19 September, 2018

Arena Events Group plc

("the Company" or "the Group")

Interim Results for the six months to 30 June 2018

Further progress across all fronts

Arena Events Group plc (AIM: ARE), today announces its unaudited Interim Results for the six months ended 30 June 2018.

Financial Highlights

- Revenue increased by 23% to £54.9m (H1 17: £44.8m)
- Gross profit increased to £16.7m (H1 17: £14.2m)
- Adjusted EBITDA increased by 52% to £3.5m (H1 17: £2.3m)
- Operating Profit of £0.3m (H1 17: loss of £0.8m)
- Increased interim dividend declared of 0.5p per share (FY 17 Interim dividend: 0.45p)

Operational Highlights

- In the UK – the largest ever temporary structure delivered for the Cheltenham Festival; supply of temporary media support structures for the Royal Wedding; and temporary structures, seats and furniture delivered for the BMW PGA Championships at Wentworth
- In Middle East and Asia – delivery of infrastructure for the bi-annual Eurasia Cup (Kuala Lumpur); the Volvo Ocean Race stop in Hong Kong; and the Hong Kong 7's rugby
- In US – delivery of temporary structures for Super Bowl; and the players facilities at the AT&T Pro-Am
- Successfully completed three acquisitions in the UK:
  - GLD Productions
  - Ice House Rentals Ltd
  - Events Solution Ltd

Post Period Highlights

- Successfully completed £20m fundraise in September
- Acquisition of Ironmonger Events in Hong Kong
- Acquisition of Stuart Event Rentals in the US
- Agreement to acquire TGP in Dubai

Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, exceptional and acquisition costs.

Greg Lawless, CEO, commented:

"I am delighted with the progress we have made in the first half of the year. To grow revenue by 23% (19% on a like for like basis) whilst also completing three acquisitions, with two more completed after the period end, is a very solid performance.

Our stated strategy is to develop the Group by a combination of organic and acquisition led growth activity with an ambition to build a fully integrated supplier to the global events industry. We are confident that the strategy will deliver long term shareholder value as we continue to acquire value accretive companies and add new long term multi-year recurring contracts in each region.

These robust first half results put us in a strong position and gives us confidence to deliver on full year expectations."

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About Arena Events Group

Arena Events Group plc (www.arenagroup.com) is a provider of temporary physical structures, seating, ice rinks, furniture and interiors. The Group has operations across Europe, the US, the Middle East and Asia, and current clients include Wimbledon Tennis, The Open, PGA European Tour and Ryder Cup.

The Group services major sporting, outdoor and leisure events, providing a managed solution from concept and design through to the construction and integration of the final structure and interior. Contracts range in size and complexity from a simple equipment rental for a local outdoor event, to an integrated solution of multiple structures and interiors for a major international sporting event.

Arena Events Group plc

Chief Executive's Review

Introduction

I am pleased to report that we have experienced strong trading across the Group for the first six months of 2018, with revenues up 23% compared to the same period the previous year and 19% on an organic, like for like, basis. It's been another busy six months with all three Divisions performing well in what is traditionally the quieter half of our trading year.

Operational Highlights

- In the **UK**, the Group, once again, provided infrastructure for the Cheltenham Festival, which is growing consistently as we add additional products and services to the event. In addition, we were delighted to provide the temporary media support structures for the Royal Wedding in May as well as the annual BMW PGA Championships at Wentworth.
- In the **Middle East and Asia**, the Group delivered the infrastructure for the bi-annual Eurasia Cup in Kuala Lumpur, the Volvo Ocean Race stop in Hong Kong and the Hong Kong 7's rugby. The Division also delivered another successful set-up for the Abu Dhabi Golf Championships in January – an event that continues to go from strength to strength.
- In the **US**, the Group delivered its biggest Super Bowl set-up in many years, with the location (Minneapolis) being close to our main operational base in Milwaukee. The Division also delivered, for the first time, the players facilities at the AT&T Pro-Am at Pebble Beach which was a great success and an important milestone for us on the West Coast. Other notable contracts included Daytona International Speedway, Frieze Art Fair and the Kentucky Derby, all of which individually contributed more than $1 million in revenue.

Acquisitions

We successfully completed three bolt-on acquisitions during the period. All three were UK companies and will either extend our product offering and/or reduce the trading seasonality of the business.

1. GLD Productions

GLD Productions is a supplier of hire equipment (predominantly furniture) to tours, festivals, music, sporting and other events. Prior to the acquisition the business was based in Wincanton but has now been fully integrated into the UK's event furniture business, Spaceworks, in the Membury facility. Total consideration of £0.9 million, of which £0.75m was paid in cash and £.15m of deferred consideration is payable over the next 18 months.

