RNS Number : 5116O
Altitude Group PLC
03 December 2024

3 December 2024

Altitude Group plc

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

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Altitude Group Plc (AIM: ALT), the leading end-to-end solutions provider for branded merchandisejs pleased to announce its unaudited interim results for the six months to 30 September 2024 ("HY25").

As reported on 15 November 2024,The Group's financial performance in HY25 demonstrates strong year-on-year growth, surpassing the figures from HY24 by 24.0% on revenue and 13.3% on Adjusted Operating Profit at constant currency.

The Group has benefited from the ongoing strength of its highly profitable Services Division, which is inclusive of its marketplace, subscription and SaaS programmes. This continued strength has empowered the Group to develop and expand its diversified Merchanting Division.

The Group's disruptive collegiate Gear Shop solution continued to expand in HY25. Since the Trading Update on 15 November 2024, the Group has been awarded a further contract. Additionally, the Group has successfully launched its 8 previously reported contracts and commercial trading within these spaces has commenced. As the new tender season has launched, we have a robust pipeline, which is benefitting from expanded strategic relationships. We now have a total of 21 Gear Shop contracts at 24 locations with expected annualised average revenues of c 10m.

ACS grew 19% in annualised run rate revenues by 3.4m to 21.4m through robust recruitment of new affiliates in HY25.

Financial Highlights

- Group revenues increased by 24.0% at constant currency to £14.2 million (HY24: £11.8 million)
- Services revenue grew by 3.5% at constant currency reflecting underlying growth and performance across the AIM network
- Merchanting revenue grew by 35.1% at constant currency reflective of new affiliate signings and Gear Shop expansion
- Gross profit increased 7.9% at constant currency to £5.2 million (HY24: £4.9 million)
- Merchanting gross margin increased to 14.9% (HY24: 14.6%) due to the Gear Shop growth
- Group gross margin of 36.5% (HY24: 41.8%) is expected and reflective of blended revenues as a result of growth in Merchanting across the Group's programmes
- Group adjusted operating profit* increased in HY25 by 13.3% at constant currency to £1.2 million (HY24: £1.1 million)
- Basic and diluted earnings per share increased by 18.8% and 16.0% respectively to 0.08p (HY24: 0.07p)
- Net indebtedness was £0.6m (HY24: net cash £0.2m). The Group's facility headroom was 1.8 million (HY24: 1.2m) which provides ample working capital for the group's existing growth needs

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

Key corporate developments and operational highlights

Strong HY25 growth in Merchanting programmes underpinned by key Services programmes

Services:

- Services continues to be a strong and consistent foundation for the Group. Despite operating in a subdued promotional product market across the industry, the Services division achieved 3.5% constant currency revenue growth.

- This division performance outpaced the market, which reported 0.4% growth in first half of the calendar year and recently signalled strong calendar Q3 growth of 4.2%

Merchanting:

- Merchanting expansion continues to advance and drive strong revenue growth for the Group
- The Group's Gear Shop solution has experienced accelerated growth in the last 18 months, growing from two locations during the initial beta programme to 21 contracts and 24 locations with expected annualised average revenue of at least 10m
- We have expanded our strategic partnerships and anticipate this driving strong outcomes and continued accelerated expansion in the coming year and beyond
- ACS has grown 19% in annualised run rate revenues by 3.4m to 21.4m from robust recruitment of new affiliates in HY25
- Recruitment pipeline remains strong and will be entering its peak period in the first calendar quarter of 2025
- The Group recently hit a milestone record high with more than 2m invoiced sales in a month

Technology:

- The Group's steadfast dedication to excellence in its technology platforms is reflected in continued investment to enhance and optimise performance
- Increased uptake in adoption of SaaS platform from members and new affiliates, driving 32% increased orders processed
- Ongoing development has continued to evolve the user experience, deepen partner integrations and re-enforce cyber security measures continued across all platforms, supporting growing usage across the Group's proprietary suite of technology
- Key initiatives in HY25 have focused on the development and implementation of a new core centralised finance system which will support internal financial processes across all divisions and provide improved operational capability and enable greater scalability

Outlook

The Group continues to benefit from robust growth in its Merchanting division, and its performance is underpinned by the resilient Services division despite subdued market conditions and a challenging economic environment in the US. The Group has also made strong operational progress which will continue into H2 25.

