition
8. Continuing to promote Altitude with potential investors is our day-to-day
9. Technology is at our core



alt | ALTITUDE
GROUP PLC

Altitude **succeeds** and **scales** through its ability to influence and direct member purchasing through its preferred suppliers, through its ability to recruit high calibre sales affiliates and via expansion of the Gear Shop solution.



S172 Statement

The Directors are aware of their duty under Section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, to have regard (amongst other matters) to the:

- ▶ need to foster the Group's business relationships with Shareholders, Preferred Partners, Members, Affiliates, Debt providers, Industry Bodies and others
- ▶ the interests of the Group's employees
- ▶ Group's reputation for high standards of business conduct
- ▶ impact of the Group's operations on the community and environment
- ▶ likely consequences of any decisions in the long term





KEY BOARD DECISIONS

- The Board has reviewed and approved specific significant Collegiate contract tenders that would significantly impact the group should the tenders have been successful. The impact of the Board's involvement supported Management's view to remain consistent with our offering and not to take on contracts that risk overextending the Group.
- The Board approved an increase to its main working capital credit facility (the "Facility") with TD Bank N.A. to \$3.0 million, previously \$1.5 million. The Facility has no significant financial covenants and will provide access to non-dilutive funding to support the continued execution of the Group's growth strategy.
- The Board approved the long-term objectives, the commercial strategy and corporate and financial structure, alongside the financial annual budget for the year. With the Board re-ratifying the strategic and financial direction of the Group it enables the executive directors to execute the strategy effectively.



STAKEHOLDER RELATIONSHIPS

1. Shareholders – The Group utilises investor platforms and video conferencing tools to communicate progress with shareholders. Interim results and annual results presentations are published on our website.

The Board reviews its objectives regularly with a minimum of 8 meetings per year in an effort to reflect upon the current and rapidly changing business environment in which the Group is operating under. This effort is to ensure that the investments made will achieve the greatest return.

We closely engage with Zeus Capital, our brokers to ensure fair practices are in place and we utilise our Investor Relations firm, Weston Advisors to provide support and guidance when needed.

2. Network Relationships – We continue to foster and nurture excellent relationships with our Affiliates and Members by not only listening to their needs but also actively delivering solutions. Investment in the ongoing evolution of our current technology platforms remains a primary objective, demonstrating our commitment to driving the industry forward. Our sustained investment in intuitive industry technology continues to facilitate an "ease of doing business," improving efficiency across the supply chain. In turn, this supports our Preferred Partners, fosters the adoption of new users, and bolsters the retention of existing users. Recognising the value of personal interaction, we have introduced affiliate events that present opportunities for our affiliates to connect directly with our senior leadership. These events not only facilitate communication but also help to strengthen our ties, fostering a collaborative environment.

3. The Industry – We continue to work closely with industry organisations, playing a proactive role in industry events and fostering meaningful relationships with industry bodies. Incorporating the latest industry feeds for products and pricing into our technology, we maintain a cutting-edge stance in the market. Our presence at industry-produced events remains strong, highlighting our unwavering commitment to collaboration with our Affiliates and Members. This engagement underpins our dedication to supporting and growing our network. The spirit of cooperation, mutual growth, and resilience is at the core of our industry involvement, marking a vibrant resurgence in our collective industry journey.

4. Driving Growth – We are focused on driving growth and have put great focus on and continuous effort to protect our current business as well as scale and expand the business throughout both the industry and adjacent markets. In the financial year the Group continued to invest in ACS, this programme is expected to drive substantial growth into the future. Additionally, the Group successfully launched into the adjacent \$10bn collegiate services market with its Gear Shop program.

5. Culture is Paramount – Our goal is to make Altitude Group and its divisions a great place to work, recognising our people are the lifeblood of the business. In 2021 we launched the Diversity, Equity & Inclusion Council which drives forward the principles on how we build our teams, cultivate our leaders and create collaborative, innovative and inclusive environments throughout the Group, our network and industry as a whole.

6. Provide Support – In light of the cost of living crisis and the challenging global environment we all navigate today, we understand the profound impact these circumstances can have on individuals' well-being. At Altitude, we are committed to supporting our people and addressing the stress and anxiety that many may be experiencing as a result of the ongoing cost of living challenges.

7. Reputational Excellence – Our reputation throughout the community and industry is always in focus. The Group has invested in the recruitment of a high-performing respected team whose perspectives, work ethic and objectives are aligned with the company. The Group has also supported non-profit endeavors both within the industry and in the community at large to continue to develop.

8. Sustainability – Our environmental footprint is low and we eliminate paper with our digital first approach. Our new working practices reduce travel and our carbon footprint.

SOCIAL RESPONSIBILITY

At Altitude Group PLC we recognise the importance of social responsibility and strive to make a positive impact on the communities and environments in which we operate. We are committed to acting ethically, responsibly, and transparently in all aspects of our business. Our social responsibility initiatives are guided by the following principles:

Environmental Sustainability: The Group's ecological footprint is low and we eliminate paper with our digital first approach. Our new working practices reduce travel and our carbon footprint. The Group encourages recycling wherever practicable.

Diversity and Inclusion: At Altitude, we believe in a culture of diversity and inclusion. This guiding principle is instrumental in how we build our teams, cultivate leaders and create a collaborative and inclusive environment throughout the AIM network, which benefits our industry and our communities. Our inclusive culture supports diverse perspectives, drives courageous conversations, and empowers every individual in the AIM community to be their authentic selves, to be bold, to innovate, to connect, and ultimately, to grow stronger together.

Community Engagement & Giving Back: At Altitude Group our commitment to community engagement and giving back is core to who we are and what we believe to be vital for the overall success and well-being of society. We actively participated in a variety of community based initiatives in the financial year. We know this commitment fosters a strong bond between our company and the communities we operate in and also increases loyalty and employee satisfaction. Specifically, the Group;

- provided scholarship dollars to students throughout the network of campus communities we serve, providing dollars to assist in covering the costs of enrichment and education for students in need.
- annually support and participate in a Thanksgiving fundraiser with the non-profit MANNA, this fundraiser is designed to provide healthy meals to families in need across the metro-Philadelphia area.
- aim to participate or lead in a fundraiser each year for a good cause
- adopted and supported with product donations a non-profit farm animal sanctuary, Arthur's Acres Animal Sanctuary. Arthur's mission is squarely focused on – rescue, rehabilitation and education to create a sustainable and cruelty free world.

Our goal is to be a part of a growing commitment to corporate responsibility that contributes to a more inclusive resilient society that works towards the betterment of all.

Ethical Business Practices: We uphold the highest standards of integrity and ethics in all our business dealings. We adhere to laws and regulations, promote fair competition, and maintain transparency in our relationships with customers, partners, and stakeholders.

- We improved user accessibility on our commercial websites by integrating new tools to aid navigation and overall site functionality, achieving WCAG 2.2 compliance. We also continuously collaborate with our customers to address any identified areas of improvement and ensure ongoing compliance.

Employee Well-being: We prioritise the well-being and safety of our employees. We provide a healthy work environment, encourage work-life balance, and invest in professional development opportunities to foster personal growth and career advancement. We run a series of monthly initiatives focused on managing and supporting hybrid workers, giving and receiving feedback, reducing workplace stress, promoting equality, diversity, and inclusion, and supporting mental health. These initiatives demonstrate our commitment to creating a supportive and inclusive workplace.

Governance: Altitude Group has chosen to adopt the Quoted Companies Alliance's Corporate Governance Code, which is crucial to its long-term success and stakeholder trust. Please see the Group website for our key governance practices which include:

- Board composition and compliance
- Board evaluation
- Shareholder engagement
- Application of the 10 Principles of the QCA Code

Customer Privacy and Data Protection: We recognise the critical importance of protecting customer privacy and safeguarding data. Maintaining customer trust is one of our core values, therefore, we have implemented several initiatives to ensure the privacy and security of customer information. Data protection measures include principle of least privilege access controls, encryption technologies, vulnerability assessments and secure data storage. We continuously monitor and update our security policies and procedures, conduct employee awareness training and third-party vendor due diligence to stay ahead of emerging threats and comply with relevant data protection regulations.

We understand that social responsibility is an ongoing commitment, and we continuously strive to improve our practices and make a meaningful difference in the world. By embracing these principles, we aim to contribute positively to society while ensuring the long-term sustainability and success of our business.

The Group is committed to continuing to build upon the positive work we have initiated in the financial year.

The Strategic report is authorised by order of the Board.

Nichole Stella
Chief Executive Officer
29 July 2024

Governance

DIVERSIFIED PORTFOLIO GROUP

- ✓ **The Board**
- ✓ **Directors' Report**
- ✓ **Independent Auditor's Report**



The Board



**DAVID
SMITH**



**NICHOLE
STELLA**



**GRAHAM
FELTHAM**

Non-executive Chairman 1,2

David brings extensive experience with technology-enabled, intermediated business to the Board. He is currently Chairman of Lockton Companies LLP, a US/global insurance broker, and a non-executive Director of NFU Mutual Insurance Society Ltd and AIG UK Ltd. In his executive career, David served as Managing Director of personal and commercial lines business for Zurich Insurance plc, his final appointment being CEO of the UK General Insurance business in 2015. His early career was spent in sales, distribution, and marketing. David was also a non-executive Director and chairman of the UK insurance industry software and standards body, Polaris UK Ltd, for over 10 years. Since 2015, David has held further non-executive roles with AA Insurance Services Ltd, Bupa Insurance Ltd and the Chartered Insurance Institute. He is a Chartered Engineer.

Chief Executive

Nichole joined the Board on 25 September 2017. Nichole is a proven, global chief executive with a track record of successful leadership and the business acumen to strategically manage a complex multi-national organisation, including M&A, raising corporate capital, revenue generation, operations, corporate governance and strong P&L management. Beginning her career with Promo Marketing Media Group, Nichole has 19 years of industry executive level experience. She has extensive commercial understanding of the market and throughout her career has driven the strategic launches of new programs, products, and programmes for both the industry and adjacent markets. Her implementation of agile methodology and continuous improvement initiatives drives operational gearing and scalable growth. Nichole is committed mentoring senior leadership and to diversity and inclusion, developing and launching a DEI Council and industry-wide educational event series across the industry.

Chief Financial Officer

Graham joined the Board on 1 October 2021 and is an experienced AIM public company CFO. Graham began his career at Ernst & Young, where he qualified as a Chartered Accountant in 2000 and then established his career in industry spending six years at Belron, the world's largest vehicle glass repair and replacement Group. Following Belron he spent five years at StatPro Group plc, an AIM listed Software development group as Group Financial Controller including responsibility for Financial Planning and Analysis. Graham spent over four years as Group Financial Controller of Safetykleen Group, a private equity owned group specialising in a recurring book of business and with annual revenues of over £235 million. Graham played a key role in the sale of Safetykleen by Warbug Pincus to APAX Partners for £800 million in 2017. He joined Newmark Security as Group Finance Director from Safetykleen in 2019 where he raised finance, secured significant tax credits, restructured the finance team and delivered the strategic business plan for the Group.



**DEBORAH
WILKINSON**



**PETER
HALLETT**



**MARTIN
VARLEY**

Chief Operating Officer

Deborah joined the Board on 9 October 2018. Deborah has over 15 years of experience in the promotional merchandise industry having been Head of Technology at Customer Focus Software Ltd and 12 years with Altitude Group. Deborah is responsible for launching our leading SaaS order management systems and online design applications.

Non-executive Director 1,2

Peter joined the board in April 2015, is an experienced public company director. He was the former Group Chief Financial Officer of Castleon Technology plc (formerly Redstone PLC) and Redcentric plc. In addition, Peter was previously Finance Director of Texas Homecare and First Quench and was retained on many high-profile interim assignments in business turnaround situations. Peter chairs both the Audit and Remuneration Committees and is also Senior Independent Non Executive Director of Revolution Beauty Group PLC

Non-executive Director 2

Martin was responsible for the formation of Altitude in 2005 when he completed the MBI of Dowlis Corporate Solutions and served as Chief Executive from 2005 to 2017. Martin was a non-executive Director from June 2018 to April 2020. Martin re-joined the Board in February 2022. Prior to forming Altitude, Martin was the European Managing Director of 4imprint Group plc where he led the creation of the market leader in the promotional product space, with EU revenues in excess of \$100 million and offices in London, Manchester, Hagen, Paris and Hong Kong. With over 25 years' experience in the promotional merchandise industry, Martin has extensive knowledge of the supply and distribution sectors of the market.