2. Ice House

Ice House is a supplier of temporary cold rooms for both events and temporary retail seasonal requirements. The business is based in Odiham, Hampshire, and will remain there until after the traditionally busy Christmas season at which point it will be relocated into the Group's Membury facility, alongside the Spaceworks and GLD businesses. Total consideration of £1.4 million, of which

£975,000 has already been paid from existing cash/debt resources, with a further £425,000 payable over the next 18 months.

3. Events Solution

Events Solution supplies barriers, fencing, concert crowd control and other similar products for mass participation sports, such as marathons and triathlons, as well as for concerts, public events and other large scale events. The business is based near Sheffield and will continue to operate from this location for the foreseeable future. The business will form part of the UK's existing Mass Participation Sports unit where both companies can now offer complementary product offerings to their respective customers. Total consideration of £2.6 million, of which £1.8 million has already been paid from existing cash/debt resources and a further £450,000 by way of ordinary shares in the Company to the two owners. A further £300,000 is payable over the next 12 months.

Post Period new contracts:

We have secured a number of new contract wins post June 2018.

The **US Division** has secured several significant multi-year recurring contracts, all of which will commence in 2019 including:

- A six-year contract to supply all the tenting and flooring requirements for the Farmers Insurance Open golf event. This event is held at the Century Club in San Diego in late January. We expect this contract to deliver revenues of $2.5 million per annum over the life of the contract.
- A seven-year contract to supply all the temporary seating and bleachers (bench seating) requirements for The PGA of America's three annual golf championships as well as the Ryder Cup to be held in Whistling Straights in 2020 and Bethpage in 2024. We expect this contract to deliver total revenues of up to $12 million over the seven years, with higher rentals in the two Ryder Cup years. This will be the Group's first tiered seating contract in the US and will be an exciting new product offering for the Americas Division.
- As part of The PGA of America seating and bleachers contract above, we have agreed an extension to 2025 for the existing structures and flooring contract for this client. This contract currently delivers annual revenues of approximately $6.5 million.

As the Company grows, it will continue to invest to improve and expand its asset base. To deliver on the above multi-year recurring contracts we will invest up to £2 million of additional capital expenditure in new product in the second half.

The **UK Division** has secured or renewed the following contracts:

- The longstanding contract to supply the All England Lawn Tennis Club (Wimbledon) with temporary structures, seats and furniture has been extended for a further five years up to and including 2023.
- The UK Division has secured a contract (subject to final planning permission) to supply 7,800 seats to Edinburgh Rugby Club with work starting at the end of this year for delivery by the end of the first quarter 2019.

The **MEA Division** has secured or extended the following new contracts:

- A three-year contract that doubles the value of the event for ADIPEC (an Oil and Gas conference) held in Abu Dhabi in November each year.

- An extension of the contract for the Abu Dhabi F1 for a further 3 years to 2020.

All of the above are tremendous additions to the Group's core annual contracted business and are an important foundation for continued organic growth over the coming years.

US Attorney Investigation

As announced in early August we reached an out-of-court settlement with the USAO that includes an agreement to pay settlement damages of $4.8 million over the next five years in equal instalments of $960,000. There is an additional **conditional** incremental payment to be made if certain performance targets are exceeded by our Arena Americas subsidiary, that would trigger an additional payment of $600,000 per year for the next five years. We believe that it is highly unlikely that any of the conditional payments will be made, given the significant increase in profitability and revenues that would be required to trigger such payments.

Whilst this is a larger number than we would have liked, or hoped for, it does allow us to put this matter behind us as well as allowing our US colleagues to now completely focus on the running of the business. We believe that the recently announced multi-year contract wins for both the Farmers Insurance Open and the Seating and Bleachers contract for the The PGA of America are great examples of where positive focus can, and will, bring further momentum to the US Division.

Consolidation of Arena Americas Mid-West Facilities

The Arena Americas team has made significant progress with the development of their new HQ and Mid-West operations facility, resulting from the consolidation of the existing three facilities currently spread throughout Chicago and Milwaukee. This new Milwaukee facility, which is expected to be completed by the end of the year, is located about 10 minutes from the existing main facilities at Oak Creek, WI.

This move will cost roughly $500,000 in one-off costs this year, but will provide a state-of-the-art facility that will increase our overall Mid-West depot capacity by 25% as well as providing annual savings of approximately $200,000 per annum.

