Arena Events Group plc Annual Report & Accounts FY20

15 months ended 31 March 2020

"Arena's contribution has been huge over the years, it always impresses me from year to year."

Mark Griffith
Head of Operational Planning,
London Marathon Events

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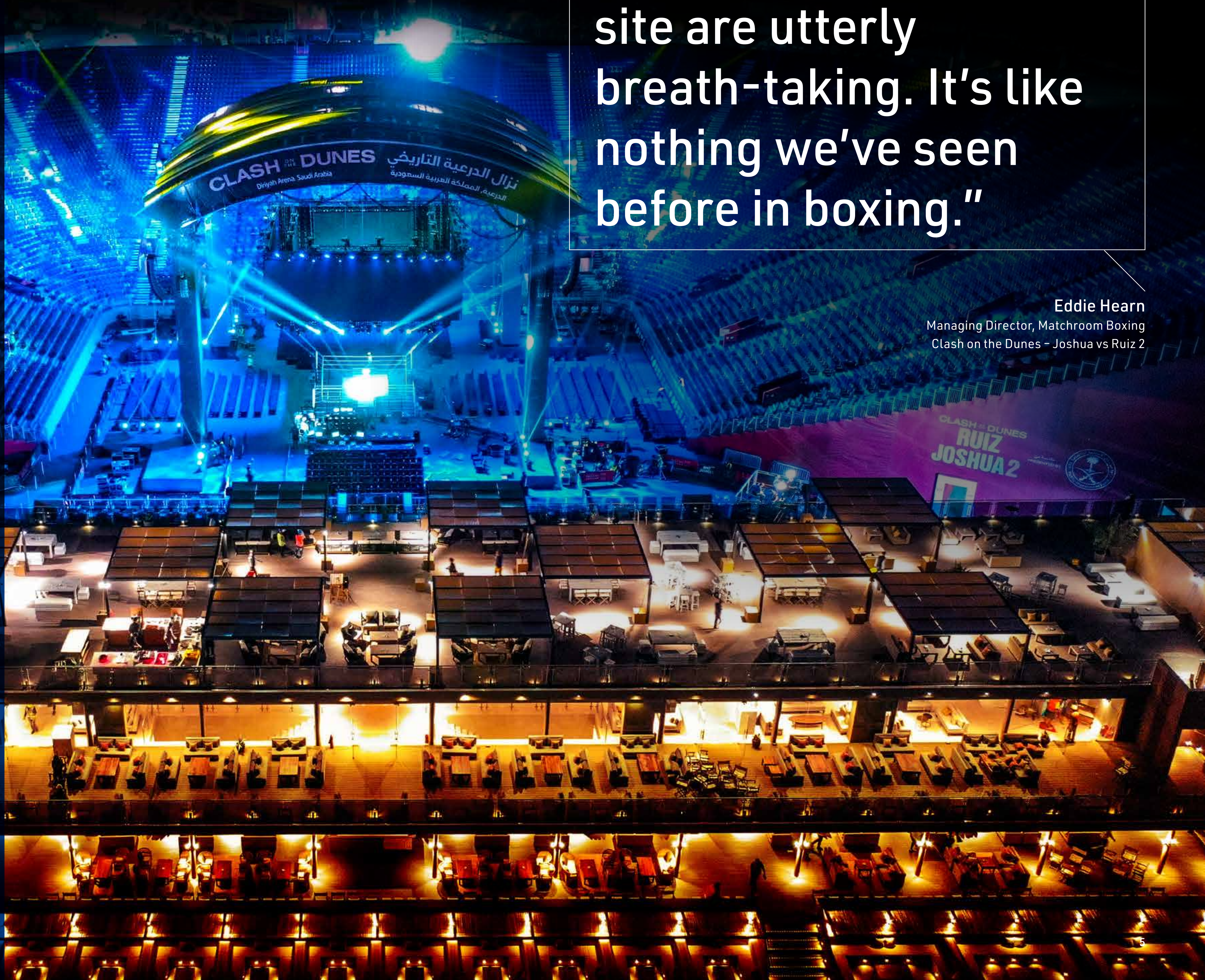


"The Diriyah arena and site are utterly breath-taking. It's like nothing we've seen before in boxing."

Eddie Hearn
Managing Director, Matchroom Boxing
Clash on the Dunes – Joshua vs Ruiz 2

Our Business Offering

Arena Events Group is a global leader in turnkey event solutions. Our expertise is in designing and delivering bespoke temporary structures and associated products and services for the most prestigious sporting events, cultural occasions and for commercial use.

With over 250 years of experience, you are in safe hands.

FY20 Revenue
Jan 2019 – Mar 2020*

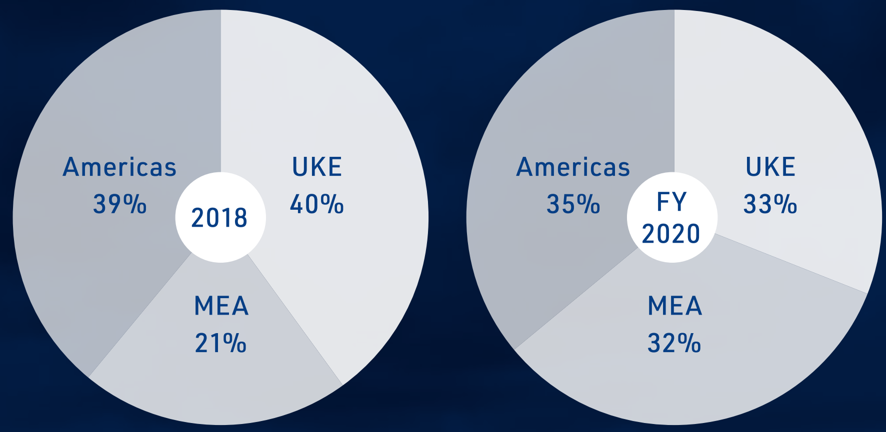
£183.2m

Regional Divisions

Serving customers globally from 14 depots in 6 countries across the Americas, UK & Europe and Middle East & Asia regions.

+10 product categories

Revenue by Region



* Data for 15 months ended 31 March 2020

Our core assets include temporary structures, seating, furniture, catering equipment, crowd control fencing & barriers and ice rinks. In addition, we offer interior design, exhibition services, mass participation events, graphics & signage.

The range of vertically integrated products and services we offer allow us to deliver a full turnkey solution of global capabilities to our customers. This is a unique selling point for Arena.

Our market leading products and services are utilised across a huge variety of industries and charities:

- Events
- Television and film
- Retail
- Medical and education sectors
- Corporate conferences
- Architecture and construction
- Exhibitions
- Music concerts
- State visits, Royal and Military events

Products and Services

Structures

- I-Novation
- Multi-deck
- Industrial buildings
- Tensioned fabric structure
- Arena Super Deck (ASD)

Seating

- Clearview™ Seating
- Grandstands
- Sports stands
- Flat seating
- Conference seating

Catering and Kitchen Equipment Hire

- Cutlery
- Crockery
- Glassware
- Cold rooms
- Linens

Fully Managed Event Solutions

- Mass participation events
- Start and finish gantries
- Stages, media towers
- Obstacles
- Branding and signage

Furniture

- Tables
- Chairs
- Sofas
- Soft furnishings
- Mobile, modular bars

Fencing & Barriers

- Crowd control solutions
- Pedestrian barriers
- Heras fencing
- Steel shield
- Front of stage barriers
- Hostile vehicle mitigation barriers

Exhibition Services

- Bespoke stand design
- Brand activations

Ice Rinks

- Dry hire
- Managed ticketed solutions

Graphics & Signage

- Large format print
- Office branding
- Promotional displays
- Vehicle graphics

Interiors

- Full design and fit out

The Arena Standard

A key element of the Group's value and what has contributed to its longstanding history and relationships is our 'Arena Standard'. The Group is renowned for delivering an unrivalled standard of service across the globe.

Health & Safety

The health and safety of our employees and clients is paramount, the Group recognises the responsibility we have for our employees' safety and wellbeing.

Experience & Expertise

With over 250 years of experience, we are event experts. When you use Arena, you get peace of mind knowing your event infrastructure needs are in the safe hands of our experienced teams across the globe.

Premium Quality & Style

We are dedicated to delivering high quality, sophisticated products coupled with a premium and personal client experience.

Solutions Focused

We take a tailored approach to each project, providing bespoke solutions that fit the needs of the customer. We are determined to find the best solution to our client's challenges.

Innovation & Creativity

We strive to bring our customers new and innovative solutions to their brief. Innovation also means challenging the status quo internally, finding more effective ways of working, and trying a different approach.

Reliable & Efficient

Designing and delivering global events on time, every time. Our clients feel safe knowing they can rely on Arena, entrusting their live event to our in-house experts.

Value for Money

We provide the best quality product and customer experience at a fair price.

Fully Integrated Offering

A diverse, extensive product range and integrated service offering around the world.

Our Business Model

Creating Long-Term Value for our Stakeholders

Inputs

- Skilled, experienced staff
- Investment in equipment
- Strong customer relationships
- Robust financial strength
- Trust/brand recognition

What we do

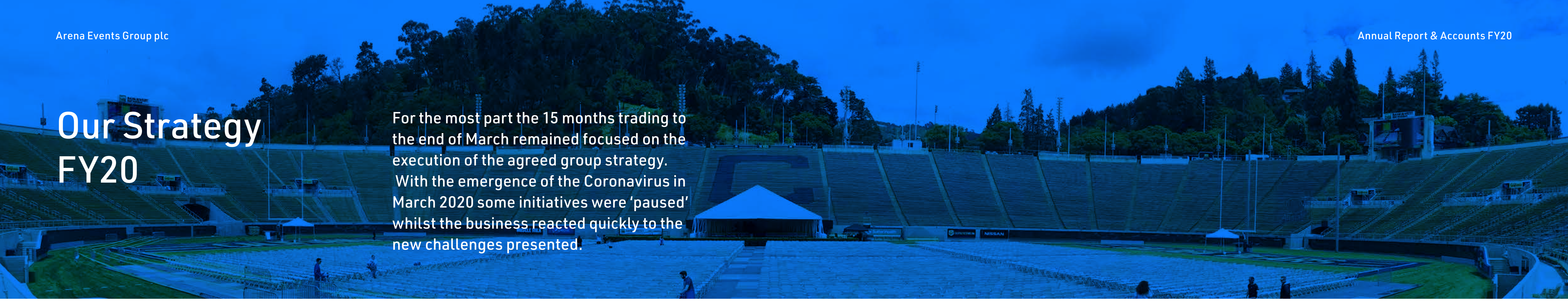
- Design and deliver temporary event infrastructure
- Provide event rental equipment for event organisers
- Provide customers with a fully managed and consultative service

How we generate revenue

- Event equipment rentals
- Provide bespoke interior solutions
- Longer-term (2/3 years) rentals of temporary structures
- Management of events
- Provision of turnkey event services

Why customers choose us

- The Arena Standard
- Global reach
- Reliability: on time, every time
- Wide range of products
- Strong reputation



Our Strategy FY20

For the most part the 15 months trading to the end of March remained focused on the execution of the agreed group strategy. With the emergence of the Coronavirus in March 2020 some initiatives were 'paused' whilst the business reacted quickly to the new challenges presented.

Strategy	Summary	Progress in FY20
Continuously improve our Health & Safety focus	• The health and safety of our colleagues and customers is our number one priority • We set the goal to put this at the top of our Arena Standard delivery	• The Group has a stated commitment to rigorous Health & Safety (H&S) compliance • There are nominated H&S managers in each business and regular reporting to the Board each month • Third party advisers and consultants are engaged where appropriate to support internal H&S teams
Commitment to CSR	• Arena has committed to giving back to our local communities and taking more responsibility for limiting our effect on our surroundings and operating in a sustainable manner • We have focused on: 1. Reducing our carbon footprint 2. Reducing waste and increased re use 3. Plastic reduction and recycling	• Over £185,000 of FREE skating tickets were given away at our Ice events in 2019/20, to under-privileged communities and the NHS, Police and Fire Service in acknowledgement of their contribution to our community • Arena has increased our sustainability significantly vs prior year, read more about our initiatives on page 49
Acquisition integration - no new acquisitions	• Following a year of eight new acquisitions completing our product extensions across the group in 2018, the goal is to focus on the integration of the products and brands • Realise the cost reduction benefit of bringing more activities and services in-house	• Integration of TSG, TGP and Event Solutions brands has been completed with Graphics, Exhibition services and Arena Super Deck fully integrated in the Middle East and Arena Fencing & Barriers in the UK. The addition of these new products and services has reduced cost and strengthened the Arena brand and customer proposition significantly
Promote vertically integrated events solutions	• The 2018 acquisitions have strengthened Arena's value chain. Offering customers many products and services under one roof • Arena offer the unique selling point of being easy to do business with • Our goal is to ensure our customers are aware of the vertically integrated, global offering	• Our long standing customers have benefitted from Arena's unique range of vertically integrated products and services e.g The Jockey Club to whom we supply seating, structures, scaffolding, cutlery, crockery, glassware and furniture • The temporary restaurants in Saudi Arabia and the Diriyah stadium hospitality venue are great examples of vertical integration from design to delivery of a fully built and fitted solution encompassing many Arena products and services
Expand geographic reach in Saudi Arabia	• Leverage the growth in international events in Saudi Arabia	• The Middle East region delivered several exceptional projects including the temporary 15,000 seat Diriyah stadium for the World Heavyweight Boxing match between Joshua and Ruiz, a temporary restaurant complex for the Riyadh festival and the Vice Music festival in Saudi Arabia

Strategy	Summary	Progress in FY20
Leverage our global presence and Group capabilities	• Arena's regions bring various expertise, which, when combined globally, make for a compelling proposition • We aim to leverage this globally by facilitating collaboration and consultation across Divisions and inter group development of our colleagues through transfers • We aim to present this value proposition to international clients	• Many International customers have seen great benefit from our worldwide presence • Seating was delivered from the UK to support major events in the Middle East and Japan • The Diriyah stadium, Rugby World Cup 2019 and Tokyo 2020 are examples of where our regions have worked collectively to deliver outstanding solutions to international clients • The European Tour golf events are a great example of serving a client across multiple countries
Reduce seasonality	• Strengthen our Managed and Dry Hire Ice Business to drive Winter productivity (Q1), better kit utilisation and achieve operational efficiencies • Offer products and services which fill the low season and differ in timing in each market	• A focus on new events in Q1 calendar such as the World Snooker • Winning new long-term rentals for non-sporting events e.g. archaeological digs, cultural facilities, government contracts, etc • Five new Managed Ice contracts were won for the 19/20 Ice Season delivering significant EBITDA growth • Expansion of exhibition capabilities around the world
Operational delivery improvement (UK)	• Following a challenging 2018, the UK market is committed to re-focusing on the Arena Standard and delivering to this without compromise	• Re-organisation of the UK operational structures team was completed by December 2019 and a re-organisation of UK hubs has been successfully delivered • UK key clients have clear operational KPI's in place which have contributed to several outstanding UK event deliveries in 2019 e.g The Open, D-Day, Cheltenham Festival, Nitto ATP Finals and Royal Museums Greenwich Ice Rink event
Cost efficiency	• The cost base required a reset in the UK and US to drive an acceptable return on our asset base whilst maintaining the delivery of the Arena Standard	• A successful cost transformation project has been delivered in the US 'Project Lift' driving $3.2m annual savings with effect from Q4 2019 and similar was already being delivered in the UK and ME before the added challenge of COVID-19
Diversification	• Arena is a global leader in turnkey event solutions. With our 250 years of experience, expertise in temporary environments, and a broad range of products and services, we recognise the opportunity to operate in a wider market outside of events • Venture into new markets • Focus on new sports and non-sporting events	• The Middle East team have successfully delivered exhibition, visual merchandising and temporary restaurants work following the acquisition of TGP • The Group has demonstrated flexibility and diversity in our capabilities by delivering many solutions for governments and the health care sector following the pandemic including the building of testing sites, temporary hospitals and several medical facilities • Diversification into the industrial building market is well underway

Our Work FY20

Arena takes great pride in delivering unique solutions for each of our clients, regardless of size or industry.

Explore the highlights of our diverse work, designed and delivered in FY20 between January 2019 and March 2020.

> "Arena has helped up deliver the premium facilities that we endeavour to deliver to our players, sponsors and guests."

Adam Hogg
Event Director,
Nitto ATP Finals

2019

Jan
- 10–13 Jan – Autosport International
- 16 - 19 Jan – Abu Dhabi HSBC Championship
- 24 - 27 Jan – Omega Dubai Desert Classic

Feb
- 3 Feb – Super Bowl LIII
- 7 Feb – Ras Al Khaimah Half Marathon
- 8 Feb – Red Bull Air Race World Championship
- 26 Feb – Dubai International Boat Show

Mar
- 12–15 Mar – Magners presents The Festival – Four Days of Extraordinary
- 13–17 Mar – Disney On Ice
- 28 Mar – Dubai World Cup

Apr
- 4 – 6 Apr – Randox Health Grand National
- 5 - 7 Apr – Cathay Pacific HSBC Hong Kong Sevens
- 6–8 Apr – Goodwood Road & Racing
- 28 Apr – Virgin Money London Marathon 2019

May
- 1–5 May – Badminton Horse Trials
- 6 May – The Met
- 7–9 May – SAP SapphireNow
- 8–12 May – Royal Windsor Horse Show
- 21–25 May – RHS Chelsea Flower Show
- 30 May – 14 Jun – ICC Cricket World Cup England & Wales 2019
- May – Oct – Cancer Research UK

Jun
- 5 Jun – The D-Day Story Portsmouth
- 6–9 Jun – Hampton Court Palace festival
- 9 Jun
- 10 Jun – 73rd Annual Tony Awards
- 13–16 Jun – U.S. Open 2019 Pebble Beach
- 16–18 Jun – Fleetwood Mac
- 17–23 Jun – Fever-Tree Championships
- 22–23 Jun – Eagles; Billy Joel In Concert
- 24 Jun – London Series
- 26–30 Jun – Glastonbury Festival
- Jun – Rod Stewart Live in Concert

Jul
- 1–14 Jul – The Championships Wimbledon
- 4–7 Jul – Goodwood Festival of Speed
- 5–7 Jul – Wireless, Finsbury Park, London
- 7 Jul – Coke Zero Sugar 400 at Daytona
- 14–17 Jul – Home & Gift Harrogate
- 14–21 Jul – The Open
- 17–20 Jul – Beach Soccer
- 22–28 Jul – EAA AirVenture Oshkosh
- 29 Jul – 14 Aug – Mubadala Silicon Valley Classic

Aug
- 2–26 Aug – Fringe
- 3–4 Aug – Prudential RideLondon
- 16 Aug – Pebble Beach Concours d'Elegance

"Arena worked tirelessly to deliver the desired product in what was a challenging and restrictive site."

Tim Elliot
Founder of People.
A Live Experience Agency

"Whenever I work with Arena, I always get the feeling I am the most important job on the books right then, and always leave with a great event and experience."

Ryan Horton
Tennis Manager, IMG Events
Mubadala Silicon Valley Classic

Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | 2020

Solheim Cup, Gleneagles Scotland 2019 – 13–15 Sep

Andrea Bocelli – 9 Sep

Goodwood Revival Meeting – 13–15 Sep

Google – 18 Sep

SELA Sport – 30 Sep

BFI – 10–21 Oct

Disney Wine & Dine Half Marathon Weekend – 31 Oct – 3 Nov

ADIPEC – 14 Nov

Tower of London Ice Rink – 16 Nov – 5 Jan

Netflix – 10 Dec

Clash on the Dunes – 7 Dec

Diriyah – 12–14 Dec

Royal Museums Greenwich – 29 Nov – 12 Jan

Saudi International powered by SBIA – 30 Jan – 2 Feb

dafabet Masters – 10–17 Jan

NYFW The Shows – 4 - 12 Feb

Canary Wharf Squash Classic – 8-13 Mar

BBC Radio 2 Live in Hyde Park – 8 Sep

Land Rover Burghley – 5–8 Sep

Rugby World Cup Japan 2019 – 20 Sep

Jo Malone London – 10 Sep

BMW Championship – 16–22 Sep

Alfred Dunhill Links Championship – 4–7 Oct

The Telegraph Ski & Snowboard Festival – 29 Oct – 1 Nov

The CJ Cup @ Nine Bridges – 17 - 20 Oct

Nitto ATP Finals – 17 Nov

Dubai Airshow – 17–21 Nov

Natural History Museum – 14 Oct – 12 Jan

Warwick Castle Ice Rink – 23 Nov – 5 Jan

Abu Dhabi Grand Prix, Formula 1 – 1 Dec

William Hill World Darts Championship – 13 Dec – 1 Jan

NTA National Television Awards – 23 Jan

Uber – 6 Mar

Daytona International Speedway – 16 Feb

Super Bowl LIV – 2 Feb

Bath Rugby, Exeter Chiefs, Saracens, Glasgow Warriors – Oct – Mar

Contract Wins

USGA - US Seniors Open

Three year contract supplying structures exclusively for the USSO.

Region: Americas

USGA - US Open

Four year contract supplying structures exclusively for the USO.

Region: Americas

Experimental Aircraft Association

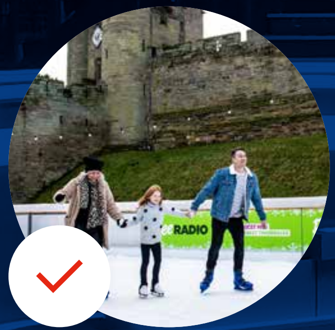
Two year contract supplying structures exclusively for Airventure.

Region: Americas

Manchester City Council

Five year contract supplying ice rink and structures.

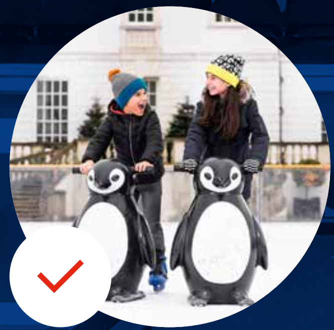
Region: UKE



Warwick Castle

Three year contract supplying ice rink and structures.

Region: UKE



Royal Museums Greenwich

Three year contract supplying ice rink and structures.

Region: UKE

World Snooker

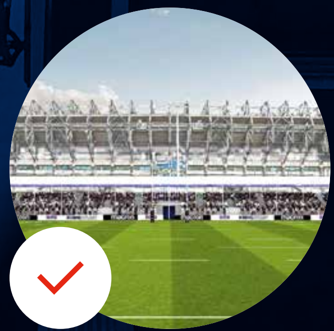
New multi year contract to supply structures.

Region: UKE

London Stadium E20

Contract win including: 7,000 Clearview Seats with our ASD decking solution.

Region: UKE



Edinburgh Rugby

Contract win for new stadium build at Murrayfield.

Region: UKE

Goodwood

Five year contract supplying seating to the three Goodwood events - Revival, Members Meeting and Festival of Speed.

Region: UKE

Lawn Tennis Association

Five year contract supplying seating and a three year contract supplying structures to Fever Tree Tennis Championships.

Region: UKE

International Management Group

Five year contract supplying seating to the Hampton Court Palace Festival.

Region: UKE

Tokyo 2020

Supplying structures & seating to Tokyo 2020 Olympics.

Region: UKE /MEA

> "The professionalism of Arena, has been second to none"

Jamie Turner
Warwick Caste
Operated by Merlin Entertainments

Strategic Report

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"A trusted key supplier, their eye for detail and professional safe approach are an essential contribution to the success of our events."

Hannah Clark
Event Director at Limelight Sports Ltd
London Duathlon

Chairman's Statement

Solid Performance but Challenging Outlook

Ken Hanna
Chairman

We announced last year that we intended to change the Group's year end to March, and in order to assist comparisons, we have presented results for the fifteen months and twelve months ending 31 March 2020.

Performance for the fifteen-month period to March 2020, was solid and in line with expectations but was not without its challenges. We successfully delivered a large number of projects, notably the Rugby World Cup and several new events in Saudi Arabia, however, in view of deteriorating economic conditions and cost increases in a number of our markets, we had to take some difficult decisions in order to reduce our overheads, particularly in the US and UK.

Accordingly, the Board took a decision to reduce the interim dividend to half of the prior year's amount and a dividend of 0.25 pence per share was paid on 1 November 2019.

Without doubt, the COVID-19 pandemic has had, and will continue to have, an impact across all aspects of society and for an event business such as Arena, the impact has been devastating. From the middle of March 2020, our traditional business all but stopped and we expect performance to be severely impacted for the rest of this financial year.

I am particularly proud of the way our employees have reacted and adjusted to this unique situation. In many markets, we have had to furlough staff and unfortunately some others have had to be made redundant. We have however been able to secure a number of COVID-19 projects, most notably the building of two temporary hospitals which were completed in less than four weeks. The outlook for the remainder of this year is extremely challenging and the Board has taken a decision to cancel the final dividend for the fifteen-month period ending 31 March 2020.

We have taken some very significant steps to strengthen our capital structure and to enable the Group to continue trading through these unprecedented times. On 26 March, 2020 we announced a fundraising of £9.5m through a placing of new shares and the Group received the funds in mid-April. As part of the placing, TasHeel became the single largest shareholder in the Group and together with Lombard Odier Asset Management, our two largest shareholders own just under 50% of the Group's issued share capital. In addition to the placing, we also completed an arrangement with HSBC to provide an additional loan of £4.75m and to waive covenants on all borrowings from HSBC through to September 2020. This support from HSBC and the placing, ensures that the Group is well positioned to deal with the challenges of COVID-19.

In September 2019, the Board appointed Steve Trowbridge as Chief Financial Officer. Steve had held a number of executive roles in both public and private companies and he has made a very significant improvement to the finance function as well as his contribution to the Board. In June 2020, the Board appointed Henry Turcan as a Non-Executive Director, an investment manager with Lombard Odier Asset Management, our second largest shareholder. Henry is an experienced executive and we look forward to his guidance and counsel.

There is no doubt that 2020 will be recognised as the most challenging environment the business world has experienced for decades. The Arena Group is no exception to this. I am however confident that we have taken all of the appropriate actions in order to protect the future of the Group and to emerge stronger. We do not know when the event world will return to normal but when it does, Arena is well placed to continue as an industry leader.

It has been a very difficult time for all our colleagues and I would like to thank each and every one for their hard work and sacrifice.

Ken Hanna
Chairman

2 July 2020

> "There is no doubt that 2020 will be recognised as the most challenging environment the business world has experienced for decades."

CEO's Report

CEO Report
March FY20

Greg Lawless
Chief Executive Officer

Introduction

As I write this report, the world is in disarray as a consequence of the unprecedented impact of the COVID-19 pandemic on both the lives and businesses of millions of people around the world. The pandemic has had some limited impact on our results to March 2020, with the cancellation of several pre-March events in our Middle East & Asia (MEA) Division, reducing EBITDA by circa £300,000. However, post the period-end, our business has been particularly badly impacted by the near global prohibition on any form of mass gatherings. These restrictions are still largely in force today, in almost all parts of the world, and will have a far more significant impact on the Group's trading for the twelve months to March 2021. I have, therefore, added additional commentary on this matter in my concluding comments at the end of this report.

