7 April 2022

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

Full Year Results and Update on Current Trading

Continued strategic progress with traction building in the Mid-Market

Strong sales and pipeline in Q1 FY22

Attraqt Group plc (AIM: ATQT), the leading provider of product discovery solutions for ecommerce, is pleased to announce its final results for the twelve months ended 31 December 2021.

Financial Highlights:

- Revenue up 9% to £22.9m (2020: £21.0m). £23.1m at constant currency
- Gross margin of 71% (2020: 74%) impacted by a small number of legacy XO contracts having higher hosting costs which we have been unable to pass on to customers.
- SaaS revenue up 8% to £20.9m (2020: £19.3m)
    - SaaS gross margin of 77% (2020: 80%)
- Services revenue up by 16% to £2.0m (2020: £1.7m)
    - Services gross margin flat at 9% (2020: 9%)
- Adjusted EBITDA[1] of £0.7m (2020: £1.1m) reflecting investment in the product and go to market teams during the year.
- Statutory loss after tax of £3.5m (2020: £2.2m loss)
- Basic EPS loss of 1.8p (2020: 1.2p loss)
- Cash at period end of £3.5m (2020: £6.6m), flat on 30 June 2021 position due to lengthening lead times on Enterprise sales seen in H2, capitalised development expenditure of £2.0m, the payment of deferred consideration on acquisitions of £0.8m and the payment of delayed Covid tax liabilities of £0.5m
- Continuing on its current trajectory, the Company is on track to be cash neutral in 2022

KPIs:

- 80% of top 20 customers on multi-year contracts and 35 multi-year renewals signed during the year (2020: 38)
- Exit annual recurring revenue ("ARR") up 4% to £21.9m (2020: £21.1m), 7% at constant currency (£22.6m)
- £1.4m worth of new logos (2020: £1.7m)
- New bookings in the period of £4.4m (2020: £4.6m), including several clients with good future roll-out potential such as a multinational athletic brand Puma, an international home & fashion retailer and an international beauty product leader
- Net revenue retention rate of 104% (2020: 98%)
- Continued strength in Net Promoter Score at 25 (2020: 29)

Operational highlights:

- Partnership strategy has developed significantly and delivered good results, with over 35% of Mid-Market lead flow now coming via partners
- Continued investment in product development and innovation; successfully embedding the core of the AI search function, building on common components between Fredhopper and XO, and continuing the ecommerce connectivity platform programme.
- Launched a new user interface refresh of Fredhopper
- Strength of platform shown with systems recording c.100% availability through the peak trading around Thanksgiving, Cyber Monday and the Christmas trading period.

Q1 update:

- £0.7m of new logos signed post-period end in Q1 FY22 (vs £0.3m Q1 FY21) demonstrating building momentum.

- Total New bookings in Q1 FY22 of £1.5m (up 15% Q1 FY21) including a large Enterprise win with a global fashion retailer
- 9 Mid-Market deals signed in the quarter representing a significant improvement on previous quarter
- One third of our Mid-Market ARR was sourced by our partners
- Almost £500k of Enterprise ARR signed in the quarter
- Strong pipeline of Enterprise opportunities with a 6x gross coverage on our Q2 target.

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

"Despite having to once again navigate a turbulent year, I am pleased with the momentum that has been building across the business and is delivering on our expectations. We now have two innovative products, each specifically tailored to its market segment and with a refined go-to-market strategy. Additionally, our partnership strategy is providing us with significant new business lead flow in both the Mid-Market and Enterprise segments.

While a trend for lengthening lead times in the Enterprise market segment impacted H2, we are pleased to have seen several of these deals close in Q1 of 2022, including one large win with a global fashion retailer and another where we have been awarded preferred vendor status that is due to close in mid Q2. In the Mid-Market segment, the foundations that were built throughout FY21, crafting our offering and building a targeted team, are beginning to come to fruition with increasing sales momentum, with the same number of Mid-Market logos signed in the first quarter of 2022 compared to both Q3 and Q4 2021 combined.

As we look forward, we will continue to build our reach in the Mid-Market, as well as building on our strong position in Enterprise with our much more competitive offering. In order to ensure our technology remains market-leading, we will continue innovating with a particular focus on visual search, search personalisation and semantic tagging, all underpinned by our recently acquired AI technologies. As a result of the progress made over the year, we are well positioned to deliver on our growth strategy through great product, great people and with much improved execution of our strategic goals."

A video overview of the results from the CEO, Mark Adams is available to watch here:
[link]

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About Attraqt Group plc

Attraqt enables online retailers and brand owners to maximise the performance and potential of their e-commerce investments by enabling best in class product discovery experiences. The Company delivers omnichannel search, merchandising, and product & content personalization for online retailers and brands. Our vision is to be the number one team and growth engine for our customers; powering the world's best product discovery experiences, wherever and whenever they happen.

For more information visit www.attraqt.com

Chairman's Statement

Prior to joining the business, I could see that Attraqt's offering is extremely relevant in the current market environment, and the business had the capability of being a true leader in its market. I am pleased to say that this really has been illustrated to me in my first six months as Chairman. The Group has achieved a lot this year, but in my mind, what defines it, is the sharpening of our strategy and raising of our ambition.

After a few years of investing in our product, whether through acquisition or internally, we are now at the point that we are driving our sales and marketing teams with a strong and effective product set. The result of this is really coming into fruition and can be seen in the increased strength of our pipeline, now beginning to convert, with strong Q1 2022 sales.

This doesn't mean we have, or will, sit still with our product development, as that is what our customers and wider industry demands. Our innovation will continue as we evolve with the needs of our end markets at the forefront of our thinking. A crucial milestone on this journey was the addition of our AI Search function, through our acquisition of Aleph, which we are pleased to say has built on our product proposition. We are now moving beyond upselling this on its own and are implementing its core AI functionality across multiple different products as part of our development roadmap.

As well as now having a strong product offering, our solutions remain incredibly robust and able to support the exceptional levels of throughput we have seen. Our technology handled up to 9,000 requests a second at peak trading (during Grey Thursday) and for our sixth year running, we were proud to achieve 100% uptime to support our global customers when they need us most. This demonstrates the scalability and reliability of our product offering.

The strategic pillars that drive our business forward have really begun to prove themselves in this period itself. A key strategic focus for the Group in the year was to build out a partnership strategy, pleasingly we have made considerable progress in this area. Partnerships, like the award winning engagement and integration with BigCommerce, significantly increase our target addressable market and have enabled us to win incremental business away from our competitors. This partner programme will allow us to scale in the Mid-Market and is truly bringing huge benefit for the Group.

