Consolidated Directors' Report & Financial Statements

Year ended 30 June 2022

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Contents

Milestones

November 2021
Named #23 in C&IT Top 50 Agencies
(up 14 places since 2020)

February 2022
Internal Newsletter Introduced
Warrior Weekly covers project updates, key wins, team news and positive pipeline growth

February 2022
Heavy hiring period
Key senior hires made in Moving Image and Creative

April 2022
Carbon Programme Launch
Introducing emissions measurement and consultancy across client projects

June 2022
Cannes Lions Festival of Creativity
Our biggest year ever with 12 activations onsite

June 2022
Winners of Creative Team of the Year
Winning an industry recognised award for creativity for the fourth year in a row at the Conference News Agency Awards

August 2022
Headcount surpasses 55 UK permanent staff
Office move to 87 New Cavendish Street

September 2022
Winners of Global Agency of the Year
At the C&IT Awards

October 2022
Further investments in team wellbeing, employee benefits and ESG
Mental Health First Aider Training completed
Volunteer Day Off formalized
Private healthcare introduced globally

January 2022
Launched Strategic Whitepaper
Brand Playbook Back to the Future explored how hybrid working was impacting communications and events

January 2022
Team member named industry rising star
Rebecca Connolly, Conference News thirty under 30

May 2022
Hired Sustainability Director
Roxy Erickson brought in the implement programme and train our teams

June 2022
Leadership Nomination Steve Quah
Nominated by industry peers as an industry change maker

June 2022
Winners of Best Medium Agency
At the Micebook V Awards

August 2022
Established legal entity and office in Amsterdam

September 2022
Winners of Best Place to Work
At the C&IT Awards

September 2022
Celebrated the two year anniversary of opening the New York office

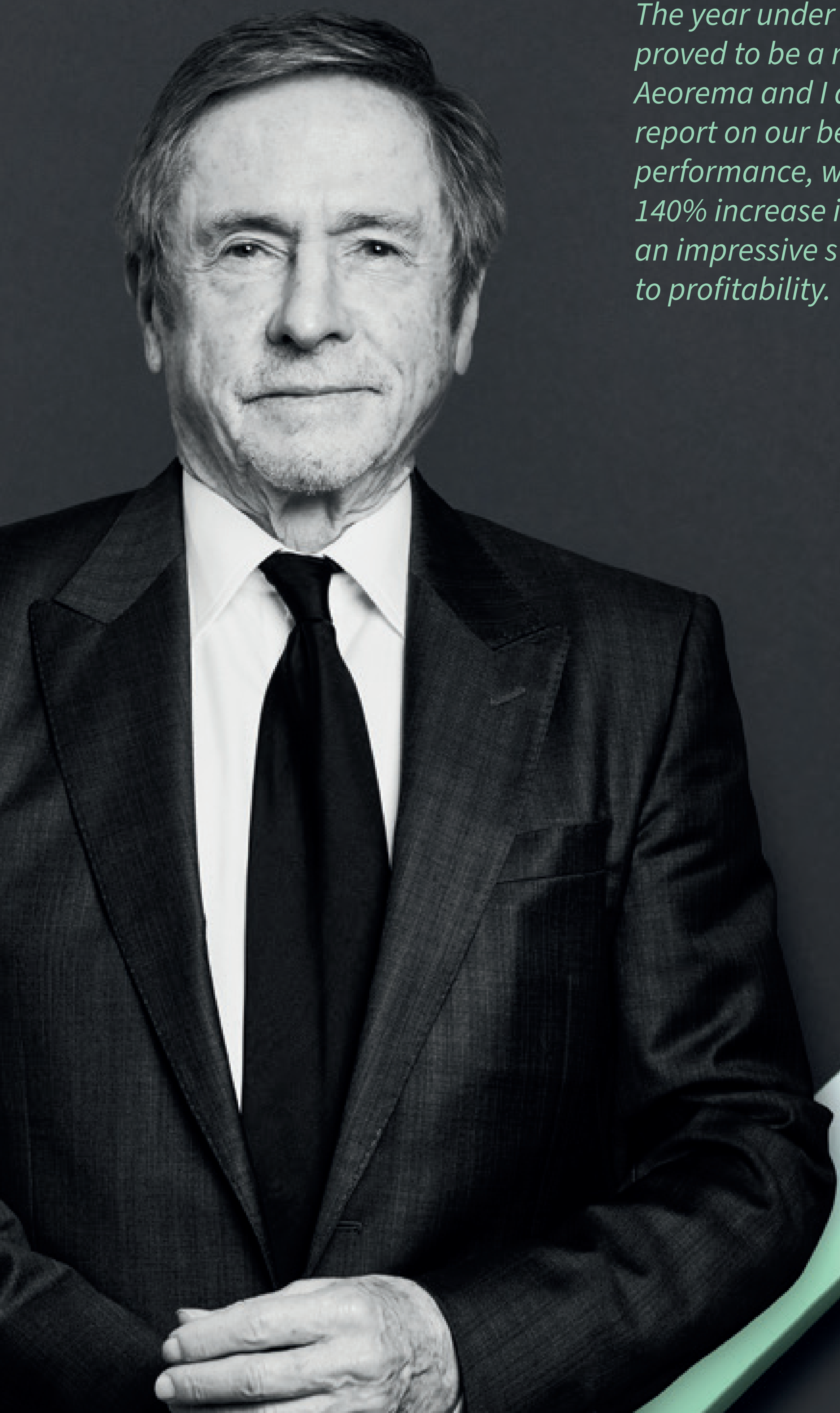
October 2022
First in-market award recognition in the US
Silver in the Corporate Content Awards North America

Defining Moment

Global Agency of the Year

C&IT AWARDS 2022

The year under review has proved to be a record period for Aeorema and I am delighted to report on our best ever financial performance, which includes a 140% increase in revenue and an impressive swing back to profitability.



Chairman's Statement

The year under review has proved to be a record period for Aeorema and I am delighted to report on our best ever financial performance, which includes a 140% increase in revenue and an impressive swing back to profitability. This is an incredible achievement and is arguably all the more impressive given the global backdrop during the period. This milestone achievement is testament to the skill set of our team, who have adapted and developed our service offering to become an integrated agency, reflecting evolving market demands and underpinning the innovative nature of our business.

Whilst our Company initially grew as providers of immersive, live event experiences, global changes motivated our team to find new ways to operate and help our clients engage and communicate with their target audiences. As an integrated agency, our bespoke event offering spans live, virtual, and hybrid experiences. That said, it is encouraging to have seen a significant return to the demand for live events, a trend which we anticipate will continue. We have also leveraged the significant knowledge and experience of our team in providing high level consultancy services, which help clients maximise and deliver on their communication strategies, and we continue to identify new ways to support our clients. A critical sustainability consulting offering will be a key focus moving forward. As a result, we now have an incredibly flexible business model, with clear value and proven resilience.

Importantly, the diversification of our business has helped support a loyal, international blue-chip client base, spanning a broad range of sectors, including finance, professional services, advertising, IT, gaming, fashion, fintech, and beverages, where we are seeing commitment to increasing numbers of longer-term contracts. In support of this and our global growth strategy, post period end we were delighted to open a new office in Amsterdam, adding to our current offices in London and New York. We are already realising the benefits of this increased global footprint and will continue to seek additional growth opportunities to continue to build our global market position and service offering.

During the period we were delighted to welcome Hannah Luffman to the board as a Non-Executive Director of the Company, making her one of the youngest ever females to join a listed company board of directors in the UK. With over 15 years' commercial and strategic marketing experience working with a number of large and blue-chip companies such as Google UK, InterContinental Hotels Group, Boots and Soap&Glory, Hannah brings a wealth of industry knowledge and contacts, which is already proving beneficial as we look to raise the profile for Aeorema's global network, with a particular focus on North America.

