10 November 2020

Arena Events Group plc

("the Company" or "the Group")

Unaudited Interim Results for the six-months ended 30 September 2020

Arena Events Group plc (AIM: ARE) announces its unaudited Interim Results for the six-months ended 30 September 2020 (H1 FY21). Following a change in year-end date, the most recent set of audited results were for the fifteen-month period to 31 March 2020.

Despite results in all markets being impacted by the widespread prohibition on mass gatherings due to the COVID-19 pandemic, the Group was Adjusted EBITDA* positive and cash neutral for the six-months ended 30 September 2020.

Financial Highlights

- Revenue decreased to £42.8m (6m Sept 19: £88.3m)
- Gross profit decreased to £14.8m (6m Sept 19: £24.9m)
- Gross margin improved to 34.6% (6m Sept 19: 28.2%) due to revenue mix and careful cost control
- Adjusted EBITDA* decreased to £4.4m (6m Sept 19: £8.8m)
- Significant overhead cost reductions helped protect Adjusted EBITDA margin at 10.3% (6m Sept 19: 10.0%)
- Operating loss of £3.3m (6m Sept 19: profit of £3.8m)
- Completed an equity fundraising in April 2020 raising £9.3m after expenses
- Cash and cash equivalents at period end of £15.5m (Sept 19: £3.3m; Mar 20 £5.8m)

Operational highlights

- In the **UK & Europe** – delivered numerous structures for temporary COVID-19 medical facilities and testing centres; supported the reactivation of the European Tour golf at numerous venues including in Spain, Portugal and at Wentworth (UK); completed the installation of new seating systems at the north and south stands at the London Stadium; commenced build of new stadium for Edinburgh Rugby Club at Murrayfield
- In the **Middle East & Asia** – built a large medical holding facility in the UAE; undertook work at the Expo 2020 Dubai for a large international customer
- In the **US** – constructed a temporary hospital in New York; delivered a wide range of other COVID-19 related structures for governmental, industrial, educational and hospitality customers; supported the reactivation of the NBA season in Orlando; provided facilities for the US Open golf and PGA Championships; acquired assets of Williams Party Rentals in San Jose
- Consolidated the **UK & Europe** region with the **Middle East & Asia** region under a single EMEA leadership structure

Post period highlights

- Signed a multi-million pound contract extension for the rental of 26,000 seats to the Tokyo 2020 Olympics, now due to be held in 2021
- Secured additional funding of £15.6m through the Government Coronavirus Large Business Interruption Loan Scheme ("CLBILS"), supported by our lender, HSBC

* Adjusted EBITDA is defined as earnings before interest, tax, depreciation, intangible amortisation, exceptional items share option costs and acquisition costs. Both the current period and prior year comparatives include IFRS16. A reconciliation of Adjusted EBITDA to Statutory Operating Profit is also shown in the "Condensed Consolidated Income Statement" after the Financial Review section.

Greg Lawless, CEO, commented:

"We are at the epicentre of the economic destruction that the COVID-19 pandemic is causing to the hospitality sector worldwide with virtually no live audience participation at any event over the last six months. However we have been proactively working to reduce the impact on our business as much as possible by securing extensive non-event revenues, reducing our cost base and raising funds from both our bank, HSBC, and shareholders to be able to put the Group in a solid financial position to trade through these very difficult times and emerge in a stronger, more cost efficient position.

The fact that we have delivered a positive EBITDA out-turn for these first six months, taking everything into consideration, reflects a robust performance that demonstrates the benefits of a global platform and, in particular, the tremendous tenacity, agility and positive attitude of the senior executives and their teams across all of our business units.

No dividend will be paid in relation to FY21 as the Board prioritises the optimisation of cash resources. Audited full year results are expected to be released in early July 2021."

This announcement contains inside information

Enquiries:

Arena Events Group plc

Greg Lawless, CEO	(contact via Alma)
Steve Trowbridge, CFO	

Cenkos Securities (Nomad & Broker)

Max Hartley (Corporate Finance)	0207 397 8900
Julian Morse (Sales)	

Alma PR (Financial PR)

John Coles, Josh Royston, Helena Bogle	0203 405 0205

About Arena Events Group plc

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 the UK, the US, the Middle East, and Asia and current clients include Wimbledon Tennis Championships, The Open, the 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 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

Our results for the six months to the end of September have, unsurprisingly, been severely and significantly impacted by the COVID-19 pandemic.

