11 March 2021

Attraqt Group plc

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

Full Year Results

Significant operational and strategic progress, well placed to capitalise on favourable market dynamics

Attraqt Group plc (AIM: ATQT), a leading provider of online search, merchandising and personalization solutions for ecommerce, is pleased to announce its final results for the twelve months ended 31 December 2020.

Financial Highlights:

- Revenue up 8% to £21.0 million (2019: £19.4 million)
- Gross margin up by 2% pts to 74% (2019: 72%)
- SaaS revenue up 9% to £19.3 million (2019: £17.7 million)
    - SaaS gross margin increased by 1 % pt to 80% (2019: 79%)
- Services revenue remained flat at £1.7 million (2019: £1.7 million)
    - Services gross margin up by 6 % pts to 9% (2019: 3%)
- Adjusted EBITDA[1] of £1.1m (2019: £0.3m)
- Statutory loss after tax of £2.2 million (2019: £4.0 million loss)
- Basic EPS loss of 1.2p (2019: 2.7p loss)
- Cash at period end of £6.6m (2019: £4.0m)

KPIs:

- 38 multi-year renewals (2019: 21)
- Exit annual recurring revenue ("ARR") of £21.1m (2019: £19.2m)
- 29 new logos (2019: 22)
- New bookings in the period of £4.7m (2019: £3.4m) achieving 2020 bookings plan
- Net retention rate of 102% (2019: 98%)
- Net promoter score of 29 (2019: 15)

Operational highlights:

- Mark Adams appointed as Chief Executive Officer in June
- Completed the acquisition of Aleph Search and associated £4m fund raising in October
    - Accelerated the search product roadmap by an estimated two years
    - In-market performance and customer adoption have both been strong
- Continued investment in product development and innovation
- Strength of platform shown with over 130 billion queries handled across the year
- Built on partnership strategy, underpinning future growth
    - Named certified partners of BigCommerce and commercetools
    - Established a number of technology partnerships
    - Signed eight digital agency and system integration partnerships

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

Mark Adams, Chief Executive Officer of Attraqt Group, commented:

"In what has been a tumultuous year for everyone as a result of the pandemic, we have faced challenges and seen new opportunities appear. We have been able to make significant operational and strategic progress, and are particularly pleased to have completed the milestone acquisition of Aleph Search. Bringing Aleph's leading-edge technology into our product set has accelerated our search product roadmap by two years and is already providing tangible results to customers. We were also pleased to achieve our total bookings target for the year, albeit with the majority of the activity falling in the second half of the year.

One of the most remarkable features of 2020 for us was the acceleration in adoption of online retail with retailers and brands prioritising investment in online channels, customer experience and platform optimisation. Attraqt's offering is well placed to deliver on these requirements, and this creates a significant opportunity for us going forward. Whilst we remain cautious on our outlook for 2021 given the ongoing pandemic related uncertainty, our investment in innovation alongside a re-focused sales organisation and an evolved go to market approach means we are well placed to achieve our long-term growth ambitions."

A video overview of the results from the CEO, Mark Adams is available to watch here: https://bit.ly/ATQT_FY20_overview

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About Attraqt Group plc

Attraqt powers exceptional shopping experiences for over 300 of the world's leading brands, manufacturers and retailers. Attraqt provides a set of API-enabled, algorithm-driven, intelligent SaaS services covering personalization, search, navigation, merchandising, recommendations and internationalization.

The platform unifies and empowers all key customer journey stakeholders. Enabling business, data and technical teams to successfully leverage existing eCommerce technology investments. Ultimately ensuring individualized and connected micro-experiences that support commerce discovery through to inspiration and purchase, and beyond.

The Attraqt platform orchestrates AI models in real-time while allowing clients to integrate their own algorithms. This helps build true personalization strategies and creates differentiated experiences at scale, so our customers can exceed the expectations of today's shopper, while reaching commercial goals.

Attraqt is publicly listed on LSE: AIM and headquartered in London, with offices in Amsterdam, Chicago, Paris, Sofia, Hamburg and Sydney.

www.attraqt.com

Chairman's Statement

First and foremost, I would like to take this opportunity to thank our team for their exceptional work this year. The pressures of the pandemic, and remote working have presented unique challenges and yet, across the Group, we have seen our people continuing to tackle each day with enthusiasm, diligence and a positive outlook. It has been an impressive response and underlines why our team continues to be our most valuable asset.

2020 was year of significant strategic and operational progress at Attraqt. The world dramatically changed as a result of Covid-19, with the business moving quickly to adapt. The middle of the year saw the appointment of Mark Adams as Chief Executive Officer following a smooth hand-over and transition of leadership. The Company also successfully completed the acquisition of Aleph Search and associated fund raising. The Attraqt business of today has come a long way from 2019 and we are now in excellent shape for growth.

As has been widely reported, there was strong and sustained growth in the adoption of online retail during the period. With visits to the high street restricted for much of the year, we saw a new wave of shoppers getting comfortable with eCommerce as well as increased activity from existing online shoppers. Whilst there will naturally be some shift back once the high street is reopened, the trends seen during times when restrictions were relaxed this year suggest that, going forward, a significant proportion of retail will remain online. Success in this online channel is therefore increasingly important for retailers and brand owners who are investing in customer experience and performance optimisation.

Brands and retailers need online shopping solutions which are not only leading-edge, but also scalable, robust, able to support very high levels of throughput and activity. Attraqt has again shown itself capable of that, with over 130 billion queries handled during 2020.

Attraqt remains committed to delivering accelerated product innovation. Following the acquisition of Early Birds in May 2019 we continue to invest in innovation and product development and have further accelerated our product roadmap through the acquisition of Aleph Search in October. Aleph is an AI-powered search technology that delivers a step improvement in search performance over traditional methods. Although it is a relatively new addition to our product stable, in-market performance and customer adoption have both been strong. The acquisition was achieved through an oversubscribed fund raise, and the Board and I would like to thank again all our shareholders for their support.

Alongside this we made good progress against our strategic priorities in the period. Our focus on servicing the needs of our customers, plus an increased pace of innovation and delivery has paid off, with 38 multi-year renewals signed and net customer retention exceeding 100%.

Our new CEO, Mark Adams - who joined the business in June – has built on the foundations put down by former CEO Luke McKeever. Mark has brought an increased focus on execution, a valuable network and deep eCommerce domain expertise to the team. It is remarkable the impact that he has had on the business, despite having been working remotely since his appointment. We are pleased that Luke McKeever also remains with the business as a Non-Executive Director which has assisted a smooth and effective transition. Together with the rest of the Board and the Management Team we have a very talented and capable group.

As we look to 2021, we are excited by the opportunity available to us. eCommerce represents an increasingly large share of retail industry sales and, as such can no longer be overlooked by retailers of any size. Attraqt's value proposition is proven to be able to help materially improve customer experience and site performance. We operate in a growing, exciting and competitive market and our key focus going forward will be on the continued servicing of our customers' needs, achieving operational excellence and bringing further innovation to the market.

Nick Habgood

Chairman

Chief Executive Officer's Statement

Over the last nine months I have had the opportunity to review the business, understand its strengths and the opportunities for improving its performance. I have also witnessed the importance that Attraqt's technology and people play in the success of our customers' digital businesses, which is relied upon today more than ever.

The pandemic has bought about numerous changes to how we work and the environment we are operating in. Whilst clearly there have been challenges to overcome in the way we sell our solutions and interact with our clients, at the same time the acceleration of digital commerce has driven demand for our offering from customers, and the Attraqt value proposition has never been more relevant. Consumer spend in eCommerce has advanced by 4-6 years in twelve months, and digital is now the number one investment priority for many retailers and brands. Attraqt's software is integral to the effective delivery of our clients' online retail operations and we directly impact the conversion and revenue performance of their businesses.

Despite all the changes happening in the wider world, we are pleased to have successfully pushed ahead with several key tenets of our strategy over the period. Key achievements include the acquisition of Aleph Search, accelerating the pace of innovation, a continued growth in net retention, a significant increase in multi-year renewals signed in the period and the furthering of international growth.

REVIEW OF SALES AND OPERATIONS

As previously stated, at the onset of the pandemic decision making was naturally impacted by uncertainty. We then saw momentum build in the second half of the year, driven by the significant growth in online retail, the addition of Aleph's innovative AI Search capabilities, and an enhanced focus on sales and marketing execution. Overall, we achieved our bookings target with most of the new booking activity falling in the second half of the year.

Revenue was up 8% to £21.0m for the period, reflecting a full year contribution from Early Birds alongside a good level of high value multi-year renewals, new logos won and uplift from clients' website use increases. On a like for like basis (i.e., as if Early Birds was owned from 1st January 2019) total revenue was up 2%, with SaaS revenue increasing by 9%.

We secured 38 multi-year contract renewals in the year worth £15.72m, compared with 21 renewals in 2019 worth £5.35m. This included a three-year contract renewal in the second half with one of our top five customers, a leading global sportswear retailer. The 81% increase in multi-year renewals reflects our continued focus on customer success and illustrates the adoption of online-focused strategies for many of the world's leading retail brands.

We signed 29 new logos in the year, a 32% improvement on our 2019 new logo volume. Overall, we achieved 60% of our total bookings number of £4.7m in the second half of the year much of which was heavily backloaded and to be implemented in H1 2021.

We also benefited from incremental capacity upsells from March onwards, as many retailers saw significant increases in site traffic and activity as consumers embraced online shopping. Whilst we expect some return to in-store shopping when the high street reopens, we are confident that the levels of activity seen online will continue to be materially higher than pre-Covid.

We experienced net revenue retention for the period of 102%, achieving our ambition to surpass 100%, as outlined last year. It is clear our work on customer success and product innovation is helping to mitigate attrition. Whilst for any SaaS business retention continues to be an ongoing focus, the majority of causes for attrition are now driven by external factors which Attraqt has limited control over including the challenges faced on the high street, and the pervasive threat of e-commerce software re-platforming.