Pleasingly, following a further 35 multi-year contract renewals in the period, 80% of the Group's top 20 customers are now signed up to multi-year contracts. This commitment from some of the world's leading brands is testament to the strength of Attraqt's relationships, quality of revenue and the relevance of our product offering.

A clear demonstration of our progress on customer success, operational excellence and product innovation is our net revenue retention, which now stands at an impressive 104%. It is clear the investments across the business are now paying off.

Whilst the strength of the Group's pipeline reflects our new go-to-market model, there is no doubt that Enterprise sales cycles have remained longer than pre pandemic as retailers and brands have had to manage unprecedented external challenges and are taking more time to choose each element of new composable commerce ecosystems. Despite this backdrop, and with new confidence against the competition, our team has secured some excellent new Enterprise client wins during the last six months.

Our People

The period saw the stepping down of Nick Habgood as Attraqt's chairman. I know the Board joins me in thanking Nick for his energetic and dynamic contribution, alongside sage advice. I was very pleased to take on the mantle from Nick and look forward to working with the Board as the Company looks to continue to make operational and financial progress.

I would like to take the opportunity for me to say a huge thank you to our talented team, engaged customers and exciting partners for their passion, support, shared experience and drive to succeed, and we look forward to achieving noteworthy success together in the period ahead and beyond.

Outlook

The adoption of online retail that was seen during the pandemic is showing no sign of abating and both retailers and brands are ever more aware of what they need to do to attract, transact with and retain their online customers. User experience, AI search and product merchandising optimisation remains front of mind and our product set puts our customers in the forefront of delivering a first-class product discovery experience to the end customer.

I believe we are in an enviable position entering the period ahead. We have an effective product, a motivated sales team and a partnership program that has made our target market even more exciting. As I said when I joined – I am confident that we can build a scalable business, continue to service our customers' needs, achieve operational excellence and bring further innovation to the market. The key in the period ahead is our execution - the first quarter has delivered a strong start and we have momentum in the business.

Chief executive officer's statement

I am proud of the performance we have achieved this year, underpinned by encouraging strategic progress and building traction in both Enterprise and Mid-Market. It is clear our focus on customer success continues to pay dividends with our net revenue retention continuing to increase. Our Product Discovery solutions are now an integral part of the best of breed technology stacks for many of the world's leading brands and retailers as well as with the fast-growing disruptive brands in the Mid-Market.

There is no doubt that retailers and brands remain laser focused on optimising their online retail operations and our product suite is delivering a tangible difference to the business performance of our customers, making the value proposition irrefutable.

This tangible impact on our customers is illustrated, in part, by the increase in our strategic upselling revenue in the period, reflecting not only the strength of our relationships with our clients, but also the positive impact that our product suite has on our customers' eCommerce operations.

Alongside the strong customer relationships we have built and are cultivating, the development of our business internally has come on apace. Our partnerships have flourished in the period, as has our innovation.

Underpinning all of this is a buoyant growth market – in eCommerce and more specifically Product Discovery. This has been evidenced by increased interest and investment in the sector as well as our pipeline. We have expanded our target addressable market considerably this year by targeting the Mid-Market and by developing partnerships, allowing us to sell into the customer bases of the fastest growing eCommerce platform players.

Progress in our markets

As a result of both our own innovation and embedding the technology from our acquisitions, we are starting to become a serious player in the Mid-Market, and building on our historic position of strength in the Enterprise segment of the market with a much more competitive product set.

The continued progress we have made in the Mid-Market is a result of further defining our go to market strategy and has led to an improvement in our conversion rates. I believe our product discovery solutions for the Mid-Market are class leading and we have brought Enterprise grade functionality to the Mid-Market powered by AI. This disruptive strategy is now delivering meaningful results as we signed the same number of Mid-Market logos signed in the first quarter of 2022 compared to both Q3 and Q4 2021 combined.

Alongside this, we are now seeing solid growth in the pipeline of our Enterprise segment as we have become more competitive with our AI search and visual merchandising suite. The largest retailers and brands are investing in re-platforming their legacy eCommerce stacks, moving to new composable commerce solutions. This investment means that customers in the Enterprise market are being much more measured in deploying new technology, with brands and retailers procuring our technology in one territory and then rolling the project out incrementally once ROI is proven. This has had the impact of lengthening lead times. However, we are pleased to have seen several of these deals close into Q1 of 2022, including one large win with a global fashion retailer and another where we have been awarded preferred vendor status that is due to close in mid Q2. Collectively these two wins would represent ARR of close to £1m and a £3m total contract value over three years. We expect to see more strategic upselling opportunities for global rollouts going forward which will further improve our net revenue retention.

Review of sales and operations

Our total revenue was up 9% to £22.9m (up 10% to £23.1m at constant currency), driven by capacity and strategic up-sells to our existing customers as well the benefits of our investment in product and our customer teams starting to come through. There were 11 up-sells in the period of our AI Search functionality, demonstrating the impact this functionality has had in making our offering more integral to customers.

Our continued focus on best-in-class execution, client retention and multi-year contract renewals has delivered positive results, with the Group signing a further 35 multi-year contract renewals in 2021 (on top of 38 secured in 2020). In 2021 this included 10 out of the Company's top 20 customers, leaving 80% of the Company's top 20 customers now signed up to multi-year contracts. These commitments highlight the strong relationships Attraqt has with its customer base and how important its technology is to many of the world's leading brands' online retail operations. This is also reflected by our ever-improving net revenue retention rate (104%) and the continued strength of our Net Promoter Score (25).

We now have a more targeted approach of selling into Enterprise accounts which is driving up our average revenue per customer. This is evidenced by major wins through FY21 with global multi-channel retailers which will feed into improved net revenue retention over time as we deploy our technology to more sites and geographies as part of our international expansion sales play.

Strategic update

The strategic priorities we developed are at the heart of the progress of our business and it is safe to say that our focus on these priorities has served us well in the period. Our ongoing priorities 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
- Being recognised as a market leader

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

Executing our partnership strategy

Our partnership strategy, a major strategic focus, has developed significantly and delivered strong results, with over 35% of our Mid-Market lead flow now coming via partners. In Q1 2022 we achieved over one third of our Mid-Market ARR from our partner sourced leads which clearly demonstrates the success we are having with our partners.

Following the native integration with BigCommerce being completed in September, the Company has seen a number of native integrations go live through this channel. This enables any BigCommerce merchant to deploy Attraqt's search and merchandising tools along with recommendations and personalisation to their storefront with limited integration effort.

