aeorema

communications plc

CONSOLIDATED DIRECTORS' REPORT & FINANCIAL STATEMENTS

Year ended 30 June 2020

Contents

Overview

MARCH 1st
2019/20 revenues at £4.8M before lockdown (up 108% on previous year: £2.3M 2018/19)

REFRESH
Updated brand launched

CLIMB
Named #37 in C&IT Top UK Event Agencies 2019

AWARD
Awarded 2 x International Davey Awards - Inmarsat

LOCKDOWN
All events cancelled, postponed or transferred to virtual

AWARD
CN Agency Awards: Innovation Award

MIPCOM
Global first – sustainable, reusable double decker stand for BBC Studios celebrating 'Best of British' delivered

AWARD
Event Production Awards: Best Visual Spectacular - BBC Studios

AWARD
CN Agency Awards: Creative Agency of the Year

TRAINING
New apprenticeship scheme launched

H1 (Jul19–Dec19)

OUTREACH
To new and existing clients about digital offering

WEBSITE
New website launched

EVENTFUL
New Acquisition

CAMPAIGN
'Take An Extra Hour' community campaign launch

VIRTUAL
First global SLT event delivered digitally in lock down

STRATEGIC HIRES
Appointment of senior industry figures

GLOBAL TECH CLIENT
Onboarded

PLAYBOOK
Strategic Insights Launch: Brand Playbook

KIT
New Virtual Platform Launched

AWARD
Global Campaign Experience Awards: Silver Winner - WSJ

NEW YORK
US office opened

EVENTFUL EXPERIENCES
New incentives offering launched

ISLA
Founding members of new sustainability initiative

AWARD
C&IT Awards: Best Corporate Event - WSJ

H2 (Jan20–Jun20)

Beyond (July20–Oct20)

Chairman's Statement

This year saw a complete reshaping of the events business. It went from live to virtual overnight. Our industry was faced with event cancellations, national lock downs and global travel bans. Despite these major challenges, I am pleased to report the Group has finished the year in a strong, secure, and promising position.

Notwithstanding the challenges we have all faced in recent months with the COVID-19 pandemic, Aeorema has adapted quickly to the changes in the live events industry and is now capitalising on the increasing requirement for virtual and hybrid events.

The Group was able to make a first significant acquisition within the year and diversify its operating businesses to meet the requirements of the new environment.

In March, the Group acquired Eventful Ltd ("Eventful"). Eventful provides venue sourcing, strategic event planning and management and incentive travel services. The acquisition was immediately earnings enhancing and gave Aeorema access to the venue sourcing market which rounded out the Group's offering to clients. It also opened doors to new clients and opportunities to cross-sell. Despite the challenges I am pleased to report Eventful posted profits before tax of £11,223 for the 3 month period post-acquisition. The team recently launched a pioneer incentive product that helps clients continue to use this strong motivation tool and, despite the current travel challenges, this has had a good initial client reaction.

The Group has made significant executive appointments during the year. We also made some strategic hires from a highly successful creative and award-winning brand experience agency delivering events worldwide, including creating a new senior Strategy Director role. This team gave us an opportunity to strengthen our brand engagement and strategic skills and has diversified and enhanced the offering to existing and new clients, as well as providing the Group with a wider and valuable network of blue-chip contacts across multiple industries, offering opportunities for cross-selling. With the integration of the team complete and them now working together sharing client relationships, some significant introductions have been made which has led to some significant and highly profitable work from a major multinational technology client. Several other global clients are expected to follow due to this new team's expertise.

As we have reported in recent months, we anticipated making a loss for the year as a result of the postponement and cancellation of a number of live events. We saw revenue decrease 19% to £5,475,425 (2019: £6,765,280) resulting in an operating loss (pre-exceptional items) of £175,043 (2019 profit: £384,483). The Group's cash position remains in excess of £1 million as at the date of this announcement. However given continuing uncertainties, the Board is not recommending the payment of a full year dividend. It is the Board's intention to return to paying dividends as soon as possible.

Outlook

As mentioned, there has been a major shift in traditional event delivery and the ways clients communicate with their stakeholders. Even ahead of the COVID-19 pandemic, it was clear that there were going to be a number of changes to the live events industry and the way live events were being run and staged. There was already an increasing focus put on digital and hybrid events, particularly with the desire for a more environmentally sustainable method of running events, but the immediate impact of the COVID-19 pandemic created an acceleration of the need for digital and hybrid events. Aeorema, with its experience and ability to be agile, has been quick to adapt.

We have introduced innovative ways of running virtual events and making them more successful; we have launched a robust and flexible technology platform to help run virtual events and this has had a very positive response from clients; we have launched a New York office to service our clients there and to enter the extremely large USA events market – this office has already enabled us to win projects that we would not have won without it. We will continue to look for ways to help our clients in this environment and grow our business and revenue and although we believe the physical events business will return, it will be different with many hybrid, physical and virtual events. With our foundations, and the exceptional hard work undertaken by every member of the team so far this year, we are ideally positioned to be a leader in this new market.

The Board and I want to congratulate and thank all the staff. They have faced unique challenges with great energy and commitment. They have protected cash flow and have also driven new initiatives. They have contained costs and critically they have maintained morale and creativity in the most trying of circumstances.

We also want to thank our shareholders. Your support has been excellent and very much appreciated and we remain motivated by this support to grow revenue and profit.

M Hale
Chairman

16 October 2020

Chief Executive Officer's Report

The Year of the Great Reset. This year we saw a complete shift from traditional channels to virtual world communications. I am as proud as ever of our Cheerful Twentyfirst and Eventful teams, who were at the coal-face as live events were wiped off the board and replaced with virtual briefs.

Our agencies embraced the pivot to virtual events like a new pitch, exploring best practice and creative ways to break out of the traditional mould and to build an experience to suit. The enlarged team moved quickly and strategically to pioneer the rapid shift to virtual and brought our clients with us along the way. Through March, April and May we focused our agency approach on supporting our clients through this transition, and developing their trust with virtual and its opportunities. And there are so many opportunities.

It is difficult to pick one highlight from this financial year. I'm delighted to share several moments that stand out. The Cheerful Twentyfirst agency rebrand in September 2020, where our new bold colours and dynamic logo aligned our branding with our modern agency values. We celebrated multiple major award wins, including the Global Campaign Experience Awards and Creative Team of the Year for the second year running. Our experiential projects with new clients, who shared, "I've worked with different production companies over the years, but Cheerful Twentyfirst is far and away the best – words cannot describe how good you are." Then there is our international work in Cannes, where we delivered a revolutionary and sustainable brand activation that continues to garner attention for innovation and creative flair to this day.

We have continued to invest in new offerings with the Eventful team and new talent as we see the shape of the agency adapting to virtual communications. Most notably, we welcomed our Strategy Director, Hannah Luffman, alongside new senior appointments in technical and creative. Hannah's reputation for client-work and experience in audience engagement has proved invaluable to our growth.

Outlook

Our delivery in the world of Virtual events has been enhanced by the curation of our own robust platform. We believe we were the first agency to curate a solution that holistically responded to clients' needs: agency creative, communications strategy and branding, packaged alongside a tried and tested platform offering. Fondly named KIT, launched post-period end, the platform is a sophisticated solution that hosts and delivers online events, with refined engagement tools that address specific needs. The secure technology is brandable and scalable, while giving users a personalised experience. Since KIT's launch in September, we have had many client requests for platform demonstrations.

Our expansion into the US was a historic moment for the agency. In September 2020 we very proudly opened our New York office and appointed New York talent. The expansion has already been highly successful and looks to yield strong traction with current US clients and in new opportunities. Within the first 10 business days of opening, we secured three new clients with live projects already underway on the East and West Coasts.

In equally as exciting news, our incentives business Eventful is unveiling a luxury product that will charter a new course for corporate rewards within the UK. In partnership with luxury hotels, we see this new offering as a significant opportunity to lead the way in restructuring and re-energising the local travel and incentives market both locally and abroad.

The development of the Group's offering to now include strategy and virtual experiences as chargeable avenues has reignited opportunities across the board. Excitingly and off the back of this, we are seeing bigger conversations and a bigger 'piece of the pie' with returning and new clients alike. I am optimistic that the momentum already seen in Q1 2020-2021 reflects continued positive growth ahead for both operating businesses. A strong finish to a challenging year, we continue to make waves in the UK and globally as Game Changers in purpose, strategy, creative and value.

Steve Quah
Chief Executive Officer

16 October 2020

Strategic Report

The Board presents its Strategic Report on the Group for the year ended 30 June 2020.

Principal activities

Aeorema Limited trading as Cheerful Twentyfirst is a live events agency with film capabilities that specialises in devising and delivering corporate communication solutions. Eventful Limited is a consultative, high-touch service, assisting clients with venue sourcing, event management and incentive travel.

Business review

The results for the year show revenue was £5,475,425 (2019: £6,765,280), operating loss pre-exceptional items was £175,043 (2019: operating profit pre-exceptional items of £384,483) and loss before taxation was £217,924 (2019: profit before taxation of £382,244).

The Group had net assets of £1,699,799 at the year-end (2019: £1,914,384) and net current assets of £978,484 (2019: £1,509,388).

During the eight month period prior to the outbreak of the coronavirus, the Group continued to deliver large-scale events, including two highly successful events for new clients in January 2020, and produce films for both existing and new clients from a variety of different industry sectors using the Group's creative expertise. The Group was significantly affected by the impact of the COVID-19 pandemic. The international lockdowns, restrictions on national and international travel and social distancing measures imposed by Governments worldwide led to the cancellation and postponement of all planned events between March and June 2020, historically the Group's busiest and most profitable months during the financial year.

Despite COVID-19 preventing the Group delivering any live face-to-face events during March to June 2020, the Group successfully adapted its services and delivered several virtual events during the period. The Group is keen to continue providing this service as an alternative while the COVID-19 pandemic is ongoing, and has successfully won several new virtual events to be delivered in the new financial year.

The Group also hired a new Director of Strategy in May 2020. This has proved to be a highly successful appointment, with the Director of Strategy winning several new clients, including a large multi-national technology firm.

On 23 March 2020 Aeorema Communications plc acquired 100% of the share capital in Eventful Limited. When analysing the benefits of the acquisition, the Board considered there to be significant opportunities for cross-selling between Aeorema Limited and Eventful Limited. These cross-selling opportunities expected when making the acquisition have proved correct, with Aeorema Limited pitching and winning events for Eventful Limited clients. Despite the challenges created by the COVID-19 pandemic, Eventful Limited has successfully vacated its old office in South London and moved to Aeorema's offices in Central London, as well as integrating the finance, marketing and management operations in an attempt to achieve synergies and reduce costs.

