30 September 2020

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

Half Year results

Attraqt Group plc (AIM:ATQT), the provider of SaaS solutions that power exceptional online shopping experiences, is pleased to announce its unaudited results for the six months ended 30 June 2020.

GROUP FINANCIAL HIGHLIGHTS

- Revenue increased 13% to £10.2m (HY2019: £9.0m)
- Gross profit increased by 14% to £7.5m (HY2019: £6.6m)
- Adjusted EBITDA[1] profit was £0.5m (HY2019: £0.3m profit)
- Loss before tax was £1.3m (HY2019: £1.9m)
- Basic EPS loss 0.6p per share (HY2019: 1.4p loss per share)
- Operating cashflow of £1.1m (HY2019: £0.6m)
- Cash at the period end was £3.8m (FY2019: £4.0m)

NON-FINANCIAL KPIs

- 27 multi-year renewals (HY2019: 11)
- Exit annual recurring revenue (ARR) increased to £19.8m (FY2019: £19.2m, HY2019: £18.9m)
- 13 new logos (HY2019: 5)
- Bookings of £1.8m (HY2019: £1.0m)
- Net retention rate of 98% (FY2019: 98%, HY2019: 98%)

OPERATING HIGHLIGHTS

- 13 new logos were signed including:
  - Country Road Group, David Jones and PVH brands in Australia
  - Body & Fit in the Netherlands
  - Office Shoes and Made.com in the UK;
  - Leclerc Drive and Fue Vert in France
- New CEO, Mark Adams, appointed in June

COMMENT FROM MARK ADAMS, CHIEF EXECUTIVE OFFICER OF ATTRAQT GROUP

"Since joining in June, and after embedding myself within the business, it is evident to me that we have a great growth opportunity ahead of us. It is an incredibly exciting time to join the Group as we sit at the epicentre of digital transformation in retail, an area where we are now seeing much greater investment from retailers and brands as a result of Covid-19 and the associated acceleration in online shopping. Indeed, we believe we have seen roughly five years' worth of growth in online retail over just six months.

We are now taking advantage of the innovative technology we have previously acquired and building upon it to extend our capability and competitiveness in the market. This strategy is bearing fruit both in terms of customer satisfaction and commitments to purchasing within our existing base and improved conversion rates on new business. To capitalise on our market opportunity, we are further investing in our demand generation as well as sales execution in key geographies. This is an exciting time for Attraqt as our confidence, coupled with an innovative product and a growing market opportunity all collide to benefit our customers, our people and our shareholders.

Following a softness in new business as a consequence of Covid-19 in Q1 and early Q2, new win conversion, existing customer renewals and upsells have all picked up momentum in Q3. Naturally, uncertainty remains however our pipeline is healthy and engagement with our current customers is strong. I am excited to drive forward the execution of our strategy across the remainder of the year and beyond."

1. Adjusted EBITDA refers to earnings before interest, tax, depreciation, amortisation, share based payments and exceptional items.

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ABOUT ATTRAQT GROUP

Attraqt powers exceptional shopping experiences for over 300 of the world's leading retail brands. The Company delivers omnichannel search, merchandising, and product & content personalization for online retailers and brands. Simple-to-use interfaces and efficient workflows enable Merchandisers to take full control and enhance the value of smart automation with their own strategic expertise and creativity.

In 2019, Attraqt acquired Early Birds, the award-winning AI-driven personalization software provider. Together, the two companies combine Attraqt's pedigree in data-led search and merchandising capabilities to optimize product discovery and visual curation, with Early Birds' award-winning ability to empower learning algorithms to orchestrate and personalize the entire shopper journey. The benefits to retailers and brands are the ability to orchestrate enhanced shopper journeys that also deliver superior commercial returns.

For more information visit www.attraqt.com

CHAIRMAN'S STATEMENT

For Attraqt, as with so many businesses, the period in review was one in which we faced significant unexpected challenges and change as a result of the outbreak of COVID-19. However, thanks to our recurring revenue model, with many customers on multi-year contracts, and the accelerated adoption of online retail our business has shown very strong resilience.

At an operational level, as a result of the Group's effective contingency plans and our agile, digital nature, we are pleased to report a continued quality of customer service and delivery. Our team has worked admirably through all that has been thrown at them, and we are very proud to have continued to put our clients first throughout.

Notwithstanding the impact of Covid-19, our focus over the period has been consistent with what we communicated at the time of our full year results in March 2020; continuing our commitment to increasing customer success, minimising customer attrition and working towards operational excellence. We are pleased to have made progress against each of these goals in the first half in addition to progressing forward with our product strategy. We have continued to invest in innovation and accelerated our product strategy with a number of product initiatives that are already beginning to bear fruit.

MANAGEMENT

We were delighted to welcome Mark Adams into the business as CEO in June, following Luke McKeever's decision to move to a Non-Executive position for family reasons. Mark joins from BigCommerce and is a proven leader with significant experience in driving sales execution, accomplished alongside operational and marketing excellence in eCommerce. Whilst he has only been with us for a short time, Mark has already brought immense value to the Group and we look forward to benefitting further from his deep industry knowledge and high quality network of industry contacts in the years to come.