Whilst we are naturally delighted to have welcomed many new clients during the period, we are also honoured to continue to be working with many regularly returning customers. This, I believe, highlights the quality of our offering.

Looking ahead, we remain confident in our strengthened market position, with a strong pipeline of event activity that sees us solidly into 2023. Our diverse service offering, combined with an expanded geographical operating presence, means we are poised to continue a positive growth trajectory.

We have a robust cash position at the date of this announcement of £1.9million. I am also delighted to confirm that we will be returning to paying a dividend for the year, reflecting the growth we have experienced and the confidence we have for the future. The dividend declared is 2 pence per share (last declared dividend 2019: 1 pence per share), which will be paid to shareholders on the register on 23 December 2022. The ex-dividend date will be 22 December 2022. Subject to the proposed dividend being approved by shareholders at the forthcoming Annual General Meeting, it will be paid on 20 January 2023.

Finally, I would like to extend my sincere thanks to our shareholders for their continued support and vision. We look forward to the growth opportunities ahead and are committed to delivering on these for the benefit of all.

MHale

M Hale
Chairman

11 November 2022

CEO's Report

We have had an exceptional year. Our exemplary creative and strategic insight, consistent high quality of work and commercial agility means I am incredibly proud to be reporting on the most successful year to date for Aeorema, both operationally and financially.

Excitingly, our shift to an integrated agency model and client partnership approach has opened up opportunities to work on long-term communications strategies over multiple event and film touchpoints. We continue to see significant growth in our strategic consultancy offering, which has opened new revenue streams within our business and introduced new skill sets into our teams. Evolving our revenue streams to meet the growing needs of our clients is a continued focus in our five-year strategy for global expansion.

We are already seeing the strength of our increasing global reach, working with leading brands on annual communications campaigns that span multiple regions and with delivery in multiple markets. We opened our office in New York in September 2020 to support our global client base and with a US foothold, our ambitions now turn to developing and growing this presence significantly. This is a key focus for the group and will require continued investment; thanks to our strong balance sheet we are in a good position to make strategic decisions when opportunities arise.

Looking to EMEA, we already have a strong presence thanks to our headquarters in London. After increased demand and activity in continental Europe, we were delighted to establish a new office in Amsterdam post period end in August 2022. We are naturally keen to maximise the business opportunities available to us and this Amsterdam office provides us with an increased operational presence and expanded team to better meet the growing demands of our European client base, whilst also targeting new business opportunities. The new office also underpins our commitment to minimising our environmental impact by enabling us to deliver projects through local teams and equipment, in line with our 2022 Corporate Social Responsibility programme.

Balancing people, planet and profit continues to be a focus across our business. We felt it was crucial to be an early adopter and to establish a formal structure and approach around emissions measurement, especially as environmental targets become an increasingly high priority both globally and for our clients. In April 2022, we launched our client carbon measurement programme which includes advance impact forecasting and actual emissions reporting, supported by sustainability consultancy to guide reduction, mitigation and offsetting of our carbon footprint. We're pleased to say training for this programme has now been fully implemented internally, with measurement complete on multiple client projects. We have also been thrilled to appoint a Sustainability Director to oversee our continued work in understanding and implementing sustainable best practice, alongside increasing momentum behind sustainable event practice in the industry. We continue to be viewed as an industry leader in this space.

Our experience and vocal industry presence across sustainability, leadership, innovation and creativity has strengthened our industry reputation as thought-leaders. We've quickly become an agency-to-watch and it's a momentum we plan to nurture.

I am pleased to report a number of significant award wins during the period and post-period end. Most recently, this included winning Global Agency of the Year at the C&IT Awards, as well as Creative Team of the Year for four consecutive years at the Conference News Awards, the biggest annual gathering and celebration of event management agencies in the UK. These exemplary accolades come alongside a handful of wins across our delivery disciplines, including winning 'Best Corporate Film' at the Campaign and PR Week Brand Film Awards, which is dubbed the most prestigious awards ceremony for the UK PR industry.

These award wins give rightful credit to the incredible skill set of our team, which we continue to invest in as we continue to build our business. These investments, among others in global operations, process, and office spaces, come at a pivotal time to set up the agency for further growth and success in the future, and have been a fruitful exercise in retaining (and recruiting) the industry's best talent.

Eventful Limited ('Eventful'), our venue sourcing and incentive travel agency, is showing promising results and optimism for growth in the next twelve months. Following the inevitable impact of restrictions during 2020/21, I am pleased to share that bookings have more than matched historic numbers, with a record pipeline in place for 22/23, and I am cautiously confident that Eventful will see a return to profitability.

Despite the continued global economic and political uncertainty, we remain confident in the opportunities ahead. We have proven the strength and value of our business and have a clear strategy in place to continue our upward growth trajectory as we take advantage of our enhanced global presence and strengthened team. Alongside this organic growth, we will continue to assess additional strategic growth opportunities that could materially enhance our business offering and build our market reach. With this incredibly strong financial performance and a growing blue-chip client base we are ideally positioned to further build our business.

My deepest thank you to our team, our clients and our shareholders for your continued support and I look forward to continuing Aeorema's journey with you as we build on this exciting phase of growth.

Steve Quah
Chief Executive Officer

11 November 2022

Strategic Report

The Board presents its Strategic Report on the Group for the year ended 30 June 2022.

Principal activities

Aeorema Communications plc does not trade but incurs professional fees associated with its listing on the London Stock Exchange. Aeorema Limited (trading as Cheerful Twentyfirst) and Cheerful Twentyfirst, Inc. are live events agencies with film capabilities that specialise 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 £12,207,253 (2021: £5,094,518), operating profit pre-exceptional items was £871,176 (2021: £188,105 loss) and profit before taxation was £843,564 (2021: £159,698 loss).

The Group had net assets of £2,253,564 at the year-end (2021: £1,514,980) and net current assets of £1,466,109 (2021: £1,019,047).

The year ended 30 June 2022 was a very successful year, with the Group achieving its highest revenue and profits before taxation in its history. The year, although still partially affected by the COVID-19 pandemic, witnessed the return of in-person events, especially in the second half of the financial year with the return of The Cannes Lions International Festival of Creativity. The Group experienced high growth with its two largest existing clients (refer to note 2) and won new business with a range of clients operating in sectors such as fintech, media and technology.

The significant growth during the year from both new and existing clients meant the Group hired on average 18 more employees compared with the previous year. These hires included roles essential to ensure the Group continued to successfully deliver high quality events. The Group also hired a new strategic director and additional account directors to support existing and new client accounts. These hires form part of the Group’s strategic focus on growing both existing and new client accounts through the provision of more strategic and creative content services, rather than focusing solely on event production services. This shift in focus has not only allowed the Group to bill more time, and as a consequence improve gross profit margins, up from 23% in 2021 to 25% in 2022, but also grow client accounts as the Group becomes more involved in the clients decision making processes. This has enabled the Group to deliver more and larger events and moving image projects.

Eventful Limited was significantly affected by the impact of the COVID-19 pandemic and continued to encounter difficulties caused by the pandemic in the first half of the year. However, the Company experienced an uplift in demand during the second half of the financial year as in-person events made a return and the Company delivered its first incentive travel events for new clients.

Strategic Report

Cheerful Twentyfirst, Inc. experienced a very strong year. The Company built upon its successful first year of trading, growing existing client accounts and winning several new clients operating in sectors such as technology and media.