Strategic Report *Continued*

The Group has used the support provided by the UK government, including the Coronavirus job retention scheme and tax deferrals, while also reducing overheads to maintain a strong cash position despite the impact of COVID-19 on the business during the latter months of the financial year. Despite the new clients and virtual events the Group has won, the challenges created by the social and economic impact of COVID-19 remain severe. The Board recognises the challenges facing the Group, monitoring the situation on a daily basis and is prepared to reduce overheads further should this become necessary.

Key performance indicators

Year	2020 £	2019 £	2018 £	2017 £
Revenue	5,475,425	6,765,280	4,820,167	4,156,592
Operating (loss) / profit pre-exceptional items	(175,043)	384,483	299,735	258,453
(Loss) / profit before taxation	(217,924)	382,244	61,629	247,750

The Group experienced a 19% decrease in revenue during the year. This was as a consequence of the COVID-19 pandemic. Up until March 2020, the Group was experiencing a highly successful financial year, with several live events booked for June 2020. However, the outbreak of COVID-19 led to the cancellation of all events, except a few which became virtual events, between March and June.

Film revenue dropped by 12% in comparison with the previous year. During the lockdown members of the moving image department continued to deliver film production and editing services, largely unaffected by the impact of COVID-19. However, the significant fall in revenue was due to the cancellation of a large proportion of the Group's events between March and June 2020, for which the moving image department would have produced and edited film content.

Eventful Limited experienced a 17% decrease in revenue, compared with the previous year. The fall in revenue was partly a consequence of the COVID-19 pandemic and the subsequent cancellation and postponement of events between March and June 2020. The decrease in revenue was also due to higher than usual revenue in the previous year.

The shift from an operating profit pre-exceptional items and profit before taxation for the year ended 30 June 2019 to an operating loss pre-exceptional items and the loss before taxation for the year ended 30 June 2020 is a consequence of the COVID-19 pandemic and its impact on the Group's ability to continue delivering live events.

Strategic Report *Continued*

Cashflows

Net cash outflow from operating activities was £99,006 compared with a net cash inflow of £981,846 for the year ended 30 June 2019. The cash position decreased by £489,944 to £1,721,217 (2019: £2,211,161). The decrease in cash and cash equivalents at the year-end was due to the impact of the global COVID-19 pandemic and subsequent loss of revenue between March and June 2020 as a consequence of the outbreak.

Capital expenditure

Total capital expenditure, including expenditure on tangible assets, was £61,400 compared with £48,731 for the year ended 30 June 2019.

Employees

Our priority is to attract and retain talented employees and to harness their creativity to drive growth through development and delivery of services that bring value to our customers' business operations.

We continue to focus on ensuring that the performance of staff is measured against clear, business focused objectives and behavioural criteria through continual appraisals.

Reward

The Group benchmarks employee salaries against the market and reviews salaries annually to ensure that we are paying at a level to attract and retain high-quality employees.

Key employees are offered access to a share option scheme, further details of which are provided in note 23 to the financial statements.

Equal opportunities

We are committed to ensuring equal opportunities for our staff. We have introduced training which covers equal opportunities legislation and best practice. Our policy in respect of employment of disabled persons is the same as that relating to all other employees in matters of training, career development and promotion. Should employees become disabled during the course of their employment, we will make every effort to make reasonable adjustments to their working environment to enable their continued employment.

Strategic Report *Continued*

Safety, health and environment

The commitment and participation of all employees is vital to efficient and effective occupational risk control. In order to meet our responsibility to protect the environment, staff and the business, the Group continues to focus on maintaining a risk aware culture.

We believe the Group maintains a low environmental impact. We therefore continue to work on the potential environmental impacts of energy consumption, waste and travel.

Directors' policies for managing principal risks

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the business. Risk reviews are undertaken regularly by the respective business areas throughout the year to identify and assess the key risks associated with the achievement of our business objective.

Key risks of a financial nature

The principal risks and uncertainties facing the Group are linked to customer dependency. Though the Group has a very diverse customer base in certain market sectors, key customers can represent a significant amount of revenue (see note 2). Key customer relationships are closely monitored but the loss of a key client could have an adverse effect on the Group's performance. Further details of risks, uncertainties and financial instruments are contained in note 26.

Key risks of non financial nature

The Group is operating in a highly competitive global market that is undergoing continual change. The Group's ability to respond to many competitive factors including, but not limited to technological innovations, product quality, customer service and employment of qualified personnel will be key in the achievement of its objectives, but its ultimate success will depend on the purchase spends of its customers and the buoyancy of the market.

On behalf of the Board

S Haffner
Director

16 October 2020

Directors' Report

The directors present their annual report and financial statements for the year ended 30 June 2020. The financial statements are for Aeorema Communications plc ("the Company") and its subsidiaries (together, "the Group").

Directors

The following directors have held office since 1 July 2019:
M Hale
S Quah
R Owen
S Haffner
A Harvey

In accordance with regulation 122 of the Company's Articles of Association, one third of the directors retire by rotation, or if their number is not three, or a multiple of three, the nearest to but not exceeding one third, and, being eligible, offer themselves for re-election.

Dividends

As a consequence of the ongoing COVID-19 pandemic, the Board have decided that no final dividend will be paid to the shareholders. It is the Board's intention to return to paying dividends as soon as possible.

Financial instruments

Details of financial instruments are given in note 26 to the financial statements.

Shareholdings

At 16 October 2020, the directors were aware that the following were directors with an interest in the Company and/or the beneficial owners of 3% or more of the Company's issued share capital:

Directors	Number of shares	Percentages held
M Hale	1,895,000	20.6
S Quah	481,010	5.2
A Harvey	140,000	1.5
R Owen	80,000	0.9

Other shareholders with more than 3%	Number of shares	Percentages held
J Hicking	1,297,292	14.0
B Geary	521,807	5.6
S Perring	474,666	5.1
Barnard Nominees Ltd	434,666	4.7
B Smith	300,000	3.2
M Lauber	280,000	3.0

Directors' Report *Continued*

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group's financial statements. See note 1 for further information.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, they have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all the relevant audit information and to establish that the Company's auditors are aware of that information.

A resolution to reappoint Hazlewoods LLP as auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under Company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group and the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing the Group and Company financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

Directors' Report *Continued*

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Aeorema Communications plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Section 172(1) of the Companies Act 2006

The Directors believe that they have effectively implemented their duties under section 172 of the Companies Act 2006. The Company has considered the long-term strategy of the business below and consider that this strategy will continue to deliver long term success to the business and its stakeholders.

The Group is committed to maintaining an excellent reputation and strives to achieve high standards. We are highly selective about which co-contractors and freelancers are used to deliver best value while maintaining an awareness of the environmental impact of the work that they do and strive to reduce their carbon footprint.

The Directors recognise the importance of wider stakeholders in delivering their strategy and achieving sustainability within the business. The main stakeholders in the company are considered to be the employees, suppliers and customers. Their importance to the business is considered below in the Corporate Governance Statement.

In ensuring that all our stakeholders are considered as part of every decision process we believe we act fairly between all members of the Company.

On behalf of the Board

On behalf of the Board

S Haffner
Director
16 October 2020

Corporate Governance Statement

The Board recognises the importance of good corporate governance and has adopted the QCA (Quoted Companies Alliance) Corporate Governance Code. This document sets out how the Company complies with the QCA Corporate Governance Code and the Company's compliance with the code will be reviewed annually by the board.

My role as Chairman is to lead the board and to oversee its function and direction. I have ultimate responsibility for implementing the Company's corporate governance arrangements and am accountable to shareholders for the Company's delivery on its strategy.

The Company is committed to delivering returns for shareholders whilst looking after its stakeholders and recognises the importance of a culture which encourages ethical and fair behaviours. This culture is driven by the Company's senior management team.

This document sets out how we consider that Aeorema currently complies with the QCA Corporate Governance Code and explains areas in which we depart from this code. We consider that our approach is appropriate for a company of our size and stage of development and will endeavour to evolve our corporate governance arrangements in line with our growth as a company. We do not consider that any key governance related matters have occurred during the year.

Mike Hale
Non-Executive Chairman

Overview

The board is focussing on two key areas of growth within the current strategy and business model. One area is to increase revenue streams within the Group's operating companies (Aeorema Limited, Eventful Limited and Cheerful Twentyfirst, Inc.) through key hires, focused account management and new business development. The other area is to grow the PLC's portfolio of companies through acquisitions and mergers, as evidenced by the acquisition of Eventful Limited during the year. The organic challenge relies on retaining key accounts and maintaining the balance between building internal delivery teams and growing revenue streams and profits. Attracting the right talent on both a permanent and freelance basis is critical for creating the right impact for all clients and ensuring growth is sustainable. The Company is aiming to reduce its reliance on freelance staff and their associated higher costs. The board has made a promise to shareholders to ensure that any merger or acquisition is completed at the right price and benefits the future of the organisation. Therefore, thorough due diligence and a sensible approach to valuations is key to achieving the right result for the Group.

Communication will continue with shareholders on several levels. The Chairman is available to speak to directly and the Company's broker will set up key shareholder meetings or conference calls directly after half year and full year results are announced. The board considers that this approach to shareholder engagement has worked well and was pleased to see a good attendance of shareholders at its last AGM. Announcements will continue to be released through regulatory channels and added to the aeorema.com website.

Corporate Governance Statement *Continued*

The business is focused on building strong relationships with clients, staff, suppliers and freelancers. Account managers/directors continually gain feedback from clients and report back to management. Staff appraisals are regularly held, but the Company also has an open-door policy for staff feedback direct to management. Suppliers and freelancers are reviewed on an annual basis and relevant feedback is reported back to management. Management and heads of departments review strategy and use appropriate key performance indicators to monitor performance on a regular basis and the board is informed with regular business updates at each board meeting.

The aim of the board is to function at the head of the Company's management structures, leading and controlling its activities and setting a strategy for enhancing shareholder value.

The board currently consists of two executive directors and three non-executive directors. The Company does not have a Nomination Committee; the board collectively undertakes the functions of such a committee. The details of each board member along with their background and their role is listed on the website aeorema.com. Both Stephen Haffner and Richard Owen exercise independent judgement in all matters relating to the Company.

The CEO and Managing Director work full-time in the business and have no other significant outside business commitments. The Non-Executive Directors are required to be available to attend Board meetings and to deal with both regular and ad hoc matters. All Non-Executive Directors have confirmed and demonstrated that they have adequate time available to meet the requirements of the role and they have no conflicts of interest.

The board and the Company’s senior management team has a mix of relevant industry experience, public company experience and financial expertise which enables it to deliver on its strategy. Directors keep their skillsets up to date by attending relevant industry seminars as well as reviewing regulatory and accounting updates provided by the Company’s professional advisers.

