

The information contained within this announcement is deemed by the Company to constitute inside information for the purposes of Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310.

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

25 March 2024

Aeorema Communications plc
(“Aeorema”, the “Company” or the “Group”)

Interim Results and FY projections

Aeorema Communications plc (AIM: AEO), a leading strategic communications group, today announces its unaudited interim results for the six months ended 31 December 2023 (“H1 2024”).

OVERVIEW

- Revenue of £6,553,779 (H1 2023: £7,121,103)
- Loss before taxation of £243,534 (H1 2023 Profit: £326,021)
- Cash at date of this release of £3,717,848
- Expecting to reaffirm commitment to shareholders by maintaining the dividend policy
- Winner of multiple industry awards
 - Cheerful Twentyfirst named Agency Team of the Year for the first time in the Experience category at industry-leading The Drum Awards Festival and nominated in four other award categories
 - Post period end, Cheerful Twentyfirst named Creative Team of the Year at the 2024 CN Agency Awards for sixth year running

CHAIRMAN’S STATEMENT

As we navigate the dynamic landscape of our 2024 financial year, I present our interim results for the six months ended 31 December 2023 and provide insight into our strategic direction moving forward.

We are confident of delivering a full year profit of not less than £400,000, despite the loss in the first half of this financial year. We also expect to have a near record profit of £650,000 in the second half of this financial year. This is based on projecting revenue for the full year of no less than £19 million, and with three months still remaining in the Company’s financial year ending 30 June 2024 (“FY2024”), we are confident in achieving this revenue.

Having made significant investment in the structure and foundations of our business in FY 2023, during H1 2024 we have focussed on investing in our team, both in the US and UK, which has impacted our profit margin. We are therefore amending our business model to have a better balance in costs between the first half and second halves of our financial year and we are also aggressively chasing business for the first half to improve the balance between first and second half revenue.

Like many agencies in its sector, Aeorema’s clients are facing a challenging economic landscape which is resulting in delays in the decision-making process on committing spending and, consequently, in some cases, the temporary postponement of events. More particularly for Aeorema, several brands have delayed projects and pushed them into the first half of the 2024 calendar year (the second half of the Company’s financial year) or into Aeorema’s 2024/25 financial year, which is the case for approximately £2 million of contracted revenue.

Despite the disappointing impact of these timing shifts on both our half year and anticipated full year figures, we remain optimistic about the future. We have a robust pipeline of client projects and a resilient blue-chip client base. Importantly, Aeorema has maintained the loyalty of its client base, having not experienced any client losses during this period, which reflects the trust they place in our capabilities to deliver exceptional, world-class, experience events. This, and discussions with clients about future plans, gives us significant comfort in maintaining a positive outlook for the remainder of our 2023/24 financial year and for our 2024/25 financial year as we continue to grow organically and capitalise on an uptick in revenue driven by the realisation of postponed projects.

With a focus on adaptability and forward planning, Aeorema is well positioned for the future and is confident in its ability to deliver sustainable growth and value creation over the long term. We also expect to reaffirm our commitment to shareholders by maintaining our dividend policy.

While this half year's financial performance reflects the impact of project timing, we are encouraged by the underlying strength of our business and our pipeline. Our focus remains steadfast on delivering creative brilliance for our clients on a global scale, and sustained growth and value to our shareholders.

M Hale
Chairman
22 March 2024

ENDS

Andrew Harvey	Aeorema Communications plc	+44 (0)20 7291 0444
John Depasquale / Liz Kirchner / Lauren Wright (Corporate Finance) Kelly Gardiner / Joscelin Pinnington (Sales and Corporate Broking)	Allenby Capital Limited (Nominated Adviser and Broker)	+44 (0)20 3328 5656
Paul Dulieu / Isabel de Salis	St Brides Partners Ltd (Financial PR)	aeorema@stbridespartners.co.uk

Notes to Editors

Aeorema Communications plc, (AIM: AEO) is a leading strategic communications group with offices in London, New York, and Amsterdam. The Group provides bespoke event services, comprising live, virtual, and hybrid experiences to an established international blue-chip client base spanning a broad range of sectors, including finance, professional services, advertising, IT, gaming, fashion, fintech, and beverages. The Group also provides high level consultancy services to help clients maximise and deliver on their long-term communication strategies over multiple event and film touchpoints.