As announced last year the Group has now changed its year-end to March and this is the first set of results to reflect this change. In order to assist a year-on-year comparison, we have presented both a fifteen months and twelve months set of results to March 2020. As long term shareholders of the Group will know, the first three calendar months of any year are the Group's worst trading period and as the results for the fifteen-months to the end of March 2020 include two January to March periods, we have also included a set of results that demonstrate a more normal Group performance for the twelve months to the end of March 2020. For year-on-year comparability, much of my commentary here will focus on that twelve-month period, but a more detailed comparison against the fifteen-month period is given in the Financial Review section that follows.

The period to March 2020 has been a time of consolidation for the Group, with no acquisitions in the last fifteen months, a focus on delivering operational improvements, particularly in the Americas and UK & Europe (UKE) Divisions, and the expansion of the Group's base in Saudi Arabia to capitalise on the vast growth potential in temporary event infrastructure requirements in that region.

For the Group as a whole, trading for the 12 months to the end of March has been very solid. In the MEA region, the successful delivery of several large, high-profile projects in Saudi Arabia and at the Rugby World Cup in Japan have more than offset weakness in the Hong Kong and Dubai markets. Whilst these large projects required additional investment in equipment and working capital, impacting overall debt levels, it has positioned the business well to support planned future growth in the region.

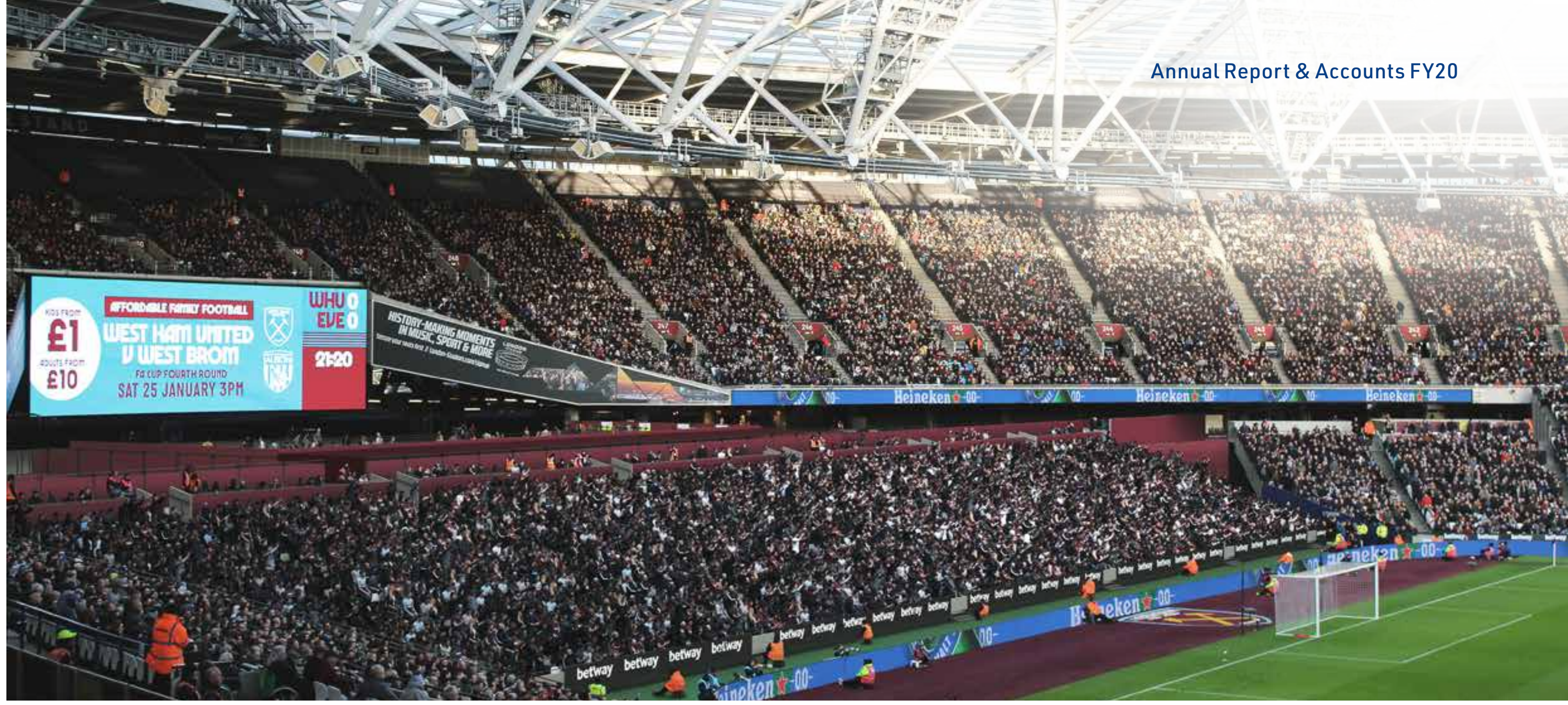
During the period we reset the cost base in the US and in the UK to ensure that we continue to deliver an acceptable return on our asset base whilst ensuring we deliver to the Arena Standard in all regions. The London events market has been soft all year, mainly as a result of uncertainties created by Brexit, and as a consequence, our Well Dressed Tables (WDT) business in London performed below expectations, but these results were positively offset by a very strong performance from the UK Seating unit.

Results

The Group delivered a solid set of results for the twelve months to March 2020 with revenues of £160.6m which compares to £135.0m for the twelve months to 31 December 2018. This revenue increase reflects the full impact of the eight acquisitions in 2018 as well as organic growth of 3%.

Group Adjusted EBITDA for the twelve months to March 2020 was £16.5m which is an increase of 36% on the twelve months to December 2018. As mentioned above, the results for the last six weeks of the period to the end of March 2020 were slightly impacted by the cancellation of a number of events in the MEA region due to COVID-19. The FY20 results also include the first-time impact of IFRS 16.

Group net debt (excluding the impact of IFRS 16) was £35.6m an increase of £8.6m over the balance at the end of December 2018. This increase was driven by a number of factors including a higher level of capital expenditure than normal to facilitate the delivery of the additional golf work in the US, including the Ryder Cup, as well as the expansion of the rental asset base in Saudi Arabia, a market which experienced significant growth in the last fifteen months. In addition, the end of March has a much higher level of working capital than at December due to the seasonal profile of activity. During the last fifteen months over £2.7m (including £0.3m satisfied by issuing new shares) has been spent on deferred consideration for the 2018 acquisitions, with the remaining future liability decreasing to £0.9m at the end of March 2020.



MEA Division

The MEA Division was the largest contributor to Group EBITDA in the last twelve months (excluding the impact of IFRS 16) due almost entirely to an incredibly strong performance in Saudi Arabia over the last six months. Whilst trading was softer in Hong Kong, and Dubai, the Division delivered a number of spectacular projects in Saudi Arabia including the temporary 15,000 seater stadium and 3,000 guest VIP hospitality structure for the World Heavyweight Boxing match between Joshua and Ruiz. The stadium was subsequently used for a week-long international tennis event. In addition, the team also delivered a temporary restaurant complex in Riyadh using the Group's Arena Super Deck (ASD) system that attracted thousands of visitors over a sixteen-week period for what is known locally as the Riyadh Season.

Although trading was quieter in both Hong Kong and Dubai, the MEA team delivered a number of spectacular annual projects, including the world's largest oil conference, ADIPEC, in Abu Dhabi, the HSBC Abu Dhabi Golf Championships, the Dubai Desert Classic and many others. In addition, the Division, working with local Japanese partners, delivered world-class temporary hospitality facilities for the 2019 Rugby World Cup in Tokyo.

UKE Division

The UKE Division's performance was heavily influenced by a very strong performance in the Seating unit with the completion of the design and delivery of circa 26,000 Clearview™ seats for the, now postponed, Tokyo Olympics. This contract, which was a combined effort between the UKE and MEA Divisions with the support of our key local Japanese partners, had been completed, but will now likely be extended to 2021 as the Games are now rescheduled to July next year.

The restructuring of the Structures Division continued during the year with the addition of a number of new key senior executives and further operational improvements at the St Ives hub. Whilst good progress has been made here, the task has proved to be more difficult than first envisaged and is going to take a further few months to have this business unit back to delivering to its full potential.

Both the Mass Participation and Arena Ice business units performed well, however as noted above, the Well Dressed Tables business had a poor year, with the London day-to-day event market badly impacted by the economic uncertainties created by Brexit.

The Seating unit secured two significant semi-permanent seating stadium contracts, the first a 7,500 stadium for Edinburgh Rugby Club and the second a redesign of The London Stadium including 7,000 Clearview™ seats utilising the Group's ASD decking system. Both contracts commenced before the year end and will be delivered later in 2020.

The Division also delivered the normal annual events such as The Cheltenham Festival, The Open, the Wimbledon Championships and many others during the last twelve months, with very strong attendance levels, particularly at Portrush for the Open.

CEO's Report

Finally, within the last few months we have merged our Middle East & Asia Division with the UK & Europe Division. This merger will enable us to provide the Arena Standard on a consistent basis across this enlarged Europe, Middle East & Asia (EMEA) Division, as well as providing an opportunity for us to deliver the design-led solution model that has been the hallmark of the MEA Division over the last few years.

Americas Division

The Americas Division struggled in the early part of the last twelve months with less one-off and Disaster Relief work reducing performance compared to the twelve-month period ended December 2018. As a result, the Division implemented an operational efficiency programme, called Project Lift, with a view to improving the overall financial performance of the Division. This plan was finalised at the end of September 2019 and was completed in the quarter ending December 2019. As a result, the Division ultimately delivered a reasonable set of results to the end of March 2020.

The last twelve months saw the successful delivery of the normal annual events in the US calendar, including the SuperBowl, Daytona, the Chicago Marathon and US PGA Championships at Bethpage, where the Division utilised their new seating inventory for the first time.

In addition, the team have been busy preparing the design layout and manufacturing additional inventory for the Ryder Cup in Whistling Straights as well as facilitating a change to the US Majors golf schedule, with the move of the PGA Championships to earlier in the year. The COVID-19 virus has, of course, disrupted the golf schedule with both the US PGA and US Open events postponed to later in the year.

Placing and Additional Bank Facilities

On 26 March 2020, just prior to the period end, we announced a £9.5m fundraising (before expenses) through a placing and subscription for shares at an issue price of 10 pence per ordinary share (a 71% premium to the VWAP of the shares for the five business days preceding the date of the announcement). This placing was completed after the period end with the Group receiving the net cash proceeds in mid-April.

This fundraising was carried out to obtain additional cash resources to strengthen the Group's balance sheet and to give the business a longer runway to withstand the commercial and financial impacts of the COVID-19 virus. As part of the placing, the TasHeel Group, became the single largest shareholder in the Group with a shareholding of 24.2%.

The TasHeel Group was founded in 2003 in the Kingdom of Saudi Arabia, and TasHeel Holding Group LLC was incorporated in 2016. The TasHeel Group is a broad-based international group with more than 1,000 employees across a number of business operations which provide visa, travel, concierge and business process services to individuals, ministries, government departments and large enterprises.

As part of the process to strengthen the Group's financial position, our bank, HSBC, agreed in March to provide additional overdraft facilities of £4.75m, to be drawn down from our existing revolving credit facility. These additional resources will further extend the cash runway of the business as we tackle the impacts of COVID-19.

COVID-19

The impact of the COVID-19 virus has continued to wreak havoc through most business sectors around the world, with the economic fall-out now believed to be significantly worse than the Global Financial Crisis of 2008/09.

The impact on Arena started in the middle of February with the cancellation of several events in Asia and the Middle East. However, since the end of March, we have experienced the widespread cancellation or postponement of almost all of our events worldwide, up to the end of September.

We have, however, been fortunate to have been able to assist the efforts of various Governments around the world to help deal with the pandemic by way of the provision of temporary hospitals, drive through test centres and other health facilities. These projects have delivered revenues of over £24m after the period end, in April and May, but with anticipated event revenue losses of over £110m up to the end of 2020, this represents an anticipated net loss of revenues of £86m, which is a seismic change for the Group, as a whole, this year.

Even, as I write, there is still a tremendous amount of uncertainty in the events world and we are still not sure if there will be any further cancellation of events beyond September - and indeed what the longer-term implications are for the event industry. The Group has, of course, implemented extensive measures across all Divisions to conserve cash including permanent and temporary lay-offs, reduced working weeks, partial or full salary reductions and unpaid leave. Discretionary expenditure has also been cancelled, rent deferrals have been achieved on a number of Arena's leases and capital expenditure has been extensively scaled back except for those sales contracts already underway and to support necessary equipment maintenance or Health & Safety matters. As of today, our monthly fixed overheads have been reduced by over 40% and will continue at that level for as long as the impact of the pandemic continues.

We also continue to work with those customers whose events are not scheduled until September or later, with a view to making decisions on whether to commence activity on these venues in the next few months.

Conclusion

The COVID-19 pandemic has taken all the positives away from the solid performance of the Group for the period to the end of March 2020.

Our focus over the last few months has been to implement as many measures as possible to lengthen the cash runway for the Group and to ensure that as much of the fabric of the Group is retained in order to kick start the business, as quickly and efficiently as possible, as soon as the restrictions on mass gatherings at events have been fully lifted.

As a result of this very uncertain environment we are therefore unable to give any specific guidance on how the pandemic will impact trading to the end of March next year, other than to say the impact will be very significant. We will, therefore, continue to manage our cost base and cash position until such time that normality returns to the live event world. To that end there have been signs of a tentative recovery in the Asia market and our hope is that this recovery will slowly extend to the rest of our operations around the world during the coming months.

In conclusion, I would like to thank my fellow Board Directors and my colleagues around the world for their continued commitment to managing our business through these very difficult times. We very much look forward to a return to normality, sooner rather than later, recognising that the health and safety of everyone, particularly our employees, is of course our first priority.

Greg Lawless
Chief Executive Officer

2 July 2020

"The period to March 2020 has been a time of consolidation for the Group, with no acquisitions in those fifteen months, a focus on delivering operational improvements, particularly in the US and UK Divisions, as well as the expansion of the Group's base in Saudi Arabia to capitalise on the vast growth potential in temporary event infrastructure requirements in that region."

Financial Review

Steve Trowbridge
Chief Financial Officer

The Group has changed its accounting reference date from 31 December to 31 March to better match the seasonality of the business. In the fifteen-month period ended 31 March 2020 the Group delivered Adjusted EBITDA of £13.2m and a statutory operating loss after exceptional costs and share based payment charges of £19.6m. Before the impact of IFRS 16 Adjusted EBITDA for the twelve months ended 31 March 2020 was £12.3m (£16.5m after IFRS 16), up £0.2m compared to the twelve months ended 31 December 2018.

Our Financial Results are Summarised Below:

	15 months ended 31 March 2020 (inc IFRS 16) (audited)	12 months ended 31 March 2020 (inc IFRS 16) (unaudited)	12 months ended 31 March 2020 (exc IFRS 16) (unaudited)	12 months ended 31 December 2018[2] (exc IFRS 16) (audited)
	£m	£m	£m	£m
Revenue	183.2	160.6	160.6	135.0
Gross profit	55.4	50.4	50.4	41.8
Gross profit %	30.2%	31.4%	31.4%	31.0%
Operating expenses (excluding exceptional costs, depreciation, amortisation and share option charges)	(42.2)	(33.9)	(38.1)	(29.7)
Adjusted EBITDA[1]	13.2	16.5	12.3	12.1
Depreciation and amortisation (before impairment)	(15.0)	(12.1)	(8.4)	(5.7)
Share option expense	(0.3)	(0.3)	(0.3)	(0.2)
Exceptional costs (including goodwill impairment)	(17.5)	(17.2)	(17.2)	(5.4)
Acquisition costs	-	-	-	(0.8)
Operating loss	**(19.6)**	**(13.1)**	**(13.6)**	**-**
Finance costs	(3.4)	(2.8)	(2.0)	(1.6)
Tax	0.1	0.1	0.1	(0.4)
Loss after tax / Net income	**(22.9)**	**(15.8)**	**(15.5)**	**(2.0)**

Notes:

1. Adjusted EBITDA is defined as earnings before interest, tax, depreciation, intangible amortisation, exceptional items, share option costs and acquisition costs.
2. 2018 figures have not been restated for the impact of IFRS 16 due to the implementation choices made by the group on adoption of the new accounting standard.

The Group uses alternative performance measures such as Adjusted EBITDA to allow the users of the financial statements to gain a clearer understanding of the underlying performance of the business without the impact of one off non-recurring costs of an exceptional nature.

Financial Review

Revenue

Revenue in the fifteen-month period to 31 March 2020 was £183.2m. In the twelve-month period to 31 March 2020 it was £160.6m, which compares to £135.0m for the twelve months to 31 December 2018. Revenue growth was in part driven by the full-period effect of the eight acquisitions made part way through 2018. Organic growth was driven largely by the Middle East & Asia (MEA) Division, where new projects were won in Saudi Arabia and Japan. By contrast the UK market was affected by weakness in the London events market impacting the Well Dressed Tables (WDT) business unit, while the US saw a larger decline due to fewer "late notice/one-off" projects, such as disaster relief assignments.

Gross Margin and Operating Expenses

For the fifteen-month period ended 31 March 2020, Group gross margin was 30.2% reflecting the inclusion of two seasonally weaker January to March periods. For the twelve months ended 31 March 2020 gross margin was 31.4% compared to 31.0% for the twelve months ended 31 December 2018. The improvement in gross margin across the periods is largely due to higher proportion of profit from the MEA Division alongside an improved margin in the UK due to the non-repeat of the 2018 overtrading issues.

Operating expenses, excluding exceptional and acquisition costs, depreciation, amortisation and share option charge, were £42.2m in the fifteen-month period to 31 March 2020 and £38.1m for the twelve-month period ended 31 March 2020 (excluding the beneficial impact of IFRS 16). This compares to £29.7m for the twelve month period ended 31 December 2020 and was due to the full period impact of the acquisitions in 2018, combined with inflationary pressures, offset in part by targeted plans to reset the cost base across all regions by reassessing headcount and consolidating the property portfolio.

Exceptional and Acquisition Costs

The exceptional costs of £17.5m are set out in more detail in note 4 to the accounts. These comprise the costs of restructuring activities in: the US Arena operation; the UK Structures and WDT business units; the Arena Exhibitions & Events Services Division in Dubai; and, operations in a number of Asian markets. A £16.1m impairment was also taken against the carrying value of goodwill on the UK business driven by a revised trading outlook, in part due to COVID-19. These charges were partially offset by a £1.9m insurance recovery relating to the settlement of the legacy DOJ case in the US. There were no acquisition costs in the period, but a revised view on the level of deferred consideration payable on 2018 acquisitions, in the light of the outlook driven by COVID-19, gave rise to a £0.9m credit from a reduction in provisions.

Finance Expenses

Finance costs comprise mainly cash interest incurred on bank borrowings and finance leases with higher average drawings partly driving the year on year increase in cost. Other finance costs include the amortisation of debt arrangement fees paid in previous periods and the imputed interest on the deferred consideration balance which is shown at its discounted value on the balance sheet, with notional interest accruing at a rate of 10% per annum. In addition, with the implementation of IFRS 16 (see note 17) there is an additional finance interest charge of £0.9m relating to the Right of Use asset.

Tax

The £0.1m tax credit in the fifteen months ended 31 March 2020 compares to a £0.4m charge in the twelve months ended 31 December 2018. The credit results from a £0.2m deferred tax movement, but the low underlying corporation tax charge is due to a combination of factors, including tax free operations in Dubai, no tax payable in the UK and no tax charge in the US legacy business due to tax losses brought forward.

Going forward we expect the tax charge to increase modestly but remain lower than the standard UK tax rate due to factors including the portion of profits generated in Dubai, carry forward tax losses in the legacy US business and an assumption that the US tax code will continue to allow 100% tax deductions for capital expenditure.

Earnings Per Share and Dividend

The actual earnings per share in the fifteen-month period to March 2020 was negative due to the exceptional and acquisition costs described above and the inclusion of two lossmaking January to March periods being the seasonally quieter months. In order to better understand the underlying performance of the business, the table below sets out an adjusted earnings figure, and an adjusted basic earnings per share figure.

An interim dividend of 0.25 pence per share was declared in September 2019, but in the light of COVID-19 and the need to maximise balance sheet flexibility no final dividend has been recommended. This means the total dividend is 0.25 pence per share for the fifteen-month period ended 31 March 2020, compared to 1.5 pence for the twelve months ended 31 December 2018.

Calculation of adjusted net income	15 months ended 31 March 2020 (audited)	12 months ended 31 March 2020 (inc IFRS 16) (unaudited)	12 months ended 31 March 2020 (exc IFRS 16) (unaudited)	12 months ended 31 December 2018 (audited)
Loss after tax / net income (£m)	(22.9)	(15.8)	(15.5)	(2.0)
Addback:				
Exceptional costs (£m)	17.5	17.2	17.2	5.4
Acquisition costs (£m)	-	-	-	0.8
Exceptional finance costs (amortisation of arrangement fees, loan note interest) (£m)	0.6	0.3	0.3	0.5
Share option charge (£m)	0.3	0.3	0.3	0.2
Adjusted earnings (£m)	**(4.5)**	**2.0**	**2.3**	**4.9**
Average number of shares (m)	152.5	152.7	152.7	131.7
Adjusted basic earnings per share (pence)	**(3.0)**	**1.3**	**1.5**	**3.7**

Financial Review

Acquisitions

There were no acquisitions in the fifteen-month period ended 31 March 2020. This compares to eight acquisitions in the twelve months to 31 December 2018.

Debt and Cash Position

In a normal year, March typically represents a debt high point for the Group as it occurs at the end of the loss-making first calendar quarter. Cash at the end of March 2020 was £5.8m, giving a net debt position of £35.6m (covenant definition, excluding IFRS 16, but including £0.9m of finance leases and £0.9m of deferred consideration) and an Adjusted EBITDA (pre IFRS 16) to net debt ratio of 2.9x. At the end of March 2020, the Group's drawn senior debt facility remained at £34.9m, in line with the December 2019 and June 2019 positions, supplemented by overdraft and guarantee facilities in the US and Middle East. An additional £2m short-term financing facility with Lombard Odier Investment Management (LOIM) was agreed and announced in November, of which £2m was drawn at the end of March 2020.

On 26 March the Group announced a proposed £9.5m equity fundraising (before expenses) by way of placing and subscription for new ordinary shares at ten pence per share. This announcement was accompanied by the confirmation that the Group's lender, HSBC, would permit the drawdown of an additional amount of £4.75m from its existing facilities and that LOIM had agreed to extend the repayment of the short-term financing facility to 25 March 2021.

The placing and subscription was approved by shareholders on 14 April 2020, with funds received the following day. The most recent management accounts (June 2020) showed that the Group had a cash balance of £23.5m and had not drawn the additional £4.75m HSBC facilities, giving net debt of £18.7m (covenant definition).

Working Capital

The Group had total working capital at 31 March 2020 of £(8.0)m, compared to £(2.5)m at the end of December 2018. The Group typically operates with a negative or close to nil working capital position as a significant proportion of customer receipts are invoiced and collected ahead of the event date, although this can vary significantly during the year due to the seasonality of the business.

Capital Expenditure

Total net capital expenditure (additions less proceeds from disposals) in the fifteen-month period ended 31 March 2020 was £15.1m. This level of spend reflects continued investment in rental equipment, mainly growth-related in the Middle East, to support key projects in new markets such as Saudi Arabia. In addition, in late 2019 and early 2020 there was investment in equipment in the US, including scaffolding and seating, to support the three large golf events (US Open, PGA and Ryder Cup), originally scheduled with overlapping build requirements.

Net capital expenditure for the twelve months ended 31 March 2020 was £12.7m and compares to £10.8m for the twelve months ended 31 December 2018. The year on year change is reflective of the increased size of the Group following the acquisitions made in 2018 and the contract wins to be delivered in 2020.

Key Performance Indicators (KPIs)

The Group monitors a number of key performance indicators (KPIs) which are reviewed at divisional and Board level. The main KPIs reviewed are summarised in the table and described in more detail opposite. As the fifteen-month period ending 31 March 2020 contains two loss-making January to March periods, the fifteen months is not deemed a meaningful period over which to assess these KPIs. We have therefore presented the data for the twelve-month periods ending 31 March 2020 and 31 December 2018:

KPIs	12 months ended 31 March 2020 (unaudited)	12 months ended 31 December 2018 (audited)
Adjusted EBITDA (pre-IFRS 16) as a % of revenue	7.7%	9.0%
Adjusted Earnings per share (pence)	1.4	3.7
ROCE %[1]	3.8%	8.0%
Net debt to Adjusted EBITDA (pre-IFRS 16)[2]	2.9x	2.2x

Notes:

1. Return on Capital Employed ("ROCE") is calculated as the ratio of adjusted operating profit (being Adjusted EBITDA less depreciation and amortisation) divided by total average capital employed for the year. Capital employed is defined as the net book value of fixed assets, intangible assets, goodwill, plus working capital.
2. Includes finance leases and deferred consideration which are included in the covenant definition of net debt.

Accounting Standards

As noted above we implemented IFRS 16 (leases) during 2019. As a result, leases have been recorded as an asset with a corresponding liability on the balance sheet and rather than reporting rental payments as an operating expense, there is an additional depreciation and interest charge. The 2018 results do not include the impact of IFRS 16. More detail is given in Note 1 of the Notes to the Financial Statements.

Steve Trowbridge
Chief Financial Officer

2 July 2020

Section 172(1) Statement

In accordance with section 172 of the UK Companies Act 2006, in its decision making the Board considers in good faith, the interests of the Group's employees and other stakeholders. The Board understands the importance of taking into account the views of all stakeholders through open and transparent dialogue and considers the impact of the Company's activities and business practices on the communities in which Arena Events operates, the environment and the Group's reputation. In its decision making, the Board also considers what is most likely to promote the success of the Company for its stakeholders in the long term.

Information about our stakeholders and on how the Board has discharged its duties having regard to the provisions of the QCA Corporate Governance code is available throughout this report and, in particular in the Corporate Governance Statement on pages 56-61. Also, in the Strategic Report on pages 44-49, information is given in the CSR Report of our support for our local communities, respect for the environment, and compliance with ethical and sustainability policies. More detail on how Arena Group manages its principal risks and uncertainties and the interaction with key stakeholders is given on pages 35-37, while page 70 of the Directors' Report summarises the Group's approach to employee involvement.