Strategy and Development

The Group's executive team, in line with our stated strategy, continues to look at acquisition opportunities that will help to diversify the revenue base, reduce seasonality and improve margins.

Since the end of June the following acquisitions have been made by the Group:

1. Ironmonger Events, Hong Kong

Ironmonger Events is a boutique event management business based in Hong Kong. The business provides event management and planning services for a number of Hong Kong events – the largest of which is the Hong Kong 7's annual rugby event. Ironmonger provides a long-term, end-to-end, solution for the HK 7's – which now ranges from event management and planning all the way through to the delivery of the temporary infrastructure.

2. Stuart Event Rentals, San Jose, California

Stuart Rentals is a supplier of under the tent rental supplies as well as tents, staging equipment, flooring and fixtures and is based in the San Francisco Bay Area of the USA. The company's main depot is located in Milpitas and the company has annual revenues of circa $15 million.

This acquisition gives the Arena Group its long-awaited West Coast presence and with its 50/50 tenting/non-tenting mix is an ideal acquisition for the Group. Both principals, Michael Berman and Andrew Sutton, will remain with the business post the transaction.

3. TGP, Dubai

TGP is a Dubai-based exhibitions services business, providing design and delivery services for exhibition stands for both local and global brands. The business also provides graphics and signage services. The business is based in a new state-of-the-art warehouse and office complex in Dubai Park that will become the new head office of the combined Arena Dubai and TGP businesses, post completion. The addition of this business will not only provide synergies from the integration but also broadens the Group's product offering in the MEA and reduces the impact of seasonality. Completion is expected in the next few weeks, once the final pre-completion conditions have been satisfied.

Dividends

Given the strong growth of the Group in the last six months, the Board is pleased to declare an increased interim dividend of 0.5p per share payable on 1 November 2018 to shareholders on the register at 5 October 2018.

Current trading and outlook

We have, as of today, completed or agreed six acquisitions since the start of the year. Each region has participated in this acquisition expansion programme. I am pleased to report that the three earlier transactions, all in the UK, are performing to expectations. Our focus now is to integrate the remaining acquisitions and seek further efficiencies from each of these businesses.

In addition to these acquisitions, we continue to focus on our philosophy of "making everything we own better". This continuous programme is delivered by a combination of the integration of UK operations which started last year, the US centralisation plan which will commence shortly on completion of the new Mid-West depot, and the integration of part of our existing Dubai operations into TGP post completion. This philosophy is also helped by the addition of new multi-year recurring contracts, referred to above, as they deliver additional annual earnings and cash flows that are expected to enable us to continue to grow the business organically over the coming years.

We remain confident that the Group's strategy will deliver long term shareholder value as we continue to acquire value accretive companies and sign new long-term multi-year recurring contracts in each region. These robust first half results put us in a strong position and gives us confidence to deliver on full year expectations.

Greg Lawless
Chief Executive
19 September 2018

Financial Review

Revenue and Gross Margin

The Group delivered £54.9m of revenue in the first half of 2018 (2017: £44.8m), representing a total increase of 23% (£10.1m) compared to the prior period in H1 2017. The acquisitions of GLD, Ice House Ltd and Events Solution Ltd contributed £1.4m of revenue in the period, with the remaining £8.7m delivered organically from new and expanding events, particularly in the US.

The organic growth in the US was delivered by a combination of new events such as the Warrior Games ($1.3m) and three new events on the West Coast ($1m), plus significant increases in revenue from several annually recurring events including Super Bowl, the US Open golf and the Kentucky Derby. The mix of work and the challenges of delivering projects in the North East region without a local branch led to a small drop in gross margin percentage, compared to the prior period.

Revenue in both the UK and MEA regions was higher than the previous period, excluding acquisitions, with an average organic revenue increase of 10%. Gross margins in the UK were steady at approximately 30%, while gross margins in MEA were slightly lower than the previous period at 40%, however, were in line with the 2017 full year gross margin.

Administrative expenses

There was an overall increase in administrative expenses of £1.4m across the Group compared to the prior period. Of this, £0.3m relates to recently acquired businesses in the UK, £0.3m is attributable to ongoing additional costs of being a public company, and £0.8m balance from increased divisional costs to support the enlarged operations.

Exceptional items and Acquisition costs

Exceptional costs in the period of £0.3m related to legal fees for the US legal matter; and professional fees of £0.2m were incurred in relation to the three acquisitions completed during the period.

EBITDA

The Group's adjusted EBITDA (before exceptional and acquisition costs) increased 52% to £3.5m in the first half, compared to £2.3m in H1-2017. As previously noted, the Group remains significantly second half weighted and this year, as in 2017, the majority of full year EBITDA is expected to be generated in the second half of the year.