The board undertakes an annual review of risk management across the business. For day to day financial transactions, controls are in place to ensure higher payments are signed off from both financial controller and at director level. Forecasting is reviewed monthly to ensure the staffing levels and overheads are aligned to expected revenue and profit. The board regularly reviews management accounts and forecasts. Contingency plans are reviewed regularly throughout the year and a business continuation plan is updated annually.

There is an Audit Committee consisting of Non-Executive Chairman Michael Hale, Non-Executive Director Stephen Haffner and Non-Executive Director Richard Owen. The terms of reference of the Audit Committee are to assist the board in the discharge of its responsibilities for corporate governance, financial reporting and internal control. Stephen Haffner chairs the Audit Committee and meetings are held twice a year.

Corporate Governance Statement *Continued*

Its duties include maintaining an appropriate relationship with the company's auditors, keeping under review the scope and the results of the audit and its effectiveness. The audit last went out to tender for the financial year ended June 2019 and will be reviewed annually. Currently the tender process will occur every three years. The next tender will be for the year ending June 2022 but can be brought forward if required.

As well as overseeing the tender process and reviewing the scope and effectiveness of the audit, the Audit Committee review the full year and interim financial statements, consider the impact of new accounting standards under IFRS on the Company's financial statements, as well as the implications of any significant events or circumstances that occur in the accounting period. The Audit Committee review the Company's financial performance throughout the year and monitor the integrity of any formal market announcements. They also monitor the Company's internal financial controls, ensuring all internal financial controls and risk management systems are effective, and suggest improvements where necessary.

The Remuneration Committee consists of Non-Executive Chairman Michael Hale, Non-Executive Director Stephen Haffner and Non-Executive Director Richard Owen, and meetings are held at least once a year. The Remuneration Committee is responsible for reviewing the performance of the executives of the Company and for setting the scale and structure of their remuneration, paying due regard to the interests of shareholders as a whole and the performance of the Company. This involves setting and approving the performance measures on which the pay scales are based. Richard Owen chairs the Remuneration Committee. Details of Directors' remuneration is set out in note 21 to the financial statements.

The board will continue to meet at least six times a year to review, formulate and approve the Company's strategy, budget, corporate actions and major items of capital expenditure. During the financial year ended 30 June 2020, the Board met on six occasions. The Audit Committee met twice and the Remuneration Committee met once. Board attendance from all board members is currently 89%-100%. The Board's attendance record for the year ended 30 June 2020 was as follows;

- Mike Hale – 100%
- Richard Owen – 89%
- Stephen Haffner – 100%
- Andrew Harvey – 100%
- Steve Quah – 100%

Corporate Governance Statement *Continued*

The Company currently departs from the QCA Code in a number of respects, and in particular:

(i) Board evaluation: the board currently runs a self-evaluation process on board effectiveness. It is intended that the board will create a more formal process with annual reviews which will focus more closely on objectives and targets for improving performance;

(ii) Induction, training and succession planning: the Company receives advice from its nominated adviser and external lawyers. The board will consider the introduction of a facility for directors to receive training on relevant new developments on a more regular basis. The Company has not adopted a policy on succession planning but made changes to its board in 2017 whereby two members of senior management joined the board as Joint Managing Directors in replacement of the exiting founders of the business. The board proposes, to further consider succession planning as part of its regular review of board effectiveness;

(iii) Board diversity: the Company is committed to a culture of equal opportunities for all employees regardless of gender and considers that it has a diverse workforce. The board aims to reflect this diversity over time in terms of its range of cultures, nationalities, gender and international experience.

(iv) Senior Independent Director: the Company does not have a director designated as a Senior Independent Director. In light of the size of the board, and the Company's stage of development, the board does not consider it necessary to appoint a Senior Independent Director at this stage, but will nevertheless keep this under review as part of the board's evaluation on board effectiveness. The Board also recognises that Richard Owen's length of service exceeds the QCA's guidelines regarding independence but nevertheless believes that he brings independent judgement to bear on all matters concerning the Company.

The board intends to monitor its governance framework as the Company grows and will consider introducing additional board committees such as a nominations committee and potentially expanding its investor relations capabilities.

Independent Auditor's Report

to the Members of Aeorema Communications plc

Opinion

We have audited the financial statements of Aeorema Communications plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2020 which comprise the consolidated Statement of Comprehensive Income, the group and company Statements of Financial Position, the consolidated and company Statements of Changes in Equity, the group Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2020 and of its loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor's Report *Continued*

to the Members of Aeorema Communications plc

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, it is difficult to evaluate all of the potential implications of the current COVID-19 outbreak on the company's trade, employees, customers, suppliers and the wider economy.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter – group	How our audit addressed the key audit matter
Revenue recognition	
The group generates revenue facilitating live events, film production and through event management services. Revenue is recognised based on the satisfaction of performance obligations and an assessment of when control is transferred to customers. In applying this policy, a certain amount of judgement is required. Incomplete or inaccurate income recognition could have a material impact on the Groups earnings and we identified revenue recognition as a risk that required particular audit attention.	We performed analytical review and cut off testing to ensure that revenue is properly recognised and recorded in the correct accounting period. We reviewed a sample of projects, including those with significant revenue recognised in the year and/or with significant contract assets or liabilities, to confirm that revenue had been recognised in a manner consistent with the group's accounting policy, the principles of IFRSs as adopted by the European Union and the commercial substance of the contracts. We confirmed the group's recognition of revenue, and associated contract balances, to documentary evidence including correspondence between the group, its customers and its contractors, as well as publicly available press releases made by the group's customers.

Independent Auditor's Report *Continued*

to the Members of Aeorema Communications plc

Key audit matter – group	How our audit addressed the key audit matter
Going concern	
The Group was significantly affected by the impact of the COVID-19 pandemic. International lockdowns, restrictions on travel and social distancing measures have resulted in a significant loss of revenue. Consequently we identified going concern as a risk that required particular audit attention.	We reviewed detailed forecasts prepared by management to support the going concern assumption and reviewed underlying assumptions for reasonableness. We obtained a breakdown of revenue included in those forecasts and verified a sample of future income to documentary evidence to assess the likelihood of that income being received. We compared expected future cash requirements of the group to cash balances and funding available at the time of approval of these financial statements.
Acquisition of Eventful Limited	
During the year the group acquired Eventful Limited. Accounting for the acquisition was identified as a risk that required particular audit attention.	We reviewed documentation surrounding the acquisition to confirm the appropriate recognition of Investment and Goodwill in the parent company and group respectively. We have reviewed the single entity financial statements of Eventful Limited and the accounting thereof in the consolidated financial statements of Aeorema Communications Plc.
Right of use of asset (under IFRS16)	
In the current financial year the group applied IFRS16 leases for the first time. IFRS16 introduces new requirements to lease accounting removing the distinction between operating and finance leases and requiring the recognition of a right-of-use and a lease liability for all leases, except short-term leases and leases of low value. We identified accounting for leases as a risk that required particular audit attention.	We reviewed detailed workings and disclosures prepared by management to support the recognition of a right-to-use asset and corresponding lease liability, including the related prior year adjustment. We reviewed lease agreements and confirmed that the asset and liability recognised are in line with expected costs over the course of the lease agreements and reviewed the basis of discount rate applied in the net present value calculations.

There were no key audit matters in respect of the parent company.

Independent Auditor's Report *Continued*

to the Members of Aeorema Communications plc

Our application of materiality

When establishing overall audit strategy, we set certain thresholds which help us determine the nature, timing and extent of our audit procedures and evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £19,000, which was not changed during the course of our audit. We agreed with the Audit Committee that we would report them all unadjusted differences in excess of £1,000, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit scope included all components and was performed to component materiality. Our audit work therefore covered 100% of group revenue, group profit and total group assets and liabilities. It was performed to the materiality levels set out above.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report *Continued*

to the Members of Aeorema Communications plc

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 13 and 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilites.

This description forms part of our auditor's report.

Independent Auditor's Report *Continued*

to the Members of Aeorema Communications plc

Use of this report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scott Lawrence (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

16 October 2020

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 £	2019 £
Continuing operations			
Revenue	2	**5,475,425**	**6,765,280**
Cost of sales		(3,629,770)	(4,584,117)
Gross profit		**1,845,655**	**2,181,163**
Other income	3	82,601	–
Administrative expenses		(2,103,299)	(1,796,680)
Operating (loss) / profit pre–exceptional items	4	**(175,043)**	**384,483**
Exceptional items	5	(23,184)	–
Operating (loss) / profit post exceptional items		**(198,227)**	**384,483**
Finance income	6	556	611
Finance costs		(20,253)	(2,850)
(Loss) / profit before taxation		**(217,924)**	**382,244**
Taxation	7	20,497	(86,687)
Loss) / profit and total comprehensive income for the year attributable to owners of the parent		**(197,427)**	**295,557**
(Loss) / profit per ordinary share:			
Total basic earnings per share	10	(2.16920)p	3.26564p
Total diluted earnings per share	10	N/A	3.22011p

There were no other comprehensive income items.

The notes on pages 30 to 57 are an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2020

		Group		Company	
	Notes	2020 £	2019 £	2020 £	2019 £
Non–current assets					
Intangible assets	11	573,931	365,154	–	–
Property, plant and equipment	12	85,952	58,071	–	–
Right–of–use assets	13	379,530	13,486	–	–
Investments in subsidiaries	14	–	–	1,141,540	614,751
Deferred taxation		7,611	–	30,253	–
Total non–current assets		**1,047,024**	**436,711**	**1,171,793**	**614,751**
Current assets					
Trade and other receivables	15	597,497	1,612,345	657,986	977,427
Cash and cash equivalents	16	1,721,217	2,211,161	11,298	3,606
Total current assets		**2,318,714**	**3,823,506**	**669,284**	**981,033**
Total assets		**3,365,738**	**4,260,217**	**1,841,077**	**1,595,784**
Current liabilities					
Trade and other payables	17	(1,186,670)	(2,223,027)	(191,136)	(88,397)
Lease liabilities	18	(85,070)	(16,475)	–	–
Current tax payable		(68,490)	(74,616)	–	–
Total current liabilities		**(1,340,230)**	**(2,314,118)**	**(191,136)**	**(88,397)**
Non–current liabilities					
Lease liabilities	18	(300,689)	–	–	–
Deferred taxation	8	–	(7,529)	–	–
Provisions	19	(25,020)	(24,186)	–	–
Total non–current liabilities		**(325,709)**	**(31,715)**	**–**	**–**
Total liabilities		**(1,665,939)**	**(2,345,833)**	**–**	**–**
Net assets		**1,699,799**	**1,914,384**	**1,649,941**	**1,507,387**
Equity					
Share capital	20	1,154,750	1,131,313	1,154,750	1,131,313
Share premium		9,876	7,063	9,876	7,063
Merger reserve		16,650	16,650	16,650	16,650
Other reserve		81,358	34,261	81,358	34,261
Capital redemption reserve		257,812	257,812	257,812	257,812
Retained earnings		179,353	467,285	129,495	60,288
Equity attributable to owners of the parent		**1,699,799**	**1,914,384**	**1,649,941**	**1,507,387**

The notes on pages 30 to 57 are an integral part of these financial statements.

