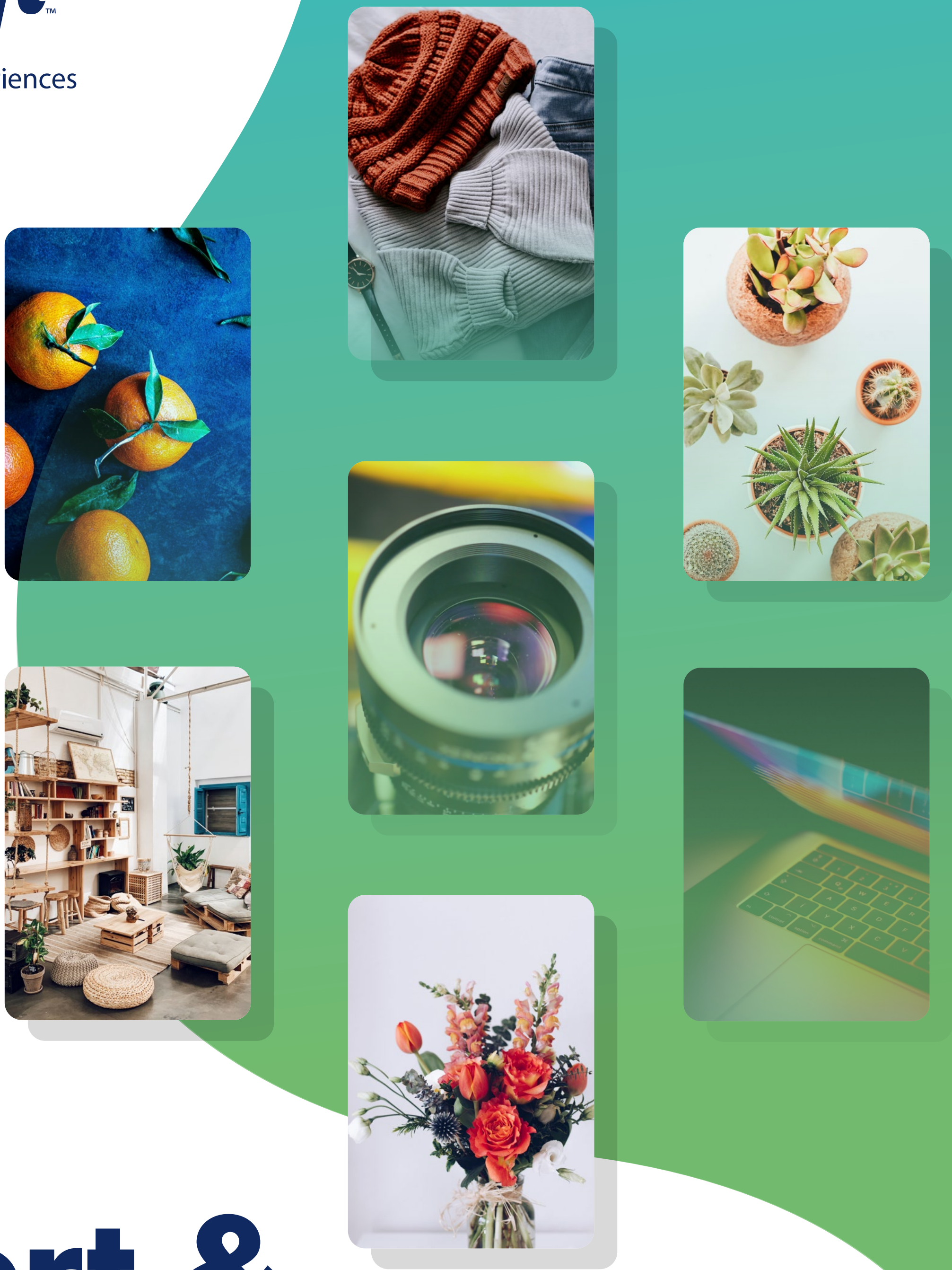
Exceptional Shopping Experiences



Report & financial statements

Year ended 31st December 2020

Attraqt Group plc

Company Number 08904529

Contents

What we do

Attraqt is a leading European technology provider in Search, Merchandising and Personalisation.

We have a proven ability to orchestrate individual shopper moments across the entire product discovery journey from awareness to discovery, inspiration, conversion and re-engagement. Attraqt enables international brands, manufacturers and retailers to optimise their ecommerce site performance by delivering exceptional shopping experiences for their customers through a set of API-enabled, algorithm-driven, intelligent SaaS services covering search, navigation, merchandising, recommendations and internationalisation, all of which are highly personalised through our embedded AI capabilities.

What we do

Empowering retailers and brands

Our capabilities bring together and empower all key stakeholders, within our customers, who have a responsibility for optimising the shopper journey. Through our open and transparent technology, we enable business, data and technical teams to successfully collaborate together and to fully leverage and optimise their existing ecommerce technology investments. Ultimately, this provides shoppers with individualised and connected product discovery experiences that drive conversion. This also provides teams with real operational efficiencies.

Our AI differentiation

One of Attraqt's foundational and highly differentiated abilities is that we don't just rely on just one algorithm to deliver Artificial Intelligence. Our platform enables the customer to find the best algorithm for their specific needs, whether this be an Attraqt algorithm, a third-party algorithm or their own. In this way, the customer always selects the best model, resulting in curated personalisation strategies that deliver differentiated experiences at scale. Experiences that exceed the expectations of today's shopper, motivating higher conversion and resulting in delivery of the organisation's commercial goals.

Aligned with digital acceleration

The market is changing rapidly, and there is a strong market impetus for investment to shift to digital and customer experience technologies. We are enabling our customers to make this transition, with agility, speed and operational efficiency through the application of AI, as this is the centre piece of our offering across all our solutions. In addition, we are able to support retailers who are seeking to scale and expand their ecommerce offering internationally as well as into new market segments and vertical categories.

Addressable market

Attraqt supports over 300 brands globally with localised languages.

Top 6 segments:

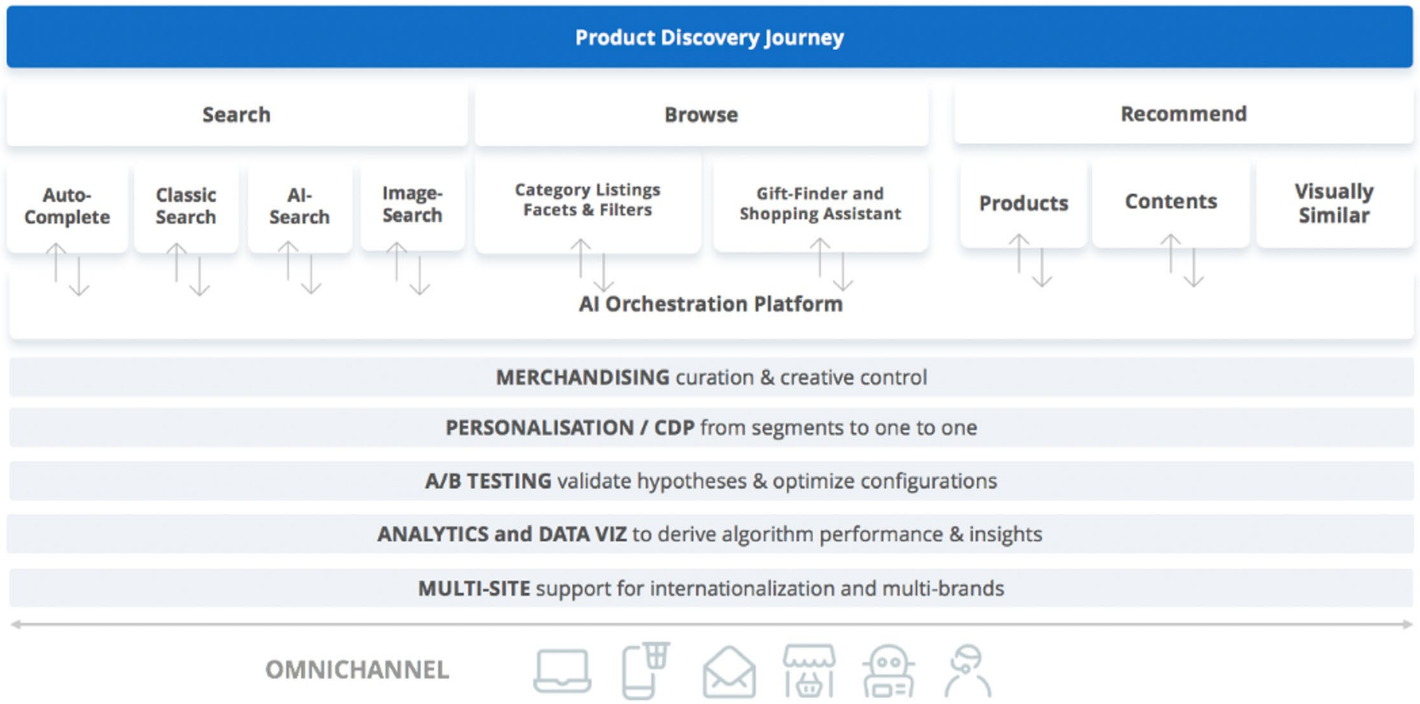
- Fashion & Footwear
- Home, Garden and Living
- Sports, Recreation and Leisure
- Brand Stores
- Electronics
- Other

The multi-channel brands and specialist retailers we cater to span several sectors including Fashion, Footwear, Homeware, Health & Beauty, Grocery, Electronics, B2B, Sports & Outdoor. Our analysis shows us that Brand Stores are the biggest opportunity for us. This rapid growth of Direct-to-Consumer brands which use their platform and infrastructure to grow fast and connect directly to their customers, without 'middle men', are a significant sign of positive market disruption. We are poised to respond to this effectively.

Our capabilities

The modern online shopper journey is complex and not linear. We expect that shoppers will engage with retailers on multiple touch points over a period of time before making a purchase. This is what we refer to as the product discovery journey and this is what our capabilities are set against.

Product Discovery Journey



This enables retailers and brands to create end-to-end product discovery experiences online by controlling a combination of Smart Automation and Strategic Control. This is performed by the end user of the platforms, who is usually the merchandiser or ecommerce marketer.

Solutions and services

Search

Our search system is built exclusively for ecommerce, across all verticals to keep the conversation ongoing with shoppers: from search suggestions, to user feedback and predictive search.
Our 2020 deployment of AI in our search engine combines natural language processing, computer vision and user behaviour data with merchandising creative control, to apply shopper intent for rich discovery experiences.

Personalisation

We support and guide customers throughout their journey, from discovery, to purchase and beyond. By applying smart merchandising rules retailers can configure, test and deploy their personalisation algorithms in real-time to build high-performance personalisation strategies.

Merchandising

Merchandisers need complete control over the front-end presentation to ensure that products are presented to shoppers in the best way. Attraqt's solution make it easy for teams to deliver valuable and inspiring recommendations for shoppers to easily find the products that will surprise and delight them.

Our solutions have the following benefits:

Optimise the Shopper Journey

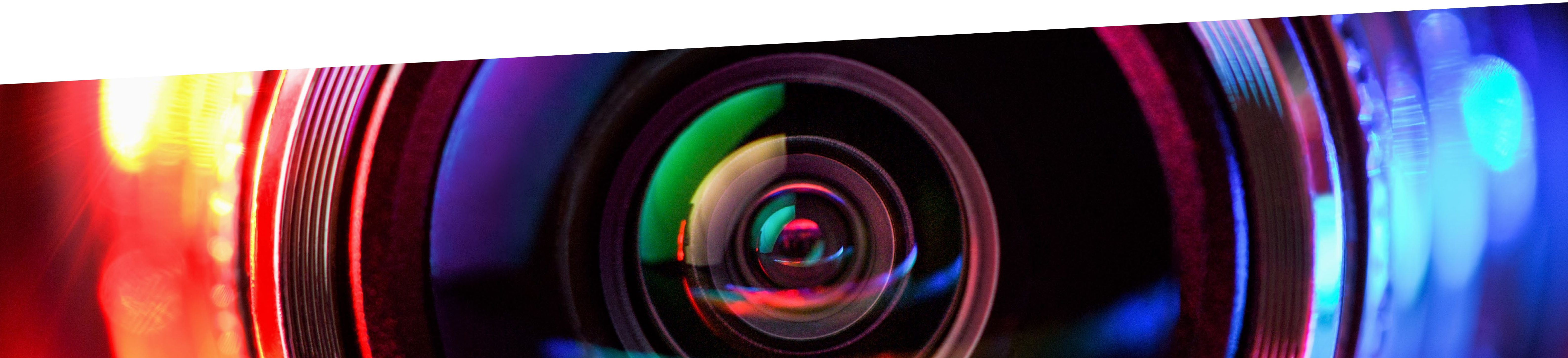
Understand what shoppers are looking for at each step of the customer journey to anticipate and respond to their needs.

Enhance the User Experience

Create integrated experiences across channels and visits for the entire shopper journey. This helps build brand connections to drive lifetime value for customers.

Deliver Merchandising and Operational Efficiency

With intelligent automation our technology lets merchandising teams take control and focus on the strategy and creativity to deliver both shopper experiences and commercial goals.



Our technology

The modern online shopper journey is highly complex and non-linear, and we expect that shoppers will engage with retailers on multiple touch points and channels over a period of time before making a purchase. Attraqt allows retailers and brands to orchestrate this entire product discovery experience.

The Attraqt product stable

Through a series of acquisitions, we have accelerated the speed of our innovation.