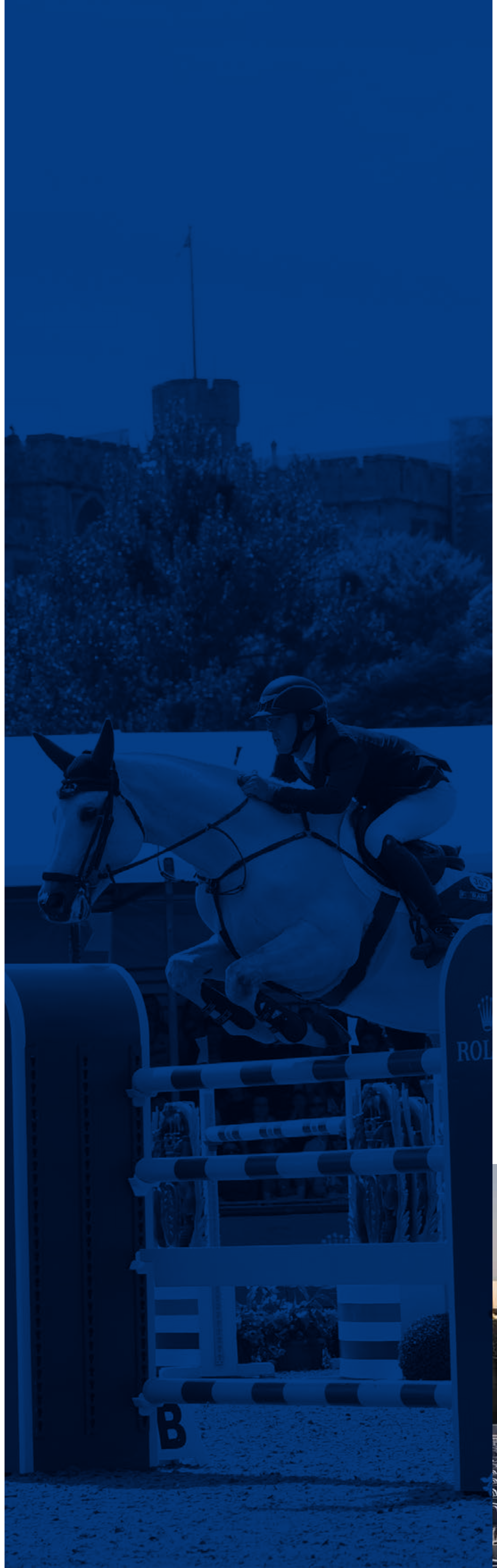
Non-Financial Review

The Directors, in preparing this Strategic Report, have sought to comply with s414C of the Companies Act 2006 in relation to providing relevant non-financial information. This Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Arena Events Group plc and its subsidiaries when viewed as a whole.

Non-Financial Information Statement

The table below references where non-financial information is included within the Annual Report:

Information	Reference
The Group's business model	Page 11
The Group's strategy	Pages 12-13
The Group's development, performance and position and impact of its activity, relating to environmental matters, employees, social matters, respect for human rights and anti-corruption and anti-bribery matters	Pages 44 - 49 and Page 63
Principal risks and uncertainties	Pages 35-37
References to, and additional explanations of, amounts included in the entity's annual accounts	Pages 28-33



Principal Risks and Uncertainties

Potential business and operational risks are regularly reviewed by the Board and appropriate procedures put in place to monitor and mitigate them. The principal risks identified by the Board and the related mitigation strategies are set out below.

Risks	Mitigation
Health & Safety The installation of temporary structures and grandstand seating is complex and may require working at height. Whilst the Group holds suitable insurance coverage, an employee or third-party incident relating to the use of Group equipment could have a detrimental effect on the future reputation and performance of the Group.	• The Group has a stated commitment to, and a reputation for, rigorous Health & Safety (H&S) compliance • There are nominated H&S managers in each business and regular reporting to the regional leadership teams each month • Third party advisers and consultants are engaged where appropriate to support internal H&S teams • Health & Safety performance is reported to the Board of Directors each month and reviewed as part of Board meetings, with follow-up actions where necessary
Dependence on key individuals / management Arena's future success is substantially dependent on a relatively small number of people and the Directors therefore view the continued service of certain of its Directors, senior management and other key personnel as important.	• The Directors are taking steps to ensure that knowledge, skills and expertise are shared to avoid the Group being unduly dependent on individuals • Succession plans are being developed for key individuals and these plans are reviewed by the Board at least annually
Equipment failure Due to the nature of the business, a catastrophic failure of equipment could lead to serious injury or loss of life. The repercussions of any such incident would almost certainly affect the Company's ability to win or retain business in the local geography and internationally, across all sectors in which Arena operate.	• The Group has a rigorous safety culture to ensure all temporary structures and grandstand seating is constructed to appropriate standards, with third party sign-off where relevant • All temporary structures and grandstand seating are designed and certified to meet all engineering and safety specifications • Continuous training is provided in construction standards, safety measures and precautions for construction staff

Principal Risks and Uncertainties

Risks	Mitigation
Reduction in quality of service could have a negative impact on reputation The strength of the Arena brand and the Group's ability to deliver iconic events on time, every time, is fundamental to the Group's success in winning new business. As the Group expands internationally and acquires businesses it becomes more challenging to ensure a consistent quality of product and service.	• To manage this risk the Group develops integration plans for any acquired businesses and actively promotes the 'Arena Standard' to all existing and new employees • Intra-company movements of staff is encouraged, enabling senior staff to lend their skills & experience to more developing Divisions
Market pricing pressure The event rental industry is highly competitive, and the Group regularly comes under pricing pressure from competitors. On occasion the Group will therefore lose work to a competitor that has a different offering, usually priced at a discount to the Arena service. Pricing pressure can also lead to existing contracts being extended at lower than normal levels of pricing, to ensure work is not lost to a competitor.	• The Group typically differentiates itself from its competitors on quality of service and product and does not compete purely on price • To mitigate the risk of losing customers, the Group focuses on securing multi-year contracts with key customers for annual events where possible and building strong relationships with regular customers and event organisers
Ability to recruit and retain personnel As the Group grows it will need to continue hiring staff, with a mix of experience in temporary structure construction and other related skills both in the field and office-based roles. Any future challenges to the recruitment or retention process could have an impact on the Group's ability to take on new business or to service existing contracts. In both the UK and US regions there are particular challenges to hire, train and retain field-based labour at current rates of pay given market conditions. If higher rates of pay are required to attract and retain employees, this will impact financial performance.	• The Group has put in place appropriate recruitment and training programmes in each region to source and then train employees • Divisions anticipate and allow adequate time for recruiting for temporary positions during the busy season – ensuring sufficient training in Health & Safety • The Group is reviewing market pay rates in each region and implementing a skills matrix to allow employees to clearly identify the skills required to progress and develop their career within the Group
Increasing costs In addition to payroll and agency labour costs, the largest portion of the Group's project costs are made up of items such as transport, plant hire, materials and consumables. If these costs increase by more than the overall regional RPI, then there is a risk that project margins will reduce on long term customer contracts where the customer price increase is limited to a maximum of RPI.	• Each major project delivered under a multi-year contract is reviewed each year and opportunities identified to reduce costs where possible from more efficient use of resources or better procurement • For all new contracts a detailed cost budget is prepared as part of the bidding process • Underlying cost pressures are also discussed with customers to ensure transparency and openness
Economic uncertainty Any economic uncertainty in the regions in which we operate can lead to discretionary or one-off events and projects to be postponed or cancelled. Whilst such contracts make up a relatively small proportion of our overall revenue, the loss of such work can have a material impact of overall profitability given the fixed costs of the Group.	• The Group has a sales and marketing process to identify, price and secure projects each year in addition to the base of contracted and recurring contracts • The pipeline of significant contract bids is reviewed regularly

Risks	Mitigation
Operating in new territories As the Group grows it is likely that new contracts will be won and delivered in new territories and jurisdictions. The pace of growth in 2019 in Saudi Arabia is one such example.	• When working in new territories the Group generally identifies a local partner and then works with that partner to support the local delivery of product and services • Once a market becomes more established a local team and local advisers are then engaged
Introduction of additional regulation The Group adheres to all local regulatory codes in each region, however, any material change to these rules, in particular with regard to Health & Safety (H&S) or the application of new H&S standards to the temporary event sector could lead to additional costs, not all of which can be passed on to the customer, resulting in an impact on profitability.	• The Group ensures it is aware of relevant changes in regulations through training and use of external advisers • Any additional costs incurred as a result of such changes are passed on to the customer where possible, but for multi-year contracts this may not be possible until the contract renewal
Brexit At the time of writing there still remains uncertainty over the framework of the UK's departure from the EU at the end of 2020. The Group might be impacted by higher duties on UK imports into the EU or currencies move adversely. Controls on the freedom of movement of people may impact the availability of European workers in the UK.	• The Group's exposure to European cross border trade remains limited and hence a changing structure of tariffs is unlikely to have a material impact. In general, the Group has both costs and revenues arising in local currencies providing a natural hedge • The freedom of movement of workers and its impact on the availability of suitably qualified staff remains an issue. The Group has sought to maintain as much flexibility in the employment market as possible, identifying key roles and personnel and working to retain those individuals where-ever possible
COVID-19 (and other socially transmittable diseases) The Group operates in markets based upon supporting gatherings at sports and music events, exhibitions, private and corporate meetings and other mass participation events. A prolonged period of social distancing or a reduction in the desire of attendees to travel could put the future of such events at risk.	• The Group continues to engage with all event organisers to understand changing requirements and recovery plans • A number of events have not been cancelled, but instead postponed to later in 2020 or into 2021, reducing the financial impact. The Group fully expects to support these changes, which in some instances have been accompanied by extensions to multi-year contracts • The permanent cessation of such events would require the Group to reset its commercial offering and reduce its cost base and investment plans to maintain necessary levels of cash generation. This backdrop may also lead to a reduction in the number of competing suppliers • The Group's products also provide additional flexibility to those seeking to operate within social distancing guidelines by temporarily increasing available areas that can be used

Regional Highlights
UK & Europe

The focus for the UK in the fifteen-month period to 31 March 2020 was to reset the business model after a number of operational issues in 2018, while still delivering the same number of high-profile projects. All acquisitions made in 2018 have now been fully integrated into the Division, with ongoing work to optimise the operating model and geographic footprint, whilst reducing overheads. COVID-19 only impacted the region in the final weeks of the period, with work commencing to help health authorities with temporary medical facilities.

Highlights

Delivered seating to Japan for the Tokyo 2020 Olympics

Converted the London Stadium to host the Major League Baseball London Series in the Summer of 2019

Provided temporary structures and seating for the D Day Commemorative event in Portsmouth

Supplied the premium hospitality structure and tiered seating for the Masters' Snooker at Alexandra Palace

People

All this is under the leadership of Chris Morris who joined the Arena business as CEO UK & Europe in March 2019. New operational leadership was put in place in the St Ives base, driving significant process, productivity and quality improvements.

Chris Morris stepped down as CEO with Paul Berger taking over a wider remit as CEO of Arena Europe, Middle East & Asia (EMEA) from June 2020.

Major Events

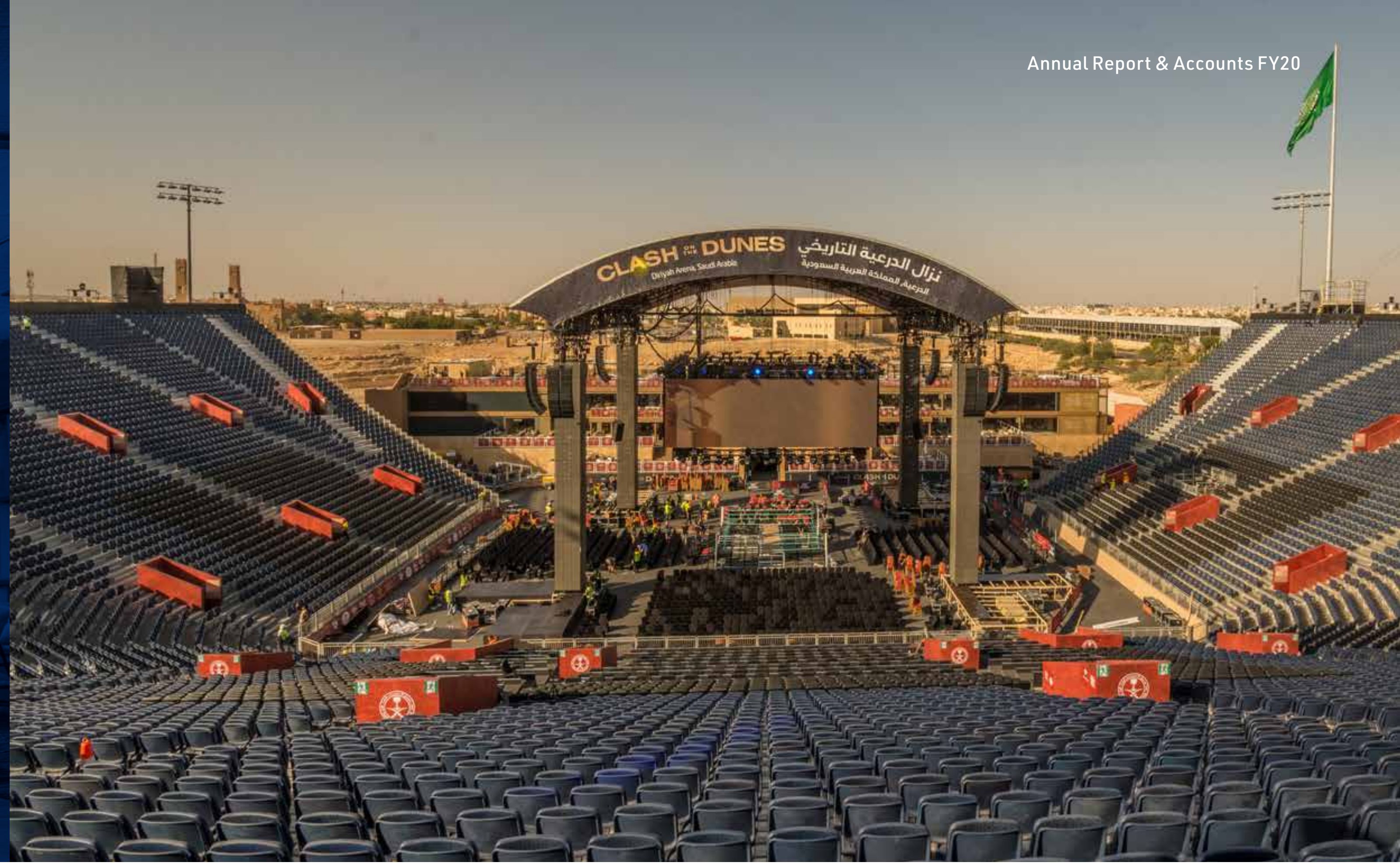
Arena successfully delivered its first major job in Northern Ireland, supplying and installing structures, seating and furniture at the Open Golf at Royal Portrush.

At the end of 2019 we installed over twenty ice rinks around the UK including new venues such as Cathedral Gardens Manchester, Warwick Castle and the Royal Museums Greenwich.

Once again, we undertook the successful delivery of the players' training facilities and hospitality venue for the 2019 Nitto ATP Finals.

Regional Highlights
Middle East & Asia

The Middle East & Asia experienced exceptionally strong growth in the fifteen-month period, more than doubling in size. TGP in Dubai, bought in late 2018, was fully integrated in the Group and helped support a major expansion of activity and reach into the Saudi Arabia market. The final months of 2019 proved to be the busiest time ever experienced in the region, with Arena delivering solutions across a range of sporting, cultural, entertainment and exhibition events. COVID-19 began to have a major impact in the Asia region early in 2020 with a raft of event postponements, although the Middle East initially only saw a limited impact.



Highlights

Supplied a number of new events including the Dubai Desert Classic and the first Beach Soccer Cup in Neom, Saudi Arabia

TGP rebranded as Arena Exhibitions & Event Services

Delivered temporary exhibition space for ADIPEC, the world's largest oil and gas show

Continued expansion in Korea, with the CJ Cup as the largest project of the year

People

Having welcomed 136 new employees from TGP into the Arena Group in late 2018, the period saw the two teams work closely together delivering several inspirational projects across the region. Under Paul Berger's leadership, expansion into Saudi Arabia continued, with a number of significant contract wins across the region.

Major Events

In under eight weeks Arena built a temporary 15,000 seat stadium and a 3,000 guest VIP hospitality structure primarily for the Joshua-Ruiz boxing match but also used for the Diriyah Tennis and the Saudia Diriyah E-Prix.

In Japan the Group delivered a number of temporary hospitality structures for the 2019 Rugby World Cup.

Arena designed, constructed and fully fitted out six temporary high-end restaurants for the Riyadh Festival in Saudi Arabia.

Regional Highlights
Americas

The Americas region had a tougher fifteen-month period than the other Arena regions, with the non-repeat of a number of short notice events such as the Hurricane Michael disaster relief work. However, the acquisition of Stuart Rentals in September 2018 gave the region positive momentum throughout the period, with an enhanced geographical coverage and product range. COVID-19 began to impact the region towards the end of March 2020, but the business refocused to provide significant support to medical authorities across the country with drive-through testing facilities and a major temporary hospital that was built in New York in early April.

Highlights

Over $30m of contracts secured or renewed that will help ensure significant revenue flow in future years including renewal of United States Golf Association (USGA) contract for a further five years and the Experimental Aircraft Aviation (EAA) AirVenture show

Stuart Event Rentals, acquired in 2018 rebranded as Arena Stuart Rentals

Delivered significant temporary structures for the Super Bowl, Daytona International, the Kentucky Derby and the launch of a new Netflix TV series

Consolidated operating assets in the Midwest combining Structures, Well Dressed Tables and Design/Manufacturing into a new 105,000 sq.ft state of the art facility with updated automation improving operational performance and project delivery

People

In the second half of 2019 a wide-ranging cost transformation programme was executed in Arena Americas to streamline the overall management structure and improve efficiency across the national tenting business unit. This review has helped reduce the reliance on "late-notice/one-off" projects in order to deliver a sustained level of profitability moving forward. Just after the end of the period, Paul Bryant stepped down as Americas CEO after three years leading the region, with Jon Tabeling moving from COO to President of Arena Americas alongside Michael Berman who remains President of Arena Stuart Rentals.

Major Events

Arena Americas was proud to continue supporting the Chicago Marathon, delivering a range of equipment and structures to the event.

The Group delivered temporary seating for the first time for the PGA Championship at Bethpage in New York, alongside a number of other major golf events.

Designed and installed a branded lounge structure for Uber at the United Center in Chicago – the Uber Zone allows customers to wait in comfort with seating, digital screens, charging stations and music.

Corporate Social Responsibility

Doing the Right Thing

Arena strives to act in an ethical, safe and sustainable way. We take every opportunity to limit our environmental impact and recognise the relevant social issues relating to our activities in each of our Divisions.

People

We strive to ensure that our activities positively benefit our stakeholders including our employees, customers, suppliers, shareholders and local communities.

Customers, Community and Employees

The health and well-being of our staff, our customers and the wider community are of paramount importance. Several measures this year have been taken to enhance the supportive work environment at Arena, enabling our colleagues to develop within the group and fulfil their professional and personal goals. A partnership approach with key suppliers has been adopted to support their people goals and community led initiatives.

The aim is to make a positive difference to our people, the environment and the communities in which we work.

UK & Europe Initiatives

Following a thorough internal communications audit, a business-wide programme to improve communication and engagement amongst suppliers, colleagues and customers was instigated. New initiatives implemented in UK & Europe have delivered significant improvements:

Employee Consultation Committee and Town Hall Meetings

Employee consultation forums happen monthly. Colleagues are encouraged to share their views and feel empowered to make decisions. Town Hall meetings are held monthly and a group newsletter is regularly deployed. Employees are better informed, consulted with and engaged in our business decision making.

New Recognition Schemes

New long service awards and employee of the month recognition schemes aligned to our values have been implemented.

Employee Survey

Deployment of a robust employee consultation survey has given us a key benchmark on our cultural strengths. An action plan is being developed to build on what we have learnt to improve future employee engagement.

New Construction Team Support Hubs Launched

Our construction teams have been organised into regional team hubs with support networks in place. With employees situated closer to home and travelling less we have also noted reductions in the environmental impact of long haul journeys.

Employee Assistance / Wellness Program

There has been a concerted effort to ensure all staff are aware of our various wellness benefits including subsidised gym memberships, diagnostic screening, weight loss programs and access to life and emotional support.

Intra-Group Relocation Opportunities

Several employees have made intra-group relocations between the UKE and the MEA and Americas Divisions.

Corporate Social Responsibility

Community Activities

We strive to ensure that our activities positively benefit our stakeholders including our employees, customers, suppliers, shareholders and local communities.

Customers, Community and Employees

We are continuously reviewing ways in which we can give back to our communities. In the year, many teams from across the business took part in activities to raise money for a variety of charities and to support local communities. Ranging from sponsored Cancer Research Tough Mudder obstacle courses and Macmillan bake sales to hosting many hospices, youth groups and under-privileged children at our ice rink events. Over £185,000 worth of free skating tickets were gifted this year in the UK. A key goal was to make ice skating accessible to all. Free tickets were extended to the NHS, Police and Fire Service in recognition of their outstanding contributions to the community.

Arena UK were very proud to collaborate with the Stephen Lawrence Charitable Trust this year. We partnered with long standing client The London Marathon in supporting their young architect competition to design the Mile-18 Marker at the London Marathon. Providing construction and design consultancy, a panel judge and producing and building the winning design on Marathon day.

Americas Initiatives

Community Response to Disasters

In support of the communities affected by the California wildfires last year, Arena Americas donated shelter tents for gathering spaces for first responders and counselling services for the residents who lost their homes and possessions.

Furnishings were donated for San Jose Ship Kits (SJ Ship Kits), a group that assembles wellness supply kits. SJ Ship Kits provides medical, nutritional, and emotional support for the Santa Clara County community. The organisation produces FDA approved hand sanitizer that is distributed to local hospitals, along with wellness supply kits for families affected by California's Shelter-In-Place mandate. The wellness kits contain non-perishable food, toilet paper, paper towels, soap, and items for families with young children, such as puzzles, games, and colouring books.

SJ Ship Kits targets families in need with children aged six to twelve and hourly wage earners. This year Arena have donated over 3,000 gallons of hand sanitizer to first responders and over 5,000 wellness kits to families in need. Cori Lambert, an Arena employee, has been assembling kits one day a week for the entire time the Shelter has been in place.

Hunger Prevention in the Community

The Hunger Task Force works to prevent hunger and malnutrition by providing people in need with adequate food throughout the year. Our team had a goal to raise 5,000 lbs of food. We are happy to report we were able to donate 7,500 lbs of food!

Fighting Cancer Together

A cause close to our hearts, we have continued to deliver many initiatives supporting cancer charities. Our team in Wisconsin hosted a chilli cook off to support Cynthia's Breast Cancer Giving Circle during October's Breast Cancer Awareness month. Cynthia's Giving Circle unites with cancer patients/survivors and assists with living and medical expenses. Ten Arena employees provided their best batch of chilli to compete for the Arena Chilli Cook Off award. Their efforts help raise $500 for Cynthia's Giving Circle.

We continue to support the Iron Pigs Against Paediatric Cancer Annual Ride and the Relay for Life fundraising event for the American Cancer Society.

Gifting Equipment and Toys

Across the Americas, we partnered with Salvation Army for their Giving Tree and Toy Shop event supporting families in need during the Holiday Season. The Giving Tree and Toy Shop served 306 families and 822 children received toys. Arena employees donated over 100 gifts for children of all ages.

In Florida, Arena Americas proudly donates tents and equipment to the Blood Drives, many times a year, at the Daytona International Speedway in Florida.

We are passionate about giving back and continue to think of new ways we can support our local communities.

Corporate Sponsorship

Arena and Golf

The Arena Group has been heavily involved in golf globally. Over the years we have been proud to deliver structures for a host of major international tournaments including the President's Cup, the Ryder Cup, the U.S Open, The Open Championship, BMW PGA Championship, CJ Cup, Maybank Championship, CIMB Classic, and the Hong Kong Open to name a few.

Arena has been an integral part of the growth of golf in the Middle East, having provided infrastructure to almost every big tournament since their inception. Golf forms a major part of our portfolio regionally including, the HSBC Abu Dhabi Golf Championships, Omega Dubai Desert Classic, Omega Dubai Moonlight Classic, the Saudi International and the newly launched Saudi Ladies International.

Title Sponsorship of the MENA Tour

Founded in 2011, the MENA Tour is the leading Professional & Amateur development golf tour based in the Middle East, created under the auspices of the Shaikh Maktoum Golf Foundation to develop and grow the game in the Middle East and North Africa region. The tour is officially now recognised as the number one feeder tour in the region.

MENA Tour by Arena is one of the fastest-growing golf tours in the world and since its inception, there has been an unprecedented response within the golf industry, with unlimited potential to promote golf and increase participation throughout the region. The Tour is now focused on streamlining its growth with an increased focus on hosting a premier series of tournaments throughout the MENA region.

The MENA Tour is the only tour in the region which offers players the opportunity to earn Official Golf World Ranking points, having obtained 'Eligible Golf Tour' status. It is also the only tour in the history of the OGWR to have had an Arab player earn both OWGR and Olympic World Ranking points.

Most recently, the Tour has again made history by joining forces with the European Disabled Golf Association (EDGA). With an aim to embrace inclusivity in golf, the agreement will help provide opportunities for four golfers with a disability to compete in the only officially recognized professional Tour in the Middle East and North Africa region. Four EDGA-registered players, with a confirmed World Ranking for Golfers with Disability (WR4GD), a golf handicap of 4.4 or less, with an official World Ranking position, will be able to apply for one or more invitations in three chosen tournaments. The four invitations will be offered at the following events – Ras Al Khaimah Open; Northern Emirates Open and the Al Ain Classic.

Arena's title sponsorship of the MENA Tour is testament to our commitment to the further development of an industry that has been extremely beneficial to us over the years, and helps us to ensure the future of the sport by developing talent at the grassroots. We have been thrilled by the success of the tour and the international media attention that is has garnered – in particular, the success of Josh Jill and Robin Williams has been fantastic for the Tour and the sport in general.

Safety Management

Providing a safe environment for employees, customers, suppliers and visitors is of paramount importance to the Arena Group. We strive always to develop new practices across the Company which will engage our employees' commitment to maintaining our historically safe practices, whether that be on the warehouse floor, in our storage yards, out on sites, or in our offices.

UK & Europe

2019 saw the recruitment of a senior management level Safety Leader within the UK & Europe region. Alex Spinks has improved reporting, changed behaviours and is creating a positive safety culture. Supported by divisional subject matter experts' robust systems and clear operating standards, Arena have increased the organisational competence and will improve safety performance as a result. 2019 saw collaboration between Arena UK & Europe and many of its clients to raise the safety standards of the events industry in line with the expectation of CDM regs 2015. This collaborative approach has built up strong relationships between the workforce, the client and the leadership team.