Looking ahead, the Group has not experienced any difficulties associated with the war in Ukraine, cost of living crisis or political uncertainties in the UK. However, the Board remain acutely aware of the economic difficulties faced both in the UK and globally, and continue to evaluate the investment plans, resourcing and future forecasts on a daily basis.

Key performance indicators

Year	2022 £	2021 £	2020 £	2019 £
Revenue	12,207,253	5,094,518	5,475,425	6,765,280
Operating profit / (loss) pre-exceptional items	871,176	(188,105)	(175,043)	384,483
Profit / (loss) before taxation	843,564	(159,698)	(217,924)	382,244

The Group experienced a 140% increase in revenue during the year.

Event revenue increased by 160% in comparison with the previous year. This increase was due in large part to two factors. Firstly, as previously explained, the Group has shifted towards a client account model with greater emphasis on building existing and new client accounts, compared with a project by project model used in previous years. This has allowed the Group to develop client relationships and grow the number and size of events delivered. Secondly, the return of in-person events during the year, especially in the Group's historically busiest month of June. The Group delivered its most ever events at The Cannes Lions International Festival of Creativity. In the previous couple of years Cannes Lions has been cancelled as a consequence of the COVID-19 pandemic.

Film revenue grew by 52% in comparison with the previous year. This growth was partly a consequence of the significant growth in events delivered during the year and the demand for films and motion graphics on these events. The moving image department also experienced high growth on solely moving image projects. The Group delivered several large moving image projects for new clients during the year, including clients introduced by Eventful Limited.

Eventful Limited experienced a 1110% increase in revenue during the year, compared with the previous year. The Company was hugely affected by the COVID-19 pandemic, but, as demand for in-person events and incentive travel returned the Company experienced significant growth in client enquiries.

Cashflows

Net cash inflow from operating activities was £921,695 compared with a net cash outflow of £708,814 for the year ended 30 June 2021. The cash position increased by £612,704 to £1,714,417 (2021: £1,101,713).

Capital expenditure

Total capital expenditure, including expenditure on tangible assets, was £179,475 compared with £59,179 for the year ended 30 June 2021.

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 25 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

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 28.

Key risks of a 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

11 November 2022

Directors’ Report

The directors present their annual report and financial statements for the year ended 30 June 2022. 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 2021:
M Hale
S Quah
R Owen
S Haffner
A Harvey
H Luffman (appointed 1 January 2022)

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.

Dividend declaration

The Board is proposing a dividend of 2 pence per share, subject to shareholder approval at the forthcoming AGM, to be paid on 20 January 2023 to shareholders on the register on 23 December 2022. The ex-dividend date for the final dividend will be 22 December 2022.

Financial instruments

Details of financial instruments are given in note 28 to the financial statements.

Shareholdings

At 11 November 2022, 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	20.5
S Quah	481,010	5.2
A Harvey	140,000	1.5
R Owen	130,000	1.4

Other shareholders with more than 3%	Number of shares	Percentages held
J Hicking	1,327,292	14.4
B Geary	649,465	7.0
S Perring	474,666	5.1
Barnard Nominees Ltd	434,666	4.7
M Lauber	370,000	4.0
B Smith	300,000	3.2
J Curry	295,000	3.2
A Charlton	282,103	3.0

Directors’ Report

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 United Kingdom (“UK”) and have elected under Company law to prepare the Company financial statements in accordance with IFRS as adopted by the UK.

The financial statements are required by law and IFRS adopted by the UK 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 UK;
- 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.

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

S Haffner
Director

11 November 2022

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 Group complies with the QCA Corporate Governance Code and the Group'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 Group's corporate governance arrangements and am accountable to shareholders for the Group's delivery on its strategy.

The Group is committed to delivering returns for shareholders whilst looking after its stakeholders and recognises the importance of a culture which encourages ethical and fair behaviour. This culture is driven by the Group'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 group of our size and stage of development and will endeavour to evolve our corporate governance arrangements in line with our growth as a group. 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, Cheerful Twentyfirst, Inc. and Cheerful Twentyfirst B.V.) 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. 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 Group is aiming to reduce its reliance on freelance staff and their associated higher costs. The board has made a commitment 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 Group'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.

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 Group 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 Group'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 four non-executive directors. The Group 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. Stephen Haffner, Richard Owen and Hannah Luffman 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 Group's senior management team have a mix of relevant industry experience, public company experience and financial expertise which enables them to deliver on their strategy. Directors keep their skillsets up to date by attending relevant industry seminars as well as reviewing regulatory and accounting updates provided by the Group's professional advisers.

The board undertakes an annual review of risk management across the business. 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.

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 five years.

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 Group'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 Group's financial performance throughout the year and monitor the integrity of any formal market announcements. They also monitor the Group'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 Group 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 Group. 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 23 to the financial statements.

The board will continue to meet at least six times a year to review, formulate and approve the Group's strategy, budget, corporate actions and major items of capital expenditure. During the financial year ended 30 June 2022, the board met on 9 occasions. Board attendance from all board members is currently 100%. The board's attendance record for the year ended 30 June 2022 was as follows;

- Mike Hale – 100%
- Richard Owen – 100%
- Stephen Haffner – 100%
- Andrew Harvey – 100%
- Steve Quah – 100%
- Hannah Luffman – 22% (appointed 1 January 2022)

The Group 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 Group 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 Group 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 Group 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 Group does not have a director designated as a Senior Independent Director. In light of the size of the board, and the Group'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 Group.

The board intends to monitor its governance framework as the Group 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 2022 which comprise the consolidated Statement of Comprehensive Income, the consolidated and company Statements of Financial Position, the consolidated and company Statements of Changes in Equity, the consolidated Statements of Cash Flows and notes 1 – 31 in 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 United Kingdom 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 2022 and of its profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom;
- 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 Group's earnings and we identified revenue recognition as a risk that required particular audit attention.	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 UK 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. In addition we performed analytical review and cut off testing to ensure that revenue is properly recognised and recorded in the correct accounting period.
Going concern The Group was significantly affected by the impact of the COVID-19 pandemic. International lockdowns, restrictions on travel and social distancing measures had in prior years resulted in a significant loss of revenue and post pandemic, the Group experienced rapid growth of revenues to levels greater than those realised pre-pandemic. 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.

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

Independent Auditor's Report

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 £61,000, 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 £3,800, 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 Group 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditor's Report

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.

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 15 and 16, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included the following:

We obtained an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the operations of the company. We determined that the most significant laws and regulations included the application of International Financial Reporting Standards (IFRSs), Companies Act 2006 and taxation laws.

We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, and those responsible for legal and compliance procedures, and;

We assessed the susceptibility of the company's financial statements to material misstatement including how fraud might occur. Audit procedures performed by the engagement team included:

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgements made by management in its significant accounting estimates; and
- identifying and testing journal entries, in particular any journal entries with unusual characteristics.

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.

