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

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

Business Update – Expansion of Virtual Events Offering

Aeorema Communications plc, the AIM-traded live events agency, is pleased to announce a business update following the successful acquisition of Eventful Limited in March 2020, the strategic hires made in May 2020, and the subsequent response to the impact of the Covid-19 pandemic on the way companies look to run live events.

Highlights

- An encouraging number of multi-national blue-chip client wins seen in 2020 so far
- Virtual events offering expanded
- Team adapting quickly and capitalising on an increasing requirement for virtual and hybrid events
- Integration of Eventful Limited successful, diversifying and enhancing offering to existing and new clients
- Addition of Strategy Director and associated team in May delivering results – focusing on brand strategy and communications
- Maintained strong cash position in excess of £1 million

Business Update

Ahead of the start of the Covid-19 pandemic it was clear that there were going to be a number of changes to the live events industry and the way live events were being run and staged. There was already an increasing focus put on digital and hybrid events (being a combination of smaller physical events alongside an online event), particularly with the desire for a more environmentally sustainable method of running events, but the immediate impact of the Covid-19 pandemic created an acceleration of the need for digital and hybrid events. Aeorema, with its experience and ability to be agile and adapt quickly, is pleased to report that it has taken advantage of this opportunity in a very short period of time and successfully expanded its virtual and hybrid events offering.

The Aeorema team has worked tirelessly over the last six months, up-skilling, retraining and refocusing on virtual and hybrid events, as the Company believes that this is where the opportunities will continue to lie in the immediate and longer term. Aeorema has been agile in pivoting its offering in the Covid-19 environment, recognising that companies still wish to reach internal and external audiences.

With the Company's strong financial position, the Board of Aeorema continually assesses the strategic opportunities available to the Company to ensure that the Group's offerings to its blue-chip clients are continually being enhanced. This led to the successful addition of two teams within the Group earlier this year. In March, the Company acquired Eventful Limited, an incentive travel

events business, and in May, the Company announced a number of strategic hires from a highly successful creative and award-winning brand experience agency delivering events worldwide. This has diversified and enhanced the offering to existing and new clients, as well as provided the Group with a wider and valuable network of contacts across multiple industries, offering opportunities for cross-selling. In addition, the Company has been able to expand and embed dedicated consultancy services into its offering to clients, which has resulted in new client relationships being forged.

The integration of both teams has been encouraging and has added significant depth to management as well as opened major new business opportunities for the Company. Some significant introductions from the new teams have been made and the sharing of client relationships and opportunities for cross-selling has benefitted the Company.

The Group is also thrilled to be winning new business from multi-national brands, some of which is now on a retainer model allowing further earnings visibility, and seeing continued and new work from its existing client base, particularly as lockdown measures are being eased by governments. Whilst some larger events, such as Cannes Lions, had to inevitably be cancelled for 2020, the Company has been pleased to see strong interest from organisations looking to plan other events for the remainder of this year.

To complement all this, the Company is launching a new virtual events digital platform for clients, called KIT, fully managed and curated in house. In addition, with the increasing opportunities in the US, Aeorema also expects to announce the opening of a New York office shortly.

Corporate Update

The Company will continue to take a measured approach to acquisitions of businesses, teams and talent. As has been demonstrated of late, Aeorema is cognisant of opportunities that are emerging where service offerings can be added for existing and new clients, particularly as the acceleration to virtual events continues to be evident.

Aeorema has maintained its strong cash position with a cash balance currently in excess of £1 million, even after allowing for the permitted deferral of taxes which will become due later in the year. The Company expects to publish its results for the year ended 30 June 2020 in October 2020 and as per previous guidance, are expected to show a loss before tax, subject to audit, in the range of £150,000 to £250,000.

Mike Hale, Chairman, said: *“We are delighted with the successful integrations of the two new teams; their addition to Aeorema could not have come at a more pivotal point in the way events are being staged. I am very proud of the way the team has adapted, and in fact thrived, over the past six months, retraining and refocusing efforts to produce successful virtual events for our many existing and new clients. The team has won some significant new business, ranging from large blue-chip companies running virtual events attended by some 26,000 people, to smaller companies looking to run multiple small events, and we are developing a strong pipeline of exciting opportunities.*

“Although large live events will undoubtedly be slow to return, clients in certain sectors are keen to go back to this communication and selling technique. With Aeorema’s marriage of both virtual and physical events in the form of hybrid events, clients will be provided with the best of what both have to offer.

“The industry has matured at a record pace over the last six months and we have matured and developed with it. Whilst we remain in uncharted territory with the continuing impact of Covid-19, I strongly believe we are positioned to capitalise on the changes we continue to see, and I look forward with cautious optimism to the next phase in the Company’s life.”

****ENDS****

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