Focus on safety has always been a key performance metric within Arena with a target of zero accidents on an annual basis. Targeted data and metrics are being used across all Divisions; Managing Directors are provided with benchmark figures on a monthly basis allowing them to monitor changes through initiatives they have implemented.

Arena UK have created a bespoke system for employees to raise concerns and report incidents. This works from a smart phone link and ensures incidents are investigated and appropriate actions are implemented in a timely manner.

Alcohol and drug testing have been launched companywide to ensure the safety of our employees. Support with addiction is offered to anyone declaring alcohol or substance dependency.

2020 will see a further rollout of bespoke training to increase competence around proactive and reactive safety measures. Risk assessment and event investigation will be the prime focus. These are the foundations on which leaders and managers across Arena can build to improve performance, reduce accidents and improve culture.

Americas

Increased site inspections along with deeper analysis of near miss reporting which improved the safety performance considerably versus prior year. OSHA recordable incidents were down year over year by 15%. The fall protection program was overhauled and Workers Compensation costs at their lowest for the last five years, positively indicating less accidents.

Middle East & Asia

The MEA structures are often strength tested by adverse weather conditions. The Rugby World Cup in Japan is one example, this was a six-month project build, it was exceptional with zero incidents. Japan encountered typhoon Hagibis during the event, which was the strongest recorded storm to hit Japan in decades, our temporary structures were undamaged and the 4,000 sqm venue was open for hospitality the following day.

The CJ Cup, for the PGA Tour on Jeju Island, South Korea was also hit by three typhoons during the project and again our temporary structures were resilient to the extreme weather conditions with no adverse impact on the event. We endeavour to continue this track record of resilient installations.

Environment and Sustainability

Limiting or offsetting the effect on our surroundings and operating in a sustainable manner by minimising our impact on the environment and our neighbours is at the forefront of our strategy.

Our business is sustainable, the fact we rent and re-use our equipment rather than provide single use buildings is great for the environment. The Group is committed to becoming a market leader for sustainable delivery. The senior executive team meet regularly to oversee the progress of the business against its sustainability goals:

1. Reduction of energy use and reducing our CO_2 footprint
2. Minimising waste and maximising re-use
3. Plastic reduction. Using sustainably sourced products and packaging at our live events

We are working to benchmark the current areas of strength and opportunity, to undertake measurement of carbon footprint, and to set clear KPIs for each of the focus areas to track progress.

In the year the Group made progress in several areas:

1. Reduction of Energy Use and Reducing our CO_2 Footprint	2. Minimising Waste and Maximising Re-Use	3. Plastic Reduction and Recycling
• Arena UK have invested in a UK tree planting initiative to offset transportation carbon emissions at our ice rink events. Customers each received a carbon neutral certificate highlighting the achievement • A depot consolidation and asset relocation project were delivered in UK and the Americas resulting in a significant reduction in energy and transport use • Where possible we now use LED lights on all our sites to reduce energy consumption • We continue to look at new opportunities to reduce our impact through energy usage and transport costs	• There is a continuous process to reduce waste. Our kit is fully recyclable, we continue to look at new opportunities to reduce our impact through energy usage and transport costs. Arena Americas have introduced a new modular rail and stair system, eliminating wood usage and waste	• Arena's Ice event catering and the Hong Kong Sevens event catering are plastic free. 100% of our packaging is reusable and recyclable • Arena partnered with Cancer Research UK to provide water towers at several Race for Life events this year to avoid thousands of plastic water bottles being used at the events • A two-year contract has been signed with Cup Club an innovative returnable packaging service for drinks in the UK, they offer a tailored end-to-end service helping to eliminate single-use plastic packaging. Arena provide logistics and operational expertise in the catering equipment hire industry to Cup Club • A recycling initiative in the UK ensures that aluminium and steel components are regularly collected and recycled • Arena has been able to increase the MENA Golf Tour's sustainability with a 'No single-use plastic bottles' policy, and by providing stainless steel bottles to each of the players

Governance

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"Arena's outstanding service can be compared to a world class speed skater.
From conception through to build, in six short weeks, Arena launched the Queen's House ice rink."

Claire Bastin
Head of Events,
Royal Museums Greenwich
The Queen's House Ice Rink

Board of Directors

Ken Hanna
Chairman

Ken was appointed Chairman of the Board in July 2017 and is Chair of the Audit Committee.

Ken brings international financial and leadership experience from his role as the Chairman of Aggreko plc, which he has held since 2012.

Ken is also Chairman of RMD Kwikform, a privately-owned engineering services company. Until 2009, Ken spent five years as Chief Financial Officer of Cadbury Plc. He has also held positions as Chair of Inchcape plc, Operating Partner for Compass Partners, Group Chief Executive at Dalgety Plc, Group Finance Director of United Distillers Plc and Group Finance Director of Avis Europe Plc and is a Fellow of the Institute of Chartered Accountants in England & Wales.

Ian Metcalfe
Non-Executive Director

Ian was appointed Non-Executive Director of the Group in July 2017, and is Chairman of the Remuneration Committee.

Ian brings significant experience with sporting organisations to the Board. He is currently Chairman of Commonwealth Games England and a Non-Executive Director on the Board of the Birmingham 2022 Commonwealth Games organising committee. He has previously held roles on the Boards of the Rugby Football Union and ER 2015 Limited, the organising committee of the 2015 Rugby World Cup held in England.

Outside the world of sport, Ian is Chairman of Mercia Asset Management Plc and Chairman of its Remuneration Committee. He is also a Non-Executive Director of the UK headquartered global waste management group TRRG Holdings Limited, a Dutch/Spanish joint venture.

Ian is a qualified solicitor, having retired as Managing Partner of International law firm Wragge & Co in April 2014 after eight years in post. Prior to managing the business, Ian was a corporate partner at the firm for fourteen years. Ian has an MA in Law from Cambridge University.

Henry Turcan
Non-Executive Director

Henry was appointed Non-Executive Director of the Group in June 2020.

Henry has worked in financial services since 1996, with a focus on equity capital markets. Having spent the majority of his career advising growth companies within investment banking, he joined the Volantis team at Henderson Global Investors in 2015, which subsequently transferred to Lombard Odier Investment Management in 2017 becoming known as 1798 Volantis. Henry graduated with an MA (Hons) in Modern Languages from Edinburgh University and is a Member of the Securities Institute.

Henry is a representative of the funds managed or sub-advised by Lombard Odier Investments Manager group entities, collectively one of the Group's largest shareholders.

Board of Directors

Greg Lawless
Chief Executive Officer

Greg became CEO of Arena Group in 2011, following the acquisition of Arena Structures and Seating in 2007.

Greg joined Davy Stockbrokers in 1987 and was a Director of Davy Corporate Finance until 1992. In 1993 he joined Allegro Limited, an Irish distribution business, and was part of the senior executive team that carried out a buy-out of the business later that year. He left the business in 2000 shortly after the business was sold. He held a number of posts during 2000-2004, mainly on a consultancy basis and he acquired his first business in the event rental sector in 2004 called Hireall along with his former Allegro business partner.

Greg qualified as an accountant with Deloitte in 1984 and is a member of the Institute of Chartered Accountants in Ireland.

Steve Trowbridge
Chief Financial Officer

Steve joined Arena as CFO in September 2019 and was appointed to the Board in October 2019. In his role, Steve oversees all financial matters including reporting, risk management, insurance, banking, acquisitions and fundraising.

Steve has held executive roles in a number of public and private businesses, most recently with Evans Cycles where he was CFO from August 2016 and then became CEO upon its sale to Sports Direct International in 2018. Prior to his role at Evans, Steve was at HSS Hire Group plc for over seven years and was CFO from 2014. Steve has also held senior finance roles at Thomson Reuters plc and was an equity analyst at Société Generale (SG Securities).

Steve qualified as a Chartered Accountant at Ernst & Young, is a Fellow of the Institute of Chartered Accountants in England & Wales and has an MA from Oxford University.

Regional Leadership Team

Paul Berger
Arena Europe, Middle East & Asia CEO

Paul was appointed CEO of Arena Middle East & Asia in 2009 and Arena EMEA CEO in June 2020. Paul is responsible for Arena's operations in the region which encompasses the UK, Europe, UAE, Malaysia, Hong Kong, Japan, and South Korea.

Paul brings a long history of working in events and a strong knowledge of the Middle East, having moved to Dubai in 1993 with BBDO (part of OMNICOM Group), working as an account Director for global brands such as Pepsi, Emirates and General Motors. In 2004 Paul set up his own sports marketing business, focusing on F1 and other motor sports. In 2008 he became a Director of Harlequin Marquees, becoming the CEO and a shareholder a year later, which was then acquired by Arena Group and became part of Arena Middle East & Asia.

Michael Berman
President – Arena Stuart Rentals

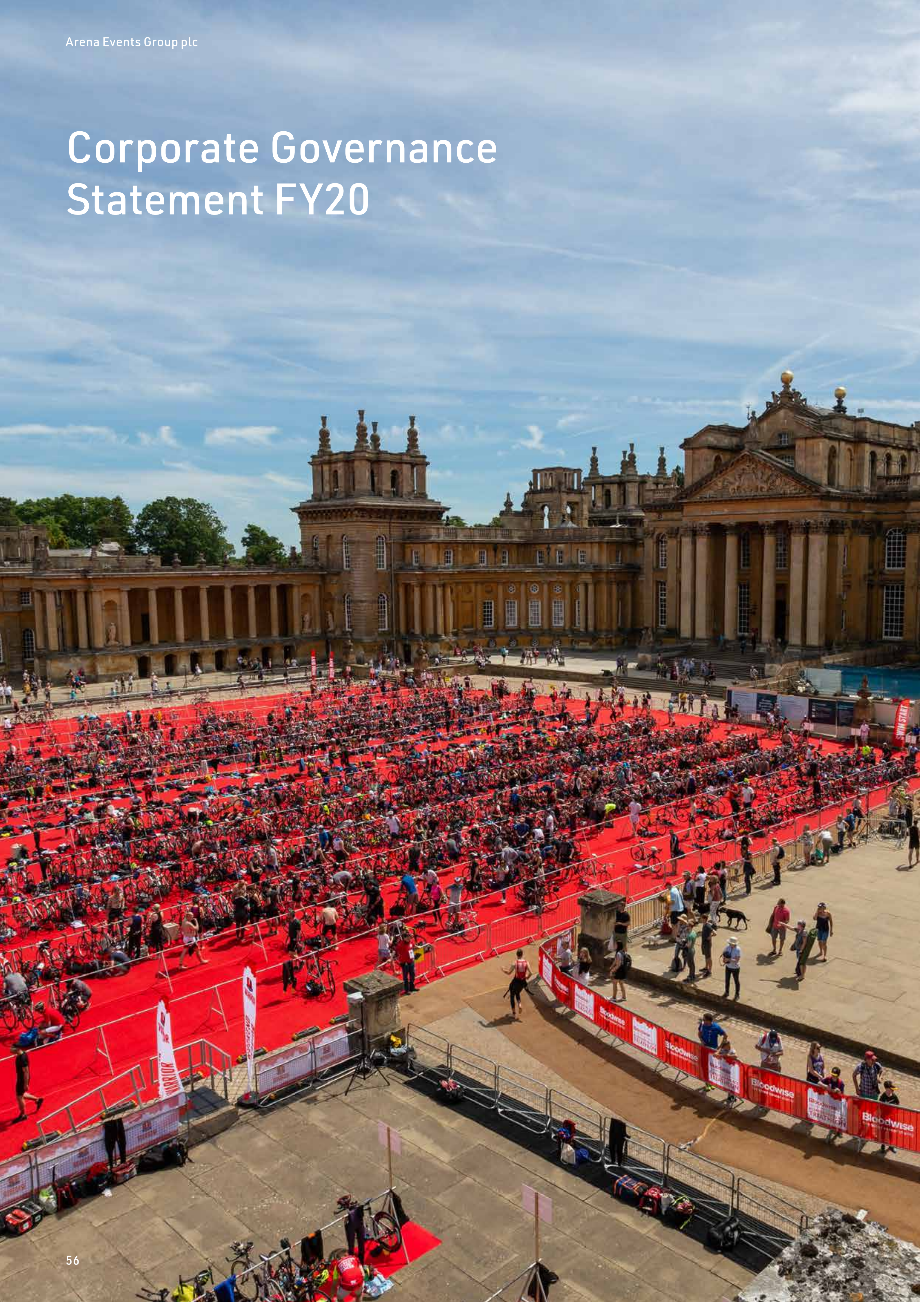
From 2003, Michael grew The Stuart Rental Company with his business partner, initiating a regional roll-up of six existing party rental companies in the San Francisco Bay area of California. He served as CEO of the company and helped build it into one of the top 25 event rental companies in the US until it was acquired by the Arena Group in 2018, when he assumed the role of President, Stuart Rentals.

Prior to Stuart Rentals, Michael was a manager with KPMG Consulting's Technology Strategy management consulting group, where he supervised and staffed projects for companies including Chevron, Boeing, Verizon, Brocade and Microsoft. Michael practiced law in Philadelphia from 1994 to 1998 before obtaining his MBA from the University of Chicago.

Jon Tabeling
President – Arena Americas

Jon was appointed President, Arena Americas in May 2020, having been Chief Operating Officer since 2015 and previously VP Operations for the Division.

Jon has over 22 years of special events experience having originally joined Arena's predecessor company in 2009. He has managed Arena's military Division, served as the North East Structures General Manager and pioneered Arena Americas' entry into major golf events. From 2006 to 2009 Jon was a senior manager at Oaks Development and previously held senior roles at United Rentals based in North Carolina managing the Special Events Division and overseeing broadcast power projects such as Super Bowls, The Masters and PGA Championships. Earlier in his career Jon was Marketing Manager Tours & Events at Warner Avalon, working with major international brands.



Corporate Governance Statement FY20

Chairman's Introduction

The Board recognises the importance of good Corporate Governance and continues to follow the QCA Corporate Governance Code (QCA Code). We believe that Arena Group's corporate values of integrity, teamwork and excellence provide a good foundation to uphold effective Corporate Governance and deliver long term shareholder value.

A robust Corporate Governance framework is integral to the effectiveness of the Board. The Board believes that it complies with all of the principles of the QCA Code, in a manner consistent and proportionate to the size, risks and complexity of the Group's operations; and as described in more detail below. This is our third annual report as an AIM-listed Group.

Composition of the Board

The Board, which is headed by the Chairman, comprises five Directors of which two are Executives and three Non-Executives, reflecting a blend of different experience and backgrounds. The skills and experience of the Board are set out in their biographical details in the Board of Directors section and on the Group website. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance. The Board considers two of the three Non-Executive Directors, Ken Hanna and Ian Metcalfe, to be independent. The third Non-Executive Director, Henry Turcan, as the representative of a significant shareholder is not considered to be independent. Details of the Directors' remuneration is set out in the Remuneration Committee report.

How the Board Operates

The role of the Board is to provide leadership to the Group and to ensure the obligations of being a public company are met. The Board meets regularly to collectively review, formulate and approve the Group's strategy, budgets and corporate actions and to oversee the Group's progress towards its goals with due consideration of risk and the resources available. The Board is also responsible for ensuring that a framework of effective controls are in place.

The Board receives a Board pack each month which includes the Group's internal management accounts, a regional performance analysis including a Health & Safety summary and a report from the CEO and CFO. The Board aims to meet a minimum of six times per year.

The core activities of the Board and its Committees are covered in scheduled meetings held during the year. Additional ad hoc meetings are also held to consider and decide matters outside scheduled meetings. The Non-Executive Directors are encouraged to communicate directly with Executive Directors and senior management between formal Board meetings. If a Director is unable to attend a meeting because of exceptional circumstances, they still receive the papers in advance of the meeting and have the opportunity to discuss with the relevant Chair or the Company Secretary any matters on the agenda which they wish to raise. Feedback is provided to the Director on the decisions taken at the meeting. All Directors holding office at the time attended the Annual General Meeting held on 22 May 2019. Two of the Board meetings were held at regional locations (Arena MEA in Dubai and Arena UKE in St Ives, Cambridgeshire) to enhance the Board's understanding of trading opportunities and challenges.

Corporate Governance Statement FY20

The Chairman is responsible for ensuring the effectiveness of the Board and setting its agenda. The Company Secretary (CFO) compiles the Board and Committee papers which are circulated to the Directors prior to meetings. The Company Secretary prepares minutes of each meeting and every Director is aware of the right to have any concerns minuted and to seek independent advice at the Group's expense where appropriate. The primary matters reviewed by the Board during the period are as set out below;

- Health & Safety matters
- Strategy and annual budget
- Regional trading performance
- Board membership and delegation of authority
- Remuneration and employment benefits for senior management
- Corporate statutory reporting
- Cash flow management, debt facilities and covenant compliance
- Share capital and dividends
- Corporate governance, internal controls and risk management

Board Committees

The Board is supported by the Audit and Remuneration Committees, details of which are set out below. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. The Group does not have a Nomination Committee as those duties that would be undertaken by such a committee are handled by the Board.

- The **Audit Committee** is chaired by Ken Hanna, who is a Chartered Accountant, and includes Ian Metcalfe. The Audit Committee is responsible for monitoring the integrity of the Group's financial statements, reviewing significant financial reporting issues and monitoring the quality of internal controls and risk management. The Committee meets at least twice each year, inviting the external auditors to attend as necessary
- The Remuneration Committee is chaired by Ian Metcalfe and also includes Ken Hanna. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Committee meets at least twice each year

The Directors' attendance at the Board and Committee meetings held during the fifteen months ended 31 March 2020 is set out below. The above average number of meetings was driven by procedural matters relating to the changes in senior management during the period, alongside discussions relating to corporate finance activities such the additional debt financing and March 2020 share placing.

Director	Role	Board meetings	Audit Committee meetings	Remuneration Committee meetings
Ken Hanna	Non-Executive Chairman	20/23	2/2	6/6
Ian Metcalfe	Non-Executive Director	20/23	2/2	6/6
Greg Lawless	CEO	21/23	2/2	2/6
Steve Trowbridge[1]	CFO	16/23	1/2	-
Piers Wilson[2]	CFO	6/23	1/2	2/6

Notes:

1. Steve Trowbridge was appointed as a Director on 15 October 2019
2. Piers Wilson resigned as a Director on 15 October 2019

Corporate Culture

The Group upholds a corporate philosophy which comprises of a Vision, Mission, Values, and Arena Standard. The Group's Vision is to become the "leading, most respected, integrated event solutions business in the world" and its Mission is to "Deliver the Arena Standard to the World."

Further information on our corporate culture is set out in the Vision, Mission and Values section of this Annual Report on Pages 10 - 11.

Election of Directors

All Directors of the Group will offer themselves for re-election at the Annual General Meeting. Descriptions of Directors' relevant experience, skills and qualities are set out in the Board of Directors section of this report.

Board Effectiveness and Development

The Chairman currently assesses the performance of the Board on an informal continual basis taking into account the contribution each Director makes to the business. Directors are also encouraged to provide feedback on all areas of the Board efficacy, having due regard to the balance of skills, experience, independence and knowledge contributed by members of the Board.

The Board has not undertaken a formal evaluation of its effectiveness during the year, however, such an evaluation will be considered, including the composition of the Board, during FY21.

The Board considers and reviews the requirement for continued professional development. The Group's regulatory adviser, Nomad and other external advisers serve to strengthen this development by providing guidance and updates as required.

The Board and senior management from time to time seek advice on significant matters from external advisers. These advisers include, amongst others, the Group's nominated adviser and broker, public relations adviser, external auditors and legal advisers.

External Appointments

The Board may authorise Executive Directors to take Non-Executive positions in other companies and organisations, provided the time commitment does not conflict with the Director's duties to the Group. The acceptance of appointment to such positions is subject to the approval of the Chairman.

Internal Controls and Risk Management

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls and procedures in place are appropriate for the current size, complexity and risk profile of the Group.

The principal elements of the Group's internal control system include:

- A detailed annual budget is prepared including an integrated profit and loss, balance sheet and cash flow. The budget is approved by the Board
- Financial and operational performance against the budget is prepared and reviewed by the Board on a monthly basis
- The Group has developed a set of Minimum Control Standards and each Division's controls and procedures are reviewed by the Group on an annual basis
- Each Division has appointed a H&S (Health & Safety) manager and their matters are reviewed monthly by the Board
- Material contracts are assessed by the Executive Directors and approved by the Board before they are entered into
- Board approval is required for key matters such as any business acquisitions, material capital expenditure, property transactions and amendments to banking facilities
- A post acquisition review is performed on all acquisitions

Further description of how the Board identifies, assesses and manages risk is set out in the Principal Risks and Uncertainties (Pages 35 - 37).

Directors' Conflicts of Interest

Any related party transactions are noted in the Group's financial report. The Group adheres to MAR regulations and the AIM Rule of Directors' Dealings.

Time Commitments

All Directors recognise the need to commit sufficient time to fulfil their role. This requirement is included in their letters of appointment. The Board is satisfied that the Chairman and Non Executive Directors are able to devote sufficient time to the Group's business.

Anti-Bribery Policy

The Group enforces an anti-bribery policy across all of its Divisions. This is reviewed on an annual basis by the Audit Committee.

Relations with Stakeholders

The Group engages with its various stakeholder groups on a regular basis to make sure their needs are being served. Feedback from all stakeholders in the business allows the Board to monitor its corporate culture, ethical values and behaviours, ensuring that they are consistent with the Group's business model.

Employees

Each Division carries out periodic employee surveys to get feedback and identify areas that need improvement. The Group continues to focus on internal communication with regular employee updates by e-mail and local town-hall events monthly.

Customers

We strive to continually improve the quality of our service for our customers, achieving this through our dedication to the Arena Standard. The Group places significant importance on maintaining long term relationships with its customers and this is a key strategy for the Group.

Suppliers

Each Division takes responsibility for their supplier relationships, ensuring they comply with the Group policies. We aim to maintain long term relationships with our key suppliers.

Relations with Shareholders

The Group is committed to engaging with and listening to its shareholders, ensuring that there is transparency and understanding of the Group's strategy, business model, and performance. The Group does this through investor roadshows, individual meetings and regular reporting. The Group maintains an investor section on its corporate website with up to date information for its shareholders, including financial reports, shareholder documents, corporate policies and Group announcements.

Private Shareholders

The Group website is the primary resource for recent updates and information on the Group for private investors. The AGM serves as the main forum for dialogue with private investors. The Board attends the AGM and answers any questions posed by attendees.

Institutional Shareholders

The Directors place importance on building a relationship with the Group's institutional investors. These relations are managed primarily by the Group's broker, financial PR firm and CEO. The Group communicates with all shareholders through the Annual Report & Accounts, the AGM, the interim accounts and RNS statements as required under the AIM rules. In addition, the CEO and CFO make presentations to institutional shareholders and analysts twice each year following the release of the full-year and half-year results.

Annual General Meeting (AGM)

The Annual General meeting of the Group will be held on 1 September 2020. The Notice of Annual General Meeting and the resolutions to be put to the meeting are included in the Notice of AGM accompanying this Annual Report.

Ken Hanna
Chairman

2 July 2020

Audit Committee Report FY20

I am pleased to present the Audit Committee report for the fifteen-month period ended 31 March 2020. The Audit Committee is primarily responsible for the integrity of the financial statements and ensuring that the financial performance of the Group is properly reported and reviewed. Its role also includes reviewing internal control and risk management systems, reviewing key accounting policies and advising on the appointment of external auditors.

Members of the Audit Committee

The Committee consists of two independent Non-Executive Directors, Ken Hanna (as Chair) and Ian Metcalfe, whose details and qualifications are set out on Page 52. The Group CEO, CFO and the external auditor (Deloitte LLP) also attend committee meetings by invitation. There have been no changes to the composition of the Committee during the year and the Board believes that the Committee members have the required skills, qualifications and experience to properly discharge their duties. The Terms of Reference for the Committee are available from the Group's registered office. The Committee met twice in the period, at which both members were present.

Duties

The main items of business considered by the Audit Committee include:

- Review of the financial statements and Annual Report
- Review of the audit plan
- Consideration of key audit matters and how they are addressed
- Review of suitability of the external auditor
- Consideration of the external audit report
- Going concern and viability statement review
- Review of the risk management and internal control systems
- Meeting with the external auditor

Role of the External Auditor

The Audit Committee monitors the relationship with the external auditor, Deloitte LLP, to ensure that auditor independence and objectivity are maintained. Deloitte LLP were appointed in 2013, following an audit tender process; and Jonathan Dodworth the current Audit Partner has held this role since the 2016 audit. The Committee will keep under review the need for an external audit tender.

Having reviewed the auditor's independence and performance, the Audit Committee recommends that Deloitte LLP be reappointed as the Group's auditor at the next AGM.

Provision of Non-Audit Work by the External Auditor

The Committee monitors the provision of non-audit services by the external auditor, however, no formal policy exists. The breakdown of fees between audit and non-audit services is provided in Note 4 of the Group's financial statements.

As noted in the 2018 report and accounts, the provision of tax compliance and related tax advisory work was moved to Smith & Williamson in 2018 with the FY18 tax returns being the first completed under this new relationship.

Audit Process

The external auditor prepares an audit plan that sets out the scope of the audit, key areas to be targeted, audit materiality and the audit timetable. This plan is reviewed and agreed in advance by the Audit Committee. Following the audit, the auditor presented its findings to the Audit Committee for discussion. significant issues considered this year, included revenue recognition, the valuation of goodwill, disclosures and judgments required in the light of the COVID-19 pandemic and IFRS 16 accounting. No major areas of concern were highlighted by the auditor during the period.

Internal Audit

At present, the Group does not have a formal independent internal audit function. However, a set of minimum control and reporting standards have been formally documented and distributed to each business to confirm compliance. These standards and compliance with them are regularly reviewed by a member of the Group finance team. The Committee believes that this allows management to derive sufficient assurance as to the adequacy and effectiveness of internal controls and risk management procedures.

Risk Management and Internal Controls

As described in the corporate governance report, the Group has established a framework of internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. The Committee is satisfied that the internal control systems in place are currently operating effectively.

Whistle Blowing

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. Whistleblowing is a standing item on the Committee's agenda. The Committee is comfortable that the current policy is operating effectively.

Anti-Bribery

The Group has in place an anti-bribery and corruption policy which sets out its zero-tolerance position and provides information and guidance to those working for the Group on how to recognise and deal with bribery and corruption issues. The Committee is comfortable that the current policy is operating effectively.

Annual Report and Accounts

Having taken all the matters considered by the Committee and brought to the attention of the Board during the year into account, we are satisfied that the annual report and accounts, taken as a whole, is fair, balanced and understandable.

The Board believes that the disclosures set out in the Annual Report provide the information necessary for shareholders to fairly assess the company's position and performance, business model and strategy.

Ken Hanna
Chairman

2 July 2020

Remuneration Committee Report FY20

Arena Events Group plc is listed on the Alternative Investment Market (AIM) and is not required to prepare a Directors' remuneration report. The following disclosures are prepared on a voluntary basis.