1 - Member of the Audit Committee

2 - Member of the Remuneration Committee

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 March 2024.

Principal activities

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 promotional products industry and print vertical markets to the higher-education sector. The Group has operations in North America, UK and Europe.

Dividend policy

The payment of dividends will be subject to availability of distributable reserves and having regard to the importance of retaining funds to finance the development of the Group's activities. In the short term it is the Directors' intention to re-invest funds into the Group rather than fund the payment of dividends. Accordingly, and given the lack of distributable reserves, the Directors do not recommend the payment of a dividend.

Directors

Details of the Directors who have held office from 1 April 2023 to the date of this report, unless indicated otherwise, are listed below:

- Nichole Stella
- Deborah Wilkinson
- Martin Varley
- Peter Hallett
- David Smith
- Graham Feltham

The members of the Board Committees are set out on pages 30 and 31.

Directors' remuneration and interests

The remuneration of each of the Directors of the Company for the period ended 31 March 2024 and their interests in shares and share options are set out in notes 4 and 5.

The policy of the Remuneration Committee is to provide competitive, market-based packages which encourage and reward performance in a manner consistent with the long-term interests of the Company and shareholders.

Remuneration packages may comprise a basic salary together with benefits-in-kind (such as car allowance and medical insurance), a non-pensionable annual performance bonus, pension benefits based solely on basic salary and, where appropriate, participation in a share incentive plan.

Peter Hallett, Nichole Stella, Graham Feltham, Deborah Wilkinson and Martin Varley each have service agreements dated 28 April 2015, 13 September 2017, 15 September 2021, 9 October 2018 and 18th February 2021 respectively, each of which is subject to a six-month rolling notice period.

David Smith is appointed for a three-year term from 26th November 2021, subject to a six-month notice period.

Share capital

The Company's share capital comprises 72,469,730, at the date of signing, ordinary shares of 0.4p each. There are no restrictions on voting rights or transfer of the Company's securities and no member holds securities carrying special control rights.

Substantial shareholders

The Company is informed that at as of 26 June 2024 the individual shareholders holding more than 3% of the Company's issued share capital were as follows:

Shareholders with greater than 3% holding:	Number of shares issued	% of issued shares
Mr Simon Taylor	10,071,951	13.90%
Mr Martin Varley	9,440,343	13.03%
Mr Keith Willis	6,726,273	9.28%
Stonehage Fleming Family & Partners	4,368,585	6.03%
M J & M C Murphy	4,200,000	5.80%
Interactive Investor	4,111,311	5.67%
Hargreaves Lansdown Asset Mgt	3,844,270	5.30%
A J Bell Securities	3,728,162	5.14%
Halifax Share Dealing	2,804,503	3.87%
Charles Stanley	2,183,099	3.01%

The middle market price of the Company's ordinary shares on 31 March 2024 was 30.00p and the range from 1 April 2023 to 31 March 2024 was from 27.50p to 52.00p with an average price of 39.14p.

Corporate Governance

In accordance with AIM rule 26 the Group has adopted the Quoted Companies Alliance's Corporate Governance Code. The statement of compliance with the Quoted Companies Alliance's Corporate Governance Code can be found on our website. The Board is committed to high standards of corporate governance as appropriate to the Company's size and activities and set out below the key governance areas.

The Board, which is headed by the Chairman comprised three executive members and three non-executive members at 31 March 2024 and three executive members and three non-executive members at the date of this report.

The Board met regularly throughout the period with ad hoc meetings also being held. In the furtherance of their duties on behalf of the Company, the Directors have access to independent professional advice at the expense of the Company.

The Board has established the following committees:

Audit Committee

The Audit Committee comprises Peter Hallett and David Smith and is chaired by Peter Hallett. It has specific terms of reference and meets with the auditors twice each year as a minimum. The Committee reviews the financial statements prior to their recommendation to the Board for approval and assists the Board in ensuring that appropriate accounting policies are adopted, and internal financial controls and compliance procedures are in place.

Remuneration Committee

The Remuneration Committee comprises Peter Hallett, Martin Varley and David Smith and is chaired by Peter Hallett. The committee is responsible for determining the remuneration arrangements of the Executive Directors, for advising the Board on the remuneration policy for senior executives and inviting participation in the Company's long-term incentive shares schemes.

Stakeholder Engagement

The Board is aware of and understands its duties under Section 172 of the Companies Act 2006 and that engaging with our diverse stakeholder base is key to successfully managing the Group.

Below we share the groups identified as our key stakeholders and how we engage with each.

Team members

People are a key driver of our competitive advantage. We can only deliver an exceptional customer experience if we have exceptional team members who subscribe to our principles and values. We engage with our team members to ensure that we are fostering an environment that they are happy to work in and a culture that they identify with.

- Executive Directors regularly have day-to-day interaction with team members
- Competitive base compensation, excellent benefits and opportunities for results-based bonus
- Wide range of training and development opportunities available for team members
- Regular employee feedback surveys

Directors' Report

(continued...)

Customers

Our goal has always been to provide the best technology, products and services, enabling our customers to maximise the potential of their business. Our membership models and organisational structure ensure our interests are aligned with those of our customers.

- Regular customer forums to understand how the marketplace is evolving and what our customers need to succeed
- Exclusive customer networking events to share learning experiences and build relationships
- Development of new products and services to enable our customers to grow their businesses
- Regular online and in person forums to facilitate knowledge sharing and review best practice

Suppliers

Strong partnerships with our suppliers are key to providing the highest levels of quality and service to our customers. Our success is closely aligned with that of our supplier partners.

- Collaboration with supplier partners to market their products effectively
- Exclusive supplier networking events to share learning experiences and build relationships
- Formal written contracts, negotiated in an open and transparent manner
- Regular meetings, information sharing, and feedback

Shareholders

We aim to attract Shareholders whose requirements are aligned with our strategic objectives, and who are interested in a long-term holding in our Company. This involves a good understanding of our strategic objectives, our business model, and our culture.

- Meetings with key shareholders following publication of preliminary and interim results
- Review and act on feedback from institutional shareholders
- Meetings or calls as requested by existing and potential shareholders

Control environment

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors have established an organisational structure with clear lines of responsibility and delegated authority. The systems include:

- the appropriate delegation of authority to operational management;
- the control of key financial risks through appropriate authorisation levels and segregation of accounting duties;
- financial reporting, within an established financial planning and accounting framework, including the approval by the Board of the annual budget and regular review by the Board of actual results compared with budgets and forecasts;
- reporting on any non-compliance with internal financial controls and procedures; and
- reviewing reports issued by the external auditors.

The Company does not have an Internal Audit function as the Board presently considers that the size and nature of the business does not warrant it. The Audit Committee on behalf of the Board reviews reports from the external auditors together with management's actions in response.

Disclosure of information to auditor

The Directors confirm that, so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps that they might reasonably have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The financial statements have been prepared on a going concern basis.

The Group is following a strong growth trajectory despite the macro-economic conditions of high inflation and interest rates. The conflicts in Ukraine and Israel have continued to create instability however the initial signs of a reduction in inflation with signs that interest rates will be reducing in the shorter term is encouraging for global economic recovery. The Promo Industry's growth has unsurprisingly slowed compared to the post-covid recovery year of 2022 which resulted in a flat calendar Q4 in 2023 and a marginal decline in Q4 2024 as reported by ASI central. This is not surprising with the significant growth experienced post covid to then have a period of normalisation. The Group continues to deliver diversified growth by maintain strong relationships within the AIM network, growing ACS Affiliate recruitment and delivered significant AMPs contracts whilst generating cashflow.

The Board is confident that the Group has sufficient liquidity to manage the growth of the company and can flex on overhead spend should any part of the business underperform against our expectations. The 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 July 2025. The cash flow forecasts include a mid scenario and sensitised cases.
- The low scenario assumes reductions in revenue of c5% compared to the mid-scenario.
- The forecasts assume regular collections and payments in line with the normalised conditions experienced with detailed modelling of growth cash outflows included.
- The base and sensitised 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
 - reduced tendering activities for AMPs to avoid investment in working capital, fit out and set up costs along with exiting contracts to recover inventory value
 - reactionary cost reduction programmes in respect of headcount and organisation
 - securing new working capital facilities in respect of any growth of Merchanting business outside of the sensitised forecast.
- 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 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.

Research and development

The Group expended £1,546,000 (2023: £1,223,000) during the period on research and development of which £1,080,000 (2023: £887,000) was capitalised.

Directors' Report

(continued...)

Employee involvement

It is Group policy that there shall be no discrimination in respect of gender, colour, race, religion or nationality and that equal opportunity shall be given to all employees.

The Company's policy is to give full and fair consideration to applications for employment from disabled persons and to provide training and advancement to disabled employees whenever appropriate. Where existing employees become disabled, suitable continuing employment would, if possible, be found.

Every effort is made to ensure good communication and for managers and supervisors to ensure that employees are made aware of developments within the Group and to encourage employees to present their views and suggestions.

Details of employees' share schemes can be found in note 5.

Financial instruments

An indication of the financial risk management objectives and policies and the exposure of the group to credit risk, interest rate risk and currency risk is provided in note 16 to the Consolidated Financial Statements.

Directors' indemnities

Qualifying third party indemnity provisions (as defined in section 234(2) of the Companies Act 2006) are in force for the benefit of the Directors.

Supplier payment policy and practice

The Group's operating companies determine terms and conditions of payment for the supply of goods and services. Payment is then made in accordance with these terms, subject to the terms and conditions being met by suppliers.

The ratio, expressed in days, between the amount invoiced to the Group by its trade suppliers during the period to 31 March 2024 and the amount owed to its trade creditors at 31 March 2024 was 30 days (2023: 36 days).

Environment and Health and Safety

The Group has clear policies in respect of environmental care and the health and safety of its employees.

The environmental policy seeks to minimise the amount of waste produced and encourages recycling wherever practicable.

The health and safety policy seeks to ensure the Group provides a safe working environment for all staff and visitors to our sites and to ensure compliance with statutory requirements.

Appointment of auditor

Crowe U.K. LLP have expressed their willingness to continue in office and will be reappointed for the next financial year in accordance with section 487 (2) of the Companies Act 2006.

Future developments and post balance sheet events

The Directors have described the future developments within the Chairman's Statement. Post balance sheet events have been disclosed in the Strategic Report.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial period. Under that law, the Directors are required to prepare the group financial statements in accordance with UK adopted International Accounting Standards and the company financial statements in accordance with FRS101 within the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and the Companies Act 2006.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and the profit or loss of the Group for that period.

In preparing the financial statements, the Directors are required to:

- follow applicable UK accounting standards
- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- for the consolidated financial statements, state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual General Meeting

The Annual General Meeting will be held at the offices of Zeus, 125 Old Broad Street, London EC2N 1AR on 23 September 2024 at 11 a.m.

In accordance with the Company's articles of association, the board operates a retirement by rotation process for existing directors and Nikki Stella will stand for re-election this year. Further details of the AGM, including resolutions surrounding the Board's powers to allot and buy-back shares can be found in the notice of meeting set out on page 85.

By Order of the Board

Graham Feltham

29 July 2024

Independent Auditor's Report to the Members of Altitude Group plc

Opinion

We have audited the financial statements of Altitude Group Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 March 2024, which comprise:

- the Consolidated statement of comprehensive income for the year ended 31 March 2024;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company Balance Sheet as at 31 March 2024;
- the Consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, including material accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the budgeting and forecasting process followed by management;
- Performing a retrospective review of the current year actuals against the budget to understand whether an indication of management bias exists;
- Obtaining Group and Parent Company's cash flow forecast covering the going concern period, and management's assessment of the going concern basis formed after a detailed review of the current economic conditions;
- Reviewing the mathematical accuracy of the model;
- Assessing the cash flow forecast and challenging management's key assumptions in the going concern model, including the forecast sales, margins and other costs assumptions over the period to July 2025;
- Reviewing plausible downside scenarios to perform sensitivity and ensuring going concern assumption is appropriate;
- Considering the appropriateness of disclosure made in respect of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £240,000 (2023: £170,000), based on approx. 1% (2023: 1%) of Group turnover. Materiality for the Parent Company financial statements as a whole was set at £50,000 (2023: £40,000) based on approx. 1% of net assets (4% of adjusted Profit before tax).

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £168,000 (2023: £119,000) for the group and £35,000 (2023: £28,000) for the parent.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £12,000 (2023: £8,500) for the Group and £2,500 (2023: 2,000) for the parent. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our engagement is in respect of the Group's consolidated financial statements and those of the Parent Company.

