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Aeorema Communications plc / Index: AIM / Epic: AEO / Sector: Media

**24 March 2020**

**Aeorema Communications plc ('Aeorema', the 'Company', or the 'Group')**

**Earnings Enhancing Acquisition of Eventful Limited**

Aeorema Communications plc, the AIM-traded live events agency, is pleased to announce the acquisition of the entire issued share capital of Eventful Limited ("Eventful"), a boutique events and incentive travel company, for a total consideration of up to £479,692 to be satisfied in cash and ordinary shares in the Company, £100,000 of the cash consideration being a performance related earn-out (the "Acquisition").

The Group's decision to acquire Eventful is made in full confidence, despite the challenging global situation unfolding due to COVID-19. Eventful has a strong cash flow position with significant revenue already confirmed or under discussion, and necessary risk mitigation in place in terms of contract cancellation fees (up to 90% in some instances). Eventful's services have already proven to diversify and enhance the Group's offering with valuable "black book" introductions and opportunities for cross-selling well underway.

Eventful was founded in 2002 by Caroline Lumgair. Run by Caroline, Eventful operates from London and assists clients with venue sourcing, event planning, event design and event management. Caroline and her team have established a loyal portfolio across multiple industries including manufacturing, oil and gas, professional services, luxury retail, entertainment and finance. Eventful typically works with clients on boutique incentive events, a differentiated client market to that of Cheerful Twentyfirst, Aeorema's live events business.

Incentive travel events are designed to motivate or reward employees and ultimately, increase corporate productivity and sales. As the fastest growing sector of the business events industry, with the highest per capita spend and the widest supply chain, there is considerable opportunity for Eventful and now Aeorema to capitalise on this expanding sector. Eventful gives Aeorema an entry into the venue sourcing and incentive travel events market – an area highly complementary to Cheerful Twentyfirst's existing portfolio of clients and work, allowing for an opportunity to further grow fee based revenue.

In addition, Eventful's venue search contracts are typically signed 12-18 months in advance, meaning conversations with corporate clients start earlier. It is expected that this lead-time will have an opportunistic ripple effect across the Group, extending to creative live events agency Cheerful Twentyfirst.

The acquisition of Eventful will strengthen Aeorema's offering and add to its existing blue-chip client base. Caroline and her small team will move into Cheerful Twentyfirst's offices almost immediately to reduce overheads and will be available to provide specialist knowledge on the organisation of high-end internal meetings, boutique conferences and training events of ranging scale.

The total consideration payable to Ms. Lumgair for Eventful is up to £479,692 to be satisfied as follows:

- Consideration on completion of:
  - £353,442 in cash; and
  - 187,500 ordinary shares of 12.5p each in the Company at a price of 14 pence per share being the closing mid price of the Company's ordinary shares on 23 March 2020, the last practicable date prior to completion of the Acquisition (the "Consideration Shares");

It should be noted that the overall net outflow of cash on completion is significantly less than £353,442 given there will be an immediate inflow of cash in bank from Eventful of £227,198.

- Earn-out payments of:
  - £50,000 in cash following the Company's year ending 30 June 2021, payable on the basis Eventful achieves the target revenue of £200,000 (the 'Target Revenue') in the period; and
  - £50,000 in cash following the Company's year ending 30 June 2022 payable on the basis Eventful achieves the Target Revenue in the period.

Should Eventful's revenue for the financial year ending 30 June 2021 and 30 June 2022 fall below the Target Revenue, the earn-out payments shall be reduced by an amount equal to the amount by which the Target Revenue falls short (and so that if the revenue for either financial year is £150,000 or less, the earn-out payment for that financial year shall be zero).

The Acquisition will result in a number of operational synergies and be immediately earnings enhancing. For the year ended 31 March 2019, unaudited accounts show that Eventful generated revenue of £343,365 and a profit before tax of £96,335. As at 31 March 2019, net assets were £286,943 and cash balances were £164,053. Unaudited management accounts for the ten months ended 31 January 2020 show that Eventful generated revenue of £202,069 and a profit before tax of £50,311 and cash balances as at 23 March 2020, being the latest practicable date prior to completion, stood at £227,198.

The Consideration Shares are subject to a 12-month lock in following completion and orderly market provisions for six months thereafter. The cash consideration will be paid using the Company's robust cash reserves.

**Mike Hale, Chairman, said:** *"We are delighted to have acquired Eventful. Caroline, her team and her clients will be an excellent addition to the Group. The Acquisition, which is immediately earnings enhancing and is expected to grow fee based revenues, will enable the Group to enter into the venue sourcing and incentive travel events market, something we believe is very much linked to the live events market in which Cheerful Twentyfirst is already very successful. The incentive travel sector, a multi-billion pound global market, needs specialist skills and knowledge which Eventful will bring us. We will concentrate on delivering logistics and value, in addition to creative and inventive solutions for our clients.*

*"We believe the Acquisition is good value for money. Taking into account the positive cash balances in Eventful, net profits of some £96,000 for FY19, and on the assumption that both earn-out payments of £50,000 each are paid, we believe we are making an acquisition that is on a much lower valuation multiple than other acquisitions we have seen in our sector.*

*"The Acquisition will also allow us to grow our presence in the boutique events category. Eventful has a number of clients for which they run smaller events and being able to offer this service more widely creates significant growth potential. The Acquisition also provides Cheerful Twentyfirst and Eventful*

*with the opportunity to join forces when tendering for new clients, and working with existing, clients where the combination of the two companies' skills will be highly complementary.*

*"Notwithstanding the uncharted territory in which we find ourselves with the current COVID-19 virus outbreak, we believe Aeorema is well placed to weather this storm, particularly with our strong cash balance. Strengthening and adding to the Company's offerings to current and new clients at this time supports our business model and long term strategy of enhancing the services we provide to grow the Group."*

**Caroline Lumgair, Founder of Eventful Limited, commented:** *"I am delighted to be joining Aeorema's established and respected live events agency. The synergies to be gained from the Acquisition will benefit present and future clients of both Cheerful Twentyfirst and Eventful and, with my team, I look forward to helping Aeorema Communications enter the venue sourcing and incentive travel events markets."*

### **Issue of Equity**

As part of the consideration payable for Eventful, the Company will issue the Consideration Shares.

Application will be made for the Consideration Shares, which will rank pari passu with the Company's existing ordinary shares, to be admitted to trading on AIM ("Admission"). It is expected that Admission will occur on or around 30 March 2020.

Upon Admission, the Company will have 9,238,000 Ordinary Shares in issue with no shares held in treasury. This is the total number of voting rights in the Company and may be used by shareholders as the denominator for the calculations by which they determine if they are required to notify their interest in, or change to their interest in, the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

**\*\*ENDS\*\***

For further information visit [www.aeorema.com](http://www.aeorema.com) or contact:

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