Demonstrating the importance of this relationship, Jon Woodall, MD of Space 48 (our Platinum integration partner on BigCommerce) said:

"Attraqt and Space 48 have built out a strong partner focused relationship over the last 18 months. Our partnership is ideally placed to take advantage of the great market conditions and we feel confident that it will lead to more business and cross-pollination of more clients. We look forward to the years ahead and making the most of our partner-focused relationship."

We are also in the process of deploying other integrations, including one with Shopify, which is expected to be deployed by the end of Q2. Today around 19% of our inbound Mid-Market leads use Shopify as their eCommerce platform which clearly demonstrates the demand from the Shopify customer base. Once launched we will be able to serve Shopify merchants with search, merchandising and recommendations functionality through one instantly deployable plug in.

Increasing the speed of our innovation

We successfully embedded the core of our AI search function in the first six months of the year and are now beginning to look at further innovations in terms of visual search, search personalisation and semantic tagging in order to take pioneering steps forward in search innovation. We are conscious that in order to maintain our market-leading position we need to be constantly innovating and we are now in a position to do so organically on our core technologies.

Improving the customer and developer experience

During the year, we focused on improving the developer experience as well as the customer experience, for example, launching a new user interface refresh of Fredhopper in Q4 and outlining our API strategy so that developers can take advantage of our tech with ease, both of which will continue to be a big part of our product roadmap in the year ahead. We have been busy developing documentation and collateral for our partners including training and enablement materials so that they are able take our products to market and deploy them. In the year we launched the Attraqt training academy and a new partner programme with developer and sales certifications. We are fast maturing as a partner centric company and our partners will be a significant driver of our growth and ability to scale for years to come.

Investing in our team

During the period, we have further invested in our marketing function. The result of this is that we are now generating double the amount of lead flow from marketing initiatives compared to what we were seeing at this point last year. We have also invested in our sales team across all regions, who are proficiently identifying high quality opportunities. Our strategy to split the sales function into Mid-Market and Enterprise supported by partner managers is now paying dividends in the UK with an enhanced pipeline, and our focus is to replicate this throughout our core regions in 2022.

This year, more than ever, we have seen the quality of our team shine through. I would like to take this opportunity to thank them for their hard work, dedication and ongoing enthusiasm during the year. Attraqt competes with a number of exceptionally well-funded global leading technology vendors yet we outperform them in our core markets through technology that better solves the key challenges of digital commerce today. It is our heritage, our industry expertise, our focus and the commitment of our people that enable our success and we are truly grateful to all of them.

I would also like to thank all our customers, partners and shareholders for their continued support throughout the year. I look forward to achieving further successes together in the future.

Outlook

Current trading has begun well with a strong level of new bookings in Q1 across both Enterprise and Mid-Market, demonstrating the momentum we have put into the business. Importantly, Attraqt was selected above two key competitors in pitch processes during Q4 FY21 and Q1 FY22, demonstrating the power and appeal of our current offering.

We are cognisant of the inflationary environment and the potential impact on consumer confidence but are not currently seeing any impact on our sales or pipeline and believe we are in a good position to navigate this environment going forward. Due to the increasingly global nature of our revenues, the impact of FX is a headwind in the current year, as such we will be using constant currency comparisons going forwards to provide a clearer indication of the Group’s underlying performance.

Looking ahead, we remain confident in our proposition, our products and our strategy. Attraqt's technology is integral to the delivery of online retail operations and the commercial success of our merchants. We firmly believe that we are well positioned to execute our growth strategy with significant momentum going into FY22.

Our focus for the year ahead is building further traction in the Mid-Market and continuing to build on our Enterprise success. Alongside this, we will be deploying a greater proportion of the available spend to go-to-market initiatives in 2022, as previously communicated.

We are confident that we can continue to effectively address what our customers need better than our competition, deliver against our growth strategy and create value for all our stakeholders.

Chief Financial Officer's Statement

Revenue for the year increased by 9% to £22.9m (2020: £21.0m), up 10% to £23.1m at constant currency.

SaaS revenues increased by 8% to £20.9m (2020: £19.3m) driven by strategic upsells and capacity growth in existing accounts. Services Revenue increased by 18% to £2.0m (2020: £1.7m).

Revenue	2021 statutory	2021 at constant currency	2020 statutory	Growth reported on a statutory basis	Growth at constant currency
SaaS	£20.9m	£21.1m	£19.3m	8%	9%
Services	£2.0m	£2.0m	£1.7m	18%	18%
Total	£22.9m	£23.1m	£21.0m	9%	10%

Gross profit increased by 4% to £16.2m (2020: £15.5m), but the gross profit margin decreased by 3 percentage points to 71%. The SaaS gross margin decreased by 3% percentage point to 77% due to increase of costs of our Amazon Web Services (AWS) and Google Cloud estates caused by higher hosting cost in legacy XO customers. We are disappointed by the decline in SaaS gross margin and driving it back to 80% is a key priority for 2022. The Services gross margin stayed the same at 9% and we believe this will be driven higher in 2022 due to higher staff utilisation.

Adjusted EBITDA[1] of £0.7m profit (2020: £1.1m) declined in the year due to increased hosting costs, and a rebound in sales & marketing expenditure after the cutbacks last year due to COVID-19.

The exceptional costs of £0.6m (2020: £0.3m) in the year relate to severance costs and other people costs of £0.5m and the final settlement for the EB acquisition of £0.1m.

Depreciation and amortisation totalled £4.1m (2020: £3.5m), increased due to the full year impact of the acquired intangibles that were created on Aleph acquisition. There was a share-based payment charge of £0.2m (2020: £0.1m).

Loss before tax was £4.2m (2020: £2.6m loss), with the tax credit in the period £0.7m (2020: credit £0.4m). Therefore, loss for the year after tax was £3.5m (2020: £2.2m loss).

Foreign exchange exposure

Cash flow forecasts are maintained for each major operating currency (GBP, EUR, USD, AUD) to manage transaction exposure. The expectation is that the Group will have more AUD than required but be short of USD. Currency forecasts are regularly reviewed and where necessary are hedged using forward contracts in the current statutory period. Hedging instruments as well as spot deals may only be traded with approved counterparties. Due to the increasingly global nature of our revenues, the impact of FX is a headwind in the current year, as such we will be using constant currency comparisons going forwards to provide a clearer indication of the Group's underlying performance.

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 negatively impacted the close rate on new business opportunities. Thankfully, the situation has improved over the last six to twelve months due to the vaccine rollout, but we continue to monitor the situation closely, as this continues to be an uncertain situation, with the ultimate severity, duration and impact unknown at this point.