Our audit approach was developed by obtaining a thorough understanding of the Group's activities and is risk based. Based on this understanding we assessed those aspects of the Group and Subsidiary Companies' transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error.

Altitude Group plc is located in the United Kingdom. Our audit was conducted remotely. The operations of its subsidiary, AIM Smarter Limited is located in the UK as well. The operations of its subsidiaries, Altitude Group Inc, AIM Smarter LLC, AIM Capital LLC and University Gear Shop LLC are in the United States. We conducted specific audit procedures in relation to these entities.

Specifically, we identified what we considered to be significant and material areas and planned our audit approach accordingly. We undertook a combination of analytical procedures and substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Altitude Group plc (continued...)

This is not a complete list of all risks identified by our audit. Together with the matter included under the heading Conclusions relating to Going concern, we identified the below key audit matters:

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Revenue Recognition</p> <p>Refer to pages 53–54 (Notes to the Consolidated Financial Statements – Note 1 Accounting policies), pages 57–60, Note 2 (financial disclosures).</p> <p>Revenue is recognized in accordance with the accounting policy set out in the financial statements.</p> <p>We focus on the risk of material misstatement in the recognition of revenue as a result of both fraud and error, because revenue is material and involves significant estimate. It is a key determinant of the group's profitability, which has a consequent impact on its share price performance. As such, we consider this to be a Key Audit Matter.</p>	<p>Our audit procedures over revenue recognition included:</p> <ul style="list-style-type: none"> Assessing the Group's internal control environment around revenue process; Reviewing the stated revenue accounting policies and ensuring they are appropriate for the nature of the business and compliant with IFRS and confirming that revenue is recognised in accordance with the accounting policies; Ensuring that the revenue has been recognised in the correct accounting period by reviewing a sample of transactions recognised around the reporting date; Examining support for a sample of revenue transactions to sales invoices, contracts, sales orders, bank receipt and confirming revenue was recognised in line with IFRS. Assessing the adequacy of the Group's disclosures related to revenue.
<p>Carrying value of goodwill and other intangible assets</p> <p>Refer to page 46 Consolidated balance sheet, pages 50–51 & 56 (Notes to the Consolidated Financial Statements – Note 1 Accounting policies), pages 69–70 Note 10 (financial disclosures).</p> <p>The carrying value of goodwill and other intangible assets at 31 March 2024 was £6.0 million (2023: £5.5 million).</p> <p>The Group's intangible assets comprise of goodwill arising on acquisition of subsidiaries, customer relationships and intellectual property.</p> <p>When assessing the carrying value of goodwill and intangible assets, management makes judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these. We considered the risk that goodwill and/or other intangible assets might be impaired.</p> <p>The key judgements are in relation to growth and profitability which involves estimation uncertainty. Changes in these factors could result in an impairment to the carrying value of the goodwill and intangible assets.</p>	<p>Our audit procedures over impairment of goodwill and intangible assets included:</p> <ul style="list-style-type: none"> Assessing the Group's internal control environment around the impairment of intangibles and goodwill to ensure the process was appropriate; Evaluating in comparison to the requirements set out in IAS 36, management's assessment (using discounted cash flow model) as to whether goodwill and/or other intangible assets were impaired; Obtaining management's discounted cash flow model and comparing cash flow forecasts used in the impairment review to historical performance and forecasts used in the assessment of going concern and challenging where forecasts indicate significant performance deviation from historical performance, in the absence of significant changes in the business or market environment; Reviewing, challenging and considering management's impairment model, their key assumptions and estimates, including forecasted revenue, gross margin, growth rates and discount rate. Reviewing the appropriateness and consistency of the process for making such estimates; Assessing and challenging the CGUs identified by the management and considering its appropriateness; Engaging an internal valuation specialist to review the discount rates and reviewing the growth rates benchmarked to our knowledge of sector performance, to evaluate the reasonableness of these assumptions. Performing sensitivity analysis on the key assumptions such as growth, margin and discount rates to identify those assumptions to which the goodwill or intangible asset valuation was highly sensitive.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 37, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Altitude Group plc (continued...)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below however the primary responsibility for the prevention and detection of fraud lies with management and those charged with governance of the company.

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation in the countries in which the group operates.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Leo Malkin (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

29 July 2024

Financial Statements

HOW WE'VE PERFORMED

Graham Feltham, Chief Financial Officer of Altitude, said:

"FY24 was the year of 'locking in' successful Collegiate contract wins and reaffirming our position as a key player in the Promotional Products Industry. We have achieved our revenue growth from new contract wins in our Merchandising division and performing well in Services."

➔ [Chief Financial Officer's Report page 20](#)



Consolidated Statement of Comprehensive Income

for the year ended 31 March 2024

	Notes	Year to 31 March 2024 £'000	Year to 31 March 2023 £'000
Revenue	2	24,009	18,761
Cost of sales		(13,635)	(10,156)
Gross profit:		10,374	8,605
Administrative expenses before share-based payment charges, depreciation, amortisation, and exceptional charges		(7,967)	(6,648)
Operating profit before share-based payment charges, depreciation, amortisation, and exceptional charges		2,407	1,957
Share-based payment charges	5	(708)	(511)
Depreciation and Amortisation	9,10	(1,325)	(1,131)
Exceptional charges	3	(295)	(101)
Total administrative expenses		(10,295)	(8,391)
Operating profit		79	214
Finance charges		(84)	(62)
(Loss)/profit before taxation		(5)	152
Taxation	7	702	238
Profit attributable to operations		697	390
Other comprehensive income: Items that may be reclassified subsequently to profit and loss:			
Foreign exchange differences		(174)	425
Total comprehensive income for the year		523	815
Earnings per ordinary share attributable to the equity shareholders of the Company:			
— Basic (pence)	8	0.98p	0.55p
— Diluted (pence)	8	0.96p	0.55p

Consolidated Statement of Changes in Equity

for the year ended 31 March 2024

Group	Share capital £'000	Share premium £'000	Retained losses £'000	Foreign exchange translation reserve £'000	Total equity £'000
At 31 March 2022	283	20,194	(11,962)	(410)	8,105
Profit for the period	-	-	390	-	390
Foreign exchange differences	-	-	-	425	425
Total comprehensive income	-	-	390	425	815
Transactions with owners recorded directly in equity					
Share-based payment credit	-	-	511	-	511
Total transactions with owners	-	-	511	-	511
At 31 March 2023	283	20,194	(11,061)	15	9,431
Profit for the period	-	-	697	-	697
Foreign exchange differences	-	-	-	(174)	(174)
Total comprehensive income	-	-	697	(174)	523
Transactions with owners recorded directly in equity					
Share-based payment charge	-	-	708	-	708
Shares issued	2	-	(2)	-	-
Total transactions with owners	2	-	706	-	708
At 31 March 2024	285	20,194	(9,658)	(159)	10,662

Consolidated Balance Sheet

as at 31 March 2024

	Notes	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Non-current assets			
Goodwill	10	2,881	2,934
Intangible assets	10	3,089	2,652
Property, plant and equipment	9	326	202
Right of use assets	9	270	471
Deferred tax assets	14	668	458
Total non-current assets		7,234	6,717
Current assets			
Inventory		1,044	361
Trade and other receivables	11	4,882	5,521
Corporation Tax Receivable		115	91
Cash and cash equivalents	12	1,220	1,173
Total current assets		7,261	7,146
Total assets		14,495	13,863
Liabilities			
Current liabilities			
Trade and other payables	13	(3,642)	(3,699)
		(3,642)	(3,699)
Net current assets		3,619	3,447
Non-current liabilities			
Deferred tax liabilities	14	-	(347)
Lease liabilities	22	(191)	(386)
		(191)	(733)
Total liabilities		(3,833)	(4,261)
Net assets		10,662	9,431
Equity attributable to equity holders of the Company			
Called up share capital	15	285	283
Share premium account		20,194	20,194
Retained losses and foreign exchange		(9,817)	(11,046)
Total equity		10,662	9,431

The consolidated financial statements on pages 44 to 84 were authorised for issue by the Board of Directors on 29 July 2024 and signed on its behalf by:

Graham Feltham

Chief Financial Officer

Registered number: 05193579

Consolidated Cash Flow Statement

for the year ended 31 March 2024

	Year to 31 March 2024 £'000	Year to 31 March 2023 £'000
Operating profit	79	214
Amortisation of intangible assets	1,071	901
Depreciation	254	230
Share-based payment charges	708	511
Exceptional items	295	101
Operating cash flow before changes in working capital and exceptionals	2,407	1,957
Movement in inventory	(694)	(339)
Movement in trade and other receivables	540	(1,532)
Movement in trade and other payables	23	1,404
Changes in working capital	(131)	(467)
Net cash flow from operating activities before exceptional items	2,276	1,490
Exceptional items	(263)	(84)
Net cash flow from operating activities after exceptional items	2,013	1,406
Income tax received	121	144
Net cash flow from operating activities	2,134	1,550
Cash flows from investing activities		
Purchase of tangible assets	(223)	(119)
Purchase of intangible assets	(1,573)	(986)
Net cash flow from investing activities	(1,796)	(1,105)
Cash flows from financing activities		
Repayment of lease borrowings	(174)	(163)
Lease interest paid	(33)	(47)
Other interest paid	(50)	(15)
Issue of shares for cash (net of expenses)	-	-
Net cash flow from financing activities	(257)	(225)
Net increase in cash and cash equivalents	81	220
Cash and cash equivalents at the beginning of the period	1,173	902
Effect of foreign exchange rate changes on cash and cash equivalents	(34)	51
Net increase in cash and cash equivalents	81	220
Cash and cash equivalents at the end of the period	1,220	1,173

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

1. Accounting policies

Material accounting policies

Altitude Group plc (the 'Company') is a company incorporated in the United Kingdom. The consolidated financial statements of the Company for the year ended 31 March 2024 comprise the Company and its subsidiaries (together referred to as the "Group").

The following paragraphs summarise the material accounting policies of the Group, which have been applied consistently in dealing with items which are considered material in relation to the Group's consolidated financial statements and to all the periods presented, unless otherwise stated.

Basis of preparation

The group financial statements have been prepared in accordance with UK adopted International Accounting Standards. The Company financial statements have been prepared under FRS 101.

Both financial statements have been prepared on the historical cost basis, with the exception of certain items which are measured at fair value as disclosed in the accounting policies set out below. The financial information is presented in Sterling and has been rounded to the nearest thousand (£000).

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources of information. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

New standards impacting the Group that are not yet effective and have not been adopted in the annual financial statements for the year ended 31 March 2024 are:

- Supplier Finance Arrangement (Amendments to IAS 7 and IFRS 7)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Non-Current Liabilities with Covenants (Amendments to IAS 1)

These new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, will be reviewed for their impact on the financial statements prior to their initial application but are not currently expected to have a material impact.

The following material accounting policies have been applied consistently to all periods presented in these Group financial statements:

Going concern

The financial statements have been prepared on a going concern basis.

The Group is following a strong growth trajectory despite the macro-economic conditions of high inflation and interest rates. The conflicts in Ukraine and Israel have continued to create instability however the initial signs of a reduction in inflation with signs that interest rates will be reducing in the shorter term is encouraging for global economic recovery. The Promo Industry's growth has unsurprisingly slowed compared to the post-covid recovery year of 2022 which resulted in a flat calendar Q4 in 2023 and a marginal decline in Q4 2024 as reported by ASI central. This is not surprising with the significant growth experienced post covid to then have a period of normalisation. The Group continues to deliver diversified growth by maintain strong relationships within the AIM network, growing ACS Affiliate recruitment and delivered significant AMPs contracts whilst generating cashflow.

The Board is confident that the Group has sufficient liquidity to manage the growth of the company and group and can flex on overhead spend should any part of the business underperform against our expectations. The 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 July 2025. The cash flow forecasts include a mid scenario and sensitised cases.
- The low scenario assumes reductions in revenue of c5% compared to the mid-scenario.
- The forecasts assume regular collections and payments in line with the normalised conditions experienced with detailed modelling of growth cash outflows included.
- The base and sensitised 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
 - reduced tendering activities for AMPs to avoid investment in working capital, fit out and set up costs along with exiting contracts to recover inventory value
 - reactionary cost reduction programmes in respect of headcount and organisation
 - securing new working capital facilities in respect of any growth of Merchanting business outside of the sensitised forecast.
- 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 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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) made up to 31 March each period. Control is achieved when the Company:

- has the power over the investee
- is exposed, or has rights, to variable return from its involvement with the investee and
- has the ability to use its power to affect returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Statement of Comprehensive Income.

