30 September 2014

ATTRAQT Group plc

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

Interim Results

ATTRAQT Group plc (AIM: ATQT), a leading provider of eCommerce site search, merchandising and recommendation technology, announces its unaudited results for the six months ended 30 June 2014.

HIGHLIGHTS

- Significant revenue growth of 30% to £0.96m (H1 2013: £0.74m)
  - Recurring revenue increased 30% to £0.87m (H1 2013: 0.67m)
  - Average deal value increased by 22%
- Platform usage up 213%
- Powerful momentum in expansion, with 21 new clients, bringing the total at the end of the period to 73
- New clients for the quarter include: Screwfix, White Stuff, Heals, Kate Spade, Fat Face, JD Williams, Warehouse and Heidi Klein
- US sales operations coming on-stream, including first five US customers
- Online client sales increase through the platform of 56% and 58% for two of ATTRAQT's major clients
- 14 new customer implementations, bringing total number of live sites to 88 (H1 2013: 58)
- Adjusted EBITDA[1] losses were in line with management expectations at £0.31m (H1 2013: £0.04m)
- Losses before tax were in line with management's expectations at £0.47m (H1 2013: £0.14m)
- Adjusted basic EPS loss was 2.4 pence per share (H1 2013: 0.6 pence loss per share)
- Further 10 customers added since the period end, bringing total to 83
- Admission to AIM, post period end, raising £1.25 million

[1.] *Adjusted EBITDA refers to earnings before interest, tax, depreciation, amortization and share based payments*

Andre Brown, CEO of ATTRAQT Group plc, commented,

"With revenue up by 30% and 21 new customers on board, ATTRAQT has built up a powerful momentum in the first half of the year, and with 10 new customers already added since the period end, this growth looks to continue. We are gaining major traction with the leading retailers both in the UK and US, securing an increasing number of larger customers as retailers look for means to grow their online revenues and interact with their customers in a more personalised manner. With a growing revenue stream and a strong pipeline for new business in both the UK and US in the second half of the year, along with an increasingly stronger and powerful merchandising platform, we are confident in the ongoing success of ATTRAQT."

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About ATTRAQT

ATTRAQT (formerly branded as "Locayta") was originally founded in 2003 by André Brown (CEO) and Dan Wagner (Chairman), with the ambition to provide the best possible site search service for online retailers, with early customers including Nectar (part of Aimia Inc [TSX: AIM] and BT Directories [LSE: BT.A]). In 2009, the Group launched its merchandising platform ***Freestyle Merchandising*** which included product recommendations, site search and visual merchandising. ATTRAQT provides Freestyle Merchandising, to retailers on a SaaS (software as a service) basis. The platform enables retailers to control how products are merchandised on their online eCommerce site through control of site search, product recommendations and visual merchandising of category pages. The plug and play solution means they can quickly see effective merchandising across multiple geographies and channels.

The client base has now grown to over 80 clients, including Tesco Clothing (part of Tesco Plc [LSE: TSCO]), Boohoo.com (LSE: BOO) and Superdry (LSE: SGP). The Company has market presence in Western Europe and the US with offices in London and New York.

Chairman’s Statement

With two of our major clients seeing online revenue through the platform increase by 56% and 58% respectively, ATTRAQT has demonstrated just how valuable its solutions are in the ever more competitive online retail space.

Alongside this, zone impressions, which are a measure of clients’ usage of our platform similar to page impressions, were up 213% to stand at 4.3 billion, and the number of clients using more than 5,000 zone impressions per month increased 161%**.**

Not only have we significantly increased the number of customers on the platform, but their reliance on our software is increasing, making it an incredibly exciting time for the Company. We are experiencing growing demand from major players in retail seeking to significantly grow their online revenues, improve conversion rates and customer retention, and increase the average value of orders.

As consumers become more sophisticated and demanding in their buying behaviour, retailers are under greater pressure than ever to deliver revenue growth against a background of challenging market conditions. Online retail has seen massive growth over the past decade, but many retailers are still struggling to truly capitalise on the change in the market. The ability to understand and engage with customers on a personal level is now key to monetising online sales channels.

ATTRAQT's powerful merchandising software addresses this pain, and the value we are bringing to our customers has flowed through into a solid set of results for the first half of the year, demonstrating top line growth of 30% to £960,000, with a modest increase in EBITDA loss, reflecting our investments in the platform and operations of the business.

Trading in the second half of the year has begun well, and the Board looks to the future of ATTRAQT with confidence. As consumer behaviour continues to shift towards online retail, the Company’s strategic vision is to become the merchandising platform of choice for online retailers.