Cash

The cash balance at the end of the period was £3.5m (2020: £6.6m), which was a decrease of £3.1m during the year. The decrease was mainly due to capitalised development expenditure of £2.0m (as we prepared the Mid-Market product to increase our total addressable market), the payment of deferred consideration on acquisitions of £0.8m and the payment of delayed Covid tax liabilities of £0.5m. The business plan and momentum for 2022 moves Attraqt to underlying cash neutral trading and marks an important milestone.

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 increased by 7% to £22.6m at constant currency rates (4% to £21.9m reported) from £21.1m in 2020 and was driven by some large size new customers embarking on first phase roll-outs and sales of the new acquired AI Search product to our existing customers.

The first lever that impacts ARR is the booking of new, recurring revenue. Recurring bookings in 2021 were £3.5m (2020: £3.9m). 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 2021 was 10.6% (£2.2m), which is a significant reduction from 14% (£2.7m) in 2020 and the NRR was strong at 104% (2020 102%).

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

Eric Dodd
Chief Financial Officer
7 April 2022

1 Adjusted EBITDA refers to earnings before interest, tax, depreciation, amortisation, other income and foreign exchange (see note 6), share based payments (note 17) and exceptional items (note 5).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Note	2021	2020
		£'000	£'000
Revenue	4	**22,863**	21,003
Cost of Sales	4	**(6,698)**	(5,502)
Gross profit		**16,165**	15,501
Administration expenses		**(19,763)**	(17,822)
Exceptional administrative expenses	5	**(562)**	(256)
Total administrative expenses		**(20,325)**	(18,078)
Loss from operations	6	**(4,160)**	(2,577)
Net finance costs		**(82)**	(58)
Loss before tax		**(4,242)**	(2,635)
Taxation credit	8	**711**	408
Loss for the year		**(3,531)**	(2,227)
Loss per share attributable to the ordinary equity holders of the company			
Basic and diluted EPS	9	**(1.8p)**	(1.2p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021	2020
		£'000	£'000
(Loss) for the year		**(3,531)**	(2,227)
Foreign exchange translation differences		**(251)**	(50)
Total other comprehensive (loss) for the year		**(251)**	(50)
Total comprehensive (loss) for the year, attributable to shareholders of the parent		**(3,782)**	(2,277)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021

	Notes	2021	2020
		£'000	£'000
Non-current assets			
Plant and equipment	10	**220**	243
Right of use assets	11	**1,171**	1,073
Intangible assets	12	**41,211**	40,585
Total non-current assets		**42,602**	41,901
Current assets			
Trade and other receivables	14	**6,026**	6,155
Cash and cash equivalents	15	**3,515**	6,591
Corporation tax		**494**	573
Total current assets		**10,035**	13,319
Total assets		**52,637**	55,220
Current Liabilities			
Trade and other payables	18	**10,080**	11,667
Corporation tax		**672**	267
Total current liabilities		**10,752**	11,934
Non-current liabilities			
Deferred tax liability	8	**2,481**	2,839
Bank Loan		**394**	-
Lease liability	11	**686**	737
Total non-current liabilities		**3,561**	3,576
Net Assets		**38,324**	39,710
Equity			
Issued capital	16	**2,016**	1,961
Share premium	16	**55,480**	53,251
Merger reserve		**1,457**	1,457
Share based payment reserve	17	**1,697**	1,585
Foreign exchange reserve		**(526)**	(275)

Accumulated deficit	**(21,800)**	(18,269)
Total equity attributable to equity holders of the parent	**38,324**	39,710

CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

For the year ended 31 December 2021

	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 2020		**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)	-	(50)
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**(50)**	**(2,227)**	**(2,277)**
Contributions by and distributions to owners								
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**
Loss for the year		-	-	-	-	-	(3,531)	(3,531)
Total comprehensive (loss) for the year		**-**	**-**	**-**	**-**	**-**	**(3,531)**	**(3,531)**
Contributions by and distributions to owners								
Shares issued	16	55	2,229	-	-	-	-	2,284
Issue costs		-	-	-	-	-	-	-
Contingent shares to be issued		-	-	-	(103)	-	-	(103)
Share based payment charge	17	-	-	-	215	-	-	215
Foreign currency translation differences		-	-	-	-	(251)	-	(251)
Total contributions by and distributions to owners		**55**	**2,229**	**-**	**112**	**(251)**	**-**	**2145**
Balance at 31 December 2021		**2,016**	**55,480**	**1,457**	**1,697**	**(526)**	**(21,800)**	**38,324**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	**2021**	2020
		£'000	£'000
Cash flows from operating activities			
Loss for the year		**(3,531)**	(2,227)
Adjustments for:			
Depreciation of property, plant and equipment	10	**142**	139
Amortisation of intangible fixed assets	12	**3,454**	2,817
Depreciation of right of use assets	11	**522**	574
Income tax (credit)	8	**(711)**	(408)
Share based payment expense	17	**215**	59
Finance costs		**82**	58

Foreign exchange differences		**(49)**	(99)
		124	913
Decrease/(increase) in trade and other receivables		**129**	(1,110)
(Decrease)/Increase in trade and other payables		**(1,011)**	880
Cash (used)/generated in operating activities before interest and tax		**(758)**	683
Taxation received /(paid)		**841**	(166)
Net cash generated in operating activities		**83**	517
Cash flows used in investing activities			
Asset purchase		**(350)**	-
Fair value gain on forward contract		**-**	-
Purchases of Property, plant and equipment	10	**(128)**	(66)
Additions of internal software development intangible	12	**(2,025)**	(1,341)
Net cash (used)/generated from investing activities		**(2,503)**	(1,407)
Cash flows from financing activities			
Lease payments		**(540)**	(626)
Lease interest		**(66)**	(61)
Interest received		**-**	3
Issue of ordinary shares, net of issue costs		**-**	3,744
Loan received		**-**	450
Repayments of loan		**(26)**	(27)
Net cash (used in)/ generated from financing activities		**(632)**	3,483
Net (decrease)/ increase in cash and cash equivalents		**(3,052)**	2,593
Cash and cash equivalents at beginning of year		**6,591**	3,950
Effect of foreign currency exchange rate changes		**(24)**	48
Cash and cash equivalents at end of year	15	**3,515**	6,591

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 information included in this preliminary announcement does not constitute the Company's statutory accounts for the year ended 31 December 2021 and for the year ended 31 December 2020 but is derived from those accounts. Statutory accounts for the year ended 31 December 2020 have been delivered to the registrar of companies, and those for year ended 31 December 2021 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention to by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The consolidated financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with UK adopted international accounting standards.