Additionally, with the US election completed, both market indicators and industry consensus point to a return to year-on-year growth in calendar Q3 against a backdrop of near-term growth within the US economy. As a result of the HY1 25 growth, and the improving economic situation in the US, the Board remain confident that the Group will continue to deliver on its strategy and that it remains in line with market expectations on revenue and adjusted operating profit for the full financial year.

We are pleased that we have continued to drive profitable growth and invested in people and systems to achieve improved operating leverage during challenging market conditions. The Group anticipates the return to industry growth to extend into the new financial year and the Board remains excited about our future potential.

Nichole Stella, Group CEO of Altitude, said:

"The Group remains focused on delivery across all divisions. We are pleased that we have continued to drive profitable growth and invested in people and systems to achieve greater operational leverage during challenging market conditions. The Group anticipates the return to industry growth to extend into the new financial year. The Board remains confident that it will continue to deliver on its strategy."

Enquiries:

Altitude Group plc Nichole Stella, Chief Executive Officer Graham Feltham, Chief Financial Officer	Via Zeus
Zeus (Nominated Adviser & Broker) Dan Bate / James Edis (Investment Banking) Dominic King (Corporate Broking)	Tel: 0203 829 5000

Chief Executive's statement

Interim results for the 6 months ended 30 September 2024

The Group has benefited from the ongoing strength of its highly profitable Services Division, which is inclusive of its marketplace, subscription and SaaS programmes. This continued strength, despite subdued market conditions and challenging conditions in the US, has empowered the Group to develop and expand its diversified Merchanting Division. Additionally, the Group has made strong operational progress as we continue to scale and grow the business. Our teams were instrumental in not only delivering on these key Merchanting growth initiatives but also in ensuring the continued stability and success of our core Services operations. In the year our US AIM membership grew to 2,264 (FY24 2,262). The AIM membership represents c.10% of the 26.1b industry's c22,000 distributors. As a result, we drove growth across all Services and Merchanting programmes and were able to increase Group revenues by 24.0% to £14.2 million (HY24: £11.8 million) at constant currency and increase Group adjusted operating profit* in HY25 by 13.3% to £1.2 million (HY24: £1.1 million) at constant currencies.

The executive management team has navigated a prolonged period of challenging macro-economic conditions, while still achieving expansive organic profitable growth, as we have clearly understood that the Group's success can only be driven by ongoing investments in business development, infrastructure, and technology-driven efficiencies. I am proud that we have continued to organically scale to achieve our future aspirations. We are well-positioned in the markets we serve and both our Services and Merchanting programmes maintain strong pipelines for future scaling.

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

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

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

What Do We Do - Merchanting

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

- Provide specialist expertise on branded merchandise and graduation regalia with quick access to full product ranges from our Preferred Partners, laptops and other technology accessories, non-textbook 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 a specialised partnership, seamlessly deliver a single Gear Shop solution, delivering both branded merchandise with course materials and textbooks

ACS 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 for the Group

What Do We Do - Services

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.

Services - Member benefits: In addition to our marketplace platform, the Group delivers highly sought-after business benefits to members and affiliates such as:
- Preferred Partner pricing benefits
- Freight programmes and shipping discounts
- Community & networking opportunities
- Education & professional development
- Expanded marketing services, products and tools

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

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

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

- Efficiency - providing an intuitive online ordering experience for buyers coupled with the back-end technology stack to support the quick fulfilment of orders for branded merchandise
- Effectiveness - ensuring product / 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

Technology

Altitude's proprietary technology platforms remain central to operations in both the Services and Merchanting segments. Investments remain focused on enhancing efficiency for growing user bases and internal workflows, delivering deeper data insights, and supporting an expanding network of key partner connections.