The Group delivered revenues of £42.8m for the six months to the end of September 2020, against £88.3m for the same period last year – a 52% reduction. Group Adjusted EBITDA was accordingly affected and came in at £4.4m versus £8.8m last year.

Whilst these results are, on the one hand, disappointing they need to be considered against a backdrop of the, almost complete, absence of mass gatherings at live sporting events during those six months. The Group's traditionally busy summer season in the UK and the US was totally undermined by the cancellation or postponement of most of the world's major and iconic sporting fixtures including Wimbledon, the Open, Queens, Henley Regatta, the Ryder Cup, the Tokyo Olympics and many others. Those events that did take place (e.g. the US Open and the US PGA) were held behind closed doors with a much smaller than normal requirement for temporary infrastructure.

However, the business reacted quickly and, as well as taking immediate action on the Group's fixed cost base, the teams around the world sought alternative, non-event, revenues to help limit the impact on overall Group revenues. The positive impact of these non-event revenues was backed up with a significant cost reduction programme with administrative expenses pre-IFRS16 (i.e. cash overheads) reducing from £18.2m to £13.0m – a drop of 29% over the same period last year.

The fact that we have delivered a positive Adjusted EBITDA performance for the first six months, taking everything into consideration, reflects a robust performance that demonstrates the benefits of a global platform and, in particular, the tremendous tenacity, agility and positive attitude of the senior executives and their teams across all of our business units.

Operational Highlights

US Region:

The US business performed exceptionally well over the last six months and delivered a very strong EBITDA result, despite the lack of traditional event and furniture rental revenues. The region reported revenues of £18.5m and EBITDA of £6.6m which, under the circumstances, was an incredible performance. The majority of the region's revenues were delivered from non-sporting events which included:

1. Structures to create a 1,038-bed temporary hospital in New York
2. Temporary extension facilities at schools and hospitals around the US
3. Numerous temporary test centres across the US
4. Temporary facilities for the US Military

These projects supported the significantly lower than normal event revenues with the AES Division providing reduced scope facilities to the USGA, the PGA of America and the NBA Finals at the Walt Disney World Resort in Orlando, Florida.

We anticipate that the second six months will prove somewhat more challenging as the events market remains largely closed and is, in any event, the slower half of the year for the US business. Having said that, we still expect the region to deliver a positive full year EBITDA performance.

EMEA Region:

In June 2020, the MEA and UK regions were merged to form the EMEA Region, which has provided a more robust platform against a very challenging market backdrop, as well as streamlining customer relationships across a, largely, common customer base between the two regions.

This combined region delivered revenues of £24.3m and an EBITDA loss of £1.6m for the six months to the end of September.

The UK region had revenues and a positive EBITDA of £11.3m and £1.0m respectively and, with little or no event revenues, was reliant on non-event revenues including:

1. Delivery of a new seating layout for the north and south stands at London Stadium, the home of West Ham United FC
2. Construction of a new semi-permanent seating stadium for Edinburgh Rugby Club at Murrayfield
3. Numerous temporary COVID-19 test centres across the UK
4. A number of temporary mortuaries around the UK
5. Temporary quarantine areas for military purposes

The cost base was managed and supported by the UK Coronavirus Job Retention Scheme ("Furlough"), which although recently extended until March 2021 due to the latest lockdown, has not been more explicitly linked to the return of activity in our sector. Disappointingly, we have not been able to secure rates relief, a benefit that has been afforded to thousands of businesses in the UK "hospitality" sector. As a key supplier to that industry we are "the forgotten cog" in the wheel of the sector. We are a vital part of this industry, something that has been readily acknowledged by our main customers, many of whom have secured this relief and who are totally reliant on businesses like ours to deliver events at their venues across the UK. This omission could unfortunately lead to many more redundancies in the wider event rental sector over the coming months.

The MEA region had a much tougher time and, notwithstanding the securing of a number of significant non-event revenue opportunities, delivered an EBITDA loss of £2.6m on revenues of £12.9m for the six months.