Fredhopper Discovery Platform (FHR)

– Acquired in 2017
– World leading search and merchandising platform
– Meets the needs of larger, multi-national customers

Experience Orchestrator (XO)

– Acquired in 2019 as part of the Early Birds purchase
– Modern, Cloud native, scalable AI-enabled platform
– Personalisation platform
– Meets the needs of mid-size retailers, brands and partners

Aleph Search

– Acquired in 2020
– Leading, modern AI powered search capability
– Platform for innovation around text/voice/visual search
– Modern technology, cloud enabled
– AI Search capability to FHR and XO customers – existing and new

Embedding AI everywhere

We are continually investing in Artificial Intelligence (AI) as this is the foundation for enabling our customers to orchestrate and deliver precisely the right experience for every individual shopper at every stage of shopper journey. The AI learns and adapts more precisely to behaviour over time, as it receives ongoing insight every time a customer interacts.

POWERED BY AI

SEARCH	Improve search & discovery
NAVIGATION	Product filters & AI ranking
CATEGORIES	Highly curated category & landing pages
BRAND CONTENT	Banner, text or product campaigns
PRODUCT	Similarity, complementarity compatibility, Shop the look
BASKET	Predictive product recs
CHECKOUT	Predictive product recs/ Landing pages
EMAIL	Predictive email recs

Algorithm orchestration

The underlying purpose of AI orchestration is to enable a retailer to select and configure the right algorithms based on what they are trying to achieve. This ensures they present the right product to the right shopper at the right time in a way that also meets commercial goals.

The algorithms do this by:

- Collecting and enriching data based on products as well as both historical customer activity to learn, and 'in the moment' behavioural data, to predict and respond to the next interaction
- Deriving customer intent and "state of mind" from the data in order to deliver content, product recommendations and experiences that convert
- Promoting and orchestrating the right actions at the right time to complete the purchase

Finally, the combination of blended algorithms with human merchandising and trading strategies is what drives the final success of orchestration.

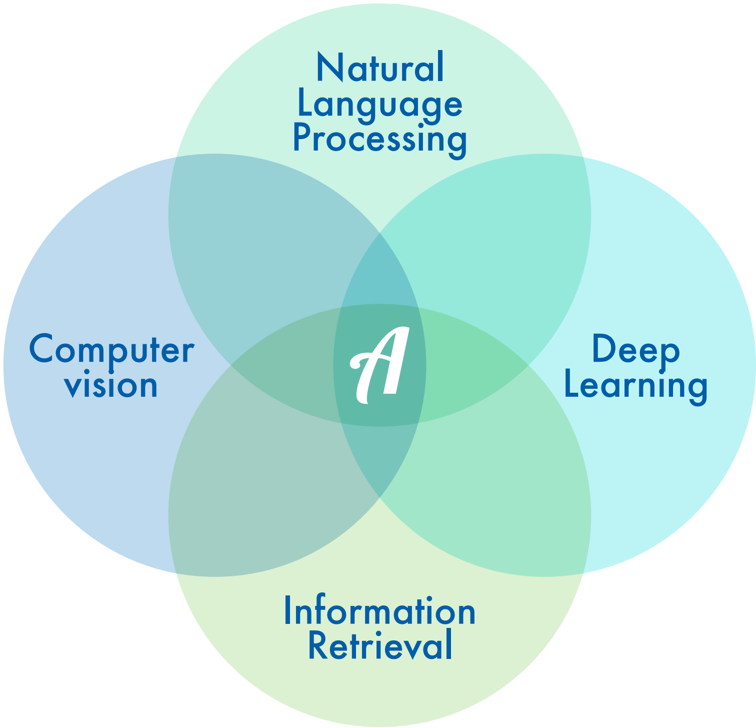
Many of our customers are introducing or growing their data science expertise. Attraqt leads the market with orchestration, having developed a proprietary native algorithm orchestrator which allows clients to create and curate their own real-time algorithms for merchandisers to use, alongside third-party algorithms and our own. This can all be configured, managed and tested within our platform environment.

AI-powered search enhances product discovery

As a result of the sophistication of search engines like Google, consumers today have higher expectations of what to expect when they make a search query online. At each touch point, shoppers expect a seamless experience. Yet, onsite search functionality has traditionally been under utilised by retailers. However, inaccurate or poor search results following a shopper query can result in lost revenue if shoppers go elsewhere to find the product they are looking for. Today, the search market is estimated to be worth $8 Billion.

In 2020, Attraqt acquired Aleph Search, which was for the AI IP and at the same time contracted their development team to a 2 year term in order to utilise their expertise. This has immediately fast tracked our AI innovation and our ability to embed AI at the core of our search engine.

Techniques within our AI-powered search technology. Together these help retailers form a rich representation of the understanding of products, and give meaning to shopper request.



This new search language technology now allows shoppers to search for products based on the natural language they are using, rather than only being based on how the retailer describes the products or content. This includes unstructured and long-tail search terms that don't traditionally have a direct match with product descriptions. The algorithm's ability to produce accurate results are based on both the product attributes and the context or sentiment of the shopper behaviour.

The search algorithms continuously learns this natural language, and adapt over time to become more precise to provide accurate and personalised results. In addition, the image processing within our computer vision technology is sophisticated enough to identify the visual language of products in the same way it can utilise traditional text.

For example, it can infer whether a product has leopard prints, is striped in particular way, or is formal wear vs casual wear.

Attraqt has embedded AI in the heart of the search engine. By comparison other vendors apply AI only at the pre-or post-processing stage, which means results are only as good as the data delivered from their traditional search engines.

A number of Attraqt clients were onboarded to AI-powered search, including global brands PrettyLittleThing and Superdry. Our clients have reported that the results have been both immediate and transformational.

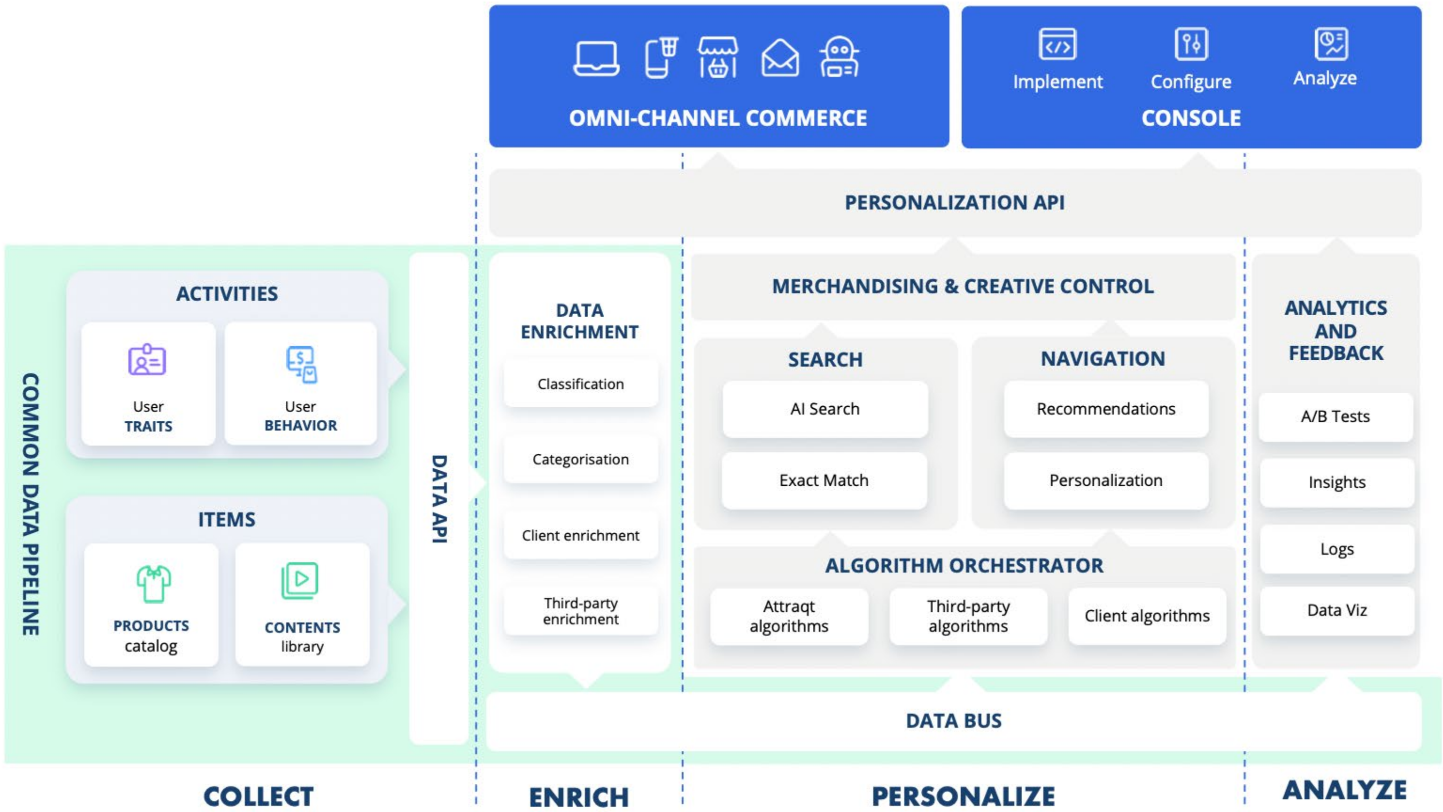
Headless and Open Architecture

Modern retailers seek agility and the ability to scale quickly in the face of demanding shopper expectations and fluctuating market forces. As a response to this reality, our platform is Headless, API-driven and based on delivering microservices.

A headless architectural approach separates the back-end in a way that allows the retailer to be free to adapt the front-end experience easily, and at will. This open approach enables customers to easily connect their own systems, analytics and algorithms alongside Attraqt's to deliver the best combination of tools to meet their business needs.

This best-of-breed architecture not only enables scalability, but also enables continuous improvement with instant access to onboarding new functionalities as and when required.

Platform Architecture



Infrastructure: Agile response to managing scale

Our customers have experienced significant fluctuations of traffic to their site over the course of the 2020 pandemic. For many, like those in the homeware, grocery and DIY sector, this included unprecedented traffic spikes.

Outages or breaks in our ability to scale with traffic could result in a loss of revenue for our customers. We handled over 130 billion queries in 2020 and have also proven our ability to handle extreme fluctuations and spikes in site traffic. During the 2020 Peak trading week in November, we handled almost 3 billion queries with a 100% uptime. At its highest point, 7,819 queries were handled in a single second.

Market overview

2020 industry trends

The Covid-19 pandemic has accelerated the adoption of online shopping and has resulted in digital transformation now being the number one priority investment for retailers.

Consumer spend in ecommerce has advanced by 4-6 years

27% Online sales during period of the pandemic now at **27%** of overall retail sales up from **19%** pre Covid*

48% December data shows ecommerce at **48%** of all retail for the month

27% It took for ecommerce three quarters to go from **19%** to **27%***

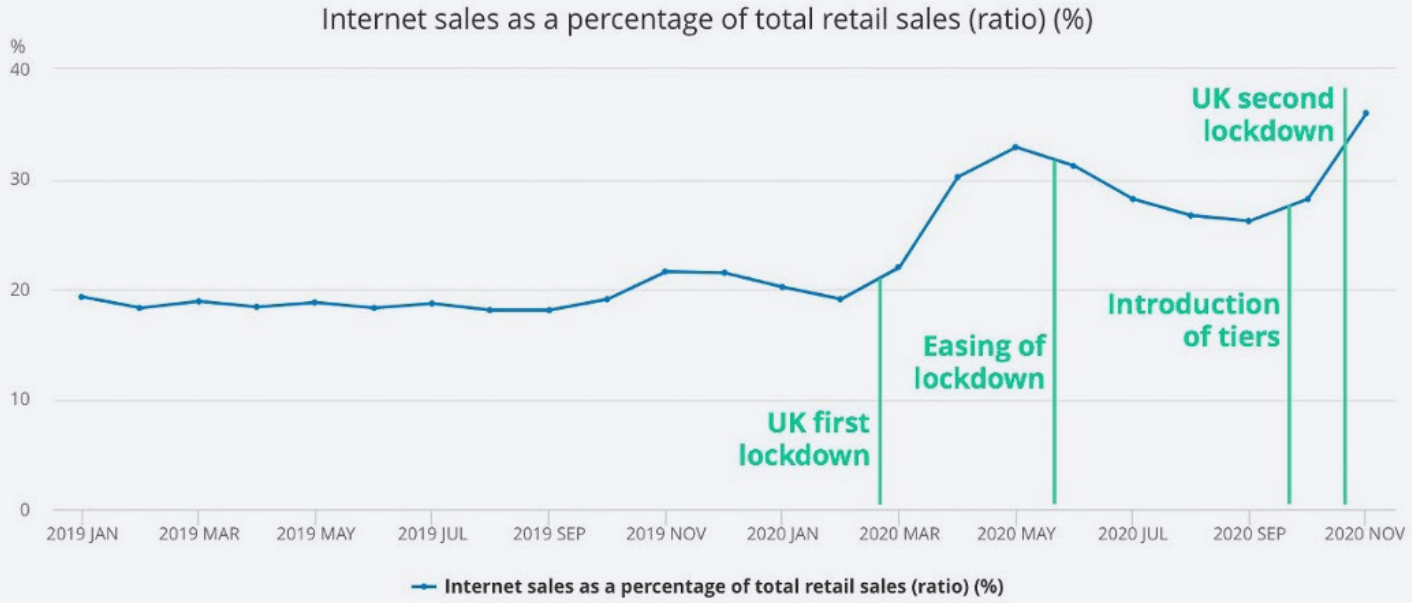
A focus on conversation optimisation as a result of huge traffic spikes

19% It took **12 years** for ecommerce to get from **4%** to **19%** of retail sales