- The AIM and ACS Tech Suites have seen increasing adoption, with growth in order volumes from the USA and UK, further bolstered by the recent expansion into Canada enabled through FY24 technology enhancements
- Technological initiatives to enhance scalability in the Merchanting segment have delivered efficiency gains for ACS affiliates, while a comprehensive overhaul of ACS's financial systems has begun, aligning with a new centralised finance platform to ensure streamlined operations further operational gearing
- Cybersecurity has remained a top priority, with multiple initiatives launched to fortify protections across our technology platforms, operational systems, and processes

Financial Results

	Unaudited 6 months 30-Sep-24 £'000	Unaudited 6 months 30-Sep-23 £'000	Impact of currency £'000	Underlying change £'000	%	Total change £'000
	Group	**Group**				
Services						
Turnover	4,172	4,120	(90)	**142**	3.5%	**52**
Cost of Sales	(479)	(312)	6	(173)	56.5%	(167)
Gross Profit	**3,693**	**3,808**	**(84)**	**(31)**	(0.8%)	**(115)**
	88.5%	*92.4%*				
Merchanting						
Turnover	10,068	7,648	(193)	**2,613**	35.1%	**2,420**
Cost of Sales	(8,570)	(6,534)	165	(2,201)	34.6%	(2,036)
Gross Profit	**1,498**	**1,114**	**(28)**	**412**	37.9%	**384**
	14.9%	*14.6%*				
Group						
Turnover	14,240	11,768	(283)	**2,755**	24.0%	**2,472**
Cost of Sales	(9,049)	(6,846)	171	(2,374)	35.6%	(2,203)
Gross Profit	**5,191**	**4,922**	**(112)**	**381**	7.9%	**269**
	36.5%	*41.8%*				

Group revenue for the period increased by £2.4m to £14.2m (HY24: £11.8m), an increase of 24.0% at constant currency.

Services have grown by £0.1 million or 3.5%, with the growth arising from the timing of managed events. Supplier throughput revenues are flat year on year which corresponds with market data from ASI Central for calendar Q1 and Q2 periods. The latest estimates are used for VIP suppliers with annual contracts. Industry reports suggest a return to growth in the latest quarter although there is widespread uncertainty in the industry with macro-economic events impacting confidence.

Merchanting has delivered 35% growth with an additional £2.6 million of revenue. ACS drives our top line growth with c19% growth in annual expected revenues from both organic growth and successful recruitment. Our Gear Shops have grown in the same proportion as ACS with the addition of 7 new stores successfully going live within the half year. During the period we have extended our course material partners and delivered joint solutions with them. Additional partnerships offer more sales channels to us compared to having a sole partner in prior years and selling periods.

Gross profit increased by £0.3m, or by 7.9% at constant currency, to £5.2m (HY24: £4.9m), with an expected reduction in gross margin to 36.5% (HY24: 41.8%) reflecting an increased mix of Merchanting especially within our ACS affiliate programme. Merchanting gross profit increased to 14.9% (HY24: 14.6%) from an increase in higher margin Gear Shop contracts. Services gross margin reduced to 88.5% (HY24: 92.4%) reflecting sales growth obtained from lower margin virtual assistance services offered via our service partners to our membership.

Administration expenses before share-based payments, amortisation, depreciation and exceptional charges increased by 6.5% at constant currency to £4.0m (HY24: £3.9m). The small increase is driven by the roll out of the Gear Shops and the strengthening of the core team. Other administration and central costs have remained flat year on year as a result of strong cost control management.

Adjusted operating profit* increased, on a constant currency, by 13.3% to £1.2m (HY24: £1.1m).

Basic and diluted earnings per share remained consistent at 0.08p (HY24: 0.07p) whilst adjusted basic earnings per share decreased by 6.4% to 0.66 pence (HY24: 0.71 pence).

Net operating cash flow before exceptional items reduced by £0.8m to a £0.6m outflow (HY24: £0.2m inflow) driven mainly from a £1.2m outflow from earlier cash collections in FY24 and an increased proportion of annual supplier throughput contracts compared to quarterly and £0.7m outflow from peak trading in ACS which has seen a record month of shipments and sales invoicing which jointly comprise the majority of c£2.2m outflow in trade and other receivables. Net cash outflow from investing activities was £1.0m (HY24: £1.0m outflow), primarily comprising of capitalised software development costs of £0.5m (HY24: £0.5m) and Gear Shops contract investments of £0.4m (HY24: £0.4m), which are made up of equipment and deferred contract assets. Net cash inflows from financing activities of £0.8m were mainly comprised of a facility drawdown of £0.9m.