This region will, unfortunately, continue to face the brunt of the economic consequences of the pandemic, as their traditionally busiest season of October through to January will, we expect, be significantly impacted by the loss of major sporting and exhibition event revenues during these months. As a result, we have had to take further cost reduction measures here and have put the Asia business units on a "care and maintenance" basis for the next six months as we wait for the events world to reopen later next year in that part of the world.

In the Middle East, the low fiscal environment leaves little available resources for governmental intervention as with, for example, the UK Furlough scheme. We have therefore taken action to reduce the fixed costs of the Dubai-based business units and, where possible, relocated key staff members to Saudi Arabia, where there continues to be a number of both secured and identified opportunities over the next six months.

The region did produce some significant non-event revenues earlier in the year with the delivery of a 300 bed temporary medical holding facility in Dubai. However, since the end of May, this region has struggled to deliver any significant revenues and hence the need for the additional actions that have been undertaken over the last couple of months. Notwithstanding these measures, we expect the region to continue to be loss making for the second half of the financial year.

Acquisitions:

Given the turmoil in the industry, there is currently no shortage of acquisition opportunities at depressed valuations, but our main priority is to preserve cash resources and manage through the pandemic, emerging as one of the remaining players. However, in late July we were in a position to acquire the rental assets and goodwill of a small San Jose based party rental business called Williams Party Rentals, at a significant discount to normal valuations, paying below the net carrying value of the assets. Whilst this was a very small value transaction, Williams had been a strategic target for several years and provides our US West Coast based business, Arena Stuart Event Rentals, with an opportunity to expand its presence in San Jose, delivering enhanced scale and significant operating synergies.

Cash and Banking Facilities:

The Group had cash balances of £15.5m at the end of September leaving Group net debt (covenant definition, pre-IFRS16) at £26.3m. This compares to a net debt position (covenant definition, pre-IFRS16) of £35.6m at the end March 2020, an improvement of £9.3m. Allowing for the net funds received from the placing in April of £9.3m, this demonstrates that the Group traded with zero cash burn in the last six months, which is an even more important indicator than EBITDA of the Group's robust performance during these very difficult times.

In addition, in October the Group secured additional facilities from HSBC with the completion of a £15.6m UK Government supported CLBILS facility. This facility remains undrawn. This increased liquidity provides additional comfort that the Group can continue to trade through an even longer period of COVID-19 restrictions as we head into the unknown in 2021, with little prospect of a return to mass gatherings at sporting events until at least the summer of next year.

Current Trading and Outlook:

The Group has now endured nine months of unprecedented disruption to our business – disruption that the Company believes will continue for a number of months to come. We therefore anticipate COVID-19 to continue to impact our regular event business during the second six months trading to the end of March 2021. Indeed, we expect that the second half will be tougher as we will be unable to benefit from our traditionally busiest October to December trading quarter given the continuation of COVID-19 restrictions during these months.

Whilst immensely challenging, we are well positioned to withstand the financial consequences of the pandemic due to the various measures we have undertaken over the last nine months. The Board acted early and have since taken significant cost out of the business, including delayering management teams around the world, the benefit of which will last beyond the return to normal trading for the Group. We are confident that these cost reductions and restructuring measures will leave the Group in a position to return operationally stronger as we emerge from the pandemic. These actions, coupled with the tremendous support from both our bank, HSBC, and our major shareholders have provided the Group with significant liquidity and undrawn facilities to be able to continue to trade through to the end of this financial year and throughout 2021. Whilst we do expect our existing cash balances to reduce over the next six months, we believe we have access to sufficient resources to give us the confidence that we will be able to come out the other side of this pandemic with a business that will be able to capitalise on the many opportunities that will present themselves later next year.

The continued uncertainty generated by COVID-19 means we are unable to predict with any certainty when our revenues will begin to return to normal. Our focus therefore remains on protecting our existing cash resources and undrawn facilities for the next six months and beyond. This has been, and continues to be, our number one objective.

Overall, we believe that the first six months results are an excellent set of numbers under the circumstances which would not have been possible without the herculean efforts of my senior executive colleagues and their local teams right across our global network from Hong Kong to San Jose, many of whom since March have taken, and continue to take, significant salary reductions. My sincere thanks and gratitude to each and every one of them for this and their continued support and positivity in the worse economic conditions experienced by the hospitality sector for decades.