*Office of National Statistics

Internet sales as a percentage of all retail sales

Jan 2019 – Nov 2020

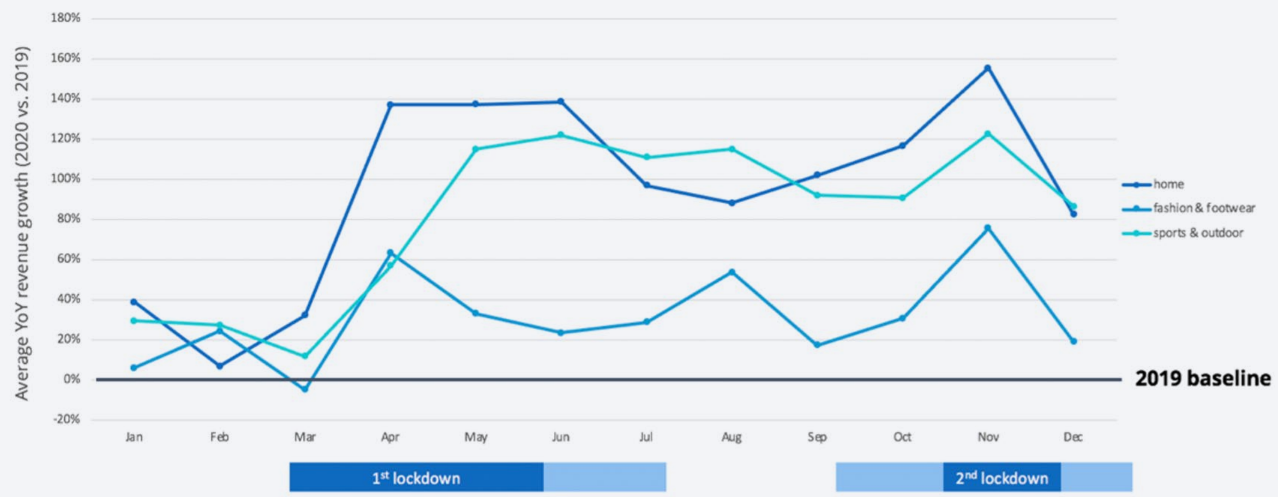


Retail eCommerce began to boom in H1 with strong growth in H2

- Through H1 we were operating at above peak levels consistently in H2 traffic initially slowed as stores re-opened but didn't drop back fully
- Sectors such as homeware, groceries, health and beauty and DIY peaked during the first lockdown and continue to see high adoption rates

Industry revenue Stats YoY 2020 vs. 2019

Jan 2019 – Nov 2020



Acceleration of digital commerce is expected to continue post-pandemic

- Shopping behaviour has changed as a result of the pandemic and new habits will stick
- Click & collect pick up has grown
- A whole new segment of customers are shopping online for first time
- New business models like take-away and delivery services have been created

Shopper expectations of online experiences are still high

- After the initial panic of the first lockdown, consumers have had to adjust to a new normal in shopping experiences
- Expectations of retailers and brands are still high, with the added pressure for online to deliver as compelling an experience as in-store

The Attraqt way

Our core purpose

Our core purpose is to enable leading international brands, manufacturers and retailers to deliver exceptional shopper experiences. Experiences that drive product discovery and conversion whilst also exceeding commercial goals and accelerating growth.

Consumers demand highly relevant, inspiring and emotional shopping experiences that enable them to find the products that meet or exceed their expectations. We are integral to these companies by orchestrating individual shopping moments, across the entire length of the customer journey, from discovery through to inspiration, purchase, and beyond.

We will embed AI everywhere and embrace continuous innovation in a way that is both open and scalable to ensure that our customers can benefit from the perfect blend of human-guided decision-making and machine-led science.

SmartAutomation

Our API enabled, algorithm driven solutions ingest, enrich and understand disparate data sources and signals to intelligently automate personalized experiences, in real-time.

StrategicControl

Our solutions are transparent, open, and easy to work with so that all stakeholders can apply the resulting insights with their own creativity and expertise to deliver immersive experiences that drive performance uplift.

The secret to success is combining the insights and efficiencies that AI provides, and fusing these with the tried and-tested brand strategy and creativity that have proven their worth for years. This perfect blend of human-guided decision-making and machine-led science is the key to retail's future. It is the foundation to delivering exceptional shopping experiences that shoppers both love and embrace by returning to a retailer site.

Objectives and Key Results (OKRs)

In 2020 we launched company OKRs which will be rolled out over 2021. This collaborative goal-setting tool used by our teams and individuals is poised to drive further growth at Attraqt. It will achieve this by unifying our organisation with clear goals that challenge and cultivate ambition with measurable results.

Diversity & Inclusion

2020 also saw the launch of the Diversity & Inclusion (D&I) initiative and steering group. This steering group works towards and advocates to create an equal, diverse and inclusive environment by welcoming and encouraging respectful dialogue and exploration of diverse ideas, topics, perspectives and issues to enrich our company culture. We believe this will further guide us to cultivate diversified business relationships.

We have committed to create a company-wide D&I strategy sponsored by the senior Executive team as well as measuring employees' perspectives of the objectives progress.

Values

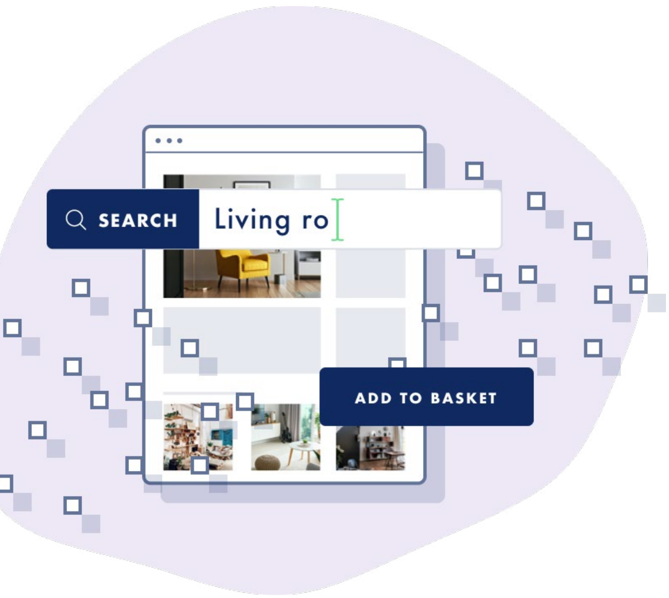
Our values-led culture drives our shared success.

Better, together

We are motivated by the desire to connect, advance and succeed together, in order to learn, challenge and empower each other through diverse perspectives. This is why our clients view us as trusted partners, and our long-term relationship with global customers is a testament to this.

Pioneering

We pioneered an industry almost two decades ago and innovation is in our DNA to solve problems and create opportunities. Today we pick up that pioneering innovation baton once again and prove ourselves to be unafraid of challenging ourselves and the industry around us – we dare to be bold enough to imagine and create new things.



Data-led

We believe in the power of sharing data-led insight to drive shared success. Above all, what defines us is to be transparent and open about our technology, our projects and achievements and to share them with our team and our client.

Strategy

We have a customer-centric approach and believe that by continually improving our offering we can strengthen relationships with current clients, win new clients, and increase efficiencies in the business.

By focusing on the five key strategic priorities outlined below, we will ultimately create value for all our stakeholders: our clients, employees and our shareholders.

As our business evolves we believe it is prudent to continually build upon and refine our strategic priorities.

Key Strategic priorities

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

Evolving our data-led approach

We will help our clients to use their customer data, offsite tracking and third-party data to better target their onsite search and personalization strategies via our data services platform, ultimately boosting their average order values.

We will also use this focus on data within our own business, making sure to track every part of our operations to see that they are as efficient and effective as possible.

Improving the customer and developer experience

Our customers are at the heart of everything we do. We are focused on optimizing all areas of the business to support and enhance the customer journey, including the provision of unique insights to optimize client site search and merchandising performance to support their customers' journeys.

Increasing our speed of innovation

We have a compelling product vision and a progressive roadmap to further broaden our capabilities and continue to deliver for our clients in an evolving retail environment.

This includes further investment in six key areas: Cloud, Smart Data, Creative Control, Actionable Insight, Shopper Experiences, & AI.

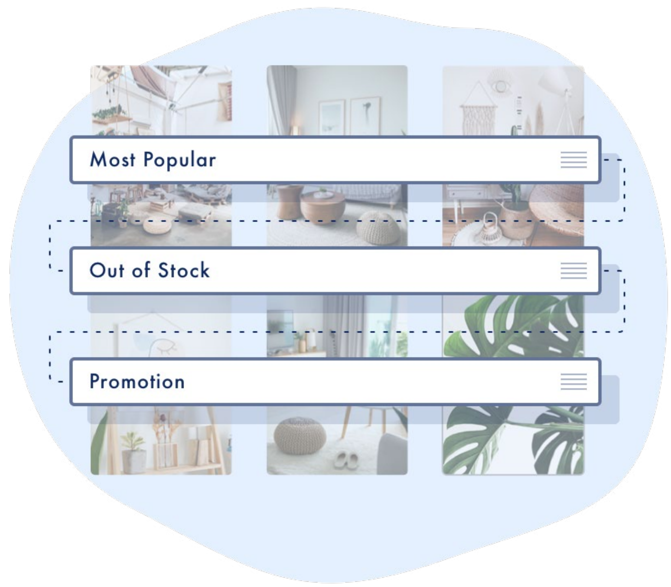
Executing our partnership strategy

By working with partners in the retail technology space Attraqt is equipped to cater for every possible requirement and scenario. We plan to foster further Technology, Integrator and Ecommerce partnerships.

Partnerships have several benefits, including driving innovation providing access to new markets and supporting our ability to scale quickly.

Replicating our UK success in other geographies

We believe we are leaders in the UK and we will seek to replicate that in other key markets where we have an established footprint such as Benelux, The Nordics, Germany, France, Spain, and Italy. We will also seek opportunities further afield, for example in China, where we have the ability to execute.



Chairman's statement

Nick Habgood

For the year ended 31 December 2020

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

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

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

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

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

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

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

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

Chief Executive Officer's statement

Mark Adams

For the year ended 31 December 2020

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

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

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

Review of sales and operations

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

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

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

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

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

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

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

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

Market developments

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

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

Performance against growth strategy

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

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

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

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

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

Acquisition of Aleph Search

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

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

New partnerships

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

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

Product development

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

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

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

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

Replicating our UK success in other geographies

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

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

Outlook

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

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

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

Mark Adams

Chief Executive
11 March 2021

Key performance indicators (KPI's)

Attraqt uses KPIs to measure progress in the business, as we become more data-led we plan to expand our suite of KPI's. The KPIs were revisited following the acquisition of Early Birds SAS in May 2019, with the impact of this shown here.

Revenue growth

Our goal is to deliver double digit organic revenue growth per year.

Year	Revenue	Growth %
2020	£21.0m	8%
2019	£19.4m*	13%

* Post Early Birds SAS Acquisition

Adjusted EBITDA (pre-exceptionals)[1]

Our goal is to have positive EBITDA.

Year	Adjusted EBITDA[1]
2020	£1.1m
2019	£0.3m

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 being those set out in note 5.

Annual Recurring Revenue (ARR)

Our goal is to win higher contract values in order to increase the annual contract value so the ARR continues to grow.

Year	Exit rate
2020	£21.1m
2019	£19.2m

Annual Recurring Revenue is the annualised revenue per customer contract as at the end of the reporting period and includes any new customer wins in development phase. This excludes one-time fees.

Logos

Our goal is to increase logos year-on-year.

Year	New logos
2020	29
2019	22

Year	Closing logos
2020	201
2019	210

Gross Attrition and Net Revenue Retention (NRR and GA)

Our goal is to obtain 100% net revenue retention and reduce gross attrition so that any new client wins grow the existing business.

Year	Net revenue retention	Gross attrition
2020	102%	14%
2019	98%	12%

Net revenue retention refers to December 2019 ARR, plus all new business sold to these customers, minus lost customers or down sells. Gross Attrition is December ARR minus lost customers.

Risk overview

The Board is responsible for Attraqt's system of internal control and for reviewing its effectiveness. The system employed is designed to mitigate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has identified the following key risks facing the business:

Competitive risk

The growth in e-commerce has resulted in a significant increase in software companies seeking to supply online retailers with enabling technology. Attraqt aims to mitigate this risk by maintaining a close relationship with leading customers, reinvesting in new product features and innovation, delivering best-in-class customer support, enhancing brand recognition and service delivery.

The loss of key clients is always a potential threat. However, Attraqt seeks to mitigate this risk in several ways:

a. Working closely with clients on the product innovation roadmap to provide competitive advantage to them;

b. Investment in strategic partnerships to bring new capabilities;

c. Investment in extensive client support and training to ensure users are able to use the solutions effectively;

d. Client contracts for a minimum of 12 months or longer with automatic annual renewals.

Platform outage

As a provider of a SaaS service, Attraqt relies on its hosting partners to provide an uninterrupted service. This risk is mitigated by partnering with best-of-breed cloud computing providers (Amazon Web Services and Google Cloud), the architectures of which facilitates quick recovery in the event of a single data region failure.

Recruitment and retention

As with any fast-growing software business, Attraqt's growth strategy is predicated on hiring people who will be effective in realizing its growth ambitions. Attraqt is committed to the delivery of a comprehensive program of formal and informal learning and development opportunities aligned to the needs and goals of the business. Attraqt has mitigated this risk by recruiting an interim head of talent dedicated to develop and manage Attraqt's talent management function.

Retail sector exposure

Due to the nature of the technology Attraqt offers, our customers are predominantly in the retail sector.

A widespread downturn in the economy could put pressure on capital expenditure budgets for software spending if overall retail volumes dropped, which could result in early termination of customer contracts and deter new customers from using Attraqt's services.

Recently, there has been an increase in company voluntary arrangements and administrations in the retail sector. This places customer contracts and unpaid invoices at risk, increasing the risk for churn and bad debt.

Attraqt seeks to mitigate such risks by:

a. Signing clients on 12 - 36 month contracts and;

b. Continually considering new market opportunities and;

c. Ensuring that our customers success team engages with customers that fall into administration at an early stage to negotiate new contracts where novation is not possible and;

d. Invoicing clients in advance of the service provided.

