7 July 2021

Arena Events Group plc

("the Company" or "the Group")

Audited results for the year ended 31 March 2021

Arena Events Group plc (AIM: ARE) announces its audited results for the year ended 31 March 2021 ("FY21"). In the prior financial period, to better reflect the seasonality of the business, the Group changed its year-end date with a transitional fifteen-month period ended 31 March 2020 ("FY20") containing two seasonally quiet calendar Q1 periods. Unaudited summary results for the twelve-months to 31 March 2020 are also shown to assist comparability.

Despite FY21 results in all markets being impacted by prohibitions on mass gatherings due to the COVID-19 pandemic, the Group re-focused on alternative revenue streams and took rapid action to realign costs and optimize cash generation. As a result, the Group was Adjusted EBITDA(1) positive, with an 8% Adjusted EBITDA margin and strong cash flow generation.

FY21 financial highlights:

Year ended 31 March 2021 (audited, with comparison to audited FY20 results)

- Group revenue decreased by 61% to £71.6m (15m Mar 20: £183.2m)
- Gross profit margin improved to 37.7% (15m Mar 20: 30.2%) due to shift in sales mix
- Adjusted EBITDA(1) fell by 57% to £5.7m (15m Mar 20: £13.2m), in line with previous guidance
- Reduced operating loss of £9.8m (15m Mar 20: £19.6m loss)
- Loss after taxation of £12.7m (15m Mar 20: £22.9m loss)
- Adjusted EPS(2) loss of 4.1p (15m Mar 20: 3.0p loss)
- Basic EPS loss of 5.2p (15m Mar 20: 15.0p loss)
- Period-end cash £18.4m (Mar 20: £5.8m), net debt(3) £21.1m (Mar 20: £35.6m)

Compared to year ended 31 March 2020 (unaudited result)

- Revenue decreased by 55% to £71.6m (12m Mar 20: £160.6m)
- Adjusted EBITDA(1) decreased by 65% to £5.7m (12m Mar 20: £16.5m)

FY21 operational highlights:

- In the **UK & Europe** – delivered numerous structures for temporary COVID-19 medical facilities and testing centres; completed installation of new seating at the north and south stands at the London Stadium; built temporary cover for archaeological works on HS2; extended rental for 26,000 seats at Tokyo 2020 Olympics under new contract
- In the **Middle East & Asia** – built large medical facility in UAE; completed major golf events in Dubai, Abu Dhabi and Saudi Arabia (KSA); fully integrated previous acquisitions
- In the **US** – built many structures in response to COVID-19 including one of the largest vaccination sites in North America (United Center, Chicago); supported reactivation of NBA season in Orlando; provided structures to a major industrial project in Minnesota; delivered structures for the Super Bowl in Tampa, attended by over 20,000 spectators as well as reduced scope facilities for both the 2020 U.S. Open and PGA Championships

Post period highlights:

- Completed subscription and placing of shares to fund Aztec Shaffer acquisition in Texas and strengthen balance sheet. Net debt(3) at the end of May 2021 was £17.6m
- Recently won a number of multi-million pound seating and structures contracts for sports, leisure and hospitality customers in the KSA, reinvigorating the Middle East region pipeline
- Provided a range of structures and seating to: The Championships, Wimbledon 2021; the 121st U.S. Open at Torrey Pines; and the 2021 PGA Championships at Kiawah Island

Greg Lawless, Chief Executive Officer, commented:

"In a year of complete devastation for the global events industry, the Group demonstrated the real value of many years of tenacity in building a diverse global business, with a broad range of product offerings, delivering sufficient non-event revenues to be able to report a positive full year Adjusted EBITDA(1) performance. Given the challenges faced by the industry this was, indeed, a very robust performance by the Group.

We are cautiously optimistic about the pace of recovery in the live events industry, which has started later than we would have liked as COVID-19 restrictions have returned in some countries and remained in place in others longer than anticipated. Nevertheless, vaccine rollout is going well in all our major markets and therefore, we expect FY22 to be a transitional year for the Group.

I would like to thank all my colleagues for their resilience, flexibility and personal sacrifices in what has undoubtedly been one of the most challenging years for the Group in its 260-year history. Together they have helped position the business well to recover as the live events market returns over the remainder of 2021."

This announcement contains inside information.

Notes:

(1) Adjusted EBITDA is defined as earnings before interest, tax, depreciation, intangible amortisation, exceptional items share option costs and acquisition costs. The calculation is shown in the table in the Financial Review section.

(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:

	FY21 12m £m	FY20 15m £m
Statutory Loss After Tax	**(12.7)**	**(22.9)**
Exceptional costs	2.7	17.5
Acquisition costs	0.1	-
Exceptional finance costs	0.2	0.6
Share option (credit)/expense	(0.4)	0.3
Adjusted Loss	**(10.1)**	**(4.5)**

(3) Net debt is per Senior Facility covenant definition, excluding IFRS 16, but including both finance leases calculated on a pre-IFRS16 basis and deferred consideration. Balance at May 2021 also excludes £13.0m of net debt on the balance sheet of Arena Aztec Shaffer LLC (AAS). Arena Events Group plc acquired 50% of AAS in April 2021.

Enquiries:

Arena Events Group plc
Greg Lawless (CEO) / Steve Trowbridge (CFO) — Via Alma

Cenkos Securities (Nomad and Broker) — +44 (0) 207 397 8900
Derrick Lee / Max Gould (Corporate Finance)
Julian Morse (Sales)

Alma PR (Financial PR) — +44 (0) 208 004 4217
Josh Royston / John Coles / Helena Bogle

Notes to Editors:

Arena Events Group plc (www.arenagroup.com) is a provider of temporary physical structures, seating, ice rinks, furniture and interiors. The Group has operations across Europe, the US, the Middle East and Asia, and current clients include: The Championships, Wimbledon; The Open; The Jockey Club; the PGA European Tour; and the 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. The Group also has a growing presence in other markets serving a range of retail, industrial, governmental and construction customers.

Chairman's Statement

"A difficult year, but steps taken to strengthen the business and trade confidently"

In my report last year, I indicated that we anticipated a "challenging" outlook for the year-ended 31 March 2021. I doubt if anyone could have foreseen quite how prolonged the impact of COVID-19 has been and how it has continued to seriously affect our business. Quite simply, the global event business throughout the last year has virtually stopped and this has had a material impact on our results. Revenue for the year was 55% below the prior twelve months.

I am however very proud of the way the management team and our employees have reacted to the devastating impact of the pandemic. We have unfortunately had to make some employees redundant, and this is always regrettable, though in the UK we received £3.4m under the Government's Coronavirus Job Retention Scheme which prevented significant redundancies in that market. We have implemented significant cost reductions throughout the business, conserved cash, strengthened our capital structure and "survived" whilst many others in the sector have not.

As part of our drive for increased efficiency, we took the opportunity to streamline our regional structure and we merged the management of the UK and Europe business with that of the Middle East & Asia creating the EMEA Region under combined leadership. We also eliminated a layer of senior management in our Americas business.

While cutting costs was the obvious answer to the loss of revenue from our traditional event business, I was particularly pleased with the way our management teams sought out new sources of revenue away from events. In this regard, we were also able to help in the fight against COVID-19 by constructing hospitals, vaccination and testing centres and other medical facilities. It is also hoped that some of this diversification will be permanent, making the business more resilient for the future.

We completed a fundraising of £9.5m through a placing and subscription in April 2020 giving us additional liquidity to trade confidently throughout the pandemic.