Clearly it has been an unusual time to join the business, however since his appointment Mark has spent time immersing himself in the business, meeting the teams, customers and partners, albeit sometimes virtually, and has now set out his priorities for the Group.

Together with the support provided by the rest of our Board, we have a strong team in place to oversee Attraqt's continued development. Notwithstanding the ongoing challenges presented by the COVID-19 pandemic, we have a significant opportunity ahead of us which is being driven by faster digital adoption amongst businesses and the increased importance of digital channels as a proportion of overall retail sales. The company is well-placed to capitalise upon this opportunity in the medium term.

REVIEW OF SALES AND OPERATIONS

Revenue was up 13.3% to £10.2m for the period, driven by a good level of higher value renewals secured and supplemented by new logos won.

The Group's focus on multi-year contract renewals has continued to bear fruit with 27 signed to an aggregate value of £10.7m in the year to date, up from 11 worth £3.9m in the same period in the prior year, and already more than signed in the full year 2019 (24 worth £4.9m). We believe this success in increasing the number and value of multi-year renewals reflects our focus on customer success and our customers' growing confidence in our innovation roadmap.

During the period of the lockdown and beyond, many retailers have seen significant increases in site traffic and activity as consumers embraced online shopping. We benefited from this in terms of incremental capacity upsells and renewals of multi -year contracts.

Although the company entered the period with a strong pipeline of new sales opportunities, closing of new business proved to be challenging in Q1 and the start of Q2 as the COVID-19 pandemic caused customers to delay and defer decisions. From the middle of Q2 we saw new bookings starting to recover as retailers and brands acknowledged the increased importance of the e-commerce channel and recognised that investment in digital was critical to their futures.

The Company continued to experience attrition in line with management's expectations with net retention for the period of 98%. The main cause of attrition continues to be external factors, including the challenges faced on the high street, and the pervasive threat of e-commerce software re-platforming. We believe our focus on customer success and our market leading products are key to effective mitigation, with the intention to drive net revenue retention above 100% in H2 2020.

Our continued focus on operational excellence is also driving an improved performance, as can be seen through the level of multi-year renewals we secured, but also through our Net Promoter Score which now stands at 34, a significant improvement from 13 in H1 2019.

MARKET DEVELOPMENTS

A number of retailers and industry experts have noted that COVID-19 appears to have accelerated the adoption of online shopping and are forecasting that that the online channel will be of greater relative importance and will receive investment going forward. According to research by Forrester, the share of retail sales migrating online is expected to grow two to three times faster than in a normal year. Between 2021 and 2024, eCommerce will drive more than half of retail sales growth despite capturing less than 17% of retail sales in 2019.

This is also evident in our own data, as during the course of the COVID-19 lockdown the Group saw a significant increase in usage volume (e-commerce website activity) across the customer base. Some of the verticals we operate in such as grocery, sporting goods, home and garden saw unprecedented expansion online with up-to 100% year on year growth rates. The fashion vertical, which has traditionally been our strongest, also saw accelerating growth rates despite initially being hit at the onset of the pandemic. It is our belief that over the next few years digital channels will receive greater investment from retailers and brands and with a strategy to build our strength across more verticals we are confident that Attraqt will be a beneficiary of the acceleration in digital transformation caused by the pandemic.

PERFORMANCE AGAINST GROWTH STRATEGY

Despite the volatile external environment, we have continued to make progress against our strategy. The strategy focuses on leveraging our strengths as well as driving a client-centric approach, a culture of idea-sharing and innovation, and on using data to drive every decision that we take.

Our priorities are:

- Evolving our data-led approach
- Increasing the speed of our innovation
- Driving customer success and optimising the customer experience
- Enhancing our partnership strategy
- Replicating our UK success in other geographies
- Further evolving towards a product-first brand positioning

Over the period, following the acquisition of Early Birds, we have been focused on integrating the product and team as well as re-branding Early Birds to XO (Experience Orchestrator). The product provides the underlying open SaaS capabilities that we can innovate on top of as well providing a suite of new capabilities in AI based merchandising, personalisation and algorithm orchestration that both new and existing Attraqt customers can take advantage of.

Regionally, we have continued to grow our presence in France, with two new logos signed. Alongside significant new business in the UK market, we have also had significant new business wins in the Netherlands, Spain, and Australia.

In February we entered into a partnership with leading eCommerce platform provider, BigCommerce, providing their more than 60,000 customers with access to Attraqt's platform. This partnership has progressed well with integrations underway for customers in the UK and Australia and joint go to market activities planned in Q3 and Q4 in three of our core markets.

Our partnership strategy remains a major focus for the Group going forward and in September we announced a new strategic partnership with “headless” eCommerce platform, CommerceTools, a global leader in the ecommerce platform space. Since Mark joined, we have also moved quickly to get partnership discussions underway with complementary technology vendors in the content management and presentation layer space and with leading systems integration and digital agencies. We expect around a dozen new partnerships to be in place before the end of Q4 which will drive incremental lead flow as well as faster implementation times for customers deploying these technologies.