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 2021 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 UK adopted international accounting standards subject to any material departures disclosed and explained in the group and company financial statements. 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 2021. The Group has not seen a severe impact in the year with consolidated Revenue up year on year. The consolidated cash balance available to the Group is healthy at £3,515,000. The Group has continued to offer services and support to our clients uninterrupted by the national lockdowns in 2021 and has not relied upon any furlough schemes available. The Group, via Attraqt Limited, took advantage of available options in 2020 to defer VAT which was settled in quarter 1 of 2021.

To address uncertainties arising in the current environment, the Group has maintained the additional financing secured in 2021 of an overdraft facility of £250,000 within Attraqt Limited and will repay the EUR 500,000 loan via its French subsidiary Early Birds S.A.S. over a 5 year period with the first repayment being due in July 2022.

The Group has assessed the ongoing situation in Ukraine and there is limited impact to the business because the Group has no customers or assets in Ukraine, Belarus or Russia. We note that some of our multinational customers have paused business operations in Russia in response to the situation but due to the global reach of these customers, the Group has determined that there will be limited effect. The Group will continue to monitor the situation.
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 April 2023. 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 9% 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 and the return to normal with the lifting of restrictions.

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

- Negotiating longer credit terms with suppliers;
- Changing invoicing terms with customers to upfront payment;
- Reduction in marketing spend in relation to events; and
- Delay in staff recruitment.

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. Attraqt invoices in advance which is reported as deferred income and is recognised as revenue in the income statement as the service is delivered to the customer. 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:

<u>SaaS license fee</u>: 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.

<u>On-going services</u>: 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.

<u>Overage fees:</u> 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 liabilities 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.

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

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.

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	Useful economic life for Aleph intangibles	Valuation Method
Customer Relationships	11 years	9 years	n/a	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	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	n/a	Relief from Royalty Method - the value of intangible assets are estimated by capitalising the royalties saved because the company owns the intangible asset.

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.

Leases not meeting low value or short term of less than 12 months 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 for CSOP options. In 2021 the Group has issued nil cost options to Management and Executive members which have been equally split between those with market conditions and those with a non-market performance condition. The nil cost options with market conditions are fair valued using the Monte Carlo valuation model and the nil cost options with a non-market performance condition are assessed at the end of each financial year to determine the probability of the non-market performance condition being achieved at the vesting date.

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 IAS 1: Classification of Liabilities as Current or Non-Current	1 January 2022†
Annual improvements to IFRS standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	1 January 2022†
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);	1 January 2023†
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023†
Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).	1 January 2023†

* 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 Group is currently assessing the impact of these new accounting standards and amendments.
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 judgements 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.

	2021	2020
	£'000	£'000
Revenue by type		
SaaS	**20,870**	19,278
Services	**1,993**	1,725

Total Revenue	**22,863**	21,003
Cost of Sales by type		
SaaS	**4,880**	3,932
Services	**1,818**	1,570
Total Cost of Sales	**6,698**	5,502
Gross profit	**16,165**	15,501

There is no one customer which contributed more than 10% of the Group's revenues in 2021 (2020: 1 customer – contributing £2.1m).

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

	2021	2020
	£'000	£'000
Geographical split of revenue		
UK	**10,537**	9,861
France	**5,058**	4,979
Netherlands	**2,492**	2,441
Rest of Europe	**3,126**	2,619
Rest of the World	**1,650**	1,103
Total Revenue	**22,863**	21,003

Contract assets and liabilities

	Contract Assets			Contract liabilities	
	2021	2020		**2021**	**2020**
	£'000	£'000		**£'000**	**£'000**
At 1 January	**828**	175	**At 1 January**	**5,545**	**5,438**
Recognised	**1,041**	1,360	Recognised as revenue	**(20,870)**	**(20,015)**
Amortised	**(989)**	(707)	Recognised as deferred income	**21,120**	**20,122**
At 31 December	**880**	828	**At 31 December**	**5,795**	**5,545**

Contract assets are included within trade and other receivables, contract liabilities are included within trade and other payables. The contract liability balance arises from contracts that relate to the next financial year. Contract assets relate to upfront commissions which are amortised over the length of the contract which can span up to 3 years.

5. EXCEPTIONAL ITEMS

During 2021, total exceptional costs incurred £562,000 (2020: £256,000) of which £482,000 relates to severance and people related costs, £80,000 in relation to final settlement for the EB acquisition.

The exceptional costs for 2020 consist of £38,000 relating to restructuring, £35,000 relating to entity closure costs and £183,000 relating to the legal and professional advice associated with the asset purchase and post-acquisition integration.

6. LOSS FROM OPERATIONS

	2021	2020
	£'000	£'000
Loss from operations is taken after taking account of the following items:		
Staff costs (see note 7)	**12,949**	12,368
Depreciation of property, plant and equipment (see note 10)	**142**	139

Amortisation of intangible assets (see note 12)	**3,454**	2,817
Depreciation of Right of use assets (see note 11)	**522**	574
Operating lease expense	**56**	100
Research and Development costs	**1,204**	1,254
Foreign exchange loss (profit)	**49**	(99)
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**	130
Fees payable to the company's auditor and its associates for other services:		
Tax services	**43**	21
Audit related assurance services	**9**	10
Other services	**-**	5

7. STAFF COSTS

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

(No.)	**2021**	2020
Sales	**17**	15
Technical	**107**	105
Management (including directors)	**6**	6
Administration	**35**	33
	165	159

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

(No.)	**2021**	2020
Sales	**17**	15
Technical	**107**	104
Management (including directors)	**6**	6
Administration	**34**	32
	164	157

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£'000	£'000
Staff costs (including directors) comprise:		
Wages and salaries	**10,447**	10,225
Social security contributions and similar taxes	**1,957**	1,827
Pension	**330**	257
Share Based Payment	**215**	59
	12,949	12,368

Capitalised staff costs total £1,275,000 (2020: £873,000). Pension costs are in respect of the defined contribution scheme; there were unpaid contributions at 31 December 2021 of £97,000 (2020: £91,000).

The total of the directors' remuneration is £922,000. The highest paid director is £343,000.