In March 2021, we announced another fundraising of £11.0m, also through a placing and subscription and this enabled us to both strengthen our capital structure and opportunistically acquire a 50% stake in Aztec Shaffer, a US based competitor with a similar profile of business to Arena. The Shaffer part of the business is a major player in the US Golf market and we will look to capitalise on our expertise in this area. The Aztec Events division gives the Group a presence in the Houston party rental market, the fourth largest, and a fast-growing, city in the US. Aztec Shaffer is the largest acquisition made by the Group and it demonstrates the opportunities for consolidation in a fragmented market.

Our largest shareholder, TasHeel, participated in the placing and now holds 24% of the Group's issued share capital. We are also grateful for the support of HSBC who initially extended additional overdraft facilities to the Group at the start of the pandemic before we replaced them with a £15.6m CLBILS facility in early October 2020.

As I write this report, the vaccination "roll-out" in our major markets is progressing well and there is an expectation and hope that in the second half of 2021 we should see our traditional events returning to normal with a full capacity of spectators. However, the last year has taught us to remain cautious and we have taken steps to ensure that both our capital and cost structure are flexible and able to cope with disruption and uncertainty.

It has been a very difficult year for society and for our Arena employees. I sincerely hope that the second half of FY22 will see life beginning to return to normal.

Ken Hanna
Chairman

CEO Report

Introduction:

The full year results reflect the catastrophic impact of COVID-19 on the world's global event rental industry. From just before the start of this financial year, the industry was faced with the prospect of no event rental revenues as event after event was either cancelled or postponed. Whilst some relief looked likely late last summer as restrictions were partially lifted across the world in August and September, these hopes were short-lived as second waves of the pandemic spread across the world. This led to a second global lock down that is only now, gradually, being eased as I write this report, almost seventeen months after we experienced our first revenue hit from COVID-19 in February 2020.

However, as previously reported, we took early and decisive action to minimise the impact on our business, by securing non-event revenues, reducing our cost base, and raising funds from both our bank, HSBC, and shareholders via a £9.5 million placing in April 2020 - all of which put the Group in a solid financial position to enable us to trade through those very difficult times.

Full year revenues of £71.6m (FY20 £183.2m) were down 61% on the prior fifteen-month period (55% on a comparable twelve-month basis), but despite this the Group posted Adjusted EBITDA of £5.7m (FY20 £13.2m). The Group reported an operating loss of £9.8m compared to a loss of £19.6m in FY20.

Operational highlights:

Americas region:

The US business performed exceptionally well, in the circumstances, over the last twelve months and delivered a record Adjusted EBITDA result, despite the significant reduction in traditional event and furniture rental revenues. The Region reported revenues of £34.2m (FY20 £64.9m) and Adjusted EBITDA of £10.2m (FY20 £5.4m) which, was an incredibly strong performance. The Region's revenues were delivered from, amongst others, the following non-sporting events and reduced capacity sporting events including:

- A 1,038-bed temporary hospital in New York
- Temporary extension facilities at schools and hospitals around the US
- Numerous temporary test centres across the US
- Temporary mass vaccination centre at United Centre in Chicago
- Temporary facilities for the US military
- Temporary hospitality structures for ski resorts in Colorado
- The PGA Championships at Harding Park, California
- The US Open at Winged Foot, New York
- The NBA at the Walt Disney World Resort in Orlando, Florida

Both the national tenting division, Arena Event Services (AES), and our West Coast business, Arena Stuart Rentals (ASR), delivered positive Adjusted EBITDA results. Both benefitted from a number of long-term COVID-19 related rentals, coupled with strong cost control measures that enabled the Region to produce these record results. Cashflow was tightly controlled and helped enable the Group to deliver a strong end-of-year cash number.

EMEA region:

The Middle East & Asia (MEA) and UK & Europe (UKE) Regions were merged to form the EMEA Region in June of last year in order to provide 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.

Despite this initiative, the EMEA Region had a torrid year with an Adjusted EBITDA loss of £3.3m (FY20 £9.2m profit), the vast bulk of which was in the MEA. Full year revenues of £37.4m (FY20 £118.3m) were 68% lower than last year, and whilst the Region did manage to secure some non-event revenue in the first half of the year, these all but disappeared in the second half. These regions were also more severely impacted by the second lockdowns in December, which resulted in the reduction and subsequent cancellation of the UK's ice season, alongside early calendar year horse racing events being held behind closed doors.

The UKE business units, with £3.4m of support from the UK Government's Coronavirus Job Retention Scheme, delivered Adjusted EBITDA of £1.2m (FY20 £3.3m) on revenues of £19.6m (FY20 £60.1m) which included the following non-event revenues:

- Delivery of a new seating layout for London Stadium, the home of West Ham Football Club
- A new semi-permanent seating stadium for Edinburgh Rugby Club
- Numerous temporary test centres across the UK
- A number of temporary mortuaries
- Temporary structures for military personnel
- Temporary archaeological support services for the HS2 rail development

The MEA business units had an even tougher time of it and, notwithstanding the securing of a number of significant non-event revenue opportunities in the first half of the year, posted an Adjusted EBITDA loss of £4.5m (FY20 £5.9m profit) on revenues of £17.8m (FY20 £58.2m), with £12.9m of the revenue in the first six months of the year.

These business units lost the vast bulk of their traditionally busy season revenues (October through to February) as well as the loss of its entire exhibition event revenues this year.

As the results demonstrate, this year has certainly taken its toll on the team in the MEA and with another few quiet months post year-end, we are not expecting an improvement in trading in this region until later in 2021. However, I know there is a strong sense of pride of performance in the team and their focus over the last few months has been on securing as many of the pipeline opportunities that lie in front of them. Indeed, that process has already started, with a big recent job win for 21,000 seats for the inaugural F1 street race in Jeddah in December 2021.

Equity fundraisings and additional lending facilities:

In April 2020 we completed a £9.5m fundraising (pre-expenses) through the placing and subscription of shares at an issue price of ten pence per ordinary share. This fundraising was carried out 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. At the same time, our lender, HSBC, extended an additional £4.75m overdraft facility. This overdraft facility was subsequently replaced by a larger £15.6m lending facility under the UK Government backed Coronavirus Large Business Interruption Loan Scheme (CLBILS) in October 2020. £4.0m of this loan was drawn down just after year-end as part of the requirement to utilise the facility within six months to retain continued access to the full level of lending.

In March 2021, we announced another fundraising of £11.0m (pre-expenses), through a placing and subscription at an issue price of fourteen pence per ordinary share. This fundraising was completed shortly after the year end and part of these funds, £2.4m plus fees, have subsequently been used to acquire a 50% stake in Aztec Shaffer, as described further below,

Acquisitions:

Williams Party Rentals

As reported in our Interim Results, in July 2020 we acquired the assets of a small San Jose-based party rental business, Williams Party Rentals, at a discount to net book value. 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 Rentals, with the opportunity to expand its presence in San Jose, CA.

Aztec Shaffer (post year-end):

On the 26 April 2021, together with our co-bidders, Summit Investment Partners and AIG, we completed the acquisition of Aztec Shaffer, based in Houston, Texas. Arena holds an initial 50% equity stake in Aztec Shaffer and has control of the business.

Aztec Shaffer comprises two businesses, Aztec Events & Tents and Shaffer Sports & Events. Aztec is a very similar business to Arena Stuart Rentals, the US operations of Arena Events Group based in California. It has a diversified customer and event base with its products including party/wedding tents as well as tables, chairs, linens, tabletop items, dance floors and decorative items. By contrast, the significant majority of Shaffer's historical revenues has come from golf, supporting in excess of fifteen tournaments a year including the Players Championship and the Presidents Cup. Other sports served by Shaffer include motorsports and horse racing. Shaffer's focus on sports is well aligned with Arena Events Services, which has a broader customer mix and also serves many events outside of the sporting world.