The profit for the financial year of the holding company was £159,712 (2019: £68,878).

The financial statements were approved and authorised by the board of directors on 16 October 2020 and were signed on its behalf by

A Harvey, Director **S Haffner**, Director

Company Registration No. 04314540

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

Company	Share capital £	Share premium £	Merger reserve £	Other reserve £	Capital redemption reserve £	Retained earnings £	Total equity £
At 30 June 2018	**1,131,313**	**7,063**	**16,650**	**–**	**257,812**	**249,829**	**1,662,667**
IFRS 16 adjustments	–	–	–	–	–	(10,222)	(10,222)
Adjusted balance at 1 July 2018	**1,131,313**	**7,063**	**16,650**	**–**	**257,812**	**239,607**	**1,652,445**
Comprehensive income for the year, net of tax	–	–	–	–	–	295,557	295,557
Dividends paid	–	–	–	–	–	(67,879)	(67,879)
Share–based payment	–	–	–	34,261	–	–	34,261
At 30 June 2019	**1,131,313**	**7,063**	**16,650**	**34,261**	**257,812**	**467,285**	**1,914,384**
Comprehensive income for the year, net of tax	–	–	–	–	–	(197,427)	(197,427)
Dividends paid	–	–	–	–	–	(90,505)	(90,505)
Share–based payment	–	–	–	47,097	–	–	47,097
Share issue	23,437	2,813	–	–	–	–	26,250
At 30 June 2020	**1,154,750**	**9,876**	**16,650**	**81,358**	**257,812**	**179,353**	**1,699,799**

The prior year adjustment relating to the first time adoption of IFRS 16 is explained on page 35 of these financial statements.

Share premium represents the value of shares issued in excess of their list price.

In accordance with section 612 of the Companies Act 2006, the premium on ordinary shares issued in relation to acquisitions is recorded as a merger reserve. The reserve is not distributable.

Other reserve represents equity settled share–based employee remuneration, as detailed in note 23.

Capital redemption reserve represents a statutory non–distributable reserve into which amounts are transferred following redemption or purchase of a company's own shares.

The notes on pages 30 to 57 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 30 June 2020

Company	Share capital £	Share premium £	Merger reserve £	Other reserve £	Capital redemption reserve £	Retained earnings £	Total equity £
At 30 June 2018	**1,131,313**	**7,063**	**16,650**	**–**	**257,812**	**59,289**	**1,472,127**
Comprehensive income for the year, net of tax	–	–	–	–	–	68,878	68,878
Dividends paid	–	–	–	–	–	(67,879)	(67,879)
Share-based payment	–	–	–	34,261	–	–	34,261
At 30 June 2019	**1,131,313**	**7,063**	**16,650**	**34,261**	**257,812**	**60,288**	**1,507,387**
Comprehensive income for the year, net of tax	–	–	–	–	–	159,712	159,712
Dividends paid	–	–	–	–	–	(90,505)	(90,505)
Share-based payment	–	–	–	47,097	–	–	47,097
Share issue	23,437	2,813	–	–	–	–	26,250
At 30 June 2020	**1,154,750**	**9,876**	**16,650**	**81,358**	**257,812**	**129,495**	**1,649,941**

Share premium represents the value of shares issued in excess of their list price.

In accordance with section 612 of the Companies Act 2006, the premium on ordinary shares issued in relation to acquisitions is recorded as a merger reserve. The reserve is not distributable.

Other reserve represents equity settled share–based employee remuneration, as detailed in note 23.

Capital redemption reserve represents a statutory non–distributable reserve into which amounts are transferred following redemption or purchase of a company's own shares.

The notes on pages 30 to 57 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2020

		Group	
	Notes	2020 £	2019 £
Net cash flow from operating activities	25	**(99,006)**	**981,846**
Cash flows from investing activities			
Payment for Acquisition of Subsidiary, net of cash acquired			
Finance income	6	(128,331)	–
Purchase of intangible assets	11	556	611
Purchase of property, plant and equipment	12	(10,000)	–
Repayment of leasing liabilities		(61,400)	(48,731)
Dividends received by the Company		(101,258)	(91,000)
Cash (used) / generated in investing activities		**(300,433)**	**(139,120)**
Cash flows from financing activities			
Dividends paid to owners of the Company		(90,505)	(67,879)
Cash used in financing activities		**(90,505)**	**(67,879)**
Net increase / (decrease) in cash and cash equivalents		**(489,944)**	**774,847**
Cash and cash equivalents at beginning of year		2,211,161	1,436,314
Cash and cash equivalents at end of year		**1,721,217**	**2,211,161**

Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of the Statement of Financial Position amounts:

		Group		Company	
	Notes	2020 £	2019 £	2020 £	2019 £
Cash and cash equivalents	16	1,721,217	2,211,161	11,298	3,606
		1,721,217	**2,211,161**	**11,298**	**3,606**

The notes on pages 30 to 57 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2020

1 Accounting policies

Aeorema Communications plc is a public limited company incorporated in the United Kingdom and registered in England and Wales. The Company is domiciled in the United Kingdom and its principal place of business is Moray House, 23/31 Great Titchfield Street, London, W1W 7PA. The Company's Ordinary Shares are traded on the AIM Market.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The presentation currency is £ sterling.

Going concern

The COVID-19 pandemic had a significant impact on the Group. The imposition of international lockdowns and subsequent disruption caused to international travel meant that all physical events between March and June 2020 were either postponed or cancelled. Like most companies within the events industry, both Aeorema Limited and Eventful Limited had the majority of their jobs either cancelled or postponed until later in 2020 or early 2021. Aeorema Limited successfully held a few virtual events for a key client as a substitute for the physical events that could no longer take place, and the moving image department continued to produce and edit films remotely throughout the lockdown.

In response to the UK government's introduction of the Coronavirus job retention scheme the Group furloughed several employees (see note 3) and arranged deferrals and payment plans with HMRC for several outstanding tax liabilities.

Although the COVID-19 pandemic resulted in all the Group's live events being cancelled, including Cannes Lions, the pandemic has created opportunities for the Group to expand its offering to clients. The Group maintains its core businesses (physical events and exhibitions, moving image and venue sourcing), however, the Group has also shifted its focus towards providing virtual events via online platforms for clients. The impact of the COVID-19 pandemic on social distancing and international travel may be long-lasting, and the Group has successfully moved towards providing virtual events, delivering several virtual events post year end for both existing and new clients, with more in the pipeline, as well as launching a new online platform which can be used by clients to host their virtual events.

The Group has also expanded its operations by launching a new US subsidiary, Cheerful Twentyfirst Inc. The Group has delivered several events for US based clients and UK based clients with US based subsidiaries. The opening of a US subsidiary offers the Group's US based clients and new potential US clients the opportunity to work with a company that operates in the same time zone and can therefore provide an improved service and uses the same currency. The opening of a new office in the US is already proving successful with several new briefs received from US based clients since the launch post year end.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

After reviewing the Group's detailed forecasts for the next financial year, other medium term plans and considering the risks outlined in note 26, the Directors, at the time of approving the financial statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements.

Basis of Preparation

The Group's financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The following new standards, amendments to standards and interpretations have been applied for the first time from 1 July 2019. Their adoption has not had a material impact on the financial statements:

- IFRS 9 'Financial Instruments', effective 1 January 2019;
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle (effective 1 January 2019);
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (effective 1 January 2020);
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) (Effective 1 June 2020).

The following new standards, amendments to standards and interpretations have been applied for the first time from 1 July 2019 and their adoption have had a material impact on the financial statements:

- IFRS 16 'Leases', effective 1 January 2019 (see page 35 for more details).

Future standards in place but not yet effective

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Company's accounting periods beginning on or after 1 July 2020 have been adopted early.

The following standards and amendments are not yet applied at the date of authorisation of these financial statements:

- Definition of Material (Amendments to IAS 1 and IAS 8) (effective 1 January 2020); and
- Definition of a Business (Amendments to IFRS 3) (effective 1 January 2020).

The Group does not believe that there would have been a material impact on the financial statements from early adoption of these standards / interpretations.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2020. Subsidiaries are all entities (including structured entities) over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are consolidated until the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

The merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006.

Revenue

Revenue represents amounts (excluding value added tax) derived from the provision of services to third party customers in the course of the Group's ordinary activities.

As a result of providing these services, the Group may from time to time receive commissions from other third parties. These commissions are included within revenue on the same basis as that arising from the contract with the underlying third party customer.

The revenue and profits recognised in any period are based on the satisfaction of performance obligations and an assessment of when control is transferred to the customer.

For most contracts with customers, there is a single distinct performance obligation and revenue is recognised when the event has taken place or control of the content or video has been transferred to the customer.

Where a contract contains more than one distinct performance obligation (multiple film productions, or a project involving both build construction and event production) revenue is recognised as each performance obligation is satisfied.

The transaction price is substantially agreed at the outset of the contract, along with a project brief and payment schedule (full payment in arrears for smaller contracts; part payment(s) in advance and final payment in arrears for significant contracts).

Due to the detailed nature of project briefs agreed in advance for significant contracts, management do not consider that significant estimates or judgements are required to distinguish the performance obligation(s) within a contract.

For contracts to prepare multiple film productions, the transaction price is allocated to constituent performance obligations using an output method in line with agreements with the customer.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

For other contracts with multiple performance obligations, management's judgement is required to allocate the transaction price for the contract to constituent performance obligations using an input method using detailed budgets which are prepared at outset and subsequently revised for actual costs incurred and any changes to costs expected to be incurred.

The Group does not consider any disaggregation of revenue from contracts with customers necessary to depict how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

Where payments made are greater than the revenue recognised at the reporting date, the Group recognises deferred income (a contract liability) for this difference. Where payments made are less than the revenue recognised at the reporting date, the Group recognises accrued income (a contract asset) for this difference.

A receivable is recognised in relation to a contract for amounts invoiced, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

At each reporting date, the Group assesses whether there is any indication that accrued income assets may be impaired by assessing whether it is possible that a revenue reversal will occur. Where an indicator of impairment exists, the Group makes a formal estimate of the asset's recoverable amount. Where the carrying value of an assets exceeds its recoverable amount, the asset is considered impaired and is written down to is recoverable amount.