Membership of the Remuneration Committee

The Remuneration Committee is chaired by Ian Metcalfe and also includes Ken Hanna. The Terms of Reference for the Committee are available from the Group's registered office. The Committee met six times in the period at which both members were present. The increased level of meetings year on year resulted, in part, from a change in Executive Director during the period.

The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to remuneration, terms of service, granting of share options and other equity incentives.

Remuneration Policy

The Directors remuneration packages are designed to attract, retain and motivate Directors, to ensure that their interests are aligned with the shareholders and to reward them for enhancing value to shareholders. The performance measurement of the Executive Directors and the determination of their annual remuneration package is determined by the Committee.

Non-Executive Directors

The remuneration policy for the Chairman and Non-Executive Directors is to pay fees necessary to attract the individual of the calibre required, taking into consideration the size and complexity of the business and the time commitment of the role.

Details are set out below:

- The fees of the Non-Executive Directors are agreed by the Board as a whole, having taken advice from suitable advisers
- Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each Non-Executive Director and fees at companies of a similar size and complexity
- Non-Executive Directors are paid a fee for membership of the Board with no additional fees being paid for chairmanship of Board Committees. Fees are paid monthly in cash
- Neither the Chairman nor any of the Non-Executive Directors are eligible to participate in any of the Group's annual bonus incentive arrangements, however, at IPO the Chairman was granted share options by way of a deed of gift outside of the Group's share option scheme, but on the same terms as other grants made at the same time
- The Non-Executive Directors have appointment letters with a notice period of three months if given by the Director and one month if given by the company

Executive Directors

The main elements of the remuneration package for Executive Directors are as set out below:

- A competitive base salary for the market in which we operate, to attract and retain Executive Directors of a suitable calibre. Base salaries are usually reviewed annually taking into account any changes in role or responsibilities, individual performance and comparable market benchmarks
- Benefits are currently limited to the provision of private medical insurance and a company pension contribution. No company cars or car allowance is provided. The level of these benefits is determined by the Committee with reference to the experience and responsibilities of each individual
- Each Executive Director has an agreed bonus plan for the financial year, with total bonus payment linked to a combination of Group financial performance targets and personal objectives. The Group financial targets are set each year by the Committee. In 2019 the maximum bonus payable to the Executive Directors was 60% of base salary. No bonus plan was agreed for the three months to 31 March 2020
- A Group share option scheme is in place as described in further detail below. Share options are issued as determined by the Committee to align the Executive Directors medium-term interest with those of the shareholders
- The Executive Directors have service contracts with a rolling notice period of twelve months to be given by either party

Directors Remuneration

The audited table below sets out the total remuneration earned by each Director who served during the fifteen-month period ended 31 March 2020 and their respective payments in FY18:

	Basic Salary[1] £000	Bonus[4] £000	Benefits[5] £000	Pension[5] £000	Total FY20 (15 mth) £000	Total FY18 (12 mth) £000
Executive Director						
Greg Lawless	282	-	-	-	282	232
Steve Trowbridge[2]	109	-	1	11	121	-
Piers Wilson[3]	120	-	1	9	130	196
Non-Executive Director						
Ken Hanna	124	-	-	-	124	100
Ian Metcalfe	49	-	-	-	49	40

Notes:

1. In March 2020, in response to the COVID-19 pandemic, all Executive and Non-Executive Directors took a voluntary 15% reduction in their basic salaries for the month of March 2020. Further, higher, salary reductions were taken from April onwards.
2. Steve Trowbridge joined Arena Events Group plc on 10 September as Chief Financial Officer (CFO) and became a Director of the Group on 15 October 2019. His annual base salary is £200,000 with a pension contribution of 10%. His service contract is in line with the provisions of service contracts in the Directors' Remuneration Policy.
3. Piers Wilson resigned as CFO in September 2019 and stepped down as a Director of the Group on 15 October 2019. It was agreed with Mr Wilson that he would receive a payment in lieu of notice of £180,000 in accordance with his service agreement. The payment was to be made in instalments and would be reduced in the event that he commenced another role outside the Group prior to the expiry of his notice period in September 2020. In February 2020, Mr Wilson advised the Company that he had started a new role and this would reduce the future amount payable. On 30 March 2020 Mr Wilson informed the Company that he had been made redundant by his new employer and would re-join the Company as an employee in April 2020 for the remainder of his notice period. Mr Wilson did not receive any annual bonus payment in respect of the year ended 31 December 2019 or the three-month period to 31 March 2020 and, in accordance with the rules of the Arena 2017 Share Option Plan, all his share options have lapsed. The Company made a payment of £2,400 in respect of Mr Wilson's legal fees relating to his resignation as a Director.
4. Based on the Group's performance for the year ended 31 December 2019, the Remuneration Committee determined that neither of the Executive Directors would receive a bonus. No bonus plan was agreed for the three-months ended 31 March 2020.
5. Greg Lawless does not receive any benefits or a pension. Steve Trowbridge is provided with private medical insurance and a company pension contribution of 10%. Piers Wilson was provided with private medical insurance and a company pension contribution of 7.5% of base salary until he ceased to be an employee of the company in February 2020.

Remuneration Committee Report FY20

Long-Term Incentive Plan

A Group share option scheme ("the Scheme") was set up on Admission to AIM in July 2017. The Scheme allows for options to be issued over ordinary shares, up to a maximum of 10% of the Company's ordinary shares in issue at the time of grant, over a ten-year period.

The option exercise price will usually be the mid-market price of the shares on the day before the date of grant. Total options were awarded at Admission equal to approximately 4.6% of the number of ordinary shares in issue at that time, with an exercise price of 55 pence per share. The initial option awards have no performance conditions and vest equally after two, three and four years from the date of grant.

In October 2018 a total of a further 2.3m share option awards were granted, of which 825,000 were awarded to the Executive Directors. These awards have an exercise price of 68 pence per share and vest equally over 3 years, commencing on the third anniversary of grant and have performance conditions as set out below.

The share options granted in October 2018 have the following performance criteria:

- 75% of the total award is subject to the Adjusted Earnings per share for the Group (Adjusted EPS) having increased by a total amount over the period in excess of 12.5% per annum. If the compound growth is in excess of 12.5% per annum the award will vest in full. If the compound growth is in below 10% per annum the award will be fall away. In between these two levels an adjusted number of options awarded will vest on a straight-line pro rata basis
- 25% of the Award will vest at the discretion of the Remuneration Committee by reference to the success of the Group in integrating acquisitions (i) completed in the twelve months prior to the date of Award, and (ii) subsequently completed, during the period between the date of the Award and the test date

In April 2019 an additional 1.8m share option awards were granted at an exercise price of 40p and in October 2019 a further 0.1m were granted at 18.5p. None were allocated to the Executive Directors.

In September 2019, a total of 2,162,162 share option awards were granted to Steve Trowbridge at an exercise price of 18.5p. The Awards shall vest on the third, fourth and fifth anniversary of the date of grant and only to the extent that the conditions set by the Remuneration Committee are satisfied and subject to the rules of the plan.

As at 31 March 2020, taking into account option awards that have lapsed during the year, total option awards issued and outstanding under the Scheme were approximately 6.1% of the number of issued shares. Customary malus and clawback provisions apply to all awards.

Share Options Held by the Directors:

	Number at 31 Dec 2018	Issued in the period	Lapsed in the period	Number at 31 Mar 2020	Exercise price (p)	Vesting period
Executive Director						
Greg Lawless	1,280,000 450,000	- -	- -	1,280,000 450,000	55.0 68.0	July 2019 to July 2021 Oct 2021 to Oct 2023
Steve Trowbridge	-	2,162,162	-	2,162,162	18.5	Sep 2022 to Sep 2024
Piers Wilson[1]	600,000 375,000	- -	(600,000) (375,000)	- -	55.0 68.0	n/a n/a
Non-Executive Director						
Ken Hanna	181,818			181,818	55.0	July 2019 to July 2021
Ian Metcalfe	-	-	-	-	-	n/a

Directors' Shareholdings and Share Interests:

	Number at 31 Dec 2018	Number at 31 Mar 2020	Unvested share options at 31 Mar 2020	Vested, unexercised share options
Executive Director				
Greg Lawless[2]	6,724,088	7,024,088	1,303,334	426,666
Steve Trowbridge	-	-	2,162,162	-
Piers Wilson[3]	227,007	n/a	n/a	n/a
Non-Executive Director				
Ken Hanna	173,334	173,334	121,212	60,606
Ian Metcalfe	110,800	110,800	-	-

Notes:

1. Piers Wilson resigned as CFO in September 2019 and stepped down as a Director of the Group on 15 October 2019. In accordance with the rules of the Arena 2017 Share Option Plan all his share options have lapsed.
2. As part of the Subscription and Placing announced by the Group on 26 March 2020, Greg Lawless subscribed for 2,500,000 shares. These shares were issued on 15 April, once shareholder approval for the transaction was obtained.
3. Piers Wilson resigned as CFO in September 2019 and stepped down as a Director of the Group on 15 October 2019. As a result, his shareholding is no longer tracked and, in accordance with the rules of the Arena 2017 Share Option Plan, all his share options have lapsed.

Ian Metcalfe
Director

2 July 2020

Directors' Report FY20

Review of Business and Future Developments

The Chief Executive Officer's report on page 24 provides a review of the business, the Group's trading for the fifteen-month period to 31 March 2020 and an indication of future developments.

Results and Dividends

The results for the fifteen-month period to 31 March 2020 are set out in the consolidated income statement on page 84. On 10 September 2019 the company declared an interim dividend for the period of 0.25 pence per share, which was paid on 1 November 2019.

Considering the current trading backdrop, the Directors have not recommended a final dividend for the fifteen-month period to 31 March 2020.

Directors

The Directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

- K Hanna
- G Lawless
- I Metcalfe
- S Trowbridge
- H Turcan
- P Wilson resigned as a Director on 15 October 2019

Details of each Director's interest in the company and remuneration details are provided in the Remuneration Committee Report on page 64.

Financial Risk Management and Financial Instruments

The Group adopts a prudent approach to financial risk management, with an appropriate level of debt facilities and prepares weekly cash forecasts to provide visibility of cash and facility usage. The Group does not enter into any financial derivative transactions, nor trade in financial instruments.

The two main financial risks are considered to be:

Credit Risk

The Group sets credit limits for all new customers granted credit and generally contracts with clients with a strong financial strength. Credit risk is also mitigated by ensuring that a significant proportion of a contract's value is collected before the handover of the project to the client.

Interest Rate Risk

Bank interest is charged at a fixed margin to LIBOR which has been agreed as part of the current financing arrangements. This margin is between 1.65% and 2.4% dependent on the net debt leverage at each quarter end. Changes in LIBOR will therefore have an effect on interest expense and cash flows however this is not considered to be material.

Branches Outside the UK

The Group has overseas subsidiaries as listed in note 12 and a branch in South Korea.

Directors' Qualifying Third Party Indemnity Provision (Insurance)

Arena Events Group plc has indemnified, by means of Directors and Officers liability insurance, the Directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provisions were in force during the year and are in force as at the date of approving the Directors' Report.

Material Interests

So far as the Board is aware, no Director had any material interest in a contract of significance (other than their service contract) with the company or any of its subsidiary companies during the period.

Directors' Report FY20

Political Donations

The Group did not make any political donations in the financial period.

Capital Structure

Details of the issued share capital, together with details of the movements during the year, are shown in Note 21 to the Consolidated Financial Statements. The Company has one class of ordinary share and each ordinary share carries the right to one vote at general meetings of the Company. Additional shares were issued post year-end as part of the subscription and placing described in the Subsequent Events section below.

Substantial Shareholdings

As at the most recent practicable date, the company had been notified of a number of shareholders with a beneficial interest of over 3%. These are shown in the table at the foot of this page.

Subsequent Events

Henry Turcan was appointed as a Non-Executive Director of Arena Events Group plc on 8 June 2020. Henry is a representative of the funds managed or sub-advised by Lombard Odier Investments Manager group entities, collectively one of the Group's largest shareholders.

On 26 March 2020 the Group announced the proposed subscription of 60,000,000 new ordinary shares at 10 pence per share, and the proposed placing of 35,000,000 new ordinary shares, also at 10 pence per share. This transaction which was approved by shareholders on 14 April 2020 and raised £9.5m before expenses. The new shares were admitted to trading on AIM on 15 April 2020.

Details of events that have occurred after the balance sheet date can also be found at Note 34 to the Consolidated Financial Statements.

Employee Involvement

The Group places considerable value on the involvement of its employees and keeps them informed on all aspects of the business and its progress, which the Directors consider to be relevant. Communication is effected through regular internal newsletters and formal town hall meetings. Feedback is also actively sought to better understand any employee concerns or suggestions to improve our employment practices.

The Group is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of age, gender, ethnic origin, colour, religion, disability, sexual orientation or marital status. The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

	No. of shares held	% of issued share capital
TasHeel Holding Group LLC	60,000,000	24.2
Lombard Odier Asset Management (Europe) Limited	58,472,090	23.6
Oryx International Growth Fund Limited	20,000,000	8.1
Tellworth Investments	14,163,155	5.7
GAM Holding AG	11,000,000	4.4
Greg Lawless	9,524,088	3.8

Going Concern and Viability Statements

In considering going concern and the viability of the Group, the Directors have reviewed the cash requirements of the Group reflecting the impact of COVID-19 and the expectation that it will take some time for the global events market to return to normal.

The Group has taken actions in order to protect liquidity including increasing debt facilities and initiating very significant cost reduction programmes. The Board also notes the recent successful equity raising and the active engagement of our two largest shareholders who now own just under 50% of the Group's equity.

Management believe that the structural changes made to the business and the reduced cost base will result in increased operational leverage and margins when revenue starts to recover.

The Group raised £9.5m (gross proceeds) from its existing shareholders in April 2020 and has recently agreed an additional £4.75m overdraft facility from its main lender. In the light of the uncertainty and disruption to the market in which the Group operates caused by the COVID-19 pandemic, in June 2020 the Group also obtained a waiver from its main lender for covenant testing at June 2020 and September 2020 and remains in discussions regarding a revised basis for testing in December 2020 and beyond as the market recovers. The viability assessment also assumes the refinancing of the Group's debt facility prior to its expiry in October 2022 with no changes to the terms of the agreement.

The Group has prepared three views of future performance – a low; a mid; and an upside case. Each of these is built on detailed bottom-up forecasts for the FY21 period. In light of the COVID-19 pandemic and the impact on the Group's visibility of trading in subsequent years, the Directors have used high-level assumptions for these periods, based around the pace of recovery relative to 2019 levels of activity.

The Group's mid-case scenario is modelled on the assumption that from early 2021 onwards global event markets gradually return to normal and that there are no further significant lockdowns. The mid-case also forms the basis for all goodwill impairment reviews and work to support the going concern review, with the low and upside cases representing downside and high sensitivities respectively. The Board has reviewed management's `low case` scenario which assumes further COVID-19 related disruption to the global event market and this showed the Group remains reliant on additional support in order to maintain the necessary liquidity.

Based on the existing covenant structure, under both the mid and low-case scenarios the December 2020 to June 2021 tests would not be passed, however, the Group would have sufficient headroom under the upside case. As such, the Group would require the continuing support or waivers from the bank in the mid and low-case scenario. The Directors have no reason to believe that such support will not be available, and positive discussions with the Group's main lending bank are ongoing, including seeking access to additional funding under a CLBILS facility.

Going Concern Statement

Based on the assessment outlined above which has been considered and reviewed by the Board the Board has a reasonable expectation that the Group has access to sufficient liquidity for the foreseeable future and that the financial statements for the fifteen months to 31 March 2020 should be prepared on a going concern basis. However there remains a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

Viability Statement

The Directors have assessed the viability of the Group over a three-year period, taking account of the Group's current position and prospects, its strategic plan and the principal risks and how these are managed. Despite the current COVID-19 pandemic and the pausing of many events around the world in 2020, the Directors have assumed a gradual recovery in activity from early 2021, broadly returning to 2019 levels by 2023.

The Directors believe that three years is an appropriate period for the viability assessment, reflecting the average length of the Group's contract base; key markets; and the nature of its businesses and products. The viability assessment also assumes the refinancing of the Group's debt facility prior to its expiry in October 2022.

Based on this assessment considered and reviewed by the Board during the year, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over this period, although the extent and duration of the COVID-19 pandemic and the necessary reliance on ongoing support of the Group's lenders represents a material uncertainty in that assessment.

By order of the Board

S Trowbridge
Director / Company Secretary

2 July 2020

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union [and Article 4 of the IAS Regulation] and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the company's ability to continue as a going concern

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole
- The strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- The annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy

This responsibility statement was approved by the Board of Directors on 2 July 2020 and is signed on its behalf by:

Greg Lawless
Chief Executive Officer

2 July 2020

Steve Trowbridge
Chief Financial Officer

2 July 2020

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"Enabling extraordinary live event experiences, worldwide."

Ken Hanna
Arena Group Chairman

Independent Auditor's Report to the Members of Arena Events Group plc

Report on the Audit of the Financial Statements

1. Opinion

In our opinion:

- The financial statements of Arena Events Group plc (the 'parent company') and its subsidiaries (together, the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's loss for the period then ended
- The group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union
- The parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements which comprise:

- The consolidated income statement
- The consolidated statement of comprehensive income
- The consolidated and parent company balance sheets
- The consolidated and parent company statements of changes in equity
- The consolidated and parent company cash flow statements
- The related notes 1 to 34

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. 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 are 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 Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Material Uncertainty Relating to Going Concern

We draw attention to note 1 in the financial statements, which indicates that there is a material uncertainty relating to going concern as a result of the disruption in the market caused by Covid-19. The pandemic has led to the cancellation and postponement of events, leading to a reduction in revenue for the group. This has further impacted the group's ability to meet the covenants on the main borrowing facility and therefore the group will be reliant on their main lender for support beyond December 2020. The Directors have reviewed the cash requirements of the group reflecting the impact of Covid-19 and the expectation that it will take some time for global events markets to return to normal.

The Group has taken a number of actions in order to protect liquidity including increasing debt facilities, initiating cost reduction programmes, and raising equity financing. Agreement has also been obtained from the Group's main lender to waive the covenant tests in June and September 2020 and the group remains in discussions regarding a revised basis for testing in December 2020 and beyond. Under current mid and low case scenarios the covenant tests would not be passed from December 2020 to June 2021.

In response to this, we:

- Obtained an understanding of the relevant controls around management's going concern assessment
- Performed retrospective analysis on management's forecasting accuracy
- Assessed the reasonableness of the key assumptions made in the going concern assessment around the pattern of the recovery in the market by reference to industry expectations
- Performed a sensitivity analysis on the key assumptions made in the going concern assessment
- Assessed share price movement and industry data reports to assess whether it provided corroborative or contradictory evidence in relation to management's assumptions
- Performed an analysis of the headroom to the covenants associated with the revolving credit facility
- Evaluated the group's disclosure on going concern

As stated in note 1, these events or conditions, along with the other matters as set forth in that note to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the group's and the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

4. Summary of Our Audit Approach

Key audit matters	The key audit matters that we identified in the current period were: • Revenue cut-off • Goodwill valuation • Going concern (see material uncertainty relating to going concern section) Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £1.5m which was determined on the basis of 0.85% of revenue for the period.
Scoping	We focused our group audit scope primarily on the key trading entities within the group. Our testing covered 91% of revenue, 96% of EBITDA, and 94% of net assets.
Significant changes in our approach	Goodwill valuation was considered a key audit matter in FY20 because of the significant judgements made by management to estimate the recoverable amount of goodwill and the impact of Covid-19. In the prior year, acquisition accounting was outlined as a key audit matter. Due to there being no acquisitions in FY20 this was not considered a key audit matter in the current period.

Independent Auditor's Report

5. 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. These matters included 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. In addition to the matter described in the material uncertainty relating to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

5.1. Revenue Cut-Off

Key audit matter description	The group generates revenue through the leasing of equipment and temporary structures, and the provision of event management and turnkey event services. The application of the revenue recognition standard IFRS 15 "Revenue from contract with customers" requires judgement to identify performance obligations under the existing contracts, even if this obligation is not explicitly stated, determine the transaction price under the contract and allocate this to each performance obligation. Judgement is also required to determine if revenue should be recognised over time or at a point in time depending on the terms of the contract entered into, and the underlying details of delivering the performance obligation. Refer to Note 1 "Principal accounting policies".
How the scope of our audit responded to the key audit matter	The procedures performed to address this key audit matter were: • Obtained an understanding of the relevant controls around revenue cut-off • Inquired of management and obtained information relating to projects that span the financial year end to evaluate whether revenue is recognised in the appropriate period • Challenged management on the obligations they identified with respect to a sample of the relevant sales contracts • Tested the inputs used to allocate the consideration agreed to the performance obligations identified in the contract • Reviewed corroborative evidence with respect to the delivery of the identified obligations to the client and the recognition of revenue based on the delivery/completion of the obligations
Key observations	Based on our procedures, we concluded that revenue recognised in the period is appropriate.

5.2. Goodwill Valuation

Key audit matter description	At 31 March 2020 the group had goodwill of £47.6m on balance sheet from historical acquisitions, prior to any impairment being recognised. IAS 36 "Impairment of assets" requires management to perform an annual goodwill impairment review of the three cash generating units "CGUs". There was significant management judgement involved in determining the value in use of the group's cash generating units in part as a result of Covid-19, particularly around the cash flow forecasts, discount rate, and long term growth rates assumed. Consequently an impairment of £16.1m against a carrying value of £32.8m was identified in the UKE CGU. Therefore, valuation of goodwill was identified as a key audit matter in the current period. See note 9.
How the scope of our audit responded to the key audit matter	Our audit procedures focused on challenging the inputs to the discounted cash flow model used to determine the recoverable amount of each cash generating units and included the following: • Obtaining an understanding of the relevant controls around the goodwill impairment assessment • Involving our internal specialists to review the source information underlying the determination of the discount rate and the mathematical accuracy of the calculation • Assessing the reasonableness of the key assumptions, around cash flow projections, made in the value in use model, against industry expectations and historical performance. Testing management's ability to accurately forecast future revenues and growth rates by comparing actual results to management's historical forecasts • Performing a sensitivity analysis on the inputs into the value in use model to determine if this would materially change any impairment charge currently recognised
Key observations	Based on our procedures, we concluded that the goodwill impairment recognised in the period is appropriate and the carrying value of the remaining goodwill is supportable.

Independent Auditor's Report

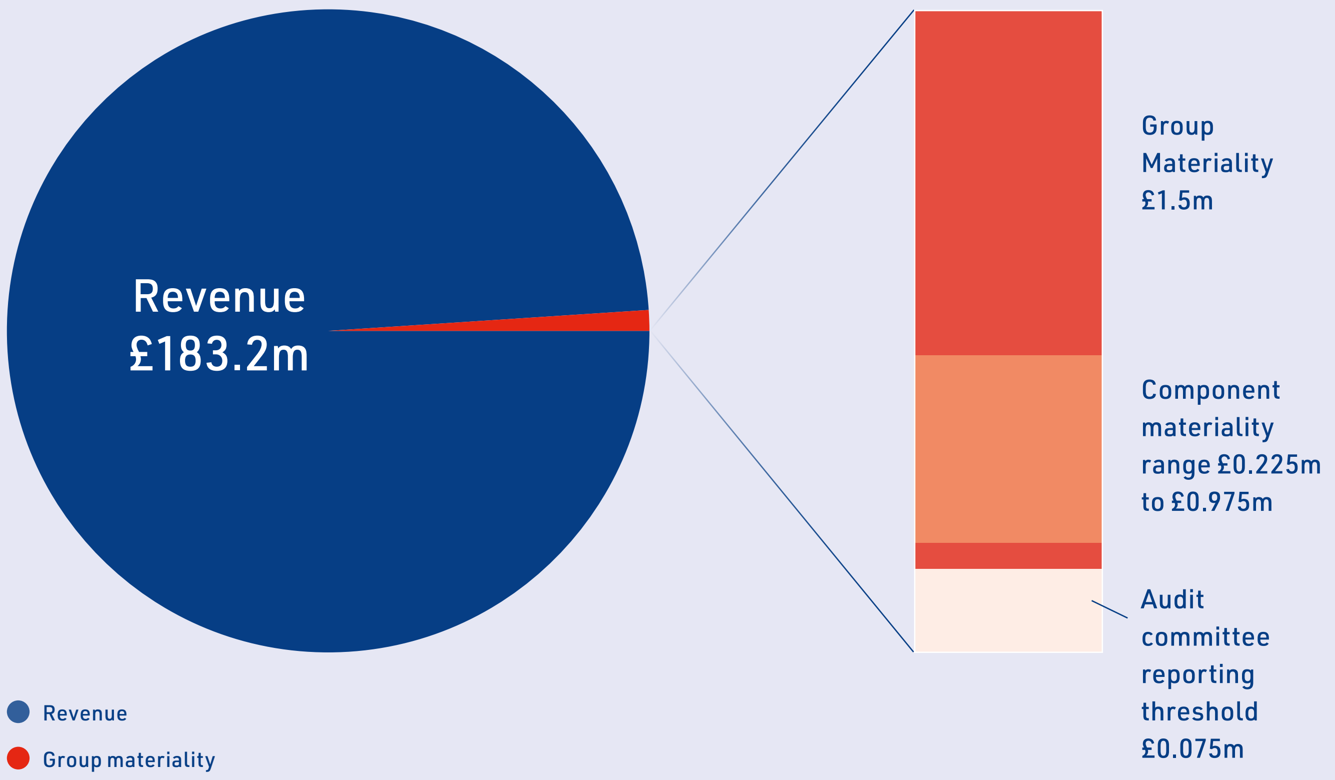
6. Our Application of Materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	Group financial statements	Parent company financial statements
Materiality	£1.5m (2018: £1.4m)	£0.8m (2018: £0.8m)
Basis for determining materiality	0.85% of group revenue for the period (2018: 1.1% of group revenue for the year)	1% of net assets (2018: 1% of net assets)
Rationale for the benchmark applied	Revenue generated by the group indicates its ability to generate returns on assets employed and is an indication of the effectiveness of the group's commercial policy.	The Parent company holds the investment in all trading entities of the group, and does not trade.