Dan Wagner
Chairman
29 September 2014

CEO's Statement

Introduction

We have been pleased with the strong operational and financial progress achieved by ATTRAQT in the first half of the year. We have grown our customer base significantly, building on our platform of long-term recurring revenues, invested in the US operation which was launched in November 2013 and which has already secured its first customers, and continued to develop our market-leading online merchandising platform, Freestyle Merchandising.

Market Developments supportive

Online retail is a very competitive and high profile space that is constantly evolving as retailers find new ways to drive conversion rates and increase customer loyalty. With this in mind, the Company has to constantly review and respond to market developments.

A new and developing market trend has been the move by retailers away from the automated "black-box" algorithm method of providing product recommendations, which works by blindly processing data through an algorithm, but which neither provides an explanation for its recommendations nor allows the retailer to make adjustments to the recommendations; to a more nuanced approach that allows the retailer interaction with the recommendations being made and in particular to extend their merchandising strategies into those recommendations – this move plays to the core strength of our Freestyle Merchandising platform.

One of the other big developments we have seen in the market, is the move to multi-channel and to internationalisation; with retailers such as Superdry (part of Supergroup Plc [LSE: SGP]) rolling out 20 international sites and Tesco Clothing (part of Tesco Plc [LSE: TSCO]) adopting in-store tablets and kiosks. The big challenge for both multi-channel and internationalisation is how to ensure consistency of merchandising across channels and countries – something that ATTRAQT successfully achieves through its Freestyle Merchandising platform. We will continue to monitor the market for trends, enhancing our platform in response to ensure it meets our customers' needs.

Business model

The Company's business model is based on a recurring monthly service fee plus one-off set-up fees and additional follow-on project fees. Clients typically sign for a minimum of 12 months – larger clients usually sign for 2-3 years. The current sales model is based on direct sales via a dedicated sales team. Due to the importance of the functionality provided by Freestyle Merchandising to the client, client loyalty is strong and churn is typically less than 5% of revenue per annum, with most clients automatically renewing at the end of the term. This rate has remained the same in the first half of the year, on an annualised basis.

Growth strategy

The Group's objective is to become the merchandising platform of choice for online retailers in Western Europe and the US and in a more global capacity in the long term.

The Group's business plan is simple and scalable, chiefly comprising three main elements: the expansion of the US sales team, the extension of the platform to improve functionality, capacity and efficiency, and the creation of new products to address the key trends within online retail.

Review of Sales and Operations

Customer wins demonstrate growing traction

On the back of signing marquee clients like TK Maxx at the end of 2013, the Company started the year strongly, adding 21 new clients in the UK and the US including Screwfix, White Stuff, Heals, Kate Spade, Fat Face, JD Williams (part of N Brown [LSE: BWNG]) and Heidi Klein as well as signing 18 new projects with existing clients (H1 2013: 8 projects). This brings the total number of clients by the end of June 2014 to 73 (June 2013: 54).

It is pleasing to see the average value of the deals in the first half of the year has increased 22%, reflecting the clear return on investment we can demonstrate for our products, the growing maturity of the sales team and process and the increasing size of our typical customer.

It is also pleasing to see the number of existing clients trusting the Company to undertake follow on project work, such as 11 RWD (responsive web design) projects and seven search auto-complete projects during the first half of the year.

Operations also performed well during the first half of the year, with the Company delivering 14 client sites plus seven projects for existing clients, bringing the total live sites to 88 by the half year end (30 June 2013: 58). The Company also started 27 site builds plus 18 other projects which will be delivered in the second half of the year.

The Company's investment in excellent client service standards is demonstrated by its low customer churn rates. We have achieved renewals from six of our major clients, including BT Directories and Nectar Card who have been clients since 2005; plus Paperchase and Laura Ashley (LSE: ALY) who have been clients since 2011 and 2012 respectively.

Sample client implementations during the half included the following:

Ellis Brigham decided to leverage the 'check-out page' by tempting customers to add extra items to their basket just before they pay. During Christmas trading, Ellis Brigham used the tools within Freestyle Merchandising to make sure the first two products in the 'recommendation zone' were £10 and £20 gift vouchers. This was a huge success as customers were triggered to buy gift vouchers where they normally would not have thought to do so.

Life Style Sports recently went live with an 'iPad Ambassador' program where in-store sales staff are supplied iPad tablets loaded with ATTRAQT's Freestyle Merchandising solution. These devices are then deployed as an alternative browsing and check out channel. The functionality replicates the main website which, in-store, allows for a wider range of products to be considered, alleviates stock issues, enables greater interaction with the customer and ultimately offers a more streamlined check out process. Initial customer feedback was very positive – customers are particularly receptive to the integration and ease of purchase and delivery.