All intra-group balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated fully on consolidation.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2024

Foreign currencies

The Group's consolidated financial statements are presented in Sterling, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the Consolidated Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

ii) Group companies

On consolidation the assets and liabilities of foreign operations are translated into Sterling at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates prevailing during the period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

Leases

A lease is defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date of a lease a right-of-use asset and a lease liability are recognised in the financial statements.

The lease liability is initially measured at the present value of expected future lease payments discounted at the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. Subsequently the lease liability decreases by the lease payments made, offset by interest on the liability, and may be remeasured to reflect any reassessment of expected payments or to reflect any lease modifications.

The right-of-use asset is initially measured at cost. This comprises the amount of the initial lease liability plus: any lease payments made on or before the commencement date less incentives received; any incremental costs of obtaining the lease; and, if any, the costs of decommissioning the asset and any restoration work to return the asset to the condition required under the terms of the lease. Subsequently the right-of-use asset is measured using the cost model. The asset is amortised on a straight-line basis over the expected term of the lease, adjusted for any remeasurement of the lease liability, and is shown net of the accumulated depreciation and any impairment provisions.

The Group has elected to use the recognition exemptions for low value assets and short-term leases are expensed to operating profit on a straight-line basis over the term of the lease.

Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and impairment charges.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value, which is based on up to date prices, of property, plant and equipment over their estimated useful lives as follows:

- Fixtures and fittings 3 to 10 years
- Leasehold property straight line over the term of the lease

Intangible assets — Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Acquired intangible assets — Business combinations

Intangible assets that are acquired as a result of a business combination and that can be separately measured at fair value on a reliable basis are separately recognised on acquisition at their fair value. Amortisation is charged on a straight-line basis to the Consolidated Statement of Comprehensive Income over their expected useful economic lives as follows:

- Intellectual property up to 5 years
- Customer relationships 13 years

Assets that are subject to amortisation are tested for impairment when events or a change in circumstances indicate that the carrying amount may not be recoverable.

Customer relationship intangible assets comprise only the intangible assets recognised upon the acquisition of the trade and assets of AI Mastermind LLC in January 2019. These are being amortised over 13 years.

Contract costs

Costs to fulfil a contract are capitalised, amortised and assessed for impairment if they meet the required criteria. If the costs do not meet the criteria they are expensed as incurred.

Costs to fulfil a contract are recognised as an asset only if they:

- Relate directly to a contract, or to an anticipated contract that can be specifically identified
- Generate or enhance resources to be used to satisfy performance obligations in future, and
- Are expected to be recovered.

The policy applies to contracts that are greater than one year in length.

The asset is amortised over the life of the contract once the contract is live.

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, the Group can demonstrate at the time of expenditure all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits

Among other things, the Group can demonstrate:

- the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and its ability to measure reliably the expenditure attributable to the intangible asset during its development

Internally generated intangible assets are amortised over their useful economic life which is 3 to 5 years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2024

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are identifiable cash flows. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which estimates of future cash flows have not been adjusted.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets of the unit (group of units) on a pro-rata basis.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less allowance for any uncollectible amounts. Where receivables are considered to be irrecoverable an impairment charge is included in the Consolidated Statement of Comprehensive Income.

Financial assets and financial liabilities

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the Group does not have any financial assets categorised as FVTPL or FVOCI.

After initial recognition, financial assets are measured at amortised cost using the effective interest rate method. Discounting is omitted where the effect is immaterial. All of the Group's financial assets fall into this category.

Impairment of financial assets

The group accounts for impairment of financial assets using the expected credit loss ("ECL") model as required by IFRS 9. The group considers a broad range of information when assessing credit risk and measuring expected losses, including past events, current conditions, reasonable and supportable forecasts that effect the expected collectability of the future cash flows of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits together with other short-term highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Cash Flow Statement.

Revenue recognition

Revenue represents the amounts receivable, excluding sales related taxes, for goods and services supplied during the period to external customers shown net of sales taxes, returns, rebates and discounts.

When assessing revenue recognition against IFRS15, the Group assess the contract against the five steps of IFRS15:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied

This process includes the assessment of the performance obligations within the contract and the allocation of contract revenue across these performance obligations once identified. Revenue is recognised either at a point in time or over time, when, or as, the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The difference between the amount of income recognised and the amount invoiced on a particular contract is included in the balance sheet as accrued or deferred income. Amounts included in accrued and deferred income due within one year are expected to be recognised within one year and are included within current assets and current liabilities respectively.

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 it is highly probable that it will not reverse.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2024

Merchanting revenues

Merchanting revenues arise when group companies contract with customers to supply promotional products, branded merchandise, graduation regalia, non-textbooks course materials and supplies, food and beverage items and personal care.

ACS sells promotional products via AIM member affiliates who act as independent sales representatives of ACS to secure sales with customers. All transactions are mandatorily processed through the AIM technology platform and utilise ACS people and know-how to efficiently operate the full end to end process.

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, 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.

The Group also sources products directly through its network of Preferred Partners, which it sells to AIM members and adjacent markets, where such sales do not conflict with the interest of either suppliers or the AIM membership.

AMPs, "Gear Shops", contracts sell branded merchandise, graduation regalia, non-textbooks course materials and supplies, food and beverage items and personal care. The majority of sales are either store sales or promotional product sales as described above. Graduation regalia sales are made in coordination with specialist graduation regalia providers. A subsection of graduation regalia are sold via the providers online store in which a commission is derived from this sale for the Group that are recognised at the time of sale. The online sales usually occur after the Group performs graduation events, fairs, in-store selling and marketing to drive any latecomers to the online solution so that students still have an opportunity to obtain their graduation regalia.

Operating segments

The Group is currently organised as two operating segments:

- North America
- United Kingdom and Europe

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

As the Group evolves and operates in geographically consistent operating models an additional analysis presenting 'Service' and 'Merchanting' is shown. Service revenues are derived from servicing our AIM membership base and generating throughput with our contracted Preferred Partners. Merchanting revenues are when the Group acts as principal in the sale of promotional products.

An operating segment's operating results are reviewed regularly by the Board of Directors, who are regarded as the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Directors have concluded that there are two operating segments on the basis of the information presented to the CODM. The activities undertaken in each segment are substantially similar.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Exceptional items

Income or costs which are both material and non-recurring, whose significance is sufficient to warrant separate disclosure in the financial statements, are referred to as exceptional items. The Directors consider that the separate disclosure of these items assists in understanding the Group's financial performance.

Post-retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period.

Share based payments including warrants

The fair value of awards to employees that take the form of shares or rights to shares is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted.

Performance conditions that are market conditions are taken onto account when measuring fair value. The fair value is not adjusted if these performance conditions are not met.

The fair value excludes the effect of non-market based vesting conditions. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items in other comprehensive income in which case it is recognised in other comprehensive income and items recognised directly in equity, in which case it is recognised in equity.

Current tax is the tax currently payable based on taxable profit for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in previous years.

Deferred income taxes are calculated using the balance sheet method. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss except to the extent that it relates to items in other comprehensive income in which case it is recognised in other comprehensive income and items recognised directly in equity, in which case it is recognised in equity.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2024

Critical accounting judgements and key sources of estimation uncertainty

Key estimates

In the preparation of the Group financial statements, the Directors, in applying the accounting policies of the Group, make some judgements and estimates that affect the reported amounts in the financial statements. The Directors consider the following are the areas requiring the use of judgement and estimates that may significantly impact the financial statements.

Preferred Partner revenues

AIM provides marketing services to promotional product supplier customers, whereby such suppliers are actively promoted to AIM members via a variety of methods including utilising the AIM technology platform ("AIM Tech Suite"), webinars, email communications and quarterly publications. These supplier customers sign annual service agreements with AIM.

Revenues reflect services provided to the Partners as mentioned above and are based on the transactional value of purchases made by the AIM members from the supplier customers. These revenues are recognised over time by reference to the value of transactions in the period.

The Group monitors the level of purchase activity across its members by maintaining close relationships with its Preferred Partner network. The Preferred Partners submit regular reports detailing the transactions of throughput and any necessary adjustments. The Supplier Relations team review the reports against our contractual arrangements with our Preferred Partners. Revenues are variable and depend on the value of purchases made by the AIM members from Preferred Partners. Revenue is recognised over time for the services provided by reference to the value of transactions in the period.

Payment for such services is made by customers on a calendar quarter, semi-annual or annual basis. Estimates are made with reference to the fact pattern of cash receipts and returns made by our supplier network and industry intel. True ups are made to projections throughout the year as the cash is receipted and the fact pattern is updated. Management make more prudent estimates for longer term projections when reviewing calendar annual contracts and estimating the final fiscal quarter when macro-economic fluctuations may impact industry activity and performance. Preferred partner revenues are a matter of estimation and therefore we review prior year estimates for accuracy and do not anticipate a significant change that would require a material adjustment.

Key judgements

Intangible assets

The Group continues to develop its software products. The directors apply judgement in determining whether the expenditure incurred enhances or maintains the asset. Where specific expenditure on a product can be identified, where it can be demonstrated to have improved the product and where the future income streams are expected to be increased as a result of the expenditure, the expenditure is capitalised and carried as an intangible asset in the period in which it is incurred.

These intellectual property assets are estimated to have a useful life of at least five years. As such, intellectual property intangibles are recognised in the periods that the costs are incurred and are being amortised over a five-year period from the date of acquisition.

Impairment of assets

All property, plant and equipment and intangible assets are reviewed for impairment in accordance with IAS 36 'Impairment of Assets' if there is an indication that the carrying value of the asset may have been impaired.

As part of the impairment review, the carrying value of the assets is measured against their value in use based on future estimated cash flows, discounted by the appropriate cost of capital, resulting from the use of those assets. Management have used third party sources to calculate the appropriate cost of capital in their calculations.

Assets are grouped at the lowest level for which there is a separately identifiable cash flow (a cash generating unit). Revenue generating units may be combined if they are utilising the same pool of resources to achieve the cash flows. Accordingly, management have assessed that the US AIM and ACS revenue generating units are combined as one cash generating units.

Deferred taxation assets

Deferred taxation assets arise from the losses incurred, in certain businesses, in the group. The Directors review the forecasts of each business to assess the recoverability of these assets and the tax rates that are expected to apply in the period when the asset is realised. In the event that the recoverability of these assets is not probable the asset is not recognised.

The period of review to utilise these losses and realise the assets has been constrained to four years. The Directors have taken into account the assumptions in the forecasts, including the growth assumptions of the US business and associated sensitivity analysis, when determining the level of deferred tax asset to be recognised.

Group has unrecognised tax losses significantly in excess of those which comprise the deferred tax asset recognised in previous periods. The Group fully intends to utilise these losses against future profits as it continues to grow.

As the utilisation of tax losses becomes more certain management have implemented a method to recognise a deferred tax asset as the utilisation of these losses becomes more certain. If the losses are forecasted to be utilised within 5 years then a deferred tax asset is recognised on an increasing scale to reflect the level of certainty as time progresses. The Directors believe this approach is a considered and prudent one given the uncertainty of macro-economic events and changes in government legislation.

2. Segmental information

The chief operating decision maker has been identified as the Board of Directors and the segmental analysis is presented based on the Group's internal reporting to the Board. At 31 March 2024, the Group has two operating segments, North America, and the United Kingdom & Europe along with a Central segment. The Group further analyses performance to Gross Profit by presenting 'Service' and 'Merchanting' as shown. Service revenues are derived from servicing our AIM membership base and generating throughput with our contracted Preferred Partners. Merchanting revenues are sales of promotional products where the Group acts as principal in the underlying transaction.