Technological risk

Attraqt operates in an industry where competitive advantage is heavily dependent on technology. It is possible that technological development may reduce the importance of Attraqt's function in the market. To remain competitive and adapt to evolving consumer buying trends, we continue to enhance and improve the responsiveness, functionality, accessibility and other features of our solutions, services and technologies.

Attraqt's Chief Partner and Strategy Officer is responsible for developing partnerships with complementary technology businesses, systems integrators and strategic partners.

Data privacy

Attraqt handles the personal data of its customers and prospective customers, suppliers, contractors, partners and employees. Attraqt is therefore affected by the Data Protection Act 2018, the UK's implementation of the General Data Protection Regulation ("GDPR").

Attraqt complies with applicable data protection legislation and obligations. All areas of the company that handle personal data have been identified and reviewed.

Attraqt data protection obligations regularly changes as local laws are updated. In that regard, Attraqt reviews and upgrades its security measures, processes and disclosures on an on-going basis.

Other proposed legislation could impose additional requirements and prohibit the use of certain technologies, such as those that track individuals' activities on web pages or record when individuals click on an in-email link. Such laws and regulations could restrict customers' ability to collect and use email addresses, web browsing data and personal information, which may reduce demand for its products.

Climate change

In recent years, both climate change and global warming have become highly topical due to their increasingly visible harmful effect worldwide on the environment, society and economic activity. Attraqt had considered its climate change reporting obligations and as a technology company it has a minimal impact on the climate.

Brexit risk

At the time of writing, on 30th December 2020 the UK signed the EU-UK trade and co-operation agreement with the European Union, and that has been applied provisionally at 1 January 2021 when the Brexit transition ended. At the date of writing, Attraqt does not consider that this has had a material impact on its ability to trade. However, as new provisions come into force Management is putting in place appropriate mitigation plans.

Coronavirus

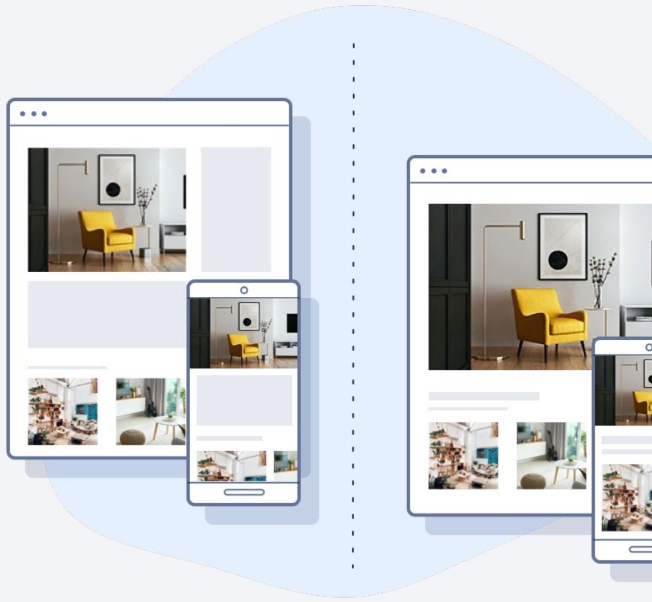
If the virus is not controlled and continues to spread, the Board anticipates it may cause customers to delay planned investment into technology services due to (1) an uncertain financial outlook (2) disruption in the supply chain and (3) the ability of suppliers to produce products.

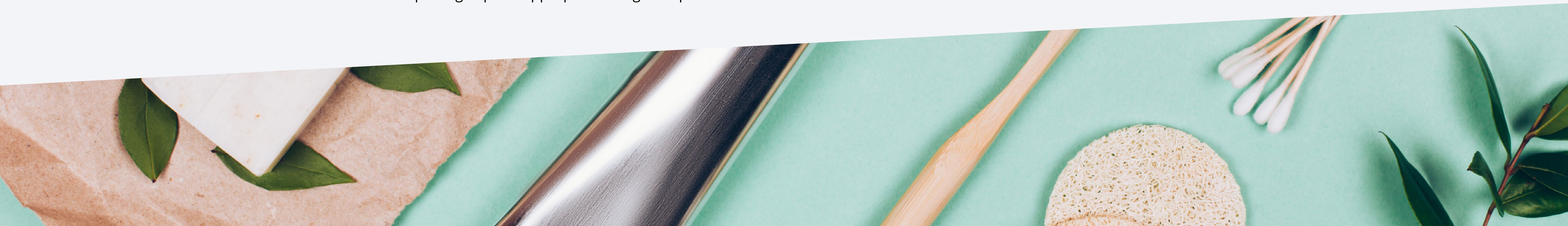
Attraqt follows the advice provided by the UK government in relation to COVID-19, as published on its website (https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/guidance-for-employers-and-businesses-on-covid-19). Attraqt's workforce has been working remotely since March 2020. The business has not experienced any significant decrease in productivity or work output. Management considers the companies migration to remote working a success.

COVID-19 has had an impact on some of our customers' ability to trade due to lockdown restrictions imposed in certain countries. This has impacted customers that have a bricks and mortar physical presence disproportionately. However, purely online retailers have experienced increases in sales and traffic volume as consumers have been forced to shop online. Attraqt has been working closely with customers that have been impacted to manage payment schedules and related contractual obligations. Management considers that this initiative has been successful in reducing bad debt.

Foreign exchange risk

Attraqt has exposure to foreign exchange rate risk due to the nature of its operations and cost base. The current uncertainty means that this risk has increased. Attraqt constantly monitors the currency market and adjusts forecasts based on expected rates.





Intellectual property

Attraqt's intellectual property rights are important assets, which rely on a combination of copyright, registered and unregistered trademarks, registered domain names, database rights and the law protecting confidential information to define and protect its rights to brands, technologies and databases is critical to its ability to compete in the online comparison market.

Attraqt discloses proprietary knowledge, information and technology to third parties under licensing or other agreements. There is always a possibility that such a party may misappropriate or challenge Attraqt's right to such knowledge, information and technology.

To the extent that Attraqt's brands, technologies and databases are not protected by intellectual property rights, third parties, including competitors, may be able to commercialize or otherwise use Attraqt's brand, technologies and/or databases without compensating.

Attraqt also seeks to maintain certain intellectual property as trade secrets. The security of its trade secrets could be compromised by contractors or outside parties, or intentionally or accidentally by its employees, which would cause Attraqt to lose part of its competitive advantage.

Any misappropriation of intellectual property could have a materially adverse effect on business, financial condition or operating results.

Furthermore, legal action may need to be taken to enforce intellectual property or to protect trade secrets. Defending such claims may result in substantial costs and the diversion of resources and management attention and there can be no guarantees as to the outcome of any such litigation, or that it can be effectively used to enforce the Attraqt's rights.

Attraqt has reviewed its trade secrets policy following its acquisition of intellectual property assets from Aleph-One GmbH and have put in place improvements to protect the intellectual property from misuse.

Section 172 Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and below, how the Board engages with stakeholders.

- Relations with key stakeholders such as employees, shareholders and suppliers are considered in more detail on page 66.
- The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. To ensure the Company was operating in line with good corporate practice, all Directors received refresher training on the scope and application of section 172 in writing. This encouraged the Board to reflect on how the Company engages with its stakeholders and opportunities for enhancement in the future and was considered at the Company's February 2020 board meeting.
- The Board regularly reviews our principal stakeholders and how we engage with them. This is achieved through information provided by management and also by direct engagement with stakeholders themselves.
- The Board has enhanced its methods of engagement with the workforce. In that regard, the Board has appointed a non-executive Director with designated responsibility for workforce engagement, Robert Fenner has taken on this role at Attraqt.
- We aim to work responsibly with our stakeholders, including suppliers. The Board has recently reviewed its anti-corruption and anti-bribery, equal opportunities and whistleblowing policies.
- A section 172 notice has been included with board papers. As required, the Senior Legal Counsel and Company Secretary will provide support to the Board to help ensure that sufficient consideration is given to stakeholder issues.

Key decisions made impacting stakeholders are set out below:

Significant events/ decisions	Key stakeholders	Actions and impact
Acquisition of intellectual property assets from Aleph-One GmbH	Shareholders, employees	Shareholder consultation took place in accordance with regulatory requirements.
COVID-19 remote working	Employees	– Decisions were made for all offices to work from home where possible to protect staff from COVID-19. – The company has invested in remote working technology leading to a minimal impact on employee productivity. – The company has made available mental and physical wellbeing counselling services to all employees to support them during these challenging times.
Restructuring	Employees	– Decisions were made by the executive team in consultation with the Board after carefully considering employee impact. – Impacted departments were consulted in respect of changes to job descriptions. – Key employees were offered a retention bonus to mitigate the risk of them leaving the Company.
Downturn in the retail sector	Customers	– Customers have been consulted in relation to how the Company's technology could be used to mitigate this risk. – The Company's product offering has been diversified to assist customers to generate more revenue from eCommerce.
Expansion of the product management department	Customers, employees	– Customer consultation in relation to the Company's roadmap has increased to ensure that products developed match customer needs. – The development teams have been consulted and trained to work with an expanded product management department.
Share option participation	Employees	Share option participation was widened to include employees meeting a one-year service criteria to improve retention.

Eric Dodd

Eric Dodd

Chief Financial Officer
11 March 2021

Board of directors

Nick Habgood
Chairman

Nick joined Attraqt in 2015 as a Non-Executive Director and became Chairman the following year. In January 2018, Nick became Interim Executive Chairman while Attraqt undertook the search for a new Chief Executive Officer.

Following a successful executive career with GKN, Mars Corporation and MasterCard, Nick moved into private equity and is the Founder and Managing Partner of Azini Capital Partners LLP, a London based private equity firm with a shareholding in Attraqt and a track-record of successful investments in growth stage private and public technology companies.

Nick has a Master's Degree in Mechanical Engineering (M.Eng) from the University of Bristol.

Grahame Cook
Independent non-executive director

Grahame joined the Group in January 2020, Grahame is an experienced FTSE and AIM non-executive, with extensive experience as an audit committee chairman. With a background in banking, where he has specialised in the life sciences, pharma and biotech sectors, Grahame has over 20 years experience of M&A, equity capital markets and investor relations. Grahame started his career at Arthur Andersen, where he qualified as a chartered accountant and worked within audit and corporate investigations.

Subsequent positions include UBS, where he was a member of the global investment banking management committee and global head of equity advisory, and WestLB Panmure, where he was joint Chief Executive Officer. Grahame is a graduate of the University of Oxford and remains a member of the ICAEW.

Robert Fenner
Non-executive director

Robert joined the Group in 2014, Robert has been a partner in the international law firm Taylor Wessing LLP since 2005, and a solicitor for 28 years. He is a corporate lawyer specializing in advising companies on all aspects of corporate law including listings and mergers & acquisitions. Robert and his firm advises companies (including Attraqt) at all stages of their development whether they be large multinationals or younger growing businesses and has many years of experience advising on listed company transactions.

Luke McKeever
Non-executive director

Luke joined Attraqt in May 2018 as Chief Executive having led several successful international private and public technology businesses, including Portrait Software Plc, OB10 and Neighbourly. He left his position as Chief Executive Officer on 30th June 2020 and was appointed as a Non-Executive Director.

He has also worked in leadership and advisory positions for international data and technology companies including Experian, Metia and Alterian.

Mark Adams

Executive Director

Mark joined Attraqt in June 2020 as Chief Executive having previously founded and led European operations for BigCommerce, a leading SaaS eCommerce technology player that went onto IPO for $5bn. He has also built and ran along with Paul Tough, Attraqt's CTO, one of Europe's most successful SAP Hybris eCommerce systems integrators between 2005 and 2014.

Eric Dodd

Executive Director

Eric Dodd has over ten years of experience in a CFO role and joined Attraqt in 2017 from Iptor Supply Chain Systems UK Limited, a private equity-backed software and services business.

Eric has extensive public company experience, having been CFO at KBC Advanced Technology plc, an oil-focused technology services business, from 2015 until its successful sale to Yokogawa Electric Corporation in April 2016.

Eric qualified as a Chartered Accountant with Deloitte, has an MBA from London Business School and a BEng from Loughborough University.

Executive team

Mark Adams
Chief Executive Officer

Mark joined Attraqt in June 2020 as Chief Executive having previously founded and led European operations for BigCommerce, a leading SaaS eCommerce technology player that went onto IPO for $5bn. He has also built and ran along with Paul Tough, Attraqt's CTO, one of Europe's most successful SAP Hybris eCommerce systems integrators between 2005 and 2014.

Eric Dodd
Chief Financial Officer

Eric Dodd has over ten years of experience in a CFO role and joined Attraqt in 2017 from Iptor Supply Chain Systems UK Limited, a private equity-backed software and services business.

Eric has extensive public company experience, having been CFO at KBC Advanced Technology plc, an oil-focused technology services business, from 2015 until its successful sale to Yokogawa Electric Corporation in April 2016.

Eric qualified as a Chartered Accountant with Deloitte, has an MBA from London Business School and a BEng from Loughborough University.

John Rapp
Chief Strategy and Partner Officer

In early 2016, John joined Fredhopper as Managing Director. His major focus was building the Marketing & Sales presence and actively supporting the Fredhopper sales process. Following Attraqt's acquisition of Fredhopper in March 2017 John became CCO of Attraqt. In January 2019, John became Attraqt's Chief Strategy and Partner Officer.

John's career includes more than 18 years experience in the European e-commerce and digital marketing industry. Prior to joining Fredhopper, John successfully established and managed various pan-European and regional sales organizations at companies such as Intershop, Scene 7, Adobe, Jive and SDL.

Johan De Wijs
Director of Revenue

Johan joined Fredhopper in 2016, and as following the Fredhopper acquisition in 2019, joined Attraqt. Johan has held various roles in the commercial organization from marketing to building an effective sales development function. He joined the executive team in October 2020 to boost the data driven approach of the commercial teams and support the company's growth plan. Johan has a Masters in Management from Nyenrode Business University.