This focus on customer success and operational excellence has also driven a sizable improvement in our Net Promoter Score. We ended 2020 with a NPS of 29, a significant improvement from 15 for FY2019 and this continues to be area of focus for our Customer Success teams with the goal of driving towards 40 by the end of this year.

We are also adapting our strategy to be less reliant on larger enterprise customers and specific verticals, with strong capabilities to cater to a broad range of mid-market size brands and retailers. The launch of Search in our XO product stack, with its self-service customer and partner onboarding features will allow us to realise the mid-market opportunity and scale growth faster in a more diversified manner moving forward.

MARKET DEVELOPMENTS

There is no doubt that Covid-19 has dramatically impacted our market dynamics. Shopping habits have changed and there is evidence to suggest that these will persist. As a result, the online channel will be of greater importance and, in our view, will receive greater investment going forward. According to research by the Office for National Statistics, eCommerce was under 19% of total retail sales pre Covid-19, taking 12 years to move from 4% to 19%, however since March 2020 it took only nine months to rise from 19% to 27%.

Our own data also demonstrates a clear increase in activity. In 2020 our platform handled over 130 billion requests, up from 92 billion in 2019. The impact of restrictions during the Black Friday was particularly profound as we handled almost 3 billion queries over Cyber 5 (the period of time from Thanksgiving through to Cyber Monday) trading, in comparison to our average monthly total of 10.4 billion. The fact that our platforms were able to handle this surge is testament to the quality of our product and a genuinely world class cloud operations team.

PERFORMANCE AGAINST GROWTH STRATEGY

We have continued to deliver against our strategy, focusing on leveraging our strengths as well as driving a client-centric approach, a culture of idea-sharing and innovation, creating a world class sales & marketing operation, and on using data to drive every decision that we take.

Our ongoing priorities, from the strategy set out in FY2019 are:

- Evolving our data-led approach
- Increasing the speed of our innovation
- Executing our partnership strategy
- Replicating our UK success in other geographies
- Improving the customer and developer experience

We have evolved our sixth strategic priority from a 'Product first brand strategy' to 'Being recognised as a market leader'. We will establish a market leading position as a focused ecommerce disruptor by demonstrating the differentiated value of our platforms, innovation in AI and sector expertise through targeted customer, analyst and employee engagement. We will develop a top-class, integrated sales & marketing operation to spread the message amongst our existing and prospective direct customers and partners, bolstered by a coherent and 'stand-out' Attraqt brand. Our progress in reaching this objective can be measured by speed of growth, market share and industry analyst ratings.

Some of the key achievements in line with these priorities are laid out below.

Acquisition of Aleph Search

As previously mentioned, Aleph Search was acquired in October 2020, following a partnership where we had been working together for six months. Their innovative Artificial Intelligence (AI) Search capabilities has already improved search query performance and relevancy on the customers' websites we have deployed this on, increased the speed of our innovation and accelerated the product roadmap for search by an estimated two years. AI is now the centre piece of our offering across all our products providing greater competitive differentiation. In addition, it provides a platform for innovation around text, voice and visual search which we expect to become more widely adopted over the coming years.

In the six months we partnered with Aleph prior to the acquisition, we saw the combined offering provide tangible results to our existing customers. Contract value up-sell in the period stands at 27% for existing customers, with a 100% conversion rate from proof of concept trials to December 2020.

New partnerships

Building on our partnership with BigCommerce, we were named a certified commercetools technology partner in July last year. We have also put in place strategic partnerships with content management system specialists Content Stack, Amplience, Magnolia and Frontastic which allow us to improve the customer experience and agility of our joint and new prospective customers. Furthermore, we have signed eight digital agency and system integration partnerships and have go to market initiatives running with most of them today. This should help drive lead flow as well as provide additional support to integrate our technology into the customers' technology ecosystem.

These partnerships are vital to our growth ambitions and we have made strong progress in the contribution they make towards our lead flow and revenue in the period. Partnerships now account for 27% of all our new business lead flow and 16% of our new business revenue, up from 14% and 5% respectively compared to 2019.

Product development

Across Attraqt's product range, of Fredhopper, XO (Experience Orchestrator) and our new AI Search capabilities, we now have the ability to address a broad addressable market; ranging all the way from the mid-market to the very largest retailers and brands. Our solutions can orchestrate the entire shopper journey in real-time.

Developments over recent periods have meant that our technology now boasts a headless and open architecture, meaning that it is agile and flexible, with the capability to connect in with other software tools. Importantly, it is also scalable, able to benefit from continuous improvements and get faster access to new functionalities. Two of our major differentiators are our ability to orchestrate algorithms (allowing clients to create their own real-time algorithms) and our AI Search functionality (which applies machine learning at the heart of the search engine).

These are the cornerstone of our latest innovation, but we have exciting plans to take it further. In January we set up Attraqt Labs, a new innovation unit tasked with rapidly developing functional prototypes that demonstrate our innovation to customers and drive organic innovation into our product set. This new team is being led by Nicolas Mathon, the Co-Founder of Early Birds who moved into a new role as VP of Innovation in February this year.

Moving forward we are focused on continuing to infuse AI everywhere across our platforms, reinforcing our search offering, accelerating the development of XO (Experience Orchestrator), increasing our partner engagement and also refreshing Fredhopper.

Replicating our UK success in other geographies

In 2020, alongside the UK we had success in Australia thanks to increased investment in the region in line with our strategy. We have a strong team in place in this region, and we have signed a number of the country's most significant retailers including Country Road Group, Myer and Accent Group.

Looking ahead to 2021 we are appointing a direct sales team for the Benelux region and set up a new partnership for a go to market activities in the German region.

OUTLOOK

Despite there being continued uncertainty ahead, we believe that shopping behaviour has changed as a result of the pandemic and new habits will persist. A whole new segment of customers are now shopping online. Attraqt's technology is integral to the delivery of online retail operations and we are therefore well positioned to capitalise on this opportunity.

The backloading of bookings in 2020 will have a marginal impact on recognised revenue in 2021. We do remain cautious on our outlook for 2021 given the continued headwinds associated to the pandemic and its impact on our customers and our business expansion plans. However, the sales momentum coupled with our continued investment in innovation, product development, sales and marketing gives us confidence that there are significant opportunities for growth in 2021 and beyond.

We have re-focused our sales organisation so that we can concentrate more productively on our new business acquisition and the strategic upsell of new products to our existing customers. In addition, partnerships are integral to our growth ambitions and we are focussing our go to market strategy to be more partner-led which will drive expansion into new territories as well as the mid-market opportunity. With a more competitive product set than we have ever had before, we are well placed to achieve our long-term growth ambitions.

Mark Adams

Chief Executive Officer

Chief Financial Officer's Statement

Revenue for the year increased by 8% to £21.0m (2019: £19.4m), including a full year contribution from Early Birds SAS that was acquired in May 2019. Revenue increased by 2% on a proforma basis.

SaaS revenues increased by 9% to £19.3m (2019: £17.7m) driven by strategic upsells and capacity growth in existing accounts. Services Revenue remained flat at £1.7m (2019: £1.7m) due to fewer, large implementations.

Revenue	**2020 statutory**	**2020 proforma**	**2019 statutory**	**2019 proforma**	**Growth**	**Proforma**
SaaS	**£19.3m**	**£19.3m**	£17.7m	£18.9m	9%	2%
Services	**£1.7m**	**£1.7m**	£1.7m	£1.7m	-	-
Total	**£21.0m**	**£21.0m**	£19.4m	£20.6m	**8%**	**2%**

*Statutory – this is the Group owned element (2020 compared with 2019).
Proforma – this is the impact had the Attraqt Group owned Early Birds for the full 2019 financial year.

Gross profit increased by 10% to £15.5m (2019: £14.1m) and the gross margin increased by 2 percentage points to 74%. The SaaS gross margin increased by 1% pt to 80% due to careful management of our Amazon Web Services (AWS) estate and engaging external suppliers to optimise the estate. The Services gross margin increased by 6% pts to 9% due to having a stable team through 2020 and not having to divert changeable resource to onboard new starters.

Adjusted EBITDA (pre-exceptional), as per definition in our KPI's, totalled £1.1m profit (2019: £0.3m).

The exceptional costs of £0.3m in the year relate mainly to restructuring and the asset purchase of Aleph software; legal and professional advice associated with the transaction and post-acquisition integration activities.

Admin expenses increased in line with the full year impact of the enlarged team following the acquisition of Early Birds in 2019 and offset by a reduced marketing spend due to COVID-19.

Depreciation and amortisation totalled £3.5m (2019: £3.0m) and increased due to the full year impact of the acquired intangibles that were created on the Early Birds acquisition. There was a share-based payment charge of £0.1m (2019: £0.2m).

Loss before tax was £2.6m (2019: £4.4m loss), with the tax credit in the period £0.4m (2019: credit £0.4m). Therefore, loss for the year after tax was £2.2m (2019: £4.0m loss).

Foreign exchange exposure

Cash flow forecasts will be maintained for each major operating currency (GBP, EUR, USD, AUD) to manage transaction exposure. The expectation is that the Group will have excess AUD than required and short on USD. Exposures may be hedged in the current statutory period using forward contracts. The forecast exposures as well as the value hedged will be regularly reviewed. Hedging instruments as well as spot deals may only be traded with approved counterparties.

COVID-19 pandemic

The potential impact of the COVID-19 pandemic on Attraqt's trading performance and all our principal risks has been assessed with mitigation plans put in place. Up to the date of this report, the pandemic has, as anticipated, positively impacted capacity upsells, but impacted the speed of decision making at the onset of the pandemic.