Total net cash outflow was £0.9m (HY24: £0.7m outflow). The main bank facility of3m, secured in FY24, was put in place to fund short-term working capital fluctuations and investment in inventory, equipment and fitting out costs as a result of our growth in Merchanting.

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

Outlook

The Group, despite subdued market conditions and a challenging economic environment in the US, continues to benefit from robust growth in its Merchanting division, and its performance is underpinned by the resilient Services division. The Group has also made strong operational progress which will continue into H2 25.

Additionally, with the US election completed, both market indicators and industry consensus point to a return to year-on-year growth in calendar Q3 against a backdrop of near-term growth within the US economy. As a result of the HY1 25 growth, and the improving economic situation in the US, the Board remain confident that the Group will continue to deliver on its strategy and that it remains in line with market expectations on revenue and adjusted operating profit for the full financial year.

We are pleased that we have continued to drive profitable growth and invested in people and systems to achieve improved operating leverage during challenging market conditions. The Group anticipates the return to industry growth to extend into the new financial year and the Board remains excited about our future potential.

Nichole Stella

Chief Executive Officer

3 December 2024

Consolidated income statement for the six months ended 30 September 2024

	Note	**Unaudited**	Audited	**Unaudited**
		6 months	12 months	**6 months**
		30 Sep 2024	31 Mar 2024	**30 Sep 2023**
		£'000	£'000	**£'000**
Revenue	3	**14,240**	24,009	**11,768**
Cost of sales		**(9,049)**	(13,635)	**(6,846)**
Gross profit		**5,191**	10,374	**4,922**
Administrative expenses before share based payment charges, depreciation amortisation and exceptional expenses		**(4,039)**	(7,967)	**(3,863)**
Operating profit before share based payment charges, depreciation, amortisation and exceptional charges		**1,152**	2,407	**1,059**
Share based payment charges		**(248)**	(708)	**(305)**
Depreciation and amortisation		**(754)**	(1,325)	**(634)**
Exceptional charges		**(98)**	(295)	**(69)**
Total administrative expenses		**(5,139)**	(10,295)	**(4,871)**
Operating profit		**52**	79	**51**
Finance expenses		(17)	(84)	(20)
Profit/loss before taxation		**35**	(5)	**31**

Taxation		**23**	702	**17**
Profit attributable to the equity shareholders of the Company		**58**	697	**48**

Earnings per ordinary share attributable to the equity shareholders of the Company:				
- Basic (pence)	4	0.08p	0.98p	0.07p
- Diluted (pence)	4	0.08p	0.96p	0.07p

Consolidated statement of changes in equity for the six months ended 30 September 2024

	Share Capital £'000	**Share Premium £'000**	**Retained Earnings £'000**	**Foreign Exchange Translation Reserve £'000**	**Total £'000**
At 31 March 2023	**283**	**20,194**	**(11,061)**	**15**	**9,431**
Profit for the period attributable to equity shareholders	-	-	48	-	48
Foreign exchange differences	-	-	-	102	102
Total comprehensive income	**-**	**-**	**48**	**102**	**150**
Transactions with owners recorded directly in equity:					
Shares issued for cash	-	-	-	-	-
Share based payment charges	-	-	305	-	305
Total transactions with owners	**-**	**-**	**305**	**-**	**305**
At 30 September 2023	**283**	**20,194**	**(10,708)**	**117**	**9,886**
Profit for the period attributable to equity shareholders	-	-	649		649
Foreign exchange differences	-	-		(276)	(276)
Total comprehensive income	**-**	**-**	**649**	**(276)**	**373**
Transactions with owners recorded directly in equity:					
Shares issued for cash	-	-		-	-
Share based payment charges	-	-	403	-	403
Shares issued	2	-	(2)	-	-
Total transactions with owners	**2**	**-**	**401**	**-**	**403**
At 31 March 2024	**285**	**20,194**	**(9,658)**	**(159)**	**10,662**
Profit for the period attributable to equity shareholders	-	-	58	-	58
Foreign exchange differences	-	-	-	(492)	(492)
Total comprehensive income	**-**	**-**	**58**	**(492)**	**(434)**
Transactions with owners recorded directly in equity:					
Shares issued for cash	-	-	-	-	-
Share based payment charges	-	-	248	-	248
Total transactions with owners	**-**	**-**	**248**	**-**	**248**
At 30 September 2024	**285**	**20,194**	**(9,352)**	**(651)**	**10,476**