Allyson Barclay
Global SVP, Sales

Ally leads commercial teams to support growth in key international markets and guides existing customers with their expansion plans. Key to her role is helping customers access Attraqt's product innovation pipeline to help support their growth plans, as well as the onboarding of new customers.

Ally joined Fredhopper in early 2012, having worked in digital tech sales for six years specifically focused on the e-commerce sector for most of that period. She helped steer the transition of the Fredhopper sales team through acquisition, divestment and further acquisition.

Jonathan Schradi
Director of Customer Success

Jonathan is responsible for Attraqt's customer success program, ensuring that our clients receive the best possible outcomes from their partnership with Attraqt. As part of his responsibility for client retention and customer experience, he leads Attraqt's Net Promoter Score (NPS) benchmarking program.

Jonathan has spent his entire professional career in customer-facing roles in a number of industries, where he was primarily focused on ensuring that businesses meet their client expectations. He joined Fredhopper in 2016 as a customer success manager and has been leading the customer success function for Attraqt since September 2017.

Peter Thomas
Outgoing Chief Technology Officer

Peter has more than 30 years experience in the software technology sector, with over two decades spent delivering scalable online software and services, including time at Oracle.

Peter joined Fredhopper in 2016 as CTO. Following Attraqt's acquisition of Fredhopper in March 2017 Peter remained CTO, where his main responsibilities include product development and client delivery services.

Peter has a wealth of experience in business across public and private companies. Previously he was CTO of the cloud division for IRIS Software and Director of Development at Betfair across UK, Romania and Portugal.

Peter leaves the company on 31st March 2021, and will be replaced by Paul Tough.

Paul Tough
Chief Technology Officer

Paul joined the business in July 2020 as Chief Product Officer. Following an opportunity to lead the Engineering team, Paul transitioned to the Chief Technology role in February 2021. Paul is a business leader with 20+ years' experience in leading and building successful award-winning product software and services businesses within consulting, Digital and eCommerce. He has also built with Mark Adams, Attraqt's CEO, one of Europe's most successful SAP Hybris eCommerce systems integrators between 2005 and 2014. Paul is a Member (MIoD) of the Institute of Directors and a Chartered Engineer (C.Eng.).

Terence Tsang
General Counsel

Terence joined Attraqt in March 2018 and oversees the legal and business affairs of the group including commercial contracts, litigation, intellectual property, employment and corporate governance.

Terence qualified as a solicitor in private practice as a media, entertainment and sports litigator. He also has considerable experience in the anti-piracy arena advising filmmakers, musicians and computer game companies with digital rights enforcement in the UK and internationally. Prior to joining Attraqt, Terence was Senior Legal Counsel and Company Secretary at Guinness World Records.

Samuel Clara
Director Of Product

Samuel joined Early Birds in September 2017 where he created the product function and held a senior leadership role in the business. After the acquisition of Early Birds in 2019, Samuel joined Attraqt and led the integration of EB into Attraqt. Samuel has 13 years' experience in the technology industry with a computer engineering background. In February 2021 Samuel joined Attraqt's Executive team as Director of Product.

Kevin Abbott
Director of Programme Management

Kevin joined Attraqt in February 2021 as Director of Programme Management. Kevin has many years of project and programme experience having been involved in significant large-scale transformation and software delivery projects over the past 25+ years. Working both client and supplier side across many verticals, Kevin has gained valuable first-hand experience from both perspectives often in demanding and fast paced environments. Over the years Kevin has also owned and run his own businesses and more recently has taken leadership positions helping organisations deliver change strategy and growth ambitions with a strong focus on customer.

David Newberry
Chief Marketing Officer

David represents the interests of Attraqt's Customers. He joined Attraqt in September 2018 having held a number of CMO roles in leading technology companies, both in the UK and US, including Pitney Bowes. David has held brand marketing and general management positions in a large FMCG company been a senior marketing consultant as well as a co-founder of two marketing technology companies.

Chief Financial Officer's statement

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

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

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

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

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

Adjusted EBITDA (pre-exceptional)[1] of £1.1m profit (2019: £0.3m).

[1]As per definition in KPI's

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

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

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

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

Foreign exchange exposure

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

COVID-19 pandemic

The potential impact of the COVID-19 pandemic on Attraqt's trading performance and all our principal risks has been assessed with mitigation plans put in place. Up to the date of this report, the pandemic has, as anticipated, positively impacted capacity upsells, but negatively impacted the close rate on new business opportunities. We continue to monitor the situation closely, as this continues to be a very dynamic and uncertain situation, with the ultimate severity, duration and impact unknown at this point including potential impacts on trading results and our employees. The situation could change at any time and there can be no assurance that the COVID-19 pandemic will not have a material adverse impact on the future results of the Group.

Cash

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

Business Drivers

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

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

Share Lock-in Agreement

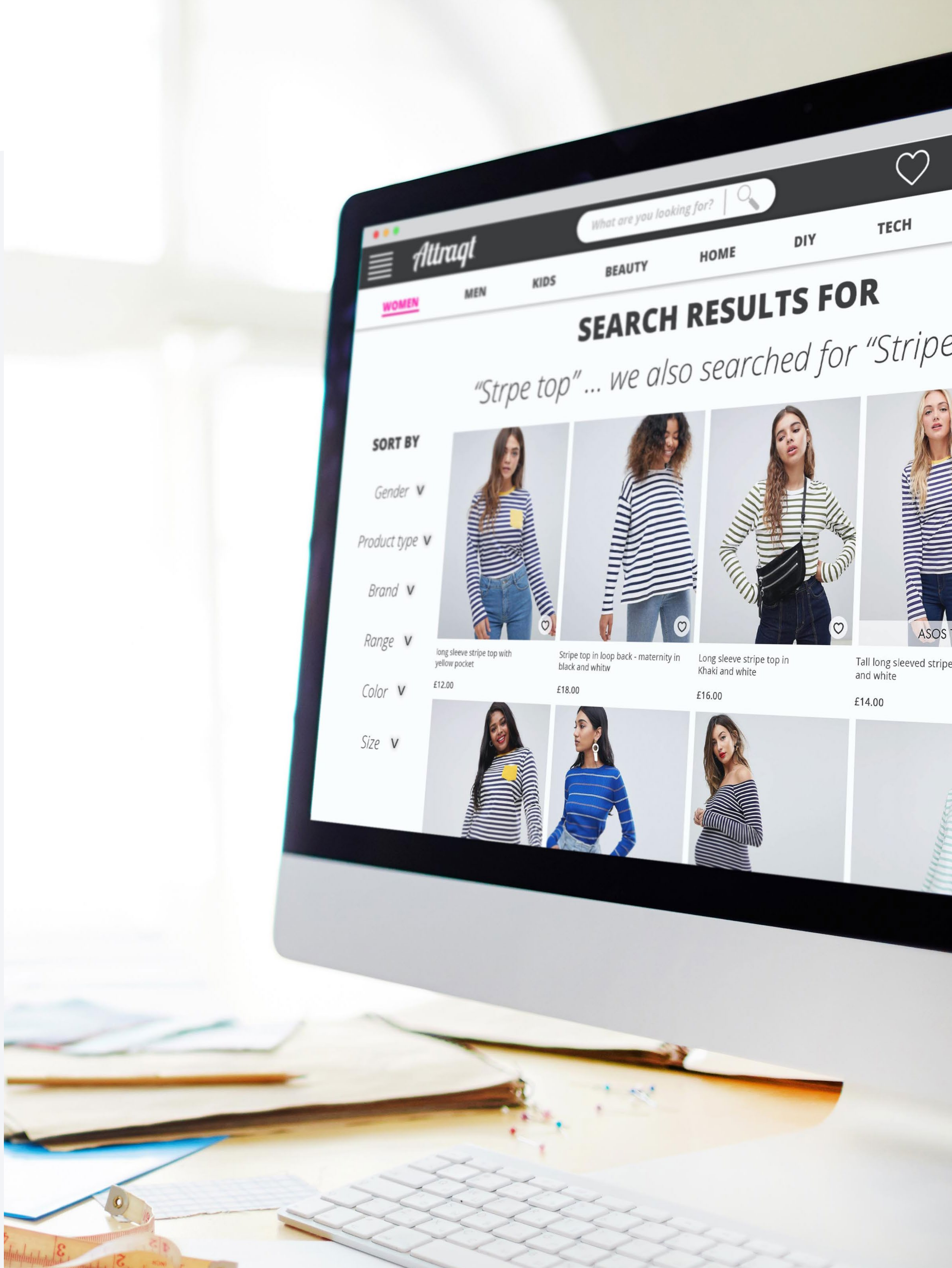
Further to the announcement of 8 May 2019, the Company has brought forward the expiry date, to today, for certain ordinary shares subject to lock-up agreements, comprising 2,596,651 ordinary shares beneficially held by Ms. Laetitia Comes-Bancaud and 2,596,651 ordinary shares beneficially held by Mr.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

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

Eric Dodd

Eric Dodd

Chief Financial Officer
11 March 2021



Corporate governance report

As an AIM listed company, the Board place the importance of applying sound governance principles in the successful running of the Company. We adopt and adhere to the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies (the QCA Code) in so far as is practical and appropriate.

The Board refers to the detailed disclosures that may be found on the Company's website at the following address:

https://www.attraqt.com/about/investors/corporate-governance/

The Chairman's role and responsibility for corporate governance

The Chairman has overall responsibility for corporate governance working in conjunction with Attraqt's company secretary and senior legal counsel. In this regard, Attraqt believes that good corporate governance is about having the right people (in the right roles), working together, and doing the right things to deliver value for shareholders as a whole over the medium to long-term. This is achieved through robust decision making by the board, keeping it dynamic, while at the same time ensuring a consistent corporate culture throughout the organisation.

The remuneration and audit committees were established following Attraqt's admission to AIM on 19 August 2014.

The board of directors

The details of Attraqt's board, together with the audit and remuneration committees, are set out in the governance section.

The board aims to meet monthly with a minimum of 9 meetings per annum and is responsible for the overall management of the Attraqt's long-term strategy and objectives and the monitoring of performance. It oversees operations and ensures the maintenance of sound internal controls and risk management systems.

Certain matters are specifically reserved for the approval of the board, including approval of significant capital expenditure, material business contracts and corporate transactions. To enable the board to discharge its duties all directors receive appropriate and timely information.

Board Meeting Attendance

1st January 2020 to 31st December 2020

Board Member	Independence	Eligible to attend	Attended
Nick Habgood	Non-independent	13	13
Robert Fenner	Non-independent	13	13
Luke McKeever	Non-independent	13	13
Mark Adams	Non-independent	7	7
Eric Dodd	Non-independent	13	13
Grahame Cook	Independent	13	12

Internal advisory responsibilities of the company secretary

The company secretary at Attraqt acts as a trusted adviser to the Chairman and the Board. In particular, the company secretary plays a vital role in relation to both legal and regulatory compliance.
The company secretary also plays a proactive and central role in ensuring good governance. In this regard, assistance is provided to the board in preparing for and running effective board meetings, including the timely dissemination of appropriate information.

Effective risk management

The Company's system of internal control and for reviewing its effectiveness set out in detail on the Company's website:

https://www.attraqt.com/about/investors/corporate-governance/

Board evaluation

The Board conducted its first board evaluation in July 2018. This took the form of a chairman led questionnaire based on clear and relevant objectives, seeking continuous improvement. In doing so, it was established that the board was well-functioned, balanced and led by the chair.

The Board intends to conduct its second board evaluation in 2021, this was postponed in 2020 due to COVID-19.

Training and development of board members

Where appropriate to do so, and if requested by board members, Attraqt funds training opportunities and development of board members to further its business objectives.

Directors' remuneration

As set out in the remuneration report, the remuneration of the executive directors is determined by the remuneration committee.
The remuneration of the non-executive directors is determined by the chairman and the executive directors. The directors recognize the importance of performance related incentives and executive directors are paid bonuses as deemed appropriate by the remuneration committee.

External advice

The board and its committees have only sought significant external legal advice in relation to the acquisition of intellectual property asset from Aleph-One GmbH.

Relations with shareholders

Attraqt recognizes the value of communications with its shareholders. As well as the statutorily required news releases via the Stock Exchange, Attraqt issues updates on matters that it considers of interest to shareholders and the wider investing public. It responds quickly to enquiries and requests from shareholders subject to the limitations of providing price sensitive information.

All shareholders receive at least 21 days notice of the annual general meeting at which all the directors and the chairman are normally available to answer from shareholders attending the meeting.

Accountability and audit

Financial reporting

The chief executive and chief financial officer statements contain detailed reviews of the performance and financial position of the company. Attraqt uses these statements and the directors' report to present and explain the company's financial position and performance.
The directors' responsibility for the financial statements is described the directors report.

Internal control

The board confirms that it has established the procedures necessary to implement the guidance set out in the Financial Reporting Council's "Guidance on risk management, internal control and related financial and business reporting". The identification, evaluation and management of risk has been considered by the board. It is intended that this will continue to be kept under constant review and will be considered at each board meeting. The board continues to take steps to embed internal control and risk management further into the operations of the business and to deal with areas of improvement which come to management and board attention. The directors acknowledge their responsibilities for Attraqt's system of internal control. Such a system can provide reasonable but not absolute assurance against material misstatement or loss. The board has considered the major business risks and the control environment. Important control procedures, in addition to the day to day supervision of the business, include comparison of monthly management accounts to the budget.

Audit committee and auditors

The audit committee comprised of Grahame Cook and Robert Fenner, both non-executive directors, together with Eric Dodd.

The auditors of Attraqt may also attend part or all of each meeting and they have direct access to the committee for independent discussions, without the presence of an executive director, if required.
The audit committee may examine any matters relating to the financial affairs of Attraqt and the audit. This includes reviews of the annual accounts and announcements, accounting policies, compliance with accounting standards, the appointment of auditors and their fees and other such related functions as the board may require.
There were two meetings during the year, two of which were for audit planning and two to review the financial statements, all meetings were attended by the auditors.

