

3 July 2020

Arena Events Group plc

("the Company" or "the Group")

Audited Results for the fifteen-months ended 31 March 2020

Arena Events Group plc (AIM: ARE) announces its audited results for the fifteen-months ended 31 March 2020. To better reflect the seasonality of the business the Group has changed its year-end to March, with a transitional fifteen-month period containing two seasonally quiet calendar Q1 periods. Unaudited results for the twelve-months to 31 March 2020 are also shown to assist comparability.

Financial Highlights:

Fifteen-month period ended 31 March 2020 (audited)

- Group revenue increased by 36% to £183.2m (12m Dec 18: £135.0m)
- Adjusted EBITDA⁽¹⁾ grew by 9% to £13.2m (12m Dec 18: £12.1m)
- Operating loss of £19.6m, after goodwill impairment of £16.1m; (12m Dec 18: £nil)
- Loss after taxation of £22.9m (12m Dec 18: £2.0m loss)
- Adjusted EPS⁽²⁾ loss of 3.0p (12m Dec 18: 3.7p profit) includes two loss-making Jan-Mar periods
- Basic EPS loss of 15.0p (12m Dec 18: 1.6p loss)
- Period-end cash £5.8m (Dec 18: £7.5m)
- No final dividend proposed, total dividend for the fifteen-month period of 0.25 pence per share (12m Dec 2018: 1.5 pence)

Twelve-month period ended 31 March 2020 (unaudited)

- Revenue increased by 19% to £160.6m (12m Dec 18: £135.0m)
- Adjusted EBITDA⁽¹⁾ increased by 36% to £16.5m (12m Dec 18: £12.1m)
- Operating loss of £13.1m, after goodwill impairment of £16.1m (12m Dec 18: £nil)

IFRS16:

- The full impact of IFRS16 has been reflected in the above results, resulting in an increase of £5.2m EBITDA in the fifteen-months ended 31 March 2020 (12m Mar 20: £4.2m) and additional depreciation of £4.7m in the fifteen-months (12m Mar 20: £3.7m). IFRS16 is excluded from all 2018 comparative results

2019/20 Operational Highlights:

- **UK** – delivered structures, seating and furniture at major events including the Cheltenham Festival, the Open Golf at Royal Portrush and the 2019 Wimbledon Tennis Championships
- **US** – supplied temporary seating for the first time for the PGA Championship at Bethpage and temporary structures for the Super Bowl, Daytona International and the Kentucky Derby
- **Middle East & Asia** – completed two significant contracts in Saudi Arabia, including a temporary 15,000 seat stadium and 3,000 guest VIP hospitality structure for the Joshua-Ruiz boxing match, delivered a number of temporary hospitality structures for events including the Dubai Desert Classic, the 2019 Rugby World Cup in Japan and the Abu Dhabi F1 GP
- **COVID-19 pandemic** began to impact event revenues, firstly in Asia, in early 2020 – rapid action was taken to strengthen the Group balance sheet and reduce the global cost base

Post Period End

- Subscription and placing of shares completed in April - £9.5m gross proceeds
- Cash at the end of June was £23.5m; discussions ongoing to extend borrowing facilities
- Numerous projects delivered across the world to help deal with the COVID-19 pandemic including temporary hospitals, drive-through test centres and other health facilities
- Merger of UK & Europe and Middle East & Asia Divisions in June to bring a more joined-up approach to customer innovation, expertise and knowledge
- Monthly fixed overheads reduced by over 40%

Greg Lawless, Chief Executive Officer, commented:

"The results to the end of March 2020 reflect a solid performance with no new acquisitions during the period, a focus on consolidating the 2018 acquisitions as well as delivering operational improvements in both the US and UK Divisions. The progress made over the last eighteen months meant that we were looking forward to a record performance in the 2020/21 financial year, based on a strong, efficient operational base as well as the prospects of delivering a number of very high-profile events, including the Ryder Cup, the Tokyo Olympics alongside our roster of longstanding, annual contracted events such as Wimbledon and the PGA Tour.

However, since March, the world for mass gatherings at sporting events has been decimated with no large-scale gatherings of any kind anywhere in the world since April – and these restrictions are likely to continue for the most part of 2020. Our business has had to react quickly to this dramatic and changing environment with little or no sport event revenues from March of this year.