Operating profit and loss after tax

The Group's operating profit for the half year has increased to £0.3m (H1 2017 loss of £0.8m).

Interest expense of £0.3m relates to the interest costs of the Group's bank debt and finance leases. Interest charges in the prior period included interest on shareholder loan notes, which were largely repaid in July 2017. Other finance costs are the amortisation of debt arrangement fees paid in previous periods. As a result, the Company's loss before tax for the period was £0.2m (H1 2017: loss of £3.2m).

Earnings per share

Basic earnings per share for the first six months is a loss of 0.3p per share. The figure for the comparative period in H1 2017 was a loss of 2.9p per share and has been calculated on an adjusted basis using the number of shares in issue post the IPO on 25 July 2017.

IFRS 15

These interim results are the first time that IFRS 15, the new revenue recognition standard, has been in force and it has been applied consistently to the H1 2018 numbers, H1 2017 numbers and the full year 2017 results. More detail is included in the notes to the accounts including a summary of the changes to the historic profit and loss numbers. Under IFRS 15 our revenue recognition policy has moved from the previous percentage of completion method at a period end, to a policy whereby for event durations of less than a month, 100% of the relevant revenue is recognised at the handover of a project, or for longer rental periods the revenue is recognised over the rental period.

This new revenue recognition standard is not expected to have a material impact on our full year results and does bring our external reporting in line with our internal management accounting policy.

Dividends

As stated at the time of the IPO, the Board intends to pursue a balanced approach between capital investment and dividends by implementing a progressive, but measured, dividend policy. Given the growth in the period, the Group is declaring an increased interim dividend of 0.5 pence per share (H1 2017: 0.45 pence per share) and intends to pay this to shareholders on 1 November 2018 to shareholders on the register as at 5 October 2018.

Cashflow

The Group generated operating cash flow of £4.1m in the first six months of the year compared to £7.4m in the same period in 2017. The prior year included unusually strong advanced cash receipts from the first year of the US PGA golf contract and the Dubai World Trade Centre contact, which did not repeat in 2018.

Capital Expenditure

Capital expenditure in the period was £5.6m, compared to £3.6m in the previous period. This higher figure in H1 2018 includes one off expenditure in the UK on additional rental inventory to reduce the level of product hired in from third parties over the peak summer season and in preparation for the Ryder Cup in September 2018.

Given recent contract wins for future recurring events in 2019 and beyond, the Group will invest in additional growth capex in the second half to ensure that we can deliver these new projects, generate incremental revenue and continue delivering the Arena Standard across all events.

Balance Sheet

The net debt position, including finance leases, as at 30 June 2018 was £17m, an increase of £4.5m from the 31 December 2017 position. This increase is largely due to the three acquisitions in the period, which were funded from a mixture of both cash and debt.

Agreement in principle has been reached with HSBC Bank UK plc for a new global £30m four-year revolving credit facility, with an option to extend for a further year, to replace the existing arrangements in place with HSBC in the UK and PNC Bank in the US, both of which expire in the next 18 months. It is expected that this new facility will be in place during the last quarter of this year.

On 5 January 2018 the remaining £1.4m of loan note interest owed to Greg Lawless was paid and these funds were used by Greg Lawless to subscribe for a total of 2,513,541 new ordinary shares in the Company.

Post Balance sheet Events

On 4 September 2018 the Group completed a Placing of 33,333,334 new shares at a price of 60p per share, to raise £19m net of fees. These new ordinary shares were admitted to trading on 5 September 2018.

Other significant post balance events including the completion of Stuart Event Rentals Inc, the agreement to acquire TGP in Dubai and the settlement of the US legal case as described in the CEO's report.

Piers Wilson
Group Finance Director
19 September 2018

Condensed Consolidated Income Statement

For the six months ended 30 June 2018 (unaudited)

	6 months ended 30 June 2018 £m	6 months ended 30 June 2017 Restated £m	Year ended 31 Dec 2017 Restated £m
Revenue	**54.9**	44.8	108.0
Cost of sales	**(38.2)**	(30.6)	(73.0)
Gross profit	**16.7**	14.2	35.0
Administrative expenses	**(16.4)**	(15.0)	(35.3)
Operating profit/(loss)	**0.3**	(0.8)	(0.3)
Analysed as:			
Adjusted EBITDA	**3.5**	2.3	10.0
Depreciation	**(2.7)**	(2.6)	(5.2)
Exceptional administrative costs	**(0.3)**	(0.5)	(4.9)
Acquisition costs	**(0.2)**	-	-
Share option costs	**-**	-	(0.1)
Intangible amortisations	**-**	-	(0.1)
Operating profit/(loss)	**0.3**	(0.8)	(0.3)
Interest	**(0.3)**	(1.9)	(2.5)
Other finance costs	**(0.2)**	(0.5)	(0.7)
Loss before taxation	**(0.2)**	(3.2)	(3.5)
Tax on loss on ordinary activities	**(0.1)**	(0.1)	(0.2)
Loss after taxation	**(0.3)**	(3.3)	(3.7)