Aeorema delivers these services via its fully owned companies Cheerful Twentyfirst and Cheerful Twentyfirst, Inc. (the North American arm of Cheerful Twentyfirst) (cheerfultwentyfirst.com), two live events agencies with film capabilities that specialise in devising and delivering corporate communication solutions. The Group also operates Eventful Limited (www.eventful.co.uk), which provides consultative, high-touch services including assisting clients with venue sourcing, event management and incentive travel. With more than 56 years of combined operating experience and extensive award wins, Aeorema is a recognised industry thought leader and for the year ended 30 June 2023 reported record revenue and profits (before tax) of £20.2 million and £1.0 million respectively, and also declared a dividend for the year.

Central to all that the Group does is its Corporate Social Responsibility charter, which is focussed on ensuring sustainable, inclusive, and ethical business operations. To this end, the Group is a pioneer in delivering innovative strategies and services, including a client carbon measurement programme to establish a formal structure and approach around reducing emissions and offsetting both its own and its clients' carbon footprint.

AEOREMA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
For the period ended 31 December 2023

	Notes	Unaudited 6 Months to 31 December 2023 £	Unaudited 6 Months to 31 December 2022 £	Audited Year to 30 June 2023 £
Continuing Operations				
Revenue		6,553,779	7,121,103	20,230,231
Cost of sales		(5,051,024)	(5,595,529)	(15,896,463)
Gross profit		1,502,755	1,525,574	4,333,768
Administrative expenses		(1,724,982)	(1,175,668)	(3,240,848)
Operating (loss) / profit		(222,227)	349,906	1,092,920
Finance income		20	80	215
Finance costs		(21,327)	(23,965)	(47,175)
(Loss) / profit before taxation		(243,534)	326,021	1,045,960
Taxation	4	125,253	(30,553)	(288,780)
(Loss) / profit for the period from continuing operations		(118,281)	295,468	757,180
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translation of foreign entities		56,973	(29,245)	(119,547)
Other comprehensive income for the period		56,973	(29,245)	(119,547)
Total comprehensive income for the period		(61,308)	266,223	637,633
Basic and diluted earnings per share from continuing operations				
Basic (pence)	5	(1.24010)	3.18118	8.04398
Diluted (pence)	5	(1.05251)	2.71870	6.83499

AEOREMA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the period ended 31 December 2023

	Unaudited 6 Months to 31 December 2023 £	Unaudited 6 Months to 31 December 2022 £	Audited Year to 30 June 2023 £
Non-current assets			
Intangible assets	565,181	567,682	566,431
Property, plant and equipment	379,137	389,668	428,509
Right-to-use assets	633,584	760,388	696,986
Deferred taxation	140,110	-	14,844
	1,718,012	1,717,738	1,706,770
Current assets			
Trade and other receivables	4,213,279	2,834,446	3,502,522
Cash and cash equivalents	1,342,729	3,676,194	2,444,100
Current tax receivable	-	101,426	-
	5,556,008	6,612,066	5,946,622
Total assets	7,274,020	8,329,804	7,653,392
Current liabilities			
Trade and other payables	3,584,467	4,713,051	3,882,938
Lease liabilities	109,808	141,278	109,058
Bank loans	69,445	69,445	83,333
Current tax payable	72,510	-	74,736
Provisions	35,000	35,000	35,000
	3,871,230	4,958,774	4,185,065
Non-current liabilities			
Lease liabilities	594,247	668,006	612,693
Bank loans	-	83,334	27,778
Provisions	18,000	9,000	13,500
Deferred taxation	-	4,629	-
	612,247	764,969	653,971
Total liabilities	4,483,477	5,723,743	4,839,036
Net assets	2,790,543	2,606,061	2,814,356
Equity attributable to equity holder:			
Share capital	1,192,250	1,192,250	1,192,250
Share premium	21,876	21,876	21,876
Merger reserve	16,650	16,650	16,650
Other reserve	270,870	205,730	233,375
Capital redemption reserve	257,812	257,812	257,812
Foreign translation reserve	(31,271)	2,058	(88,244)
Retained earnings	1,062,356	909,685	1,180,637
Total equity	2,790,543	2,606,061	2,814,356