Consolidated balance sheet as at 30 September 2024

	Unaudited	Audited	**Unaudited**
	6 months	12 months	**6 months**
	30 Sep 2024	31 Mar 2024	**30 Sep 2023**
	£'000	£'000	**£'000**
ASSETS			
Non-current assets			
Property, plant & equipment	**428**	326	**266**
Right of use assets	**179**	270	**437**
Intangibles	**3,246**	3,089	**2,976**

Goodwill	**2,737**	2,881	**2,969**
Deferred tax	**651**	668	**400**
Total non-current assets	**7,241**	7,234	**7,048**
Current assets			
Inventory	**1,458**	1,044	**1,054**
Trade and other receivables	**6,660**	4,882	**5,645**
Corporation tax receivable	**172**	115	**218**
Cash and cash equivalents	**313**	1,220	**441**
Total current assets	**8,603**	7,261	**7,358**
Total assets	**15,844**	14,495	**14,406**
LIABILITIES			
Current liabilities			
Revolving facility	**(896)**	-	**(213)**
Trade and other payables	**(4,335)**	(3,642)	**(3,514)**
	(5,231)	(3,642)	**(3,727)**
Net current assets	**3,372**	3,619	**3,631**
Non-current liabilities			
Deferred tax liabilities	**-**	-	**(268)**
Lease liabilities	**(137)**	(191)	**(525)**
Total non-current liabilities	**(137)**	(191)	**(793)**
Total liabilities	**(5,368)**	(3,833)	**(4,520)**
Net assets	**10,476**	10,662	**9,886**
EQUITY			
Called up share capital	**285**	285	**283**
Share premium	**20,194**	20,194	**20,194**
Retained earnings	**(10,003)**	(9,817)	**(10,591)**
Total equity attributable to equity holders of the parent	**10,476**	10,662	**9,886**

Consolidated cash flow statement for the six months ended 30 September 2024

	Unaudited	Audited	**Unaudited**
	6 months	12 months	**6 months**
	30 Sep 2024	**31 Mar 2024**	**30 Sep 2023**
	£'000	£'000	**£'000**
Operating Profit	**52**	79	**51**
Amortisation of intangible assets	**605**	1,071	**480**
Depreciation	**149**	254	**154**
Share based payment (credit) /charge	**248**	708	**305**
Exceptional items	**98**	295	**69**
Operating cash flow before changes in working capital	**1,152**	2,407	**1,059**
Movement in Inventory	**(494)**	(694)	**(669)**
Movement in trade and other receivables	**(2,247)**	540	**(218)**
Movement in trade and other payables	**999**	23	**38**
Changes in working capital	**(1,742)**	(131)	**(849)**
Net operating cash flow before exceptional items	**(590)**	2,276	**210**
Exceptional items	(98)	(263)	(69)
Net operating cash flow activities after exceptional items	**(688)**	2,013	**141**
Income tax received	**-**	121	(26)
Net cash flow from operating activities	**(688)**	2,134	**115**
Cash flows from investing activities			
Purchase of tangible assets	**(214)**	(223)	**(108)**
Purchase of intangible assets	**(785)**	(1,573)	**(846)**
Net cash flow from investing activities	**(999)**	(1,796)	**(954)**
Cash flows from financing activities			
Repayment of lease borrowings	**(92)**	(174)	**(84)**
Lease interest paid	**(12)**	(33)	**(18)**
Other interest paid	**(13)**	(50)	**(2)**