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
Staverton Court
Staverton
Cheltenham
GL51 0UX

11 November 2022

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

	Notes	2022 £	2021 £
Continuing operations			
Revenue	**2**	**12,207,253**	**5,094,518**
Cost of sales		(9,169,691)	(3,912,376)
Gross profit		**3,037,562**	**1,182,142**
Other income	3	3,743	61,651
Administrative expenses		(2,170,129)	(1,431,898)
Operating profit / (loss) pre-exceptional items	**4**	**871,176**	**(188,105)**
Exceptional income	5	-	50,000
Operating profit / (loss) post exceptional items		**871,176**	**(138,105)**
Finance income	6	241	489
Finance costs	7	(27,853)	(22,082)
Profit / (loss) before taxation		**843,564**	**(159,698)**
Taxation	8	(204,222)	(5,228)
Profit / (loss) for the year		**639,342**	**(164,926)**
Other comprehensive income *Items that may be reclassified to profit of loss*			
Exchange differences on translation of foreign entities		42,347	(11,044)
Other comprehensive income for the year		**42,347**	**(11,044)**
Total comprehensive income for the year attributable to owners of the parent		**681,689**	**(175,970)**
Profit / (loss) per ordinary share:			
Total basic earnings per share	11	6.92078p	(1.78529)p
Total diluted earnings per share	11	5.80797p	(1.78529)p

The notes on pages 30 to 61 are an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Non-current assets					
Intangible assets	12	568,931	571,431	-	-
Property, plant and equipment	13	222,479	103,477	-	-
Right-of-use assets	14	823,772	18,995	-	-
Investments in subsidiaries	15	-	-	1,229,148	1,172,253
Deferred taxation	9	25,925	-	-	30,253
Total non-current assets		**1,641,107**	**693,903**	**1,229,148**	**1,202,506**
Current assets					
Trade and other receivables	16	3,130,035	1,429,064	689,332	532,875
Cash and cash equivalents	17	1,714,417	1,101,713	1,532	5,844
Current tax receivable		-	10,758	-	-
Total current assets		**4,844,452**	**2,541,535**	**690,864**	**538,719**
Total assets		**6,485,559**	**3,235,438**	**1,920,012**	**1,741,225**
Current liabilities					
Trade and other payables	18	(2,960,221)	(1,417,467)	(143,721)	(139,760)
Bank loans	19	(83,333)	(54,089)	-	-
Lease liabilities	20	(121,999)	(25,912)	-	-
Current tax payable		(177,790)	-	-	-
Provisions	21	(35,000)	(25,020)	-	-
Total current liabilities		**(3,378,343)**	**(1,522,488)**	**(143,721)**	**(139,760)**
Non-current liabilities					
Bank loans	19	(111,111)	(195,911)	-	-
Lease liabilities	20	(738,041)	-	-	-
Deferred taxation	9	-	(2,059)	-	-
Provisions	21	(4,500)	-	-	-
Total non-current liabilities		**(853,652)**	**(197,970)**	**-**	**-**
Total liabilities		**(4,231,995)**	**(1,720,458)**	**(143,721)**	**(139,760)**
Net assets		**2,253,564**	**1,514,980**	**1,776,291**	**1,601,465**
Equity					
Share capital	22	1,154,750	1,154,750	1,154,750	1,154,750
Share premium		9,876	9,876	9,876	9,876
Merger reserve		16,650	16,650	16,650	16,650
Other reserve		168,956	112,061	168,956	112,061
Capital redemption reserve		257,812	257,812	257,812	257,812
Foreign translation reserve		31,303	(11,044)	-	-
Retained earnings		614,217	(25,125)	168,247	50,316
Equity attributable to owners of the parent		**2,253,564**	**1,514,980**	**1,776,291**	**1,601,465**

The notes on pages 30 to 61 are an integral part of these financial statements.

The profit for the financial year of the holding company was £148,184 (2021: £79,179 loss).

The financial statements were approved and authorised by the board of directors on 11 November 2022 and were signed on its behalf by

A Harvey
Director

S Haffner
Director

Company Registration No. 04314540

Consolidated Statement of Changes in Equity

As at 30 June 2022

Group	Share capital £	Share premium £	Merger reserve £	Other reserve £	Capital redemption reserve £	Foreign translation reserve £	Retained earnings £	Total equity £
At 30 June 2020	**1,154,750**	**9,876**	**16,650**	**81,358**	**257,812**	**-**	**139,801**	**1,660,247**
Comprehensive income for the year, net of tax	-	-	-	-	-	-	(164,926)	(164,926)
Foreign currency translation	-	-	-	-	-	(11,044)	-	(11,044)
Share-based payment	-	-	-	30,703	-	-	-	30,703
At 30 June 2021	**1,154,750**	**9,876**	**16,650**	**112,061**	**257,812**	**(11,044)**	**(25,125)**	**1,514,980**
Comprehensive income for the year, net of tax	-	-	-	-	-	-	639,342	639,342
Foreign currency translation	-	-	-	-	-	42,347	-	42,347
Share-based payment	-	-	-	56,895	-	-	-	56,895
At 30 June 2022	**1,154,750**	**9,876**	**16,650**	**168,956**	**257,812**	**31,303**	**614,217**	**2,253,564**

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 25.

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 61 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 30 June 2022

Company	Share capital £	Share premium £	Merger reserve £	Other reserve £	Capital redemption reserve £	Retained earnings £	Total equity £
At 30 June 2020	**1,154,750**	**9,876**	**16,650**	**81,358**	**257,812**	**129,495**	**1,649,941**
Comprehensive income for the year, net of tax	-	-	-	-	-	(79,179)	(79,179)
Dividends paid	-	-	-	-	-	-	-
Share-based payment	-	-	-	30,703	-	-	30,703
At 30 June 2021	**1,154,750**	**9,876**	**16,650**	**112,061**	**257,812**	**50,316**	**1,601,465**
Comprehensive income for the year, net of tax	-	-	-	-	-	117,931	117,931
Dividends paid	-	-	-	-	-	-	-
Share-based payment	-	-	-	56,895	-	-	56,895
At 30 June 2022	**1,154,750**	**9,876**	**16,650**	**168,956**	**257,812**	**168,247**	**1,776,291**

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 25.

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 61 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

		Group	
	Notes	2022 £	2021 £
Net cash flow from operating activities	27	**921,695**	**(708,814)**
Cash flows from investing activities			
Finance income	6	241	489
Purchase of property, plant and equipment	13	(179,475)	(59,179)
Repayment of leasing liabilities		(74,201)	(102,000)
Cash used in investing activities		**(253,435)**	**(160,690)**
Cash flows from financing activities			
Repayment of borrowings		(55,556)	-
Proceeds from borrowings		-	250,000
Cash used in financing activities		**(55,556)**	**250,000**
Net (decrease) / increase in cash and cash equivalents		**612,704**	**(619,504)**
Cash and cash equivalents at beginning of year		1,101,713	1,721,217
Cash and cash equivalents at end of year		**1,714,417**	**1,101,713**

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	2022 £	2021 £	2022 £	2021 £
Cash and cash equivalents	17	1,714,417	1,101,713	1,532	5,844
		1,714,417	**1,101,713**	**1,532**	**5,844**

The notes on pages 30 to 61 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

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 87 New Cavendish Street, London, W1W 6XD. 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 Board have reviewed the Group's detailed forecasts for the next financial year, other medium term plans, the impact of the war in Ukraine, the cost of living crisis and economic and political uncertainties both in the UK and globally, as well as considering the risks outlined in note 28. After doing so, 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 and company financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

The following new standards, amendments to standards and interpretations have been applied for the first time from 1 July 2021. Their adoption has not had a material impact on the financial statements:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Covid-19-Related Rent Concessions beyond 30 June 2021 - (Amendment to IFRS 16)

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 2022 have been adopted early.

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

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements 2018-2020 Cycle
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
- Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)'
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8)

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

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2022. 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.

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 asset exceeds its recoverable amount, the asset is considered impaired and is written down to its 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.

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
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.

Investments

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

Leases

In 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.

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.

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.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred 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 25 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 affect 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. For critical judgements that the directors have made in the process of applying the Group's accounting policies, see note 12 on goodwill impairment and note 14 on discount rate used to calculate right of use assets and lease liability.

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 2022 there is only a single reportable segment.