Aztec Shaffer suffered a significant reduction in revenues over the last fifteen months, compounded further by its filing for Chapter 11 relief in late 2020. As a result of this bankruptcy filing, a multi-year long term contract held with the US Tour was initially replaced by a short-term agreement up to the end of May 2021, which was subsequently extended to December 2021. All other significant customer contracts have been retained and the company is continuing discussions with the US Tour with a view to securing a new multi-year contract over the coming months.

We are very pleased to have secured this significant and strategically important asset as it gives the US Region a full-service party rental business based in the fourth largest US city as well as a valuable extension to its US national structures footprint. The acquisition has traded well in the first two and a half months as part of the Arena Group.

Conclusion:

The Arena Group can trace its origins back 260 years and there is little doubt that this will have been amongst the toughest years of trading ever witnessed by the Group. However, the events world is gradually returning, and whilst we are still a few months away from a return to full normality, we are cautiously optimistic about the recovery of the business.

We therefore believe that FY22 will be a year of transition to full normality as events begin to allow some level of spectators as evidenced by a number of recent golf events in the US and in soccer and rugby stadia in the UK.

With the support of our stakeholders, we have been fortunate to have been able to successfully trade through the last twelve months without a hit to the integrity and strength of our balance sheet. Others have been less fortunate, and this has enabled us to complete two acquisitions at prices well below historic levels.

All of this would not have been possible without the continued support of our shareholders and our bank, HSBC. This year we demonstrated the real value of being a public company, with the ability to secure shareholder support through, not one but, two placings. These placings have enabled us to strengthen our balance sheet, complete two acquisitions and leave net debt (Senior Facility covenant definition, excluding IFRS16, but including both pre-IFRS16 finance leases and deferred consideration. Definition also excludes debt on the balance sheet of Arena Aztec Shaffer LLC) at the end of May at £17.6m, a full £18.0m below the figure at the end of March 2020. We do, however, anticipate that net debt will increase somewhat this year as we transition to a normal trading pattern and unwind some of the positive working capital benefits that helped us achieve such a strong liquidity position at the end of this year.

It would be remiss of me not to mention the support and efforts of our global management teams and all our employees. These last twelve months have been very tough on the entire team with significant personal sacrifices made by each and every one of our staff, all of which has helped us trade through these very difficult times. My sincere thanks to all of our team, including my senior executive colleagues, our Board and Chairman for their continued support and commitment during this last year and we look forward to better days as live audience events make a welcome return to the global calendar.

Greg Lawless
Group CEO

Financial Review

In the year ended 31 March 2021 the Group delivered Adjusted EBITDA of £5.7m a reduction of 57% on the fifteen-month period ended 31 March 2020 (£13.2m). Operating loss was £9.8m compared to a prior period loss of £19.6m

Back in 2019 the decision was taken to change the Group's accounting reference date from 31 December to 31 March to better match the seasonality of the business. This resulted in a transitional fifteen-month period ended 31 March 2020, with the latest results being for the year ended 31 March 2021.

Our financial results are summarised below:

	12 months ended 31 Mar 2021 (audited) £m	**12 months ended 31 Mar 2020 (unaudited) £m**	**15 months ended 31 Mar 2020 (audited) £m**
Revenue	**71.6**	**160.6**	**183.2**
Gross profit	27.0	50.4	55.4
Gross profit %	37.7%	31.4%	30.2%
Operating expenses (excluding exceptional costs, depreciation, amortisation and share option charges)	(21.3)	(33.9)	(42.2)
Adjusted EBITDA (1)	**5.7**	**16.5**	**13.2**
Depreciation and amortisation (before impairment)	(13.1)	(12.1)	(15.0)
Share option credit / (expense)	0.4	(0.3)	(0.3)
Exceptional costs (including goodwill impairment)	(2.7)	(17.2)	(17.5)
Acquisition costs	(0.1)	-	-
Operating loss	**(9.8)**	**(13.1)**	**(19.6)**
Finance costs	(3.0)	(2.8)	(3.4)
Tax credit	0.1	0.1	0.1
Loss after tax	**(12.7)**	**(15.8)**	**(22.9)**

Notes:

(1) Adjusted EBITDA is defined as earnings before interest, tax, depreciation, intangible amortisation, exceptional items share option costs and acquisition costs.

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. Adjusted EBITDA (further excluding the impact of IFRS16) is also part of the Group's covenant structure in its Senior Facility Agreement. Non-recurring costs include redundancy costs resulting from the reshaping of operations during the year, while the prior period additionally included a significant goodwill impairment and the one-off proceeds from a large insurance claim. Share option costs (FY21 credit, prior period expense) have been separately presented given their year-on-year volatility.

Revenue

Revenue for the year-ended 31 March 2021 was £71.6m compared to £183.2m for the fifteen-month period to 31 March 2020. The annualisation of acquisitions had no discernible impact in the year. Instead, performance was dominated by the global response to the COVID-19 pandemic. The business had seen the first signs of disruption early in the first calendar quarter of 2020, with the effects mainly concentrated in Asia, where a number of events were deferred or cancelled. By contrast the year-ended 31 March 2021 was characterised by national lockdowns, widespread event cancellations and deferrals and a refocussing of the business on non-event revenue streams, whilst also supporting customers who went ahead with events behind closed doors.

All regions delivered temporary structures for COVID-19 medical and testing facilities. Meanwhile the UK & Europe Region supported the reactivation of the European Tour golf at numerous venues, built facilities for the Nitto ATP Finals at the O2, completed new seating systems at the London Stadium, built a new stadium for Edinburgh Rugby Club at Murrayfield and supported two construction companies protecting sites during archaeological and other works. The Middle East & Asia undertook work for a large international customer at the Expo 2020 Dubai, golf events in Dubai, Abu Dhabi and Saudi Arabia, and continued to support the Tokyo 2020 Olympics with seating. The Americas delivered a wide range of 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 and built a large number of structures for the Super Bowl LV in Tampa.

Gross margin and operating expenses

For the year ended 31 March 2021 the Group's gross margin improved to 37.7% due in part to geographic mix, as the Americas Region delivered a higher proportion of Group revenue, with a transformed cost base following the Region's business rationalisation programme in late 2019. The margins in all regions also benefitted from a change in mix towards more longer-term structure rentals. 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.

Operating expenses, excluding exceptional and acquisition costs, depreciation, amortisation and share option charges, were £21.3m for the year ended 31 March 2021. This compares to £42.2m in the fifteen-month period to 31 March 2020. The reduction was in part due to the differing length periods, with additional cost saving actions taken in response to the COVID-19 pandemic. In the UK, the Group received £3.4m under the Government's Coronavirus Job Retention Scheme which prevented significant redundancies, although unfortunately the Group was not eligible for any Business Rates relief as event rental companies were excluded from the scheme. In most other parts of the world the Group was unable to access any salary-support schemes and had to match staffing levels and related costs to the workload through salary reductions, unpaid leave and a reduction in the number of roles. The Group also negotiated some rent reductions and decreased its property footprint, particularly in the EMEA Region.

Depreciation and amortisation

Depreciation and amortisation expenses of £13.1m for the year ended 31 March 2021 compares to £15.0m for the fifteen-month period ended 31 March 2020. Within this, depreciation of fixed assets in the year ended 31 March 2021 of £7.8m (FY20 £9.5m) was higher when adjusted for the differing time periods due to additional equipment investment in 2019 and early 2020 in support of the planned 2020 US golf calendar, alongside the impairment of assets no longer expected to be usable after the pandemic. The depreciation of right of use assets was £4.7m in the year ended 31 March 2021, compared to £4.7m in the fifteen-month period ended 31 March 2020.