PEOPLE AND VALUES

I would like to thank every member of the Attraqt team for their hard work and commitment during this very challenging period. The coronavirus presented the team with challenges the likes of which had not been encountered before, but they met them with enthusiasm and tenacity and I am proud of the way they were able to continue meeting our customers’ needs without compromising on the high standards we set for ourselves.

Our values have truly become integral to the way we do business, and feed into everything we do. We are confident they will drive our shared success. We have a team which is focused, experienced and working towards a shared goal; to achieve our vision of becoming integral to the world's best shopping experiences.

Nick Habgood
Non-Executive Chairman

CEO's Statement
It is a great pleasure to provide you with my first impressions of Attraqt, having taken the role of its Chief Executive in June.

Firstly, and as might be expected, it has been an induction like no other that I have experienced. Notwithstanding all that goes with arriving in the midst of a global pandemic, I have spent the last few months getting to grips with the business and embedding myself within our teams. It was instantly clear to me that I was inheriting a strong team with a great passion for the business. As well as serving our customers excellently throughout my time, they have also addressed new business and logistical challenges with great professionalism. Our productivity has remained high despite the lack of time at the office and our platform has held up well with the increasing traffic and capacity requirements at the majority of our customers.

INITIAL FINDINGS
Attraqt is a business that I was already familiar with after getting to know it through the recent BigCommerce partnership, so the transition has not been difficult. I have joined the Company at a very exciting time as we build out our product strategy, execute on our promise to deliver meaningful innovation and invest in our people, processes and go to market strategy.

One of Attraqt's key strengths is that it is at the epicentre of digital transformation in retail, which is now more critical than ever. Brands must differentiate themselves with amazing digital experiences across channels and take advantage of AI driven automation to react fast to changing customer behaviour and this is where Attraqt's product will provide incremental value to world renowned brands.

During H1, the Attraqt platform availability was over 99.99% across all customers which is world class especially when you consider the marked impact on customer traffic as a result of the pandemic. Historically, the late spring and summer months are relatively stable with lower levels of traffic relative to the busier times of year, however this year we have seen significantly higher summer traffic levels. For example, in July this year we served 7.5 billion requests, compared to 7.2 billion in January this year which is traditionally our peak month. We have been operating at peak traffic since the onset of the pandemic and we continue to ensure platform robustness and uptime remains above average compared to our peers.

From a commercial perspective it is clear we need to focus on sales and marketing execution and invest ahead to create demand, and so much of my time has been spent helping to enable our go-to-market teams to execute with confidence. We have demonstrated this through our new logo acquisition through H1 which were all wins against our key competitors. Another area for improvement is in collaboration and teamworking which has been made harder with the restrictions on travel and lockdown during the pandemic. We are implementing a strategic goal driven culture which will improve accountability and align our teams to achieving key goals that will ultimately accelerate our growth.

IMMEDIATE PRIORITIES
As we move into the second half of the financial year, FY21 and beyond, three key priorities have emerged.

Firstly, we continue to focus on embedding Experience Orchestrator (XO) into our platform and ensuring deeper collaboration of the Early Birds team into our product and engineering organisation. Our new product architecture will enable us to integrate and deliver new capabilities much more rapidly than previously with the creation of standardised integrations to eCommerce platforms and front-end content experience technologies. This will provide the foundation for new strategic partnerships which will drive lead generation and indirect channel revenues but also support our existing client base with quicker time to go-live when replacing legacy technologies. We have already completed detailed planning for 2021 and expect this indirect channel to be responsible for a material proportion of revenues next year.

Secondly, alongside the product innovation, we have also been focusing our efforts on marketing and lead generation activities. The rebranding of the Early Birds platform took place in April with the launch of the XO platform across all global markets. This was undertaken to reaffirm our ability to enable leading brands and retailers to orchestrate shopper moments from awareness to discovery, inspiration to decision making and re-engagement, along the entire shopper journey.

This revised positioning was further conveyed to the market through investment in authoritative campaigns. These campaigns were all focused on enhancing our presence in the market and building leadership around our 'experience orchestration' value proposition. These activities developed significant market interest. The Attraqt website has also been updated with the new narrative, introduced with a more modern, innovative design that better conveys our solutions, key capabilities and our key points of differentiation versus other alternatives in the market.

Our ongoing focus has now switched to bringing our new innovative solutions to market. We are investing in lead generation and new business creation, by implementing campaigns that specifically focus on our new product developments and highlight how these new solutions can deliver significant value to our customers. Many of these campaigns will be run jointly with our key strategic partners, as the combination of capabilities, and the reach we are able to achieve, will ensure significant consideration by a broad audience across all our markets.