Cash

The cash balance at the end of the period was £6.6m (2019: £4.0m), which was an increase of £2.6m during the year. The increase was due to the additional equity and working capital raised during the fundraise for the Aleph software acquisition.

Business Drivers

The key to growing value in a SaaS business is to grow the Annual Recurring Revenue (ARR) by understanding and then moving the levers that impact it. The ARR grew by 10% to £21.1m (2019: £19.2m) and was driven by strategic and capacity upsells to our existing customer base.

The first lever that impacts ARR is the booking of new, recurring revenue. Recurring bookings in 2020 were £3.9m (2019: £2.5m). Gross Attrition is an important KPI for our business, because it challenges us to understand why our customers leave and find preventative actions. Another important KPI is Net Revenue Retention because it indicates how well we are serving our existing customers. Gross Attrition for 2020 was 14% (£2.7m) and the NRR was 102% (2019: 98%).

Share Lock-in Agreement

Further to the announcement of 8 May 2019, the Company has brought forward the expiry date, to today, for certain ordinary shares subject to lock-up agreements, comprising 2,596,651 ordinary shares beneficially held by Mrs. Laetitia Comes-Bancaud and 2,596,651 ordinary shares beneficially held by Mr. Nicolas Mathon. The lock-up and escrow terms of the remaining 5,152,982 ordinary shares held by Mrs. Comes-Bancaud, Mr. Mathon and EB Growth, in aggregate, remain unchanged.

This strategic report has been approved and is signed on behalf of the Board:

Eric Dodd
Chief Financial Officer
11 March 2021

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Note	2020	2019
		£'000	£'000
Revenue	4	**21,003**	19,434
Cost of Sales	4	**(5,502)**	(5,354)
Gross profit		**15,501**	14,080
Administration expenses		**(17,822)**	(16,933)
Exceptional administrative expenses	5	**(256)**	(1,507)
Total administrative expenses		**(18,078)**	(18,440)
Loss from operations	6	**(2,577)**	(4,360)
Net finance costs		**(58)**	(48)
Loss before tax		**(2,635)**	(4,408)
Taxation credit/(charge)	8	**408**	386
Loss for the year		**(2,227)**	(4,022)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020	2019
		£'000	£'000
(Loss) for the year		**(2,227)**	(4,022)
Foreign exchange translation differences		**(50)**	40
Total comprehensive (loss) for the year, attributable to shareholders of the parent		**(2,277)**	(3,982)
Loss per share attributable to the ordinary equity holders of the company			
Basic and diluted EPS	9	**(1.2p)**	(2.7p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2020

	Notes	**2020**	2019
		£'000	£'000
Non-current assets			
Plant and equipment	10	**243**	318
Right of use assets	11	**1,073**	1,354
Intangible assets	12	**40,585**	40,154
Total non-current assets		**41,901**	41,826
Current assets			
Trade and other receivables	14	**6,155**	5,401
Cash and cash equivalents	15	**6,591**	3,950
Corporation tax		**573**	217
Total current assets		**13,319**	9,568
Total assets		**55,220**	51,394
Current Liabilities			
Trade and other payables	18	**11,667**	10,182
Corporation tax		**267**	229
Total current liabilities		**11,934**	10,411
Non-current liabilities			
Deferred tax liability	8	**2,839**	3,197
Lease liability	11	**738**	857
Total non-current liabilities		**3,577**	4,054
Net Assets		**39,710**	36,929
Equity			
Issued capital	16	**1,961**	1,800
Share premium	16	**53,251**	48,516
Merger reserve		**1,457**	1,457
Share based payment reserve	17	**1,585**	1,423

Foreign exchange reserve	**(275)**	(225)
Retained earnings	**(18,269)**	(16,042)
Total equity attributable to equity holders of the parent	**39,710**	36,929

CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

For the year ended 31 December 2020

	Notes	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 year		-	-	-	-	-	(4,022)	(4,022)
Foreign currency translation differences		-	-	-	-	40	-	40
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**40**	**(4,022)**	**(3,982)**
Contributions by and distributions to								
Shares issued		737	19,156	-	-	-	-	19,893
Issue costs		-	(748)	-	-	-	-	(748)
Share based payment charge	17	-	-	-	185	-	-	185
Total contributions by and distributions to owners		**737**	**18,408**	**-**	**185**	**-**	**-**	**19,330**
Balance at 31 December 2019		**1,800**	**48,516**	**1,457**	**1,423**	**(225)**	**(16,042)**	**36,929**
Loss for the year		-	-	-	-	-	(2,227)	(2,227)
Foreign currency translation differences		-	-	-	-	(50)	-	(51)
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**(50)**	**(2,227)**	**(2,277)**
Contributions by and distributions to								
Shares issued	16	161	4,991	-	-	-	-	5,152
Issue costs		-	(256)	-	-	-	-	(256)
Contingent shares to be issued		-	-	-	103	-	-	103
Share based payment charge	17	-	-	-	59	-	-	59
Total contributions by and distributions to owners		**161**	**4,735**	**-**	**162**	**-**	**-**	**5,058**

Balance at 31 December 2020	**1,961**	**53,251**	**1,457**	**1,585**	**(275)**	**(18,269)**	**39,710**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020	2019
		£'000	£'000
Cash flows from operating activities			
Loss for the year		**(2,227)**	(4,022)
Adjustments for:			
Depreciation of property, plant and equipment	10	**139**	161
Amortisation of intangible fixed assets	12	**2,817**	2,387
Amortisation of right of use assets	11	**574**	466
Income tax (credit)/charge	8	**(408)**	(386)
Share based payment expense	17	**59**	185
Finance costs		**58**	48
Foreign exchange differences		**(99)**	(92)
		913	(1,253)
Decrease/(increase) in trade and other receivables		**(1,110)**	415
Increase in trade and other payables		**880**	314
Cash generated/(used) in operating activities before interest and tax		**683**	(524)
Taxation received /(paid)		**(166)**	49
Net cash generated/(used) in operating activities		**517**	(475)
Cash flows used in investing activities			
Acquisition of subsidiaries net of cash acquired		**-**	(10,875)
Fair value gain on forward contract		**-**	149
Purchases of Property, plant and equipment	10	**(66)**	(282)
Additions of internal software development intangible	12	**(1,341)**	(946)
Net cash used in investing activities		**(1,407)**	(11,954)

Cash flows from financing activities			
Lease payments		**(626)**	(393)
Lease interest		**(61)**	(56)
Interest received		**3**	8
Issue of ordinary shares, net of issue costs		**3,744**	16,352
Loan received		**450**	-
Repayments of loan		**(27)**	(20)
Net cash generated from financing activities		**3,483**	15,891
Net increase / (decrease) in cash and cash equivalents		**2,593**	3,462
Cash and cash equivalents at beginning of year		**3,950**	509
Effect of foreign currency exchange rate changes		**48**	(21)
Cash and cash equivalents at end of year	15	**6,591**	3,950

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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 product recommendation technology.

The financial statements for the year ended 31 December 2020 were authorised for issue by the Board of Directors of the Company on 11 March 2021.

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

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Attraqt Group plc for the year ending 31 December 2020 comprise the results of Attraqt Group plc ('the Company') and its subsidiaries (together, the 'Group'). These financial statements have been prepared on a going concern basis and in accordance with international accounting standards in conformity with the requirements of Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC No 1606/2002) as it applies to the European Union. The parent company financial statements have been prepared in accordance with FRS 101, Financial Reporting Standards Framework. The Group financial statements are presented in UK sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The requirements of the Companies Act 2006 here means accounts being prepared in accordance with 'international accounting standards' as defined in section 471(1) of the Act, as it applied immediately before the Implementation Period completion day (end of transition period), including where the company also makes use of which have been adopted for use within the United Kingdom in accordance with regulation 1(5) of the International Accounting Standards and European Public Limited Liability Company (Amendment etc.) (EU Exit) Regulations 2019.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Further details on the Group's critical judgements and estimates are included in note 3.

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 continued to monitor 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, due to national lockdowns, with consolidated Revenue being just 1% behind budget, and consolidated EBITDA remains on budget. The consolidated cash balance available to the Group is healthy at £6,591,000. 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 receiving 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 cash flows to March 2022. 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 annual recurring 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; 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.

Revenue
Revenue represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Where work is completed at the year-end but not invoiced, the Attraqt Group accrues for this income. The Group derives the majority of its revenue from the provision of e-commerce services via a license fee to online retailers which includes site search, merchandising and product recommendation technology. The Group determines the transaction price to which it expects to be entitled in return for providing the promised obligation to the customer based on the committed contractual amounts fixed cost agreed it with clients. The Group has the following revenue streams:

SaaS license fee: In the case of SaaS Licence Fee only contracts, revenue is recognised over time which is measured based on the dates defined in the contract, as the customer has access to the vendor's intellectual property as it exists at any given time throughout the licence period. Implementation fees associated with these licenses are recognised over the transaction period which is defined in the contract, fees not associated with a license are recognised at the end of the implementation period.

On-going services: Revenue in relation to Technical Consulting/Business consulting contracts have distinct performance obligations I.e. the number of consulting days defined in the contract, will be recognised at a point in time according to time and materials used – therefore, once the customer consumes the benefits from the service provided, the revenue is recognised. Revenue from the sale of prepaid services are deferred until such time that the client utilises the services, or the contract expires. Utilisation of services can include either milestones set out in the project or consultancy days, therefore revenue is recognised when the consultancy days have been consumed or milestones defined in the project have been met.

Overage fees: In the case where overage charges apply, revenue is recognised immediately based on the terms defined in the contract, as Attraqt Group do not become entitled to revenue for these charges until it is certain that the usage will breach 100% of the allowance in the contract.

Contract assets represent prepaid commission to employees, this is recognised over the life of the corresponding customer contract in order to match the liability with the revenue earned.