Share option expense

In the year ended 31 March 2021 there was a £0.4m credit, compared to a £0.3m charge in the fifteen-month period ended 31 March 2020. This credit resulted from the surrender of options under the Arena 2017 Share Option Plan by participants in the Arena 2020 Share Option Plan.

Exceptional and acquisition costs

Exceptional costs of £2.7m in the year ended 31 March 2021 mainly comprise the costs of restructuring activities to lower the cost base in the face of COVID-19 pressures. In the fifteen-month period ended 31 March 2020 these comprised the costs of restructuring 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. In addition, the impact of COVID-19 at the end of the fifteen-month 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 UK business 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. For the year ended 31 March 2021 there were £0.1m of acquisition costs, whereas there were no acquisition costs in the previous fifteen-month period. In FY20 a revised view of 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.

Finance expenses

Finance costs comprise cash interest incurred on bank borrowings, accrued interest on shareholder loans, the amortisation of debt arrangement fees paid in previous periods and finance charges payable under lease liabilities. When the differing period lengths are taken into consideration, the main driver of the increase in cost is the annualisation of interest on the shareholder loan taken out in late 2019.

Tax

The tax credit of £0.1m (FY20 credit £0.1m) in the year ended 31 March 2021 mainly relates to deferred tax movements in the US offsetting a small underlying charge in Saudi Arabia, where group relief was not available. In the previous fifteen months ended 31 March 2020 tax payable was also a credit due to a deferred tax movement.

Earnings per share and dividend

The actual earnings per share in the year ended 31 March 2020 was negative due to lower levels of activity driving an operating loss. By contrast the result in the fifteen-month period to March 2020 was negative mainly due to the exceptional and acquisition costs described above. 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	12 months ended 31 Mar 2020 (audited)	12 months ended 31 Mar 2020 (unaudited)	15 months ended 31 Mar 2020 (audited)
Loss after tax (£m)	**(12.7)**	**(15.8)**	**(22.9)**
Addback:			
Exceptional costs (£m)	2.7	17.2	17.5
Acquisition costs (£m)	0.1	-	-
Exceptional finance costs (amortisation of arrangement fees, loan note interest) (£m)	0.2	0.3	0.6
Share option (credit)/charge / (£m)	(0.4)	0.3	0.3
Adjusted (loss)/earnings (£m)	**(10.1)**	**2.0**	**(4.5)**
Average number of shares (m)	244.1	152.7	152.5
Adjusted basic (loss)/earnings per share (pence)	**(4.1)**	**1.3**	**(3.0)**
Basic loss per share (pence)	(5.2)	(10.3)	(15.0)

An interim dividend was declared in September 2019, but in the light of COVID-19 and the need to maximise balance sheet flexibility no interim or final dividend have been declared or recommended in the year ended 31 March 2021. This means the total dividend is nil pence per share for the twelve-month period ended 31 March 2021, compared to 0.25 pence for the fifteen-months ended 31March 2020.

Acquisitions

There were no material acquisitions in the twelve-period ended 31 March 2021 with just the assets of William Party Rentals acquired in July 2020. There were also no acquisitions in the fifteen-month period ended 31 March 2020.

Debt and cash position

Cash at the end of March 2021 was £18.4m, giving a net debt position of £21.1m (covenant definition, excluding IFRS 16, but including £0.4m of finance leases and £0.1m of deferred consideration). At the end of March 2021, the Group's drawn senior debt facility was £34.5m, which is broadly in line with the March 2020 position, supplemented by overdraft and guarantee facilities in the US and Middle East. As at the end of March 2021, a further £2m was drawn under a short-term financing facility with Lombard Odier Investment Management (LOIM). Excluding capitalised interest the drawn principal amount was the same year on year.

On 29 March 2021 the Group announced the conditional raising of £11.0m (before expenses) by way of a placing and subscription for new ordinary shares at 14 pence per share. As well as strengthening the Group's balance sheet, the net proceeds of the capital raise will be used to take advantage of the opportunities presented by the COVID-19 affected market to acquire attractive assets on favourable terms, including the acquisition of the business and assets of Aztec Shaffer (which completed in April 2021). The capital raising was conducted in two separate tranches with £3.5m received prior to the end of March 2021 and the balance in mid-April 2021 once shareholder approval had been obtained.

In October 2020 the Group obtained £15.6m additional debt facilities from its existing lender HSBC as part of the UK Government's Coronavirus Large Business Interruption Lending Scheme (CLBILS). This funding was incorporated into the Group's existing facility agreement as a Term B loan alongside the existing £35.0m Term A facilities. At the end of March, the CLBILS facility remained undrawn, although as part of the terms of the agreement, a drawing was required in early April 2021 to maintain access to the facility. A second draw and final draw, if required, must be made before the first anniversary of the facility in October 2021.

Working capital

The Group had net working capital at 31 March 2021 of £(17.4)m, compared to £(8.0)m at the end of March 2020. This is calculated as follows:

	31 Mar 2021 (audited) £m	31 Mar 2020 (audited) £m
Inventories	2.3	7.8
Trade & other receivables	8.2	31.9
Current assets (excluding cash)	**10.5**	**39.7**
Trade and other payables	(16.0)	(24.8)
Accruals	(8.7)	(13.9)
Deferred revenue	(3.2)	(9.0)
Current liabilities (excluding borrowings, overdraft, lease liabilities and deferred consideration)	**(27.9)**	**(47.7)**
Net working capital	**(17.4)**	**(8.0)**

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. This position was exacerbated at 31 March 2021 due to the higher than normal level of customer deposits received for postponed 2020 events that have been retained to be applied to 2021 events. In addition, net working capital contained £1.2m of VAT and PAYE rescheduled under the UK Government's COVID-19 Deferral Schemes. Both these factors are expected to largely unwind in the first half of the FY22 financial year, returning the net working capital closer to the FY20 position.

Capital expenditure

Total net capital expenditure (additions less proceeds from disposals) in the year ended 31 March 2021 was £3.8m. This much reduced level of spend compared to £15.1m in the fifteen months ended March 2020 and reflects only essential investment in equipment during the year, as the lower number of events due to COVID-19 reduced the need to expand the rental fleet. Expenditure that did occur reflected commitments made prior to the COVID-19 pandemic, Health & Safety related expenditure, or the replacement of equipment sold to medical authorities in the Americas. Also included in the year ended 31 March 2021 is £0.2m of expenditure related to the purchase of rental equipment and other assets from Williams Party Rentals in San Jose, CA.

Key Performance Indicators ("KPIs"):

The Group monitors a number of key performance indicators ("KPIs") which are reviewed at divisional and Board level. As the fifteen-month period ending 31 March 2020 contains two loss-making January-March periods, it is not deemed a meaningful period over which to assess these KPIs. We have therefore presented the data for consistent twelve-month periods. During the year ended 31 March 2021, attention was shifted towards gross margin, cashflow and liquidity measures to ensure the business was adapting to the challenges presented by COVID-19. The table below therefore shows the previously tracked measures, alongside the gross margin, cash and liquidity measures that were used:

KPIs:	12 months ended 31 March 2021 (audited)	12 months ended 31 March 2020 (unaudited)
Adjusted EBITDA (pre-IFRS16)[1] as a % of revenue	1.5%	7.7%
Adjusted (loss) / earnings per share (pence)	(4.1)	1.3
ROCE %[2]	n/m	3.8%
Net debt to Adjusted EBITDA (pre-IFRS16)[1,3]	>10.0x	2.9x
Additional KPIs measured in FY21:		
Gross margin	37.7%	31.4%
Reported cash (£m)[4]	18.4	5.8
Available liquidity (£m)[5]	33.8	5.7

1. IFRS16 is excluded in all internally used measures of Adjusted EBITDA, as it remains excluded from the definitions used in the Group's Senior Facility Agreement with its Lenders
2. 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. The calculation for the 12 months ended 31 March 2020 had £4m of adjusted operating profit, divided by average capital employed of £105.6m. Adjusted operating profit was negative for the 12 months ended 31 March 2021, rendering the calculation 'not meaningful'
3. Includes pre-IFRS16 finance leases and deferred consideration which are included in the covenant definition of net debt
4. Defined as balance sheet cash reported at period end (statutory definition)
5. Defined as bank account cash plus undrawn senior debt / CLBILS facilities, a measure reported weekly in the Group's 13 & 26 week cashflow forecasts – balance is calculated at nearest Friday to period-end date

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 the global events market will continue its recovery through 2021.