All revenue represents sales to external customers. Two customers (2021: three) are defined as major customers by revenue, contributing more than 10% of the Group revenue.

	2022 £	2021 £
Customer One	1,916,827	1,211,409
Customer Two	1,816,883	338,377
Major customers in the current year	**3,733,710**	**1,549,786**
Major customers in prior year		**1,206,346**
		2,756,132

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

	2022 £	2021 £
United Kingdom	7,586,982	3,907,873
United States	4,150,179	1,055,096
Rest of the World	470,092	131,549
	12,207,253	**5,094,518**

	2022 £	2021 £
Revenue from contracts with customers – Events	10,135,172	3,917,481
Revenue from contracts with customers – Film	1,785,367	1,177,037
Other revenue	286,714	-
Total revenue	**12,207,253**	**5,094,518**

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

	2022 £	2021 £
Deferred income	839,326	384,598
Accrued income	875,002	169,955

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

3 Other income

Other income	2022 £	2021 £
Coronavirus job retention scheme government grant	1,168	56,501
Business interruption payment grant	2,575	5,150
	3,743	**61,651**

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

4 Operating profit

Operating profit is stated after charging or crediting:	2022 £	2021 £
Cost of sales		
Depreciation of fixtures, fittings and equipment	54,101	40,885
Amortisation of intangible assets	2,500	2,500
Staff costs (see note 24)	2,135,136	1,287,342
Administrative expenses		
Depreciation of right-of-use assets	82,361	91,092
Depreciation of leasehold land and buildings	1,935	-
(Profit) / loss on foreign exchange differences	14,465	13,401
Fees payable to the Company's auditor in respect of:		
Audit of the Company's annual accounts	7,842	6,000
Audit of the Company's subsidiaries	26,694	20,622
Interest on lease liabilities	21,191	16,932
Staff costs (see note 24)	1,107,745	837,847

5 Exceptional items

Items that are material either because of their size or their nature, or that are non-recurring, are considered as exceptional. The exceptional income in the year ended 30 June 2021 totalling £50,000 included in the consolidated Statement of Comprehensive Income relates to the contingent consideration totalling £100,000 which forms part of the overall consideration for Eventful Limited in the year ended 30 June 2020. Eventful Limited failed to meet the target set in the purchase agreement for the year ending 30 June 2021 and therefore the contingent consideration related to the year ended 30 June 2021 has been moved to the consolidated Statement of Comprehensive Income as exceptional income. The remaining contingent consideration totalling £50,000 is included in the Statement of Financial Position.

6 Finance income

Finance income	2022 £	2021 £
Bank interest received	241	489

7 Finance costs

Finance costs	2022 £	2021 £
Coronavirus business interruption loan interest	6,662	5,150
Lease interest	21,191	16,932
	27,853	**22,082**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022 *continued*

8 Taxation

	2022 £	2021 £
The tax charge comprises:		
Current tax		
Current year	232,206	(4,442)
	232,206	**(4,442)**
Deferred tax (see note 9)		
Current year	(27,984)	9,670
	(27,984)	**9,670**
Total tax charge in the statement of comprehensive income	**204,222**	**5,228**
Factors affecting the tax charge for the year		
Profit / (loss) on ordinary activities before taxation from continuing operations	843,564	(159,698)
Profit / (loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2021: 19%)	160,277	(30,343)
Effects of:		
Non-deductible expenses	43,945	15,021
Tax on foreign subsidiaries	-	20,550
	43,945	**35,571**
Total tax charge	**204,222**	**5,228**

The Group has estimated losses of £685,568 (2021: £685,568) available to carry forward against future trading profits. Losses totalling £635,371 are in Aeorema Communications plc which is not currently making taxable profits, as all trading is undertaken by its subsidiaries Aeorema Limited, Eventful Limited and Cheerful Twentyfirst, Inc., therefore no deferred tax asset has been recognised in respect of this amount.

9 Deferred taxation

	2022 £	2021 £
Property, plant and equipment temporary differences	(39,435)	(16,826)
Temporary differences	55,823	(25,023)
Tax losses	9,537	39,790
	25,925	**(2,059)**
At 1 July	(2,059)	7,611
Transfer to Statement of Comprehensive Income	27,984	(9,670)
At 30 June	**25,925**	**(2,059)**

10 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. The profit for the financial year of the holding company was £148,184 (2021: £79,179 loss).

11 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 presented in line with basic earnings per share.

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

	2022 £	2021 £
Basic earnings per share		
(Loss) / profit for the year attributable to owners of the Company	639,342	(164,926)
Basic weighted average number of shares	**9,238,000**	**9,238,000**
Dilutive potential ordinary shares:		
Employee share options	1,770,000	1,920,000
Diluted weighted average number of shares	**11,008,000**	**11,158,000**

12 Intangible fixed assets

Group	Goodwill £	Intellectual Property £	Total £
Cost			
At 30 June 2020	2,927,486	10,000	2,937,486
At 30 June 2021	2,927,486	10,000	2,937,486
At 30 June 2022	**2,927,486**	**10,000**	**2,937,486**
Impairments and amortisation			
At 30 June 2020	2,363,138	417	2,363,555
Charge for the year	-	2,500	2,500
At 30 June 2021	2,363,138	2,917	2,363,555
Charge for the year	-	2,500	2,500
At 30 June 2022	**2,363,138**	**5,417**	**2,366,055**
Net book value			
At 30 June 2020	564,348	9,583	573,931
At 30 June 2021	564,348	7,083	571,431
At 30 June 2022	**564,348**	**4,583**	**568,931**

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

Impairment – Aeorema Limited and Eventful Limited

Goodwill arises on acquisition of a business combination and represents the difference between the fair value of the consideration paid and the aggregate fair value of identifiable assets and liabilities acquired. Goodwill is tested annually for impairment, goodwill is impaired when the value in use exceeds the net asset value of the group's cash generating units (CGUs).The CGUs represent Aeorema Limited and Eventful Limited, being the lowest level within the group at which goodwill is monitored for internal management purposes.

The value in use has been calculated on a discounted cash flow basis using the 2022-23 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 future growth will be 2% for venue sourcing activities and 4% for event and moving image production activities. Using these assumptions, which are based on past experience and future expectations, the recoverable amount of goodwill of £2,673,773 was determined to be higher than its carrying value, hence no impairment in the year.

Sensitivity Analysis

If the assumptions used in the impairment review were changed to greater extent than as presented in the following table, the changes would, in isolation, lead to impairment loss being recognised for 0% growth rate.