Finally, we have recognised that innovation in our core search product is required to remain competitive and we need to extend our leadership in this area, thus we have been working on adapting machine learning algorithms which return more accurate results from complex text and voice search queries. These algorithms also learn consumer behaviour to match the right products to the individual consumer or segment of consumers in real time.

The Early-Birds acquisition in 2019 gave us the underlying AI-Platform to operate and scale these algorithms at high performance, as well as in real-time. We have been working with a number of existing customers to deploy a proof of concept for this new approach. These projects have been extremely successful for the selected range of searches in terms of the commercial impact on their business through improved conversion rates on the returned search results. Due to positive results, selected customers have decided to permanently use our new AI-Search algorithms in live environments. We are confident we have found a highly differentiating approach which positions Attraqt at the forefront of best of breed technology vendors in our space. Additional opportunities for innovation have been identified during the proof of concept phase and we are now rolling this out to a wider group of existing customers as well as embedding it into the contracts for our new customers.

OUTLOOK

Following the aforementioned softness in new business as a consequence of the outbreak of COVID-19, new win conversion has picked up momentum and trading in Q3 has been strong with bookings in excess of over £1.1m.

We have a first-class client base, quality products, a growing market opportunity and an engaged team in place to drive the business forward. The increased uncertainty as a result of the pandemic has impacted decision making however, the pipeline remains healthy and engagement with our current customers has never been stronger.

Mark Adams
Chief Executive Officer

FINANCIAL REVIEW

Overview. The Company benefits from having long-term contracted revenues with major retail brands. COVID-19 has driven an increase in revenue from our existing customers, caused by the increased traffic to their websites. However, there has been a reluctance from some potential new customers to commit to additional expenditure when the outlook is so uncertain. On the cost front, the lockdown in the second and third quarters caused a halt to travel and marketing expenditure and so operating expenditure was below budget. The combination of these factors is that revenues are broadly in line with management expectations and EBITDA is in line. We continue to monitor the situation very carefully.

Total revenue increased by 13% to £10.2m (HY19: £9.0m) which includes a full six-month contribution from the Early Birds acquisition, which was completed on 29 May 2019, versus a one-month contribution in 2019. The underlying revenue of the business increased by 0.2%.

SaaS revenues increased by 17% to £9.5m, driven by the Early Birds acquisition. The closing Annual Recurring Revenue (ARR) was £19.8m an increase of £0.6m from FY 2019.

Services revenue decreased by 22% to £0.7m due to an increased weighting towards implementations, which have a lower daily rate, versus consulting projects. The increased implementation workload is due to the increase in the number of logos won in the period, which is good for the long-term health of the business, however, the daily rates are considerably lower. There is work underway to improve the onboarding process which would lead to improved day rates on implementations.

Gross profit increased by 14% to £7.5m (HY 2019: £6.6m), with a gross margin of 74% (HY 2019: 73%). The SaaS gross margin increased by 2% points to 81% and this was achieved by finding efficiencies in the AWS cost base. The Services gross margin decreased by 42% points for the reasons described above.

Operating expenses (defined as administrative expenses less exceptional items, amortisation and depreciation) increased by 11% to £7.0m (HY 2019: £6.3m) due to the inclusion of the Early Birds development team for the whole reporting period.

Adjusted EBITDA profit of £0.5m (HY 2019: £0.3m profit) was in line with management's expectations.

The exceptional costs of £0.1m in the period relate to implementation costs associated with the Early Birds SAS acquisition and redundancy costs.

Depreciation and amortisation totalled £1.7m (HY 2019: £1.3m) and increased due to the full impact of the acquisition of Early Birds with amortisation recognised on intangibles and right of use lease assets acquired. There was a share-based payment charge of £nil (HY 2019: £0.2m).

The loss before tax was £1.3m (HY 2019: £1.9m loss) and the tax credit in the period of £0.2m (HY 2019: £0.2m charge). Therefore, the loss for the half year was £1.2m (HY 2019: £1.7m loss).

The loss per share reduced to 0.6p (HY 2019: 1.4 loss) due to improved EBITDA performance and the absence of exceptional charges relating to acquisitions.

The importance of the management and collection of receivables balances has increased during the period due to the impact of COVID-19. By working closely with our customers, we were able to increase the generate cash from operations to £1.1m (HY 2019: £0.8m).

The cash balance at the end of the period was £4.2m. The cash balance at 31 December 2019 was £4.0m.

Bookings were £1.8m in the period (HY 2019: £1.0m). The first quarter saw a slowdown in bookings and a disappointing performance versus budget as the impact of COVID-19 spread across Europe. The second quarter saw a pickup in bookings in our existing customer base as retailers reacted to the increase in online traffic and the importance of this channel when their store networks were closed. Hence, second quarter bookings were close to budget.

There continues to be uncertainty surrounding the resolution of the COVID-19 outbreak and the impact to the wider global economy. The directors have considered a number of scenarios and taken into account the number of long term contracts, the shift of retail to online and the credit quality of our major customers, as well as further potential mitigating actions such as adjusting our cost base. The directors therefore continue to believe that the preparation of these condensed consolidated interim financial statements should be on the basis of a going concern.