Contract liability represents deferred income, which is recognised in over time in accordance with the customer contract.

Exceptional items
Exceptional items are those which, by virtue of their nature, size or incidence, either individually or in aggregate, need to be disclosed separately to allow full understanding of the underlying performance of the Group.

Foreign currency translation
The functional and presentation currency of Attraqt Group plc is GBP. Transactions in foreign currencies are translated into the functional currency using exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the consolidated income statement.

For the purposes of preparing consolidated financial statements, the assets and liabilities of foreign subsidiary undertakings are translated at the exchange rates ruling at statement of financial position date. Profit and loss items are translated at the exchange rate ruling at the date of the transaction. Exchange differences arising are taken to the Group's foreign currency translation reserve.

Pension
The Group operates a defined contribution scheme. Obligations for contributions to the defined contribution pension schemes are recognised as an expense in the income statement as incurred.

Government grants
Government grants are recognised at fair value when the grant is received and recognised in the statement of profit or loss. The government grants are netted against the expenses of the same nature.

Intangible assets
Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Externally acquired intangible assets
Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible Asset	Useful economic life for Fredhopper intangibles	Useful economic life for Early Birds intangibles	Valuation Method
Customer Relationships	11 years	9 years	Excess Earnings Method - the value of the intangible asset is the present value of the after-tax cash flows potentially attributable to it, net of the return on fair value attributable to tangible and other intangible assets.

Existing Technology	7 years	10 years	Relief from Royalty Method - the value of intangible assets are estimated by capitalising the royalties saved because the company owns the intangible asset.
Trade Names	10 years	10 years	Relief from Royalty Method - the value of intangible assets are estimated by capitalising the royalties saved because the company owns the intangible asset.

Externally acquired intangible assets not acquired as part of a business combination are initially recognised at cost and subsequently amortised on a straight line basis over their useful economic lives. Useful economic life of the Aleph software is 10 years.

The amortisation expense is charged to the administrative expense line in the consolidated statement of comprehensive income.

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over three years. The amortisation expense is included within administrative expenses in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

Where there is an event or change in circumstance in relation to such judgement, the Group must make an estimate of the expected future economic benefits to determine that assets are not impaired.

Impairment of assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Consolidation

The results of all subsidiary undertakings are included in the consolidated financial statements. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

exposure, or rights, to variable returns from its involvement with the investee; and

the ability to use its power over the investee to affect its returns.

Business combinations

Business combinations completed prior to 1 January 2020 are accounted for using the acquisition method. Business combination completed on or after 1 January 2020 the Group has a choice, on a transaction by transaction basis to use a concentration test whereby if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset then this is recognised as an asset acquisition and not a business combination, if this test is not met the acquisition is accounted for using the acquisition method.

The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the assets, liabilities and contingent liabilities of acquired businesses at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses.

Goodwill is allocated to one cash-generating unit and is not amortised but is tested annually for impairment, or more frequently if there is an indication that the value of the goodwill may be impaired.

Property, plant and equipment

Property, plant and equipment is initially recognised at cost and is stated at cost less accumulated depreciation.

Property, plant and equipment is depreciated to reduce the carrying amounts of the assets, less their estimated residual values, over their expected useful lives, as follows:

Plant and machinery	3 years
Fixtures and fittings	3 years

Leasehold Improvements

Leasehold improvements are initially recognised at cost and is stated at cost less accumulated depreciation.

Leasehold improvements are depreciated to reduce the carrying amounts of the assets, less their estimated residual values, over their expected useful lives, as follows:

Leasehold improvements	Over the life of the lease

Leases

The group leases various offices and equipment. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small office leases.

Leases not meeting low value or short term criteria are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

When the Group renegotiates the contractual term of a lease, the lease liability is remeasured using the discount rate applicable on the modification date, with the right of use asset being adjusted by the same amount.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and a bank loan. The bank loan is repayable over a five year period with no interest. There are no bank overdrafts in either year presented.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are deducted from share premium.

Share based payments

The Group has issued share options to certain employees, in return for which the Group receives services from employees. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense, the Group fair values the options at the grant date using the Black Scholes valuation model to establish the relevant fair values.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions (for example the Group's share price) but excluding the impact of any service or non-market performance vesting conditions (for example the requirement of the grantee to remain an employee of the Group).

Non-market vesting conditions are included in the assumptions regarding the number of options that are expected to vest. The total expense is recognised over the vesting period. At the end of each period the Group revises its estimates of the number of options expected to vest based on the non-market vesting conditions. It recognises the impact of any revision in the income statement with a corresponding adjustment to equity.

Taxation including deferred taxation

Total income tax on the result for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity and other comprehensive income, in which case it is recognised directly in equity and other comprehensive income.

Current tax is the expected tax payable on the taxable result for the year, using tax rates enacted, or substantively enacted, at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Current income tax assets and liabilities comprise those obligations to fiscal authorities in the countries in which the Group carries out its operations. They are calculated according to the tax rates and tax laws applicable to the fiscal period and the country to which they relate. All changes to current tax liabilities are recognised as a component of tax expense in the income statement unless the tax relates to an item taken directly to equity in which case the tax is also taken directly to equity. Tax relating to items recognised in other comprehensive income is recognised in other comprehensive income.

Deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for:

- goodwill not deductible for tax purposes;
- the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time

of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- investments in subsidiary companies where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted, or substantively enacted, at the balance sheet date. A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be used.

Financial instruments
Recognition, derecognition and measurement of financial instruments
Financial assets and financial liabilities are recognised when Attraqt Group becomes party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when the related contractual obligation is extinguished, discharged or cancelled, or when it expires. Financial instruments are recognised and derecognised using settlement date accounting. On initial recognition, financial instruments are measured at fair value. Fair value on initial recognition includes transaction costs directly attributable to the acquisition or issue of financial instruments, except for financial instruments carried at fair value through profit or loss, for which transaction costs are recognised in the consolidated statement of comprehensive income in the period when they are incurred. The Groups Financial assets include trade receivables, other receivables, and cash and cash equivalents, financial liabilities include trade payables, employee benefits, bank loan and employee benefits.

Classification of financial instruments
Financial assets
On initial recognition, a financial asset is classified and subsequently measured at:
- amortised cost
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI)

Business model assessment
The classification depends on Attraqt Group's business model for managing these financial assets and the contractual terms of the financial asset's cash flows. The business models objectives are broken down into three categories:
- Financial assets held solely to collect contractual cash flows;
- Financial assets held both to collect contractual cash flows and selling the assets; and
- Financial assets that are managed on a fair value basis.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:
- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

All other financial assets are classified as measured at FVTPL.

Impairment of financial assets measured at amortised cost
The Group assesses on a forward looking basis expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied for trade receivables is the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Write-off policy
Financial assets are written-off after the Group has exhausted all possible avenues of recovery from the customer and there is no realistic prospect of recovering the amounts owed.

Financial liabilities

The Attraqt Group classifies its financial liabilities at amortised cost unless it has designated liabilities at FVTPL or is required to measure liabilities at FVTPL, these include trade payables and short-term monetary liabilities. The Attraqt Group designates a financial liability as measured at FVTPL on initial recognition when it eliminates an accounting mismatch that would otherwise arise from measuring assets or liabilities on a different basis. A description of the basis for each designation is set out in the major types of financial instruments section of this note.

Subsequent measurement of financial instruments
Financial instruments are measured in subsequent periods either at fair value or at amortised cost depending on the financial instrument classification.

Financial instruments classified as at amortised cost
Subsequent to initial recognition, financial assets and liabilities classified in this category are recognized at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to its carrying amount. When calculating the effective interest rate, the Attraqt Group estimate future cash flows, considering all contractual terms of the financial instrument. Interest income, interest expense and the amortisation of loans fees are presented in the Consolidated Statement of Income.

Financial instruments classified as at fair value through profit or loss
Subsequent to initial recognition, gains and losses upon the sale, disposal or write-off of these financial instruments are included directly in the Consolidated Statement of Comprehensive Income and are reported within administrative expenses.

Equity Instruments
The Attraqt Group measures equity instruments at FVTPL, changes in the fair value would be recognised in Statement of Comprehensive Income.

Changes in accounting policy
New standards, interpretations and amendments not applied
As at date of approval of the Group financial statements, the following new and amended standards, interpretations and amendments in issue are applicable to the Group but not yet effective and thus, have not been applied by the Group:

	Effective date*
Amendments to IFRS 16: Rent concessions	30 June 2020†
Amendments to IAS 1: Classification of Liabilities as Current or Non-Current	1 January 2022†
Annual improvements to IFRS standards 2018-2020	1 January 2022†

* The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. Following the UK's withdrawal from the EU on 31 December 2020, the UK-adopted international accounting standards will be applicable. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Group's discretion to early adopt standards.
† At the date of authorisation of these financial statements, these standards and interpretation have not yet been endorsed or adopted by the UK.

The Directors do not expect the adoption of these standards, interpretations and amendments to have a material impact on the Consolidated or Parent Company financial statements in the period of initial application.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, the Directors are required to make judgements and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. There were no material judgements or estimates used on application of IFRS 9 *Financial Instruments* or IFRS 15 *Revenue from contracts with customers*, there were no contracts that straddled year end which required any judgement. The following accounting policies have been identified as involving particularly complex judgements or subjective estimates:

Judgements

- **Leases**

Extension and termination options are included in a number of property leases across the Group as well as contracts that include rolling lease periods. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, allow the lease to roll forward for a further lease period or not exercise a termination option. Extension options and rolling lease periods (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that it is within the control of the Group.

- **Capitalisation and impairment of development costs**

It is a requirement under IFRS that development costs that meet the criteria prescribed in the standard are capitalised. The assessment of each project requires that a judgement is made as to the commercial viability and the ability of the Group to bring the product to market. Where there is an event or change in circumstance in relation to such judgement, the Group must make an estimate of the expected future economic benefits to determine that assets are not impaired.