Intangible assets – goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill acquired represents the excess of the fair value of the consideration and associated costs over the fair value of the identifiable net assets acquired.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. At the date of acquisition, the goodwill is allocated to cash generating units, usually at business segment level or statutory company level as the case may be, for the purpose of impairment testing and is tested at least annually for impairment. On subsequent disposal or termination of a business acquired, the profit or loss on termination is calculated after charging the carrying value of any related goodwill.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

Intangible assets – other

Intangible assets are stated in the financial statements at cost less accumulated amortisation and any impairment value. Amortisation is provided to write off the cost less estimated residual value of intangible assets over its expected useful life (which is reviewed at least at each financial year end), as follows:

Intellectual property	25% straight line

Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year that the asset is derecognised.

Fully amortised assets still in use are retained in the financial statements.

Property, plant and equipment

Property, plant and equipment is stated in the financial statements at cost less accumulated depreciation and any impairment value. Depreciation is provided to write off the cost less estimated residual value of property, plant and equipment over its expected useful life (which is reviewed at least at each financial year end), as follows:

Leasehold land and buildings	Straight line over the life of the lease (five years)
Fixtures, fittings and equipment	Straight line over four years

Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year that the asset is derecognised.

Fully depreciated assets still in use are retained in the financial statements.

Impairment

The carrying amounts of the Group's assets are reviewed at each period end to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each annual period end date and whenever there is an indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Leases

In the current year, the Group, for the first time, has applied IFRS 16 Leases. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 July 2019.

The Group has applied IFRS 16 using the full retrospective approach, with restatement of the comparative information. The application of IFRS 16 has resulted in the profit before taxation for the year ended 30 June 2019 increasing by £7,234 to £382,244 (previously £375,010). The application of IFRS 16 has also resulted in the Group's net assets decreasing by £2,988 to £1,914,384 (previously £1,917,372).

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

a) recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;

b) recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and

c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short term leases (lease term of 12 months or less) and leases of low-value assets (such as photocopiers), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently measured at amortised cost less any provision for impairment.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Cash and cash equivalents

Cash comprises, for the purpose of the Statement of Cash Flows, cash in hand and deposits payable on demand. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents normally have a date of maturity of 3 months or less from the acquisition date.

Bank loans and overdrafts comprise amounts due on demand.

Finance income

Finance income consists of interest receivable on funds invested. It is recognised in the Statement of Comprehensive Income as it accrues.

Taxation

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets and liabilities are not discounted.

Pension costs

The Group operates a pension scheme for its employees. It also makes contributions to the private pension arrangements of certain employees. These arrangements are of the money purchase type and the amount charged to the Statement of Comprehensive Income represents the contributions payable by the Group for the period.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

Financial instruments

The Group does not enter into derivative transactions and does not trade in financial instruments. Financial assets and liabilities are recognised on the Statement of Financial Position when the Group becomes a party to the contractual provision of the instrument.

Equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group's equity instruments comprise 'share capital' in the Statement of Financial Position.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the reporting period. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Comprehensive Income.

Share-based awards

The Group issues equity settled payments to certain employees. Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant.

The fair value is estimated using option pricing models and is dependent on factors such as the exercise price, expected volatility, option price and risk free interest rate. The fair value is then amortised through the Statement of Comprehensive Income on a straight-line basis over the vesting period. Expected volatility is determined based on the historical share price volatility for the Company. Further information is given in note 23 to the financial statements.

Exceptional items

Exceptional items are one off, material items outside the normal course of business which are not related to the Group's trading activities.

Significant judgements and estimates

The preparation of the Group's financial statements in conforming with IFRS required management to make judgements, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. Information about such judgements and estimation is contained in the accounting policies and / or notes to the financial statements. There are no critical judgements that the directors have made in the process of applying the Group's accounting policies.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

2 Revenue and segment information

The Group uses several factors in identifying and analysing reportable segments, including the basis of organisation, such as differences in products and geographical areas. The Board of directors, being the Chief Operating Decision Makers, have determined that for the year ending 30 June 2020 there is only a single reportable segment.

All revenue represents sales to external customers. Four customers (2019: five) are defined as major customers by revenue, contributing more than 10% of the Group revenue.

	2020 £	2019 £
Customer One	1,336,172	–
Customer Two	841,905	905,578
Customer Three	701,353	–
Customer Four	585,636	951,189
Major customers in the current year	**3,465,066**	**1,856,767**
Major customers in prior year		**2,916,027**
		4,772,794

The geographical analysis of revenue from continuing operations by geographical location of customer is as follows:

Geographical market	2020 UK £	2019 UK £	2020 Europe £	2019 Europe £	2020 Rest of the World £	2019 Rest of the World £	2020 Total £	2019 Total £
Revenue	5,255,473	6,693,163	71,424	61,764	148,528	10,353	5,475,425	6,765,280

	2020 £	2019 £
Revenue from contracts with customers	5,420,350	6,696,305
Other revenue	55,075	68,975
Total revenue	**5,475,425**	**6,765,280**

Contract assets and liabilities from contracts with customers have been recognised as follows:

	2020 £	2019 £
Deferred income	293,281	333,305
Accrued income	49,890	245,989

Deferred income at the beginning of the period has been recognised as revenue during the period.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

3 Other income

Other income	2020 £	2019 £
Coronavirus job retention scheme government grant	82,601	–

During the year the Group received government grants under the UK government's coronavirus job retention scheme.

4 Operating profit

Operating profit is stated after charging or crediting:	2020 £	2019 £
Cost of sales		
Depreciation of fixtures, fittings and equipment	31,871	21,525
Amortisation of intangible assets	417	–
Administrative expenses		
Depreciation of right-of-use assets	89,392	80,915
(Profit) / loss on foreign exchange differences	(726)	9,229
Fees payable to the Company's auditor in respect of:		
Audit of the Company's annual accounts	6,000	6,000
Audit of the Company's subsidiaries	19,000	17,000
Interest on lease liabilities	20,253	2,850
Staff costs (see note 22)	1,570,373	1,221,559

5 Exceptional items

Items that are material either because of their size or their nature, or that are non-recurring, are considered as exceptional. During the year, the Group incurred expenditure totalling £23,184 (2019: £nil) related to the acquisition of Eventful Limited. This cost has been included in the consolidated Statement of Comprehensive Income as an operating exceptional cost.

6 Finance income

Finance income	2020 £	2019 £
Bank interest received	556	611

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

7 Taxation

	2020 £	2019 £
The tax charge comprises:		
Current tax		
Prior period adjustment	–	2,288
Current year	(5,357)	74,616
	(5,357)	**76,904**
Deferred tax (see note 8)		
Current year	(15,140)	9,783
	(15,140)	**9,783**
Total tax charge in the statement of comprehensive income	**(20,497)**	**86,687**
Factors affecting the tax charge for the year		
Profit / (loss) on ordinary activities before taxation from continuing operations	(217,924)	382,244
Profit / (loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2019: 19%)	(41,406)	72,626
Effects of:		
Non-deductible expenses	20,909	11,773
Prior period adjustment	–	2,288
	20,909	**14,061**
Total tax charge	**(20,497)**	**86,687**

The Group has estimated losses of £375,762 (2019: £375,762) available to carry forward against future trading profits. These losses are in Aeorema Communications plc which is not currently making taxable profits as all trading is undertaken by its subsidiaries Aeorema Limited and Eventful Limited, therefore no deferred tax asset has been recognised in respect of this amount.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

8 Deferred taxation

	2020 £	2019 £
Property, plant and equipment temporary differences	(13,978)	(8,555)
Temporary differences	(8,664)	1,026
Tax losses	30,253	–
	7,611	(7,529)
At 1 July	(7,529)	2,254
Transfer to Statement of Comprehensive Income	15,140	(9,783)
At 30 June	**7,611**	**(7,529)**

9 Profit attributable to members of the parent company

As permitted by section 408 of the Companies Act 2006, the parent Company's Statement of Comprehensive Income has not been included in these financial statements.

10 Earnings per ordinary share

Basic earnings per share are calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would have been issued on the conversion of all dilutive potential ordinary shares into ordinary shares. In view of the group loss for the year, options to subscribe for ordinary shares in the company are anti-dilutive and therefore diluted earnings per share information is not presented.

The following reflects the income and share data used and dilutive earnings per share computations:

	2020 £	2019 £
Basic earnings per share		
(Loss) / profit for the year attributable to owners of the Company	(197,427)	295,557
Basic weighted average number of shares	**9,101,356**	**9,050,500**
Dilutive potential ordinary shares:		
Employee share options	1,020,000	1,020,000
Diluted weighted average number of shares	**10,121,356**	**10,070,500**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

11 Intangible fixed assets

Group	Goodwill £	Intellectual Property £	Total £
Cost			
At 30 June 2018	2,728,292	–	2,728,292
At 30 June 2019	2,728,292	–	2,728,292
Acquisitions	199,194	10,000	209,194
At 30 June 2020	**2,927,486**	**10,000**	**2,937,486**
Impairment and amortisation			
At 30 June 2018	2,363,138	–	2,363,138
At 30 June 2019	2,363,138	–	2,363,138
Charge for the year	–	417	417
At 30 June 2020	**2,363,138**	**417**	**2,363,555**
Net book value			
At 30 June 2018	365,154	–	365,154
At 30 June 2019	365,154	–	365,154
At 30 June 2020	**564,348**	**9,583**	**573,931**

Goodwill arose for the Group on consolidation of its subsidiaries, Aeorema Limited and Eventful Limited.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

During the year the Company acquired 100% shareholding in Eventful Limited. The goodwill on acquisition is formed as follows;

	£
Assets acquired	91,036
Cash	225,111
Liabilities	(35,649)
Total acquired	**280,498**
Cash consideration	353,442
Share issue consideration	26,250
Contingent consideration	100,000
Total consideration	479,692
Goodwill	**199,194**

The Company incurred costs associated with the acquisition of Eventful Limited of £23,184. These costs included legal and professional fees and stamp duty. These costs have been included in the consolidated Statement of Comprehensive Income as an operating exceptional cost (see note 5).

For the period post-acquisition Eventful Limited had revenue of £53,517 and a profit before taxation of £11,223. For the year ended 30 June 2020 Eventful Limited had revenue of £255,688 and a profit before taxation of £64,686.