Eric Dodd
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Note	HY2020 (unaudited) £'000	HY2019 (unaudited) £'000	FY2019 £'000
Revenue	5	**10,166**	8,965	19,434
Cost of Sales	5	**(2,689)**	(2,411)	(5,354)
Gross profit		**7,477**	6,554	14,080
Administration expenses		**(8,723)**	(7,546)	(16,933)
Exceptional income	6	**27**	-	-
Exceptional administrative expense	6	**(65)**	(870)	(1,507)
Total administrative expenses		**(8,761)**	(8,416)	(18,440)
Loss from operations		**(1,284)**	(1,862)	(4,360)
Finance costs		**(27)**	(22)	(48)
Loss before tax		**(1,311)**	(1,884)	(4,408)
Taxation credit	7	**169**	165	386
Loss for the period/year		**(1,142)**	(1,719)	(4,022)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Note	HY2020 (unaudited) £'000	HY2019 (unaudited) £'000	FY2019 £'000
Loss for the period/year		**(1,142)**	(1,719)	(4,022)
Foreign exchange translation differences		**(122)**	(21)	40
Total comprehensive loss for the period/year, attributable to shareholders of the parent		**(1,264)**	(1,740)	(3,982)
Loss per share attributable to the ordinary equity holders of the company				
Basic and diluted EPS	9	**(0.6p)**	(1.4p)	(2.7p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**HY2020 (unaudited) £'000**	HY2019 (unaudited) £'000	FY2019 £'000
Non-current assets				
Intangible assets	9	**39,303**	40,998	40,154
Right of use assets		**1,073**	1,222	1,354
Plant and equipment		**269**	345	318
Total non-current assets		**40,645**	42,565	41,826
Current assets				
Trade and other receivables		**5,461**	4,339	5,401
Cash and cash equivalents	10	**4,210**	6,291	3,950
Corporation tax recoverable		**186**	114	217
Total current assets		**9,857**	10,744	9,568
Total assets		**50,502**	53,309	51,394
Current Liabilities				
Trade and other payables		**10,413**	9,465	9,609
Lease liability		**575**	520	573
Corporation tax		**246**	-	229
Total current liabilities		**11,234**	9,985	10,411
Non-current liabilities				
Lease liability		**573**	711	857
Deferred tax liability		**3,018**	3,375	3,197
Total non-current liabilities		**3,591**	4,086	4,054
Net Assets		**35,677**	39,238	36,929
Equity				
Issued capital	11	**1,800**	1,800	1,063
Share premium	11	**48,516**	48,516	48,516
Merger reserve		**1,457**	1,511	1,457
Share based payment		**1,435**	1,436	1,423
Forex reserve		**(347)**	(286)	(225)
Retained earnings		**(17,184)**	(13,739)	(16,042)
Total equity attributable to equity holders of the parent		**35,677**	39,238	36,929

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Share Capital	Share premium	Merger reserve	Share based payment reserve	Foreign exchange reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2019	1,063	30,108	1,457	1,238	(265)	(12,020)	21,581
Loss for the period	-	-	-	-	-	(1,719)	(1,719)
Foreign currency translation differences	-	-	-	-	(21)	-	(21)
Total comprehensive loss for the period	-	-	-	-	(21)	(1,719)	(1,740)
Contributions by and distributions to owners							
Share based payment charge	-	-	-	198	-	-	198
Shares issued in the period	737	19,156	-	-	-	-	19,893
Issue costs	-	(748)	-	-	-	-	(748)
Merger reserve acquired	-	-	54	-	-	-	54
Total contributions by and distributions to owners	737	18,408	54	198	-	-	19,397
Balance at 30 June 2019	1,800	48,516	1,511	1,436	(286)	(13,739)	39,238
Loss for the period	-	-	-	-	-	(2,303)	(2,303)
Foreign currency translation differences	-	-	-	-	7	-	7
Total comprehensive loss for the period	-	-	-	-	7	(2,303)	(2,296)
Contributions by and distributions to owners							
Share based payment charge	-	-	-	(13)	-	-	(13)
Reclassification	-	-	(54)	-	54	-	-
Total contributions by and distributions to owners	-	-	(54)	(13)	54	-	(13)
Balance at 31 December 2019	1,800	48,516	1,457	1,423	(225)	(16,042)	36,929
Loss for the period	-	-	-	-	-	(1,142)	(1,142)
Foreign currency translation differences	-	-	-	-	(122)	-	(122)
Total comprehensive loss for the period	-	-	-	-	(122)	(1,142)	(1,264)
Contributions by and distributions to owners							
Share based payment charge	-	-	-	12	-	-	12
Total contributions by and distributions to owners	-	-	-	12	-	-	12
Balance at 30 June 2020	**1,800**	**48,516**	**1,457**	**1,435**	**(347)**	**(17,184)**	**35,677**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	HY2020 (unaudited) £'000	HY2019 (unaudited) £'000	FY2019 £'000
Cash flows from operating activities				
Loss for the period/year		**(1,142)**	(1,719)	(4,022)
Adjustments for:				
Depreciation of property, plant and equipment		**73**	87	161
Amortisation of right of use assets		**281**	173	466
Amortisation of intangible fixed assets	9	**1,365**	987	2,387
Income tax (credit)/charge		**(169)**	(165)	(386)
Finance costs		**27**	22	48
Share based payment expense		**12**	198	185
Foreign exchange differences		**(23)**	131	(92)
		424	(286)	(1,253)
(Increase)/decrease in trade and other receivables		**(122)**	1,297	415
Increase/(decrease) in trade and other payables		**804**	(226)	314
Cash generated from/(used in) operating activities before interest and tax		**1,106**	785	(524)
Taxation (paid)/received		**(18)**	(99)	49
Net cash generated from/(used in) operating activities		**1,088**	686	(475)
Cash flows used in investing activities				
Acquisition of subsidiaries net of cash acquired		**-**	(10,459)	(10,875)
Fair value gain on forward contract		**-**	-	149
Purchases of Property, plant and equipment		**(25)**	(235)	(282)
Development of intangibles	9	**(522)**	(313)	(946)
Net cash used in investing activities		**(547)**	(11,007)	(11,954)
Cash flows from financing activities				
Lease principal payments		**(268)**	(206)	(393)
Lease interest payments		**(30)**	-	(56)
Interest received		**3**	-	8
Issue of ordinary shares, net of issue costs		**-**	16,352	16,352
Repayments of loan		**-**	-	(20)
Net cash (used in)/generated from financing activities		**(295)**	16,146	15,891
Net (decrease)/increase in cash and cash equivalents		**246**	5,825	3,462
Cash and cash equivalents at beginning of period/year		**3,950**	509	509
Effect of foreign currency exchange rate changes		**14**	(43)	(21)
Cash and cash equivalents at end of period/year		**4,210**	6,291	3,950