Through 2020 and early 2021, the Group has taken actions to enhance liquidity including increasing available debt facilities and reducing costs. The Board also notes the recent successful equity raising and the significant cash balance now within the Group.

In May 2021 the Group agreed the tests for covenants in June and September 2021 and is forecast to meet those covenants. The covenant tests for December 2021 and beyond have not currently been set by the bank and so the Group is dependent on meeting those covenants once set. However, dialogue with our bank is regular and the Board is confident that the covenants will be set at a level which the Group is likely to meet. The viability assessment also assumes the refinancing of the Group's Term A Loan prior to its expiry in October 2022 and any amounts outstanding on the Group's Term B (CLBILS) Loan prior to its expiry in October 2023.

The Group has prepared three views of future performance – a low; a mid; and an upside case. Each of these is built on bottom-up forecasts for the FY22 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 adjusted for a differing list of major global events.

The Group's mid-case scenario is modelled on the assumption that the UK and US markets begin to return to normal from July 2021, with the Middle East & Asia markets lagging by three months, 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. Trading for the Group in the first two months of FY22 has been ahead of the mid-case scenario.

The Board has reviewed management's "low case" scenario and which assumes further COVID-19 related disruption to events and a 40% reduction in EBITDA from the mid-case. Management has also run further aggressive downside revenue sensitivities taking the outturn for both revenue and profit significantly below that of FY21. All of these scenarios show that the Group still has sufficient liquidity for the reasonably foreseeable future, with opportunities to reduce capex and operating costs helping preserve cash balances.

As outlined above the Group has retained a positive dialogue with its main lending bank throughout the pandemic and the Directors have no reason to believe that continuing support and appropriate future covenant tests under the various scenarios will not be forthcoming.

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. While the Group is in a net current liabilities position much of the current liability balance is deferred income which will not require a cash repayment. Therefore, the Directors have a reasonable expectation that the Group has adequate resources to meet liabilities as they fall due and continue in operational existence for the foreseeable future and therefore have determined that the financial statements for the year ended 31 March 2021 should be prepared on a going concern basis.

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 and into 2021, the Directors have assumed a gradual recovery in activity from mid-2021, broadly returning to 2019 levels by 2024. The Directors believe that three years is an appropriate period for this assessment, reflecting the average length of the Group's contract base; key markets; and the nature of its businesses and products.

The Group is considered viable if there is available debt headroom and cash to fund operations and the Group remains compliant with any required financial covenants under the terms of its external debt facilities.

Based on this assessment and other matters 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.

Steve Trowbridge
Chief Financial Officer

Consolidated Income Statement

	Note	Year ended 31 March 2021		15 months to 31 March 2020	
		£m		£m	
Revenue	1	71.6		183.2	
Cost of sales	2	(44.6)		(127.8)	
Gross profit		27.0		55.4	
Administrative expenses	2	(36.8)		(75.0)	
Operating loss		(9.8)		(19.6)	
Analysed as:					
Adjusted EBITDA			5.7		13.2
Depreciation property, plant and equipment	2		(7.8)		(9.5)
Depreciation right of use assets	2		(4.7)		(4.7)
Exceptional expenses	2		(2.7)		(17.5)
Acquisition costs	2		(0.1)		-
Share option costs	2		0.4		(0.3)
Intangible amortisation	2		(0.6)		(0.8)
			(9.8)		(19.6)
Finance costs	4	(3.0)		(3.4)	
Loss before taxation		(12.8)		(23.0)	
Tax on loss on ordinary activities		0.1		0.1	
Loss after taxation		(12.7)		(22.9)	

Loss per share

	Note	Year ended 31 March 2021	15 months to 31 March 2020
Basic pence per share	3	(5.2)	(15.0)
Diluted pence per share	3	(5.2)	(15.0)

Consolidated Statement of Comprehensive Income

	Year ended 31 March 2021	15 months to 31 March 2020
	£m	**£m**
Loss for the year/period	**(12.7)**	**(22.9)**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign subsidiaries	(1.5)	(1.3)
Other comprehensive loss for the year/period	(1.5)	(1.3)
Total comprehensive loss for the financial year/period	**(14.2)**	**(24.2)**
	(14.2)	(24.2)

Consolidated Balance Sheet

	Note	Group 31 March 2021	Group 31 March 2020
		£m	£m
Non-current assets			
Goodwill and other intangibles		37.8	39.4
Property, plant and equipment		45.0	48.3
Right-of-use assets		18.5	23.6
Trade and other receivables due after one year		0.7	0.9
		102.0	112.2
Current assets			
Inventories		2.3	7.8
Trade and other receivables		8.2	31.9
Cash and cash equivalents		18.4	5.8
		28.9	45.5
Current liabilities			
Trade and other payables		(16.0)	(24.8)
Bank overdraft		(0.4)	(0.3)
Borrowings	5	(4.5)	(4.4)
Lease liabilities		(3.3)	(4.1)
Accruals		(8.7)	(13.9)
Deferred revenue		(3.2)	(9.0)
Deferred consideration		(0.1)	(0.9)
		(36.2)	(57.4)
Net current liabilities		(7.3)	(11.9)
Total assets less current liabilities		94.7	100.3
Non-current liabilities			
Borrowings	5	(34.0)	(34.4)
Lease liabilities		(15.6)	(16.7)
Other creditors		-	(1.4)
Deferred tax liabilities		(0.8)	(1.3)
		(50.6)	(53.8)
Net assets		44.3	46.5
Equity			
Share capital	6	2.7	1.5
Share premium account		89.7	78.5
Merger reserve		10.9	10.9
Share option reserve		0.2	0.6
Retranslation reserve		(3.8)	(2.3)
Retained loss		(55.4)	(42.7)
Total equity		44.3	46.5

Consolidated Statement of Changes in Equity

	Share capital £m	Share premium £m	Merger reserve £m	Share option reserve £m	Retranslation reserve £m	Retained loss £m	Total equity £m
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
Loss for the year	-	-	-	-	-	(12.7)	(12.7)
Other comprehensive loss:							
Translation of foreign Subsidiaries	-	-	-	-	(1.5)	-	(1.5)
Total comprehensive loss for the year ended 31 March 2021	-	-	-	-	(1.5)	(12.7)	(14.2)
Transactions with owners:							
Issue of share capital	1.2	11.2	-	-	-	-	12.4
Share option reserve	-	-	-	(0.4)	-	-	(0.4)
Total transactions with Owners	1.2	11.2	-	(0.4)	-	-	12.0
Balance at 31 March 2021	2.7	89.7	10.9	0.2	(3.8)	(55.4)	44.3

Consolidated Statement of Cash Flows

	Note	Year ended 31 March 2021 £m	15 months to 31 March 2020 £m
Net cash from operating activities	8	10.1	10.6
Cash flow from investing activities			
Proceeds on disposal of property, plant and equipment		1.4	0.4
Purchases of property, plant and equipment		(5.2)	(15.5)
Net cash used in investing activities		(3.8)	(15.1)
Cash flow from financing activities			
Increase in borrowings		0.5	10.8
Repayment of borrowings		(0.2)	(0.5)
Lease payments		(5.4)	(5.1)
Proceeds on issue of shares net of costs		12.4	0.3
Proceeds on issue of shareholder loan notes		-	2.0
Deferred consideration paid		(0.8)	(2.7)
Dividend paid		-	(1.9)
Net cash generated from financing activities		6.6	2.9
Net increase/(decrease) in cash and cash equivalents		12.9	(1.6)
Cash and cash equivalents at the beginning of year		5.8	7.5
Effect of foreign exchange rate changes		(0.3)	(0.1)
Cash and cash equivalents at end of year		18.4	5.8

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 year ended 31 March 2021 were approved by the Directors on 6 July 2020.