Impairment – Aeorema Limited and Eventful Limited

Goodwill has been tested for impairment based on its future value in use resulting in the carrying value above. The future value has been calculated on a discounted cash flow basis using the 2020-21 budgeted figures as approved by the Board of directors, extended in perpetuity to calculate the terminal value and discounted at a rate of 10%. It is assumed that revenue will return to pre-COVID-19 levels for the year ended 30 June 2022 and future growth will be 2% for venue sourcing activities and 5% for event and moving image production activities. Using these assumptions, which are based on past experience and future expectations, there was no impairment in the year.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

12 Property, plant and equipment

Group	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 30 June 2018	58,536	119,030	177,566
Additions	–	48,731	48,731
Disposals	–	(29,112)	(29,112)
At 30 June 2019	**58,536**	**138,649**	**197,185**
Additions	–	59,591	59,591
Acquisition of subsidiary	–	1,809	1,809
Disposals	–	(26,867)	(26,867)
At 30 June 2020	**58,536**	**173,182**	**231,718**
Depreciation			
At 30 June 2018	58,536	81,986	140,522
Charge for the year	–	21,525	21,525
Eliminated on disposal	–	(22,933)	(22,933)
At 30 June 2019	**58,536**	**80,578**	**139,114**
Charge for the year	–	31,871	31,871
Eliminated on disposal	–	(25,219)	(25,219)
At 30 June 2020	**58,536**	**87,230**	**145,766**
Net book value			
At 30 June 2018	–	37,044	37,044
At 30 June 2019	–	58,071	58,071
At 30 June 2020	**–**	**85,952**	**85,952**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

13 Right-of-use assets

Group	Leasehold £
Cost	
At 30 June 2018	404,574
At 30 June 2019	404,574
Additions	455,436
Disposals	(404,574)
At 30 June 2020	**455,436**
Depreciation	
At 30 June 2018	310,173
Charge for the year	80,915
At 30 June 2019	391,088
Charge for the year	89,392
Eliminated on disposal	(404,574)
At 30 June 2020	**75,906**
Net book value	
At 30 June 2018	94,401
At 30 June 2019	13,486
At 30 June 2020	**379,530**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

14 Non-current assets – Investments

Company	Shares in subsidiary £
Cost	
At 30 June 2018	3,274,703
Increase in respect of share-based payments	34,261
At 30 June 2019	**3,308,964**
Increase in respect of share-based payments	47,097
Acquisition of subsidiary	479,692
At 30 June 2020	**3,835,753**
Provision	
At 30 June 2018	2,694,213
At 30 June 2019	2,694,213
At 30 June 2020	**2,694,213**
Net book value	
At 30 June 2018	580,490
At 30 June 2019	614,751
At 30 June 2020	**1,141,540**

Holdings of more than 20%

The Company holds more than 20% of the share capital of the following companies:

Subsidiary undertakings	Country of registration or incorporation	Shares held	
		Class	%
Aeorema Limited	England and Wales	Ordinary	100
Eventful Limited	England and Wales	Ordinary	100
Twentyfirst Limited (Dormant)	England and Wales	Ordinary	100

The registered address of Aeorema Limited, Eventful Limited and Twentyfirst Limited is 64 New Cavendish Street, London, W1G 8TB.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

15 Trade and other receivables

	Group		Company	
	2020 £	**2019 £**	**2020 £**	**2019 £**
Trade receivables	306,198	1,156,689	–	–
Related party receivables	–	–	641,134	960,063
Other receivables	76,112	38,280	5,002	4,910
Prepayments and accrued income	215,187	417,376	11,850	12,454
	597,497	**1,612,345**	**657,986**	**977,427**

All trade and other receivables are expected to be recovered within 12 months of the end of the reporting period. The fair value of trade and other receivables is the same as the carrying values shown above.

At the year end, trade receivables of £157,239 (2019: £32,616) were past due but not impaired. These amounts are still considered recoverable. The ageing of these trade receivables is as follows:

	Group	
	2020 £	**2019 £**
Less than 90 days overdue	33,712	9,339
More than 90 days overdue	123,527	23,277
	157,239	**32,616**

16 Cash at bank and in hand

	Group		Company	
	2020 £	**2019 £**	**2020 £**	**2019 £**
Bank balances	1,721,217	2,211,161	11,298	3,606
	1,721,217	**2,211,161**	**11,298**	**3,606**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

17 Trade and other payables

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Trade payables	209,770	1,258,646	6,001	7,043
Related party payables	–	–	67,355	67,355
Taxes and social security costs	381,777	388,869	–	–
Other payables	113,582	59,677	100,000	–
Accruals and deferred income	481,541	515,835	17,780	13,999
	1,186,670	**2,223,027**	**191,136**	**88,397**

All trade and other payables are expected to be settled within 12 months of the end of the reporting period. The fair value of trade and other payables is the same as the carrying values shown above.

18 Leases

The balance sheet shows the following amounts relating to leases:

	Group	
	2020 £	2019 £
Right-of-use assets		
Buildings	379,530	13,486
	379,530	**13,486**
Lease liabilities		
Current	85,070	16,475
Non-current	300,689	–
	385,759	**16,475**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

19 Provisions

Group	**Leasehold dilapidations £**	**Total £**
At 1 July 2019	**24,186**	**24,186**
Charged to statement of comprehensive income	834	834
At 30 June 2020	**25,020**	**25,020**
Current	–	–
Non-current	25,020	25,020
	25,020	**25,020**

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

20 Share capital

	2020 £	**2019 £**
Authorised		
28,000,000 Ordinary shares of 12.5p each	3,500,000	3,500,000

	Number	**Ordinary shares £**
At 1 July 2018	9,050,500	1,131,313
At 30 June 2019	9,050,500	1,131,313
At 30 June 2020	**9,238,000**	**1,154,750**

During the year 187,500 shares were issued as part of the overall consideration for the acquisition of Eventful Limited.

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

See note 23 for details of share options outstanding.

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

21 Directors' emoluments

The remuneration of directors of the Company is set out below.

	Salary, fees, bonuses and benefits in kind 2020 £	Salary, fees, bonuses and benefits in kind 2019 £	Pensions 2020 £	Pensions 2019 £	Total 2020 £	Total 2019 £
M Hale	13,333	20,000	–	–	13,333	20,000
S Haffner	14,250	15,000	–	–	14,250	15,000
R Owen	19,333	20,000	–	–	19,333	20,000
S Quah	146,050	122,004	6,469	925	152,519	122,929
A Harvey	112,643	91,352	5,219	1,533	117,862	92,885
	305,609	**268,356**	**11,688**	**2,458**	**317,297**	**270,814**

The share options held by directors who served during the year are summarised below:

Name	Grant date	Number awarded	Exercise price	Earliest exercise date	Expiry date
S Quah	25 April 2013	300,000	16.50p	25 April 2016	24 April 2023
S Quah	22 August 2018	300,000	29.00p	17 November 2020	22 August 2028
A Harvey	22 August 2018	300,000	29.00p	17 November 2020	22 August 2028

Fees for S Haffner are charged by Harris & Trotter LLP, a firm in which he is a member (see note 24).

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

22 Employee information

The average monthly number of employees (including directors) employed by the Group during the year was:

Number of employees	Group		Company	
	2020 Number	**2019 Number**	**2020 Number**	**2019 Number**
Administration and production	28	21	5	5

The aggregate payroll costs of these employees charged in the Statement of Comprehensive Income was as follows:

Employment costs	Group		Company	
	2020 £	**2019 £**	**2020 £**	**2019 £**
Wages and salaries	1,333,194	1,068,710	46,917	55,000
Social security costs	159,082	105,471	–	–
Pension costs	31,000	13,117	–	–
Share-based payments	47,097	34,261	–	–
	1,570,373	**1,221,559**	**46,917**	**55,000**

23 Share-based payments

The Group operates an EMI share option scheme for key employees. Options are granted to key employees at an exercise price equal to the market price of the Company's shares at the date of grant. Options are exercisable from the third anniversary of the date of grant and lapse if they remain unexercised at the tenth anniversary or upon cessation of employment. The following option arrangements exist over the Company's shares:

Date of grant	Exercise price	Exercise period		Number of options 2020	Number of options 2019
		From	**To**		
25 April 2013	16.5p	25 April 2016	24 April 2023	300,000	300,000
22 August 2018	29.0p	17 November 2020	22 August 2028	600,000	600,000
14 June 2019	26.0p	14 June 2022	14 June 2029	120,000	120,000
				1,020,000	**1,020,000**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

Details of the number of share options and the weighted average exercise price outstanding during the year are as follows:

	Number of options 2020	Weighted average exercise price 2020 £	Number of options 2019	Weighted average exercise price 2019 £
Outstanding at beginning of the year	1,200,000	0.25	300,000	0.17
Granted during the year	-	-	720,000	0.29
Outstanding at end of the year	1,020,000	0.25	1,020,000	0.25
Exercisable at the end of the year	300,000	0.17	300,000	0.17

The exercise price of options outstanding at the year-end was £0.250 (2019: £0.250) and their weighted average contractual life was 6.6 years (2019: 7.6 years).

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value as determined at the grant date of equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. The estimated fair value of the options is measured using an option pricing model. The inputs into the model are as follows:

Grant date	25 April 2013
Model used	Black-Scholes
Share price at grant date	16.5p
Exercise price	16.5p
Contractual life	10 years
Risk free rate	0.5%
Expected volatility	104%
Expected dividend rate	0%
Fair value option	14.889p

Grant date	22 August 2018
Model used	Black-Scholes
Share price at grant date	29.0p
Exercise price	29.0p
Contractual life	10 years
Risk free rate	0.75%
Expected volatility	40.33%
Expected dividend rate	0%
Fair value option	14.800p

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

Grant date	14 June 2019
Model used	Black-Scholes
Share price at grant date	26.0p
Exercise price	26.0p
Contractual life	10 years
Risk free rate	0.75%
Expected volatility	40.33%
Expected dividend rate	0%
Fair value option	12.894p

The expected volatility is determined by calculating the historical volatility of the Company's share price over the last three years. The risk free rate is the official Bank of England base rate.

The Group recognised the following charges in the Statement of Comprehensive Income in respect of its share-based payment plans:

	2020 £	**2019 £**
Share-based payment charge	47,097	34,261

24 Related party transactions

The Group has a related party relationship with its subsidiaries and its key management personnel (including directors). Details of transactions between the Company and its subsidiaries are as follows:

	2020 £	**2019 £**
Amounts owed by subsidiaries		
Total amount owed by subsidiaries	641,134	960,063
Amounts owed to subsidiaries		
Total amount owed to subsidiaries	67,355	67,355

The company received dividends during the year of £300,000 (2019: £200,000) from its subsidiary, Aeorema Limited. The company transferred a VAT receivable of £22,977 (2019: £22,810) to Aeorema Limited due to being part of a common VAT group.

Aeorema Limited transferred a net amount of expenses to Aeorema Communications plc during the year of £27,667 (2019: £40,000).

Aeorema Limited paid expenses totalling £503,734 (2019: £121,718) on behalf of Aeorema Communications plc during the year.

During the year, Aeorema Limited made a net transfer of cash of £110,505 to Aeorema Communications plc (2019: £82,879).

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

The compensation of key management (including directors) of the Group is as follows:

	2020 £	2019 £
Short-term employee benefits	338,293	294,997
Post-employment benefits	11,689	2,458
	349,982	**297,455**

The share options held by directors of the Company are disclosed in note 21. During the year, a charge of £41,556 (2019: £33,761) was recognised in the Consolidated Statement of Comprehensive Income in respect of these share options.