Segment assets consist primarily of property, plant and equipment, intangible assets, trade and other receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities. Capital expenditure comprises additions to property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations. Assets and liabilities at 31 March 2024 and capital expenditure for the period then ended are as follows.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2024

	Year ended 31 March 2024 £'000	Year ended 31 March 2024 £'000	Year ended 31 March 2024 £'000	Year ended 31 March 2024 £'000
	North America	UK and Europe	Central	Group
Turnover				
Services	7,540	1,150	-	8,690
Merchanting	15,319	-	-	15,319
Total	22,859	1,150	-	24,009
Cost of Sales				
Services	(651)	(177)	-	(828)
Merchanting	(12,807)	-	-	(12,807)
Total	(13,458)	(177)	-	(13,635)
Gross Profit				
Services	6,889	973	-	7,862
Merchanting	2,512	-	-	2,512
Total	9,401	973	-	10,374
Operating Profit/(Loss) before share-based payment charges, depreciation, amortisation, and exceptional charges	3,824	(57)	(1,360)	2,407
Share-based payment charges	-	-	(708)	(708)
Depreciation	(193)	(61)	-	(254)
Amortisation	(231)	(840)	-	(1,071)
Management fees	(2,273)	1,104	1,169	-
Exceptional charges	(200)	(36)	(59)	(295)
Finance charges	(74)	(6)	(4)	(84)
Segmental profit before income tax	853	104	(962)	(5)
Assets*	11,486	2,366	643	14,495
Liabilities*	(3,390)	(393)	(352)	(4,135)
Net Assets	8,096	1,973	291	10,360
<i>*external balances disclosed for segmental purposes</i>				
Capital expenditure				
Intangible assets	(303)	(1,270)	-	(1,573)
Property, plant and equipment	(203)	(13)	(7)	(223)
Right of use assets	-	-	-	-
Capital Expenditure	(506)	(1,283)	(7)	(1,796)

	Year ended 31 March 2024 £'000	Year ended 31 March 2024 £'000	Year ended 31 March 2024 £'000	Year ended 31 March 2024 £'000
	North America	UK and Europe	Central	Group
Timing of Revenue Recognition				
At a point in time	16,380	90	-	16,470
Over time	6,479	1,060	-	7,539
Total Revenue	22,859	1,150	-	24,009
	Year ended 31 March 2023 £'000	Year ended 31 March 2023 £'000	Year ended 31 March 2023 £'000	Year ended 31 March 2023 £'000
	North America	UK and Europe	Central	Group
Turnover				
Services	7,155	1,368	-	8,523
Merchanting	10,238	-	-	10,238
Total	17,393	1,368	-	18,761
Cost of Sales				
Services	(582)	(223)	-	(805)
Merchanting	(9,351)	-	-	(9,351)
Total	(9,933)	(223)	-	(10,156)
Gross Profit				
Services	6,573	1,145	-	7,718
Merchanting	887	-	-	887
Total	7,460	1,145	-	8,605
Operating Profit/(Loss) before share-based payment charges, depreciation, amortisation, and exceptional charges	3,426	170	(1,639)	1,957
Share-based payment charges	-	-	(511)	(511)
Depreciation	(171)	(59)	-	(230)
Amortisation	(168)	(733)	-	(901)
Management fees	(2,397)	778	1,619	-
Exceptional charges	(65)	(14)	(22)	(101)
Finance charges	(41)	(21)	-	(62)
Segmental profit before income tax	584	121	(553)	152
Assets*	11,187	2,368	308	13,863
Liabilities*	(3,475)	(462)	(495)	(4,432)
Net Assets	7,712	1,906	(187)	9,431
<i>*external balances disclosed for segmental purposes</i>				
Capital expenditure				
Intangible assets	(99)	(887)	-	(986)
Property, plant and equipment	(91)	(26)	(2)	(119)
Right of use assets	-	-	-	-
Capital Expenditure	(190)	(913)	(2)	(1,105)

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2024

	Year ended 31 March 2023 £'000	Year ended 31 March 2023 £'000	Year ended 31 March 2023 £'000	Year ended 31 March 2023 £'000
	North America	UK and Europe	Central	Group
Timing of Revenue Recognition				
At a point in time	11,216	186	-	11,402
Over time	6,177	1,182	-	7,359
Total Revenue	17,393	1,368	-	18,761

3. Exceptional charges

Analysis of exceptional items:		
	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Legal, professional and consultancy costs	109	84
Other exceptional costs	186	17
	295	101

Exceptional charges principally relate to acquisition projects, a strategic restructure of the sales organisation and new ERP system. (2023: to second-phase finance transformation costs, along with a provision for the historic portion of a VAT reclaim). Other exceptional costs principally relate to restructuring costs, other costs associated with the strategic review and bad debt, offset by a historical VAT reclaim (2023: relates to a reversal of a historical VAT reclaim).

4. Employees

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Employee costs:		
Wages and salaries	6,020	4,402
Social security costs	593	407
Other pension costs	145	114
	6,758	4,923
Average number of employees (including Directors) during the year:	111	78

Directors' remuneration and interests

The emoluments of the Directors for the period, who are the key management personnel, excluding share options, were:

		Gross Salary £'000	Benefits in kind & incentives £'000	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
David Smith	Non-executive Chairman	64	-	64	60
Peter Hallett	Non-executive	48	6	54	51
Martin Varley	Non-executive	48	-	48	45
Nichole Stella	Executive	281	224	505	406
Graham Feltham	Executive	168	114	282	178
Deborah Wilkinson	Executive	129	87	216	159
		738	431	1,169	899

The beneficial interests of Directors in the ordinary shares of 0.4p each as at 31 March 2024 and 31 March 2023 were as follows:

	Year ended 31 March 2024 Number	Year ended 31 March 2023 Number
David Smith	183,187	183,187
Peter Hallett	1,293,196	1,293,196
Nichole Stella	1,165,475	1,019,607
Graham Feltham	225,675	142,843
Deborah Wilkinson	613,030	553,850
Martin Varley	9,440,343	10,068,677
	12,920,906	13,261,360

None of the Directors had any interest in the share capital of any subsidiary undertaking of the Company at any time during the period.

Directors' interests in contracts

There are no contracts between the Company and its subsidiary undertakings and any of the Directors.

The Directors benefited from qualifying third-party indemnity provisions in place during the financial period and at the date of this report.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2024

Directors' share options

	Type	Number of share options 2023	Granted in period	Exercised in period	Lapsed in period	Number of share options 2024
26 June 2019						
Deborah Wilkinson	EMI	119,048				119,048
Deborah Wilkinson	Unapproved	160,953				160,953
11 March 2021						
Nichole Stella	Unapproved	1,000,000			(540,000)	460,000
Deborah Wilkinson	Unapproved	250,000			(135,000)	115,000
28 March 2022						
Graham Feltham	Unapproved	444,444				444,444
27 October 2022						
Nichole Stella	Unapproved	1,062,000				1,062,000
Graham Feltham	EMI	560,000				560,000
Deborah Wilkinson	EMI	400,000				400,000

The aggregate of realised gains on exercise of share options in the period was £nil (2023: £nil). The current Directors have not sold any such shares in the period from exercise to the date of the financial statements being approved.

Directors' pension contributions

The pension contributions received by the Directors during the period were:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
David Smith	-	-
Peter Hallett	1	1
Nichole Stella	10	8
Graham Feltham	5	3
Deborah Wilkinson	4	3
Martin Varley	1	1
	21	16

5. Share-based payments

The Group operates an HMRC approved enterprise management incentives (EMI scheme) and unapproved share option scheme. The scheme awards share options to Directors, senior executives and employees with a vesting period of three years and are subject to performance conditions.

The options granted under the EMI & Unapproved scheme in the prior year are set out below.

Grant date	Type	Employees entitled	Number of options	Exercise price (p)	Expiry date
27 October 2022 ¹	EMI	2	960,000	4	27 October 2026
27 October 2022 ¹	Unapproved	1	1,062,000	4	27 October 2026
30 March 2023 ²	EMI	4	185,000	4	04 August 2026
30 March 2023 ²	Unapproved	8	441,000	4	04 August 2026

All share options granted in the prior year relate to performance only.

- 1 No options will be exercisable prior to the third anniversary of the date of grant. The options shall lapse on the fourth anniversary of the Grant date, assuming they are not exercised before then and no event occurs to cause it to lapse under the rules.
- 2 No options will be exercisable prior to the third anniversary of the date of grant. The options shall lapse 90 days after the third anniversary of the Grant date, assuming they are not exercised before then and no event occurs to cause it to lapse under the rules.

The number and weighted average exercise price of share options are as follows:

	Weighted average exercise price 2024 (p)	Number of options 2024 No	Weighted average exercise price 2023 (p)	Number of options 2023 No
Outstanding at start of period	5.72	6,357,447	17.29	4,229,445
Granted during the period	-	-	4	2,648,000
Exercised during the period	-	-	Nil	(166,666)
Forfeited during the period	-	-	-	-
Lapsed during the period	1.86	(1,616,000)	92.17	(423,332)
Outstanding at end of the period	7.04	4,741,447	5.72	6,357,447
Exercisable at end of the period ¹	19.59	1,649,001	96.74	365,001

1 Of those options exercisable at the end of the period 315,000 option (2023: nil) are under the exercise price and therefore underwater.

Fair value assumptions of share-based payments

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted.

Details of the fair value of share options granted during the prior year and the assumptions used in determining the fair value are summarised below (based on the weighted average of grants in the prior year).

	October 2022 EMI Options	October 2022 Unapproved Options	March 2023 EMI Options	March 2023 Unapproved Options
Fair value of the option at measurement date (pence)	30.8	30.8	76.81	76.81
Share price at grant date (pence)	22.5	22.5	47.5	47.5
Exercise price (pence)	4	4	4	4
Expected volatility (%)	-	-	70%	70%
Average option life (year)	3	3	3.25	3.3
Expected dividend (%)	0%	0%	0%	0%

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2024

Share Warrants

The Group did not issue any warrants during the period.

The number and weighted average exercise price of warrants are as follows:

	Weighted average exercise price 2024 (p)	Number of options 2024 No	Weighted average exercise price 2023 (p)	Number of options 2023 No
Outstanding at start of period	89.41	1,020,000	89.50	1,807,778
Granted during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Lapsed during the period	60.00	(20,000)	89.62	(787,778)
Outstanding at end of the period	90.00	1,000,000	89.41	1,020,000
Exercisable at end of the period	90.00	-	60.00	20,000

Deferred bonus share awards

During the year the Executive Directors elected to receive a portion of their annual performance bonuses awarded to them under the Company's annual bonus plan for the financial year ended 31 March 2023 in shares. This resulted in an award of 145,868 shares to Nichole Stella, 82,852 shares to Graham Feltham and 59,180 to Deborah Wilkinson.

The fair value of services received in return for shares granted is measured by reference to the fair value of shares granted, which is the same as the effective price of 43.51 pence each, due to the shares vesting instantaneously upon issuance.

Charge to the Consolidated Statement of Comprehensive Income

The charge to the consolidated statement of comprehensive income comprises:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Issue of share options	530	458
Issue of deferred bonus share awards	125	-
Issue of warrants	53	53
Total charge	708	511

6. Operating profit

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	92	63
Depreciation of right of use assets	162	167
Amortisation of intangible assets	1,071	901
Research and development expenditure expensed as incurred	466	336
(Profit)/loss on currency translation	(34)	51
Auditors' remuneration:		
Audit of the Company's annual financial statements	115	75
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	25	20
Other services relating to taxation	-	-
All other assurance services	-	-

7. Taxation

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Corporation tax	143	197
Deferred tax origination and reversal of timing differences	559	41
Total tax in consolidated statement of income	702	238

Reconciliation of effective tax rate

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
(Loss)/profit before tax for the period	(5)	152
Tax using the UK corporation tax rate of 25% (2023: 19%)	1	(29)
Difference in tax rates	18	4
Non-deductible expenses	32	127
Deferred taxation asset arising but not reflected	(124)	(118)
Recognition of tax losses	182	-
Recognition of deferred tax asset on share based payments	100	-
Research and development tax credit	119	143
Deferred tax origination and reversal of timing differences	302	-
Adjustment relating to tax in a prior period	72	111
Total tax credit	702	238

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2024

8. Basic and diluted earnings per ordinary share

The calculation of earnings per ordinary share is based on the profit for the period after taxation and the weighted average number of equity voting shares in issue as follows:

	Year ended 31 March 2024	Year ended 31 March 2023
Profit attributable to the equity shareholders of the Company (£000)	697	390
Weighted average number of shares (number '000)	70,972	70,813
Fully diluted weighted average number of shares (number '000)	72,621	71,198
Basic profit per ordinary share (pence)	0.98p	0.55p
Diluted profit per ordinary share (pence)	0.96p	0.55p
Adjusted profit per ordinary share (pence)		
Profit attributable to the equity shareholders of the Company (£000)	697	390
add back:		
Share based payments	708	511
Amortisation on acquired intangibles	154	151
Exceptional charges	295	100
Adjusted earnings	1,854	1,152
Adjusted basic earnings per ordinary share (pence)	2.61p	1.63p
Adjusted diluted earnings per ordinary share (pence)	2.55p	1.62p

We determine potentially dilutive shares as any share which is exercisable on publishing of the Annual Report.