Audit committee report

Composition and terms of reference

1st January 2020 to 6th January 2020
Robert Fenner (Chair), Nick Habgood (Member)

7th January 2020 to 31st December 2020
Grahame Cook (Chair), Robert Fenner (Member)

Nick Habgood resigned as member on 6th January 2020 when Grahame Cook was appointed as Chair and Robert Fenner was appointed as member.

The audit committee meets as required and specifically to review the interim report and annual report and to consider the stability and effectiveness of the internal control processes. The audit committee reviews the findings of the external auditor and reviews accounting policies and material accounting judgements.

The independence and effectiveness of the external auditor is reviewed annually. The audit committee is able to meet separately with the external auditor without any executive director present to discuss their independence and objectivity, the annual report, any audit issues arising, internal control processes, appointment and fee levels and any other appropriate matters. As well as providing audit related services the auditors also provide taxation advice and corporate finance fees. Fees in respect of audit and tax service are disclosed in note 6. Fees for non-audit services paid to the auditors are not deemed to be of such significance as to impair their independence and therefore the audit committee considers that the objectivity and independence of the auditors is safeguarded. The committee reviews the audit tender and rotation annually, in line with applicable laws and regulations.

Internal control

The board is responsible for establishing and maintaining Attraqt's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure of the achievement of business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The audit committee monitors and reviews the effectiveness of the system of internal control and reports to the board when appropriate with recommendations.

The main features of the system of internal control are:

- A control environment exists through the close management of the business by the executive directors. Attraqt has a defined organization structure with delineated approval limits. Controls are implemented and monitored by the executive directors.
- The board has a schedule of matters expressly reserved for its consideration and this schedule includes acquisitions and disposals, major capital projects, treasury and risk management policies and approval of budgets.
- Attraqt uses a detailed budgeting and forecasting process. Budgets are prepared annually by the executive directors and submitted to the board for approval. Forecasts, including cash flow projections, are updated at least quarterly to reflect changes in the business and are monitored by the board. Actual results are monitored against the budget on a monthly basis, with variances highlighted to the board.
- Financial risks are identified and evaluated for any major transactions for consideration by the board and senior management.
- Standard financial control procedures are operated throughout Attraqt to ensure that the assets are safeguarded and that proper accounting records are maintained.

Board meeting attendance during the year were as follows:

Board Member	Eligible to attend	Attended
Robert Fenner	3	3
Nick Habgood	0	0
Grahame Cook	3	3

Remuneration committee report

Introduction

Attraqt presents its remuneration committee report for the 2020 financial year, which sets outs the remuneration framework for the executive chairman, our executives and our non-executive directors. The remuneration committee report is designed to provide shareholders with a clear and detailed understanding of Attraqt' s remuneration framework.

1st January 2020 to 6th January 2020
Robert Fenner (Chair), Nick Habgood (Member)

7th January 2020 to 31st December 2020
Grahame Cook (Chair), Robert Fenner (Member)

Nick Habgood resigned as member on 6th January 2020 when Grahame Cook was appointed.

Robert Fenner is a non-executive director who the Board does not consider to be independent due to Attraqt's on-going relationship with Taylor Wessing. Attraqt's chairman may attend committee meetings as an observer. Grahame Cook is considered to be an independent director. The remuneration committee is expected to meet not less than once a year and at such other times as required.

The remuneration committee has responsibility for determining, within the agreed terms of reference, the Group's policy on the remuneration packages of the chief executive officer, chairman, and the executive directors, the group secretary, senior managers and such other members of the executive management as it is designated to consider. The remuneration committee also has responsibility for determining (within the terms of Attraqt's policy and in consultation with the chairman of the board and/or the chief executive officer) the total individual remuneration package for each executive director, the group secretary and other designated senior executives (including bonuses, incentive payments and share options or other share awards).

The remuneration of non-executive directors is a matter for the chairman and executive directors of the board. No director or manager is allowed to partake in any discussions as to their own remuneration. In addition, the remuneration committee has the responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the board and giving full consideration to succession planning. It also has responsibility for recommending new appointments to the board.

Policy on executive directors' remuneration

Executive remuneration packages are designed to attract and retain executives with the qualities and skills responsible for delivering the long-term growth of Attraqt. The remuneration committee recommends to the board remuneration packages by reference to individual performance and uses the knowledge and experience of the committee members, published surveys relating to AIM companies and data on companies of similar size and in similar industries.

There are three main elements of the remuneration package for executive directors and staff: Basic salaries, pension and benefits in kind.

Basic salaries are recommended to the board by the remuneration committee, taking into account the performance of the individual and the rates for similar positions in comparable companies. Benefits in kind comprising death in service and private medical insurance are available to all staff and executive directors.

Share options

Attraqt operates a share option scheme for the executive directors and other employees to motivate those individuals through equity participation. Exercise of share options under the scheme is subject to specified exercise periods and compliance with the AIM Rules. The scheme is overseen by the remuneration committee which recommends to the board all grants of share options based on the remuneration committee's assessment of personal performance and specifying the terms under which eligible individuals may be invited to participate. There is no long term incentive plan for 2021 that has yet been approved. Details about the performance and vesting period can be found in note 17.

Bonus scheme

Attraqt has a discretionary bonus scheme for staff and executive directors.

The bonus in relation to the 2020 performance will be paid in March 2021. A separate bonus with a guaranteed amount of £13,358 will be paid in 2021.

	EBITDA bonus	Guaranteed bonus	Total bonus payable
Mark Adams	20,035	13,359	33,394
Eric Dodd	22,027	-	22,027
Total	**42,062**	**13,359**	**55,421**

Service contracts

The executive directors are employed under service contracts requiring six months notice by either party. Non-executive directors and the chairman receive payments under appointment letters which are terminable by two months' notice by either party. The service contracts of the non-executive directors are made available for inspection at the AGM.

Policy on non-executive director's remuneration

Non-executive directors are paid a fee for services as a director. The fee, which is approved by the board, mindful of the time commitment and responsibilities of the role and of current market rates for comparable organizations and appointments. All non-executive directors and the chairman are reimbursed for travelling and other incidental expenses incurred on company business.

The emoluments of the directors were as follows (audited):

	Year ended 31 December 2020					Year ended 31 December 2019
	Salary & directors' fees	Bonus	Benefits in kind	Pension	Total	Total
	£	£	£	£	£	£
Executive directors						
Mark Adams	125,615	-	210	3,768	129,594	-
Eric Dodd	183,559	59,561	2,586	5,507	251,213	191,387
Luke McKeever (ii)	114,750	91,800	1,356	3,442	211,349	243,237
Non-executive directors						
Nick Habgood (iii)	70,421	-	-	-	70,421	40,000
Luke McKeever(ii)	19,916	-	459	200	20,575	-
Ed Ewing (iv)	-	-	-	-	-	6,667
Robert Fenner (v)	40,039	-	-	-	40,039	40,000
Ivor Dunbar (vi)	-	-	-	-	-	34,564
Grahame Cook (vii)	40,000	-	-	-	40,000	-
Total	594,300	151,361	4,611	12,917	763,190	555,855

i. Appointed 30 June 2020.

ii. Resigned 30 June 2020, appointed as a non executive director 30 June 2020.

iii. Is a partner in Azini Capital Partners, the fee for Nick's services is paid to Azini Capital Partners, see note 20.

iv. Resigned 28 February 2019

v. A partner in Taylor Wessing, the fee for his services is paid to Taylor Wessing, see note 20.

vi. Resigned 12 November 2019

vii. Appointed 6 January 2020

Bonus in the table above was for the 2019 performance paid out in 2020.

On the 5 August 2020 the following share options were issued to the executive directors, details are shown in note 17.

Executive directors	No of Shares	Grant Price	Grant date	Vesting period
Mark Adams	2,250,000	27.5p	5 August 2020	4 years

On 30 June 2020 the following shares were forfeited by the Directors:

Executive directors	No of Shares	Grant Price	Forfeit date	Vesting period
Luke McKeever	2,254,743	31.5p	30 June 2020	3 years

On the 28 May 2019 the following share options were issued to the executive directors, details are shown in note 18 for the 2018 Consolidated Financial Statements for Attraqt Group plc.

Executive directors	No of Shares	Grant Price	Forfeit date	Vesting period
Luke McKeever	1,063,685	27.0p	28 May 2019	3 years

There are no performance conditions attached to the share options and no share options were exercised in either years.

Outstanding share awards:

Executive directors	Date of award	Shares granted	Share exercisable
Eric Dodd	15 Dec 2017	1,063,685	16 Dec 2020 – 15 Dec 2027

Statement of directors' shareholding and share interests

The table below sets out the Directors and non executive shareholdings in the Company.

	Shareholdings	Share options granted	Shareholdings	Share options granted
	As at 31 December 2020	As at 31 December 2020	As at 31 December 2019	As at 31 December 2019
Mark Adams	-	2,250,000	-	-
Eric Dodd	123,842	2,127,370	92,592	2,127,370
Nick Habgood	24,777,955	-	23,946,695	-
Luke McKeever	370,370	2,000,000	370,370	4,254,743
Robert Fenner	-	-	-	-
Ed Ewing	-	-	-	-
Ivor Dunbar	-	-	1,214,000	-
Grahame Cook	-	-	-	-

There are no performance measure in connection with the share options that have been granted.

	% change in basic salary
Chairman	-
CEO	1.5%
CFO	1.5%
Non executive Directors	-

The shares against Mr Habgood's name are held by Azini 3 LLP, a private equity fund which is managed by Azini Capital Partners LLP. Mr Habgood is a Managing Partner of Azini Capital Partners LLP and has a minority interest in Azini 3 LLP.

Directors report

The directors present their report with the financial statements of Attraqt Group plc for the year ended 31 December 2020.

Results

The Group made a loss after tax in 2020 of £2,227,000 (2019 - £4,022,000) on turnover of £21,003,000 (2019 - £19,434,000) representing a loss of £0.01 per share (2019: £0.03). The net cash generated from operating activities was £517,000 (2019 – used in £475,000).

Dividends

The board do not propose the payment of a dividend for the year (2019: £nil).

Directors

All directors are expected to devote as much time as is required for the proper performance of their duties. Overall, we anticipate that each director will spend a minimum of three days a month working for Attraqt.

The directors shown below either held office during the reporting period or to the date of this report:

- Nick Habgood
- Eric Dodd
- Mark Adams (appointed 30 June 2020)
- Luke McKeever
- Robert Fenner
- Grahame Cook (appointed January 2020)

The biographical details of the current directors may be found on pages 49 to 51 and are incorporated into this report by reference.

Qualifying third party indemnity provisions

Attraqt purchases directors and officer's insurance against their cost in defending themselves in legal proceedings taken against them in that capacity, and in respect of damages resulting from the unsuccessful defence of any proceedings.

Financial instruments

Details of Attraqt's risk management objectives and policies together with its exposure to financial risk are set out in note 19 to the financial statements.

Going concern

After making appropriate enquiries, the directors consider that Attraqt has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Research and Development

Attraqt will continue the research and development of new products and product enhancements using its internal expertise and jointly with technology partners. The selection of developments to be undertaken is based on feedback from existing and prospective clients and prioritised according to the return they can be expected to generate. Attraqt will continue to invest in research and development at the same rate as the current year, to ensure the technological risk as set out in the strategic report is mitigated.

Listing

Attraqt's ordinary shares have been traded on the AIM Market of the London Stock Exchange since 19 August 2014. Canaccord Genuity Limited is Attraqt's nominated advisor and broker. The closing mid-market share price at 31st December 2020 was 38p.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC No 1606/2002) as it applies to the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with international accounting standards in conformity with the requirements of Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC No 1606/2002) as it applies to the European Union, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that Attraqt will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on Attraqt's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in their jurisdictions. The maintenance and integrity of the website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Key future developments

The period ahead we will continue to focus on driving the underlying operational effectiveness and performance of the business. We made solid progress during 2020 with customer renewals and upsells to the existing customer base, and we have a new product in 2021 that we believe this will increase our total addressable market and will enable future growth.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Attraqt's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Attraqt's auditors are aware of that information.

Branches outside the United Kingdom

The Group operates a number of subsidiaries which include five within the EU.

Auditors

The auditors, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Eric Dodd

Eric Dodd

Chief Financial Officer
11 March 2021

Independent auditors report to the members of the Attraqt Group

Opinion on the financial statements

In our opinion

- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended.
- The Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.
- The Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ATTRAQT Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We evaluated of Management's prior budgeting accuracy, through comparison of 2020 budget to actual, noting that results were ahead of budget for the year.
- We discussed the movements in budget with management, focussing on more judgemental areas including revenue growth and margin updates on FY20 results. We reviewed management's sensitivity analysis on these key inputs and performed additional sensitivity analysis to consider the Group's sensitivity to these inputs.
- We confirmed arithmetic accuracy of Management's cash flow forecasts to March 2022, including comparison of operating and working capital movements with reference to current year movements, adjusted for budgeted increases, and agreement of financing/investing cash flow amounts and timing to supporting evidence or management calculations.
- We reviewed post year end results and cash against budget, post year end Board meetings, and held discussions with those charged with governance to confirm that there were no significant changes to business operations that would impact going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	100% (2019: 96%) of Group revenue 88% (2019: 83%) of Group expenditure 99% (2019: 99%) of Group total assets
Key audit matters	The following key audit matters are relevant to both current and prior year: 1. Revenue recognition 2. Capitalisation of internal development costs 3. Recoverability of Group goodwill, intangible assets and Parent Company investments In the prior year, our audit report included discussion of the Early Birds acquisition accounting, a specific transaction in the prior year. There were no business combinations in the current year.
Materiality	Group materiality was £315,000 (2019: £286,000) based on 1.5% (2019: 1.5%) of Group revenue.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Based on our assessment, we focused our Group audit scope on the Group's significant components within the UK, France and the Netherlands, as well as the Parent Company, and BDO LLP performed full scope audits on these four entities as the books and records are kept in the UK. For the other components that were not identified as significant to the Group, we performed limited procedures at a Group level on key items and risk areas, including revenue, and analytical review procedures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Revenue recognition (notes 2 and 4)

IFRS 15 focuses on revenue being recognised in conjunction with performance obligations being satisfied either "at a point in time" or "over time".