8. TAXATION

	2021	2020
	£'000	£'000
Tax (credit) comprises:		
Current tax on loss for the year	**(368)**	(242)
Current tax adjustment in relation to prior years	**15**	192

Deferred Tax for the year	**(358)**	(358)
	(711)	(408)

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:

	2021	2020
	£'000	£'000
Loss for the year before tax	**(4,242)**	(2,635)
Expected tax charge based on the standard rate of United Kingdom corporation tax at the domestic rate of 19.00% (2020 – 19.00%)	**(806)**	(501)
Expenses not deductible for tax purposes	**93**	191
Adjustment in respect of prior years	**15**	192
Unrelieved losses arising in the period	**371**	231
Additional deduction for R&D expenditure	**(482)**	(642)
Surrender of tax losses for R&D tax credit refund	**85**	91
Changes in rates of tax	**-**	-
Adjustment for different rates of corporation taxation in overseas jurisdictions	**13**	30
Total tax (credit)	**(711)**	(408)

At 31 December 2021, tax losses estimated at £8.7m (2020: £8.5m) 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.

On the 3 March 2021 Budget it was announced that the UK tax rate will increase from 19% to 25% from 1 April 2023. This has a consequential effect on the company's future tax charge. The rate change to 25% had been substantively enacted at the current balance sheet date. The impact of the rate change in the current year is therefore £nil.

DEFERRED TAX

	£'000
At 1 January 2020	3,197
Arising through business combinations	-
Recognised in profit or loss	(358)
At 31 December 2020	**2,839**
Recognised in profit or loss	**(358)**
At 31 December 2021	**2,481**

		2021			2020	
Categorised as:	**Asset**	**Liability**	**Net**	Asset	Liability	Net
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Arising through business combinations	**2,481**		**2,481**	2,839		2,839
Accelerated capital allowances		**(142)**	**(142)**		(142)	(142)
Available losses	**142**		**142**	142		142
Tax asset/(liabilities)	**2,623**	**(142)**	**2,481**	2,981	(142)	2,839

9. LOSS PER SHARE

	2021	2020
	£'000	£'000
Numerator		
Loss for the year after tax and loss used in basic and diluted EPS	**(3,531)**	(2,227)

Denominator		
Weighted average number of shares used in basic and diluted EPS	**198,435,537**	184,051,542
Loss per share – basic and diluted	**(1.8p)**	(1.2p)

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 2020	124	340	74	538
Additions	-	66	-	66
Disposals	-	(150)	-	(150)
At 31 December 2020	124	256	74	454
Additions	**33**	**95**	**-**	**128**
Disposals	**-**	**(3)**	**-**	**(3)**
Foreign exchange	**-**	**(11)**	**-**	**(11)**
At 31 December 2021	**157**	**337**	**74**	**568**
Depreciation				
At 1 January 2020	15	185	20	220
Charge for the year	21	94	24	139
Disposals	-	(148)	-	(148)
At 31 December 2020	36	131	44	211
Charge for the year	**36**	**82**	**24**	**142**
Disposals	**-**	**(2)**	**-**	**(2)**
Foreign exchange	**-**	**(3)**	**-**	**(3)**
At 31 December 2021	**72**	**208**	**68**	**348**
Net Book Value				
At 1 January 2020	109	155	54	318
At 31 December 2020	88	125	30	243
At 31 December 2021	**85**	**129**	**6**	**220**

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 2020	1,820	1,820
Additions	-	-
Remeasurement of lease	293	293
At 31 December 2020	2,113	2,113
Additions	**85**	**85**
Remeasurement of lease	**535**	**535**
At 31 December 2021	**2,733**	**2,733**
Depreciation		
At 1 January 2020	466	466
Charge for the year	574	574
At 31 December 2020	1,040	1,040
Charge for the year	**522**	**522**
At 31 December 2021	**1,562**	**1,562**
Net Book Value		
At 1 January 2020	1,354	1,354
At 31 December 2020	1,073	1,073
At 31 December 2021	**1,171**	**1,171**

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 April 2021 Fredhopper BV renewed the lease for a period of 12 months and Attraqt Limited entered into a 2 year lease for an office in Chertsey. A remeasurement was completed for the Netherlands and Paris leases which are assumed to renew for an additional year when the leases end during 2022.

Amounts recognised in the statement of profit or loss	**2021**	2020
	£'000	£'000
Amortisation	**522**	574
Interest expense	**66**	61
Expenses relating to short term leases and low value assets	**56**	100
	644	735
Total cash outflow for lease in 2021	**540**	626

Lease liability recognised as at 31 December	**2021**	2020
Of these which are:	**£'000**	£'000
Current lease liabilities	**614**	416
Non-current lease liabilities	**686**	738
	1,300	1,154

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:

	2021	2020

	£'000	£'000
Not later than one year	**35**	40
Later than one year and not later than five years	**1**	3
	36	43

12. INTANGIBLE ASSETS

	Goodwill	Customer Relationships	Existing Technology	Trademark	Software Development	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2020	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
Additions - internally developed	**-**	**-**	**-**	**-**	**2,025**	**2,025**
Acquired through asset purchase	**-**	**-**	**2,179**	**-**	**-**	**2,179**
Foreign Exchange	**-**	**(49)**	**-**	**-**	**(245)**	**(294)**
At 31 December 2021	**25,649**	**6,699**	**12,690**	**1,136**	**7,439**	**53,613**
Amortisation						
At 1 January 2020	-	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
Charge for the period	**-**	**656**	**1,355**	**114**	**1,329**	**3,454**
Foreign Exchange	**-**	**(22)**	**-**	**-**	**(148)**	**(170)**
At 31 December 2021	**-**	**2,590**	**4,625**	**470**	**4,717**	**12,402**
Net Book Value						
At 1 January 2020	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
At 31 December 2021	**25,649**	**4,109**	**8,065**	**666**	**2,722**	**41,211**

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	Aleph Net book value
				2021	**2021**	**2021**	2020	2020	2020
				£'000	**£'000**	**£'000**	£'000	£'000	£'000
Customer relationships	2028	2028	-	**1,636**	**2,395**	**-**	1,891	2,796	-
Existing technology	2024	2029	2030	**2,878**	**1,500**	**3,687**	3,267	2,186	1,804
Trademark	2027	2029	-	**258**	**408**	**-**	293	487	-

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:

	2021	2020
	£'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:

	2021	2020
Discount rate	**12.25%**	12.25%
Revenue growth rate	**13%**	14%
Budgeted EBITDA margin (average growth over next 5 years)	**16.7%**	14%
Terminal growth rate	**5%**	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 post-tax measure based on weighted average cost of capital.