US Expansion progressing well

ATTRAQT has continued to focus on its US expansion plans having opened a sales office in New York at the end of 2013. Since that time, we have recruited a US sales team and successfully added five new US clients during H1 2014; Cufflinks.com, Kate Spade, Revolve Clothing, Heidi Kline and Shoe Bacca. Since the half year end, we had added a further three clients, bringing the total US clients to eight. The Company plans to continue its expansion of the US sales team.

Platform enhancements and product development increase the competitive strength of the platform

The product roadmap is largely driven by observing trends in the market and by listening to customer requirements. The first half of the year saw the continuing development of the Company's core Freestyle Merchandising platform with four new code releases. These releases were focused on support for mobile and other multi-channel devices at the request of our clients together with support for internationalisation. The releases included additional functionality such as improved currency and language support, options to synchronise product collections between sites and increased reporting.

Platform enhancements in the second half of the year will focus around increasing the performance and functionality of the platform, integrating "A-B testing" to allow retailers to split site traffic to test different merchandising strategies, enhanced search capabilities and increased reporting functionality.

Financial Review

Total revenue was marginally ahead of plan, having risen by 30% compared to the comparable period in 2013 to £960,000 (H1 2013: £740,000) as new customers were added and existing customers launched additional sites. The recurring monthly revenue also rose by 30% from £669,000 to £868,000.

EBITDA losses rose by £266,000 to £309,000 (H1 2013: £43,000) in line with management expectations and driven by the investment in the US sales operation and productive capacity of the Company.

In September 2013 the Company raised £675,000 from existing shareholders to pursue its expansion policy, particularly in the USA. It relocated one of its executive team members from the UK to New York and recruited three sales staff there. It also strengthened the technical team in the UK by the recruitment of a Chief Technical Officer, with an increase in marketing investment to support the sales effort.

The Company continues to invest in technical enhancements to the existing product offerings and in new products. (Some of this cost is capitalised but some is absorbed as part of the operating costs of the business.)

Gross margin remained strong at 81%. Additional expenditure was incurred to enhance the hosting facility to improve customer search performance but this was largely offset by the increase in sales.

The cash balance at the end of the period was £15,000. In August the Company received subscriptions of £1,250,000, before costs, when it floated on AIM.

Admission to AIM and new Board members

As a UK tech company, AIM feels like the natural home for ATTRAQT. The Company spent H1 2014 preparing for admission onto the AIM market, which successfully completed on 19 August 2014.

We are proud of ATTRAQT's progress to date, achieving a great deal on relatively modest funding over the last 10 years. We now have a strong portfolio of clients and believe that by joining AIM, we will have an increased profile with future customers and better access to funds, allowing us to further develop the Company both domestically and internationally.

The initial money raised, £1.25m before expenses by way of a share subscription, is being used to expand the US sales team, increase the productive capacity of the business and increase the functionality of the core platform.

In preparation for the IPO, the Board was strengthened through the appointment of Ivor Dunbar as Non-executive Deputy Chairman. Ivor has spent most of his professional career as an investment banker with Barclays de Zoete Wedd and until recently with Deutsche Bank. Ivor is a capital markets specialist and at Deutsche Bank he was head of global capital markets, co-head of investment banking and a member of the executive committee of Deutsche Bank's corporate and investment banking division. He brings invaluable expertise to the Board as we embark on life as a listed company.

In addition, Ed Ewing and Robert Fenner also joined the board as Non-executive Directors. Ed brings a wealth of experience in the technology, media and telecoms sector having held senior executive roles at Apple, Scoot.com and Quark, Inc. As a partner in the international law firm Taylor Wessing LLP, Robert brings legal and regulatory expertise to the Board, specialising in advising companies on all aspects of corporate law.

Outlook

We have been pleased with the strong progress in the first half of the year – the management team is clearly delivering to plan and we are confident in outlook for remainder of the year and beyond.

- There is real momentum in the sales process which continued into the third quarter, having added a further 10 customers since the half year end.
- The platform and technology are performing well, having coped with a 200%+ increase in platform usage without affecting performance.

- Our production processes are becoming more efficient, enabling the Company to support the increasing volume of new clients being signed.
- The US sales operation continues to show good progress, having signed five new clients from a standing start.
- We are maintaining our high margin and low revenue churn.

With revenue up by 30% and 21 new customers on board, ATTRAQT has built up a powerful momentum in the first half of the year, and with 10 new customers already added since the period end, this growth looks set to continue.