Adjusted EBITDA reflects earnings before interest, taxation, depreciation, exceptional items, acquisition costs, share option costs and intangible amortisation.

Loss per share

For the six months ended 30 June 2018 (unaudited)

	Note	**6 months ended 30 June 2018**	6 months ended 30 June 2017 Restated	Year ended 31 December 2017 Restated
Basic loss per share – pence	3	**(0.3)**	(2.9)	(3.3)
Diluted loss per share - pence	3	**(0.2)**	(2.8)	(3.2)

STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 June 2018 £m	6 months ended 30 June 2017 Restated £m	Year ended 31 December 2017 Restated £m
Loss for the year	(0.3)	(3.3)	(3.7)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign subsidiaries	0.3	(0.3)	(0.8)
Other comprehensive income for the year net of tax	0.3	(0.3)	(0.8)
Total comprehensive loss for the financial year	0.0	(3.6)	(4.6)
Total comprehensive loss attributable to:			
Owners of the company	0.0	(3.6)	(4.7)
Non-controlling interest	-	-	0.1
	0.0	(3.6)	(4.6)

Condensed Consolidated Balance Sheet

As at 30 June 2018 (unaudited)

	Notes	30 June 2018	30 June 2017	31 Dec 2017
			Restated	Restated
		£m	£m	£m
Non-current assets				
Goodwill and other intangibles		**37.9**	34.9	34.8
Property, plant and equipment		**38.4**	33.7	34.0
Interest in joint ventures		**-**	0.2	-
Trade and other receivables due after one year		**0.2**	0.8	0.4
		76.5	69.6	69.2
Current assets				
Inventories and WIP		**7.6**	8.3	5.3
Trade and other receivables		**27.0**	22.0	13.8
Cash and cash equivalents		**6.5**	1.1	4.3
		41.1	31.4	23.4
Current liabilities				
Trade and other payables		**(12.0)**	(11.2)	(11.4)
Current tax liabilities		**(0.1)**	-	-
Net obligations under finance leases		**(0.7)**	(0.4)	(0.7)
Borrowings		**(3.0)**	(3.1)	-
Other creditors		**(2.5)**	(1.9)	(1.3)
Accruals and deferred revenue		**(23.0)**	(25.1)	(9.4)
Deferred consideration	4	**(0.9)**	(1.1)	(0.1)
		(42.2)	(42.8)	(22.9)
Net current (liabilities)/assets		**(1.1)**	(11.4)	0.5
Total assets less current liabilities		**75.4**	58.2	69.7
Non-current liabilities				
Borrowings		**(19.4)**	(25.2)	(15.2)
Shareholder loan notes		**-**	(22.6)	-
Loan note interest		**-**	(12.0)	-
Net obligations under finance leases		**(0.4)**	(1.3)	(0.8)
Deferred tax liabilities		**(0.5)**	(0.3)	(0.4)
		(20.3)	(61.4)	(16.4)
Net assets/(liabilities)		**55.1**	(3.2)	53.3

Condensed Consolidated Group Cash Flow Statement

For the six months ended 30 June 2018 (unaudited)