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

- Revenue is assumed to grow at 13% 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	**2021**	2020
Revenue growth rate*	**(6.3)**	(5.1)

*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 2021, 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	36 rue Scheffer, 75116, 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	36 rue Scheffer, 75116, 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 (dormant)	100%	UK	7th Floor, 222-236 Gray's Inn Road, London, WC1X 8HB

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

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 and is dormant.

14. TRADE AND OTHER RECEIVABLES

	2021	2020
	£'000	£'000
Trade receivables	**3,996**	4,215
Less: expected credit losses	**(206)**	(142)
Trade receivables – net	**3,790**	4,073
Prepayments and accrued income	**2,034**	1,829
Other receivables	**202**	253
Total trade and other receivables	**6,026**	6,155

Trade receivables comprise amounts due from customers for goods sold or services performed in the ordinary course of business. Invoices to customers are settled within 30 – 90 day credit terms with the average being 45 days after the date of issue. The ageing of trade receivables is shown below and shows amounts that are current and 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 of 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 2021	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	**2,899**	**721**	**151**	**27**	**46**	**3,844**
Loss provision	**14**	**22**	**6**	**2**	**10**	**54**
Gross carrying amount for lifetime credit loss	**-**	**-**	**-**	**-**	**152**	**152**
Loss provision for lifetime credit loss	**-**	**-**	**-**	**-**	**152**	**152**
Total loss provision	**14**	**22**	**6**	**2**	**162**	**206**

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**	**4,142**
Loss provision	**18**	**5**	**-**	**9**	**44**	**76**
Gross carrying amount for lifetime credit loss	**-**	**-**	**-**	**-**	**66**	**66**
Loss provision for lifetime credit loss	**-**	**-**	**-**	**-**	**66**	**66**
Loss provision	**18**	**5**	**-**	**9**	**110**	**142**

At 31 December 2021 trade receivables of £152,000 (2020: £66,000) had life time expected credit losses of the full value of the receivables. All other trade receivables have been calculated on a 12 month expected credit loss rate.

	2021	2020
	£'000	£'000
As at 1 January	**142**	95
Write off	**(15)**	(23)
Recognised	**68**	88
FX movement	**11**	(18)
As at 31 December	**206**	142

15. CASH AND CASH EQUIVALENTS

	2021	2020
	£'000	£'000
Cash at bank	**3,566**	6,672
Bank loan	**(51)**	(81)
	3,515	6,591

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

	2021	**2021**	**2021**	2020	2020	2020
		£'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	**196,149,171**	**1,961**	**53,251**	180,048,207	1,800	48,516
Shares issued for cash during the year				12,500,000	125	3,619
Shares issued to sellers as part of asset purchase during the year	**5,401,446**	**55**	**2,229**	3,600,964	36	1,116
At 31 December	**201,550,617**	**2,016**	**55,480**	196,149,171	1,961	53,251

The Company issued 5,131,374 1p Ordinary shares at 42.5p on 26 July 2021 which related to 95% of the unpaid deferred consideration to the sellers for the asset purchase of the Aleph software. The Company issued 270,072 1p Ordinary shares at 37.50p on 7 October 2021 which was the remaining 5% of the deferred consideration to the sellers for the purchase of the Aleph software. The Company has a total of 201,550,617 ordinary shares in issue, all of which have voting rights. In 2020 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.

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. The scheme expired for new awards to management level and above in 2021 but existing grants will remain protected. 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.

The company has replaced the unapproved scheme for executive directors and certain senior management with a long term incentive plan (LTIP) for management level based on proposed performance conditions which are more closely aligned with the strategy and objectives of the business. These LTIPs are exercisable at nil cost to the individual (with the exception of the 1p nominal value of each share awarded). This will be an annual award. 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); or
- On a change of Control of the Company as defined in the Plan rules; or
- On a Sale or Disposal of the Company as defined in the Plan rules; or
- Following the exercise of discretion by the Board.

17. SHARE BASED PAYMENTS *continued*

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

	2021 WAEP	2020 WAEP

	Number	Price (pence)	Number	Price (pence)
Outstanding at the beginning of the year	**13,229,991**	**32.59**	12,607,818	31.67
Granted during the year	**2,669,000**	**4.87**	3,710,000	27.37
Forfeited during the year	**(905,490)**	**37.02**	(3,087,827)	33.49
Outstanding at the end of the year	**14,993,501**	**26.98**	13,229,991	32.59
Exercisable at the year end	**6,545,817**	**34.52**	4,948,806	36.57

	CSOP		Nil cost options		Total	
2021 WAEP	**Number**	**Price (pence)**	**Number**	**Price (pence)**	**Number**	Price (pence)
Outstanding at the beginning of the year	13,229,991	32.59	-	-	13,229,991	32.59
Granted during the year	255,000	41.50	2,414,000	1.00	2,669,000	4.87
Forfeited during the year	(805,490)	41.50	(100,000)	1.00	(905,490)	37.02
Outstanding at the year end	12,679,501	31.72	2,314,000	1.00	14,993,501	26.98
Exercisable at the year end	6,545,817	34.52	-	-	6,545,817	34.52

No options were exercised during the year.
The company uses a Black Scholes model for grants issued with a share price performance criteria for employees and those grants for executive directors and certain senior management prior to 2021. A Monte Carlo model is used to estimate the fair value of the performance share options granted in 2021.

The following information is relevant in the determination of the fair value of options granted using the Black Scholes model. 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 of 10% over the vesting period have been added into the calculation.

The following information is relevant in the determination of the fair value of options granted using the Monte Carlo model. 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 3 year period prior to the grant date.
- Expectations of staff retention of 10% over the vesting period have been added into the calculation.

Details of the share options granted as follows:

Grant date	22-Apr-21	22-Apr-21	22-Apr-21
Option pricing model	Black Scholes	Monte Carlo	Probability
Number of shares	255,000	1,207,000	1,207,000
Share price on grant date	41.50p	41.50p	41.50p
Exercise price (£)	41.50p	1.00p	1.00p
Weighted average contractual life	6 years	3 years	3 years
Staff retention rate	10%	10%	10%
Risk-free interest rate	0.07%	0.13%	0.07%
Volatility	29.73%	27.20%	30.04%
Probability of revenue achievement	-	-	70%
Total Fair Value (£)	27,214	107,109	307,966

The total expense recognised during the year by the Group, for all schemes, was £215,000 (2020: £59,000) net of forfeitures. The weighted average remaining life of the options outstanding at the end of the year was 7.3 years (2020: 7.8 years). No options were exercised during the year.