We are gaining major traction with the leading retailers both in the UK and US, securing an increasing number of larger customers as retailers look for means to grow their online revenues and interact with their customers in a more personalised manner. With a growing revenue stream and a strong pipeline for new business in both the UK and US in the second half of the year, along with an increasingly stronger and powerful merchandising platform, we are confident in the ongoing success of ATTRAQT.

André Brown
Chief Executive Officer
29 September 2014

ATTRAQT Group PLC
Unaudited statement of comprehensive income
For the half year ended 30 June 2014

	Note	**30.6.14**	30.6.13	Full year 2013
		£000	£000	£000
Revenue		**961**	737	1,581
Cost of sales		**(203)**	(127)	(294)
Gross profit		**758**	610	1,287
Administrative expenses		**(1,228)**	(751)	(1,845)
Loss before tax		**(470)**	(141)	(558)
Tax expense		**48**	40	98
Loss for the year		**(422)**	(101)	(460)
Total comprehensive income attributable to the ordinary equity holders of the company		**(422)**	(101)	(460)
Loss per ordinary share – basic and diluted	4	(2.4p)	(0.6p)	(2.8p)

ATTRAQT Group plc
Unaudited consolidated statement of financial position
at 30 June 2014

	Note	30.6.14	30.6.13	31.12.13
		£000	£000	£000
Assets				
Non-current assets				
Property, plant and equipment		**50**	31	70
Intangible assets		**116**	125	120
		166	156	190
Current assets				
Trade and other receivables		**324**	298	333
Cash and cash equivalents		**15**	7	261
		339	306	594
Total assets		**505**	462	784
Liabilities				
Current liabilities				
Trade and other payables		**453**	430	376
Total liabilities		**453**	430	376
NET ASSETS		**52**	32	408
Issued capital and reserves attributable to owners of the parent				
Share capital		**178**	2	2
Merger reserve		**1,456**	-	-
Share premium reserve		**-**	957	1,632
Equity component of convertible debt		**45**	45	45
Share based payment reserve		**133**	-	60
Retained earnings		**(1,760)**	(972)	(1,331)
TOTAL EQUITY		**52**	32	408

ATTRAQT Group PLC
Unaudited consolidated statement of changes in equity
for the 6 months ended 30 June 2014

	Share capital £000	Share premium £000	Other reserve £000	Merger reserve £000	Share based payment reserve £000	Retained earnings £000	Total equity £000
Full year 2013							
01-Jan-13	**2**	**939**	**45**	**-**	**-**	**(871)**	**115**
Loss for the year	-	-	-	-	-	(400)	(400)
Share based payment reserve	-	-	-	-	60	(60)	-
Total comprehensive Income for the year	-	-	-	-	60	(460)	(400)
Issue of share capital	-	693	-	-	-	-	693
31-Dec-13	**2**	**1,632**	**45**	**-**	**60**	**(1,331)**	**408**
	Share capital £000	**Share premium £000**	**Other reserve £000**	**Merger reserve £000**	**Share based payment reserve £000**	**Retained earnings £000**	**Total equity £000**
Half year 2013							
01-Jan-13	**2**	**939**	**45**	**-**	**-**	**(871)**	**115**
Loss for the period	-	-	-	-	-	(101)	(101)
Share based payment reserve	-	-	-	-	-	-	-
Total comprehensive Income for the year	-	-	-	-	-	(101)	(101)
Issue of share capital	-	18	-	-	-	-	18
30-Jun-13	**2**	**957**	**45**	**-**	**-**	**(972)**	**32**
Half year 2014							
01-Jan-14	**2**	**1,632**	**45**	**-**	**60**	**(1,331)**	**408**
Loss for the period						(349)	-
Share based payment reserve	-	-	-	-	73	(73)	-
Total comprehensive Income for the year	-	-	-	-	73	(422)	(349)
Foreign exchange movement	-	-	-	-	-	(7)	(7)
Issue of share capital	176	(1,632)	-	1,456	-	-	-
30-Jun-14	**178**	**-**	**45**	**1,456**	**133**	**(1,760)**	**52**

ATTRAQT Group plc
Unaudited consolidated statement of cash flows
for the 6 months ended 30 June 2014