Aeorema Limited	4% Growth £	0% Growth £	Discount Rate of 5% £	Discount Rate of 15% £
Value in use calculations	1,796,220	(25,553,571)	2,979,797	1,411,761
Carrying amount in financial statements	365,154	365,154	365,154	365,154
Difference	**1,431,066**	**(25,918,725)**	**2,614,643**	**1,046,607**

Eventful Limited	2% Growth £	0% Growth £	Discount Rate of 5% £	Discount Rate of 15% £
Value in use calculations	841,553	(134,627)	1,379,307	629,102
Carrying amount in financial statements	199,194	199,194	199,194	199,194
Difference	**642,359**	**(333,821)**	**1,180,113**	**429,908**

Combined	2% Growth £	0% Growth £	Discount Rate of 5% £	Discount Rate of 15% £
Value in use calculations	2,637,773	(25,688,198)	4,349,104	2,040,863
Carrying amount in financial statements	564,348	564,348	564,348	564,348
Difference	**2,109,425**	**(26,252,546)**	**3,794,756**	**1,476,515**

13 Property, plant and equipment

Group	Leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 30 June 2020	**58,536**	**173,182**	**231,718**
Additions	-	59,179	59,179
Disposals	-	(3,354)	(3,354)
At 30 June 2021	**58,536**	**229,007**	**287,543**
Additions	98,821	80,654	179,475
Disposals	(58,536)	(5,095)	(63,631)
Foreign exchange movement	-	329	329
At 30 June 2022	**98,821**	**304,895**	**403,716**
Depreciation			
At 30 June 2020	**58,536**	**87,230**	**145,766**
Charge for the year	-	40,885	40,885
Eliminated on disposal	-	(2,585)	(2,585)
At 30 June 2021	**58,536**	**125,530**	**184,066**
Charge for the year	1,935	54,101	56,036
Eliminated on disposal	(58,536)	(449)	(58,985)
Foreign exchange movement	-	120	120
At 30 June 2022	**1,935**	**179,302**	**181,237**
Net book value			
At 30 June 2020	-	85,952	85,952
At 30 June 2021	-	103,477	103,477
At 30 June 2022	**96,886**	**125,593**	**222,479**

14 Right-of-use assets

Group	Leasehold Property £
Cost	
At 30 June 2020	455,436
Lease modification adjustment	(436,441)
At 30 June 2021	**18,995**
Additions	887,138
Disposals	(18,995)
At 30 June 2022	**887,138**
Depreciation	
At 30 June 2020	75,906
Charge for the year	91,092
Lease modification adjustment	(166,998)
At 30 June 2021	**-**
Charge for the year	82,361
Disposals	(18,995)
At 30 June 2022	**63,366**
Net book value	
At 30 June 2020	379,530
At 30 June 2021	18,995
At 30 June 2022	**823,772**

The right-of-use asset addition during the year relates to the Group's leasehold property at 87 New Cavendish Street, London, W1W 6XD. The Group entered the new leasehold in January 2022.

The right-of-use asset is calculated on the assumption that the Group will remain in the premises for the duration of the 7 year lease agreement. A discount rate of 5% was used to calculate the right-of use asset. 5% was considered an appropriate rate based on the Group's weighted average cost of capital.

The disposal during the year relates to the Group's leasehold property at Moray House, 23-31 Great Titchfield Street, London, W1W 7PA. The Group left the premises in September 2021.

15 Non-current assets - Investments

Company	Shares in subsidiary £
Cost	
At 30 June 2020	3,835,753
Increase in respect of share-based payments	30,703
Acquisition of subsidiary	10
At 30 June 2021	**3,866,466**
Increase in respect of share-based payments	56,895
At 30 June 2022	**3,923,361**
Provision	
At 30 June 2020	2,694,213
At 30 June 2021	2,694,213
At 30 June 2022	**2,694,213**
Net book value	
At 30 June 2020	1,141,540
At 30 June 2021	1,172,253
At 30 June 2022	**1,229,148**

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
Cheerful Twentyfirst, Inc.	United States of America	Ordinary	100
Cheerful Twentyfirst B.V.	The Netherlands	Ordinary	100

Post year end the Group formed Cheerful Twentyfirst B.V., a Dutch company based in Amsterdam. Aeorema Communications plc holds 100% of the share capital in Cheerful Twentyfirst B.V.

The registered address of Aeorema Limited, Eventful Limited and Twentyfirst Limited is 64 New Cavendish Street, London, W1G 8TB. The registered address of Cheerful Twentyfirst, Inc. is 85 Broad Street, Floor 16, New York, NY, 10004. The registered address of Cheerful Twentyfirst B.V. is Herengracht 500, 1017 CB, Amsterdam.

16 Trade and other receivables

	Group		Company	
	2022 £	**2021** £	**2022** £	**2021** £
Trade receivables	1,980,121	964,490	-	-
Related party receivables	-	-	666,017	517,003
Other receivables	78,536	93,015	14,982	3,872
Prepayments and accrued income	1,071,378	371,559	8,333	12,000
	3,130,035	**1,429,064**	**689,332**	**532,875**

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.

Trade and other receivables are assessed for impairment based upon the expected credit losses model. The credit losses historically incurred have been immaterial and as such the risk profile of the trade receivables has not been presented.

At the year end, trade receivables of £694,325 (2021: £76,504) were past due but not impaired. These amounts are still considered recoverable. The ageing of these trade receivables is as follows:

	Group	
	2022 £	**2021** £
Less than 90 days overdue	566,605	39,419
More than 90 days overdue	127,720	37,085
	694,325	**76,504**

17 Cash at bank and in hand18 Trade and other payables

	Group		Company	
	2022 £	**2021** £	**2022** £	**2021** £
Bank balances	1,714,417	1,101,713	1,532	5,844
	1,714,417	**1,101,713**	**1,532**	**5,844**

18 Trade and other payables

	Group		Company	
	2022 **£**	**2021** **£**	**2022** **£**	**2021** **£**
Trade payables	796,671	492,163	5,411	5,395
Related party payables	-	-	67,355	67,365
Taxes and social security costs	466,847	310,148	-	-
Other payables	124,737	91,002	50,000	50,000
Accruals and deferred income	1,571,966	524,154	20,955	17,000
	2,960,221	**1,417,467**	**143,721**	**139,760**

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.

19 Bank Loans

	2022 **£**	**2021** **£**
Bank Loan		
Current	83,333	54,089
Non-current	111,111	195,911
	194,444	**250,000**

On 15 October 2020 the company received a Floating Rate Basis Coronavirus Business Interruption Loan (CBIL) of £250,000 from Barclays Bank UK PLC to cover the company's working capital commitments during the COVID-19 pandemic. For the first twelve months interest on the loan is paid by the UK government, after this point interest will be paid at a margin of 2.28%, in addition to monthly capital repayments of £6,944 to the final repayment date of 15 October 2024.

Under IFRS 9, the loan should be initially recognised at fair value and subsequently accounted for at amortised cost. However, the difference between the nominal value and fair value is not material, therefore the full nominal value of the loan is recognised with the interest charge for the period of £6,662 being charged to profit and loss. This is offset by the equal amount of government grant income being recognised.

The bank loan is secured by a fixed and floating charge over the company's present and future assets.

20 Leases

The balance sheet shows the following amounts relating to leases:

	2022 £	2021 £
Right-of-use assets		
Buildings	823,772	18,995
	823,772	**18,995**

	2022 £	2021 £
Lease liabilities		
Current	121,999	25,912
Non-current	738,041	-
	860,040	**25,912**

	2022 £
Maturity analysis – contractual undiscounted cash flows	
Less than one year	213,000
One to five years	710,000
More than five years	71,000
	994,000

	2022 £	2021 £
Interest on lease liabilities	21,191	16,932
	21,191	**16,932**

21 Provisions

Group	Leasehold dilapidations £	Total £
At 1 July 2021	**25,020**	**25,020**
Charged to statement of comprehensive income	14,480	14,480
At 30 June 2022	**39,500**	**39,500**

Group	Leasehold dilapidations £	Total £
Current	35,000	25,020
Non-current	4,500	-
	39,500	**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.

22 Share capital

	2022 £	2021 £
Authorised		
28,000,000 Ordinary shares of 12.5p each	3,500,000	3,500,000

Allotted, called up and fully paid	Number	Ordinary shares £
At 30 June 2020	9,238,000	1,154,750
At 30 June 2021	9,238,000	1,154,750
At 30 June 2022	**9,238,000**	**1,154,750**

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 25 for details of share options outstanding.