18. TRADE AND OTHER PAYABLES

	2021	2020
	£'000	£'000
Trade payables	**1,659**	1,268
Accrued and other payables	**585**	1,460
Bank loan	**26**	450
Lease liability (note 11)	**614**	416
Other taxes	**117**	741
Contract liability	**5,795**	5,545
Employee benefits	**753**	1,334
Employee taxes	**531**	453
Total Trade and other payables	**10,080**	11,667

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 of Early Birds SAS that are greater than 50% of gross assets.

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	2021	2020
Current	**£'000**	£'000
Trade receivables	**3,790**	4,073
Accrued income	**337**	189
Other receivables	**202**	253
	4,329	4,515
Cash and cash equivalents	**3,515**	6,591

All financial assets held by the Group at 31 December 2021 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	2021	2020
	£'000	£'000
Trade payables	**1,659**	1,268
Accrued and other payables	**585**	1,460
Lease liabilities	**1,300**	1,154
Bank loan	**420**	450
Employee benefits	**753**	1,334
	4,717	5,666

All financial liabilities held by the Group at 31 December 2021 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 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.

Market risk

Attraqt Group’s customers are mainly in the retail sector which has been buoyant during the pandemic with a move towards more online sales. The Group is looking to further diversify into adjacent vertical markets such as DIY, Health & Beauty and Business to Business to mitigate the exposure to any changes in the retail sector.

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:

2021 £’000	**Up to 3 months**	**3 – 12 months**	**1 – 2 years**	**2 – 5 years**	**Over 5 years**

Trade payables and employee benefits	**2,412**	**-**	**-**	**-**	**-**
Accruals and other payables	**585**	**-**	**-**	**-**	**-**
Bank loan	**-**	**26**	**84**	**252**	**58**
Lease liabilities	**179**	**538**	**521**	**403**	**-**
	3,176	**564**	**605**	**655**	**58**

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**	**-**	**-**	**-**	**-**
Bank loan	**-**	**28**	**90**	**270**	**62**
Lease liabilities	**184**	**552**	**382**	**485**	**81**
	4,246	**580**	**472**	**755**	**143**

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 2021 were £38.3 million (2020: £39.7 million) and net debt, calculated as total debt (comprising bank loans), less cash and cash equivalents amounted to £3.5 million (2020: £6.1 million).

In 2020, the Group issued shares via a fund raise of £4,000,000 to purchase the Aleph Search software and a subsidiary was granted a loan of £450,000 in 2020. This bank loan is payable over a five year period with a pandemic delayed start date of October 2022.

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	
	2021	**2020**	**2021**	2020
	£'000	**£'000**	**£'000**	£'000
Azini Capital Partners[1]	**69**	**70**	**-**	20
Taylor Wessing[2]	**43**	**40**	**-**	-
Taylor Wessing[3]	**27**	**213**	**-**	-

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.

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.

	2021	2020
	£'000	£'000
Salary, Director fees, bonus and benefits in kind	**694**	750
Employers National Insurance	**63**	79
Pension	**13**	13
Share based payments	**215**	(4)

	985	838

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

21. CAPITAL COMMITMENTS

There were no capital commitments in 2021.

COMPANY STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021

	Notes	**2021**	2020
		£'000	£'000
Non-current assets			
Investments	2	**43,385**	40,991
Amounts owed by group undertakings	7	**11,462**	12,343
Total non-current assets		**54,847**	53,334
Current assets			
Trade and other receivables	3	**194**	332
Total current assets		**194**	332
Total assets		**55,041**	53,666
Current Liabilities			
Trade and other payables	4	**113**	609
Total current liabilities		**113**	609
Net Assets		**54,928**	53,057
Equity			
Share capital	5	**2,016**	1,961
Share premium	5	**55,480**	53,251
Share based payment	6	**1,697**	1,585
Accumulated deficit		**(4,265)**	(3,740)
Total equity		**54,928**	53,057

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Note	Share Capital	Share premium	Share based payment reserve	Retained earnings	Total
		£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020		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**
(Loss) for the year		-	-	-	(525)	(525)
Total comprehensive (loss) for the year		**-**	**-**	**-**	**(525)**	**(525)**
Contributions by and distributions to owners						
Shares issued	5	55	2,229	-	-	2,284
Share based payment charge	6	-	-	215	-	215
Contingent shares to be issued		-		(103)	-	(103)
Total contributions by and distributions to owners		**55**	**2,229**	**112**	**-**	**2,396**
Balance at 31 December 2021		**2,016**	**55,480**	**1,697**	**(4,265)**	**54,928**

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.

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 UK 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

	2021	2020
	£'000	£'000
As at 1 January	**40,991**	39,105
Additions	**2,394**	1,886
As at 31 December	**43,385**	40,991

As at 31 December 2021, 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

	2021	2020
	£'000	£'000
Prepayments	**77**	115
Trade receivables	**-**	106
VAT	**117**	111
	194	332

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

4. TRADE AND OTHER PAYABLES

	2021	2020
	£'000	£'000
Trade payables	**79**	133
Other payables	**-**	350
Deferred income	**-**	81
Accruals	**34**	45
	113	609

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

	2021	**2021**	**2021**	2020	2020	2020
		£'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	**196,149,171**	**1,961**	**53,251**	180,048,207	1,800	48,516
Shares issued for cash during the year	**-**	**-**	**-**	12,500,000	125	3,619
Shares issued to sellers as part of asset purchase during the year	**5,401,446**	**55**	**2,229**	3,600,964	36	1,116
At 31 December	**201,550,617**	**2,016**	**55,480**	196,149,171	1,961	53,251

The Company issued 5,131,374 1p Ordinary shares at 42.5p on 26 July 2021 which related to 95% of the unpaid deferred consideration to the sellers for the asset purchase of the Aleph software. The Company issued 270,072 1p Ordinary shares at 37.50p on 7 October 2021 which was the remaining 5% of the deferred consideration to the sellers for the purchase of the Aleph software. The Company has a total of 201,550,617 ordinary shares in issue, all of which have voting rights. In 2020 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.

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6. SHARE BASED PAYMENTS

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

7. FINANCIAL INSTRUMENTS

	2021	2020
	£'000	£'000
Trade and intercompany receivables	**11,462**	12,449

Financial assets at amortised cost	**11,462**	12,449
Trade and other payables	**81**	528
Financial liabilities at amortised cost	**81**	528

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 (2020: nil).

Amounts owed from intercompany balances bear interest at 0.01% per annum (2020: 0.01%). 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 (2020: none) excluding directors. Further information about the remuneration of the directors is provided in the remuneration report .