6.2. Performance Materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. group performance materiality was set at 70% of group materiality for the FY20 audit (2018: 70%). In determining performance materiality, we considered the following factors:

a. Our assessment of the company's overall control environment
b. Low volume of corrected and uncorrected misstatements in the previous audit

6.3. Error Reporting Threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £75k (2018: £70k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An Overview of the Scope of Our Audit

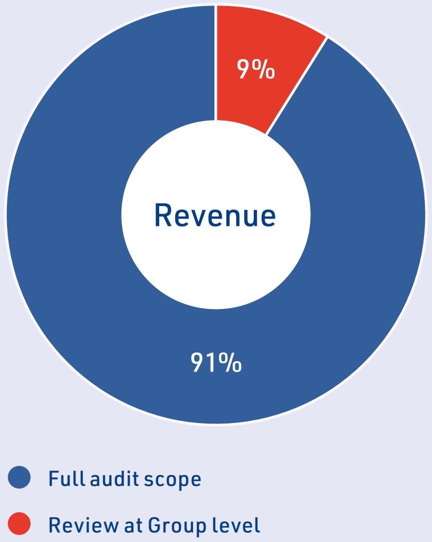
7.1. Identification and Scoping of Components

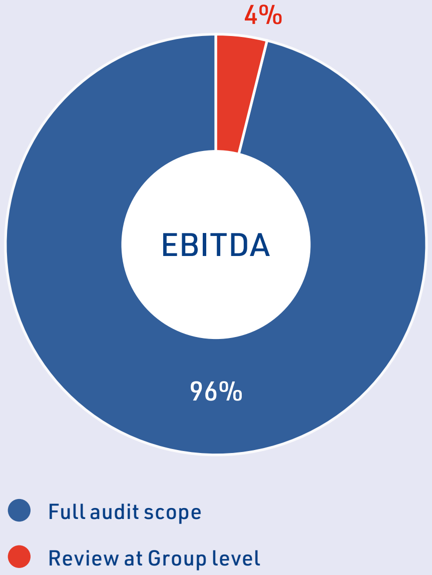
The group operates through a number of legal entities which form reporting components based on geographical location. Audits were performed over significant components, representing 91% of group revenue (2018: 93%), 96% of EBITDA (2018: 91%), and 94% of total assets as at year end (2018: 89%).

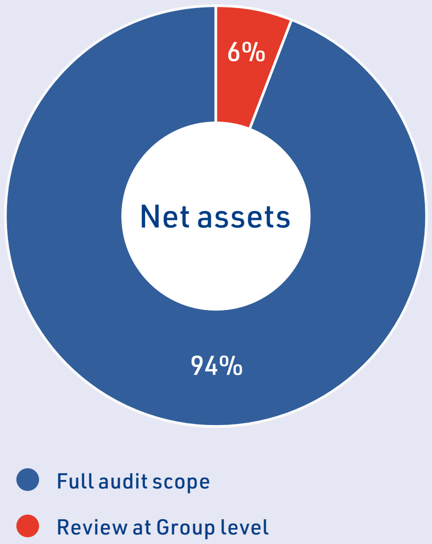
We focused our group audit scope on components based in the following locations, with component materiality ranging between £225,000 to £975,000 (2018: £210,000 to £980,000). The locations were the same in 2018:

- UK
- US
- UAE

At the parent company level we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit.







Independent Auditor's Report

7.2. Working with Other Auditors

The work on all components was performed by the component auditors based in each location under the direction and supervision of the group engagement partner. The emergence of Covid-19 prevented visits being made to the component auditors, in order to review their files. Instead, telephone conference meetings were held with the local auditors covering planning, fieldwork and completion. In the course of the audit we held frequent calls to discuss and challenge the audit approach adopted, and discuss areas of importance in line with our instructions. In addition, we reviewed their detailed clearance memos, covering the procedures performed and results of these procedures.

8. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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.

10. 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

11. Opinions on other Matters Prescribed by the Companies Act 2006

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
- 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 the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' Report.

12. Matters on which we are Required to Report by Exception

12.1. Adequacy of Explanations Received and Accounting Records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit
- 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
- The parent company financial statements are not in agreement with the accounting records and returns

We have nothing to report in respect of these matters.

12.2. Directors' Remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

13. Use of our Report

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Dodworth
Senior statutory auditor

For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

2 July 2020

Consolidated Income Statement

for the 15 Month Period Ended 31 March 2020

	Note	15 months to 31 March 2020 £m		Year ended 31 December 2018 £m	
REVENUE	2	183.2		135.0	
Cost of sales	3, 4	(127.8)		(93.2)	
GROSS PROFIT		55.4		41.8	
Administrative expenses	3, 4	(75.0)		(41.8)	
OPERATING LOSS		(19.6)		-	
Analysed as:					
Earnings before interest, tax, depreciation, exceptional items, acquisition costs, share option costs and amortisation (adjusted EBITDA)			13.2		12.1
Depreciation Fixed Assets	4		(9.5)		(5.3)
Depreciation Right of Use Assets	4		(4.7)		-
Exceptional expenses	4		(17.5)		(5.4)
Acquisition costs	4		-		(0.8)
Share option costs	24		(0.3)		(0.2)
Intangible amortisation	4,10		(0.8)		(0.4)
			(19.6)		-
Finance costs	7	(3.4)		(1.6)	
LOSS BEFORE TAXATION		(23.0)		(1.6)	
Tax on loss on ordinary activities	8	0.1		(0.4)	
LOSS AFTER TAXATION		(22.9)		(2.0)	
Attributable to: Owners of the Company		(22.9)		(2.0)	
		(22.9)		(2.0)	
LOSS PER SHARE					
Basic pence per share	6	(15.0)		(1.6)	
Diluted pence per share		(15.0)		(1.6)	

Consolidated Statement of Comprehensive Income

for the Period Ended 31 March 2020

	15 months to 31 March 2020 £m	Year ended 31 December 2018 £m
LOSS FOR THE PERIOD	(22.9)	(2.0)
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS: Exchange differences on translation of foreign subsidiaries	(1.3)	0.5
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	(1.3)	0.5
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD	(24.2)	(1.5)
Total comprehensive loss attributable to: Owners of the company	(24.2)	(1.5)
	(24.2)	(1.5)

Consolidated Balance Sheet

as at 31 March 2020

	Note	31 March 2020 £m	31 December 2018 £m
NON-CURRENT ASSETS			
Goodwill and other intangibles	9, 10	39.4	57.9
Property, plant and equipment	11	52.6	47.3
Right-of-use assets	17	19.3	-
Trade and other receivables due after one year	14	0.9	0.5
		112.2	105.7
CURRENT ASSETS			
Inventories	13	7.8	5.9
Trade and other receivables	14	31.9	27.7
Cash and cash equivalents		5.8	7.5
		45.5	41.1
CURRENT LIABILITIES			
Trade and other payables	16	(24.8)	(18.5)
Bank overdraft		(0.3)	-
Borrowings	19	(4.4)	-
Current tax liability		-	(0.2)
Lease liabilities	17	(4.1)	(0.7)
Accruals		(13.9)	(8.6)
Deferred revenue		(9.0)	(8.8)
Deferred consideration		(0.9)	(2.3)
		(57.4)	(39.1)
NET CURRENT (LIABILITIES)/ASSETS		(11.9)	2.0
TOTAL ASSETS LESS CURRENT LIABILITIES		100.3	107.7
NON-CURRENT LIABILITIES			
Borrowings	19	(34.4)	(26.7)
Lease liabilities	17	(16.7)	(0.1)
Other creditors		(1.4)	(3.4)
Deferred consideration		-	(4.0)
Deferred tax liabilities	18	(1.3)	(1.5)
		(53.8)	(35.7)
NET ASSETS		46.5	72.0

	Note	31 March 2020 £m	31 December 2018 £m
EQUITY			
Share capital	21	1.5	1.5
Share premium account	22	78.5	78.2
Merger reserve	23	10.9	10.9
Share option reserve	24	0.6	0.3
Retranslation reserve		(2.3)	(1.0)
Retained earnings		(42.7)	(17.9)
TOTAL EQUITY		46.5	72.0

The financial statements of Arena Events Group Plc, (company registration number 10799086), were approved by the Board of Directors and authorised for issue on 2 July 2020.

S Trowbridge
Director

Signed on behalf of the Board of Directors

Company Balance Sheet

as at 31 March 2020

	Note	31 March 2020 £m	31 December 2018 £m
NON-CURRENT ASSETS			
Investments	12	1.0	1.0
Trade and other receivables due after one year	14	11.2	10.8
		12.2	11.8
CURRENT ASSETS			
Trade and other receivables	14	83.0	91.6
Cash and cash equivalents		1.2	-
		84.2	91.6
CURRENT LIABILITIES			
Trade and other payables	16	(3.1)	(2.7)
Borrowings	19	(2.1)	-
Accruals		(0.3)	(0.3)
		(5.5)	(3.0)
NET CURRENT ASSETS		78.7	88.6
TOTAL ASSETS LESS CURRENT LIABILITIES		90.9	100.4
NON-CURRENT LIABILITIES			
Borrowings	19	(23.2)	(13.7)
Intercompany loan	19	(4.9)	(0.8)
NET ASSETS		62.8	85.9
EQUITY			
Share capital	21	1.5	1.5
Share premium account	22	78.5	78.2
Merger reserve	23	1.1	1.1
Share option reserve	24	0.6	0.3
Retained earnings		(18.9)	4.8
TOTAL EQUITY		62.8	85.9

As permitted by Section 408 of the Companies Act 2006, the parent company's income statement has not been presented in these financial statements. The parent company's result for the financial year was a loss of £21.8m (2018: £1.3m). On 1 November 2019 a final dividend payment of £0.4m was paid at which time there were £3.9m of retained earnings. The financial statements of Arena Events Group Plc, (company registration number 10799086), were approved by the Board of Directors and authorised for issue on 2 July 2020.

S Trowbridge
Director

Signed on behalf of the Board of Directors

Consolidated Statement of Changes in Equity

for the 15 Month Period Ended 31 March 2020

Group	Share capital £m	Share premium £m	Merger reserve £m	Share option reserve £m	Retranslation reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
Balance at 31 December 2017	1.1	57.3	10.9	0.1	(1.5)	(14.1)	-	53.8
Loss for the period	-	-	-	-	-	(2.0)	-	(2.0)
Other comprehensive income:								
Translation of foreign Subsidiaries	-	-	-	-	0.5	-	-	0.5
Total comprehensive loss for the year ended 31 December 2018	-	-	-	-	0.5	(2.0)	-	(1.5)
Transactions with owners:								
Dividends paid	-	-	-	-	-	(1.8)	-	(1.8)
Issue of share capital	0.4	20.9	-	-	-	-	-	21.3
Share option reserve	-	-	-	0.2	-	-	-	0.2
Total transactions with Owners	0.4	20.9	-	0.2	-	(1.8)	-	19.7
Balance at 31 December 2018	1.5	78.2	10.9	0.3	(1.0)	(17.9)	-	72.0
Loss for the period	-	-	-	-	-	(22.9)	-	(22.9)
Other comprehensive loss:								
Translation of foreign Subsidiaries	-	-	-	-	(1.3)	-	-	(1.3)
Total comprehensive loss for the 15 months to 31 March 2020	-	-	-	-	(1.3)	(22.9)	-	(24.2)
Transactions with owners:								
Dividends paid	-	-	-	-	-	(1.9)	-	(1.9)
Issue of share capital	-	0.3	-	-	-	-	-	0.3
Share option reserve	-	-	-	0.3	-	-	-	0.3
Total transactions with Owners	-	0.3	-	0.3	-	(1.9)	-	(1.3)
Balance at 31 March 2020	1.5	78.5	10.9	0.6	(2.3)	(42.7)	-	46.5

Company Statement of Changes in Equity

for the 15 Month Period Ended 31 March 2020

Company	Share capital	Share premium	Merger reserve	Share option reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m
Balance at 31 December 2017	1.1	57.3	1.1	0.1	2.4	62.0
Profit for the period	-	-	-	-	4.2	4.2
Total comprehensive income for the year ended 31 December 2018	-	-	-	-	4.2	4.2
Transactions with owners:						
Dividends paid	-	-	-	-	(1.8)	(1.8)
Issue of share capital	0.4	20.9	-	-	-	21.3
Share option reserve	-	-	-	0.2	-	0.2
Total transactions with owners	0.4	20.9	-	0.2	(1.8)	19.7
Balance at 31 December 2018	1.5	78.2	1.1	0.3	4.8	85.9
Loss for the period	-	-	-	-	(21.8)	(21.8)
Total comprehensive loss for the 15 month to 31 March 2020	-	-	-	-	(21.8)	(21.8)
Transactions with owners:						
Dividends paid	-	-	-	-	(1.9)	(1.9)
Issue of share capital	-	0.3	-	-	-	0.3
Share option reserve	-	-	-	0.3	-	0.3
Total transactions with owners	-	0.3	-	0.3	(1.9)	(1.3)
Balance at 31 March 2020	1.5	78.5	1.1	0.6	(18.9)	62.8

Consolidated Statement of Cash Flows

for the 15 Month Period Ended 31 March 2020

	Note	15 months to 31 March 2020	Year ended 31 December 2018
		£m	£m
NET CASH FROM OPERATING ACTIVITIES	29	10.6	7.0
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in business combinations, net of cash acquired		-	(18.8)
Proceeds on disposal of property, plant and equipment		0.4	0.5
Purchases of property, plant and equipment		(15.5)	(11.3)
NET CASH USED IN INVESTING ACTIVITIES		(15.1)	(29.6)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in borrowings		10.8	21.7
Repayment of borrowings		(0.5)	(13.0)
Lease payments		(5.1)	(0.6)
Proceeds on issue of shares net of costs		0.3	21.3
Proceeds on issue of shareholder loan notes		2.0	-
Payment of loan note interest		-	(1.4)
Deferred consideration paid		(2.7)	(0.5)
Dividend paid	33	(1.9)	(1.8)
NET CASH GENERATED FROM FINANCING ACTIVITIES		2.9	25.7
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1.6)	3.1
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		7.5	4.3
Effect of foreign exchange rate changes		(0.1)	0.1
CASH AND CASH EQUIVALENTS AT END OF YEAR		5.8	7.5

Company Statement of Cash Flows

for the 15 Month Period Ended 31 March 2020

	Note	15 months to 31 March 2020 £m	Year ended 31 December 2018 £m
NET CASH USED IN OPERATING ACTIVITIES	32	(0.1)	(1.6)
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend received		-	5.5
Lending to subsidiaries		(8.5)	(33.0)
NET CASH GENERATED FROM INVESTING ACTIVITIES		(8.5)	(27.5)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in borrowings		9.4	14.4
Repayment of borrowings		-	(4.8)
Proceeds on issue of shares		0.3	21.3
Proceeds on issue of shareholder loan notes		2.0	-
Dividend paid	33	(1.9)	(1.8)
NET CASH GENERATED IN FINANCING ACTIVITIES		9.8	29.1
NET INCREASE IN CASH AND CASH EQUIVALENTS		1.2	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR		1.2	-

Lending to subsidiaries was classified in prior year as a financing activity and is now being presented in investing activities.

Notes to the Financial Statements

for the 15 Month Period Ended 31 March 2020

1. Principal Accounting Policies

Basis of Preparation

The principal accounting policies of the company are set out below. The accounting policies have all been applied consistently in the consolidated financial statements, with the exception of the adoption of IFRS 16 in the current year.

The financial statements presented cover the fifteen month period ended 31 March 2020 and the year ended 31 March 2018.

Arena Events Group plc (the company) is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The consolidated financial statements of Arena Events Group Plc are available from the registered office at 4 Deer Park Road, London SW19 3GY.

The principal activities of the company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 1.

The financial statements have been prepared for Arena Events Group Plc and its subsidiaries (referred to as "the Group").

The financial statements are prepared in accordance with applicable IFRS including standards and interpretations issued by the International Accounting Standards Board as adopted by the EU and in accordance with Article 4 of the IAS Regulation. The financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies.

The preparation of the financial statements requires estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If, in the future, such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

Basis of Consolidation

The consolidated financial statements include the results of the Company and all its subsidiary undertakings made up to the same accounting date. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation. The results of subsidiary undertakings acquired or disposed of during the period are included or excluded from the consolidated income statement from the effective date of acquisition or disposal.

Notes to the Financial Statements

Going Concern

In considering going concern of the Group, the Directors have reviewed the cash requirements of the Group reflecting the impact of COVID-19 and the expectation that it will take some time for the global events market to return to normal.

The Group has taken actions in order to protect liquidity including increasing debt facilities and initiating very significant cost reduction programmes. The Board also notes the recent successful equity raising and the active engagement of our two largest shareholders who now own just under 50% of the Group's equity.

Management believe that the structural changes made to the business and the reduced cost base will result in increased operational leverage and margins when revenue starts to recover.

The Group raised £9.5m (gross proceeds) from its existing shareholders in April 2020 and has recently agreed an additional £4.75m overdraft facility from its main lender. In the light of the uncertainty and disruption to the market in which the Group operates caused by the COVID-19 pandemic, in June 2020 the Group also obtained a waiver from its main lender for covenant testing at June 2020 and September 2020 and remains in discussions regarding a revised basis for testing in December 2020 and beyond as the market recovers. The viability assessment also assumes the refinancing of the Group's debt facility prior to its expiry in October 2022 with no changes to the terms of the agreement.

The Group has prepared three views of future performance – a low; a mid; and an upside case. Each of these is built on detailed bottom-up forecasts for the FY21 period. In light of the COVID-19 pandemic and the impact on the Group's visibility of trading in subsequent years, the Directors have used high-level assumptions for these periods, based around the pace of recovery relative to 2019 levels of activity.

The Group's mid-case scenario is modelled on the assumption that from early 2021 onwards global event markets gradually return to normal and that there are no further significant lockdowns. The mid-case also forms the basis for all goodwill impairment reviews and work to support the going concern review, with the low and upside cases representing downside and high sensitivities respectively. The Board has reviewed management's `low case` scenario which assumes further COVID-19 related disruption to the global event market and this showed the Group remains reliant on additional support in order to maintain the necessary liquidity.

Based on the existing covenant structure, under both the mid and low-case scenarios the December 2020 to June 2021 tests would not be passed, however, the Group would have sufficient headroom under the upside case. As such, the Group would require the continuing support or waivers from the bank in the mid and low-case scenario. The Directors have no reason to believe that such support will not be available, and positive discussions with the Group's main lending bank are ongoing, including seeking access to additional funding under a CLBILS facility.

Based on the assessment outlined above which has been considered and reviewed by the Board the Board has a reasonable expectation that the Group has access to sufficient liquidity for the foreseeable future and that the financial statements for the fifteen months to 31 March 2020 should be prepared on a going concern basis. However there remains a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

Application of New and Revised Standards

New and Amended IFRS Standards that are Effective for the Current Year

In the current year, the Group has applied IFRS 16 Leases (as issued by the IASB 2016) that is effective for periods that begin on or after January 2019.

IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below with the financial impact of the initial application of IFRS 16 is detailed in note 17.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has applied IFRS 16 using the modified retrospective approach, with no requirement to restate comparative information.

a. Impact of the New Definition of a Lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

b. Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. The Group did not have any lessor arrangements in place for the 15 month period to 31 March 2020.

IFRIC 23 Uncertainty Over Income Tax Treatments

IFRIC 23 clarifies the accounting for uncertainties in income tax and is effective from 1 January 2019. There has been no impact on the Group's financial statements as a result of the adoption of IFRIC 23.

New and Amended IFRS Standards that are in Issue but not Effective Yet

At the date of authorisation of these financial statements, The Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts
IFRS 10 Consolidated Financial Statements and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

Notes to the Financial Statements

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Revenue Recognition

The Group recognises revenue in line with IFRS 15 Revenue from Contracts with Customers.

The Group is contracted to provide temporary seating, structures and interiors to its customers (Rental Hire). IFRS 15 has been applied to these contracts as the key obligations are design, installation and de-rig. Where there is a maintenance agreement revenue is recognised over time.

The Group's accounting policies for its revenue streams are disclosed in detailed below.

The core principle of IFRS 15 is that an entity should recognise revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The following revenue streams have been identified:

Rental hire	Where the obligations within a contract are for design, installation and de-rig, revenue is recognised when these obligations have been met based on an estimate of cost plus margin. Where there is a maintenance element to the contract the revenue is recognised over the time of the maintenance agreement based on an estimate of cost plus margin.
Capital sales	Revenue and profit will be recognised on handover at which point control is transferred to the customer. i.e no change to previous treatment.

Where the Group was contracted to provide temporary seating, structures and interiors (Rental Hire), on events that have either been cancelled or postponed due to the global outbreak of COVID-19 it has taken the follow approach to revenue recognition:

- On cancellation the Group will recognise revenue on the basis that all contractual obligations have been completed to the point of cancellation, unless otherwise specified within the original contract. The amount of revenue recognised will be based on cash collected at the date of cancellation plus any further amounts agreed with the customer as recoverable
- On postponement the Group recognise revenue based on work completed at the time of postponement based on percentage of an estimated total cost to complete each obligation plus a margin. The residual contract value will be recognised in line with IFRS 15 on recommencement of the contract

Foreign Currency Translation

During the year foreign currency transactions are translated using the exchange rate in operation on the date on which the transaction occurred. Any exchange gain or loss occurring as a result of a business transaction being settled at an exchange rate that differs from that used when the transaction was originally recorded is credited or charged to the profit and loss account.

On consolidation, foreign entities balance sheets and profit and loss are recorded using the closing rate method.

The functional currency for the Group's financial statements is GBP.

Goodwill

Goodwill is measured in line with IFRS 3 Business Combinations, being the excess of the sum of consideration transferred over the amounts of the acquired net assets.

Goodwill is not amortised but is reviewed for impairment on an annual basis. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Any impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

Customer Relationship Costs

Customer relationship costs are an estimated value attributed to key current customers acquired.

The intangible asset arising is being amortised on a straight line basis over 5 to 8 years from the date the new business assets went into service. This is based on the expected beneficial life of the key customer. The Directors consider this represents the useful economic benefit of the key customers acquired.

Development Costs

Development costs are calculated as those costs incurred to develop a new product to add to the businesses offering.

The intangible asset arising on development is being amortised on a straight line basis over 15 years from the date the new product went into service. The Directors consider 15 years to represent the useful economic benefit of the product.

Tangible Fixed Assets

Tangible fixed assets, which include assets acquired for hire, are capitalised at their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over their estimated useful economic lives as follows:

Hire equipment (metal)	Between 15 and 25 years
Hire equipment (non-metal)	Between 3 and 10 years
Plant and machinery	Between 2 and 7 years
Motor vehicles	Between 3 and 5 years
Fixtures and fittings	Between 3 and 6 years

Investments

Investments in subsidiary undertakings are stated at purchase cost of acquisition (including any incidental cost of acquisition), together with the amount of any long-term loans advanced to those undertakings.

Where, in the opinion of the Directors, there has been an impairment of the investments, appropriate provisions are made and charged to the profit and loss account.

Notes to the Financial Statements

Inventories

Raw materials are stated at the lower of cost and net realisable value. Raw material cost is determined on a first in first out basis. Provision is made where necessary for obsolete, slow moving and defective stocks.

Work in progress has been valued at the lower of cost and net realisable value and includes costs incurred on long term contracts. Costs include direct materials and direct labour only. Provided that the outcome of any material long-term contracts ongoing at the year-end can be assessed with reasonable certainty, attributable profit earned to date is recognised in the profit and loss account and work in progress is stated net of amounts transferred to cost of sales, net of payments received on account.

Non-Recurring and One-Off Items

During the year the Group reviews costs that are deemed to be one-off and non-recurring in nature. In order to provide an indication of the Group's underlying business these items are classed as exceptional and presented separately on the face of the income statement and detailed in note 4.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term bank deposits with maturity of three months or less, which are used by the Group in the management of its short-term commitments.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reserve, based on tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pension Costs

The Group contributes to various defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. Contributions to the schemes are charged to the profit and loss account in the year/period in which they are incurred.

Share-Based Payment Transactions

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date (note 24). The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the value of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest.

The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial Liabilities

Financial liabilities held by the Group are classified as other financial liabilities at amortised cost.

Related Party Disclosures

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation. Transactions between the group and its associates are disclosed in note 28.

COVID-19

The Group operates in a market based upon supporting mass gatherings at sports and music events, exhibitions, private and corporate meetings and other mass participation events. At the time of these financial statements it is unclear as to the effect of COVID-19 on such events. A prolonged period of social distancing or a reduction in the desire of attendees to travel could put the future of such events at risk.

The Group continues to engage with all event organisers to understand changing requirements and recovery plans where future events are cancelled or postponed.

The permanent cessation of such events would require the Group to reset its commercial offering and reduce its cost base and investment plans to maintain necessary levels of cash generation. This backdrop may also lead to a reduction in the number of competing suppliers.

The Group's products could provide additional flexibility to those seeking to operate within social distancing guidelines by temporarily increasing available areas that can be used.

Brexit

At the time of these financial statements there still remains uncertainty over the framework of the UK's departure from the EU at the end of 2020.

Whilst the Group considers that there could be an effect on judgements, estimates or assumptions following Brexit, the Group does not expect any change to be material.

In terms of supply chain, any impact is expected to be limited to the UKE Division. The key items detailed below are those that the management believes could have a potential impact on the Group results:

- Staffing: the introduction of controls on the freedom of movement of people may impact the availability of seasonal un-skilled labour. The Group has sought to maintain as much flexibility in the employment market as possible, identifying key roles and personnel and working to retain those individuals wherever possible
- Tariffs: the Group's exposure to European cross border trade remains limited and hence a changing structure of tariffs is unlikely to have a material impact. In general, the Group has both costs and revenues arising in local currencies providing a natural hedge

Critical Accounting Judgements

The preparation of the Group financial statements requires the use of certain judgements that affect the reported amounts of assets, liabilities, income and expenses. Judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Changes in accounting judgements may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information or more experience.

Exceptional Items

The Group applies judgement in identifying the significant non-recurring items of income and expense that are recognised as exceptional to help provide an indication of the Group's underlying business performance. These are detailed in note 4.

Key Sources of Estimation Uncertainty

The preparation of the Group financial statements requires the use of certain estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information or more experience.

Notes to the Financial Statements

Share Options and Other Equity Instruments

A Group share option scheme allows for options to be issued over ordinary shares, up to a maximum of 10% of the Company's ordinary shares in issue at the time of grant, over a ten year period. The option exercise price will usually be the mid-market price of the shares on the date of grant

The current share options in issue at 31 March 2020 were:

Option price pence	No Shares	Year of issue	Vesting dates		
0.550	3,558,182	2017	01-Jul-19	01-Jul-20	01-Jul-21
0.600	135,000	2018	01-Dec-19	01-Dec-20	01-Dec-21
0.680	1,505,000	2018	05-Oct-21	05-Oct-22	05-Oct-23
0.400	1,788,000	2019	01-Jul-22	01-Jul-23	01-Jul-24
0.185	100,000	2019	01-Oct-21	01-Oct-22	01-Oct-23
0.185	2,162,162	2019	16-Sep-22	16-Sep-23	16-Sep-24
	9,248,344				

Full details of the share options can be seen in note 24.

The Group uses the Black-Scholes model to value its share option awards. Certain judgement is required in terms of selecting the risk-free interest rate and standard deviation rate used. The charge for the current year is £0.3m which may increase or decrease with changes to these rates.

Risk free rates are based upon government bonds in issue at the time of option award. As at the 31 March 2020 the Share Option Reserve was £0.6m. If the risk free rate increased or decreased by 10% there would not be a material impact on the reserve.