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and has been prepared on a going concern basis.

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 year ended 31 March 2021 as defined in section 434 of the Companies Act 2006. The statutory financial statements for the year ended 31 March 2021 will be filed with the Registrar of Companies following the 2021 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.

The Annual Report and Group Financial Statements for the year ended 31 March 2021 will be posted to all shareholders in early August 2021, submitted for approval at the AGM on 10 September 2021 and filed with the Registrar in due course.

Going concern

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 the global events market will continue its recovery through 2021.

Through 2020 and early 2021, the Group has taken actions in order to enhance liquidity including increasing available debt facilities and reducing costs. The Board also notes the recent successful equity raising and the significant cash balance now within the Group.

In May 2021 the Group agreed the tests for covenants in June and September 2021 and is forecast to meet those covenants. The covenant tests for December 2021 and beyond have not currently been set by the bank and so the Group is dependent on meeting those covenants once set. However, dialogue with our bank is regular and the Board is confident that the covenants will be set at a level which the Group is likely to meet. The viability assessment also assumes the refinancing of the Group's Term A Loan prior to its expiry in October 2022 and any amounts outstanding on the Group's Term B (CLBILS) Loan prior to its expiry in October 2023.

The Group has prepared three views of future performance – a low; a mid; and an upside case. Each of these is built on bottom-up forecasts for the FY22 year. 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 adjusted for a differing list of major global events.

The Group's mid-case scenario is modelled on the assumption that the UK and US markets begin to return to normal from July 2021, with the Middle East & Asia markets lagging by three months, 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. Trading for the Group in the first two months of FY22 has been ahead of the mid-case scenario.

The Board has reviewed management's "low case" scenario which assumes further COVID-19 related disruption to events and a 40% reduction in EBITDA from the mid-case. Management have also run further aggressive downside revenue sensitivities taking the outturn for both revenue and profit significantly below that of FY21. All of these scenarios show that the Group still has sufficient liquidity for the reasonably foreseeable future, with opportunities to reduce capex and operating costs helping preserve cash balances.

As outlined above the Group has retained a positive dialogue with its main lending bank throughout the pandemic and the Directors have no reason to believe that continuing support and appropriate future covenant tests under the various scenarios will not be forthcoming.

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. While the Group is in a net current liabilities position much of the current liability balance is deferred income, which will not require a cash repayment. Therefore, the Directors have a reasonable expectation that the Group has adequate resources to meet liabilities as they fall due and continue in operational existence for the foreseeable future and therefore have determined that the financial statements for the year ended 31 March 2021 should be prepared on a going concern basis.

UK Government grants and support

During the year the UK Region of the Group complied with the requirements and specified conditions of the Coronavirus Job Retention Scheme (CJRS). The CJRS grant related to staff who had been furloughed due to COVID-19. Initially the Chancellor of the Exchequer announced that the scheme would run until October 2020 but this was subsequently extended to the end of September 2021. From October 2020 to Jul 2021 employers are able to claim 80% of a furloughed employee's wages/salaries up to a maximum of £2,500 plus associated employer's costs (e.g. employer's national insurance contributions). This grant is paid to the employer by HMRC and the total amount received by the Group in the year was £3.4m. Amounts received have been offset against payroll related expenses in the year.

The UK Division also agreed extended terms for repayment of VAT and PAYE liabilities under HMRC's 'Time to Pay' scheme. At the year end the liabilities outstanding were VAT £0.3m and PAYE £0.9m and all repayments have been agreed to be made by October 2021.

The Group also accessed the UK Government-backed Coronavirus Large Business Interruption Lending Scheme (CLBILS) via its lending bank, HSBC, in October 2020 (see Note 10).

1. Segmental reporting

The Group has three reportable segments; UK & Europe (UKE), Middle East & 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.

Year ended 31 March 2021	UKE	MEA	US	Total
	£m	**£m**	**£m**	**£m**
Revenue				
Hire	13.0	17.6	27.9	58.5
Sales	6.6	0.2	6.3	13.1
TOTAL REVENUE	**19.6**	**17.8**	**34.2**	**71.6**
Gross Profit				
Hire	5.8	1.9	13.5	21.2
Sales	0.4	0.2	5.2	5.8
TOTAL GROSS PROFIT	**6.2**	**2.1**	**18.7**	**27.0**
Administration expenses	(5.0)	(6.6)	(8.5)	(20.1)
SEGMENT RESULT	**1.2**	**(4.5)**	**10.2**	**6.9**
RECONCILIATION OF SEGMENT RESULT TO LOSS BEFORE TAX				
Central administrative expenses				(1.2)
Adjusted EBITDA				5.7
Property, Plant & Equipment depreciation and amortisation				(8.4)
Right-of -use assets depreciation				(4.7)
Exceptional costs				(2.7)
Share option credit				0.4
Acquisition costs				(0.1)
Net finance expense				(3.0)
LOSS BEFORE TAX				(12.7)

15 months ended 31 March 2020	UKE £m	MEA £m	US £m	Total £m
Revenue				
Hire	56.7	57.0	61.2	174.9
Sales	3.4	1.2	3.7	8.3
TOTAL REVENUE	**60.1**	**58.2**	**64.9**	**183.2**
Gross Profit				
Hire	14.2	18.8	18.7	51.7
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**
RECONCILIATION OF SEGMENT RESULT TO LOSS BEFORE TAX				
Central administrative expenses				(1.4)
Adjusted EBITDA				13.2
Property, Plant & Equipment 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)

2. Operating profit

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

	Year ended 31 March 2021 £m	15 months to 31 March 2020 £m
Amortisation of intangible assets	0.6	0.8
Depreciation:		
Property, plant and equipment	7.8	9.5
Right of use assets	4.7	4.7
Loss/(profit) on disposal of property, plant and equipment	0.2	(0.3)
Coronavirus Job Retention Scheme	(3.4)	-
Share option (credit)/cost	(0.4)	0.3
Items of an exceptional nature:		
Restructuring costs	2.7	4.2
US legal costs and insurance recovery	-	(1.9)
Reduction of deferred consideration	-	(0.9)
Impairment of goodwill	-	16.1
Acquisition related costs	0.1	-
	12.3	32.5

As a direct result of COVID-19 there was a requirement to reduce costs further across all cash-generating units (CGUs). This was driven by reduction of headcount, the closure of business units, reduction in the warehouse space and rationalising key support functions: UKE £0.9m, MEA £1.7m and US £0.1m (fifteen months to 31 March 2020: There were restructuring costs across all Divisions offset by an adjustment of deferred consideration in the UKE and an insurance recovery in the US relating to the settlement of the legacy DOJ case. There was also an impairment of goodwill relating to the UKE CGU).