Drawdown of Revolving facility	**896**	-	**213**
Net cash flow from financing activities	**779**	(257)	**109**
Net increase/(decrease) in cash and cash equivalents	**(908)**	81	**(730)**
Cash and cash equivalents at the beginning of the period	**1,220**	1,173	**1,173**
Effect of foreign exchange rate changes on cash and cash equivalents	**1**	(34)	**(2)**
Net (decrease)/increase in cash and cash equivalents	**(908)**	81	**(730)**
Cash and cash equivalents at the end of the period	**313**	1,220	**441**

Notes to the half yearly financial information

1. Basis of preparation

This consolidated half yearly financial information for the half year ended 30 September 2024 has been prepared in accordance with the AIM rules and applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the period ended 31 March 2024. The Group's accounting policies are based on the recognition and measurement principles of UK-adopted international accounting standards. The financial information is presented in Sterling and has been rounded to the nearest thousand (£000).

The consolidated half yearly report was approved by the Board of Directors on 2 December 2024.

The financial information contained in the interim report has not been reviewed or audited, and does not constitute statutory accounts for the purpose of Section 434 of the Companies Act 2006, and does not include all of the information or disclosures required and should therefore be read in conjunction with the Group's FY24 consolidated financial statements, which have been prepared in accordance with UK-adopted international accounting standards. The financial information relating to the period ended 31 March 2024 is an extract from the latest published financial statements on which the auditor gave an unmodified report that did not contain statements under Section 498 (2) or (3) of the Companies Act 2006 and which have been filed with the Registrar of Companies.

2. Accounting policies

The condensed, consolidated financial statements in this half-yearly financial report for the six months ended 30 September 2024 have been prepared in accordance with the AIM Rules for Companies and on a basis consistent with the accounting policies and methods of computation consistent with those set out in the Annual Report and financial statements for the period ended 31 March 2024, except as described below. The Group has chosen not to adopt IAS 34 'Interim Financial Statements' in preparing these interim financial statements and therefore the Interim financial information is not in full compliance with International Financial Reporting Standards.

In preparing the condensed, consolidated financial statements, management are required to make accounting assumptions and estimates. The assumptions and estimation methods are consistent with those applied to the Annual Report and financial statements for the period ended 31 March 2024. Additionally, the principal risks and uncertainties that may have a material impact on activities and results of the Group remain materially unchanged from those described in that Annual Report. The financial statements have been prepared on a going concern basis. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report and Chairman's statement in the Annual Report and financial statements for the period ended 31 March 2024.

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

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

- The Directors have prepared cash flow forecasts extending to November 2025. These show that the Group has sufficient funds available to meet its trading requirements.
- The Group's year to date financial performance has been factored into the cash flow forecasts.
- The Group has a total facilities in place of 3.5m which provides additional comfort and headroom to the cash forecasts. We expect that with future additional growth this facility can be increased to support any excess working capital requirements.
- The Directors have considered the position of the individual trading companies in the Group to ensure that these companies are also in a position to continue to meet their obligations as they fall due.
- There are not believed to be any contingent liabilities which could result in a significant impact on the business if they were to crystallise.

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

Revenue recognition

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

Services Revenue

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

Member subscription revenues

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

Other discretionary services

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

Events and exhibitions revenues

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

Preferred Partner revenues

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

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

Software and technology services revenues

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

Merchanting revenues

Merchanting revenues arise when group companies contract with customers to supply promotional products, 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 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.

Gear Shop 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.

3. Segmental Performance

The chief operating decision maker has been identified as the Board of Directors and the segmental analysis is presented in the Group's internal reporting to the Board. At 30 September 2024, the Group has two operating segments, North America, and the United Kingdom.