Goodwill Impairment

The discounted cash flow methodology employed by the Group when testing for goodwill impairment requires judgements regarding revenue growth, operating margins, discount rates and working capital requirements. Further details of the methodology, discount rates, long-term growth rates used in relation to the goodwill impairment are set out in note 9.

Other estimates are applied by the Group which are evaluated on a continual basis but are not significant.

Useful Economic Life and Residual Value of Assets

The assessment of the useful economic life and residual value of the Group's fixed assets involves a significant amount of judgement based on historical experience with similar assets as well as anticipation of future events which may impact their useful life and residual value. Depreciation and amortisation for the other assumptions and judgements are applied by the Group which are evaluated on a continual basis but are not significant. Depreciation and amortisation for the fifteen month period is £9.5m and £0.8m respectively (2018: £5.3m and £0.4m). These amounts may increase/decrease based on the useful life.

2. Segment Reporting

The Group has three reportable segments; UK and Europe (UKE), Middle East and Asia (MEA) and Americas (US). For each of the three segments, the Group's chief operating decision maker (the "Board") reviews internal management reports on a monthly basis.

Information regarding the results of each reportable segment is included below. Any intercompany trading is recorded at arm's length and is eliminated on consolidation. Segment results before exceptional items are used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries.

15 month period ended 31 March 2020	UKE £m	MEA £m	US £m	Total £m
REVENUE				
Rental	56.7	57.0	61.2	174.9
Capital sales	3.4	1.2	3.7	8.3
TOTAL REVENUE	**60.1**	**58.2**	**64.9**	**183.2**
Gross profit				
Rental	14.2	18.8	18.7	51.7
Capital sales	0.8	0.3	2.6	3.7
TOTAL GROSS PROFIT	**15.0**	**19.1**	**21.3**	**55.4**
Administration expenses	(11.7)	(13.2)	(15.9)	(40.8)
SEGMENT RESULT	3.3	5.9	5.4	14.6
Central administrative expenses				(1.4)
Earnings before interest, tax, depreciation, exceptional items, acquisition costs, share option costs and intangible amortisation				13.2
RECONCILIATION OF SEGMENT RESULT TO LOSS BEFORE TAX **Segment result**				
Depreciation and amortisation				(10.3)
Right-of -use assets depreciation				(4.7)
Exceptional costs				(17.5)
Share option costs				(0.3)
Net finance expense				(3.4)
LOSS BEFORE TAX				(23.0)

Notes to the Financial Statements

Year ended 31 December 2018	UKE £m	MEA £m	US £m	Total £m
REVENUE				
Rental	52.2	26.4	49.4	128.0
Capital sales	2.0	2.1	2.9	7.0
TOTAL REVENUE	**54.2**	**28.5**	**52.3**	**135.0**
Gross profit				
Rental	12.6	9.9	16.1	38.6
Capital sales	0.6	0.4	2.2	3.2
TOTAL GROSS PROFIT	**13.2**	**10.3**	**18.3**	**41.8**
Administration expenses	(10.5)	(7.0)	(11.1)	(28.6)
SEGMENT RESULT	**2.7**	**3.3**	**7.2**	**13.2**
Central administrative expenses				(1.1)
Earnings before interest, tax, depreciation, exceptional items, acquisition costs, share option costs and intangible amortisation				12.1
RECONCILIATION OF SEGMENT RESULT TO LOSS BEFORE TAX Segment result				
Depreciation and amortisation				(5.7)
Exceptional costs				(5.4)
Acquisition costs				(0.8)
Share option costs				(0.2)
Net finance expense				(1.6)
LOSS BEFORE TAX				**(1.6)**

Segmental assets and/or liabilities are not presented as this information is not regularly provided to the chief operating decision maker.

Geographical Information

The Group's revenue from external customers by geographical location are as detailed below. Non-current assets (excluding, deferred tax assets, other financial assets and right-of-use assets) are situated: 43.0% UKE, 25.2% MEA and 31.8% US (2018: 48.6% UKE, 17.2% MEA and 34.2% US)

	15 months to 31 March 2020 £m	Year Ended 31 December 2018 £m
Analysis of revenue by geographical destination		
United Kingdom	56.1	50.4
Europe (excluding the United Kingdom)	1.1	3.5
North America	65.0	52.4
Middle East	42.9	18.1
Asia	18.1	10.6
	183.2	135.0

	15 months to 31 March 2020 £m	Year Ended 31 December 2018 £m
Analysis of revenue by type		
Rental and services	174.8	128.0
Capital sales	8.4	7.0
	183.2	**135.0**

3. Expenses by Nature

	15 months to 31 March 2020 £m	Year Ended 31 December 2018 £m
Employees remuneration and benefits	53.6	37.1
Changes in inventories of finished goods and work in progress	2.2	18.9
Transportation, carriage and packing	11.6	10.6
Depreciation and amortisation expenses	15.0	5.7
Bad debt write-off	1.1	0.2
Other expenses	119.3	62.5
	202.8	**135.0**

Notes to the Financial Statements

Other expenses include £17.5m (2018: £5.4m) of items exceptional in nature which have been disclosed separately on the face of the income statement in order to disclose underlying results. Neither 'adjusted EBITDA' nor 'exceptional items' are defined by IFRS however the Directors believe that the disclosures presented in this manner provide clear presentation of the financial performance of the Group.

The current year exceptional items are detailed in note 4.

4. Operating Profit

Group Operating Profit is Stated after Charging/(Crediting):

	Note	15 months to 31 March 2020 £m	Year Ended 31 December 2018 £m
Amortisation of intangible assets	10	0.8	0.4
Depreciation of property, plant and equipment:			
Tangible fixed assets	11	9.5	5.3
Right of use assets	17	4.7	-
Profit on disposal of fixed assets		(0.3)	(0.1)
Share option cost		0.3	0.2
Items of an exceptional nature:			
Restructuring costs		4.2	1.2
US legal costs and insurance recovery		(1.9)	4.2
Reduction of deferred consideration		(0.9)	-
Impairment of goodwill		16.1	-
Acquisition related costs		-	0.8
		32.5	12.0

Restructuring costs relate to restructuring that took place in: the Arena US operation; the UK Structures and Well-Dressed Tables business units; the Arena Exhibitions & Events Services division in Dubai; and, operations in a number of Asian markets (2018: UK and US). In addition, the impact of COVID-19 at the end of the period led to a detailed review of the carrying value of certain fixed and current assets and their subsequent impairment as their value in use is not expected to be fully recovered. A £16.1m impairment was also taken against the carrying value of goodwill on the UKE CGU driven by a revised trading outlook, in part due to COVID-19. These charges were partially offset by an insurance recovery relating to the settlement of the legacy DOJ case in the US (2018: US legal costs relate to the settlement of the Department of Justice law suit against Arena Event Services Inc and related legal fees) (note 26). There were no acquisition costs in the period, but a revised view on the level of deferred consideration payable on 2018 acquisitions, in the light of the outlook driven by COVID-19, gave rise to a credit from a reduction in provisions.

All costs shown as exceptional are considered to be one-off and are presented as exceptional items so as to provide an indication of the Group's underlying business.

Auditor's Remuneration

	15 months to 31 March 2020 £m	Year Ended 31 December 2018 £m
Fees payable to company's auditor for the audit of the company's annual accounts	0.1	0.1
Fees payable to the company's auditor for other services to the group:		
The audit of the company's subsidiaries	0.3	0.2
Total audit fees	0.4	0.3
Other taxation advisory	-	-
Other services	-	-
Total non-audit fees	**-**	**-**

Notes to the Financial Statements

5. Employee Information

The average monthly number of persons (including Executive Directors) employed by the Group during the period ended 31 March 2020 was:

	15 months to 31 March 2020 Number	Year Ended 31 December 2018 Number
Group – By activity		
Administration and finance	181	148
Sales and marketing	147	109
Technical support and maintenance	104	136
Warehouse, site, transport and distribution	924	612
	1,356	1,005

	Note	15 months to 31 March 2020 £m	Year Ended 31 December 2018 £m
Staff costs (for the above persons)			
Wages and salaries		49.1	33.7
Social security costs		3.8	2.8
Other pension costs	27	0.7	0.6
		53.6	37.1

	15 months to 31 March 2020 Number	Year Ended 31 December 2018 Number
Company – By activity		
Administration and finance	6	6
Sales and marketing	1	1
	7	7

	Note	15 months to 31 March 2020 £m	Year Ended 31 December 2018 £m
Staff costs (for the above persons)			
Wages and salaries		0.7	0.5
Social security costs		0.1	0.1
		0.8	0.6

6. Loss Per Share

	15 months to 31 March 2020 pence per share	Year Ended 31 December 2018 pence per share
Basic earnings per share		
Basic earnings per share from continuing operations	(15.0)	(1.6)
Diluted earnings per share		
Diluted earnings per share from continuing operations	(15.0)	(1.6)

Basic and diluted earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period.

The calculations of basic and diluted loss per share are:	15 months to 31 March 2020 £m	Year Ended 31 December 2018 £m
Loss for the period attributable to shareholders	(22.9)	(2.0)

Weighted average number of ordinary shares in issue:	2020 Number	2018 Number
Basic	152,673,573	131,650,300
Adjustment for share options	169,250	2,333,375
Diluted	152,842,823	133,983,675

Notes to the Financial Statements

7. Finance Costs (Net)

	15 months ended 31 March 2020 Group £m	15 months ended 31 March 2020 Company £m	Year ended 31 December 2018 Group £m	Year ended 31 December 2018 Company £m
Interest payable on bank loans and overdrafts	1.8	0.9	0.9	0.1
Interest receivable on intercompany loan notes	-	(0.4)	-	(0.2)
Finance charges payable under lease liabilities	1.1	-	0.1	-
Imputed interest on deferred consideration	-	-	0.1	-
Amortisation of bank refinance costs	0.5	0.3	0.5	-
	3.4	0.8	1.6	(0.1)

8. Tax on Loss on Ordinary Activities

	Note	15 months to 31 March 2020 £m	Year Ended 31 December 2018 £m
Current tax			
UK corporation tax on loss of the year		-	-
Adjustments in respect of prior year		-	-
		-	-
Overseas tax		0.2	0.4
Total current tax charge		0.2	0.4
Deferred taxation			
Origination and reversal of timing differences		(0.4)	(0.1)
Adjustments in respect of prior year		0.1	0.1
Effect of change in tax laws		-	-
Total deferred taxation credit	18	(0.3)	-
Tax credit on loss on ordinary activities		(0.1)	0.4

The tax assessed for the year is lower (2018: higher) than the standard rate of corporation tax in the UK of 19.0% (2018: 19%). The differences are explained below:

	15 months to 31 March 2020 £m	Year Ended 31 December 2018 £m
Loss on ordinary activities before taxation	(23.0)	(1.6)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(4.4)	(0.3)
Effects of:		
Expenses not deductible for tax purposes:	3.2	0.2
Overseas subsidiary not subject to UK taxation	0.3	0.1
Capital gains	0.3	-
Amounts not recognised	0.4	0.3
Adjustment in respect of prior year	0.1	0.1
Income tax (credit)/expense reported in the income statement	(0.1)	0.4

The UK corporation tax expense within these financial statements has been provided for at the rate of 19% (2018: 19%). On 17 March 2020 the Government enacted that the main rate of Corporation Tax would remain at 19% (effective 01 April 2020).

Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the balance sheet date and accordingly deferred tax has been recognised within these financial statements at 19% (2018: 17%).

Notes to the Financial Statements

9. Goodwill

	£m
Cost	
At 1 January 2018	34.2
Additions in the year	15.2
At 31 December 2018	49.4
At 1 January 2019	49.4
Additions in the period	0.3
Adjustments in the period	(1.9)
At 31 March 2020	47.8
Accumulated impairment losses	
At 31 December 2018	-
Impairment in the period	16.1
At 31 March 2020	16.1
Carrying amount	
At 31 March 2020	31.7
At 31 December 2018	49.4

Additions in the period of £0.3m relate to a fair value adjustment of the TGP Holdings assets during the year following acquisition. Adjustments in the period relate to a revised view on the level of deferred consideration payable on 2018 acquisitions in light of the outlook driven by COVID-19. The £1.9m adjustment is split: TGP Holdings £1.6m and Arena Stuart Rentals £0.3m.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. After impairment, the carrying amount of goodwill had been allocated as follows:

CGU	31 March 2020 £m	31 December 2018 £m
UKE	16.7	32.9
MEA	5.9	7.4
US	9.1	9.1
	31.7	**49.4**

The recoverable amounts of the CGUs are determined from the value in use calculations. The value in use calculations are based on a five-year forecast with a terminal value applied based on a long-term growth rate of 2% (2018: 2%).

The key assumptions are those regarding discount rates, growth rates and margin percentages during the period.

The analysis has been prepared against the backdrop of the COVID-19 pandemic, with the assumption that activity and revenue levels do not return to FY20 levels until FY24 (with the UKE being FY25 underpinned by the mature market it operates within). EBITDA % by FY25 is forecast to recover to be ahead of FY20 levels, in part driven by structural cost reduction programmes implemented within each division. By FY25 EBITDA margins are forecast to be at: US 10%, MEA 10% and UKE 8% (FY20: US 8%, MEA 8% and UKE 7%). Capex has been allowed at a rate of between 4% and 6% of revenue (2018: 3% to 6%).

The rates used to discount the CGU cash flows are a pre-tax discount rate derived from WACC of: UKE 9.5%, MEA 11.0% and US 9.0% (2018: UKE 10.0%, MEA 12.0% and US 11.3%).

The WACC calculation used the cost of equity based on the CAPM model using available market information in relation to the risk free rate, beta coefficient and equity risk premium. The main driver of the difference increased debt to equity proportions within the business.

The impairment review generated a Goodwill impairment of £16.1m in the UKE CGU, with the detrimental current and forecasted impact of the COVID-19 pandemic on the UKE CGUs cashflow generation the core driver. Management believe that the CGU can no longer support the current high level of Goodwill, which predominantly relates to acquisitions made prior to 2017, and therefore believe the adjustment is appropriate to reset the level of Goodwill within the CGU and the Group.

The Group has conducted a sensitivity analysis on the impairment test of the MEA and US CGUs. An increase in the applied discount rates (WACC) of 6% would not leave the carrying value of goodwill in excess of its recoverable amount for either CGU, with the hurdle rate being higher for the MEA CGU. In addition, adjusting long term growth rate % from 2% to 0% would also not trigger an impairment in the MEA or US CGUs.

Notes to the Financial Statements

10. Other Intangible Assets

Group	Customer relationships £m	Licence £m	Development costs £m	Total £m
Cost				
At 1 January 2018	0.5	-	0.3	0.8
Additions in the year	4.9	3.4	-	8.3
At 31 December 2018	5.4	3.4	0.3	9.1
At 31 March 2020	5.4	3.4	0.3	9.1
Accumulated amortisation				
At 1 January 2018	0.1	-	0.1	0.2
Amount charged to operating expense for the year	0.2	0.1	0.1	0.4
At 31 December 2018	0.3	0.1	0.2	0.6
At 1 January 2019	0.3	0.1	0.2	0.6
Amount charged to operating expense during the period	0.5	0.2	0.1	0.8
At 31 March 2020	0.8	0.3	0.3	1.4
Net book value				
At 31 March 2020	4.6	3.1	-	7.7
At 31 December 2018	5.1	3.3	0.1	8.5

Customer relationships is the amount attributed to the value of key current customer relationships (2018: various acquisitions). These are amortised on a straight-line basis between five and eight years from the date of acquisition. The licence relates to the TGP property in Dubai and is amortised on a straight-line basis over 18 years in line with term of the licence. Development expenditure is the amount incurred by Arena Seating in respect of the Clearview™ seating system. The intangible asset arising on development is being amortised on a straight-line basis of fifteen years from the effective date the new Clearview™ seating system went in to service. The company had no intangible assets (2018: nil).

11. Tangible Fixed Assets

Group	Buildings and leasehold improvements £m	Plant and machinery and hire equipment £m	Motor vehicles £m	Fixtures and fittings £m	Total £m
Cost					
At 1 January 2018	1.2	57.4	0.7	1.3	60.6
Foreign exchange	0.1	1.8	-	0.1	2.0
Additions	0.2	10.5	0.1	0.6	11.4
Acquisitions	2.4	3.4	0.5	0.4	6.7
Disposals	(0.1)	(1.5)	(0.1)	-	(1.7)
At 31 December 2018	3.8	71.6	1.2	2.4	79.0
Foreign exchange	-	(0.8)	-	(0.1)	(0.9)
Additions	0.9	13.9	0.1	0.6	15.5
Disposals	(0.1)	(1.8)	(0.1)	-	(2.0)
At 31 March 2020	4.6	82.9	1.2	2.9	91.6
Accumulated depreciation					
At 1 January 2018	0.5	24.7	0.4	1.0	26.6
Foreign exchange	-	1.0	-	0.1	1.1
Charge for the financial year	0.2	4.7	0.2	0.2	5.3
Disposals	(0.1)	(1.1)	(0.1)	-	(1.3)
At 31 December 2018	0.6	29.3	0.5	1.3	31.7
Foreign exchange	-	(0.3)	-	-	(0.3)
Charge for the period	0.4	8.2	0.3	0.6	9.5
Disposals	(0.1)	(1.7)	(0.1)	-	(1.9)
At 31 March 2020	0.9	35.5	0.7	1.9	39.0
Net book value					
At 31 March 2020	3.7	47.4	0.5	1.0	52.6
At 31 December 2018	3.2	42.3	0.7	1.1	47.3

Notes to the Financial Statements

The company holds no tangible fixed assets (2018: nil).

Included above are assets held under finance lease and hire purchase contracts as follows:

	Plant, machinery and hire equipment 31 March 2020	Plant, machinery and hire equipment 31 December 2018
	£m	£m
Net book value		
At 1 January	3.4	2.9
Additions in the period	1.1	-
Exchange movements	-	0.6
Depreciation charge for the period	(0.2)	(0.1)
At 31 March/December	4.3	3.4

12. Investments

	Shares in subsidiary undertakings
Company	**£m**
Cost and net book value	
At 1 January 2019 and 31 March 2020	**1.0**

The following information relates to the subsidiary undertakings of the Company as at 31 March 2020, all of which are incorporated in England except for Arena Events Limited and TGP Holdings Limited incorporated in the British Virgin Islands, Asia Tents Arena Sdn. Bhd. incorporated in Malaysia, Arena Event Services Inc. and Arena Stuart Rentals Inc. incorporated in the USA, Arena Ice BVBA incorporated in Belgium, Arena Hong Kong Limited and Ironmonger Limited incorporated in Hong Kong and Arena Event Services PTE incorporated in Singapore.

The Group had no fixed asset investments.

Name of Company	Percentage of ordinary shares held, %	Nature of business	Registered address
AES Arena Event Services Group Holdings Limited	100	Holding company	4 Deer Park Road, London, SW19 3GY, UK
AES Arena Event Services Holdings Limited	100*	Holding company	4 Deer Park Road, London, SW19 3GY, UK
Arena Ice BVBA	100**	Temporary ice rinks	Archimedesstraat 11 8400 Oostende, Belgium
Arena Event Services Inc.	100**	Temporary structures	c/o Corporations Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808
Arena Stuart Rentals Inc.	100**	Temporary structures	c/o Corporations Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808
WB Co (1402) Limited	100**	Holding company	4 Deer Park Road, London, SW19 3GY, UK
WB Co (1403) Limited	100***	Holding company	4 Deer Park Road, London, SW19 3GY, UK
Arena Event Services Group Limited	100****	Temporary seating and structures	Needingworth Industrial Estate, Needingworth Road, St. Ives, England, PE27 4NB
Richerbs Limited	100*****	Holding company	Needingworth Industrial Estate, Needingworth Road, St. Ives, England, PE27 4NB
Events Solution Limited	100******	Temporary barriers	272 Bath Street, Glasgow, G2 4JR
Ice House Rentals	100*****	Temporary cold storage	Needingworth Industrial Estate, Needingworth Road, St. Ives, England, PE27 4NB
Bash Bars Limited	100*****	Bar rental	Needingworth Industrial Estate, Needingworth Road, St. Ives, England, PE27 4NB
Arena Event Services PTE Limited	100*****	Temporary structures	35 Selegie Road, 09-14/15 Parklane Shopping Mall Singapore 188307
Arena Events Limited	100*****	Temporary structures	Al Quoz, PO Box 114384 Dubai
TGP Holdings	100*****	Exhibitions and Graphics	Al Barsha South, Office No, 1304, Level 13, PO Box: 65588, Dubai
Arena Gulf Events LLC	100*****	Temporary structures	Office # 110, Level 1, B1 Cubes Park ICT Mussafah, Abu Dhabi, United Arab Emirates

Notes to the Financial Statements

Name of Company	Percentage of ordinary shares held, %	Nature of business	Registered address
Asia Tents Arena SDN. BHD	100*****	Temporary structures	Lot 863, Jalan Subang 8, Taman Perindustrian Subang, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia
Arena Hong Kong Limited	100*****	Temporary structures	Room 902, Double Building, 22 Stanley Street, Central Hong Kong
Ironmonger Limited	100*****	Event services	Room 902, Double Building, 22 Stanley Street, Central Hong Kong

* indirect holding, owned by AES Arena Event Services Group Holdings Limited
** indirect holding, owned by AES Arena Event Services Holdings Limited
***indirect holding, owned by WB Co (1402) Limited
**** indirect holding, owned by WB Co (1403) Limited
*****indirect holding, owned by Arena Event Services Group Limited
******indirect holding, owned by Richerbs Limited

All subsidiaries of the Group are included within the Group accounts.

The following subsidiary companies are exempt from audit of their accounts under section 479A of the Companies Act 2006: Parent Undertaking Declaration of Guarantee.

Company	Registered number
AES Arena Event Services Group Holdings Limited	07889154
AES Arena Event Services Holdings Limited	07889158
WB Co (1402) Limited	06048687
WB Co (1403) Limited	06048693
Arena Event Services Group Limited	04069053
Richerbs Limited	03135217
Events Solution Limited	SC166370
Ice House Rentals Limited	09897650
Bash Bars Limited	04897990

13. Inventories

	Group 31 March 2020	Company 31 March 2020	Group 31 December 2018	Company 31 December 2018
	£m	**£m**	**£m**	**£m**
Consumables	1.7	-	1.7	-
Work in progress	6.1	-	4.2	-
	7.8	-	5.9	-

14. Trade and Other Receivables

	Group 31 March 2020	Company 31 March 2020	Group 31 December 2018	Company 31 December 2018
	£m	**£m**	**£m**	**£m**
Amounts due in less than one year				
Trade receivables – gross	24.6	-	21.6	-
Loss allowance	(1.4)	-	(0.3)	-
Trade receivables - net	23.2	-	21.3	-
Amounts due from other Group undertakings	-	83.0	-	91.6
Prepayments and accrued income	8.7	-	6.4	-
	31.9	83.0	27.7	91.6
Amounts due in more than one year				
Trade receivables	0.5	-	0.3	-
Amounts due from other Group undertakings	-	11.2	-	10.8
Prepayments and accrued income	0.4	-	0.2	-
	0.9	11.2	0.5	10.8
Total trade and other receivables	32.8	84.2	28.2	102.4

All of the other receivables and prepayment balances above are deemed to be current; the disclosures below relate only to the trade receivables balance.

The Directors review the recoverability of trade receivables and in line with IFRS 9 Financial Instruments, the Group applies the following provisions in line with the aging profile: current 1%, 60 – 90 days 2% and 90 days 4%.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. One customer accounts for 24.8% of the current trade receivable and was invoiced on 31 March 2020. There is no other one customer that accounts for more than 10% of the remaining trade receivables balance. Accordingly the Directors believe that there is no further credit provision risk required in excess of the allowance for doubtful debts.

Notes to the Financial Statements

15. Ageing of Past Due Trade Receivables

	31 March 2020	31 December 2018
Group	**£m**	**£m**
60-90 days	0.9	2.2
90+ days	6.0	2.5
Total past due trade receivables	6.9	4.7
Current	18.2	17.2
Total trade receivables	25.1	21.9
Movement in the allowance for doubtful debts		
Balance at start of the period	0.3	0.5
Bad debt write off	(0.2)	(0.4)
Increase in doubtful debt estimate	1.3	0.2
Balance at end of period	1.4	0.3

The Directors do not consider any of the trade receivables balances to be fully impaired, rather they are either in dispute or are only expected to be partially settled. Accordingly no ageing of impaired trade receivables is presented.

16. Trade and other Payables Falling Due within One Year

	Group 31 March 2020	Company 31 March 2020	Group 31 December 2018	Company 31 December 2018
	£m	**£m**	**£m**	**£m**
Trade creditors	16.1	0.4	14.9	0.2
Amounts due to other Group undertakings	-	2.5	-	2.5
Taxation and social security	0.8	-	0.2	-
Loan interest	0.4	0.2	-	-
Other creditors	7.5	-	3.4	-
	24.8	3.1	18.5	2.7

Trade Creditors

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.
The average credit period taken for trade purchases is 58 days (2018: 58 days). For most suppliers, no interest is charged on the trade payables. The group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

17. Leases

The Group reviewed the requirements of IFRS 16 Leases and elected to use the modified retrospective approach.

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. The Group assessed whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and where applicable has applied exemptions in relation to short-term leases (< 12 mths) and low-value items (<£5,000).

For short-term leases (lease term of 12 month or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Rates were calculated on a regional basis to be in line with CGUs but also to reflect access to bank borrowing at a regional level. The IBR was based on type of lease and length of term to provide a representative rate. IBRs applied were UKE 2.8%, MEA 3.8% and US 4.3%

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements.