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

Basic earnings per share	Year ended 31 March 2021 pence per share	15 months to 31 March 2020 pence per share
Basic earnings per share from continuing operations	(5.2)	(15.0)
Diluted earnings per share		
Diluted earnings per share from continuing operations	(5.2)	(15.0)

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:

	Year ended 31 March 2021 £m	15 months to 31 March 2020 £m
Loss for the period attributable to shareholders	(12.7)	(22.9)

Weighted average number of ordinary shares in issue:	2021 Number	2020 Number
Basic	244,134,863	152,673,573
Adjustment for share options	10,068,864	169,250
Diluted	254,203,727	152,842,823

4. Finance costs

	Year ended 31 March 2021 Group £m	15 months to 31 March 2020 Group £m
Interest payable on bank loans and overdrafts	1.3	1.8
Interest payable on shareholder loans	0.3	-
Finance charges payable under lease liabilities	1.2	1.1
Amortisation of bank refinance costs	0.2	0.5
	3.0	3.4

5. **Bank and other borrowings**

	Group 31 March 2021 £m	Group 31 March 2020 £m
Revolving credit facility (Arena Events Group Plc)	24.3	23.7
Revolving credit facility (AES Inc.)	10.2	11.2
Revolving demand note (AES Inc)	2.1	2.3
Shareholder loan	2.0	2.0
Shareholder loan note interest	0.4	0.1
Intercompany loan	-	-
	39.0	39.3
Less unamortised issue costs	(0.5)	(0.5)
	38.5	38.8

On 12 October 2020, the HSBC facility (entered into in October 2018) was increased from £35.0m to £50.6m with the additional £15.6m facility backed by the Coronavirus Large Business Interruption Loan Scheme (CLBILS) as part of the UK Government Coronavirus business support package. On 25 March 2021, the HSBC facility (entered into in October 2018) was amended to allow for the potential acquisition of Aztec Shaffer in the US (note 34).

The HSBC facility includes senior term debt of £50.6m split into a revolving credit facility (RCF) of £30.0m (2020: £30.0m), an accordion loan of £5.0m (2020: £5m) and CLBILS of £15.6m. At 31 March 2021 the

Group had drawn £34.5m of the total facility (31 March 2020: £34.9m). Of the total £34.5m, £24.3m was drawn in GBP by Arena Events Group Plc (2020: £23.7m) and £10.2m was drawn in USD by AES Inc (2020: £11.2m). This debt was secured by fixed and floating charges over the assets of each of the entities within Group. Facility A of £35.0m is available until October 2022 whilst Facility B (CLBILS) of £15.6m is available until October 2023.

Arena Event Services Inc have a $3.0m Revolving Demand Note with HSBC USA with a parent guarantee from Arena Events Group Plc. Interest rates were 1.2% above Prime or 2.45% above LIBOR for the applicable interest period. At 31 March 2021 $2.9m (2020: $2.9m) of the demand note had been drawn.

On 25 March 2021 Arena Events Group Plc agreed an extension to the £2.0m Loan Note Instrument from Lombard Odier Asset Management (being one of its shareholders). The loan notes were extended to 25 September 2021 carrying an interest rate of 15% capitalised each quarter. The issuance and extension of the loan notes fully comply with the HSBC facility agreement.

As at 31 March 2021 the Group's main banking facilities were with HSBC (2020: HSBC).

Total bank facility arrangement fees of £0.2m (2020: £0.4m) were amortised in the year.

Borrowing interest rates

The analysis of the borrowings is as follows:

	Weighted average interest rate	31 March 2021 £m	Weighted average interest rate	31 March 2020 £m
Revolving credit facility (Arena Events Group Plc)	2.4%	24.3	3.1%	23.7
Revolving credit facility (AES Inc)	2.4%	10.2	4.2%	11.2
Revolving demand note (AES Inc)	3.55%	2.1	4.3%	2.3
Shareholder loan	15.0%	2.0	5.0%	2.0
Unamortised bank amendment fees	-	(0.5)	-	(0.5)
Total borrowings	3.2%	38.1	3.6%	38.7

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

Reconciliation of liabilities arising from financing activities	**As at 31 March 2020 £m**	**Financing Cash flow £m**	**Other movements £m**	**Exchange movements £m**	**As at 31 March 2021 £m**
Revolving credit facility (Arena Events Group Plc)	23.7	0.6	-	-	24.3
Revolving credit facility (AES Inc.)	11.2	(0.2)	-	(0.8)	10.2
Revolving demand note (AES Inc)	2.3	-	-	(0.2)	2.1
Shareholder loan notes	2.1	-	0.3	-	2.4
Total liabilities from financing activities before lease liabilities	39.3	0.4	0.3	(1.0)	39.0

6. **Share capital**

Authorised, allotted and issued	**31 March 2021 £m**	**31 March 2020 £m**
272,481,916 fully paid ordinary shares of £0.01 each (2020: 152,710,833)	2.7	1.5

Authorised share capital is unlimited.

As at the end of 31 March 2021 there were 272,481,916 (31 March 2020: 152,710,833) ordinary shares at £0.01 in issue resulting in £2.7m share capital and £89.7m of share premium. All shares carry equal rights.

In the year ended 31 March 2021 the following issues of £0.01 ordinary shares were made:

On the 15 April 2020, the Company raised £9.5m (before fees and expenses) by way of a subscription for 60,000,000 new Ordinary Shares and a placing of 35,000,000 new Ordinary

Shares, in each case at a price of 10 pence per share. The net proceeds of the Capital Raising were to fund working capital requirements.

On the 29 March 2021, the Group announced the conditional raising of £11.0m (before fees and expenses) by way of a subscription for 10,714,285 new Ordinary Shares and a placing of 67,857,143 new Ordinary Shares, in each case at a price of 14 pence per share. As well as strengthening the Group's balance sheet, the net proceeds of the capital raise will be used to take advantage of the opportunities presented by the COVID-19 affected market to acquire attractive assets on favourable terms, including the acquisition of the business and assets of Aztec Shaffer.

The issue price of 14 pence per new Ordinary Share, represented a 3.4 percent discount to the closing middle market price of 14.5 pence per Existing Ordinary Share on 26 March 2021, the last Business Day before the announcement of the Placing and Subscription.

The First Placing Shares and the First Subscription Shares issued pursuant to the Company's existing authorities to allot equity securities and disapply pre-emption rights granted at its Annual General Meeting held on 1 September 2020 and consisted of a subscription for 3,377,875 new Ordinary Shares and a placing of 21,393,208 new Ordinary Shares, in each case at a price of 14 pence per share. The First Placing Shares and the First Subscription Shares were admitted to trading on AIM on 31 March 2021.

The Second Placing Shares and the Second Subscription Shares were admitted to trading on AIM post 31 March 2021.

In the 15 months ended 31 March 2020 the following issues of £0.01 ordinary shares were made:

18 April 2019, 800,000 shares at £0.385 were issued as 25% settlement of the deferred consideration that arose on the acquisition of assets from Stuart Rentals in 2018.

7. **Contingent liabilities**

The Group has contingent liabilities in relation to its US division (2020: in relation to its US division). AES Inc agreed a settlement with the United States' Attorney's Office for the Southern District of Georgia to resolve the US government's investigation of AES Inc (the "Settlement"). The Settlement includes the payment by AES Inc of $4.8 million in equal instalments over five years (being $960,000 per annum), the third payment made in 2020 (second payment in 2019). 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 based on calendar year results to 31 December. The contingent payment was not triggered in the 12 months to December 2020 (12 months to December 2019: none).