23 Directors' emoluments

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

	Salary, fees, bonuses and benefits in kind 2022 £	Salary, fees, bonuses and benefits in kind 2021 £	Pensions 2022 £	Pensions 2021 £	Total 2022 £	Total 2021 £
M Hale	-	-	-	-	-	-
S Haffner	15,000	15,000	-	-	15,000	15,000
R Owen	20,000	20,000	-	-	20,000	20,000
S Quah	151,057	139,268	7,500	5,000	158,557	144,268
A Harvey	112,377	103,653	6,172	4,000	118,549	107,653
H Luffman	4,558	-	-	-	4,558	-
	302,992	**277,921**	**13,672**	**9,000**	**316,664**	**286,921**

During the year M Hale waived his right to fees of £15,000 (2021: £15,000)

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
S Quah	29 April 2021	100,000	31.00p	5 November 2023	29 April 2031
A Harvey	29 April 2021	100,000	31.00p	5 November 2023	29 April 2031
S Quah	29 April 2021	100,000	50.00p	5 November 2023	29 April 2031
A Harvey	29 April 2021	100,000	50.00p	5 November 2023	29 April 2031
S Quah	29 April 2021	100,000	70.00p	5 November 2023	29 April 2031
A Harvey	29 April 2021	100,000	70.00p	5 November 2023	29 April 2031

Fees for S Haffner are charged by Harris & Trotter LLP, a firm in which he is a member (see note 26).

24 Employee information

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

	Group		Company	
Number of employees	**2022 Number**	**2021 Number**	**2022 Number**	**2021 Number**
Administration and production	55	37	5	5

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

	Group		Company	
Employment costs	**2022 £**	**2021 £**	**2022 £**	**2021 £**
Wages and salaries	2,827,204	1,846,938	39,558	35,000
Social security costs	294,872	205,253	-	-
Pension costs	63,910	42,295	-	-
Share-based payments	56,895	30,703	-	-
	3,242,881	**2,125,189**	**39,558**	**35,000**

25 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:

		Exercise period			
Date of grant	**Exercise price**	**From**	**To**	**Number of options 2022**	**Number of options 2021**
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
29 April 2021	31.0p	5 November 2023	29 April 2031	200,000	300,000
29 April 2021	50.0p	5 November 2023	29 April 2031	200,000	300,000
29 April 2021	70.0p	5 November 2023	29 April 2031	200,000	300,000
23 May 2022	60.0p	23 May 2025	23 May 2032	150,000	-
				1,770,000	**1,920,000**

During the year H Luffman ended her employment with Aeorema Limited. As a result, the share options that she received during the previous year were cancelled.

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

	Number of options 2022	**Weighted average exercise price 2022 £**	**Number of options 2021**	**Weighted average exercise price 2021 £**
Outstanding at beginning of the year	1,920,000	0.37	1,020,000	0.25
Granted during the year	150,000	0.60	900,000	0.50
Cancelled during the year	(300,000)	(0.50)	-	-
Outstanding at end of the year	1,770,000	0.40	1,920,000	0.37
Exercisable at the end of the year	1,020,000	0.25	900,000	0.25

The exercise price of options outstanding at the year-end was £0.404 (2021: £0.369) and their weighted average contractual life was 6.5 years (2021: 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	**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

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

Grant date	**29 April 2021**
Model used	Black-Scholes
Share price at grant date	30.5p
Exercise price	31.0p
Contractual life	10 years
Risk free rate	0.84%
Expected volatility	153.96%
Expected dividend rate	0%
Fair value option	30.060p

Grant date	**29 April 2021**
Model used	Black-Scholes
Share price at grant date	30.5p
Exercise price	50.0p
Contractual life	10 years
Risk free rate	0.84%
Expected volatility	153.96%
Expected dividend rate	0%
Fair value option	29.943p

Grant date	**29 April 2021**
Model used	Black-Scholes
Share price at grant date	30.5p
Exercise price	70.0p
Contractual life	10 years
Risk free rate	0.84%
Expected volatility	153.96%
Expected dividend rate	0%
Fair value option	29.845p

Grant date	**23 May 2022**
Model used	Black-Scholes
Share price at grant date	60.0p
Exercise price	60.0p
Contractual life	10 years
Risk free rate	2.31%
Expected volatility	175.63%
Expected dividend rate	0%
Fair value option	59,707p

The expected volatility is determined by calculating the historical volatility of the parent company's share price. For the share options issued prior to the year ended 30 June 2021 the historical volatility of the parent company's share price is calculated over the last three years. For share options issued after 1 July 2021 the historical volatility is calculated over the last 10 years. The method used to determine the historical volatility of the parent company's share price changed in the prior year as a consequence of the COVID-19 pandemic. The impact of the COVID-19 pandemic on the parent company's share price was significant and not considered an appropriate measure of the parent company's share price volatility. The extension of the period to 10 years was considered appropriate. The risk free rate is based on the yield from gilt strip government bonds with a similar life to the expected life of the options.

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

	2022 **£**	**2021** **£**
Share-based payment charge	56,895	30,703

26 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:

	2022 £	2021 £
Amounts owed by subsidiaries		
Total amount owed by subsidiaries	666,017	517,003
Amounts owed to subsidiaries		
Total amount owed to subsidiaries	67,355	67,365

Aeorema Limited

The company received dividends totalling £125,000 during the year (2021: £Nil) from its subsidiary, Aeorema Limited. The company transferred a VAT receivable of £17,424 (2021: £19,221) 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 £24,558 (2021: £20,000).

Aeorema Limited paid expenses totalling £114,052 (2021: £113,352) on behalf of Aeorema Communications plc during the year.

During the year, Aeorema Limited made a net transfer of cash of £10,000 to Aeorema Communications plc (2021: £10,000).

Cheerful Twentyfirst, Inc.

The company received dividends totalling £125,000 during the year (2021: £Nil) from its subsidiary, Cheerful Twentyfirst, Inc.

Eventful Limited

The company received dividends totalling £25,000 during the year (2021: £Nil) from its subsidiary, Eventful Limited.

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

	2022 £	2021 £
Short-term employee benefits	302,991	277,921
Post-employment benefits	13,672	9,000
	316,663	**286,921**

The share options held by directors of the Company are disclosed in note 23. During the year, a charge of £49,905 (2021: £21,002) was recognised in the Consolidated Statement of Comprehensive Income in respect of these share options.

During the previous year S Quah received an interest-free loan of £10,000. At the year end, £10,000 (2021: £10,000) was outstanding.

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

Harris and Trotter LLP – charged during the year	2022 £	2021 £
Aeorema Communications plc	15,000	15,000
Aeorema Limited	9,650	12,850
	24,650	**27,850**

At the year end, the Group had an outstanding trade payable balance to Harris and Trotter LLP of £6,840 (2021: £5,630).

27 Cash flows

	Group	
	2022 £	**2021 £**
Cash flows from operating activities		
Profit / (loss) before taxation	843,564	(159,698)
Depreciation of property, plant and equipment	56,036	40,885
Depreciation of right-of-use assets	82,361	91,092
Amortisation of intangible fixed assets	2,500	2,500
Loss on disposal of fixed assets	4,646	769
Share-based payment expense	56,895	30,703
Finance income	(241)	(489)
Interest on lease liabilities	21,191	16,932
Exchange rate differences on translation	42,138	(11,044)
Revaluation of right-to-use asset	-	(5,311)
	1,109,090	**6,339**
Increase / (decrease) in trade and other payables	1,557,234	191,244
(Increase) / decrease in trade and other receivables	(1,700,972)	(831,592)
Taxation paid	(43,657)	(74,805)
Cash generated / (used) from operating activities	**921,695**	**(708,814)**

28 Financial instruments

Financial instruments recognised in the consolidated statement of financial position

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

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Financial Assets				
Trade and other receivables	2,933,659	1,227,460	666,017	517,003
Cash and cash equivalents	1,714,417	1,101,713	1,532	5,844
Investments in subsidiaries	-	-	1,229,148	1,172,253
Total	**4,648,076**	**2,329,173**	**1,896,697**	**1,695,100**
Financial Liabilities				
Trade and other payables	1,115,852	833,165	122,766	122,760
Accruals	732,640	139,555	20,955	17,000
Total	**1,848,492**	**972,720**	**143,721**	**139,760**

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 2022 was £1,980,121 (2021: £964,490). 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. The credit risk associated with trade receivables is minimal as invoices are based on contractual agreements with long-standing customers. Credit losses historically incurred by the Company have consequently been immaterial.