Software as a service (SaaS) revenue is recognised the period of the contract.

Services revenue is project based and recognised based on amount of work completed.

We consider there to be a fraud and judgemental risk arising from the inappropriate or incorrect calculation of the split between revenue and deferred or accrued revenue around year end (cut off) as there is a risk that revenue will be incorrectly accrued at year end due to the pressure on management to achieve forecast profits.

Additionally there is significant judgement and complexity in the application of appropriate IFRS 15 accounting for contracts or contract amendments where these contracts contain unusual or new contract clauses.

Our response

Our audit work included, but was not restricted to, the following:

- Where appropriate, we obtained an understanding regarding the design and implementation of the controls over revenue invoicing and recognition.
- We recalculated expected revenue and deferred revenue based on verified contract value and relevant invoicing frequency and time periods for a sample of Software as a service (SaaS) revenue.
- We substantively tested a sample of SaaS revenue customers with no deferred revenue balance to confirm revenue was correctly recognised in the period.
- We recalculated a sample of Service revenue and deferred/accrued revenue balances based on verified contract values, hourly rates and timecard data.
- We completed cut off testing and traced a sample of December 2020 and January 2021 Service invoices through to supporting documentation and ensured that these items had been appropriately accounted for in either 2020 or in 2021.
- For both revenue streams, we reviewed post year end credit notes raised to ensure any items relating to the financial year under audit had been correctly accounted for.
- For both revenue streams, we reviewed manual journal postings over a set threshold to revenue, deferred and accrued revenue and verified any entries outside our expectations.
- We reviewed customers with revenue or revenue movements on prior year over a set threshold and obtained any relevant new contracts or contract amendments. We reviewed the contract clauses and considered management's revenue recognition policy applied against the requirements of IFRS 15.

Key observations: We did not identify any indicators to suggest that revenue has not been recognised appropriately in accordance with the applicable accounting standards.

Key audit matter

Capitalisation of Internal Development Costs (Notes 2,3 and 12)

The Group capitalises costs incurred in relation to the development of the software utilised in the Group's service offerings to customers.

In accordance with IAS 38, management's policy is to capitalise development expenditure on internally developed software products if these costs can be reliably measured and the asset meets the relevant criteria.

There is a significant management judgement in the application of IAS 38 criteria to research and development costs and therefore we assessed that this reflects a significant risk that development costs are incorrectly capitalised in the year.

Our response

Our audit work included, but was not restricted to, the following:

- We reviewed a sample of development additions capitalised in the year and assessed whether the IAS 38 criteria for capitalisation were met.
- This included recalculation of staff rates based on contractual employment terms for the relevant staff member, and hours charged to timecard data, as well as discussion with the appropriate project managers in the development team to obtain an understanding of the project nature, timing and feasibility.

Key observation: We did not identify anything to suggest that the judgements made by management in the capitalisation of internal development costs were inappropriate or materially incorrect.

Key audit matter

Recoverability of Group goodwill and Parent Company Investments

Group (Notes 2, 3 and 12) Parent (Parent Company notes 1 and 2)

As a result of acquisition activity, the Group has goodwill of £25,649k.

IAS 36 'Impairment of Assets', requires management to test goodwill for impairment annually.

Any potential impairment would have a significant impact on reported results of the Group.

We consider there to be a significant risk in this impairment review due to the extent of management judgement in determining the underlying assumptions used in the impairment review. These assumptions include the discount rate, revenue and margin growth and the terminal growth rate.

As a result of the acquisitions made, the Parent Company holds a significant investment in subsidiaries balance of £40,991k.

Management exercise significant judgement in assessing whether there is an indication of impairment of this balance.

Our response

Our audit work included, but was not restricted to, the following to consider the valuation of goodwill, and Parent Company Investments:

- We utilised our internal valuation experts to assess the methodology employed by management and review key inputs including discount rate and terminal growth rate against externally available data, best practise and applicable accounting standard requirements.
- We recalculated the Group's value in use using our calculated discount rate, based on applicable gearing, risk and equity premiums, and methodology in line with accounting standards and compared these values against the Group's net asset value and the investment in subsidiaries value within the parent company.
- We have assessed management's sensitivity analysis performed on discount and growth rates and confirmed the disclosures in the financial statements reflect analysis performed. We performed further downside sensitivity analysis on key drivers of the valuation including revenue growth, terminal value and discount rate.
- We reviewed the market capitalisation of the Group for any indication of impairment against the Group's assets or Parent company investments.

Key observation: We did not identify anything to suggest that the judgements made by management in their annual impairment review were inappropriate, or that the impairment review failed to identify indicators impacting the recoverability of goodwill in the Group or investments in subsidiaries in the Parent Company.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2020	**2019**	**2020**	**2019**
	£'000	£'000	£'000	£'000
Materiality	315	286	284	215
Basis for determining materiality	1.5% Group revenue	1.5% Group revenue	90% Group materiality	75% Group materiality
Performance materiality	65% Materiality	75% Materiality	75% Materiality	75% Materiality

Rationale for Group materiality

Under auditing guidelines the default performance measure for profit driven entities should be profit before tax, however in the case of this Group revenue was considered to be most appropriate due to the focus on on-going investment in growth through acquisition and development of software and losses made in the year. Revenue provides a consistent year on year basis for determining materiality and has been concluded as the most relevant performance measure to the stakeholders of the Group.

Rationale for Parent Company materiality

The materiality for the Parent Company financial statements, as a holding company, was based on 2% of total assets but restricted to 90% of Group materiality (2019: 75%).

Rationale for performance materiality threshold

Performance materiality threshold for the Group and Parent Company takes into account various factors including the expected total value of known and likely misstatements, brought forward misstatements, the number of material estimates and the expected use of sample testing.

Component materiality

We set materiality for each component of the Group based on a percentage of between 47% and 90% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £149k to £284k. In the audit of each component, we further applied performance materiality levels of between 65-75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £6,300, being 2% Group materiality (2019: £5,700 – 2% Group materiality). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: – the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and – the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: – adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or – the Parent Company financial statements are not in agreement with the accounting records and returns; or – certain disclosures of Directors' remuneration specified by law are not made; or – we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Director's responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

– We obtained an understanding of the legal and regulatory frameworks through our accumulated knowledge and consideration of sector information that is applicable to the entity. We communicated relevant identified laws and regulations, potential fraud risks and how and where this might occur to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. We focused on laws and regulations that could give rise to a material misstatement in the Group and Parent Company financial statements, including, but not limited to, accounting standards, Companies Act 2006 and certain requirements from UK and overseas sales tax, employment tax and corporation tax legislation.

– We obtained an understanding of how the Group is complying with those legal and regulatory frameworks by making enquiries to management and those responsible for legal and compliance procedures. We corroborated our enquiries where appropriate through our review of board minutes and correspondence with the relevant tax authorities.

– We assessed the susceptibility of the entities financial statements to material misstatement, including how fraud might occur by discussing with management where it is considered there was a susceptibility of fraud relating to management override of controls and improper revenue recognition. In addressing the risk of fraud including the management override of controls, and improper revenue recognition we tested the appropriateness of journal entries and other adjustments including substantive testing of journals considered to be unusual or higher risk; reviewed application of assessing whether the judgements made in making accounting estimates are indicative of a potential bias; tested the application of cut-off and revenue recognition, and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities.**

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Nigel Harker

Senior Statutory Auditor
For and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom

11 March 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement

For the year ended 31 December 2020

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

The notes form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2020

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

The notes form an integral part of these financial statements.

Consolidated statement of financial position

For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Plant and equipment	10	243	318
Right of use assets	11	1,073	1,354
Intangible assets	12	40,585	40,154
Total non-current assets		41,901	41,826
Current assets			
Trade and other receivables	14	6,155	5,401
Cash and cash equivalents	15	6,591	3,950
Corporation tax		573	217
Total current assets		13,319	9,568
Total assets		55,220	51,394
Current liabilities			
Trade and other payables	18	11,667	10,182
Corporation tax		267	229
Total current liabilities		11,934	10,411
Non-current liabilities			
Deferred tax liability	8	2,839	3,197
Lease liability	11	738	857
Non current liabilities		3,577	4,054
Net Assets		39,710	36,929
Equity			
Issued capital	16	1,961	1,800
Share premium	16	53,251	48,516
Merger reserve		1,457	1,457
Share based payment reserve	17	1,585	1,423
Foreign exchange reserve		(275)	(225)
Retained earnings		(18,269)	(16,042)
Total equity attributable to equity holders of the parent		39,710	36,929

The notes form an integral part of these financial statements.

These Consolidated financial statements and the accompanying notes were approved for issue by the Board on 11 March 2021 and signed on its behalf by:

Eric Dodd

Eric Dodd
Chief Financial Officer

Consolidated statement of changes of equity

For the year ended 31 December 2020

	Notes	Share capital £'000	Share premium £'000	Merger reserve £'000	Share based payment reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2019		1,063	30,108	1,457	1,238	(265)	(12,020)	21,581
Loss for the year		-	-	-	-	-	(4,022)	(4,022)
Foreign currency translation differences		-	-	-	-	40	-	40
Total comprehensive loss for the year		-	-	-	-	40	(4,022)	(3,982)
Contributions by and distributions to owners								
Shares issued		737	19,156	-	-	-	-	19,893
Issue costs		-	(748)	-	-	-	-	(748)
Share based payment charge		-	-	-	185	-	-	185
Total contributions by and distributions to owners		737	18,408	-	185	-	-	19,330
Balance at 31 December 2019		1,800	48,516	1,457	1,423	(225)	(16,042)	36,929
Loss for the year		-	-	-	-	-	(2,227)	(2,227)
Foreign currency translation differences		-	-	-	-	(50)	-	(51)
Total comprehensive loss for the year		-	-	-	-	(50)	(2,227)	(2,227)
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

The notes form an integral part of these financial statements

Consolidated statement of cash flows

For the year ended 31 December 2020

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

	Notes	2020 £'000	2019 £'000
Cash flows from financing activities			
Lease payments		(626)	(393)
Lease interest		(61)	(56)
Interest received		3	8
Issue of ordinary shares, net of issue costs		3,744	16,352
Loan received		450	-
Repayments of loan		(27)	(20)
Net cash generated from financing activities		3,483	15,891
Net increase / (decrease) in cash and cash equivalents		2,593	3,462
Cash and cash equivalents at beginning of year		3,950	509
Effect of foreign currency exchange rate changes		48	(21)
Cash and cash equivalents at end of year	15	6,591	3,950

The notes form an integral part of these financial statements.

Notes to the financial statements

1. General Information

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

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

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

2. Accounting Policies

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

Basis of preparation

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

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

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

Going concern

As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, given the uncertainty of COVID-19. The Group has continued to monitor the impact of COVID-19 by reviewing the monthly results versus the budget set for 2020. The Group has not seen a severe impact in the year, due to national lockdowns, with consolidated Revenue being just 1% behind budget, and consolidated EBITDA remains on budget.

The consolidated cash balance available to the Group is healthy at £6,591,000. The Group has continued to offer services and support to our clients uninterrupted by the national lockdowns and has not materially relied upon any furlough schemes available. The Group, via Attraqt Limited, took advantage of available options to defer VAT payment for Q1 2020 until March 2021, and to delay payments for PAYE under a payment plan with HMRC which has now all been paid.

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

The Group's Directors have revised the Groups forecast taking into account the resilience of future sales, customers and the impacts of future possible COVID-19 related national lockdowns and performed sensitivity analysis on monthly consolidated cash flows to March 2022. Those forecasts make assumptions in respect of future trading conditions, notably the economic environment and its impact on Group's revenues. The forecasts take into account foreseeable downside risks, based on the information that is available to the Directors at the time of approval of these financial statements, however it is not possible to quantify the ongoing impact with certainty.

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

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

- Negotiating longer credit terms with suppliers, for instance 30 day to 60 days;
- Alter invoicing terms with customers, for instance from annual bills to quarterly;
- Reduction in marketing spend in relation to events; and
- Reduction in staff costs, for instance reduction in bonus payments if the Group does not meet financial targets or suspension of pay rises and reduction of temporary staff usage.

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

Revenue

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

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

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

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

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

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

Exceptional items

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

Foreign currency translation

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

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

Pension

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

Government grants

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

Intangible assets

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

Externally acquired intangible assets

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

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

Intangible Asset	Useful economic life for Fredhopper intangibles	Useful economic life for Early Birds intangibles	Valuation Method
Customer Relationships	11 years	9 years	Excess Earnings Method - the value of the intangible asset is the present value of the after-tax cash flows potentially attributable to it, net of the return on fair value attributable to tangible and other intangible assets.
Existing Technology	7 years	10 years	Relief from Royalty Method - the value of intangible assets are estimated by capitalising the royalties saved because the company owns the intangible asset.
Trade Names	10 years	10 years	Relief from Royalty Method - the value of intangible assets are estimated by capitalising the royalties saved because the company owns the intangible asset.