AEOREMA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 December 2023

	Share capital	Share premium	Merger reserve	Other reserve	Capital redemption reserve	Foreign translation reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£	£
At 1 July 2022	1,154,750	9,876	16,650	168,956	257,812	31,303	614,217	2,253,564
Comprehensive income for the period	-	-	-	-	-	-	295,468	295,468
Foreign currency translation	-	-	-	-	-	(29,245)	-	(29,245)
Share-based payments	-	-	-	36,774	-	-	-	36,774
Share issue	37,500	12,000	-	-	-	-	-	49,500
At 31 December 2022	1,192,250	21,876	16,650	205,730	257,812	2,058	909,685	2,606,061
At 1 January 2023	1,192,250	21,876	16,650	205,730	257,812	2,058	909,685	2,606,061
Comprehensive income for the period	-	-	-	-	-	-	461,712	461,712
Dividend paid	-	-	-	-	-	-	(190,760)	(190,760)
Foreign currency translation	-	-	-	-	-	(90,302)	-	(90,302)
Share-based payments	-	-	-	27,645	-	-	-	27,645
At 30 June 2023	1,192,250	21,876	16,650	233,375	257,812	(88,244)	1,180,637	2,814,356
At 1 July 2023	1,192,250	21,876	16,650	233,375	257,812	(88,244)	1,180,637	2,814,356
Comprehensive income for the period	-	-	-	-	-	-	(118,281)	(118,281)
Foreign currency translation	-	-	-	-	-	56,973	-	56,973
Share-based payments	-	-	-	37,495	-	-	-	37,495
Share issue	-	-	-	-	-	-	-	-
At 31 December 2023	1,192,250	21,876	16,650	270,870	257,812	(31,271)	1,062,356	2,790,543

AEOREMA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 December 2023

	Unaudited 6 Months to 31 December 2023	Unaudited 6 Months to 31 December 2022	Audited Year to 30 June 2023
	£	£	£
Cash flow from operating activities			
(Loss) / profit before taxation	(243,534)	326,021	1,045,960
Adjustments for:			
Depreciation of property, plant and equipment	67,827	48,873	109,764
Depreciation of right-of-use assets	63,402	63,384	126,786
Amortisation of intangible fixed assets	1,250	1,250	2,500
Loss on disposal of fixed assets	-	-	9,141
Share-based payment	37,495	36,774	64,419
Interest on lease liabilities	17,804	20,244	39,212
Finance income	(20)	(80)	(215)
Dilapidations	4,500	4,500	9,000
Exchange rate differences on translation	60,590	(28,902)	(119,455)
Operating cash flow before movement in working capital	9,314	472,064	1,287,112
Increase/(decrease) in trade and other payables	(298,470)	1,752,830	922,716
(Increase)/decrease in trade and other receivables	(710,757)	295,592	(372,487)
Cash (used in) / generated from operating activities	(999,913)	2,520,486	1,837,341
Taxation paid	(2,241)	(279,218)	(380,753)
Cash flow from investing activities			
Finance income	20	80	215
Purchase of property, plant and equipment	(22,071)	(216,406)	(325,027)
Repayment of leasing liabilities	(35,500)	(71,000)	(177,500)
Net cash used in investing activities	(57,551)	(287,326)	(502,312)
Cash flow from financing activities			
Share issue	-	49,500	49,500
Dividends paid to owners of the company	-	-	(190,760)
Repayment of bank loans	(41,666)	(41,665)	(83,333)
Net cash used in financing activities	(41,666)	7,835	(224,593)
Net increase / (decrease) in cash and cash equivalents	(1,101,371)	1,961,777	729,683
Cash and cash equivalents at beginning of period	2,444,100	1,714,417	1,714,417
Cash and cash equivalents at end of period	1,342,729	3,676,194	2,444,100

AEOREMA COMMUNICATIONS PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 31 December 2023

1. General information

Aeorema Communications plc is a public limited company incorporated within the United Kingdom. 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 of the London Stock Exchange.