NOTES TO THE CONSOLIDTAED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Attraqt Group plc (the 'Company') and its subsidiaries' (collectively, the 'Group') principal activity is the development and provision of eCommerce site search, merchandising and recommendation technology.

The Company is a public limited company, which is listed on the London Stock Exchange, incorporated, registered and domiciled in England (registered number: 08904529). The address of its registered office is 7th Floor, 222-236 Grays Inn Road, London, WC1X 8HB.

The condensed consolidated interim financial statements for the six months ended 30 June 2020 was approved by the Board on 30 September 2020.

2. BASIS OF PREPERATION

BASIS OF PREPERATION OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 Interim Financial Reporting, as adopted by the EU. They do not include all the information required for full annual financial statements and should be read in conjunction with information contained in the Group's Annual Report and Accounts for the year ended 31 December 2019.

The financial information for the year ended 31 December 2019 does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006 for that year, but it is derived from those accounts. Statutory accounts for the year ended 31 December 2019 were approved by the Board of Directors on 3 March 2020 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under section s498 (2) or (3) of the Companies Act 2006.

GOING CONCERN

As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, given the uncertainty of COVID-19.

The Group has monitored the impact of COVID-19 by reviewing the monthly results versus the budget set for 2020. The Group has not seen a severe impact in the year to August 2020, due to national lockdowns, with consolidated Revenue being just 2% behind budget, and consolidated EBITDA remains on budget. The consolidated cash balance available to the Group is healthy at £3,330,000. The Group has continued to offer services and support to our clients uninterrupted by the national lockdowns and has not materially relied upon any furlough schemes available. The Group, via Attraqt Limited, took advantage of available options to defer VAT payment for Q1 2020 until March 2021, and to delay payments for PAYE under a payment plan with HMRC which has now all been paid.

To address uncertainties arising in the current environment, the Group took steps to secure additional financing: extending overdraft facilities from £100,000 to £250,000 in September 2020 within Attraqt Limited, and applying to receive a EUR 500,000 loan via its French subsidiary Early Birds S.A.S. in July 2020. This loan is repayment free for at least 12 months, with options to defer full or partial repayment up to 5 years past July 2021.

The Group's Directors have revised the Groups forecast taking into account the resilience of future sales, customers and the impacts of future possible COVID-19 related national lockdowns and performed sensitivity analysis on monthly consolidated cashflows to September 2021. Those forecasts make assumptions in respect of future trading conditions, notably the economic environment and its impact on Group's revenues. The forecasts take into account foreseeable downside risks, based on the information that is available to the Directors at the time of approval of these financial statements, however it is not possible to quantify the ongoing impact with certainty.

Directors have identified that there is sensitivity to a reduction in revenue receipts, with sustained reduction of over 15% of budgeted revenue bringing the Group outside existing cash facilities without any mitigating cost reductions, however they consider this to be unlikely given the impact seen within the business in the current financial year to date.