Harris and Trotter LLP is a firm in which S Haffner is a member. The amounts charged to the Group for professional services is as follows:

Harris and Trotter LLP – charged during the year	2020 £	2019 £
Aeorema Communications plc	14,250	15,000
Aeorema Limited	14,700	11,850
	28,950	**26,850**

At the year end, the Group had an outstanding trade payable balance to Harris and Trotter LLP of £5,640 (2019: £4,500).

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

25 Cash flows

	Group	
	2020 £	**2019 £**
Cash flows from operating activities		
Profit / (loss) before taxation	(217,924)	382,244
Depreciation of property, plant and equipment	31,871	21,525
Depreciation of right-of-use assets	89,392	80,915
Amortisation of intangible fixed assets	417	–
Dividends received by the Company	–	–
Loss on disposal of fixed assets	1,648	6,179
Share-based payment expense	47,097	34,261
Finance income	(556)	(611)
Interest on lease liabilities	20,253	2,851
	(27,802)	**527,364**
Increase / (decrease) in trade and other payables	(1,075,254)	972,235
(Increase) / decrease in trade and other receivables	1,014,847	(506,053)
Taxation paid	(10,797)	(11,700)
Cash generated / (used) from operating activities	**(99,006)**	**981,846**

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

26 Financial instruments

Financial instruments recognised in the consolidated statement of financial position

All financial instruments are recognised initially at their fair value and subsequently measured at amortised cost.

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Financial Assets				
Trade and other receivables	432,202	1,487,328	641,134	960,063
Cash and cash equivalents	1,721,217	2,211,161	11,298	3,606
Investments in subsidiaries	–	–	1,141,540	614,751
Total	**2,153,419**	**3,698,489**	**1,793,972**	**1,578,420**
Financial Liabilities				
Trade and other payables	734,131	1,318,322	173,356	74,398
Accruals	188,260	206,716	17,780	13,999
Total	**922,391**	**1,525,038**	**191,136**	**88,397**

The Group is exposed to risks that arise from its use of financial instruments. There have been no significant changes in the Group's exposure to financial instrument risk, its objectives, policies and processes for managing those from previous periods. The principal financial instruments used by the Group, from which financial instrument risk arises, are trade receivables, cash and cash equivalents and trade and other payables.

Credit risk

Credit risk arises principally from the Group's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk at 30 June 2020 was £306,198 (2019: £1,156,689). Trade receivables are managed by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. At the year end, the credit quality of trade receivables is considered to be satisfactory.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to meet its liabilities when they fall due. The Group monitors cash flow on a regular basis. At the year end, the Group has sufficient liquid resources to meets its obligations of £1,367,633 (2019: £1,960,169).

Notes to the Consolidated Financial Statements *Continued*

For the year ended 30 June 2020

Market risk

Market risk arises from the Group's use of interest bearing financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate. At the year end, the cash and cash equivalents of the Group net of bank overdrafts was £1,721,217 (2019: £2,211,161). The Group ensures that its cash deposits earn interest at a reasonable rate.

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while maximising the return to stakeholders. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity. At the year end, total equity was £1,699,799 (2019: £1,914,384).

27 Pension costs defined contribution

The Group makes pre-defined contributions to employees' personal pension plans. Contributions payable by the Group for the year were £31,000 (2019: £13,117). At the end of the reporting period £5,608 (2019: £1,605) of contributions were due in respect of the period.

28 Dividends

On the 12 December 2019 a final dividend of 1 pence per share (total dividend £90,505) was paid to holders of fully paid ordinary shares.

In respect of the current year, and as a consequence of the ongoing COVID-19 pandemic, the Board have decided that no final dividend will be paid to shareholders.

29 Contingent liability

Company

The Company is a member of a group VAT registration with all other companies in the Aeorema Communications group and, under the terms of the registration, is jointly and severally liable for the VAT payable by all members of the group. At 30 June 2020 the Company had no potential liability under the terms of the registration.

30 Post balance sheet events

On 1 July 2020 Cheerful Twentyfirst, Inc., a wholly owned subsidiary of Aeorema Communications plc, was incorporated in the United States of America.

31 Control

There is no overall controlling party.

Company Information

Directors	M Hale (Non-Executive Chairman) S Haffner (Non-Executive) R Owen (Non-Executive) S Quah (Chief Executive Officer) A Harvey (Managing Director)
Secretary	S Haffner
Company number	04314540
Registered office	64 New Cavendish Street London, W1G 8TB
Financial advisers	Harris & Trotter LLP 64 New Cavendish Street London, W1G 8TB
Nominated adviser and broker	Allenby Capital Limited 5 St. Helens Place London EC3A 6AB
Auditors	Hazlewoods LLP Windsor House, Bayshill Road Cheltenham, GL50 3AT
Solicitors	Howard Kennedy LLP No. 1 London Bridge London, SE1 9BG
Bankers	Barclays Bank plc P O Box 32106 London, NW1 2ZH
Registrar	Link Asset Services The Registry 34 Beckenham Road Beckenham, Kent, BR3 4TU

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Director Profiles

Mike Hale
Non-Executive Chairman

Mike Hale has spent most of his career in the marketing and advertising sectors. His roles have included Chairman and CEO of Young and Rubicam Australia, Chairman and CEO of FCB Australia and Board Director of Saatchi and Saatchi UK. He also established his own eponymous agency which he built into one of Australia's leading independent agencies and which he sold. He has also been involved with business and strategic planning for major Australian and international companies including British Airways, Unilever, Epson, Toshiba, NRMA and BMW. His extensive marketing and advertising experience with blue-chip companies, both in the UK and Australia, will be highly beneficial to the Company's plans for growth and expansion.

Stephen Haffner
Non-Executive Director

Steve Haffner has almost 35 years' accounting experience having qualified as a chartered accountant in 1989. He has spent over 30 years at Harris and Trotter LLP, during which time he became Head of the Audit Department. He was appointed as Partner to the firm in 1994. Steve joined Aeorema as Company Secretary in 2014 and as a Director in 2015. He is a Fellow of The Institute of Chartered Accountants in England and Wales.

Richard Owen
Non-Executive Director

Richard was formerly Executive Chairman of AIM listed Ultimate Sports Group (USG) Plc and an Executive Director of its subsidiary Pantheon Leisure Plc. Richard has extensive involvement and experience in corporate and strategic planning, acquisitions and finance. Richard holds various other private company directorships.

Steve Quah
Chief Executive Officer

Steve Quah is a founder and Chief Executive Director at Cheerful Twentyfirst and oversees the management of all events. With extensive expertise in both theatrical and digital brand experiences, Steve is the driving force behind the company's strong creative service ethos. Steve brings over thirty years of unique insight, innovation and experience to the company and continues to focus the team on delivering game changing events for all clients. With a passion for creating award winning brand experiences, Steve has produced over 400 corporate productions and numerous live events for some of the world's largest brands including Vodafone, Google, KPMG, Clifford Chance, LG, Disney, BBC, News UK and Microsoft to name but a few.

Andrew Harvey
Managing Director

Andrew Harvey is the Managing Director and has over twenty years' experience producing events, branded content and interactive projects. Andrew joined Cheerful Twentyfirst in 1999 and helped significantly grow the branded content division winning numerous awards. Andrew has worked at many levels within the company including Account Manager, Head of Moving Image, Senior Event Producer and Director of Operations. Andrew has delivered award winning projects for global brands including HSBC, Nokia, McKinsey & Company, Mars Wrigley, White & Case, GE Alstom, Oliver Wyman, PubMatic and Babcock. Andrew currently oversees all aspects of the agency's operations.

Notice of Annual General Meeting

Aeorema Communications plc (Incorporated and registered in England and Wales with company number 4314540)

Set out below is the notice (the "**Notice**") of the 2020 annual general meeting (the "**2020 AGM**") of Aeorema Communications plc (the "Company"). At the time of the publication of the Notice, restrictions on public gatherings remain in place as a consequence of the ongoing COVID-19 pandemic. Accordingly the directors of the Company (the "**Directors**") believe it is in the best interests of the Company and its shareholders to hold the 2020 AGM as a closed meeting with a minimum number of shareholders present. The Company will ensure that the legal requirements to hold the 2020 AGM are satisfied through the attendance of a minimum number of Directors and/or employee shareholders and the format of the 2020 AGM will be purely functional. Unfortunately this means that shareholders cannot be admitted to the 2020 AGM.

However, the Company strongly encourages shareholders to vote on the resolutions to be put to the 2020 AGM by following the instructions set out below in the notes to the Notice. **Shareholders are urged to appoint the Chairman as the proxy, as any other appointed person will not be able to access, attend or participate in the Annual General Meeting.** As shareholders will not be able to exercise their usual right to ask questions at the Annual General Meeting, the Company has put in place measures to accept and respond to questions which shareholders may have relating to the business of the Annual General Meeting.

Further details of these arrangements are set out in the notes at the end of the Notice.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Aeorema Communications plc will be held as a closed meeting on 1 December 2020 at 10.00 a.m. for the transaction of the following business:

As Ordinary Business to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the report of the directors of the Company and the audited accounts for the Company for the year ended 30 June 2020.

2. To re-appoint Michael Hale as a Director of the Company, who retires in accordance with Article 122 of the Company's Articles of Association.

3. To re-appoint Hazlewoods LLP as auditors of the Company and to authorise the Directors to fix their remuneration.

As Special Business to consider and, if thought fit, pass the following resolutions of which Resolution 4 will be proposed as an Ordinary Resolution and Resolutions 5 and 6 will be proposed as Special Resolutions:

4. That the directors of the Company (the "Directors") be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and/or to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to a maximum nominal amount of £384,500, provided that this authority shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this Resolution or, if earlier, fifteen months from the date of the passing of this Resolution save that the Company may prior to the expiry of such period make any offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares in the Company and to grant Rights pursuant to any such offer or agreement as if this authority had not expired.

5. That, subject to the passing of Resolution 4 set out above, the Directors be empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred on them by Resolution 4 above, as if section 561(1) of the Act did not apply to such allotment provided this power shall be limited to:

   (i) the allotment of equity securities in connection with a rights issue, open offer or other offer of equity securities open for acceptance for a period fixed by the Directors to holders of equity securities on the register on a fixed record date where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to their respective holdings of such equity securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised body or stock exchange in, any territory or by virtue of shares being represented by depositary receipts or any other matter); and

   (ii) the allotment to any person or persons (otherwise than pursuant to sub-paragraph (i) of this Resolution above) of equity securities up to an aggregate nominal amount of £115,475, provided that the power given by this Resolution shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this Resolution or, if earlier, fifteen months from the date of the passing of this Resolution, save that the Directors shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred hereby had not expired.