Greg Lawless

Arena Events Group plc CEO

Financial Review

Revenue and gross margin

The Group delivered £42.8m of revenue in the six-months ended 30 September 2020 (6m Sept 19: £88.3m), representing a 52% decrease compared with the prior period in 2019. The annualisation of acquisitions had no discernible impact in the period. Instead, performance was dominated by the global response to the COVID-19 pandemic. The business saw the first signs of disruption early in the first calendar quarter of 2020, but the six-month period reported here was characterised by national lockdowns, widespread event cancellations and deferrals, and a refocusing of the business on non-event revenue streams.

Gross margins across the Group increased from 28.2% to 34.6% due in part to geographic mix, as the US region delivered over 40% of Group revenues at an average 55.7% margin (6m Sept 2019: 33.0%). This margin reflected both the current period structures-led activity and the benefit of the Project Lift business rationalisation programme in late 2019. The UK gross margin of 30.1% (6m Sept 19: 26.5%) continued its improving trend since 2018 with a broad mix of largely non-event activity. The Middle East saw margins slip to 8.5% (6m Sept 19: 23.3%) as the region's revenue in the six months was dominated by just one large COVID-19 related project.

Administrative expenses

Administrative expenses were £9.8m in the six-months ended September 2020, compared to £15.3m in the same period in 2019, a 35.9% reduction. Despite inflationary pressures, particularly in salary costs, this £5.5m reduction was due to rapidly executed plans to reset the cost base across all regions in response to the pandemic, with "Furlough" salary assistance in the UK totaling £2.2m and the continued benefit of the 2019 delivered Project Lift in the US. The reductions were 48.9% in the UK, 41.3% in the US but only 17.4% in the Middle East, where additional specific bad debt provisions of £0.3m partly held back the reduction.

Adjusted EBITDA

Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, exceptional items and acquisition costs. The Group's Adjusted EBITDA decreased to £4.4m in the six-months ended 30 September 2020, compared to £8.8m in the same period last year. However, adjusted EBITDA margin improved from 10.0% in 2019 to 10.3% in 2020.

Operating profit and loss after tax

The Group generated a statutory operating loss of £3.3m for the six-months ended 30 September 2020 compared with a profit of £3.8m in the same period in 2019. This outturn reflects the £4.4m lower underlying Adjusted EBITDA described above, with £0.7m of additional depreciation in part due to additional equipment investment in 2019 and early 2020 in support of the planned 2020 US golf calendar, alongside accelerated depreciation on assets no longer expected to be usable after the pandemic. Exceptional costs were £0.8m in the six-month period, compared to a £0.7m credit in 2019 when the business benefited from a large insurance settlement receipt. There were no acquisition costs in the period and intangible amortisation was broadly consistent with prior periods.

Interest expense of £0.8m in the six-months ended 30 September 2020 relates to the interest cost of the Group's bank debt, shareholder loan and finance leases, with slightly higher average drawings offsetting a lower senior facility interest rate, giving a broadly flat year on year cost. Other finance costs were flat year on year and 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.

After a tax charge of £0.6m (6m Sept 2019: £0.1m), the Group's loss after tax for the period was £4.8m (6m Sept 2019: profit of £2.2m).

Earnings per share

Basic earnings per share (EPS) for the six-months ended September 2020 was 2.4p loss per share. The figure for the comparative period in 2019 was a profit of 1.5p per share.

Dividends

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 interim dividend has been declared for the six-months ended 30 September 2020.

Cash flow

The Group generated operating cash flow of £6.0m in the six-months ended September 2020 compared with £3.5m in the same period in 2019. The lower operating profit in the 2020 period was more than offset by an improved working capital balance, as strenuous efforts were made to collect outstanding customer receipts alongside a carefully managed reduction in trade payables.

Capital expenditure

Net capital expenditure (additions less proceeds from disposals) in the six-months ended 30 September 2020 was £2.4m, compared with £4.5m in the same period in 2019. This level of spend largely reflects commitments made prior to the COVID-19 pandemic, particularly in support of what was to have been a busy 2020 golf season in the US. Much of this expenditure therefore remains in readiness for when these events return. Also included in the six months is £0.2m of expenditure related to the purchase of rental and other assets from Williams Party Rentals in San Jose, CA. Run-rate capex is now significantly lower and is focused on the replacement of items critical to ongoing rental activity or Health & Safety related expenditure.