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 £2,327,501 (2021: £1,036,700).

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 £1,714,417 (2021: £1,101,713). 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 £2,283,817 (2021: £1,514,980).

29 Pension costs defined contribution

The Group makes pre-defined contributions to employees' personal pension plans. Contributions payable by the Group for the year were £63,910 (2021: £41,946). At the end of the reporting period £12,021 (2021: £9,237) of contributions were due in respect of the period.

30 Dividends

As a consequence of the COVID-19 pandemic, the Board decided that no final dividend would be paid to shareholders for the year ended 30 June 2021.

In respect of the current year, the directors propose that a final dividend of 2 pence per share be paid to shareholders on 20 January 2023. The dividends are subject to approval by shareholders at the Annual General Meeting and have not been included as liabilities in these consolidated financial statements. The proposed dividends are payable to all shareholders on the Register of Members on 23 December 2022. The total estimated dividend to be paid is £184,760. The payment of this dividend will not have any tax consequences for the Group.

31 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 2022 the Company had no potential liability under the terms of the registration.

Company Information

Directors	M Hale	(Non-Executive Chairman)
	S Haffner	(Non-Executive)
	R Owen	(Non-Executive)
	H Luffman	(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 Staverton Court Staverton, GL50 0UX	
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 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 Insig Ai (INSG) 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.

Hannah Luffman
Non-Executive Director

Hannah has 15 years of experience in marketing and commercial strategy across both global brands and fast-growing, challenger agencies. Hannah is Director of Global Marketing for a large cloud data firm, headquartered in North America. Hannah's extensive experience in marketing and events and development into new markets will be highly beneficial to the company's ambitious growth plans, as well providing research and insights to the corporate marketing landscape.

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)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Aeorema Communications plc will be held at the offices of Aeorema Communications plc, 87 New Cavendish Street, London W1W 6XD on 15 December 2022 at 11.00 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 2022.
2. To re-appoint Andrew Harvey as a Director of the Company, who retires in accordance with Article 122 of the Company's Articles of Association.
3. To re-appoint Hannah Luffman as a Director of the Company, who stands for reappointment as a director of the Company in accordance with Article 128 of the Company's Articles of Association.
4. To re-appoint Hazlewoods LLP as auditors of the Company and to authorise the Directors to fix their remuneration.
5. To declare a final dividend on the ordinary shares of 12.5 pence each in the capital of the Company for the year ended 30 June 2022 of 2 pence per ordinary share.

   As Special Business to consider and, if thought fit, pass the following resolutions of which Resolution 6 will be proposed as an Ordinary Resolution and Resolutions 7, 8 and 9 will be proposed as Special Resolutions:

6. 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.
7. That, subject to the passing of Resolution 6 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 6 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.

8. 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 2023 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.

9. That with effect from the conclusion of the Annual General Meeting the draft articles of association of the Company produced to the meeting and initialled by the Chair of the meeting for the purpose of identification, be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's existing Articles of Association.

By order of the Board

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

Dated: 21 November 2022

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 Group, 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 Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL not less than 48 hours before the time of holding of the Meeting or adjourned meeting (excluding any part of a day that is not a working day).

(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. 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 & International Limited ("Euroclear") 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) (not less than 48 hours before the time of the Meeting or adjourned meeting (excluding any part of a day that is not a working day). 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 & International Limited ("Euroclear") 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) Unless otherwise indicated on the Form of Proxy, CREST voting or any other electronic voting channel instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.

(5) 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.

(6) 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, nine 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 of the Company (the "**Directors**") will present their report and the audited financial statements for year ended 30 June 2022, together with the auditors' report thereon.

Resolution 2: Re-election of retiring director

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

Resolution 3: Re-election of retiring director

The Articles require that a newly appointed director may only be appointed until the conclusion of the next Annual General Meeting, but such directors may stand for reappointment at that Annual General Meeting. Accordingly Hannah Luffman is therefore retiring and offering herself for re-appointment.

Resolution 4: 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.

Resolution 5: Approval of Declaration of Dividend

The Board is proposing a dividend of 2 pence per share, subject to shareholder approval at the AGM, to be paid on 20 January 2023 to shareholders on the register on 23 December 2022. The ex-dividend date for the final dividend will be 22 December 2022.

Special Business

Resolution 6: 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 2021 and is due to expire at the conclusion of the Annual General Meeting in 2022. Resolution 6 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 7: Disapplication of pre-emption rights

If the Directors wish to allot any shares for cash in accordance with the authority proposed in Resolution 6, 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 7 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.

Explanatory Notes to the Notice of Annual General Meeting

Resolution 8 – 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 18 November 2022) 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 18 November 2022, no treasury shares were held by the Company.

Resolution 9 – New Articles of Association

In addition to the Company's normal business the Directors are also seeking authority to adopt new articles of association for the Company (the "New Articles"). The New Articles will take effect from the close of the Annual General Meeting and will amend the Articles, principally to reflect changes to law and market practice and to permit in future holding a combined physical and electronic meeting known as a "hybrid" meeting. A copy of the Articles together with a copy of the form of the New Articles that are proposed to be adopted by Resolution 9, shall be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) at the Company's registered office, and on the Company's website at www.aeorema.com/financial, from the date of this notice until the close of the Annual General Meeting.

The main changes are summarised as follows:

- the New Articles permit the Directors to hold a "hybrid" general meeting as a combined physical and electronic general meeting (including an annual general meeting) in such a way that enables the shareholders to attend and participate in the business of the meeting by attending a physical location or by attending by means of an electronic platform;
- the concept of an authorised share capital no longer applies under the Companies Act 2006, and as such reference to the Company having an authorised share capital has been removed in the New Articles;
- general authority is given to the Company to provide shareholder's notices, documents and information in electronic form, such as by email or by means of publication on a website. The Company may contact shareholders at a later date to request their consent to receive communications via electronic form or by means of a website;
- extraordinary general meetings will be just be referred to as general meetings and the notice period for such general meetings will be reduced from 21 to 14 days. The notice period for annual general meetings remains unchanged at 21 days;
- a proxy will be allowed to be appointed by electronic form, the 48 hour deadline for proxies to be deposited before a general meeting will no longer include weekends or bank holidays. Shareholders will be allowed to appoint multiple proxies and a proxy will have the right to speak at a general meeting and vote on a show of hands as well as on a poll;
- under the Companies Act 2006, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interest. The New Articles, as allowed by the Companies Act 2006, give the Directors authority to approve such situations and to include other provisions to allow conflicts of interests to be dealt with such that a breach of duty is avoided; and
- the opportunity has been taken generally to incorporate amendments of a minor, technical or clarifying nature, or to clarify minor inconsistencies in certain other parts of the Articles. The New Articles also reflect current statutory and regulatory rules and redundant provisions have been removed.

Recommendation

The Directors believe that the proposals in Resolutions 1 to 9 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.

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communications plc