Estimates

- **Share based payments**

Share options are recognised as an expense based on their fair value at date of grant and staff turnover. The fair value of the options is estimated through the use of a valuation model – which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life – and is expensed over the vesting period. Some of the inputs used to calculate the fair value are not market observable and are based on estimates derived from available data, such as employee exercise behaviour and employee turnover.

- **Goodwill Impairment**

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Group relies on a number of factors, including historical results, business plans, forecasts and market data. This is further described in note 12. As can be deduced from this description, changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

- **Valuation of acquired intangible assets**

Intangible assets acquired in a business combination are required to be recognised separately from goodwill and amortised over their useful life if they are subject to contractual or legal rights or are separately transferable and their fair value can be reliably estimated. The Group has separately recognised the intangible assets acquired during the acquisition for acquisition in prior years (see note 12).

The fair value of these acquired intangible assets is based on valuation techniques. The valuation models require input based on assumptions about the future. The management uses its best knowledge to estimate fair value of acquired intangible assets as of the acquisition date. The value of intangible assets is tested for impairment when there is an indication that they might be impaired (see below). The management must also make assumptions about the useful life of the acquired intangible assets which might be affected by external factors.

4. 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.

	2020	2019
	£'000	£'000
Revenue by type		
SaaS	**19,278**	17,745
Services	**1,725**	1,689
Total Revenue	**21,003**	19,434
Cost of Sales by type		
SaaS	**3,932**	3,719
Services	**1,570**	1,635
Total Cost of Sales	**5,502**	5,354

Gross profit	**15,501**	14,080

There is one customer which contributes more that 10% which is £2.1m of the Group's revenues (2019: 1 customer – contributing £2.5m).

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

	2020	2019
	£'000	£'000
Geographical split of revenue		
UK	**9,861**	10,255
France	**4,979**	3,616
Netherlands	**2,441**	2,111
Rest of Europe	**2,619**	2,532
Rest of the World	**1,103**	920
Total Revenue	**21,003**	19,434

Contract assets and liabilities

	Contract Assets			**Contract liabilities**	
	2020	2019		**2020**	2019
	£'000	£'000		**£'000**	£'000
At 1 January	**175**	213	**At 1 January**	**5,438**	5,196
Recognised	**1,360**	44	Recognised as revenue	**(20,015)**	(19,658)
Paid out	**(707)**	(82)	Accrued as deferred income	**20,122**	19,900
At 31 December	**828**	175	**At 31 December**	**5,545**	5,438

Contract assets are included within trade and other receivables, contract liabilities are included within trade and other payables as Deferred income. The contract liability balance arises from contracts that relate to the next financial year. Contract assets relate to contracts which can span up to 3 years, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

5. EXCEPTIONAL ITEMS

During 2020, total exceptional costs incurred £256,000 (2019: £1,507,000) of which £38,000 relates to restructuring, £35,000 relates to entity closure costs and £183,000 relates to the legal and professional advice associated with the asset purchase and post-acquisition integration. The exceptional costs for 2019 consist of £580,000 relating to restructuring and £927,000 relating to the legal and professional advice associated with the acquisition and post-acquisition integration.

6. LOSS FROM OPERATIONS

	2020	2019
	£'000	£'000
Loss from operations is taken after taking account of the following items:		
Staff costs (see note 7)	**12,368**	11,917

Depreciation of property, plant and equipment (see note 10)	**139**	161
Amortisation of intangible assets (see note 12)	**2,817**	2,387
Amortisation of Right of use assets (see note 11)	**574**	466
Operating lease expense	**100**	204
Research and Development costs	**1,254**	1,139
Foreign exchange (profit)/loss	**(99)**	(92)
Other income	**(54)**	-
Audit and non-audit services:		
Fees payable to the company's auditors for the audit of the Group annual accounts:		
Group annual accounts and subsidiary undertakings	**130**	134
Fees payable to the company's auditor and its associates for other services:		
Tax services	**21**	25
Interim fee	**10**	28
Other services	**5**	28

7. STAFF COSTS

The average number of persons employed by the Group (including directors) during the year, analysed by category was as follows:

(No.)	**2020**	2019
Sales	**15**	18
Technical	**105**	102
Management (including directors)	**6**	8
Administration	**33**	30
	159	158

The average number of full-time equivalent persons employed by the Group during the year, analysed by category, was as follows:

(No.)	**2020**	2019
Sales	**15**	18
Technical	**104**	102
Management (including directors)	**6**	7
Administration	**32**	29
	157	157

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£'000	£'000
Staff costs (including directors) comprise:		
Wages and salaries	**10,225**	9,771
Social security contributions and similar taxes	**1,827**	1,632
Pension	**257**	329
Share Based Payment	**59**	185
	12,368	11,917

Capitalised staff costs total £873,000 (2019: £853,000). Pension costs are in respect of the defined contribution scheme; unpaid contributions at 31 December 2020 were £91,000 (2019: £70,000).

8. TAXATION

	2020	2019
	£'000	£'000

Tax (credit)/charge comprises:		
Current tax on loss for the year	**(242)**	(85)
Current tax adjustment in relation to prior years	**192**	-
Deferred Tax for the year	**(358)**	(301)
	(408)	(386)

The effective tax assessed for the year, all of which arises in the UK, differs from the standard weighted rate of corporation tax in the UK.
The reconciliation of the actual tax charge to that at the domestic corporation tax rate is as follows:

	2020	2019
	£'000	£'000
Loss for the year	**(2,635)**	(4,408)
Expected tax charge based on the standard rate of United Kingdom corporation tax at the domestic rate of 19.00% (2019 – 19.00%)	**(501)**	(838)
Expenses not deductible for tax purposes	**191**	84
Adjustment in respect of prior years	**192**	-
Fixed asset differences	**(39)**	(8)
Unrelieved losses arising in the period	**270**	625
Additional deduction for R&D expenditure	**(642)**	(287)
Surrender of tax losses for R&D tax credit refund	**91**	67
Changes in rates of tax	**-**	(15)
Adjustment for different rates of corporation taxation in overseas jurisdictions	**30**	(14)
Total tax (credit)/charge	**(408)**	(386)

At 31 December 2020, tax losses estimated at £8.5m (2019: £7.5m) were available to carry forward by the Attraqt group, arising from historic losses incurred. Management believe it is prudent not to recognise the deferred tax asset until they can be utilised against future profits.

DEFERRED TAX

	£'000
At 1 January 2019	1,476
Arising through business combinations	2,022
Recognised in profit or loss	(301)
At 31 December 2019	3,197
Recognised in profit or loss	**(358)**
At 31 December 2020	**2,839**

Categorised as:	**2020**	2019
	£'000	£'000
Non-current	**2,839**	3,197

Deferred tax on acquired intangibles are the differences between the carrying value of the relevant assets and the tax base. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted, or substantively enacted, at the balance sheet date.

9. LOSS PER SHARE

	2020	2019
	£'000	£'000
Numerator		

Loss for the year and loss used in basic and diluted EPS	**(2,227)**	(4,022)
Denominator		
Weighted average number of shares used in basic and diluted EPS	**184,051,542**	149,970,774
Loss per share – basic and diluted	**(1.2p)**	(2.7p)

The outstanding share options calculation are antidilutive, due to loss made in the year.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Total £'000
Cost				
At 1 January 2019	-	262	2	264
Additions	124	121	72	317
Disposals	-	(43)	-	(43)
At 31 December 2019	124	340	74	538
Additions	**-**	**66**	**-**	**66**
Disposals	**-**	**(150)**	**-**	**(150)**
At 31 December 2020	**124**	**256**	**74**	**454**
Depreciation				
At 1 January 2019	-	95	1	96
Charge for the year	15	127	19	161
Foreign exchange	-	3	-	3
Disposals	-	(40)	-	(40)
At 31 December 2019	15	185	20	220
Charge for the year	**21**	**94**	**24**	**139**
Disposals	**-**	**(148)**	**-**	**(148)**
At 31 December 2020	**36**	**131**	**44**	**211**
Net Book Value				
At 1 January 2019	-	167	1	168
At 31 December 2019	109	155	54	318
At 31 December 2020	**88**	**125**	**30**	**243**

11. RIGHT OF USE ASSETS AND LEASE LIABILITIES

Amounts recognised on the statement of financial position	Leasehold Properties £'000	Total £'000
Cost		
At 1 January 2019	349	349
Additions	839	839
Remeasurement of lease	425	425
Acquired through business combinations	207	207
At 31 December 2019	1,820	1,820
Remeasurement of lease	**293**	**293**

At 31 December 2020	**2,113**	**2,113**
Amortisation		
At 1 January 2019	-	-
Charge for the year	466	466
At 31 December 2019	466	466
Charge for the year	**574**	**574**
At 31 December 2020	**1,040**	**1,040**
Net Book Value		
At 1 January 2019	349	349
At 31 December 2019	1,354	1,354
At 31 December 2020	**1,073**	**1,073**

The Group lease various offices. Rental contracts are typically made for fixed periods between 12 months and 6 years but may have extension options as well as leases that include rolling contractual periods when the existing lease expires these are described below. Rental contracts are signed at a fixed price however some have variable increases which are linked to RPI.

Extension and termination options are included in some of the property leases across the group. These are used to maximise operational flexibility in terms of managing assets used in the Group's operations including variable increases to the rental amounts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise and option, or not exercise the option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Management have determined that termination option for the London office will not be exercised.

The following property leases were modified due to extension terms agreed: in December 2020 Early Birds renewed the lease for a period of 18 months and in November 2020 the lease for Bulgaria was extended for a period of 3 years.