	6 months ended 30 June 2018	6 months ended 30 June 2017 Restated	Year ended 31 December 2017 Restated
	£m	£m	£m
Cash flow from operating activities			
Operating profit for the period	**0.3**	(0.8)	(0.3)
Adjustments for the period:			
Depreciation of property, plant and equipment	**2.7**	2.6	5.2
Amortisation of intangibles	**-**	-	0.1
Impairment of joint ventures	**-**	-	0.4
Gain on disposal of property, plant and equipment	**(0.1)**	(0.1)	(0.1)
Increase in inventories	**(2.3)**	(5.6)	(2.6)
Increase in trade and other receivables	**(12.6)**	(9.7)	(1.0)
Increase in trade and other payables	**4.0**	3.6	2.5
Increase in deferred income	**12.1**	17.4	1.4
Cash generated by operations	**4.1**	7.4	5.6
Interest paid	**(0.3)**	(0.9)	(1.6)
Loan issue costs	**-**	(0.2)	(0.4)
Corporation tax	**-**	(0.3)	(0.3)
Net cash inflow from operating activities	**3.8**	6.0	3.3
Cash flow from investing activities			
Business assets acquired	**(0.5)**	(1.3)	(0.3)
Investment in business combination, net of cash acquired	**(2.4)**	-	(2.7)
Deferred consideration paid	**(0.4)**	0.1	(0.4)
Proceeds on disposal of property, plant and equipment	**0.1**	0.1	0.2
Purchases of property, plant and equipment	**(5.6)**	(3.6)	(6.7)
Net cash used in investing activities	**(8.7)**	(4.7)	(9.9)
Cash flow from financing activities			
Increase/(decrease) in borrowings	**7.0**	(1.7)	(14.9)
Principal repayments under finance lease	**(0.3)**	(0.1)	-
Proceeds on issue of shares net of costs	**1.8**	-	55.7
Repayment of loan notes	**-**	-	(20.6)
Payment of loan note interest	**(1.4)**	-	(10.4)
Dividend paid	**-**	-	(0.5)
Net cash generated from financing activities	**7.1**	(1.8)	9.3
Net increase/(decrease) in cash and cash equivalents	**2.2**	(0.5)	2.7
Cash and cash equivalents at the beginning of the period	**4.3**	1.6	1.6
Cash and cash equivalents at the end of the period	**6.5**	1.1	4.3

Notes to the Interim Report

1. GENERAL INFORMATION

Arena Events Group plc (the 'Company' or the 'Group') is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 (registration number 10799086) and is registered in England and Wales. The registered address is 4 Deer Park Road, London, SW19 3GY.

Copies of this Interim Report may be obtained from the registered address or on the Corporate (Investor Relations) section of the Company's website at www.arenagroup.com.

Statement of compliance and basis of preparation

The condensed consolidated financial information presented in this Interim Report has been 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 information has been prepared using the historical cost convention and on a going concern basis.

The financial information for the year ended 31 December 2017 presented in this Interim Report does not constitute the Company's statutory accounts for that period, but has been derived from them, and restated to reflect the application of IFRS15 (note 7). The Annual Financial Report for the year ended 31 December 2017 was audited and has been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Accounts for the year ended 31 December 2017 was not qualified and did not contain statements under s498(2) or (3) of the Companies Act 2006.

The financial information for the six months ended 30 June 2018 and 30 June 2017 is unaudited and has not been reviewed by the Company's auditors. The financial information for the year ended 2017 was audited by the Company's auditors but any restatement as a result of applying IFRS15 has not been audited or reviewed.

The Interim financial statements are presented in sterling and all values are rounded to the nearest hundred thousand pounds (£0.1m) except where otherwise indicated.

Changes in accounting policies

The financial information presented in this Interim Report includes the adoption of IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments.

IFRS 9 Financial instruments

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. There is no material impact on the Group financial statements for the six months ended 30 June 2018 as a result of applying IFRS 9.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

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 Group has applied IFRS 15 retrospectively and comparative numbers for the year ended 31 December 2017 and the six months ended 30 June 2017 have been restated (note 7). The main changes are detailed below.

Area	Previous treatment	New treatment under IFRS 15
Rental hire	Revenue and profit was recognised as services were supplied. For projects that extend over a period end, revenue and profit was recognised over the total project duration (from commencement of build to finish of dismantle) based upon estimated costs incurred and an internal assessment of the proportion of the project that has been delivered to the customer.	Where a hire period is less than one month all of the revenue is recorded on handover. Where a hire period is longer than one month, revenue will be allocated between the four primary components of a contract; design; handover; rental period; and dismantle. This allocation will be based upon the contractual terms where stated or if not explicit in the contract, an internal assessment.
Capital sales	Revenue and profit recognised on handover at which point the risks and rewards are transferred to the customer.	Revenue and profit recognised on handover at which point the risks and rewards are transferred to the customer. (i.e. no change)

IFRS 16 Leases

IFRS 16 comes into effect for the Group's financial year commencing 1 January 2019 and requires lessees to recognise all leases on balance sheet with the exception of short-term leases and leases of low value assets.

An initial assessment of all currently held operating leases indicates that those relating to property leases will meet the definition of a lease under IFRS 16 and hence the Group is expecting to recognise a right-of-use asset and a corresponding liability in respect of all these leases. Management are currently assessing the potential impact and at this stage it is not practicable to provide a reasonable estimate of the financial effect until this review is complete.