Our first priority has been to protect the health and well-being of our colleagues and customers, and we have implemented strict guidelines on working within accepted social distancing practices. We have also had to take swift and decisive action to reset our operational cost base to match the significantly reduced revenue profile. We also adapted by switching our focus to delivering solutions such as temporary hospitals and drive through test centres which were an enormous boost to the April and May revenues. This type of revenue has now reduced and our focus over the next few months will be on managing our cost base and cash resources to extend the runway of the business into 2021 and beyond.

We have been fortunate to have secured financial support from our shareholders and our bank HSBC which, coupled with our "Press Pause" plan, puts us in a relatively strong position to withstand the impact of the lost revenues for the remainder of this year, with the hope that we see a return to mass gatherings at sporting events in early 2021."

Notes:

- (1) Adjusted EBITDA is defined as earnings before interest, tax, depreciation, intangible amortisation, exceptional items share option costs and acquisition costs.
- (2) Adjusted basic Earnings Per Share (EPS) is calculated using Adjusted Earnings divided by the average number of shares in issue for the year. The reconciliation of Adjusted Earnings to statutory net income is:

	FY20	FY18
	15m	12m
	£m	£m
Statutory Net Income	(22.9)	(2.0)
Exceptional costs	17.5	5.4
Acquisition costs	-	0.8
Exceptional finance costs	0.6	0.5
Share option expense	0.3	0.2
Adjusted Earnings	(4.5)	4.9

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Notes to Editors:

Arena Events Group plc (www.arenagroup.com) is a provider of temporary 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.

Chairman's Statement

"Solid performance but challenging outlook"

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

CEO Report

“The period to March 2020 has been a time of consolidation for the Group, with no acquisitions in the last 15 months, a focus on delivering operational improvements, particularly in the Americas and UK & Europe 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”

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, 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 IFRS16.

Group net debt (excluding the impact of IFRS16) 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 IFRS16) 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 Cheltenham, The Open, the Wimbledon Championships and many others during the last twelve months, with very strong attendance levels, particularly at Portrush for the Open.

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
Group CEO

Financial Review

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 (£16.5m after IFRS16), up £0.2m compared to the twelve months ended 31 December 2018.

Our financial results are summarised below:

	15 months ended 31 Mar 2020 (inc IFRS16) (audited) £m	12 months ended 31 Mar 2020 (inc IFRS16) (unaudited) £m	12 months ended 31 Mar 2020 (exc IFRS16) (unaudited) £m	12 months ended 31 Dec 2018 ⁽²⁾ (exc IFRS16) (audited) £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 IFRS16 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.

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 IFRS16). 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 2 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 IFRS16 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 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.

Calculation of adjusted net income	15 months ended 31 Mar 2020 (audited)	12 months ended 31 Mar 2020 (inc IFRS16) (unaudited)	12 months ended 31 Mar 2020 (exc IFRS16) (unaudited)	12 months ended 31 Dec 2018 ⁽²⁾ (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

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.

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 IFRS16, but including £0.9m of finance leases and £0.9m of deferred consideration) and an Adjusted EBITDA (pre IFRS16) 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 below. 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	12 months-ended
	31 March 2020	31 December 2018
	(unaudited)	(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-IFRS16) ⁽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.

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 HSBC. 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 HSBC 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; mid; and 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 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.

Steve Trowbridge
Chief Financial Officer

Consolidated Income Statement

	15 months to 31 Mar 2020	Year ended 31 December 2018
	£m	£m
Revenue	183.2	135.0
Cost of sales	<u>(127.8)</u>	<u>(93.2)</u>
Gross profit	55.4	41.8
Administrative expenses	<u>(75.0)</u>	<u>(41.8)</u>
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	(9.5)	(5.3)
Depreciation Right of Use Assets	(4.7)	-
Exceptional expenses	(17.5)	(5.4)
Acquisition costs	-	(0.8)
Share option costs	(0.3)	(0.2)
Intangible amortisation	<u>(0.8)</u>	<u>(0.4)</u>
	(19.6)	-

Finance costs	<u>(3.4)</u>	<u>(1.6)</u>
Loss before taxation	(23.0)	(1.6)
Tax on loss on ordinary activities	<u>0.1</u>	<u>(0.4)</u>
Loss after taxation	(22.9)	(2.0)
Attributable to:		
Owners of the Company	<u>(22.9)</u>	<u>(2.0)</u>
	<u><u>(22.9)</u></u>	<u><u>(2.0)</u></u>
Loss per share		
Basic pence per share	<u>(15.0)</u>	<u>(1.6)</u>
Diluted pence per share	<u>(15.0)</u>	<u>(1.6)</u>