Amounts recognised in the statement of profit or loss	**2020**	**2019**
	£'000	£'000
Amortisation	**574**	466
Interest expense	**61**	56
Expenses relating to short term leases and low value assets	**100**	204
	735	726
Total cash outflow for lease in 2020	**626**	449

Lease liability recognised as at 31 December	**2020**	**2019**
Of these which are:	**£'000**	£'000
Current lease liabilities	**416**	573
Non-current lease liabilities	**738**	857
	1,154	1,430

11. RIGHT OF USE ASSETS AND LEASE LIABILITIES *continued*

The total future value of minimum short term and low value operating lease payments is due as follows:

	2020	2019
	£'000	£'000
Not later than one year	**40**	66
Later than one year and not later than five years	**3**	6
	43	72

12. INTANGIBLE ASSETS

	Goodwill	Customer Relationships	Existing Technology	Trademark	Software Development	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2019	16,585	4,439	4,804	788	2,633	29,249
Additions - internally developed	-	-	-	-	946	946
Acquired through business combinations	9,064	2,295	3,881	348	644	16,232
Foreign Exchange	-	(25)	-	-	-	(25)
At 31 December 2019	25,649	6,709	8,685	1,136	4,223	46,402
Additions - internally developed	**-**	**-**	**-**	**-**	**1,341**	**1,341**
Acquired through asset purchase	**-**	**-**	**1,826**	**-**	**-**	**1,826**
Foreign Exchange	**-**	**39**	**-**	**-**	**95**	**134**
At 31 December 2020	**25,649**	**6,748**	**10,511**	**1,136**	**5,659**	**49,703**
Amortisation						
At 1 January 2019	-	732	1,245	143	1,697	3,817
Charge for the period	-	551	912	99	825	2,387
Foreign Exchange	-	-	-	-	44	44
At 31 December 2019	-	1,283	2,157	242	2,566	6,248
Charge for the period	**-**	**659**	**1,113**	**114**	**931**	**2,817**
Foreign Exchange	**-**	**14**	**-**	**-**	**39**	**53**
At 31 December 2020	**-**	**1,956**	**3,270**	**356**	**3,536**	**9,118**
Net Book Value						
At 1 January 2019	16,585	3,707	3,559	645	936	25,432
At 31 December 2019	25,649	5,426	6,528	894	1,657	40,154
At 31 December 2020	**25,649**	**4,792**	**7,241**	**780**	**2,123**	**40,585**

The net book value and expiry dates for the most significant intangibles are as follows:

	Expiry Fredhopper BV	Expiry Early Birds SAS	Expiry Aleph	Early Birds SAS Net book value	Fredhopper BV Net book value	Aleph Net book value	Early Birds SAS Net book value	Fredhopper BV Net book value
				£'000	**£'000**	**£'000**	£'000	£'000
				2020	**2020**	**2020**	2019	2019
Customer relationships	2028	2028	-	**1,891**	**2,796**	**-**	2,146	3,280
Existing technology	2024	2029	2030	**3,267**	**2,186**	**1,804**	3,655	2,873
Trademark	2027	2029	-	**293**	**487**	**-**	328	566

12. INTANGIBLE ASSETS

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. There is only one CGU as services are tied to SaaS revenue. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The carrying amount of goodwill is allocated to the cash generating units (CGUs) as follows:

	2020	2019
	£'000	£'000
Attraqt Group plc	**25,649**	25,649

The key assumptions used in the estimation of the recoverable amounts are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical internal data:

	2020	2019
Discount rate	**12.25%**	20.5%
Revenue growth rate	**14%**	12%
Budgeted EBITDA margin (average growth over next 5 years)	**14%**	10%
Terminal growth rate	**5%**	1.5%

The cash flow projections include specific estimates for 5 years and a terminal growth rate thereafter. The terminal growth rate was determined based on long term inflation growth rate due to the expectations of the market in which Attraqt Group plc operates.

The discount rate was a pre-tax measure based on weighted average cost of capital, with no debt leveraging.

Budgeted EBITDA is estimated by taking into account past practice as follows:

- Revenue is assumed to grow at 14% based on historical growth and management's expectations of future trends.
- The cost base is assumed to grow at an average rate 10% over the next three years, this is non consistent rate of growth.

Management has identified that a reasonably possible change in the following key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which the these assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

In percent	2020	2019
Revenue growth rate*	**(5.1)**	(3.6)

*assumes that the variable costs base associated with cost of sales reduces in line with revenue reduction as the cost base is driven by customer usage.

13. SUBSIDIARY UNDERTAKINGS

As at 31 December 2020, the subsidiaries of Attraqt Group plc, all of which have been included in these consolidated financial statements, are as follows:

Name	Proportion of ownership Interest	Country of Incorporation and principal place of business	Registered Office
Attraqt Limited	100%	UK	7th Floor, 222-236 Gray's Inn Road, London, WC1X 8HB
Attraqt Inc. [1]	100%	USA	330 N Wabash Ave, Chicago, IL 60611, USA
Early Birds SAS	100%	France	10 Rue Treilhard. 75008, Paris, France
Fredhopper BV	100%	Netherlands	Wework Metropool, Weesperstraat, 61-105 Amsterdam 1018VN
Spring Technologies EOOD[2]	100%	Bulgaria	1000 Sofia city, Sredec district,, 47A, Tsarigradskok shosse blvd, bl. B, fl. 2, apt. 201A
Fredhopper SARL[2]	100%	France	RCS Paris27 Avenue de l'Opéra, 75001, Paris, France

Fredhopper GmbH[2]	100%	Germany	Neuer Wall 50, 20354 Hamburg, Germany
Fredhopper (Australia) Pty Limited[2]	100%	Australia	Level 19, 207 Kent St, Sydney NSW 2000
FCLS RM 7 Limited	100%	UK	7th Floor, 222-236 Gray's Inn Road, London, WC1X 8HB

1 - Held through Attraqt Limited
2 - Held through Fredhopper BV

Fredhopper Limited and Early Birds London limited were dissolved on 29th December 2020. FCLS RM 7 Limited was acquired on 1st October as part of the asset purchase of the Aleph software transaction.

The principal activity of all companies with the Group is the provision of software as a service, with the exception of FCLS RM 7 Limited which is a holding company.

14. TRADE AND OTHER RECEIVABLES

	2020	2019
	£'000	£'000
Trade receivables	**4,215**	4,380
Less: expected credit losses	**(142)**	(95)
Trade receivables – net	**4,073**	4,285
Prepayments and accrued income	**1,829**	746
Other receivables	**253**	370
Total trade and other receivables	**6,155**	5,401

Trade receivables comprise amounts due from customers for goods sold or services performed in the ordinary course of business. Invoices to customers are settled between 30 – 90 day credit terms with the average being 45 days of the date of issue. The ageing of trade receivables is shown below and shows amounts that are past due at the reporting date. A provision for expected credit losses has been recognised at the reporting date through consideration of the ageing profile of the Group's receivables and the perceived credit quality of its customers.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using lifetime expected loss rates, these have been derived from historical default rates or the Group, adjusted for credit quality of each customer and forward looking estimates including consideration for the risk of a downturn in the high street.

Expected credit losses

The lifetime expected loss provision for the trade receivables is as follows:

31 December 2020	Current	Up to 30 days old	More than 30 days old	More than 60 days old	More than 120 days old	Total
Expected loss rate	**0.5%**	**3%**	**4%**	**9%**	**20%**	
Gross carrying amount	**3,547**	**272**	**11**	**96**	**216**	**4,143**
Loss provision	**18**	**5**	**-**	**9**	**44**	**76**
Gross carrying amount for lifetime credit loss	**-**	**-**	**-**	**-**	**66**	**66**
Loss provision for lifetime credit loss	**-**	**-**	**-**	**-**	**66**	**66**
Total loss provision	**18**	**5**	**-**	**9**	**110**	**142**

31 December 2019	Current	Up to 30 days old	More than 30 days old	More than 60 days old	More than 120 days old	Total
Expected loss rate	0%	0%	3.3%	6.6%	23%	
Gross carrying amount	2,859	1,040	240	105	72	4,316
Loss provision	-	-	8	7	16	31
Gross carrying amount for lifetime credit loss	-	-	-	-	64	64

Loss provision for lifetime credit loss	-	-	-	-	64	64
Loss provision	-	-	8	7	80	95

At 31 December 2020 trade receivables of £66,000 (2019: £64,000) had life time expected credit losses of the full value of the receivables. All other trade receivables have been calculated on a life time expected credit loss rate.

	2020	2019
	£'000	£'000
As at 1 January	**95**	31
Write off	**(23)**	(7)
Acquired through business combinations	**-**	15
Recognised	**88**	58
FX movement	**(18)**	(2)
As at 31 December	**142**	95

15. CASH AND CASH EQUIVALENTS

	2020	2019
	£'000	£'000
Cash at bank	**6,672**	4,048
Bank loan	**(81)**	(98)
	6,591	3,950

The Group acquired the bank loan as part of the Early Birds acquisition, the terms of loan are interest free and is repayable over five years.

16. SHARE CAPITAL AND RESERVES

Allocated, called up and fully paid

	2020	**2020**	**2020**	2019	2019	2019
		£'000	**£'000**		£'000	£'000
	Number of Shares	**Share capital**	**Share Premium**	Number of Shares	Share capital	Share Premium
Ordinary shares of £0.01 each						
At 1 January	**180,048,207**	**1,800**	**48,516**	106,368,589	1,063	30,108
Shares issued for cash during the year	**12,500,000**	**125**	**3,619**	63,333,334	633	15,718
Shares issued to sellers as part of asset purchase and acquisition	**3,600,964**	**36**	**1,116**	10,346,284	104	2,690
At 31 December	**196,149,171**	**1,961**	**53,251**	180,048,207	1,800	48,516

The Company raised £4,000,000 before expenses, by private placing of 12,500,000 1p Ordinary shares at 32p on 1 October 2020. 3,600,964 Ordinary shares were issued to the sellers as consideration for the asset purchase of the Aleph software. In 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.