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

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

Internally generated intangible assets (development costs)

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

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

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

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

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

Impairment of assets

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

Consolidation

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

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

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Business combinations

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

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

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

Goodwill

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

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

Property, plant and equipment

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

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

Plant and machinery	3 years
Fixtures and fittings	3 years

Leasehold Improvements

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

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

Leasehold improvements	Over the life of the lease

Leases

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

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

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

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

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

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

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

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

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

Cash and cash equivalents

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

Share capital

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

Share based payments

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

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

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

Taxation including deferred taxation

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

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

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

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

– goodwill not deductible for tax purposes;

– the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and

– investments in subsidiary companies where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Financial instruments

Recognition, derecognition and measurement of financial instruments

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

Classification of financial instruments

Financial assets

On initial recognition, a financial asset is classified and subsequently measured at:

– amortised cost

– fair value through profit or loss (FVTPL); or

– fair value through other comprehensive income (FVOCI)

Business model assessment

The classification depends on Attraqt Group's business model for managing these financial assets and the contractual terms of the financial asset's cash flows. The business models objectives are broken down into three categories:

– Financial assets held solely to collect contractual cash flows;

– Financial assets held both to collect contractual cash flows and selling the assets; and

– Financial assets that are managed on a fair value basis.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

– The asset is held within a business model whose objective is to hold assets to collect contractual cash flows.

– The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

– The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

– The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

All other financial assets are classified as measured at FVTPL.

Impairment of financial assets measured at amortised cost

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

Write-off policy

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

Financial liabilities

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

Subsequent measurement of financial instruments

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

Financial instruments classified as at amortised cost

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

Financial instruments classified as at fair value through profit or loss

Subsequent to initial recognition, gains and losses upon the sale, disposal or write-off of these financial instruments are included directly in the Consolidated Statement of Comprehensive Income and are reported within administrative expenses.

Equity Instruments

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

Changes in accounting policy

New standards, interpretations and amendments not applied

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

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

* The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. Following the UK's withdrawal from the EU on 31 December 2020, the UK-adopted international accounting standards will be applicable. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Group's discretion to early adopt standards.

† At the date of authorisation of these financial statements, these standards and interpretation have not yet been endorsed or adopted by the UK.

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

3. Critical accounting judgements and estimates

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

Judgements

– Leases

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

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

– Capitalisation and impairment of development costs

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

Estimates

– Share based payments

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

– Goodwill Impairment

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

– Valuation of acquired intangible assets

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

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

4. Segmental reporting

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

	2020 £'000	2019 £'000
Revenue by type		
SaaS	19,278	17,745
Services	1,725	1,689
Total Revenue	**21,003**	19,434
Cost of Sales by type		
SaaS	3,932	3,719
Services	1,570	1,635
Total Cost of Sales	**5,502**	5,354
Gross profit	**15,501**	14,080

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

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

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

Contract assets and liabilities

Contract Assets

	2020 £'000	2019 £'000
At 1 January	175	213
Recognised	1,360	44
Paid out	(707)	(82)
At 31 December	**828**	175

Contract liabilities

	2020 £'000	2019 £'000
At 1 January	5,438	5,196
Recognised as revenue	(20,015)	(19,658)
Accrued as deferred income	20,122	19,900
At 31 December	**5,545**	5,438

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

5. Exceptional items

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

6. Loss from operations

	2020 £'000	2019 £'000
Loss from operations is taken after taking account of the following items		
Staff costs (see note 7)	**12,368**	11,917
Depreciation of property, plant and equipment (see note 10)	**139**	161
Amortisation of intangible assets (see note 12)	**2,817**	2,387
Amortisation of Right of use assets (see note 11)	**574**	466
Operating lease expense	**100**	204
Research and Development costs	**1,254**	1,139
Foreign exchange (profit)/loss	**(99)**	(92)
Other income	**(54)**	–

Audit and non-audit services		
Fees payable to the company's auditors for the audit of the Group annual accounts:		
Group annual accounts and subsidiary undertakings	**130**	134
Fees payable to the company's auditor and its associates for other services:		
Tax services	**21**	25
Interim fee	**10**	28
Other services	**5**	28

7. Staff costs

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

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

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

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

The aggregate payroll costs of these persons were as follows:

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

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

8. Taxation

	2020 £'000	2019 £'000
Tax (credit)/charge comprises:		
Current tax on loss for the year	**(242)**	(85)
Current tax adjustment in relation to prior years	**192**	-
Deferred Tax for the year	**(358)**	(301)
	(408)	(386)

The effective tax assessed for the year, all of which arises in the UK, differs from the standard weighted rate of corporation tax in the UK.

The reconciliation of the actual tax charge to that at the domestic corporation tax rate is as follows:

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

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

Deferred tax

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

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

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

9. Loss per share

	2020 £'000	2019 £'000
Numerator		
Loss for the year and loss used in basic and diluted EPS	**(2,227)**	(4,022)
Denominator		
Weighted average number of shares used in basic and diluted EPS	**184,051,542**	149,970,774
Loss per share – basic and diluted	**(1.2p)**	(2.7p)

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

10. Property, plant and equipment

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

11. Right of use assets and lease liabilities

Amounts recognised on the statement of financial position	Leasehold Properties	Total
Cost	£'000	**£'000**
At 1 January 2019	349	349
Additions	839	839
Remeasurement of lease	425	425
Acquired through business combinations	207	207
At 31 December 2019	1,820	1,820
Remeasurement of lease	293	293
At 31 December 2020	2,113	2,113
Amortisation		
At 1 January 2019	-	-
Charge for the year	466	466
At 31 December 2019	466	466
Charge for the year	574	574
At 31 December 2020	1,040	1,040
Net Book Value		
At 1 January 2019	349	349
At 31 December 2019	1,354	1,354
At 31 December 2020	1,073	1,073

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

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

11. Right of use assets and lease liabilities *continued*

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

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

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

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

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

12. Intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13. Subsidiary undertakings

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

Name	Proportion of ownership Interest	Country of Incorporation and principal place of business	Registered Office
Attraqt Limited	100%	UK	7th Floor, 222-236 Gray's Inn Road, London, WC1X 8HB
Attraqt Inc. [1]	100%	USA	330 N Wabash Ave, Chicago, IL 60611, USA
Early Birds SAS	100%	France	10 Rue Treilhard. 75008, Paris, France
Fredhopper BV	100%	Netherlands	Wework Metropool, Weesperstraat, 61-105 Amsterdam 1018VN
Spring Technologies EOOD[2]	100%	Bulgaria	1000 Sofia city, Sredec district,, 47A, Tsarigradskok shosse blvd, bl. B, fl. 2, apt. 201A
Fredhopper SARL[2]	100%	France	RCS Paris27 Avenue de l'Opéra, 75001, Paris, France
Fredhopper GmbH[2]	100%	Germany	Neuer Wall 50, 20354 Hamburg, Germany
Fredhopper (Australia) Pty Limited[2]	100%	Australia	Level 19, 207 Kent St, Sydney NSW 2000
FCLS RM 7 Limited	100%	UK	7th Floor, 222-236 Gray's Inn Road, London, WC1X 8HB

1 - Held through Attraqt Limited

2 - Held through Fredhopper BV

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

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

14. Trade and other receivables

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

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

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

Expected credit losses

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

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

31 December 2019	Current	Up to 30 days old	More than 30 days old	More than 60 days old	More than 120 days old	Total
Expected loss rate	0%	0%	3.3%	6.6%	23%	
Gross carrying amount	2,859	1,040	240	105	72	4,316
Loss provision	-	-	8	7	16	31
Gross carrying amount for lifetime credit loss	-	-	-	-	64	64
Loss provision for lifetime credit loss	-	-	-	-	64	64
Total loss provision	**-**	**-**	**8**	**7**	**80**	**95**

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

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

15. Cash and cash equivalents

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

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

16. Share capital and reserves

Allocated, called up and fully paid

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

The Company raised £4,000,000 before expenses, by private placing of 12,500,000 1p Ordinary shares at 32p on 1 October 2020. 3,600,964 Ordinary shares were issued to the sellers as consideration for the asset purchase of the Aleph software. In 2019, the Company raised £17,100,000 before expenses, by a private placing of 63,333,334 1p Ordinary shares at 27p on 29 May 2019. 10,346,284 Ordinary shares were issued to the sellers as consideration for the acquisition of Early Birds SAS.

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

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Share based payment reserve	The share based payment reserve represents equity settled share based employee remuneration until such share options are exercised and contingent shares.
Merger reserve	The merger reserve results from the application of merger accounting on the merger of Attraqt Inc and Attraqt Limited.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

17. Share based payments

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

– The third anniversary of the date of grant (with the exception of the below);

– 2,250,000 shares granted on 5th August 2020 vest 25% per annum over 4 years;

– Shares granted on 10th July vested immediately;

– On a change of Control of the Company as defined in the Plan rules;

– On a Sale or Disposal of the Company as defined in the Plan rules; or

– Following the exercise of discretion by the Board.

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

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

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

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

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

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

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

– The option life is the estimated average period over which the options will be exercised.

– No variables change during the life of the option (e.g. dividend yield remains zero).

– Volatility has been calculated over a 6 year period prior to the grant date.

– Expectations of staff retention over the vesting period have been calculated by reference to the six year period prior to the grant date.

Details of the share options granted as follows:

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

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

18. Trade and other payables

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

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

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

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

19. Financial risk management and impairment of financial assets

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

– Credit risk

– Foreign exchange risk

– Liquidity risk

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

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

Principal financial instruments

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

– Trade receivables

– Cash and cash equivalents

– Trade and other payables

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

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

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

Financial liabilities at amortised cost

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

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

General objectives, policies and processes

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

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

Credit risk

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

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

– Significant financial difficulties of the debtor;

– Probability that the debtor will enter bankruptcy; or financial reorganisation; and

– Default or late payments (more than 30 days past payment due date).

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

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

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

Foreign exchange risk

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

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

Transaction risk

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

Liquidity risk

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

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

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

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

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

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

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

Capital management

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

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

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

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

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

20. Related party transactions

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

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

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

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

Key Management personnel

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

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

Further information about the remuneration of individual Directors is provided in the Directors remuneration report on page 69 to 74.

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

21. Capital commitments

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

Company statement of financial position

For the year ended 31 December 2020
Company number 08904529

	Notes	2020 £'000	2019 £'000
Non-current assets			
Investments	2	40,991	39,105
Amounts owed by group undertakings	7	12,343	8,736
Total non-current assets		53,334	47,841
Current assets			
Trade and other receivables	3	332	214
Total current assets		332	214
Total assets		53,666	48,055
Current liabilities			
Trade and other payables	4	609	161
Total current liabilities		609	161
Net Assets		53,057	47,894
Equity			
Share capital	5	1,961	1,800
Share premium	5	53,251	48,516
Share based payment reserve	6	1,585	1,423
Retained earnings		(3,740)	(3,845)
Total equity		53,057	47,894

Company income statement

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

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

Eric Dodd
Director
Date: 11 March 2021

Company statement of changes of equity

For the year ended 31 December 2020

	Notes	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2019		1,064	30,108	1,238	(3,471)	28,939
Loss for the year		-	-	-	(374)	(374)
Total comprehensive loss for the year		-	-	-	(374)	(374)
Contributions by and distributions to owners						
Shares issued	5	736	19,156	-	-	19,892
Issue costs	5	-	(748)	-	-	(748)
Share based payment charge	6	-	-	185	-	185
Total contributions by and distributions to owners		736	18,408	185	-	19,329
Balance at 31 December 2019		1,800	48,516	1,423	(3,845)	47,894
Profit for the year		-	-	-	105	105
Total comprehensive loss for the year		-	-	-	105	105
Contributions by and distributions to owners						
Shares issued	5	161	4,991	-	-	5,152
Issue costs	5	-	(256)	-	-	(256)
Share based payment charge	6	-	-	59	-	59
Contingent shares to be issued		-	-	103	-	103
Total contributions by and distributions to owners		161	4,735	162	-	5,058
Balance at 31 December 2020		1,961	53,251	1,585	(3,740)	53,057

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

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

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

Notes to the company financial statements

1. Accounting policies

Basis of preparation

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

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

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

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

Disclosure exemptions adopted

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

– certain comparative information as otherwise required by EU endorsed IFRS;

– certain disclosures regarding the company's capital;

– a statement of cash flows;

– the effect of future accounting standards not yet adopted;

– share-based payments;

– the disclosure of the remuneration of key management personnel; and

– disclosure of related party transactions with other wholly owned members of the group headed by Attraqt Group plc.

Investments

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

Accounting judgements and estimates

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

The following accounting policies have been identified as involving particularly complex judgements or subjective estimates:

Estimates

– Share based payments

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

– Investments

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

– Intercompany receivables

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

2. Investments

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

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

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

3. Trade and other receivables

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

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

4. Trade and other payables

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

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

5. Share capital

Allocated, called up and fully paid

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

The Company raised £4,000,000 before expenses, by private placing of 12,500,000 1p Ordinary shares at 32p on 1 October 2020. 3,600,964 Ordinary shares were issued to the sellers as consideration for the asset purchase of the Aleph software. In 2019, the Company raised £17,100,000, before expenses, by a private placing of 63,333,334 1p Ordinary shares at 27p on 29 May 2019. 10,346,284 Ordinary shares were issued to the sellers as consideration for the acquisition of Early Birds SAS.

6. Share based payments

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

7. Financial instruments

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

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

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

8. Employees

The company had no employees during the year (2019: none) excluding directors. Further information about the remuneration of the directors is provided in the remuneration report on page 69 to 74.

Company information

Country of incorporation
England and Wales

Legal form
Public limited company

Directors
Nick Habgood
Luke McKeever
Mark Adams
Eric Dodd
Grahame Cook
Robert Fenner

Secretary and registered office
E Dodd
7th Floor
222-236 Gray's Inn Road
London
WC1X 8HB

Company number
08904529

Auditors
BDO LLP, 2 City Place, Gatwick, West Sussex, RH6 0PA

Bankers
Barclays Bank Plc, Barclays Business Centre, 27 Soho Square, London, W1D 3QR

Lawyers
Taylor Wessing LLP, 5 New Street Square, London, EC4A 3TW

Exceptional Shopping Experiences

Orchestrating experiences across the shopper journey for over 300 global brands

236 Grays Inn Road,
London
United Kingdom
WC1X 8HB

+44 (0)20 3675 7800
sayhello@attraqt.com