9. Tangible non-current assets

Property, plant, and equipment

Cost	Total £'000
At 1 April 2022	652
Additions	119
Exchange adjustments	18
At 31 March 2023	789
Additions	223
Exchange adjustments	(12)
At 31 March 2024	1,000
Accumulated depreciation	
At 1 April 2022	(513)
Charge for the period	(63)
Exchange adjustments	(11)
At 31 March 2023	(587)
Charge for the period	(92)
Exchange adjustments	5
At 31 March 2024	(674)
Net book value at 31 March 2023	202
Net book value at 31 March 2024	326

Additions in 2024 predominantly relate to fixtures and fittings and computer hardware.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2024

Right of use assets

The Group's right of use assets comprises leased office space in Sheffield and Philadelphia.

Cost	Total £'000
At 1 April 2022	1,002
Exchange adjustments	48
At 31 March 2023	1,050
Disposals	(98)
Exchange adjustments	(16)
At 31 March 2024	936
Accumulated depreciation	
At 1 April 2022	(396)
Charge for the period	(167)
Exchange adjustments	(16)
At 31 March 2023	(579)
Charge for the period	(162)
Disposals	65
Exchange adjustments	10
At 31 March 2024	(666)
Net book value	
At 31 March 2023	471
At 31 March 2024	270

There were no additions in 2023 or 2024. An office lease in the US was disposed due to being sublet (2023: no disposals).

10. Intangible assets

Cost	Customer related intangibles £'000	Intellectual property - internally generated £'000	Contract Costs £'000	Total £'000
At 1 April 2022	2,711	5,374	-	8,085
Additions	-	887	99	986
Exchange adjustments	-	-	-	-
At 31 March 2023	2,711	6,261	99	9,071
Additions	-	1,277	296	1,573
Impairment	-	-	(39)	(39)
Exchange adjustments	(39)	-	-	(39)
At 31 March 2024	2,672	7,538	356	10,566
Amortisation				
At 1 April 2022	(1,364)	(4,244)	-	(5,608)
Charge for the period	(151)	(749)	(1)	(901)
Disposals	-	-	-	-
Exchange adjustments	88	2	-	90
At 31 March 2023	(1,427)	(4,991)	(1)	(6,419)
Charge for the period	(154)	(841)	(76)	(1,071)
Disposals	-	-	-	-
Exchange adjustments	21	-	(8)	13
At 31 March 2024	(1,560)	(5,832)	(85)	(7,477)
Net book value at 31 March 2023	1,284	1,270	98	2,652
Net book value at 31 March 2024	1,112	1,706	271	3,089

Amortisation charges are included within administrative costs.

Cost	Goodwill £'000
At 1 April 2022	3,462
At 31 March 2023	3,462
Exchange adjustments	(53)
At 31 March 2024	3,409
Impairment	
At 1 April 2022	(681)
Exchange adjustments	153
At 31 March 2023	(528)
At 31 March 2024	(528)
Net book value at 31 March 2023	2,934
Net book value at 31 March 2024	2,881

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2024

Impairment charges are included within administrative costs.

Goodwill has arisen as follows:

	2024 £'000	2023 £'000
Goodwill		
Promoserve Business Systems	79	79
Trade Only/Technologo	252	252
AIM Smarter	2,550	2,603
Net book values	2,881	2,934

Goodwill is allocated across 2 cash generating units ("CGU") being the US and the UK. Central costs are allocated across the CGUs. The carrying values of goodwill are allocated to each cash generating unit and compared to their value in use. The value in use is determined using discounted cash flows over the next 2 years from the Board approved Group's budget and forecast model which supports the market expectation of the Group's performance, with the addition of a terminal value representing the expected cash flows in perpetuity.

The discount rate applied was 12.5% (2023: 14.2%). The discount rate is based on a post-tax WACC which the Directors deem to be appropriate given the low effect of tax rate of the Group for the short to medium term. Sensitivity analysis was applied to the discount rate used (+/- 5%). These scenarios indicated no impairment of any of the intangible assets.

These calculations are not sensitive to what the Directors would consider to be reasonably foreseeable changes in the underlying assumptions.

Management are of the opinion that the carrying value of the Group's intangible assets is consistent with the Group's forecasts and supported by our business targets and expectations and that no impairment is required at 31 March 2024.

The cumulative impairment charge recognised to date is £546,000 (2023: £546,000).

A list of investments in subsidiaries, including name, country of incorporation and proportion of ownership interest is given in note 27 to the Company's separate financial statements. All of these subsidiaries are included in the consolidated results.

11. Trade and other receivables

	2024 £'000	2023 £'000
Trade receivables net of impairment of £84,000 (2023: £47,000)	1,831	1,830
Accrued income	2,588	3,289
Prepayments and other debtors	463	402
Total	4,882	5,521

Trade receivables denominated in currencies other than sterling comprise £1,726,000 (2023: £1,604,000) of trade receivables denominated in US dollars. The fair values of trade and other receivables are the same as their book values.

Accrued income is primarily comprised of Preferred Partner Service fees of £1,861,000 (2023: £2,180,000) outstanding for the December remittances for annual and semi-annual contracts and the accrual for the first calendar quarter. Also, within accrued income is an AIM Capital revenue accrual of £533,000 (2023: £1,038,000) in respect of payments made to suppliers for promotional products where the customer has not yet been invoiced and the goods have been dispatched.

The Group estimates the amount of credit loss associated with its trade receivables based on forward looking estimates that take into account current and forecast credit conditions. In adopting IFRS 9 the Group has applied the Simplified Approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses.

The summarised ageing analysis of trade receivables which are not impaired is as follows:

	2024 £'000	2023 £'000
Not overdue	877	1,043
Under 30 days overdue	378	391
Over 30 days but under 60 days overdue	209	155
Over 60 days overdue	367	241
Total	1,831	1,830

Reconciliation of movement in loss allowance:

	Expected credit loss rate	Gross carrying amount £'000	Lifetime expected credit loss £'000
31 March 2024			
Not overdue	3.0%	904	26
Under 30 days overdue	4.3%	396	17
Over 30 days but under 60 days overdue	5.9%	221	13
Over 60 days overdue	7.1%	395	28
Total Lifetime expected credit loss		1,916	84

	Expected credit loss rate	Gross carrying amount £'000	Lifetime expected credit loss £'000
31 March 2023			
Not overdue	2.2%	1,067	24
Under 30 days overdue	2.7%	402	11
Over 30 days but under 60 days overdue	2.5%	159	4
Over 60 days overdue	3.2%	249	8
Total Lifetime expected credit loss		1,877	47

The other classes within trade and other receivables do not contain impaired assets.

12. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash and cash equivalents	1,220	1,173

Cash and cash equivalents denominated in foreign currencies other than sterling comprise £1,057,000 (2023: £885,000) which was denominated in US dollars.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2024

13. Trade and other payables

	2024 £'000	2023 £'000
Current		
Trade payables	1,136	1,008
Other taxes and social security	292	250
Accruals	1,660	1,965
Deferred income	362	299
Lease liabilities	192	177
Total	3,642	3,699

Trade payables denominated in currencies other than sterling is comprised £970,000 (2023: £815,000) of trade payables denominated in US dollars.

14. Deferred tax

Deferred tax balances are attributable to the following and are disclosed as non-current assets and non-current liabilities in the balance sheet.

	2024 £'000	2023 £'000
Deferred tax assets		
Accelerated capital allowances	30	30
Exchange rate difference	(9)	(22)
Share based payments	100	-
Losses	547	450
Total	668	458

Movement in the deferred tax asset for the period ended 31 March 2024:

	As at 1 April 2023 £'000	Income Statement £'000	Exchange Difference £'000	As at 31 March 2024 £'000
Accelerated capital allowances	30	-	-	30
Share based payments	-	100	-	100
Losses	428	119	(9)	538
Total	458	219	(9)	668

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

A deferred tax asset of £568,000 (2023: £458,000) has been recognised mainly in relation to losses where it is considered there is a high probability of utilisation, based on the forecast future revenues and profits of the Group, in the next four years. A deferred tax asset in relation to share based payments of £100,000 (2023: £nil) has arisen due to share options expected to exercise.

In the prior year tax losses were utilised during the year, however the related recognised deferred tax asset remains unchanged. This infers a utilisation and a recognition of the deferred tax asset of £280,000 in the year, resulting in a £nil impact on the income statement.

There are potential unrecognised deferred tax assets of approximately £2.4 million. The related losses, totalling £9.6 million, have at least 10 years before they expire. The losses are not recognised due to the insufficient evidence of the availability of suitable taxable profits after 4 years.

Deferred tax liabilities

The deferred tax liability was related to a customer relationship intangible asset which has reversed due to certainty over tax deductibility

	2024 £'000	2023 £'000
Deferred tax liability	-	(347)

15. Share capital and reserves

	2024 £'000	2023 £'000
Allotted, called up and fully paid:		
71,135,730 (2023: 70,847,830) ordinary shares of 0.4p each	285	283

On 2 November 2023, 287,900 ordinary shares of 0.4p were issued for nil consideration per share in respect of Executive Director deferred bonus share awards, refer to note 5 for further details.

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The capital structure of the Group consists of equity comprising issued capital, reserves and retained earnings as set out below. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the value of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. During the period, the Group's strategy, which was unchanged from 2023, was to keep debt to a minimum. Net cash at 31 March 2024 was £1,220,000 (2023: net cash £1,173,000).

The Group operates an HMRC approved incentive plan (EMI scheme) and an unapproved incentive plan, details of which are set out in note 5.

Reserves

Share premium account includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. Retained earnings includes all current and prior period retained profits and losses less dividends paid.

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2024

16. Financial instruments disclosures

Financial instruments policy

Treasury and financial risk policies are set by the Board and have remained unchanged from the previous period. All instruments utilised by the Group are for financing purposes. The day-to-day financial management and treasury function is controlled centrally for all operations. During the period the Group had no derivative transactions, except in relation to share options and warrants.

Financial assets and liabilities

The Group's financial instruments comprise cash and liquid resources, and various items such as trade receivables and trade payables that arise directly from its operations. In the view of the Directors the fair value of financial assets and financial liabilities is not materially different to their carrying amounts.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

The Group assesses credit risk from its cash and cash equivalents on a regular basis. The Group considers such risk to be minimal as cash is held by banks with high credit ratings in the UK and USA.

At the balance sheet date there were no significant concentrations of credit risk.

Interest rate risk

The Group continues to manage the cash position in a manner designed to maximise interest income, while at the same time minimising any risk to these funds. Should there be surplus cash funds these are deposited with commercial banks that meet credit criteria approved by the Board, for periods between one and six months where economic to do so.

Currency risk

The Group is exposed to fluctuations in exchange rates as the majority of its revenues are denominated in US dollars. The risk is primarily a currency translation and remittance to parent risk as the Group's US entities operate as US dollar entities and the majority of their expenditure is denominated in US dollars.

The Group seeks to remove currency risk by invoicing in local currency, primarily Sterling or US dollars, where possible. Where this is not possible, the Group utilises US dollars held within its cash balances.

Financial assets and liabilities

	2024 £'000	2023 £'000
Financial assets		
Loans and receivables:		
Trade receivables	1,915	1,877
Accrued income	2,588	3,289
Cash at bank	1,220	1,173
Total	5,723	6,339

The Group's banking facilities allow for the offset of bank overdrafts against cash at bank.

	2024 £'000	2023 £'000
Financial liabilities		
Other liabilities:		
Trade payables	1,136	1,008
Lease liabilities	383	563
Other short-term liabilities	1,662	1,965
Total	3,181	3,536

The loans, receivables and other financial liabilities are measured at amortised cost.

The majority of the Group's financial assets and liabilities are denominated in US dollars. Cash and cash equivalents denominated in foreign currencies other than sterling comprise £1,057,000 (2023: £885,000) which was denominated in US dollars.

Trade receivables of £1,726,000 (2023: £1,604,000) and accrued income of £2,555,000 (2023: £3,246,000) are denominated in US dollars; and other short-term liabilities of £1,310,000 (2023: £1,472,000) are denominated in US dollars.

Liquidity risk

The responsibility for liquidity risk management rests with the board of Directors. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Maturity profile of financial liabilities:

	2024 £'000	2023 £'000
Maturity profile of financial liabilities:		
Due within one year or on demand	2,989	2,979
Due after one year	191	386

Fair value of financial instruments

At 31 March 2024 the book value of the Group's financial assets and liabilities approximates to the fair value.