The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Share premium	Amount subscribed for share capital in excess of nominal value.
Share based payment reserve	The share based payment reserve represents equity settled share based employee remuneration until such share options are exercised and contingent shares.
Merger reserve	The merger reserve results from the application of merger accounting on the merger of Attraqt Inc and Attraqt Limited.

Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

17. SHARE BASED PAYMENTS

The company operates two equity-settled share based remuneration schemes for employees: a United Kingdom tax authority approved scheme and an unapproved scheme for executive directors and certain senior management. Both options are valid for 10 years from the date of grant. After satisfaction of any performance condition included in the award the options will become exercisable on the earlier of any of the following events:

- The third anniversary of the date of grant (with the exception of the below);
- 2,250,000 shares granted on 5th august 2020 vest 25% per annum over 4 years;
- Shares granted on 10th July vested immediately;
- On a change of Control of the Company as defined in the Plan rules;
- On a Sale or Disposal of the Company as defined in the Plan rules; or
- Following the exercise of discretion by the Board.

Details of the number of share options and the weighted average exercise price outstanding during the year are as follows:

		2020 WAEP		2019 WAEP
	Number	**Price (pence)**	Number	Price (pence)
Outstanding at the beginning of the year	**12,607,818**	**31.67**	10,431,116	34.80
Granted during the year	**3,710,000**	**27.37**	3,051,185	30.35
Forfeited during the year	**(3,087,827)**	**33.49**	(874,483)	34.42
Outstanding at the end of the year	**13,229,991**	**32.59**	12,607,818	31.67
Exercisable at the year end	**4,948,806**	**36.57**	1,578,992	42.98

The options granted in the table above do not reconcile to the table below, as some of the options granted in 2020 have been forfeited by employees due to them leaving employment as well as 80,000 shares included as granted in 2020, but were granted in 2019 and omitted from the amounts granted in 2019.

17. SHARE BASED PAYMENTS *continued*

The options outstanding at the year-end are set out below:

			2020		2019	
			Share options	**Remaining life**	Share options	Remaining life
Date of Grant	**Expiry Date**	**Exercise Price (p)**	**(Number)**	**(Years)**	(Number)	(Years)
24-Jul-13	24-Jul-23	31.59	**246,600**	**3**	246,600	4
29-May-14	29-May-24	31.59	**177,590**	**4**	177,590	5
19-Aug-14	19-Aug-24	31.59	**-**	**-**	177,590	5
25-Sep-15	25-Sep-25	50.00	**616,719**	**5**	977,212	6
15-Dec-17	15-Dec-27	35.00	**3,722,898**	**7**	3,722,898	8
25-May-18	25-May-28	31.50	**936,315**	**7**	3,191,058	8
06-Aug-18	06-Aug-28	33.50	**1,063,685**	**8**	1,063,685	9
25-May-19	25-May-29	27.00	**1,688,685**	**8**	1,688,685	9
16-Aug-19	16-Aug-29	34.50	**1,197,500**	**9**	1,362,500	10
08-May-20	08-May-30	24.50	**455,000**	**9**	-	-
10-Jul-20	10-Jul-30	27.50	**125,000**	**10**	-	-
05-Aug-20	05-Aug-30	28.00	**750,000**	**10**	-	-
05-Aug-20	05-Aug-30	27.50	**2,250,000**	**10**	-	-

The company uses a Black Scholes model to estimate the fair value of share options.

The following information is relevant in the determination of the fair value of options granted. The assumptions inherent in the use of this model are as follows:

- The option life is the estimated average period over which the options will be exercised.
- No variables change during the life of the option (e.g. dividend yield remains zero).
- Volatility has been calculated over a 6 year period prior to the grant date.
- Expectations of staff retention over the vesting period have been calculated by reference to the six year period prior to the grant date.

Details of the share options granted as follows:

Grant date	08-May-20	10-Jul-20	05-Aug-20	05-Aug-20
Option pricing model	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Number of shares	505,000	125,000	2,250,000	750,000
Fair Value per share at grant date	7.1p	8.3p	8.5p	8.4p
Share price on grant date	24.5p	28.0p	28.5p	28.5p
Exercise price (£)	24.5p	27.5p	27.5p	28.0p
Weighted average contractual life	6 years	6 years	6 years	6 years
Staff retention rate	-	-	-	-
Risk-free interest rate	0.09%	0%	0%	0 %
Volatility	30.17%	30.19%	30.04%	30.04%
Total Fair Value (£)	35,900	9,750	202,500	63,000

The total expense recognised during the year by the Group, for all schemes, was £59,000 (2019: £185,000) net of forfeitures. The weighted average remaining life of the options outstanding at the end of the year was 7.8 years (2019: 8.1 years). No options were exercised during the year.

18. TRADE AND OTHER PAYABLES

	2020	2019
	£'000	£'000
Trade payables	**1,268**	1,055
Accrued and other payables	**1,460**	891
Bank loan	**450**	-
Lease liability (note 11)	**416**	573
Other taxes	**741**	469
Deferred income	**5,545**	5,438
Employee benefits	**1,334**	1,398
Employee taxes	**453**	358
Total Trade and other payables	**11,667**	10,182

Included within other payable is £350,000 of deferred cash consideration in relation to the Aleph asset purchase.

The bank loan has restrictions on sale of assets without prior agreement, whereby we would need to seek approval if we were to sell assets greater than 50% of gross assets.

The following have not been included within the movement trade payables of the consolidated cash flow statement, £350,000 deferred cash consideration payable in relation to the Aleph asset purchase, £450,000 bank loan included within the financing section, and £416,000 lease liability which is included within the financing section.

19. FINANCIAL RISK MANAGEMENT AND IMPAIRMENT OF FINANCIAL ASSETS

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Foreign exchange risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments
The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables

A summary of the financial instruments held by category is provided below.

Financial assets at amortised cost	**2020**	2019
Current	**£'000**	£'000
Trade receivables	**4,073**	4,285
Accrued income	**189**	66
Other receivables	**253**	370
	4,515	4,721
Cash and cash equivalents	**6,591**	3,950

All financial assets held by the Group at 31 December 2020 are classified as cash and cash equivalents or financial assets at amortised cost and there is no difference between the carrying amount and the fair value.

Financial liabilities at amortised cost	**2020**	2019
	£'000	£'000
Trade payables	**1,268**	1,055
Accrued and other payables	**1,460**	891
Lease liabilities	**1,154**	1,427
Bank loan	**450**	-
Employee benefits	**1,334**	2,289
	5,666	5,662

All financial liabilities held by the Group at 31 December 2020 are classified as held at amortised cost.

19. FINANCIAL RISK MANAGEMENT AND IMPAIRMENT OF FINANCIAL ASSETS *continued*

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's Chief Executive Officer. The Board receives reports from the Company Chief Financial Officer through which reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings take into account local business practices. The carrying amount of financial assets represents the maximum exposure. The credit quality of all financial assets that are neither past due nor impaired is high. In accordance with internal policy, Attraqt promptly identifies the deterioration of the financial condition for our customer base by monitoring the credit ratings and publicly available information. The risk is not expected to be material as payment is generally received in advance of services and good provided.

The Group considered if that there was an impairment if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy; or financial reorganisation; and
- Default or late payments (more than 30 days past payment due date).

Receivables for which an impairment provision was recognised was written off against the provision when there was no expectation of recovering additional cash.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Further disclosures regarding trade and other receivables are provided in note 14.

Foreign exchange risk

Foreign exchange risk arises when the group entities enter into transactions denominated in a currency other than the functional currency. The Group's policy is, where possible, to allow entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency.

In order to monitor the continuing effectiveness of this policy, the CFO reviews a monthly forecast, analysed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserves.

Transaction risk
The Group's material transaction exposure arises on costs denominated in currencies other than the functional currency of the Group, including salaries and our hosting platform. This has been mitigated as far as possible by matching revenue and costs with the respective currencies in each of the subsidiaries locations resulting in an immaterial foreign currency risk at an entity level. Foreign currencies are not hedged.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. The Group manages the risk that it will encounter difficulty in meeting its financial obligations as they fall due by forecasting its short-term cash position on a regular basis.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 30 days.

The Board receives rolling 12-month cash flow projections on a quarterly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

In the management of liquidity risk, the group monitors and tries to maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

2020 £'000	**Up to 3 months**	**3 – 12 months**	**1 – 2 years**	**2 – 5 years**	**Over 5 years**
Trade payables and employee benefits	**2,602**	**-**	**-**	**-**	**-**
Accruals and other payables	**1,460**	**-**	**-**	**-**	**-**
Lease liabilities	**143**	**325**	**293**	**440**	**-**
	4,205	**325**	**293**	**440**	**-**

19. FINANCIAL RISK MANAGEMENT AND IMPAIRMENT OF FINANCIAL ASSETS *continued*

2019 £'000	Up to 3 months	3 – 12 months	1 – 2 years	2 – 5 years	Over 5 years
Trade and other payables	3,344	-	-	-	-
Bank loan	-	450	-	-	-
Lease liabilities	144	429	349	429	79
	3,488	429	349	429	79

Capital management

The Group's objective is to maintain an appropriate balance of debt and equity financing to enable the Group to continue as a going concern, to continue the future development of the business and to optimise returns to shareholders and benefits to other stakeholders.

The Board closely manages trading capital, defined as net assets plus net debt. The Group's net assets at 31 December 2020 were £39.7 million (2019: £36.9 million) and net debt, calculated as total debt (comprising bank loans), less cash and cash equivalents amounted to £6.1 million (2019: £4.0 million).