Balance sheet

At the end of September 2020, goodwill and other intangibles stood at £38.9m, compared with £57.7m at the end of September 2019. No reassessment has been made of the carrying values of any intangible assets during the six-month period, with the year on year reduction reflecting a review undertaken at the end of the 2020 financial year in March. Property, plant and equipment at 30 September 2020 of £50.3m was £0.5m lower than at 30 September 2019 as net capex was lower than depreciation.

Cash at 30 September 2020 was £15.5m, giving a net debt position (covenant definition, pre-IFRS16) of £26.3m and a historical twelve-month Adjusted EBITDA to net debt ratio of 2.8x. At the end of September 2020, the Group's drawn senior debt facility remained at £35m, in line with the March position, supported by overdraft and guarantee facilities in the US and Middle East. A further £2m short-term financing facility with Lombard Odier Investment Management agreed in November 2019 remained in place and drawn at the period end. In the six months ended 30 September 2020 the Group also made various lease repayments totaling £2.2m, compared to £2.4m in the same period in 2019.

In April 2020 the Group completed an equity fundraising raising £9.3m after expenses.

During the six-month period the Group paid no dividends or deferred consideration payments.

Post balance sheet events

Since the end of the period the Group has secured additional funding of £15.6m through the Government Coronavirus Large Business Interruption Loan Scheme ("CLBILS"), supported by our lender, HSBC, which remains undrawn.

Exchange rates

The reported figures use an average US$ rate of $1.26 for the period (2019: $1.28) and a period end rate of $1.32 (2019 $1.21).

Condensed Consolidated Income Statement

For the six-months ended 30 September 2020

	6 mths ended 30 Sept 2020 (unaudited) £m	6 mths ended 30 Sept 2019 (unaudited) £m	Year ended 31 Mar 2020 (unaudited) £m	15 mths ended 31 Mar 2020 (audited) £m
Revenue	**42.8**	88.3	160.6	183.2
Cost of sales	**(28.0)**	(63.4)	(110.2)	(127.8)
Gross profit	**14.8**	24.9	50.4	55.4
Administrative expenses	**(18.0)**	(21.1)	(63.5)	(75.0)
Operating (loss) / profit	**(3.3)**	3.8	(13.1)	(19.6)
Analysed as:				
Adjusted EBITDA	**4.4**	8.8	16.5	13.2
Depreciation fixed assets	**(4.1)**	(3.4)	(7.7)	(9.5)
Depreciation right of use assets	**(2.3)**	(2.0)	(3.7)	(4.7)
Exceptional costs	**(0.8)**	0.7	(17.2)	(17.5)
Acquisition costs	**(0.0)**	(0.0)	0.0	0.0
Share option costs	**-**	-	(0.3)	(0.3)
Intangible amortisation	**(0.3)**	(0.4)	(0.7)	(0.8)
Interest expense	**(0.8)**	(0.8)	(1.5)	(1.8)
Other finance costs	**(0.7)**	(0.7)	(1.3)	(1.6)
(Loss) / profit before taxation	**(4.7)**	2.3	(15.9)	(23.0)
Tax on (loss) / profit on ordinary activities	**(0.6)**	(0.1)	0.1	0.1
(Loss) / profit after taxation	**(5.3)**	2.2	(15.8)	(22.9)

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 September 2020

	6 mths ended 30 Sept 2020 (unaudited)	6 mths ended 30 Sept 2019 (unaudited)	Year ended 31 March 2020 (unaudited)	15 mths ended 31 March 2020 (audited)
Basic profit/(loss) per share - pence	**(2.7)**	1.5	(10.3)	(15.0)
Diluted profit/(loss) per share	**(2.7)**	1.5	(10.3)	(15.0)