Sensitivity analysis

The Group is not materially exposed to changes in interest rates 31 March 2024 as it has no borrowings. The Group is not materially exposed to changes in exchange rates as at 31 March 2024 as US operations are expected to generate sufficient cash in US dollars to meet liabilities as they fall due. There is some exposure to the transmittal of US dollars to the UK however this is carried out regularly and in low values.

Borrowing facilities

The Group increased its working capital credit facility with TD Bank N.A., with a 12-month revolving facility to \$3.0 million (2023: \$1.5 million) and operational facilities of \$0.2 million (2023: \$0.2million). The Facility has no significant financial covenants and is secured by the assets of the US Group with a parental guarantee from Altitude Group PLC. The Facility will provide access to non-dilutive funding to support the Group in executing its growth strategy. The Facility has an arrangement fee of \$3,500 annually and incurs interest at 1% above the US Prime Rate on drawdown. At 31 March 2024 the Facility is undrawn at the year end. The Group holds other operational facilities of \$0.3 million (2023: \$0.3 million).

17. Commitments

Capital commitments

The Group had placed contracts for future capital expenditure of £0.3 million at 31 March 2024 (2023: £nil). These are related to our Gear Shop contracts where the amount and timing is uncertain, but usually within 5 to 7 years of the contract starting.

18. Pensions

The Group operates a defined contribution pension scheme for its employees. The pension cost charge for the period represents contributions payable by the Group to the scheme and other personal pension plans and amounted to £145,000 (2023: £109,000).

Notes to the Consolidated Financial Statements (continued...)

for the year ended 31 March 2024

19. Contingent liabilities

The Group is able to offset overdrawn bank accounts with bank accounts that are in credit.

20. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have therefore not been disclosed.

During the year the Group sold promotional products and logistical and fulfilment services on an arms-length basis to a related party being a company substantially owned and controlled a partner of a Director.

In 2024, sales of £25,600 (2023: £40,435) were made to PSG and its associated companies and trade receivables at 31 March 2024 includes £22,452 (2023: £43,278) due from PSG and its associated companies.

21. Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Lease liabilities £'000	Total £'000
01 April 2023	563	563
Cash flows:		
- Repayment including interest	(207)	(207)
Non-cash		
- Exchange adjustments	(6)	(6)
- Interest charge	33	33
31 March 2024	383	383
	Lease liabilities £'000	Total £'000
01 April 2022	690	690
Cash flows:		
- Repayment including interest	(210)	(210)
Non-cash		
- Exchange adjustments	36	36
- Interest charge	47	47
31 March 2023	563	563

The non-cash movements principally relate to the movements on IFRS 16 for lease obligations.

22. Leases

The Group leases space in buildings in Sheffield and Philadelphia. The Group has applied the IFRS 16 exemptions for short-term and low value leases. No leases contain variable payment terms.

	2024 £'000	2023 £'000
Expiring within one year	192	177
Expiring within two to five years	191	386
Expiring in more than five years	-	-

The movement in lease liabilities in the period are shown below:

	Total £'000
At 1 April 2022	690
Additions	-
Disposals	-
Interest charge	47
Lease payments	(210)
Exchange adjustments	36
At 31 March 2023	563
Additions	-
Disposals	-
Interest charge	33
Lease payments	(207)
Exchange adjustments	(6)
At 31 March 2024	383

The amounts recognised in the income statement are as follows:

	2024 £'000	2023 £'000
Depreciation of right-of-use assets	162	167
Interest expense on lease liabilities	33	47
Short-term leases	-	-

The Group currently leases office space in Sheffield and Philadelphia.

The interest rates inherent in the leases could not be ascertained, therefore, estimates have been used which approximate the likely incremental costs of borrowing for a similar term and asset.

Details of right-of-use assets are shown in note 9.

Company Balance Sheet

at 31 March 2024

	Notes	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Non-current assets			
Investments	27	1,262	842
Fixed assets		7	2
Deferred tax assets	28	282	-
Current assets			
Debtors	29	5,002	5,444
Cash and cash equivalents		61	12
Current liabilities			
Creditors: amounts falling due within one year	30	(331)	(474)
Net current assets		4,732	5,314
Net assets		6,283	5,826
Capital and reserves			
Called up share capital	31	285	283
Share premium account		20,194	20,194
Profit and loss account		(14,196)	(14,651)
Shareholder's funds		6,283	5,826

The Company reported a loss for the period ended 31 March 2024 of £251,000 (2023: £17,000 profit).

The balance sheet was authorised for issue by the Board of Directors on 29 July 2024 and signed on its behalf by:

Graham Feltham
Director

Registered number: 05193579

Company Statement of Changes in Equity

for the period ended 31 March 2024

	Share capital £'000	Share premium £'000	Retained losses £'000	Total equity £'000
At 31 March 2022	283	20,194	(15,179)	5,298
Profit for the period	-	-	17	17
Transactions with owners recorded directly in equity:				
Share-based payment credit	-	-	511	511
Shares issued for cash	-	-	-	-
Total transactions with owners	-	-	511	511
At 31 March 2023	283	20,194	(14,651)	5,826
Loss for the period	-	-	(251)	(251)
Transactions with owners recorded directly in equity:				
Share-based payment charge	-	-	708	708
Shares issued for cash	2	-	(2)	-
Total transactions with owners	2	-	706	708
At 31 March 2024	285	20,194	(14,196)	6,283

Notes to the Company Balance Sheet

for the period ended 31 March 2024

23. Company accounting policies

The separate financial statements of the company are presented as required by the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS101).

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and certain related party transactions.

Where required equivalent disclosures are given in the consolidated financial statements.

The Accounts have been prepared under the historical cost convention. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as noted below.

Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less accumulated impairment. Impairment reviews are carried out if there is an indication that the carrying value of the investments may have been impaired. The Directors exercise their judgement in determining whether any such indicators exist. Where, in the opinion of the Directors, an impairment of the investment has arisen, provisions are made in accordance with IAS 36 'Impairment of Assets'.

Receivables due from subsidiary undertakings

Amounts owed by subsidiary undertakings are assessed for expected credit losses under IFRS 9 'Financial Instruments'. Where required, the Company recognises a provision on this basis reflecting either the lifetime or 12-month expected credit loss dependent on the change in credit risk since initial recognition of the financial asset. The amount of the provision is recognised in the income statement.

Key estimates and judgements

In the preparation of the Company financial statements, the Directors, in applying the accounting policies of the Company, make some judgements and estimates that affect the reported amounts in the financial statements. The Directors consider the following are the areas requiring the use of judgement and estimates that may significantly impact the financial statements.

Receivables due from subsidiary undertakings

The Directors have assessed the recoverability of the receivables due from subsidiary undertakings, by considering both the current position and future revenues/expenditure of each entity and concluded that the subsidiary undertakings would be able to repay the outstanding balances as they fall due.

Going Concern

The financial statements have been prepared on a going concern basis.

The Board is confident that the Group has sufficient liquidity to support the company and can flex on overhead spend should the Company underperform against our expectations. The 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.

24. Company profit and loss account

The company has taken advantage of the section 408 Companies Act 2006 exemption to present its own profit and loss account. The loss for the period was £251,000 (2023: £17,000 profit).

25. Operating costs

The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements.

26. Employees

The only employees of the Company were the Directors.

Details of the Directors' remuneration, share options and pension entitlements are disclosed in note 4 to the consolidated financial statements.

27. Investments

Cost	Shares in subsidiary undertakings £'000
At 31 March 2023	1,239
Additions	420
At 31 March 2024	1,659
Impairment	
At 31 March 2023	(397)
Impairment charge in period	-
At 31 March 2024	(397)
Net book value at 31 March 2023	842
Net book value at 31 March 2024	1,262

Additions of £420,000 in the year relate to share based payment charges for employees in their respective subsidiaries.

Notes to the Company Balance Sheet (continued...)

for the period ended 31 March 2024

The companies in which Altitude Group plc's interest is more than 20% at the period-end are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class of shares held	Holding
AIM Smarter Limited ¹	England and Wales	Sale of software and marketing services	Ordinary	100%
Altitude Group Incorporated	United States	Sale of software and marketing services	Ordinary	100%
AIM Smarter LLC ¹	United States	Sale of software and marketing services	Ordinary	100%
AIM Capital Solutions LLC ¹	United States	Sale of Promotional Products	Ordinary	100%
University Gear Shop LLC ¹	United States	Sale of Promotional Products	Ordinary	100%
Boxcam Limited	England and Wales	Dormant	Ordinary	100%
Promoserve Business Systems Limited ¹	England and Wales	Dormant	Ordinary	100%
Customer Focus Exhibitions Limited ¹	England and Wales	Dormant	Ordinary	100%
Customer Focus Interactive Imaging Limited ¹	England and Wales	Dormant	Ordinary	100%
The Advertising Products Group Limited ¹	England and Wales	Dormant	Ordinary	100%
Trade Only Technology Services Limited	Canada	Dormant	Ordinary	100%

¹ – Held by a subsidiary undertaking

28. Deferred tax assets

Deferred tax balances are attributable to the following and are disclosed as non-current assets in the balance sheet.

Deferred tax assets

	2024 £'000	2023 £'000
Losses	182	-
Share based payments	100	-
Total	282	-

Movement in the deferred tax asset for the period ended 31 March 2024:

	As at 1 April 2023 £'000	Income Statement £'000	As at 31 March 2024 £'000
Losses	-	182	182
Share based payments	-	100	100
Total	-	282	282

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

A deferred tax asset of £182,000 (2023: £nil) has been recognised as it is considered there is a high probability of utilisation, based on the forecast future revenues and profits of the Company, in the next four years. A deferred tax asset in relation to share based payments of £100,000 (2023: £nil) has arisen due to share options expected to exercise.

There are potential unrecognised deferred tax assets of approximately £0.6 million. The related losses, totalling £2.5 million, have at least 10 years before they expire. The losses are not recognised due to the insufficient evidence of the availability of suitable taxable profits after 4 years.

29. Debtors

	2024 £'000	2023 £'000
Amounts falling due within one year:		
Other debtors	22	22
Amounts owed by subsidiary undertakings	4,980	5,422
Total	5,002	5,444

All amounts owed by subsidiary undertakings are interest free and repayable on demand; however we do not anticipate needing to recall any funds in the next 12 months.

30. Creditors: Amounts falling due within one year

	2024 £'000	2023 £'000
Trade and other creditors	67	54
Accruals and deferred income	264	420
Total	331	474

The Group are able to offset overdrawn accounts with accounts that are in credit. The average effective interest rate on bank overdrafts are £nil (2023: £nil) as these borrowings are secured by cash balances held within the group and balances are offset for interest purposes.

Notes to the Company Balance Sheet (continued...)

for the period ended 31 March 2024

31. Share capital

	2024 £'000	2023 £'000
Allotted, called up and fully paid:		
71,135,730 (2023: 70,847,830) ordinary shares of 0.4p each	285	283

On 25 October 2023, 287,900 ordinary shares of 0.4p each were issued for nil consideration per share in respect of Executive Director deferred bonus share awards, please refer to note 5 for further details.

Reserves

Share premium account includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. Retained earnings includes all current and prior period retained profits and losses less dividends paid.

32. Commitments

Altitude Group PLC acts as guarantor to the main working capital credit facility obtained by Altitude Group Inc with TD Bank N.A., with a 12-month revolving facility of \$3.0 million (2023: \$1.5 million). The Company had no other capital commitments existing at 31 March 2024 or 31 March 2023.

33. Related parties

The related party transactions with key personnel are set out in note 20 to the consolidated financial statements.

34. Post balance sheet events

At the time of signing there were no post balance sheet events requiring disclosure.

NOTICE IS HEREBY GIVEN that the 2024 annual general meeting of Altitude Group Plc (company number **05193579**) (the "**Company**") will be held on Monday 23 September 2024 at 11:00 a.m. at the offices of Zeus Capital Limited, 125 Old Broad St, London EC2N 1AR for the transaction of the following business:

Ordinary Resolutions

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive the Company's annual accounts for the financial year ended 31 March 2024 together with the last Directors' Report, the last Directors' Remuneration Report and the Auditors' Report on those accounts.
2. To re-elect Nikki Stella who is retiring by rotation in accordance with the Company's articles of association as Director of the Company.
3. To re-appoint Crowe U.K. LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting of the Company.
4. To authorise the Directors to fix the remuneration of the auditors of the Company.
5. That the Directors be generally and unconditionally authorised to allot shares in the Company and grant rights to subscribe or to convert any security into shares in the Company:
 - 5.1 up to an aggregate nominal amount of £96,626.31 in the form of equity securities (as defined in section 560 of the Companies Act 2006) in connection with an offer or issue by way of rights, open for acceptance for a period fixed by the Directors, to holders of ordinary shares (other than the Company) on the register on any record date fixed by the Directors in proportion (as nearly may be) to the respective number of ordinary shares deemed to be held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
 - 5.2 up to an aggregate nominal amount of £96,626.31 (whether in connection with the same offer or issue as under paragraph 5.1 or otherwise).