These condensed consolidated interim financial statements for the period ending 31 December 2023 (including comparatives for the periods ended 31 December 2022 and 30 June 2023) were approved by the board of directors on 22 March 2024.

The financial information set out in this interim report does not constitute statutory accounts for the purposes of section 434 of the Companies Act (2006). The Group's statutory financial statements for the year ended 30 June 2023, prepared under International Financial Reporting Standards (IFRS), have been filed with the Registrar of Companies. The auditor's report for those financial statements was unqualified and did not contain a statement under section 498 (2) or section 498 (3) of the Companies Act (2006).

The interim financial statements have been prepared using the accounting policies set out in the Group's 2023 statutory accounts and have not been audited.

Copies of the annual statutory financial statements and the interim report can be found on our website at www.aeorema.com or can be requested from the Company Secretary at the Company's registered office: 101 New Cavendish Street, 1st Floor South, London, W1W 6XH.

2. Basis of preparation

These condensed consolidated interim financial statements for the period ended 31 December 2023 have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the United Kingdom. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2023, which have been prepared in accordance with IFRS as adopted by the United Kingdom.

3. Revenue and segmental results

The Company 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, has determined that for the period ended 31 December 2023 there is only one reportable operating segment.

4. Income tax charge

Income period tax is accrued based on the estimated average annual effective income tax rate of 25 per cent (2022: 19 per cent).

5. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit attributable to ordinary 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.

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

	Unaudited 6 Months to 31 December 2023	Unaudited 6 Months to 31 December 2022	Audited Year to 30 June 2023
(Loss) / profit for the year attributable to owners of the Company	(£118,281)	£295,468	£757,180
Number of shares			
Basic weighted average number of shares	9,538,000	9,288,000	9,413,000
Effect of dilutive share options	1,700,000	1,580,000	1,665,000
Diluted weighted average number of shares	11,238,000	10,868,000	11,078,000

6. Dividends

During the interim period a dividend of 3 pence per share (2022: 2 pence per share) was declared to holders of the Company's ordinary shares in respect of the full year ended 30 June 2023.

AEOREMA COMMUNICATIONS PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the period ended 31 December 2023

7. Related party transactions

The Group has a related party relationship with its subsidiaries and its directors. Transactions between Group companies, which are related parties, have been eliminated on consolidation and are therefore not included in these consolidated interim financial statements.

	Unaudited 6 months to 31 December 2023 £	Unaudited 6 months to 31 December 2022 £
Subsidiaries		
Amounts owed by/(to) subsidiaries	503,557	370,342
Amounts owed by/(to) subsidiaries	503,557	370,342

Harris & Trotter LLP is a firm in which S Haffner is a member. The following was charged to the Group in respect of professional services.

	Unaudited 6 Months to 31 December 2023 £	Unaudited 6 Months to 31 December 2022 £
Harris & Trotter LLP		
Aeorema Communications plc	12,950	9,450
Aeorema Limited	7,750	9,500
	20,700	18,950

Fees charged to Aeorema Communications plc include £10,000 (2022: £7,500) for the services of S Haffner as a non-executive director of that company.

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

	Unaudited 6 Months to 31 December 2023 £	Unaudited 6 Months to 31 December 2022 £
Short-term employee benefits	361,004	266,375
Post-employment benefits	10,101	7,496
	371,105	273,871

For further information visit www.aeorema.com or contact:

Andrew Harvey

Aeorema Communications plc Tel : +44 (0) 20 7291 0444

John Depasquale / Liz Kirchner /
Lauren Wright (Corporate Finance)

Allenby Capital Limited Tel : +44 (0) 20 3328 5656

Kelly Gardiner / Joscelin Pinnington
(Sales and Corporate Broking)

Paul Dulieu / Isabel de Salis

St Brides Partners Ltd aeorema@stbridespartners.co.uk