Statement of comprehensive income

For the six-months ended 30 September 2020

	6 mths ended 30 Sept 2020 (unaudited)	6 mths ended 30 Sept 2019 (unaudited)	Year ended 31 March 2020 (unaudited)	15 mths ended 31 March 2020 (audited)
(Loss) / profit for the period	**(5.3)**	2.2	(15.8)	(22.9)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign subsidiaries	(0.4)	1.5	(0.9)	(1.3)
Other comprehensive income for the period net of tax	(0.4)	1.5	(0.9)	(1.3)
Total comprehensive loss for the period	(5.7)	3.7	(16.7)	(24.2)
Total comprehensive loss attributable:				
Owners of the company	(5.7)	3.7	(16.7)	(24.2)
	(5.7)	3.7	(16.7)	(24.2)

Condensed Consolidated Balance Sheet

As at 30 September 2020

	30 September 2020 (unaudited) £m	30 September 2019 (unaudited) £m	31 March 2020 (audited) £m
Non-current assets			
Goodwill and other intangibles	**38.9**	57.7	39.4
Property, plant and equipment	**50.3**	50.8	48.3
Right of use asset	**21.1**	21.8	23.6
Trade and other receivables due after one year	**0.8**	0.8	0.9
	111.0	130.3	112.2
Current assets			
Inventories and WIP	**7.8**	8.5	7.8
Trade and other receivables	**16.3**	35.3	31.9
Cash and cash equivalents	**15.5**	3.3	5.8
	39.6	47.1	45.5
Current liabilities			
Trade and other payables	**(11.7)**	(16.8)	(24.8)
Bank overdraft	**-**	-	(0.3)
Borrowings	**(2.2)**	(1.2)	(4.4)
Bank interest	**(0.8)**	(0.3)	-
Current tax liabilities	**0.0**	(0.1)	-
Lease liabilities	**(5.6)**	(3.3)	(4.1)
Accruals	**(11.4)**	(14.2)	(13.9)
Deferred revenue	**(11.0)**	(13.2)	(9.0)
Deferred consideration	**(1.0)**	(4.3)	(0.9)
	(43.8)	(53.3)	(57.4)
Net current (liabilities) / assets	**(4.1)**	(6.1)	(11.9)
Total assets less current liabilities	**106.9**	125.0	100.3
Non-current liabilities			
Borrowings	**(36.7)**	(34.5)	(34.4)
Lease liabilities	**(17.6)**	(19.4)	(16.7)
Other creditors	**(1.3)**	(2.4)	(1.4)
Deferred tax liabilities	**(1.3)**	(1.7)	(1.3)
	(56.9)	(58.0)	(53.8)
Net assets	**49.9**	67.0	46.5
Equity			
Share capital	2.5	1.5	1.5
Share premium	86.8	79.1	78.5
Merger reserve	10.9	10.9	10.9
Share option reserve	0.6	0.4	0.6
Retranslation reserve	(2.7)	0.0	(2.3)
Retained earnings	(48.1)	(24.8)	(42.7)
Total equity	**49.9**	67.0	46.5