	Note	**30.6.14**	30.6.13	Full year 2013
		£000	£000	£000
Cash flows from operating activities				
Loss for the period		**(423)**	(101)	(460)
Adjustments for:				
Depreciation of property, plant and equipment		**23**	15	34
Amortisation of intangible fixed assets		**64**	65	130
Income tax expense		**(48)**	(40)	(98)
Share based payment reserve		**73**	-	60
Share based payment				
Foreign exchange gains/(losses)		**(7)**	-	-
		(317)	(61)	(334)
(Increase) in trade and other receivables		**(41)**	(57)	(33)
Increase/(decrease) in trade and other payables		**77**	12	(42)
Cash generated from operations		**(281)**	(106)	(409)
Income taxes received		**98**	85	85
Net cash flows from operating activities carried forward		**(183)**	(21)	(324)
Investing activities				
Purchases of property, plant and equipment		**(3)**	-	(58)
Purchase of intangibles		**(60)**	(37)	(97)
Net cash used in investing activities		**(63)**	(37)	(155)
Financing activities				
Issue of ordinary shares, net of issue costs		**-**	18	693
Net cash (used in)/from investing and financing activities		**(63)**	(19)	538
Net increase/(decrease) in cash and cash equivalents		**(246)**	(40)	214
Cash and cash equivalents at beginning of year		**261**	47	47
Cash and cash equivalents at end of period		**15**	7	261

Notes to the financial statements

1. Incorporation

The Company was incorporated in in England on 20 February 2014. It has no trade other than to act as a holding company for ATTRAQT Limited.

2. Basis of preparation

These consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union. This is the first set of accounts prepared by ATTRAQT Group PLC. Comparative figures relate to ATTRAQT Limited. On 14 May 2014 ATTRAQT Group PLC became the parent company of ATTRAQT Limited (formerly Locayta Limited) when shareholders swapped each share they owned in ATTRAQT Limited for 100 shares in ATTRAQT Group PLC.

ATTRAQT Limited has previously prepared financial statements based on UK Generally Accepted Accounting Practice ("UK GAAP"). The numbers for the comparative periods are therefore based on the IFRS compliant statements.

The numbers used are consistent with those in the admission document prepared for the admission of the Company's shares to trading on AIM on 19 August 2014.

These interim financial statements have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board and do not constitute statutory financial statements.

3. Accounting policies

Revenue
Revenue represents sales to customers at invoiced amounts less value added tax or local taxes on sales. The web-based services are provided by the group under both fixed term, fixed price contracts and cancellable, rolling contracts. In each cash revenue is recognised evenly over the relevant contracted term. Amounts invoiced in advance of the service delivery are deferred until that service has been delivered and, where services are delivered in advance of billing, that revenue is accrued.

Foreign currency
Transactions entered into in currencies other than Pounds Sterling are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the translation of unsettled monetary assets and liabilities are recognised immediately to the statement of comprehensive income.

Convertible debt

The proceeds received on the issue of the ATTRAQT Group's convertible debt are allocated into their liability and equity components.

Intangible assets
The measurement of development costs to be capitalised is based on an estimate of known development time incurred by as a function of their specific hourly rate.

Capitalised development costs are amortised over the periods when benefit is expected from selling the products developed. The amortisation expense is included within administrative expenses in the consolidated statement of comprehensive income.

Taxation
Taxes on income for the interim periods are accrued using the tax rate that would be applicable to expected total earnings. Tax being shown in the Statement of Comprehensive Income is largely due to tax credits.

4. Loss per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period.

The number of shares used in the weighted average has been adjusted to reflect the 100 for 1 share for share exchange between ATTRAQT Group PLC and ATTRAQT Limited and to make the numbers consistent for each of the reporting periods.

Numerator	**30.6.14**	**30.6.13**	**2013**
Loss for the year and earnings used in basic and diluted EPS	£(421,885)	£(101,434)	£(459,957)
Denominator			
Weighted average number of shares used in basic EPS	17,759,600	16,110,006	16,594,700
Effects of:			
Convertible debt	4,500,000	4,500,000	4,500,000
Options	1,020,843	nil	877,500
Weighted average number of shares used in diluted EPS	23,280,443	20,610,006	21,972,200
Loss per share – basic and diluted	(2.4p)	(0.6p)	(2.8p)

In accordance with IAS 33 where there is a loss for the year, there is no dilutive effect from the convertible debt and therefore there is no difference between the basic and diluted loss per share.

5. Related party transactions

	Sales of services			Purchases of services		
	6 months to 30.6.2014 £000	6 months to 30.6.2013 £000	12 months to 31.12.2013 £000	6 months to 30.6.2014 £000	6 months to 30.6.2013 £000	12 months to 31.12.2013 £000
Bright Station Ventures Management Ltd	-	-	-	13	47	98
Powa Technologies Ltd	54	40	91	52	-	-
Venda Ltd	9	9	18	8	11	20

6. Dividend

The directors do not propose a dividend for the period.

7. Availability of announcement and Half Yearly Financial Report

Copies of this announcement are available on the Company's website, www.attraqt.com. Copies of the Interim Report will be posted to shareholders, downloadable from the Company's website and available from the registered office of the Company shortly.