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

	Unaudited 6 months 30-Sep-24 £'000	Unaudited 6 months 30-Sep-24 £'000	Unaudited 6 months 30-Sep-24 £'000	Unaudited 6 months 30-Sep-24 £'000
	Group	**North America**	**UK and Europe**	**Central**
Services				
Turnover	4,172	3,632	540	-
Cost of Sales	(479)	(392)	(87)	-
Gross Profit	**3,693**	**3,240**	**453**	**-**
Merchanting				
Turnover	10,068	10,068	-	-
Cost of Sales	(8,570)	(8,570)	-	-
Gross Profit	**1,498**	**1,498**	**-**	**-**
Group				
Turnover	14,240	13,700	540	-
Cost of Sales	(9,049)	(8,961)	(87)	-
Gross Profit	**5,191**	**4,739**	**453**	**-**
Adjusted* Operating Profit/(Loss)	**1,152**	**1,859**	**(23)**	**(684)**
Share-based payment charges	(248)	-	-	(248)
Depreciation	(149)	(112)	(37)	-
Amortisation	(605)	(130)	(475)	-
Exceptional charges	(98)	(66)	(9)	(23)
Finance charges	(17)	(13)	(2)	(2)
Segmental profit before income tax	**35**	**1,538**	**(546)**	**(957)**

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

	Unaudited 6 months 30-Sep-23 £'000	Unaudited 6 months 30-Sep-23 £'000	Unaudited 6 months 30-Sep-23 £'000	Unaudited 6 months 30-Sep-23 £'000
	Group	**North America**	**UK and Europe**	**Central**
Services				
Turnover	4,120	3,562	558	-
Cost of Sales	(312)	(221)	(91)	-
Gross Profit	**3,808**	**3,341**	**467**	**-**
Merchanting				
Turnover	7,648	7,648	-	-
Cost of Sales	(6,534)	(6,534)	-	-
Gross Profit	**1,114**	**1,114**	**-**	**-**
Group				
Turnover	11,768	11,210	558	-

Cost of Sales	(6,846)	(6,755)	(91)	-
Gross Profit	**4,922**	**4,455**	**467**	**-**
Adjusted* Operating Profit/(Loss)	**1,059**	**1,867**	**(60)**	**(748)**
Share-based payment charges	(305)	-	-	(305)
Depreciation	(154)	(124)	(30)	-
Amortisation	(480)	(79)	(401)	-
Exceptional charges	(69)	(19)	(39)	(11)
Finance charges	(20)	(16)	(4)	-
Segmental profit before income tax	**31**	**1,629**	**(534)**	**(1,064)**

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

4. Basic and diluted earnings per share

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

Profit attributable to the equity shareholders of the Company:	**Unaudited 6 months 30-Sep-24**	**Audited* 12 months 31-Mar-24**	**Unaudited 6 months 30-Sep-23**
Continuing operations (£000)	58	697	48
Weighted average number of shares (number '000)	72,032	70,972	70,813
Fully diluted weighted average number of shares (number '000)	74,066	72,621	71,128
Basic profit per ordinary share (pence)	0.08	0.98	0.07
Diluted profit per ordinary share (pence)	0.08	0.96	0.07
Adjusted profit per ordinary share (pence) on continuing operations			
Continuing operations (£000)	**58**	**697**	**48**
add back:			
Share based payments	248	708	305
Amortisation on acquired intangibles	72	154	78
Exceptional charges	98	295	69
Adjusted earnings	**476**	**1,854**	**500**
Adjusted basic and diluted earnings per ordinary share (pence) on continuing operations	0.66	2.61	0.71

Share options that could potentially dilute basic earnings per share in the future were not included in the calculation of diluted earnings per share because they are antidilutive for the six months ended 30 September 2024.

5. Key performance indicators

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

	Unaudited 6 months 30-Sep-24 £'000	**Unaudited 6 months 30-Sep-23 £'000**	**Impact of currency £'000**	**Underlying change £'000**	**%**	**Total change £'000**	**Audited 12 months 31-Mar-24 £'000**
Revenue	14,240	11,768	(283)	2,755	24.0%	2,472	24,009
Gross Profit	5,191	4,922	(112)	381	7.9%	269	10,374
Adjusted EBITDA*	1,152	1,059	(41)	134	13.2%	93	2,407
Statutory loss before tax	35	31	(38)			4	(5)
Adjusted profit before tax**	453	483	-			(30)	1,152
Gross Margin (per cent.)	36.5%	41.8%					43.2%
Adjusted basic earnings per share (pence)***	0.66	0.71					2.61
Annualised expected revenue (ACS)	21.4m	14.3m					18m
Annualised expected average revenue (Gear							

Shops)	10m	7m	7m

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.

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

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

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

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