Consolidated Statement of Comprehensive Income

	15 months to 31 March 2020	Year ended 31 December 2018
	£m	£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	<u>(1.3)</u>	<u>0.5</u>
Other comprehensive (loss)/income for the period	<u>(1.3)</u>	<u>0.5</u>
Total comprehensive loss for the financial period	<u>(24.2)</u>	<u>(1.5)</u>
Total comprehensive loss attributable to:		
Owners of the company	<u>(24.2)</u>	<u>(1.5)</u>
	(24.2)	(1.5)

Consolidated Balance Sheet

	31 March 2020 £m	31 December 2018 £m
Non-current assets		
Goodwill and other intangibles	39.4	57.9
Property, plant and equipment	52.6	47.3
Right-of-use assets	19.3	-
Trade and other receivables due after one year	0.9	0.5
	<hr/>	<hr/>
	112.2	105.7
Current assets		
Inventories	7.8	5.9
Trade and other receivables	31.9	27.7
Cash and cash equivalents	5.8	7.5
	<hr/>	<hr/>
	45.5	41.1
Current liabilities		
Trade and other payables	(24.8)	(18.5)
Bank overdraft	(0.3)	-
Borrowings	(4.4)	-
Current tax liability	-	(0.2)
Lease liabilities	(4.1)	(0.7)
Accruals	(13.9)	(8.6)
Deferred revenue	(9.0)	(8.8)
Deferred consideration	(0.9)	(2.3)
	<hr/>	<hr/>
	(57.4)	(39.1)
Net current (liabilities)/assets	<hr/>	<hr/>
	(11.9)	2.0
Total assets less current liabilities	100.3	107.7
Non-current liabilities		
Borrowings	(34.4)	(26.7)
Lease liabilities	(16.7)	(0.1)
Other creditors	(1.4)	(3.4)
Deferred consideration	-	(4.0)
Deferred tax liabilities	(1.3)	(1.5)
	<hr/>	<hr/>
	(53.8)	(35.7)
Net assets	<hr/> <hr/>	<hr/> <hr/>
	46.5	72.0
Equity		
Share capital	1.5	1.5
Share premium account	78.5	78.2
Merger reserve	10.9	10.9
Share option reserve	0.6	0.3
Retranslation reserve	(2.3)	(1.0)
Retained earnings	(42.7)	(17.9)
	<hr/>	<hr/>
Total equity	<hr/> <hr/>	<hr/> <hr/>
	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

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Merger reserve	Share option reserve	Retranslation reserve	Retained earnings	Non- controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£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 loss:								
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

Consolidated Statement of Cash Flows

	15 months to 31 March 2020 £m	Year ended 31 December 2018 £m
Net cash from operating activities	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	(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

Notes to the Consolidated Financial Statements

Basis of preparation

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 for the fifteen month period to 31 March 2020 were approved by the Directors on 3 July 2020.

The consolidated financial information has been prepared in accordance with the principles of International Financial Reporting Standards ('IFRS') and has been prepared on a going concern basis. IFRS 16 (Leases) has been implemented in 2019 in accordance with the modified retrospective approach with no requirement to restate comparative information. IFRIC 23 (Uncertainty Over Income Tax Treatments) has been implemented in 2019 and there has been no impact on the Group's financial statements as a result of adoption.

The Group considers material one-off items to be exceptional in nature. These are presented separately on the face of the income statement and detailed in note 2. Recognition of these costs as being exceptional in nature is to provide an indication of the Group's underlying business.

The preliminary consolidated financial information does not constitute statutory consolidated financial statements for the fifteen month period to 31 March 2020 as defined in section 434 of the Companies Act 2006. The statutory financial statements for the period ended 31 March 2020 will be filed with the Registrar of Companies following the 2020 Annual General Meeting. The report of the auditor was unqualified and did not contain a statement under s498(2) or (3) of the Companies Act 2006, but did include a section highlighting a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern given the impact of the COVID-19 pandemic.

The Annual Report and Group Financial Statements for the 15 month period to 31 March 2020 will be posted to all shareholders by the end of July 2020, submitted for approval at the AGM on 1 September 2020 and filed with the Registrar in due course.

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.