Condensed Consolidated Group Cash Flow Statement

	6 mths ended 30 Sept 2020 (unaudited) £m	6 mths ended 30 Sept 2019 (unaudited) £m	Year ended 31 Mar 2020 (unaudited) £m	15 mths ended 31 Mar 2020 (audited) £m
Cash flow from operating activities				
Operating (loss) / profit for the period	(3.3)	3.8	(13.1)	(19.6)
Adjustments for:				
Depreciation of property, plant and equipment	4.1	3.4	7.7	9.5
Depreciation of right of use assets	2.3	2.0	3.7	4.7
Impairment of goodwill	-	-	16.1	16.1
Amortisation of intangibles	0.3	0.4	0.8	0.9
Deferred consideration	0.1	-	(1.2)	(1.2)
Gain on disposal of property, plant and equipment	(0.0)	(0.2)	(0.2)	(0.3)
Share option costs	-	-	0.3	0.3
(Decrease)/increase in provisions	(0.0)	(0.3)	(1.2)	(0.9)
Operating cashflows before changes in working capital	3.6	9.0	12.9	9.5
(Increase)/decrease in inventories	(0.1)	2.5	2.7	(2.0)
Decrease / (increase) in receivables	16.1	(14.8)	(8.4)	(5.3)
(Decrease) / increase in payables	(13.7)	6.7	6.9	10.7
Cash generated by operations	6.0	3.5	14.1	12.9
Bank and finance lease interest paid	(0.0)	(0.6)	(1.5)	(1.7)
Loan note interest paid	(0.0)	-	(0.1)	(0.1)
Other finance charges	(0.0)	-	(0.2)	(0.2)
Corporation tax	(0.6)	(0.2)	(0.4)	(0.3)
Net cash inflow / (outflow) from operating activities	5.3	2.7	12.0	10.6
Cash flow from investing activities				
Proceeds on disposal of property, plant and equipment	0.6	0.2	0.3	0.4
Purchases of property, plant and equipment	(3.0)	(4.7)	(12.9)	(15.5)
Net cash used in investing activities	(2.4)	(4.5)	(12.6)	(15.1)
Cash flow from financing activities				
Increase in borrowings	-	1.7	4.2	10.8
Repayment of borrowings	(0.1)	-	(0.5)	(0.5)
Lease payments	(2.2)	(2.4)	(4.0)	(5.1)
Proceeds on issue of shares net of costs	9.3	0.3	0.3	0.3
Proceeds on issue of shareholder loan notes	-	-	2.0	2.0
Deferred consideration paid	-	(1.7)	(2.1)	(2.7)
Dividend paid	-	(1.5)	(1.9)	(1.9)
Net cash generated from financing activities	7.0	(3.7)	(1.9)	2.9
Net increase/(decrease) in cash and cash equivalents	10.0	(5.5)	(2.6)	(1.6)
Cash and cash equivalents at the beginning of the period	5.8	8.3	8.3	7.5
Effect of foreign exchange rate changes	(0.2)	0.5	0.1	(0.1)
Cash and cash equivalents at the end of the period	15.5	3.3	5.8	5.8

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 & 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 Annual Financial Report for the fifteen-month period ended 31 March 2020 was audited and has been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Accounts for the fifteen-month period ended 31 March 2020 was not qualified and did not contain statements under s498(2) or (3) of the Companies Act 2006 but contained a material uncertainty paragraph relating to going concern.

The financial information for the six-months ended 30 September 2020, the six-months ended 30 September 2019 and twelve-months ended 31 March 2020 is unaudited and has not been reviewed by the Company's auditors. The Group has recently changed in its year-end from December to March and this is first set of published Interim results for a period ending in September. The next audited results for the twelve-month period ended 31 March 2021 will be published in July 2021.

The accounting policies applied in these interim accounts are consistent with those adopted in the Group's 31 March 2020 audited Group accounts. Included within fixed assets at 31 March 2020 were £4.3m of assets held under finance leases. These assets have now been presented as Right of Use assets in the 30 September 2020 balance sheet (and comparatives adjusted accordingly) with no impact on reported net assets.

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. Percentage movements and margins are calculated from these rounded numbers.

2. Segmental analysis

	6 months ended 30 September 2020 (unaudited)			
	UK&E	**ME&A**	**US**	**Total**
	£m	**£m**	**£m**	**£m**
Revenue				
Rental	6.8	12.7	13.1	32.6
Capital sales	4.5	0.2	5.4	10.2
Total revenue	**11.3**	**12.9**	**18.5**	**42.8**
Gross profit				
Rental	2.8	1.0	5.6	9.5
Capital sales	0.5	0.1	4.6	5.3
Total gross profit	**3.4**	**1.1**	**10.3**	**14.8**
Administration expenses	(2.3)	(3.8)	(3.7)	(9.8)
Segment result	**1.0**	**(2.6)**	**6.6**	**5.0**
Central administrative expenses				(0.6)
Adjusted EBITDA				4.4
Reconciliation of segment result to profit before tax:				
Depreciation & amortisation				(4.5)
Right of use asset depreciation				(2.3)
Exceptional costs				(0.8)
Acquisition costs				(0.0)
Share option costs				-
Net finance expense				(1.5)
Loss before tax				(4.7)