The movements in the period ended 31 March 2020 were as follows:

Right-of-use Assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Notes to the Financial Statements

	Land and buildings £m	Plant and Machinery £m	Other £m	Total £m
Amounts recognised on transition				
01 January 2019	14.1	0.8	2.1	17.0
Additions	7.1	-	0.3	7.4
Disposals	(0.6)	-	-	(0.6)
31 March 2020	20.6	0.8	2.4	23.8
Depreciation				
01 January 2019	-		-	-
Charge for the period	3.6	0.3	0.8	4.7
Disposals	(0.6)	-	-	(0.6)
FX	0.3	-	0.1	0.4
31 March 2020	3.3	0.3	0.9	4.5
Net book value 01 January 2019	14.1	0.8	2.1	17.0
Net book value 31 March 2020	**17.3**	**0.5**	**1.5**	**19.3**

Lease Liabilities	Land and buildings £m	Plant and Machinery £m	Other £m	Total £m
01 January 2019	14.1	0.8	2.1	17.0
Additions	7.1	-	0.3	7.4
Interest expense	0.8	-	0.1	0.9
Disposal	(0.6)	-	-	(0.6)
Repayment of lease liabilities	(3.8)	(0.3)	(0.8)	(4.9)
31 March 2020	17.6	0.5	1.7	19.8

The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts charged to finance costs:

Group	15 month period to March 2020 £m
Continuing Operations	
Depreciation of right of use assets:	
Land & Buildings	3.6
Plant & Machinery	0.2
Other	0.9
Short-term lease expense	0.4
Low-Value lease expense	0.1
Charge to operating profit	**5.2**
Interest expense related to lease liabilities	0.9
Charge to profit before tax on loss	**6.1**

Lease liabilities recognised at 1 January 2019 were as follows:

Group	£m
Operating lease commitments at 31 December 2018	20.8
Short-term leases and leases of low-value assets	-
Discounted using the lessee's incremental borrowing rate at date of application	(3.8)
Finance lease liabilities recognised under IAS17 at 31 December 2018	1.3
	18.3

The maturity of lease liabilities at 31 March 2020 were as follows:

Group	15 month period to March 2020 £m
Financial year:	
2020/2021	4.1
2021/2022	3.4
2022/2023	2.3
2023/2024	1.6
2024/2025	1.6
Later years	11.0
Effect on discounting	(3.2)
Total discounted lease liability	**20.8**
Aged as:	4.1
Short-term lease liability	16.7
Long-term lease liability	**20.8**

Notes to the Financial Statements

18. Deferred Tax

	Accelerated capital allowances	Short term timing differences	Total
	£m	£m	£m
At 1 January 2018	(0.5)	0.1	(0.4)
Acquisitions	-	(1.0)	(1.0)
Charged to profit or loss	-	(0.1)	(0.1)
At 1 January 2019	(0.5)	(1.0)	(1.5)
Charged to profit or loss	0.2	-	0.2
At 31 March 2020	**(0.3)**	**(1.0)**	**(1.3)**

The company has a deferred tax asset of £0.1m (2018: £0.1m), in respect of short term timing differences. The Group has an unrecognised deferred tax asset of £1.7m (2018: £1.1m) in respect of UK tax losses carried forward, due to uncertainty over the level of future profitability across each UK company and therefore the usability of those losses. A deferred tax asset of £0.1m (2018: £0.1m) has been recognised on a group level in respect of those losses.

19. Bank and Other Borrowings

	Group 31 March 2020	Company 31 March 2020	Group 31 December 2018	Company 31 December 2018
	£m	£m	£m	£m
Revolving credit facility (AEG Plc)	23.7	23.7	14.4	14.4
Revolving credit facility (AES Inc.)	11.2	-	12.5	-
Revolving demand note (AES Inc)	2.3	-	-	-
Loan (TGP)	-	-	0.5	-
Shareholder loan	2.0	2.0	-	-
Shareholder loan note interest	0.1	0.1	-	-
Intercompany loan	-	4.9	-	0.8
	39.3	30.7	27.4	15.2
Less unamortised issue costs	(0.5)	(0.5)	(0.7)	(0.7)
	38.8	30.2	26.7	14.5

In February 2019 the HSBC facility (entered into in October 2018) was increased from £30.0m to £35.0m.

The HSBC facility includes senior term debt of £35.0m split into a revolving credit facility (RCF) of £30.0m (2018: revolving credit facility £30.0m) and an accordion loan of £5.0m (2018: £nil). At 31 March 2020 the Group had drawn £34.9m of the total facility (31 December 2018: £26.9m). Of the total £34.9m, £23.7m was drawn in GBP by AEG Plc (2018: £14.4m) and £11.2m was drawn in USD by AES Inc (2018: £12.5m). This debt was secured by fixed and floating charges over the assets of each of the entities within Group. The facility is available until December 2022.

In September 2019 Arena Event Services Inc entered into a $3.0m Revolving Demand Note with HSBC USA with a parent guarantee from Arena Events Group Plc. Interest rates were 1.2% above Prime or 2.45% above LIBOR for the applicable interest period. At 31 March 2020 $2.9m of the demand note had been drawn.

In November 2019 Arena Events Group Plc raised £2.0m from Lombard Odier Asset Management (being one of its shareholders) by way of a Loan Note Instrument. The loan notes carry a 5.0% interest rate capitalised on issue and have a final redemption date of 6 months following date of issue. The issuance of the loan notes fully complied with the HSBC facility agreement.

As at 31 March 2020 the Group's main banking facilities were with HSBC (2018: HSBC).

Total bank facility arrangement fees of £0.4m (2018: £0.5m) were amortised in the year.

Borrowings Interest Rates

The analysis of the borrowings is as follows:

	Weighted average interest rate	31 March 2020	Weighted average interest rate	31 December 2018
	%	£m	%	£m
Revolving credit facility (AEG Plc)	3.1%	23.7	2.5%	14.4
Revolving credit facility (AES Inc)	4.2%	11.2	3.7%	12.5
Revolving demand note (AES Inc)	4.3%	2.3	-	-
Loan (TGP)	-	-	9.3%	0.5
Shareholder loan	5.0%	2.0		
Unamortised bank amendment fees	-	(0.5)	-	(0.7)
Total borrowings	3.6%	38.7	3.2%	26.7

The above table does not include the capitalised shareholder loan note interest.

Maturity of financial liabilities	Group 31 March 2020	Company 31 March 2020	Group 31 December 2018	Company 31 December 2018
	£m	£m	£m	£m
Less than one year	4.4	2.1	-	-
Between two and five years	34.9	28.6	27.4	14.4
Greater than five years	-	-	-	--
	39.3	30.7	27.4	14.4
Less unamortised issue costs	(0.5)	(0.5)	(0.7)	(0.7)
	38.8	**30.2**	**26.7**	**13.7**

Notes to the Financial Statements

Group

Reconciliation of liabilities arising from financing activities	As at 31 December 2018	Financing Cash flow	Other movements	Exchange movements	As at 31 March 2020
	£m	**£m**	**£m**	**£m**	**£m**
Revolving credit facility (AEG Plc)	14.4	9.3	-	-	23.7
Revolving credit facility (AES Inc.)	12.5	(1.7)	-	0.4	11.2
Revolving demand note (AES Inc)	-	2.3	-	-	2.3
Shareholder loan notes	-	2.0	0.1	-	2.1
Other loans	0.5	(0.5)	-	-	-
Total liabilities from financing activities	27.4	11.4	0.1	0.4	39.3

The table above shows changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

Company

Reconciliation of liabilities arising from financing activities	As at 31 December 2018	Financing Cash flow	Other movements	Exchange movements	As at 31 March 2020
	£m	**£m**	**£m**	**£m**	**£m**
Revolving credit facility (AEG Plc)	14.4	9.3	-	-	23.7
Shareholder loan notes	-	2.0	0.1	-	2.1
Loans from group undertakings	0.8	4.1	-	-	4.9
Total liabilities from financing activities	15.2	15.4	0.1	-	30.7

20. Financial Instruments

	Group 31 March 2020	Group 31 December 2018
	£m	**£m**
Categories of financial instruments		
Cash and short-term deposits	5.8	7.5
Trade and other receivables: amounts falling due within one year	31.9	21.7
Trade and other receivables: amounts falling due after more than one year	0.9	0.5
Trade and other payables: amounts falling due within one year	(16.9)	(15.1)
Bank overdrafts and bank loans	(39.1)	(26.7)
	(17.4)	**(12.1)**

Financial instruments detailed above are recorded on an amortised cost basis.

Carrying Value of Financial Assets

As noted in note 15 the Directors do not believe any of the trade receivables to be impaired. A significant decrease in the net assets and trade of the owing company or a decline in the financial position of customers would trigger an impairment review.

Interest Rate Sensitivity Analysis

If interest rates on all borrowings had been 0.5% (2018: 0.5%) higher/lower and all other variables were held constant, the Group's profit for the 15 month period 31 March 2020 would decrease/increase by £0.2m (2018: £0.1m).

This has been calculated by applying the amended interest rate to the weighted average rate of borrowings for the 15 month period to 31 March 2020, other than borrowings which are held at a fixed interest rate as those borrowings are not sensitive to external variables, such as movement in interest rates.

Maturity of Financial Liabilities

The maturity of borrowings is included in note 19. Intercompany balances have no fixed repayment date. All other financial liabilities are expected to mature within six months of the year-end. The Directors consider that the carrying amount of the other financial liabilities is approximate to their fair value.

Notes to the Financial Statements

As at 31 March 2020 Consolidated Group	Less than 1 year £m	2 – 5 years £m	More than 5 years £m
Inventories	7.8	-	-
Trade and other receivables	31.9	0.9	-
Trade and other payables	(24.8)	(1.4)	-
Bank overdraft	(0.3)	-	-
Borrowings	(4.4)	(34.4)	-
Lease liabilities	(4.1)	(7.5)	(9.2)
Accruals	(13.9)	-	-
Deferred revenue	(9.0)	-	-
Deferred consideration	(0.9)	-	-

As at 31 December 2018 Consolidated Group	Less than 1 year £m	2 – 5 years £m	More than 5 years £m
Inventories	5.9	-	-
Trade and other receivables	27.7	0.5	-
Trade and other payables	(18.5)	(3.4)	-
Borrowings	-	(26.7)	-
Lease liabilities	(0.7)	(0.1)	-
Accruals	(8.6)	-	-
Deferred revenue	(8.8)	-	-
Deferred consideration	(2.3)	(4.0)	-

Credit Risk

In the opinion of the Directors, the only financial instrument that is subject to credit risk is the trade receivables. The Directors believe that the bad debt provision as disclosed in note 15 represents the Directors' best estimate of the maximum expected exposure to credit risk at period-end. In order to minimise credit risk all new customers to whom credit is granted are checked through a credit rating company. Trade receivables aging is reviewed as part of the overall cash management process. Any potential risks are highlighted and sanctions taken where appropriate.

Fair Value of Financial Instruments

In the opinion of the Directors, the fair value of the financial assets and liabilities are equal to their book values.

Liquidity Risk Management

The Directors believe that the receivables are not impaired and that the customers with outstanding balances have sufficient net assets to repay the balances. Any potential liquidity risk is kept to a minimum by the use of continual cash flow forecasting and evaluation.

Capital Risk Management

As stated in the Directors' Report, the Directors believe that the group is cash generative and self-sufficient and does not require additional external finance. The borrowings were taken out for acquisition purposes, not working capital funding. The Directors maintain detailed cash forecasts which are frequently revised to actuals to ensure that the Group has sufficient liquid resources to meet its requirements. The capital structure of the Group consist of debt as described in note 19, cash and cash equivalents and equity attributable to equity holders of the parent.

Foreign Currency Financial Assets and Liabilities

Included within the above table are £46.7m (2018: £77.9m) of assets and £27.4m (2018: £62.1m) of liabilities relating to the overseas subsidiaries which have been translated in the consolidation at the period-end rate. These balances are subject to movements in exchange rates, as shown in the statement of changes in equity. The Directors do not believe the risk is significant enough to warrant hedging against the investments in overseas companies.

Also included within the above table are foreign currency denominated external trade payables and receivables of £11.1m (2018: £17.3m) and £18.7m (2018: £8.9m) respectively.

The table below shows the Group's sensitivity to changes in foreign exchange rates on its financial instruments denominated in foreign currencies.

Foreign Currency Financial Assets and Liabilities	As at 31 March 2020 £m	As at 31 December 2018 £m
10% appreciation of the above foreign currencies	1.8	0.9
10% depreciation of the above foreign currencies	(2.1)	(0.9)

This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the period. The analysis assumes that all other variables remain constant.

21. Share Capital

Group and company	Group 31 March 2020 £m	Company 31 March 2020 £m	Group 31 December 2018 £m	Company 31 December 2018 £m
Authorised, allotted and issued				
152,710,833 fully paid ordinary shares of £0.01 each (2018: 151,910,833)	1.5	1.5	1.5	1.5

Notes to the Financial Statements

Authorised share capital is unlimited.

As at the end of 31 March 2020 there were 152,710,833 (31 December 2018: 151,910,833) ordinary shares at £0.01 in issue resulting in £1.5m share capital and £78.5m of share premium. All shares carry equal rights.

In the period ended 31 March 2020 the following issues of £0.01 ordinary shares were made:

18 April 2020, 800,000 shares at £0.385 were issue as 25% settlement of the deferred consideration that arose on the acquisition of assets from Stuart Rentals in 2018.

In 2018 the following issues of £0.01 ordinary shares were made:

1. January 2,513,541 shares at £0.55 to Greg Lawless (this relates to £1.4m of loan note interest repaid and re-invested in the Group)
2. June 726,000 shares at £0.62 as part consideration of Events Solution Ltd
3. July 333,333 shares at £0.60 as part consideration for Ironmonger Ltd
4. September 33,333,334 shares at £0.60 to fund the acquisition of the assets of Stuart Rentals and the shares of TGP Holdings
5. October 364,675 shares at £0.60 as part consideration for TGP Holdings

22. Share Premium Account

The share premium reserve movement in the year is a result of the premium arising on the issued of the equity shares detailed in note 21, (2018: detailed in note 21 net of issue expenses incurred by the company of £1.0m).

	Group 31 March 2020	Company 31 March 2020	Group 31 December 2018	Company 31 December 2018
	£m	£m	£m	£m
Balance	78.5	78.5	78.2	78.2

23. Merger Reserve

The movement on the merger reserve is as set out in the consolidated statement of changes in equity. There was no movement in 2020. The merger reserve was created as an effect of reverse acquisition accounting on creation of Arena Events Group Plc in July 2017.

24. Share Option Reserve

	Group	Company
	£m	£m
At 1 January 2019	0.3	0.3
Share option provision	0.3	0.3
At 31 March 2020	0.6	0.6

The share option reserve represents the expected cost to the group to satisfy the Group's share option scheme. The Black Scholes method was used to determine the value of the charge to the share option reserve.

A Group share option scheme allows for options to be issued over ordinary shares, up to a maximum of 10% of the Company's ordinary shares in issue at the time of grant, over a ten year period. The option exercise price will usually be the mid-market price of the shares on the date of grant.

2019/20: Three option awards were made during the period. The first option awards had an exercise price of 40 pence per share, no performance conditions and vest equally after two, three and four years from the date of grant subject to the following conditions: award is subject to the Adjusted Earnings per share for the Group (Adjusted EPS) as calculated on a consistent basis by the Group's primary broker having increased by a total amount over the period in excess of 10% per annum. The base figure for this calculation being the FY18 Adjusted EPS of 3.7 pence; and the figure on the testing date will be the figure for FY22 (the year to 31 March 2022). If the compound growth is in excess of 10% per annum the award will vest in full. If the compound growth is below 8% per annum the award will be fall away. In between these two levels an adjusted number of options awarded will vest on a straight-line pro rata basis. The total number of shares under this option award as at 31 March 2020 were 1,788,000. These options are vesting in three equal amounts of 596,000 on 1 July 2022, 2023 and 2024. The second option awards had an exercise price of 18.5 pence per share, no performance conditions and shall vest equally after three, four and five years from the date of grant. The total number of shares under this option award as at 31 March 2020 were 100,000. These options are vesting in three equal amounts of 33,333 on 1 October 2022, 2023 and 2024. The third option awards had an exercise price of 18.5 pence per share, no performance conditions and shall vest equally after three, four and five years from the date of grant. The total number of shares under this option award as at 31 March 2020 were 2,162,162. These options are vesting in three equal amounts of 720,721 on 16 September 2022, 2023 and 2024.

2018: Two option awards were made during the year. The first option awards had an exercise price of 60 pence per share, no performance conditions and vest equally after two, three and four years from the date of grant. The total number of shares under this option award as at 31 March 2020 were 135,000 (31 December 2018: 135,000). These options are vesting in three equal amounts of 45,000 on 1 December 2020, 2021 and 2022. The second option awards had an exercise price of 68 pence per share and shall vest equally after three, four and five years subject to the following conditions: 75% of the awards are subject to EPS performance conditions, measured over a three year performance period; with the balance of 25% being at the discretion of the Remuneration Committee, based on its judgement of the successful integration of acquisitions closed during the period. To the extent that the performance conditions are not satisfied, the relevant part of the awards shall lapse. During the year 520,000 option awards lapsed due to the option holders leaving the Group. The total number of shares under this option award as at 31 March 2020 were 1,505,000 (31 December 2018: 2,025,000). These options are vesting in three equal amounts of 675,000 on 5 October 2022, 2022 and 2023.

2017: Option awards were made in July 2017 with an exercise price of 55 pence per share. These initial option awards have no performance conditions and vest equally after two, three and four years from the date of grant. During the year 1,361,818 option awards lapsed due to the option holders leaving the Group. The total number of shares under this option award as at 31 March 2020 were 3,558,182 (31 December 2018: 4,920,000).

25. Capital Commitments

There are no amounts contracted for but not provided in the financial statements for the Group and for the Company (2018: nil).

Notes to the Financial Statements

26. Contingent Liabilities

The Group has contingent liabilities in relation to its US division (2018: In relation to its US Division). AES Inc agreed a settlement with the United States' Attorney's Office for the Southern District of Georgia to resolve the US government's investigation of AES Inc (the "Settlement"). The Settlement includes the payment by AES Inc of $4.8 million in equal instalments over five years (being $960,000 per annum), the second payment made early 2020. In addition, there is the potential for additional contingent payments of $600,000 per year in any of the five years, 2018 to 2022, if certain financial hurdles are exceeded. These hurdles are AES Inc achieving revenue greater than $150 million or net profits greater than $2.5 million The contingent payment was not triggered in the twelve months to 31 December 2019 (2018: none).

Given the uncertainty of future financial performance of AES Inc, no provision has been made for the four future potential contingent payments.

27. Pension Commitments

Group

The Group operates various defined contribution pension schemes, the assets of which are held separately from those of the Group in independently administered funds. The Group incurs further costs in contributions to employees' own schemes. The cost of contributions to the defined contribution schemes amounts to £0.7m (2018: £0.6m) in the period.

Company

The Company operated a pension scheme in 2020 and the cost of contributions to the defined contribution scheme amounted to £35,000 (2018: £25,000).

28. Related Party Transactions

Remuneration of Key Management Personnel

The remuneration of key management personnel of the Group, is set out below in aggregate for each of the relevant categories specified in IAS24 Related Party Disclosures:

Of the key management personnel, four have retirement benefits accruing under money purchase pension schemes (2018: three). Included in the numbers below short term employee benefits of £0.7m (2018: £0.6m) and share options of £nil (2018: £0.1m) relate to the Company.

	15 months to 31 March 2020	Year ended 31 December 2018
	£m	£m
Short-term employee benefits	1.6	1.3
Share options	-	0.1
	1.6	1.4

29. Net Cash Flow from Operating Activities

Group	Note	15 months to 31 March 2020	Year ended 31 December 2018
		£m	£m
Operating loss for the year		(19.6)	-
Adjustments for:			
Depreciation of property, plant and equipment	11	9.5	5.3
Depreciation of right-of-use assets	17	4.7	-
Impairment of goodwill		16.1	-
Amortisation of intangible assets	10	0.9	0.4
Deferred consideration		(1.2)	-
Gain on disposal of property, plant and equipment	4	(0.3)	(0.1)
Share option costs		0.3	0.2
(Decrease)/increase in provisions		(0.9)	3.4
Operating cashflows before changes in working capital		9.5	9.2
Increase in inventories		(2.0)	(0.1)
Increase in receivables		(5.3)	(10.0)
Increase in payables		10.7	9.4
Cash generated by operations		12.9	8.5
Bank and finance lease interest paid		(1.7)	(0.8)
Loan note interest paid		(0.1)	-
Other finance charges		(0.2)	(0.5)
Corporation tax		(0.3)	(0.2)
Net cash inflow from operating activities		10.6	7.0

30. Cash and Cash Equivalents

	31 March 2020	31 December 2018
	£m	£m
Cash and bank balances	5.8	7.5
Bank overdrafts	(0.3)	-
	5.5	7.5

Notes to the Financial Statements

31. Analysis of Changes of Net Debt

Group	As at 31 December 2018	Cash flow	Exchange movements	Other non-cash changes	As at 31 March 2020
	£m	£m	£m	£m	£m
Cash in hand and at bank	7.5	(1.6)	(0.1)	-	5.8
Bank overdraft	-	(0.3)	-	-	(0.3)
Debt due within one year	-	(4.4)	-	-	(4.4)
Debt due after one year	(26.7)	(7.5)	(0.2)	-	(34.4)
Finance lease due within one year	(0.7)	0.2	-	(0.1)	(0.6)
Finance lease due after one year	(0.1)	(0.3)	-	0.1	(0.3)
Net debt	(20.0)	(13.9)	(0.3)	-	(34.2)

Balances at 31 March 2020 Comprise	Non-current assets	Current assets	Current liabilities	Noncurrent liabilities	Total
	£m	£m	£m	£m	£m
Cash and bank balances	-	5.8	-	-	5.8
Bank overdraft	-	-	(0.3)	-	(0.3)
Finance leases	-	-	(0.6)	(0.3)	(0.9)
Borrowings	-	-	(4.4)	(34.4)	(38.8)
Net debt	-	5.8	(5.3)	(34.7)	(34.2)

Non-cash changes comprise movement in repayment due date.

32. Net Cash Flow from Operating Activities

Company	15 months to 31 March 2020	Year ended 31 December 2018
	£m	£m
Operating loss for the year	(21.0)	(1.4)
Adjustments for:		
Share option costs	0.3	0.2
Operating cashflows before changes in working capital	(20.7)	(1.2)
Decrease/(increase) in receivables	0.6	(0.3)
(Decrease)/increase in payables	(0.2)	0.4
Increase in provisions	20.7	-
Cash generated/(used) by operations	0.4	(1.1)
Bank and finance lease interest paid	(0.8)	(0.1)
Loan issue costs	(0.2)	(0.4)
Loan note interest received	0.5	-
Net cash flow from operating activities	(0.1)	(1.6)

33. Dividends

Paid or to be Paid

	15 months to 31 March 2020	Year ended 31 December 2018
	£m	£m
Interim dividend for the 15 month period to 31 March 2020 of 0.25 pence per share (2018: 0.5 pence per share)	0.4	0.7
Proposed final dividend for the 15 month period ended 31 March 2020 of nil pence per share (2018: 1.0 pence per share)	-	1.5

An interim dividend of 0.25 pence per share was declared in September 2019, but in the light of COVID-19 and the need to maximise balance sheet flexibility no final dividend has been recommended. This means the total dividend is 0.25 pence per share for the fifteen-month period ended 31 March 2020, compared to 1.5 pence for the twelve months ended 31 December 2018. Dividend payments were based on the net assets of the company in line with the Companies Act 2006 (Part 23).

Notes to the Financial Statements

Received

The company did not receive any dividends during the 15 month period to 31 March 2020 (the company received a full and final dividend of £2.89 per share (£5.5m) from AES Arena Event Services Group Holdings limited during the year ended 31 December 2018).

34. Post Balance Sheet Events

On 26 March the Group announced a proposed £9.5m equity fundraising (before expenses) by way of placing and subscription for 95,000,000 new ordinary 1 pence shares at 10 pence per share. This announcement was accompanied by the confirmation that the Group's lender, HSBC, would permit the draw down of an additional amount of £4.75m from its existing facilities and that Lombard Odier Investment Management had agreed to extend the repayment of the short-term financing facility to 25 March 2021.

The placing and subscription was approved by shareholders on 14 April 2020, with funds received the following day.

Further restructuring of the US, UKE and MEA businesses continued post year end in response to the COVID-19 pandemic and the resulting reduced level of customer demand. At all levels and in all regions in the Group, the difficult decision was taken to make a significant number of roles redundant alongside implementing salary reductions and placing a number of staff either onto furlough schemes, if available, or unpaid leave. The UKE region was also brought together with the MEA region under a single EMEA leadership structure, although the underlying business units and statutory entities remained unchanged.

On the 8 June 2020 Henry Turcan was appointed to the Company's Board in the role of Non-Executive Director. Henry is a fund manager at Lombard Odier Asset Management (Europe) Limited with a focus on active engagement. He has been advising and investing in UK smaller companies for over 20 years and has extensive experience of assisting public companies to create value for all stakeholders.

Non-Statutory Financial Information

	15 months to 31 March 2020 (inc IFRS 16) (audited) £m	12 months to 31 March 2020 (inc IFRS 16) (unaudited) £m	12 months to 31 March 2020 (exc IFRS 16) (unaudited) £m	Year ended 31 December 2018 (exc IFRS 16) (audited) £m
Revenue	183.2	160.6	160.6	135.0
Cost of sales	(127.8)	(110.2)	(110.2)	(93.2)
Gross profit	55.4	50.4	50.4	41.8
Administrative expenses	(75.0)	(63.5)	(64.0)	(41.8)
Operating loss	(19.6)	(13.1)	(13.6)	-
Analysed as:				
Earnings before interest, tax, depreciation, exceptional items,acquisition costs, share option costs and amortisation (adjusted EBITDA)	13.2	16.5	12.3	12.1
Depreciation Fixed Assets	(9.5)	(7.7)	(7.7)	(5.3)
Depreciation Right of Use Assets	(4.7)	(3.7)	-	-
Exceptional expenses	(17.5)	(17.2)	(17.2)	(5.4)
Acquisition costs	-	-	-	(0.8)
Share option costs	(0.3)	(0.3)	(0.3)	(0.2)
Intangible amortisation	(0.8)	(0.7)	(0.7)	(0.4)
	(19.6)	(13.1)	(13.6)	-
Finance costs	(3.4)	(2.8)	(2.0)	(1.6)
Loss before taxation	(23.0)	(15.9)	(15.6)	(1.6)
Tax on loss on ordinary activities	0.1	0.1	0.1	(0.4)
Loss after taxation	(22.9)	(15.8)	(15.5)	(2.0)

The Group has changed its accounting reference date from 31 December to 31 March to better match the seasonality of the business. In the fifteen-month period ended 31 March 2020 the Group delivered Adjusted EBITDA of £13.2m and a statutory operating loss after exceptional costs and share based payment charges of £19.6m. Before the impact of IFRS16 Adjusted EBITDA for the twelve months ended 31 March 2020 was £12.3m (£15.7m after IFRS16), up £0.2m compared to the twelve months ended 31 December 2018.

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Photo Credits

Page Number	Event	with Thanks to
1	The Queen's House Ice Rink	Jeff Overs
9	The Championships, Wimbledon	All England Lawn Tennis Club
11	Nitto ATP Finals	Wonderhatch
18	London Stadium	E20 Stadium LLP
25	London Stadium	E20 Stadium LLP
27	Oliver! At Lincoln Cathedral	Richard Hall
28	The Championships, Wimbledon	All England Lawn Tennis Club
39	The Open Championship	The R&A
39	Tower of London Ice Rink	Leftfield Images
53	Oliver! At Lincoln Cathedral	Richard Hall
66	Investec Derby Day at Epsom Downs	The Jockey Club
74-75	Nitto ATP Finals	Wonderhatch
136-137	Hampton Court Palace Festival	Historic Royal Palaces

Notes

Arena Events Group plc

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