Should revenue cash flows deteriorate, management would take some mitigating actions, which include but are not limited to:

- Negotiating longer credit terms with suppliers, for instance 30 day to 60 days;
- Alter invoicing terms with customers, for instance from annual bills to quarterly;
- Reduction in marketing spend in relation to events, these have been suspended due to COVID restrictions;
- Continued utilisation of government actions and incentives, for instance delay in VAT and PAYE payments; and
- Reduction in staff costs, for instance reduction in bonus payments if the Group does not meet financial targets or suspension of pay rises and reduction of temporary staff usage.

Based on the above, acknowledging the uncertainty in the economic environment as a result of the pandemic, the Board remains satisfied that the Group holds sufficient cash together with bank and other facilities and has further options available to meet its working capital requirements for at least 12 months from the date of approval of these financial statements and therefore supports the preparation of the financial statements on a going concern basis.

3. ACCOUNTING POLICIES

In preparing the condensed consolidated interim financial information, the same accounting policies, methods of computation and presentation have been applied as set out in the Group's Annual Report and Accounts for the year ended 31 December 2019. The accounting policies are consistent with those of the previous financial year and corresponding interim reporting period.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting standards ('IFRS') as adopted by the EU.

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

4. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements and estimates used in the application of the Group's accounting policies are the same as those described in the Group's Annual Report and Accounts for the year ended 31 December 2019.

5. SEGMENTAL REPORTING

For the purpose of IFRS 8, the chief operating decision maker takes the form of the Board of Directors. The Directors' opinion is that the business of the group is to provide cloud-based e-commerce solutions. Based on this, there is one reportable segment. The internal and external reporting is on a consolidated basis with transactions between group companies eliminated on consolidation.

	HY2020 (unaudited) £'000	HY2019 (unaudited) £'000	FY 2019 £'000
Revenue by type			
SaaS	**9,468**	8,072	17,745
Services	**698**	893	1,689
Total Revenue	**10,166**	8,965	19,434
Cost of Sales by type			
SaaS	**1,836**	1,698	3,719
Services	**853**	713	1,635
Total Cost of Sales	**2,689**	2,411	5,354
Gross profit	**7,477**	6,554	14,080

There is one customer which contributes 10%, which is £1.0m of the Group's revenues (H1 2019: 1 customer – contributing £1.2m).

The table below provides an analysis of the Group's revenue by geographical market where the customer is based.

	HY2020 (unaudited) £'000	HY2019 (unaudited) £'000	FY 2019 £'000
Geographical split of revenue			
UK	**5,032**	5,005	10,255
France	**2,328**	1,112	3,616
Netherlands	**1,108**	1,043	2,111
Rest of Europe	**1,215**	1,429	2,532
Rest of the World	**483**	376	920
Total Revenue	**10,166**	8,965	19,434

6. EXCEPTIONAL ITEMS

The Group separately identifies those items which in management's judgement, need to be disclosed by virtue of their nature, size or incidence in order for the user to obtain a proper understanding of the underlying performance of the business. The exceptional costs of £65,000 (H1 2019: £870,000) relate to costs associated with redundancies and acquisition implementation costs and £27,000 exceptional income in relation to COVID-19 grants. The exceptional costs in 2019 relate to costs associated with the acquisition and restructuring costs.

7. TAXATION

The Group tax charge is based on the estimated annual effective rate and for the half year is calculated at 19.00%, (HY2019: 19.00%) and applied to the loss before tax for the period.

8. LOSS PER SHARE

Basic Earnings per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding in the period.

The calculation of continued earnings per share is based on the following:

	HY2020 (unaudited) £'000	HY2019 (unaudited) £'000	FY 2019 £'000
Numerator			
Loss for the period/year and loss used in basic and diluted EPS	**(1,142)**	(1,719)	(4,022)
Denominator			
Weighted average number of shares used in basic and diluted EPS	**180,048,207**	119,467,188	149,970,774
Loss per share – basic and diluted	**(0.6p)**	(1.4p)	(2.7p)

The outstanding share options calculation are antidilutive, due to loss made in the period. If they were to be included, the weighted average number of shares would be 180,188,962 (H1 2019: 112,826,369) and the loss per share would be 0.6 pence (H1 2019: 1.5 pence).