1 Segmental 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)

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
	<hr/>	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL GROSS PROFIT	13.2	10.3	18.3	41.8
Administration expenses	(10.5)	(7.0)	(11.1)	(28.6)
	<hr/>	<hr/>	<hr/>	<hr/>
SEGMENT RESULT	2.7	3.3	7.2	13.2
	<hr/>	<hr/>	<hr/>	<hr/>
Central administrative expenses				(1.1)
				<hr/>
Earnings before interest, tax, depreciation, exceptional items, acquisition costs, share option costs and intangible amortisation				12.1
				<hr/>
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)
				<hr/>
LOSS BEFORE TAX				(1.6)
				<hr/> <hr/>

2 Operating profit

Group operating profit is stated after charging/(crediting):

	15 months to 31 March 2020 £m	Year Ended 31 December 2018 £m
Amortisation of intangible assets	0.8	0.4
Depreciation of property, plant and equipment:		
Tangible fixed assets	9.5	5.3
Right of use assets	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 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 US Arena 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 7). 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.

3 **Loss per share**

	15 months to 31 March 2020	Year ended 31 December 2018
	pence per share	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	Year ended 31 December 2018
	£m	£m
Loss for the period attributable to shareholders	(22.9)	(2.0)

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

4 **Finance costs (net)**

	15 months ended 31 March 2020	Year ended 31 December 2018
	£m	£m
Interest payable on bank loans and overdrafts	1.8	0.9
Interest receivable on intercompany loan notes	-	-
Finance charges payable under lease liabilities	1.1	0.1
Imputed interest on deferred consideration	-	0.1
Amortisation of bank refinance costs	0.5	0.5
	<u>3.4</u>	<u>1.6</u>

5 **Bank and other borrowings**

	31 March 2020 £m	31 December 2018 £m
Revolving credit facility (AEG Plc)	23.7	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	-
Shareholder loan note interest	0.1	-
Intercompany loan	-	-
	<hr/>	<hr/>
	39.3	27.4
Less unamortised issue costs	(0.5)	(0.7)
	<hr/>	<hr/>
	38.8	26.7
	<hr/> <hr/>	<hr/> <hr/>

In February 2019 the HSBC facility (entered into in October 2018) was increased from £30m to £35m.

The HSBC facility includes senior term debt of £35m split into a revolving credit facility (RCF) of £30.0m (2018: revolving credit facility £30.0m) and an accordion loan of £5m (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 \$3m 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 £2m from Lombard Odier Asset Management (being one of its shareholders) by way of a Loan Note Instrument. The loan notes carry a 5% 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. In March 2020 the redemption date was extended to March 2021 under the same interest terms.

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

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

Borrowing interest rates

The analysis of the borrowings is as follows:

	Weighted average interest rate	31 March 2020 £m	Weighted average interest rate	31 December 2018 £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)
		<hr/>		<hr/>
Total borrowings	3.6%	38.7	3.2%	26.7
		<hr/> <hr/>		<hr/> <hr/>

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

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)	-	-	-
	<u>27.4</u>	<u>11.4</u>	<u>0.1</u>	<u>0.4</u>	<u>39.3</u>
Total liabilities from financing activities	27.4	11.4	0.1	0.4	39.3

6 Share capital

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

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; and
5. October 364,675 shares at £0.60 as part consideration for TGP Holdings

7 Contingent liabilities

The Group has contingent liabilities in relation to its US division (2018: none). 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 in 2019 (first payment in 2018). 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 12 months to 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.

8 **Net cash flow from operating activities**

	15 months to 31 March 2020 £m	Year ended 31 December 2018 £m
Operating loss for the year	(19.6)	-
Adjustments for:		
Depreciation of property, plant and equipment	9.5	5.3
Depreciation of right-of-use assets	4.7	-
Amortisation of intangible assets	0.9	0.4
Impairment of goodwill	16.1	-
Deferred consideration	(1.2)	-
Gain on disposal of property, plant and equipment	(0.3)	(0.1)
Share option costs	0.3	0.2
(Decrease)/increase in provisions	(0.9)	3.4
	<hr/>	<hr/>
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
	<hr/>	<hr/>
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)
	<hr/>	<hr/>
Net cash inflow from operating activities	10.6	7.0
	<hr/> <hr/>	<hr/> <hr/>

9 **Dividends**

Paid or to be paid

	15 months to 31 March 2020 £m	Year ended 31 December 2018 £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
	<hr/>	<hr/>
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
	<hr/>	<hr/>

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). On the 1 November 2019 a final dividend payment of £0.4m was paid at which time the company had £3.9m of retained earnings.

10 **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, UK 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 UK & Europe 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 08 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 (including IFRS 16) (audited) £m	12 months to 31 March 2020 (including IFRS 16) (unaudited) £m	12 months to 31 March 2020 (excluding IFRS 16) (unaudited) £m	Year ended 31 December 2018 (excluding 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.