	6 months ended 30 September 2019 (unaudited)			
	UK&E	**ME&A**	**US**	**Total**
	£m	**£m**	**£m**	**£m**
Revenue				
Rental	30.9	19.9	32.9	83.7
Capital sales	2.7	0.3	1.6	4.6
Total revenue	**33.6**	**20.2**	**34.5**	**88.3**
Gross profit				
Rental	8.3	4.3	10.3	22.9
Capital sales	0.6	0.3	1.1	2.0
Total gross profit	**8.9**	**4.7**	**11.4**	**24.9**
Administration expenses	(4.5)	(4.6)	(6.3)	(15.3)
Segment result	**4.4**	**0.1**	**5.1**	**9.6**
Central administrative expenses				(0.8)
Adjusted EBITDA				8.8
Reconciliation of segment result to profit before tax:				
Depreciation & amortisation				(3.7)
Right of use asset depreciation				(2.0)
Exceptional costs				0.7
Acquisition costs				(0.0)
Share option costs				-
Net finance expense				(1.5)
Loss before tax				2.3

	Year ended 31 March 2020 (unaudited)			
	UK&E	**ME&A**	**US**	**Total**
	£m	**£m**	**£m**	**£m**
Revenue				
Rental	51.6	49.4	52.5	153.5
Capital sales	3.0	1.0	3.1	7.1
Total revenue	**54.6**	**50.4**	**55.6**	**160.6**
Gross profit				
Rental	13.5	16.8	17.0	47.3
Capital sales	0.7	0.2	2.2	3.1
Total gross profit	**14.2**	**17.0**	**19.2**	**50.4**
Administration expenses	(9.2)	(10.6)	(12.8)	(32.6)
Segment result	**5.0**	**6.4**	**6.4**	**17.8**
Central administrative expenses				(1.3)
Adjusted EBITDA				16.5
Reconciliation of segment result to profit before tax:				
Depreciation & amortisation				(8.4)
Right of use asset depreciation				(3.7)
Exceptional costs				(17.2)
Share option costs				(0.3)
Net finance expense				(2.8)
Loss before tax				(15.9)

	15 months ended 31 March 2020 (audited)			
	UK&E	**ME&A**	**US**	**Total**
	£m	**£m**	**£m**	**£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)
Adjusted EBITDA				13.2
Reconciliation of segment result to profit before tax:				
Depreciation & amortisation				(10.3)
Right of use asset depreciation				(4.7)
Exceptional costs				(17.5)
Share option costs				(0.3)
Net finance expense				(3.4)
Loss before tax				(23.0)

3. Earnings and Profit/(Loss) per share

	Six months to 30 Sept 2020 (unaudited)		Six months to 30 Sept 2019 (unaudited)	
	Loss £m	Weighted average number of shares	Loss £m	Weighted average number of shares
	(5.3)	196,317,390	2.2	152,271,489
Loss per share pence:				
- basic		(2.7)		1.5
	Loss £m	Diluted average number of shares	Loss £m	Diluted average number of shares
	(5.3)	196,317,390	2.2	152,271,489
Loss per share pence:				
- diluted		(2.7)		1.5

	Year ended 31 Mar 2020 (unaudited)		15 months to 31 Mar 2020 (audited)	
	Loss £m	Weighted average number of shares	Loss £m	Weighted average number of shares
	(15.8)	152,671,489	(22.9)	152,673,573
Loss per share pence:				
- basic		(10.3)		(15.0)
	Loss £m	Diluted average number of shares	Loss £m	Diluted average number of shares
	(15.8)	152,671,489	(22.9)	152,842,823
Loss per share pence:				
- diluted		(10.3)		(15.0)

4. Deferred consideration

Deferred consideration payments are due in relation to Arena Stuart Rentals (ASR) of £0.9m and the assets of Williams Party Rentals (£0.1m). Management has made an estimate of the deferred consideration due based on expected future profitability of ASR. There are no employment related obligations attached to future deferred consideration.

5. Dividends

An interim dividend of 0.25 pence per share was paid in September 2019 in respect of the six months ending 30 June 2019. However, in the light of COVID-19 and the need to maximise balance sheet flexibility no interim dividend has been declared for the six-months ended September 2020. No full year dividend was declared or paid in respect of the fifteen-month period ended 31 March 2020.

6. Post balance sheet events

Since the end of the period the Group has secured additional funding of £15.6m through the Government Coronavirus Large Business Interruption Loan Scheme ("CLBILS"), supported by the Group's lender, HSBC.

Ends.