9. INTANGIBLE ASSETS

	Goodwill £'000	Customer Relationships £'000	Existing Technology £'000	Trademark £'000	Software Development £'000	Total £'000
Cost						
At 1 January 2019	16,585	4,439	4,804	788	2,633	29,249
Acquired through business combinations	9,064	2,295	4,525	348	-	16,232
Additions - internally developed	-	-	-	-	313	313
Foreign Exchange	-	-	-	-	8	8
At 30 June 2019	25,649	6,734	9,329	1,136	2,954	45,802
Additions - internally developed	-	-	-	-	625	625
Reclassification	-	-	(644)	-	644	-
Foreign Exchange	-	(25)	-	-	-	(25)
At 31 December 2019	25,649	6,709	8,685	1,136	4,223	46,402
Additions - internally developed	**-**	**-**	**-**	**-**	**522**	**522**
Foreign Exchange	**-**	**-**	**-**	**-**	**(8)**	**(8)**
At 30 June 2020	**25,649**	**6,709**	**8,685**	**1,136**	**4,737**	**46,916**
Amortisation						
At 1 January 2019	-	732	1,245	143	1,697	3,817
Charge for the period	-	222	376	42	347	987
At 30 June 2019	-	954	1,621	185	2,044	4,804
Charge for the period	-	329	536	57	478	1,400
Foreign Exchange	-	-	-	-	44	44
At 31 December 2019	-	1,283	2,157	242	2,566	6,248
Charge for the period	**-**	**328**	**537**	**57**	**443**	**1,365**
At 30 June 2020	**-**	**1,611**	**2,694**	**299**	**3,009**	**7,613**
Net Book Value						
At 30 June 2019	25,649	5,780	7,708	951	910	40,998
At 31 December 2019	25,649	5,426	6,528	894	1,657	40,154
At 30 June 2020	**25,649**	**5,098**	**5,991**	**837**	**1,728**	**39,303**

The recoverable amount of the cash-generating unit is based on the value in use calculation and is tested annually for an impairment, or where a specific event that triggers an impairment review. The uncertainties as a result of COVID-19 were considered to be an impairment trigger and therefore a review was completed.

Outcome of impairment review
The recoverable amount of the Group's cash generating unit exceeds its carrying value and no impairment charge has been recognised in the period (H1 2019: £nil).

Key assumptions
The value in use calculation uses five year cash flow projections derived from managements' long range plan and do not include any non-cash generating assets, any activities that the Group is not committed to or significant future investments that will enhance the assets performance of the cash generating unit. The key assumptions used are:

Discount rate
The discount rate reflects the current market assessment of the risks specific to the cash generating unit. The discount rate was calculated using the Group's cost of debt together with an estimate based on the average cost of equity. The pre-tax discount rate used for the period ending 30 June 2020 20.4% (year ending 31 December 2019: 20.5%).

Perpetuity growth rate
The cash flows subsequent to the long range plan are based on long term growth rate prospects of the industry which the Group operates in. The perpetuity rate used is 1.5% (year ending 31 December 2019: 1.5%)

Cash flow from operations
Cash flow projections have been estimated using a combination of assumptions including, but are not limited to, revenue growth rates, cost assumptions and capitalisation rates. Considering previously achieved trading levels and anticipated future operating environment for business (including some uncertainty anticipated in the short term due to COVID-19) and taking into account any cost efficiencies which may be achieved.

Sensitivities
The Group's impairment review is sensitive to change in the key assumptions used, notably the discount rate and revenue growth. The discount rate would need to move to 23.3% to result in a breakeven position and should the discount rate remain the same of 20.4%, the perpetuity rate would need to be a negative 4.1% to reach breakeven point. The revenue would need to reduce by 15% to result in breakeven position without taking into account and cost saving exercises. Based on the Group's sensitivity analysis, a reasonably possible change in a single factor would not cause an impairment charge.

10. CASH AND CASH EQUIVILENTS

	HY2020 (unaudited)	HY2019 (unaudited)	FY 2019
	£'000	£'000	£'000
Cash at bank	**4,315**	6,412	4,048
Bank loan	**(105)**	(121)	(98)
	4,210	6,291	3,950

11. SHARE CAPITAL

Allocated, called up and fully paid

	Number of Shares	Share capital	Share Premium
		£'000	£'000
Ordinary shares of £0.01 each			
At 1 January 2019	106,368,589	1,063	30,108
Shares issued for cash during the period	63,333,334	633	15,718
Shares issued to Early Birds sellers as part of the acquisition during the period	10,346,284	104	2,690
At 30 June 2019	180,048,207	1,800	48,516
At 31 December 2019	180,048,207	1,800	48,516
At 30 June 2020	**180,048,207**	**1,800**	**48,516**

No shares were issued during the current period. During 2019, the company raised £17,100,000 before expenses, by a private placing of 63,333,334 1p Ordinary shares at 27p on 29 May 2019. 10,346,284 Ordinary shares were issued to the sellers as consideration for the acquisition of Early Birds SAS.

12. SHARE OPTIONS

During the six months ended 30 June 2020, the Group made further grants under its existing share-based payment schemes, as follows:

On 8 May 2020, the Company granted employees a total of 505,000 share options who had a year's service as at this date, the fair value and share option price was £0.245. The options will vest based upon three years' service. Upon vesting, the options will remain exercisable until 8 May 2030.

On 1 June 2020, the Company granted senior management a total of 125,000 share options, which immediately vested upon issue, the fair value and share option price was £0.275. These options remain exercisable until 1 June 2030.

On 14 June 2020, the Company granted Mark Adams 2,250,000 share options, the fair value and share option price was £0.275. The options will vest upon three years' service. Upon vesting, these options will remain exercisable until 14 June 2030.

For the six months ended 30 June 2020, the total cost recognised in the income statement was £12,000 (H1 2019: £185,000).