2. SEGMENTAL ANALYSIS

	6 months ended 30 June 2018 (unaudited)			
	UKE	**MEA**	**US**	**Total**
	£m	**£m**	**£m**	**£m**
Revenue				
Rental	22.8	9.4	20.7	52.9
Capital sales	0.4	0.3	1.3	2.0
TOTAL REVENUE	**23.2**	**9.7**	**22.0**	**54.9**
Gross Profit				
Rental	6.8	3.7	5.0	15.5
Capital sales	0.1	0.2	0.9	1.2
TOTAL GROSS PROFIT	**6.9**	**3.9**	**5.9**	**16.7**
Administration expenses	(4.8)	(2.9)	(4.6)	(12.3)
SEGMENT RESULT	**2.1**	**1.0**	**1.3**	**4.4**
Central administrative expenses				(0.9)
Adjusted EBITDA				**3.5**
RECONCILIATION OF SEGMENT RESULT TO PROFIT BEFORE TAX				
Segment result				
Depreciation and amortisation				(2.7)
Exceptional costs				(0.3)
Acquisition costs				(0.2)
Net finance expense				(0.5)
LOSS BEFORE TAX				**(0.2)**

	6 months ended 30 June 2017 (unaudited)			
	UKE	**MEA**	**US**	**Total**
	£m	**£m**	**£m**	**£m**
Revenue				
Rental	18.9	8.6	15.7	43.2
Capital sales	0.4	0.6	0.6	1.6
TOTAL REVENUE	**19.3**	**9.2**	**16.3**	**44.8**
Gross Profit				
Rental	5.7	3.4	4.2	13.3
Capital sales	0.1	0.4	0.4	0.9
TOTAL GROSS PROFIT	**5.8**	**3.8**	**4.6**	**14.2**
Administration expenses	(4.3)	(2.7)	(4.3)	(11.3)
SEGMENT RESULT	**1.5**	**1.1**	**0.3**	**2.9**
Central administrative expenses				(0.6)
Adjusted EBITDA				**2.3**
RECONCILIATION OF SEGMENT RESULT TO PROFIT BEFORE TAX				
Segment result				
Depreciation and amortisation				(2.6)
Exceptional costs				(0.5)
Net finance expense				(2.4)
LOSS BEFORE TAX				**(3.2)**

2. SEGMENTAL ANALYSIS (continued)

	Year ended 31 December 2017 (unaudited)			
	UKE £m	MEA £m	US £m	Total £m
Revenue				
Rental	44.1	17.7	42.2	104.0
Capital sales	1.2	1.1	1.7	4.0
TOTAL REVENUE	**45.3**	**18.8**	**43.9**	**108.0**
Gross Profit				
Rental	13.4	6.8	12.7	32.9
Capital sales	0.4	0.6	1.1	2.1
TOTAL GROSS PROFIT	**13.8**	**7.4**	**13.8**	**35.0**
Administration expenses	(8.9)	(5.7)	(9.2)	(23.8)
SEGMENT RESULT	**4.9**	**1.7**	**4.6**	**11.2**
Central administrative expenses				(1.2)
Adjusted EBITDA				**10.0**
RECONCILIATION OF SEGMENT RESULT TO PROFIT BEFORE TAX				
Segment result				
Depreciation and amortisation				(5.3)
Exceptional costs				(4.9)
Share option costs				(0.1)
Net finance expense				(3.2)
LOSS BEFORE TAX				**(3.5)**

3. LOSS PER SHARE

	Six months ended 30 June 2018		Six months ended 30 June 2017		Year ended 31 Dec 2017	
	Loss £m	Weighted average number of shares	Loss £m	Weighted average number of shares	Loss £m	Weighted average number of shares
	(0.3)	117,114,508	(3.3)	114,639,940	(3.7)	114,639,940
Loss per share pence:						
- basic		(0.3)		(2.9)		(3.3)
	Loss £m	Diluted average number of shares	Loss £m	Diluted average number of shares	Loss £m	Diluted average number of shares
	(0.3)	119,310,496	(3.3)	116,002,523	(3.7)	116,002,523
Loss per share pence:						
- diluted		(0.2)		(2.8)		(3.2)

4. ACQUISITIONS

	GLD	Ice House	Events Solution	Total
	Fair values acquired			
	£m	£m	£m	£m
Intangible: customer relationships	0.6	-	-	0.6
Tangible assets	0.3	0.3	0.6	1.2
Current assets	-	0.1	0.3	0.4
Cash at bank	-	-	0.3	0.3
Current liabilities		(0.3)	(0.5)	(0.8)
Net assets acquired	**0.9**	**0.1**	**0.7**	**1.7**
Goodwill	-	1.3	1.9	3.2
Consideration	**0.9**	**1.4**	**2.6**	**4.9**
Satisfied by:				
Cash paid on completion	0.5	0.9	1.8	3.2
Deferred consideration	0.4	0.5	0.3	1.2
Shares issued	-	-	0.5	0.5
	0.9	**1.4**	**2.6**	**4.9**

The reported acquisition accounting is provisional as at June 2018.