In the year, the Group issued shares via a fund raise of £16.1m this was to purchase the Aleph Search software, a subsidiary was a granted a loan of 450,000 this was due to the uncertainty of the impact of COVID-19 and foreign exchange forward purchases were made in order to protect the cost base, there were no foreign exchange forward purchases that were outstanding at year end.

The principal focus of capital management revolves around working capital management and compliance with externally imposed financial covenants. Throughout the year and up to the date of approval of these financial statements, the Group complied with all covenants required by our lending group.

Major investment decisions are based on reviewing the expected future cash flows and all major capital expenditure requires approval by the Board.

20. RELATED PARTY TRANSACTIONS

During the year Group companies entered into the following transactions with related parties who are not members of the Group.

	Purchase of services		Amounts owed to related parties	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Azini Capital Partners[1]	**70**	40	**20**	-
Taylor Wessing[2]	**40**	40	**-**	12
Taylor Wessing[3]	**213**	295	**-**	-

1. Azini Capital Partners – Nick Habgood is a partner in Azini Capital Partners, and his Directors fees were paid to Azini Capital.
2. Robert Fenner is a partner in Taylor Wessing LLP, and his Directors fees were paid to Taylor Wessing LLP.
3. During the current year Taylor Wessing provided various legal and professional fees, in the prior period, the fees were in relation to the Fund raising and asset purchase of Aleph software and in the prior year the fund raising and acquisition of Early Birds SAS.
4. Azini Capital Partners – Nick Habgood's daughter is employed by the Group and was paid market rate salary as an Account Manager.

Details of the directors' emoluments, together with the other related information, are set out in the Report of the Remuneration Committee.

Key Management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Group, which comprises only the directors of the company.

	2020	2019
	£'000	£'000
Salary, Director fees, bonus and benefits in kind	**750**	545
Pension	**13**	11
Share based payments	**(4)**	321
	759	877

Further information about the remuneration of individual Directors is provided in the Directors remuneration report on page 25.

The Employer's National Insurance contributions expensed in the period relevant to the Key management personnel compensation was £109,000 (2019: £80,000).

21. CAPITAL COMMITMENTS

Capital commitments comprise amounts payable under contracts which are duly authorised and in progress at the balance sheet date. Amounts contracted but not provided for £242,000 cash payable in January 2021 and £1,950,000 in relation to 5,131,374 shares at 38p per share based on the share price on 31 December 2020, which is to be issued for completion of the IP transfer of the Aleph software and contracted enhancement of the Aleph project (2019: £nil).

The information contained this preliminary results announcement has been prepared on the basis of the accounting policies which have been set out in the Group's financial statements for the year ended 31 December 2020 and do not constitute statutory financial statements within the meaning of section 435 of the Companies Act 2006.

The financial statements for the year ended 31 December 2020 which were prepared in accordance with International Financial reporting Standards (IFRS) as adopted by the EU have been reporting on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not draw attention to any matters by what of emphasis and did not contact statements under Section 498 (2) or (3) of the Companies Act 2006. The statutory financial statements for the year ended 31 December 2020 have been finalised on the basis of the financial information presented by the directors in this preliminary announcement. The auditors have issued an unmodified opinion in respect of the year ended 31 December 2020.

COMPANY STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2020

	Notes	2020	2019
		£'000	£'000
Non-current assets			
Investments	2	**40,991**	39,105
Amounts owed by group undertakings	7	**12,343**	8,736
Total non-current assets		**53,334**	47,841
Current assets			
Trade and other receivables	3	**332**	214
Total current assets		**332**	214
Total assets		**53,666**	48,055
Current Liabilities			

Trade and other payables	4	**609**	161
Total current liabilities		**609**	161
Net Assets		**53,057**	47,894
Equity			
Share capital	5	**1,961**	1,800
Share premium	5	**53,251**	48,516
Share based payment	6	**1,585**	1,423
Retained earnings		**(3,740)**	(3,845)
Total equity		**53,057**	47,894

Company income statement
As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's result after taxation for the financial year was a profit of £105,000 (2019: loss £374,000).

The accompanying accounting policies and notes form an integral part of these financial statements.

Eric Dodd
Director
Date: 11 March 2021

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Note	Share Capital	Share premium	Share based payment reserve	Retained earnings	Total
		£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2019		1,064	30,108	1,238	(3,471)	28,939
Loss for the year		-	-	-	(374)	(374)
Total comprehensive loss for the year		-	-	-	(374)	(374)
Contributions by and distributions to owners						
Shares issued	5	736	19,156	-	-	19,892
Issue costs	5	-	(748)	-	-	(748)
Share based payment charge	6	-	-	185	-	185
Total contributions by and distributions to owners		736	18,408	185	-	19,329
Balance at 31 December 2019		1,800	48,516	1,423	(3,845)	47,894
Profit for the year		-	-	-	**105**	**105**
Total comprehensive profit for the year		**-**	**-**	**-**	**105**	**105**
Contributions by and distributions to owners						
Shares issued	5	161	4,991	-	-	5,152

Issue costs	5	-	(256)	-	-	(256)
Share based payment charge	6	-	-	59	-	59
Contingent shares to be issued		-	-	103	-	103
Total contributions by and distributions to owners		**161**	**4,735**	**162**	**-**	**5,058**
Balance at 31 December 2020		**1,961**	**53,251**	**1,585**	**(3,740)**	**53,057**

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Share based payment reserve	The share based payment reserve represents equity settled share based employee remuneration until such share options are exercised.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The accompanying accounting policies and notes form an integral part of these financial statements

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. ACCOUNTING POLICIES

Basis of preparation

The company financial statements have been prepared in accordance with Financial Reporting Standard *100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework.*

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The Company applies consistent accounting policies, as applied by the Group with the exception of the below. To the extent that an accounting policy is relevant to the Group and the Company financial statements, refer to the Group financial statements for disclosure of the accounting policy.

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- share-based payments;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Attraqt Group plc.

Investments

The Company’s investments are carried at cost less provisions resulting from impairment. In testing for impairment, the carrying value of the investment is compared to is recoverable amount, which is its value in use.

ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Company's accounting policies, the Directors are required to make judgements and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. There were no material judgements or estimates used on application of IFRS 9 *Financial Instruments* or IFRS 15 *Revenue from contracts with customers*, there were no contracts that straddled year end which required any judgement. The following accounting policies have been identified as involving particularly complex judgements or subjective estimates:

Estimates

- **Share based payments**

Please refer to note 3 and note 17 of the Consolidated Financial Statements.

- **Investments**

The Company's investments in subsidiaries are carried at cost less provisions resulting from impairment. Where there are indicators of impairment, the carrying value of the investment is compared to its recoverable amount, being its value-in-use (Note 2).

- **Intercompany receivables**

The Company's intercompany receivable balance is carried at amortised cost less provision for expected credit losses, management have assessed the probability of default to estimate the impact of credit loss (Note 7).

2. INVESTMENTS

	2020	2019
	£'000	£'000
As at 1 January	**39,105**	24,405
Additions	**1,886**	14,700
As at 31 December	**40,991**	39,105

As at 31 December 2020, the subsidiaries of Attraqt Group plc, are shown in note 13 of the Consolidated Group financial statements.

The Company's investment in subsidiaries have been tested for impairment by comparison against the underlying value of the subsidiaries' assets based on value in use calculated using the same assumptions as noted for the testing of goodwill impairment in note 12 of the Group financial statements.

3. TRADE AND OTHER RECEIVABLES

	2020	2019
	£'000	£'000
Prepayments	**115**	82
Trade receivables	**106**	113
VAT	**111**	19
	332	214

The fair values of trade and other receivables are not materially different to their carrying values.

4. TRADE AND OTHER PAYABLES

	2020	2019
	£'000	£'000
Trade payables	**133**	27
Other payables	**350**	-
Deferred income	**81**	85
Accruals	**45**	49
	609	161

All financial liabilities held by the Company at the end of the reporting period are classified as held at amortised cost.

5. SHARE CAPITAL

Allocated, called up and fully paid

	2020	2020	2020	2019	2019	2019
		£'000	£'000		£'000	£'000
	Number of Shares	Share capital	Share Premium	Number of Shares	Share capital	Share Premium
Ordinary shares of £0.01 each						
At 1 January	**180,048,207**	**1,800**	**48,516**	106,368,589	1,064	30,108
Shares issued for cash during the year	**12,500,000**	**125**	**3,619**	63,333,334	633	15,718
Shares issued to Early Birds sellers as part of the acquisition during the period	**3,600,964**	**36**	**1,116**	10,346,284	103	2,690
At 31 December	**196,149,171**	**1,961**	**53,251**	180,048,207	1,800	48,516

The Company raised £4,000,000 before expenses, by private placing of 12,500,000 1p Ordinary shares at 32p on 1 October 2020. 3,600,964 Ordinary shares were issued to the sellers as consideration for the asset purchase of the Aleph software. In 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.

6. SHARE BASED PAYMENTS

For details of the share based payments please refer to the Group note 17.

7. FINANCIAL INSTRUMENTS

	2020	2019
	£'000	£'000
Trade and intercompany receivables	**12,449**	8,849
Financial assets at amortised cost	**12,449**	8,849
Trade and other payables	**528**	76
Financial liabilities at amortised cost	**528**	76

Intercompany receivables have been assessed and it has been considered no entity requires a loss allowance based on a review of future cash flows over the next 5 years, the risk of default is considered to be negligible an no allowance has been recognised against this balance (2019: £486,000).

Amounts owed from intercompany balances bear interest at 0.01% per annum (2019: nil). The balances are unsecured and repayable on demand, the Company does not intend to request repayment of these balances and therefore these have been classified as non-current.

8. EMPLOYEES

The company had no employees during the year (2019: none) excluding directors. Further information about the remuneration of the directors is provided in the remuneration report on page 24