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

8. **Net cash flow from operating activities**

	Year ended 31 March 2021	15 months to 31 March 2021
	£m	£m
Operating loss for the year	(9.8)	(19.6)
Adjustments for:		
Depreciation of property, plant and equipment	7.8	9.5
Depreciation of right-of-use assets	4.7	4.7
Impairment of goodwill	-	16.1
Amortisation of intangible assets	0.6	0.9
Deferred consideration	-	(1.2)
Loss/(gain) on disposal of property, plant and equipment	0.2	(0.3)
Share option (credit)/costs	(0.4)	0.3
Operating cashflows before changes in working capital	3.1	10.4
Decrease/(increase) in inventories	5.4	(2.0)
Decrease/(increase) in receivables	23.3	(5.3)
(Decrease)/increase in payables	(19.2)	9.8
Cash generated by operations	12.6	12.9
Bank and lease interest paid	(1.3)	(1.7)
Loan note interest paid	(0.5)	(0.1)
Other finance charges	(0.1)	(0.2)
Corporation tax	(0.6)	(0.3)
Net cash inflow from operating activities	10.1	10.6

9. **Dividends**

Paid or to be paid

	Year ended 31 March 2021 £m	15 months to 31 March 2020 £m
Interim dividend for the year ended 31 March 2021 of nil pence per share (2020: 0.25 pence per share)	-	0.4
Proposed final dividend for the year ended 31 March 2021 of nil pence per share (2020: nil pence per share)	-	-

There was no interim dividend paid or final dividend recommended in the year ended 31 March 2021. (A total dividend of 0.25 pence per share was paid for the fifteen-month period ended 31 March 2020. Dividend payments were based on the net assets of the company in line with the Companies Act 2006 (Part 23)).

Received

The company did not receive any dividends during the year ended 31 March 2021 (2020: none).

10. **Post balance sheet events**

Placing and subscription

On the 29 March 2021, the Group announced the conditional raising of £11m (before fees and expenses) by way of a subscription for 10,714,285 new Ordinary Shares and a placing of 67,857,143 new Ordinary Shares, in each case at a price of 14 pence per share. As well as strengthening the Group's balance sheet, the net proceeds of the capital raise will be used to take advantage of the opportunities presented by the COVID-19 affected market to acquire attractive assets on favourable terms, including the acquisition of the business and assets of Aztec Shaffer.

The issue price of 14 pence per new Ordinary Share, represented a 3.4 percent discount to the closing middle market price of 14.5 pence per Existing Ordinary Share on 26 March 2021, the last Business Day before the announcement of the Placing and Subscription.

The capital raising was conducted in two separate tranches:

Tranche One

The First Placing Shares and the First Subscription Shares issued pursuant to the Company's existing authorities to allot equity securities and disapply pre-emption rights granted at its Annual General Meeting held on 1 September 2020 and consisted of a subscription for 3,377,875 new Ordinary Shares and a placing of 21,393,208 new Ordinary Shares, in each case at a price of 14 pence per share. The First Placing Shares and the First Subscription Shares were admitted to trading on AIM on 31 March 2021.

Tranche Two

Following the passing by Shareholders of certain Resolutions at the General Meeting held on 14 April 2021, the second tranche consisting of the Second Placing Shares and the Second Subscription Shares were admitted to trading on AIM on 15 April 2021. The second tranche consisted of a subscription for 7,336,410 new Ordinary Shares and a placing of 46,463,935 new Ordinary Shares, in each case at a price of 14 pence per share.

Acquisition of Aztec Shaffer

On 2 April 2021, AAS Opco LLC made a bid for Aztec Shaffer as part of a Court-led auction process pursuant to Section 363 of the United States Bankruptcy Code. This bid was confirmed as successful on 6 April 2021 and was approved at the sale hearing at the United States Bankruptcy Court for the Southern District of Texas on 16 April 2021. The total value of the bid to the secured lender (AIG) and including amounts payable to the parties that provided interim funding through the bankruptcy process was $25.6m. This purchase price was funded by an equity contribution of $3.35 million by the Company (via its subsidiary, AES Arena Event Services Holdings Limited) in return for a 50% equity stake in AAS Opco LLC (with management control) alongside an $18.25m debt financing package provided by the Company's Co-Bidders.

Aztec Shaffer comprises two businesses, Aztec Events & Tents ("Aztec") and Shaffer Sports & Events ("Shaffer"). Aztec is a very similar business to Arena's existing subsidiary based in California: Arena Stuart Rentals. Aztec is based in Houston, the fourth largest city in the US, and has a diversified customer base with its products including party/wedding tents as well as tables, chairs, linens, table-top items, dance floors and decorative items. By contrast Shaffer operates across North America from its Houston base, with the majority of its historical revenues coming from golf, supporting in excess of 15 tournaments a year including the Players Championship and the Presidents Cup. Other sports served by Shaffer include motorsports and horse racing. Shaffer's focus on sports is well aligned with the Group's other US subsidiary, Arena Events Services Inc. which has a similar product focus but a broader customer mix, also serving many events and projects outside of the sporting world.

Coronavirus Large Business Interruption Loan Scheme (CLBILS)

On 12 October 2020, supported by HSBC, the Company secured an extra £15.6m of funding under the UK Government-backed CLBILS. This facility provides additional liquidity headroom to the Group in the UK to manage any uncertainty around the pace of opening up of events to mass participation as COVID-19 restrictions are eased.

The terms of the facility require an initial draw to be made within the first six months and a second (final) draw to be made before the first anniversary of the facility. Failure to make the first draw would see the entire facility forfeited and, in line with this requirement, on 1 April 2021, the Company drew down £4m. Drawn amounts bear interest at LIBOR plus a 2.4% margin whilst the remaining unutilised facility bears interest at 1% per annum.

Restructure

On the 15 April 2021, the Group underwent a restructure of its UK owned subsidiaries to reduce complexity, better align the corporate structure with the management of the trading divisions and to simplify entity balance sheets. As part of this restructuring, investments in WB Co (1403) Limited, WB Co (1402) Limited and AES Arena Event Services Holdings Ltd were transferred to be direct investments of the Company. The restructuring is not expected to have any material financial impact on the Group.

Non-Statutory Financial Information

	Year ended 31 March 2021 (audited) £m	Year ended 31 March 2020 (unaudited) £m	15 months to 31 March 2020 (audited) £m
Revenue	71.6	160.6	183.2
Cost of sales	(44.6)	(110.2)	(127.8)
Gross profit	27.0	50.4	55.4
Administrative expenses	(36.8)	(63.5)	(75.0)
Operating loss	(9.8)	(13.1)	(19.6)
Analysed as:			
Adjusted EBITDA	5.7	16.5	13.2
Depreciation property, plant and equipment	(7.8)	(7.7)	(9.5)
Depreciation right of use assets	(4.7)	(3.7)	(4.7)
Exceptional expenses	(2.7)	(17.2)	(17.5)
Acquisition costs	(0.1)	-	-
Share option credit / (costs)	0.4	(0.3)	(0.3)
Intangible amortisation	(0.6)	(0.7)	(0.8)
	(9.8)	(13.1)	(19.6)
Finance costs	(3.0)	(2.8)	(3.4)
Loss before taxation	(12.8)	(15.9)	(23.0)
Tax on loss on ordinary activities	0.1	0.1	0.1
Loss after taxation	(12.7)	(15.8)	(22.9)

The Group 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 an operating loss of £19.6m. For the twelve months ended 31 March 2020 the Group delivered adjusted EBITDA of £16.5m and an operating loss of £13.1m.