In the period the UK Division of the Group made three acquisitions as set out above:

- In February, the business assets and contracts of GLD were acquired to compliment the offering of Arena's current event furniture business, Spaceworks. GLD offers furniture hire to concerts, music festivals and other events across the UK;
- In May, 100% of the issued share capital of Ice House Rentals Limited was acquired. The company supplies temporary cold rooms to events across the UK and extends the offering of Arena's current furniture and tableware business, Well Dressed Tables;
- In June, 100% of the issued share capital of Events Solution Limited was acquired. Events Solution offers a wide range of barriers and fencing for outdoor events, as well as Metropolitan Police barriers, which it provides for customers including British Cycling and Live Nation.

The deferred consideration falls due in: £0.4m in 2018, £0.5m in 2019 and £0.3m in 2020.

5. SHARES ISSUED TO RELATED PARTIES

On 5th January 2018 the Arena Events Group Plc exercised its call option in relation to the remaining loan notes in issue by the Group, held by Greg Lawless, CEO, and Gaitsford Investments Limited (a company owned and controlled by Greg Lawless) ("Gaitsford"). Accordingly, Greg Lawless and Gaitsford each sold the retained principal and accrued interest on the loan notes back to the Group and used the proceeds of such sale to subscribe for an aggregate of 2,513,541 new ordinary shares of 1p each ("New Ordinary Shares") to be issued by the Company. The New Ordinary Shares have a value equivalent to £1,382,448 at the price of 55p per share, representing the placing price of the Group's initial public offering.

6. DIVIDENDS

No dividends were paid during the period. However, the Company has declared an interim dividend for the 2018 year of 0.5p per share and intends to pay this to shareholders on 1 November 2018 to shareholders on the register on 5 October 2018. The company declared a final dividend for 2017 of 0.9p per share payable to shareholders on the register at 07 June 2018. This dividend payment totalling £1.1m was paid to shareholders on 7th July 2018.

7. RECONCILIATION OF PREVIOUSLY REPORTED TO RESTATED FIGURES

Condensed consolidated group income statement

	6 months ended 30 June 2017				Year ended 31 December 2017		
	As previously reported	Reclass	IFRS 15 Adjustments	As restated	As previously reported	IFRS 15 Adjustments	As restated
	£m	£m	£m	£m	£m	£m	£m
Revenue	51.1		(6.3)	44.8	109.6	(1.6)	108.0
Cost of Sales	(36.4)	0.6	5.2	(30.5)	(74.0)	1.0	(73.0)
Gross Profit	14.7	0.6	(1.1)	14.2	35.6	(0.6)	35.0
Administrative Expenses	(14.4)	(0.6)		(15.0)	(35.3)	0.0	(35.3)
Operating Profit	0.3	-	(1.1)	(0.8)	0.3	(0.6)	(0.3)
Interest	(1.9)	-	-	(1.9)	(2.5)	-	(2.5)
Other finance costs	(0.5)	-	-	(0.5)	(0.7)	-	(0.7)
Loss before taxation	(2.1)	-	(1.1)	(3.1)	(2.9)	(0.6)	(3.5)
Tax on loss on ordinary activities	(0.1)	-	-	(0.1)	(0.2)	-	(0.2)
Loss after tax	(2.1)	-	(1.1)	(3.2)	(3.2)	(0.6)	(3.7)

8. POST BALANCE SHEET EVENTS

In September, the Group raised £20m by way of placing 33.3 million shares at 60 pence each. The net proceeds will be used to make accretive acquisitions in the Middle East and US Divisions.

In August, the Group agreed a settlement with the US Attorney's Office for the Southern District of Georgia to resolve the government's investigation of Arena Americas. The settlement was for $4.8m paid in equal instalments over five years with an additional contingent payment as described in the CEOs report.

In September, Arena Stuart Rentals Inc, acquired the business and assets of Stuart Rentals. Stuart Rentals is a California based supplier of under-the-tent rental supplies, as well as tents, staging equipment and flooring.

Ends.