This authority shall expire (unless previously varied as to duration, revoked or renewed by the Company in general meeting) at the end of the next annual general meeting of the Company or, if earlier, at the close of business on 31 December 2025, except that the Company may during the relevant period make any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends, and the Directors may allot shares or grant such rights in pursuance of such offer or agreement as if the authority had not ended.

Special Resolutions

To consider and, if thought fit, approve the following resolutions that will be proposed as special resolutions:

6. That if resolution 5 is passed, the Directors be authorised to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited to the allotment of equity securities or sale of treasury up to a nominal amount of £28,987.89, such authority will expire at the end of the next annual general meeting of the Company or, if earlier, at the close of business on 31 December 2025, but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.
7. That if resolution 5 is passed, the Directors be authorised in addition to any authority granted under resolution 6 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £28,987.89, such authority to be used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be either an acquisition or a specified capital investment of a kind contemplated by

Notice of Annual General Meeting 2024

(continued...)

the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, such authority will expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 31 December 2025 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

- 8.** That the Company is generally and unconditionally authorised for the purpose of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of that Act) of ordinary shares of £0.004 each in the capital of the Company, on such terms and in such manner as the Directors may from time to time determine, provided that:
 - 8.1** the maximum aggregate number of ordinary shares that may be purchased is 7,246,973, representing 10% of the Company's issued ordinary share capital (excluding treasury shares) as at 29 August 2024 (the latest practicable date prior to publication of this notice);
 - 8.2** the minimum price (excluding expenses) that may be paid for each ordinary share is £0.004;
 - 8.3** the maximum price (excluding expenses) that may be paid for each ordinary share is the higher of:
 - 8.3.1** 105% of the average market value of an ordinary share in the capital of the Company for the five business days immediately prior to the day the purchase is made;
 - 8.3.2** the value of an ordinary share in the capital of the Company, being the higher of:
 - (a)** the price of the last independent trade in such a share on the trading venue where the purchase is carried out; and
 - (b)** the highest current independent bid for such a share on such trading venue;
 - 8.4** this authority shall expire on the earlier of 31 December 2025 and the conclusion of the Company's next annual general meeting; and
 - 8.5** the Company may make a contract for the purchase of ordinary shares under this authority before it expires, notwithstanding that such contract will, or might, have its terms executed wholly or partly after this authority expires, and the Company may make a purchase pursuant to such a contract after the expiry of this authority.

Recommendation

The Directors believe that the proposals in resolutions 1 to 8 are in the best interests of shareholders as a whole. The Directors will be voting in favour of them and unanimously recommend that you do so as well.

By Order of the Board

Almond CS Limited
Company Secretary
29 July 2024

Registered office

7th Floor
32 Eyre St
Sheffield
S1 4QZ

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at 11:00 a.m. on 19 September 2024 or, if this meeting is adjourned, at 11:00 a.m. on the day two business days prior to the adjourned meeting, shall be entitled to attend, speak and vote at the meeting in accordance with Regulation 41 of the Uncertificated Securities Regulations 2001. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend, speak and vote at the meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. To appoint more than one proxy please refer to the notes on the proxy form.

Appointment of proxy using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each or withhold their vote. To appoint a proxy using the proxy form, the form must be:
 - completed and signed;
 - sent or delivered to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD; and
 - received by Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD no later than 11.00 a.m. on 19 September 2024.
6. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
7. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

Changing proxy instructions

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off times for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
10. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD.
11. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Notes

(continued...)

Termination of proxy appointment

- 12.** In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD.
- 13.** In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
- 14.** Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- 15.** The revocation notice must be received by Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD no later than 11.00 a.m. on 19 September 2024.
- 16.** If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
- 17.** Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

Submission of proxy electronically

- 18.** CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider should refer to their CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy, the revocation of a proxy appointment or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by the latest time(s) for receipt of proxy appointments specified in this notice of meeting.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to a proxy appointed through CREST should be communicated to the appointee by other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider take) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

Corporate representative

- 19.** A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Documents on display

- 20.** The following documents will be available for inspection at the registered office of the Company on any weekday (excluding public holidays) during normal office hours from the date of this notice until the time of the meeting and for at least 15 minutes prior to the meeting and during the meeting:
 - copies of the service contracts of the executive Directors of the Company; and
 - copies of the letters of appointment of the non-executive Directors of the Company.

Explanatory notes to the resolutions proposed at the annual general meeting

The resolutions to be proposed at the AGM of the Company to be held on Monday 23 September 2024 at 11:00 a.m. are set out in the notice of AGM. The following notes provide an explanation to the resolutions being put to shareholders.

Ordinary resolutions

Resolutions 1 to 5 are proposed as ordinary resolutions. These resolutions will be passed if more than 50% of the votes are cast in favour of them.

Resolution 1 – Laying of accounts

The Directors are required to present to shareholders at the AGM the reports of the Directors and auditors and the audited accounts of the Company for the year ended 31 March 2024.

Resolutions 2 – Re-election of Directors

The Company's articles of association require each Director who has not been appointed in the previous two annual general meetings retire from office each year. Nikki Stella is retiring and seeks re-appointment at the AGM. Her biographical information is included on page 30 of the Company's annual accounts and reports.

Having considered the performance of and contribution made by Nikki, the board of Directors remains satisfied that, and the Chair confirms that, her performance continues to be effective and demonstrates commitment to the role and as such the board recommends her re-election.

Resolution 3 – Re-appointment of auditors

The Companies Act 2006 requires that auditors be appointed at each general meeting at which accounts are laid to hold office until the next such meeting. The appointment of Crowe U.K. LLP as auditors of the Company terminates at the conclusion of the AGM. They have indicated their willingness to stand for reappointment as auditors of the Company until the conclusion of the annual general meeting in 2025. The Company's audit committee keeps under review the independence and objectivity of the external auditors and further information can be found in the annual report and accounts on page 33. After considering the relevant information, the Audit Committee has recommended to the board that Crowe U.K. LLP be re-appointed as auditors.

Resolution 4 – Authorising and fixing the remuneration of the auditors

It is normal practice for shareholders to resolve at the annual general meeting that the Directors decide on the level of remuneration of the auditors for the audit work to be carried out by them in the next financial year. The amount of the remuneration paid to the auditors for the next financial year will be disclosed in the next audited accounts of the Company.

Resolution 5 – Authority to allot shares

The Directors may only allot shares or grant rights over shares if authorised to do so by shareholders. The authority granted at the last annual general meeting to allot shares or grant rights to subscribe for, or convert any security into, shares is due to expire at the conclusion of this year's AGM.

The Investment Association (IA) guidelines on authority to allot shares state that IA members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to one-third of a company's issued share capital. In addition, they will treat as routine a request for authority to allot shares representing an additional one third of the company's issued share capital provided that it is only used to allot shares for the purpose of a fully pre-emptive rights issue.

Accordingly, resolution 5, if passed, would authorise the Directors under section 551 of the CA 2006 to allot new shares or grant rights to subscribe for, or convert any security into, new shares (subject to shareholders' pre-emption rights) up to a maximum nominal amount of £193,252.62 (which would equate to 48,313,154 ordinary shares of £0.004 each), representing the IA guideline limit of approximately 66% of the Company's issued ordinary share capital as at 29 August 2024 (being the latest practicable date prior to the publication of this document).

Resolution 5.1 would give the Directors authority to allot new shares or grant rights to subscribe for, or convert any security into, new shares, up to an aggregate nominal value of £96,626.31 (which would equate to 24,156,577 ordinary shares of £0.004 each), representing approximately one third of the Company's existing issued share capital in connection with a rights issue in favour of ordinary shareholders.

Explanatory notes to the resolutions proposed at the annual general meeting (continued...)

Resolution 5.2, if passed, would give the Directors general authority to allot new shares or grant rights to subscribe for, or convert any security into, new shares, up to an aggregate nominal value of £96,626.31 (which would equate to 24,156,577 ordinary shares of £0.004 each), representing approximately one third of the Company's existing issued share capital. As resolution 5.2 imposes no restrictions on the way the authority may be exercised, it could be used in conjunction with resolution 5.1 so as to enable the whole two-thirds to be used in connection with a rights issue. Where the usage of this authority exceeds one-third of the issued share capital, the directors intend to follow best practice as regards its use.

The authority will expire at the earlier of the conclusion of the next annual general meeting of the Company and 31 December 2025.

Passing this resolution will ensure that the directors continue to have the flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares. There are no current plans to issue new shares except in connection with employee share schemes.

Special resolutions

Resolutions 6 to 8 are special resolutions. These resolutions will be passed if not less than 75% of the votes are cast in favour of them.

Resolutions 6 and 7 – Disapplication of pre-emption rights

The CA 2006 requires that if the Company issues new shares or grants rights to subscribe for or to convert any security into shares for cash, or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings. In certain circumstances, it may be in the best interests of the Company to allot shares (or to grant rights over shares) for cash without first offering them proportionately to existing shareholders. This cannot be done under the CA 2006 unless the shareholders have first waived their pre-emption rights. In accordance with the Pre-Emption Group's Statement of Principles 2022 on Disapplying Pre-Emption Rights (Statement of Principles 2022), the directors are seeking authority to disapply pre-emption rights in two separate special resolutions.

Resolution 6 seeks authority for the directors to disapply pre-emption rights and issue shares in connection with pre-emptive offers, or otherwise to issue shares for cash, including the sale on a non-pre-emptive basis of any shares the Company holds in treasury for cash, up to an aggregate nominal amount of £28,987.89 (which would equate to 7,246,973 ordinary shares of £0.004 each), representing ten per cent of the Company's issued share capital as at 29 August 2024, being the latest practicable date prior to the publication of this AGM notice.

Resolution 7 seeks authority for the directors to disapply pre-emption rights and allot new shares and other equity securities pursuant to the allotment authority given by resolution 5, or sell treasury shares for cash, up to an aggregate nominal amount of £28,987.89 (which would equate to 7,246,973 ordinary shares of £0.004 each), representing an additional ten per cent of the Company's issued share capital as at 29 August 2024, being the latest practicable date prior to the publication of this AGM notice, but only in connection with transactions which the Directors determine to be either an acquisition or specified capital investment as defined by the Statement of Principles 2022.

If passed, these authorities will expire at the same time as the authority to allot shares given pursuant to resolution 5 (Authority to allot shares).

Save for share issues in respect of employee share schemes and any share dividend alternatives, the directors have no current plans to utilise either of the authorities sought by resolutions 5 (Authority to allot shares), 6 (Disapplication of pre-emption rights in relation to rights issues and other pre-emptive offers, as well as on up to 10% of issued ordinary share capital) or 7 (Additional disapplication of pre-emption rights in connection with an acquisition or specified capital investment), although they consider their renewal appropriate in order to retain maximum flexibility to take advantage of business opportunities as they arise.

Resolution 8 – Purchase of own shares

This resolution seeks authority for the Company to make market purchases of its own shares and is proposed as a special resolution. If passed, the resolution gives authority for the Company to purchase a maximum of 7,246,973 of its ordinary shares in aggregate representing 10% of the Company's issued ordinary share capital (excluding treasury shares) as at 29 August 2024 (the latest practicable date prior to publication of this notice).

The resolution specifies the minimum and maximum prices (excluding expenses) that may be paid for any ordinary shares purchased under this authority. This authority will expire on the earlier of 31 December 2025 and the conclusion of the Company's next annual general meeting.

The Directors have no present intention of exercising the authority granted by this resolution, but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities.

The Company may either cancel any shares it purchases under this authority or hold them in treasury (and subsequently sell them for cash, transfer them for the purposes of, or pursuant to, an employees' share scheme or cancel them).

Advisors

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Solicitors

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Audited Annual Results

for the Year Ended 31 March 2024

Nichole Stella, Group CEO of Altitude, said:

"FY24 was a continuation of the accelerated growth we achieved in FY23, and once again we achieved record-breaking results for the Group. It was a year that required intense focus on delivery in new markets and ensuring continued scale within our core industry. FY25 has started strongly, with commercial growth in Merchanting and with Services continuing to outperform the wider industry. We remain excited about our growth potential, and continue to trade in line with market expectations."

➔ **Chief Executive's Statement page 14**