6. That the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) on the AIM Market of the London Stock Exchange plc of ordinary shares of 12.5 pence each in the capital of the Company ("Ordinary Shares") provided that:

   (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 923,800 Ordinary Shares;

   (ii) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is 1 pence;

   (iii) the maximum price (exclusive of expenses) which shall be paid for an Ordinary Share shall be an amount equal to 105 per cent. of the average middle market quotations taken from the AIM Appendix to the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;

   (iv) unless renewed the authority hereby conferred shall expire on the earlier of the Company's Annual General Meeting in 2021 or eighteen months from the passing of this Resolution unless such authority is renewed, varied or revoked prior to such time; and

   (v) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By order of the Board

Stephen Haffner
Company Secretary
Registered Office:
64 New Cavendish Street
London W1G 8TB

Dated: 9 November 2020

Notes

(1) A member entitled to attend and vote at the above-mentioned annual general meeting (the "Meeting") is entitled to appoint a proxy or proxies to exercise any or all of his rights to attend, speak and vote at the Meeting instead of him. All members are entitled to attend and vote at the Meeting, whether or not they have returned a form of proxy.

(2) Please note that a hard copy form of proxy is not included with this notice.

You can vote either:

- by logging on to www.signalshares.com and following the instructions;
- you may request a hard copy form of proxy directly from the registrars, Link Asset Services, on Tel: 0371 664 0300 Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

The instrument appointing a proxy must reach the Company's registrars, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time of holding of the Meeting.

(3) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 10.00 a.m. on 29 November 2020. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(4) Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, the Company specifies that only those members of the Company on the register 48 hours before the time set for the Meeting shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the Meeting.

(5) A copy of the register of Directors' interests in shares in the Company and copies of the Directors' service contracts of more than one year's duration will be available for inspection at the registered office of the Company during office hours only on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this notice until the date of the Meeting and at the place of the Meeting for at least 15 minutes prior to and during the Meeting.

Explanatory Notes to the Notice of Annual General Meeting

This year, six Resolutions are proposed at the Annual General Meeting and the purpose of each of the Resolutions is as follows:

Ordinary Business

Resolution 1: The Accounts and Reports

The Directors will present their report and the audited financial statements for year ended 30 June 2020, together with the auditors' report thereon.

Resolution 2: Re-election of retiring director

The articles of association of the Company (the "Articles") require that a proportion of the Directors are to retire at each Annual General Meeting. Accordingly Michael Hale is therefore retiring and offering himself for re-appointment.

Resolution 3: Appointment of Auditors

The Company is required to appoint auditors at each Annual General Meeting at which accounts are laid before shareholders, to hold office until the next such meeting. This Resolution proposes that Hazlewoods LLP be re-appointed as auditors for the current year and to authorise the Directors to fix their remuneration.

Special Business

Resolution 4: Directors' power to allot securities

Section 549 of the Companies Act 2006 (the "Act") stipulates that the Directors cannot allot shares or rights to subscribe for shares in the Company (other than the shares allotted in accordance with an employee share scheme) unless they are authorised to do so by the shareholders in a general meeting. The Directors' general authority to allot shares was granted at the annual general meeting held in 2019 and is due to expire at the conclusion of the Annual General Meeting in 2020. Resolution 4 seeks a new general authority from shareholders for the Directors to allot ordinary shares up to an aggregate nominal value of £384,500 (being 3,076,000 ordinary shares), representing approximately 33.29 per cent of the nominal value of the issued ordinary share capital of the Company as at the date of the notice. The Directors do not have any present intention of exercising this authority, but they consider it desirable that the specified amount of ordinary shares be available for issue so that they can more readily take advantage of possible opportunities. Unless renewed, revoked, varied or extended, this authority will expire at the earlier of the date which is 15 months from the passing of this resolution and the conclusion of the next Annual General Meeting of the Company.

Resolution 5: Disapplication of pre-emption rights

If the Directors wish to allot any shares for cash in accordance with the authority proposed in Resolution 4, the Act requires that new shares must generally be offered first to shareholders in proportion to their existing holdings. These are the pre-emption rights of shareholders. In certain circumstances, it may be in the interests of the Company for the Directors to be able to allot some shares for cash without having to offer them first to existing shareholders.

In line with common practice, Resolution 5 therefore seeks approval for an authority to empower the Directors to allot shares for cash other than in accordance with the statutory pre-emption rights, in connection with a rights issue and other pre-emptive offers and otherwise up to a maximum nominal amount of £115,475 (being 923,800 ordinary shares) representing approximately 10 per cent of the nominal value of the issued ordinary share capital of the Company.

In addition, there are legal, regulatory and practical reasons why it may not always be possible to issue new shares under a rights issue to some shareholders, particularly those resident outside the UK. To cater for this, this Resolution also permits the Directors to make appropriate exclusions or arrangements to deal with such difficulties.

Unless renewed, revoked, varied or extended, this authority will expire at the earlier of the date which is 15 months from the passing of this resolution and the conclusion of the next Annual General Meeting of the Company.

Resolution 6 – Share buybacks

This resolution is to renew the authority for the Directors to purchase the Company's own ordinary shares under certain stringent conditions. This resolution specifies the maximum number of ordinary shares which may be acquired (being 923,800 ordinary shares which are approximately 10 per cent of the Company's issued ordinary share capital as at 6 November 2020) and the maximum and minimum prices at which shares may be bought. The Directors do not have any present intention of using the authority which will be used only when the Directors consider that it would be in the best interests of the shareholders generally and the effect would be to enhance earnings per share. Shares purchased will be cancelled or held as treasury shares as defined in section 724(5) of the Act.

At 6 November 2020, no treasury shares were held by the Company.

Questions

Normally, any shareholder attending an Annual General Meeting of the Company would have the right to ask questions that relate to the business being dealt with at the Annual General Meeting. However, shareholders will not be permitted to attend this year's Annual General Meeting and so should a shareholder have such a question that they would have raised at the Annual General Meeting, we ask that they send it by e-mail to questions@aeorema.com prior to 10.00 a.m. on 29 November 2020. The Company will publish these questions (other than any questions which the Directors consider to be frivolous or vexatious, or which cannot be addressed for legal or regulatory reasons) and the answers on the Company's website as soon as practicable after the Annual General Meeting.

Recommendation

The Directors believe that the proposals in Resolutions 1 to 6 are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend that shareholders vote in favour of each Resolution as they intend to do in respect of their own beneficial shareholdings.

The 2020 AGM will be held as a closed meeting with a minimum number of shareholders present. The Company will ensure that the legal requirements to hold the meeting are satisfied through the attendance of a minimum number of Directors and/or employee shareholders and the format of the meeting will be purely functional. Shareholders will therefore not be admitted to the 2020 AGM. The Company therefore strongly encourages Shareholders to vote on the resolutions to be put to the 2020 AGM by completing a form of proxy in accordance with the instructions set out in the Notice. Shareholders are urged to appoint the Chairman as their proxy, as any other appointed person will not be able to access, attend or participate in the Annual General Meeting.

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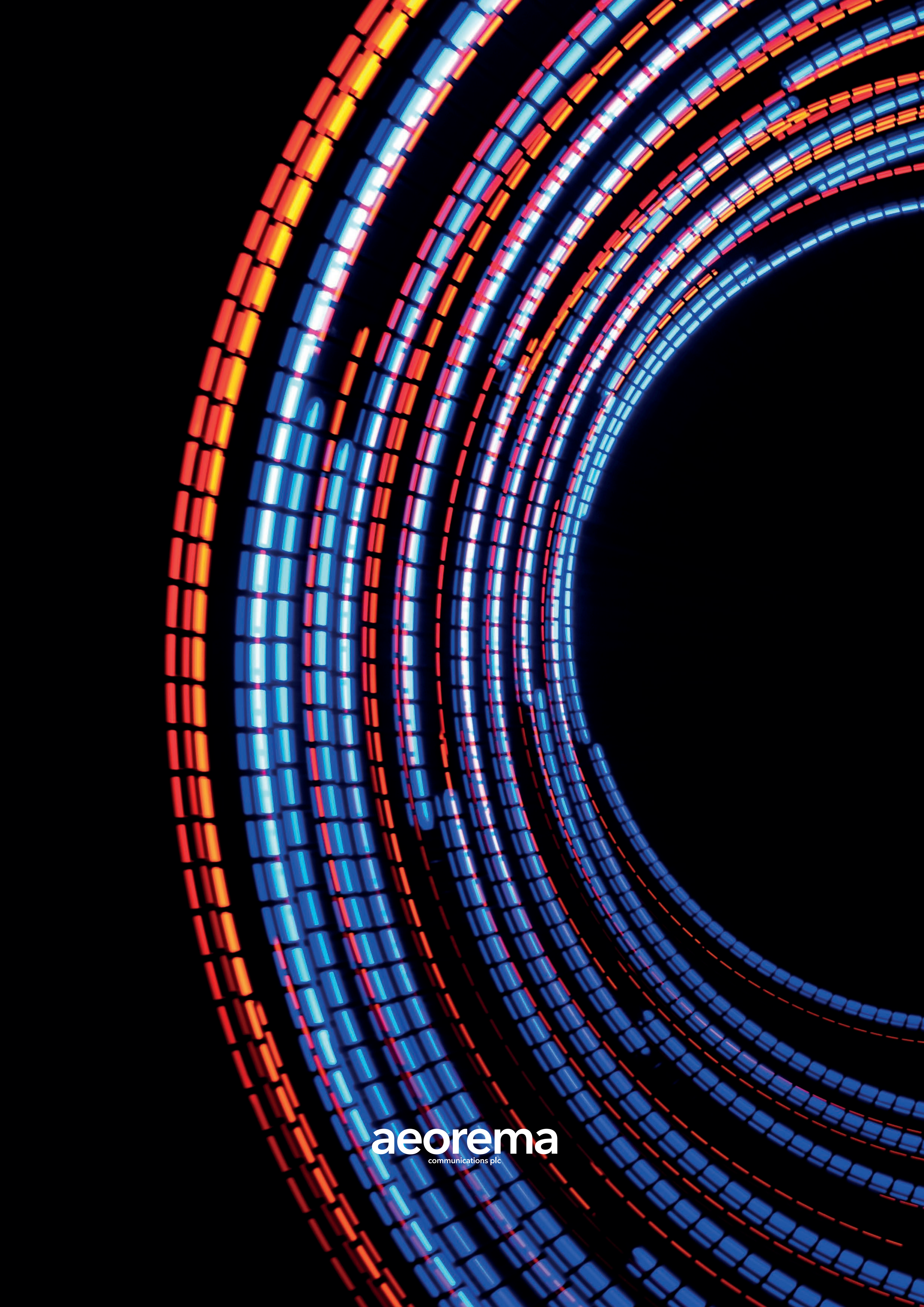
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