Hyve

Transformed

Hyve Group plc
Annual Report and Accounts 2019

Scale

1,200+

colleagues worldwide, working across 17 offices, committed to designing and hosting more than …

See p30 ⟶

130

brilliant events every year across 5 continents.

In this report

Strategic report

Governance

Financial statements

The Strategic report was approved by the Board and signed on its behalf by Mark Shashoua, Chief Executive Officer, on 3 December 2019.

Mark Shashoua

We are Hyve

Mission

We are on a mission to spark connections, form communities, broaden horizons and enable opportunities for millions of people by creating truly unmissable events.

Transformation

We have disrupted our business model in order to react to the evolving needs of our customers and secure sustainable growth.

Revenue (£m)

2019	**220.7**
2018	175.7
2017	152.6
2016	134.4
2015	135.8

Like-for-like revenue growth[1] (%)

2019	**+7**
2018	+11
2017	+5
2016	–8
2015	–12

Top 10 Transformation and Growth (TAG) events like-for-like revenue growth[1] (%)

2019	**+13**
2018	+14
2017	+15
2016	–11
2015	–5

Headline diluted earnings per share[1,2] (p)

2019	**4.9**
2018	4.9
2017	5.0
2016	6.5
2015	9.2

Headline profit before tax[1] (£m)

2019	**50.4**
2018	35.4
2017	31.6
2016	36.5
2015	47.2

Profit/(loss) before tax (£m)

2019	**8.7**
2018	(3.7)
2017	(3.2)
2016	(4.1)
2015	31.5

1 In accordance with the Guidelines on alternative performance measures (APMs) issued by the European Securities and Markets Authority, additional information is provided on APMs used by the Group in the Glossary. In the reporting of financial information, the Group uses certain measures that are not required under IFRS. These additional measures provide additional information on the performance of the business and trends to stakeholders and are defined in the Glossary.

2 Headline diluted earnings per share for 2015, 2016 and 2017 has been restated for the bonus element of the rights issue in July 2017.

Unmissable events

Where business is personal, where meetings move markets and where today's leaders inspire tomorrow's.

Market leading

We constantly invest in our events to make sure they stay best in class and are *the* events that people put in their calendar each year. A Hyve event is where you meet the most qualified and relevant audience, see new products launched and hear the latest expert insights.

See p26

Content driven

We supply thought-provoking content that attracts high quality visitors and positions our event as the market leader.

See p17

Outstanding return on investment for customers

We have a relentless focus on improving every part of the customer experience and making sure customers achieve their goals.

See p17 ⟶

Getting content right means better quality connections for our customers, visitors and exhibitions.

+14

Top 10 TAG events' exhibitor NPS (FY19) increased from +3 (FY16); industry average is –17**

–17

Industry average**

+28

Top 10 TAG events' visitor NPS (FY19) increased from +14 (FY16); industry average is +7*

* Source: UFI & Explori, Global Visitor Insights, 2018/19 edition

** Source: UFI & Explori, Global Exhibitor Insights, November 2017 Edition

We have transformed

We launched our Transformation and Growth programme in 2017. Since then, we've made some significant changes to our business model.

Bigger picture

Historically, we focused on emerging markets. Now, we're all about running market-leading shows across the world. We are truly global.

See p27

£0.5m
revenue per event

2017

269
events

Best practice

Our centralised operating model creates consistent high quality across our global events.

See p21

Quality over quantity

While we have halved the number of events in our portfolio, we have trebled our revenue per event through continuously assessing our portfolio.

See p26

2019

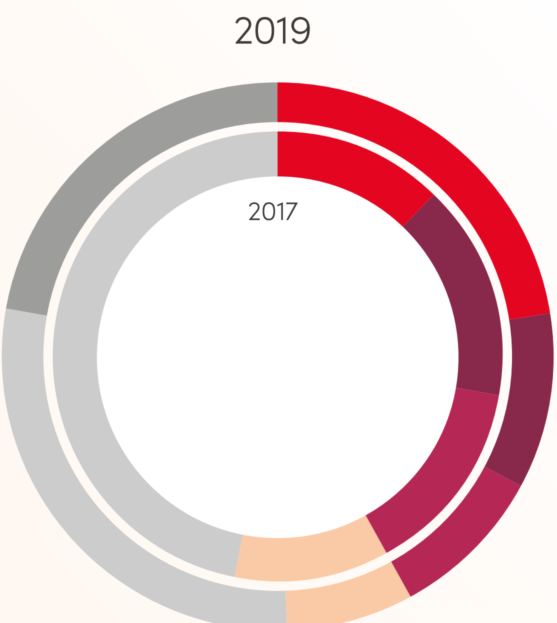
£1.7m
revenue per event

130
events

Striking a balance

Now that our portfolio is significantly more geographically balanced, we can provide customers across the world with reliably high quality events. We are proud to be a truly global business.

Transformed geographic reach



	FY2017 £m	FY2019 £m
Global brands	18.7	49.7
Asia	23.8	23.2
Central Asia	21.7	19.8
Eastern & Southern Europe	17.0	16.7
Russia	71.4	62.6
UK	0	48.7
Total	**152.6**	**220.7**

Global Brands

This year we acquired Mining Indaba, which strengthened our Global Brands portfolio and complements our Africa Oil Week event.

See p50 →

UK

The UK division was only created in 2018 and now includes some of our largest events, such as Spring Fair, Autumn Fair and Glee, where we have introduced several new features.

See p55

Russia

We focused resources on Moscow events with much higher potential, as they are the largest shows of the entire region. We therefore sold 56 small, regional Russian events and closed a further 17 in Siberia.

See p54

Eastern & Southern Europe

Eastern & Southern Europe is the smallest of our six divisions, but has some very strong events such as WorldFood Istanbul and Eurasia Rail.

See p53

Central Asia

Our Central Asia business decreased in size throughout 2019 as we sold five low margin events in Azerbaijan, which no longer aligned with our strategy.

See p52

Asia

On a like-for-like basis, our Asia division reported an increase of 4% in volumes and 5% in revenues.

See p51

A brand new era

Following our transformation, we are a fundamentally different business. We have a new culture, centralised operating model, significantly diversified geographical presence and ambitious aspirations. We needed to upgrade our identity to something fit for a next-generation events business.

Revered quality

A Hyve event has the highest standards, brings out the best in others and sets the benchmark for quality across the industry. We treat every event like it is the most important.

See p17

Personal connections

A Hyve event brings people together and enables meaningful connections between key industry people. We are personally invested in every customer's success.

See p16

Forever relevant

A Hyve event is at the forefront of industry, makes every moment count and creates unmissable experiences. We know that we are only as good as our last show.

See p22

Significant transformation and growth

The centralised operating model and future growth strategy will continue to deliver benefits in 2020 and beyond.

Overview

- Through the TAG programme, Hyve has significantly transformed into a next-generation events business
- We are reporting strong financial performance for financial year 2019
- The Group dividend policy is maintained for 2019 and dividends will be declared and paid twice annually
- Board changes for the year included the stepping down of Neil England, who served on the Board for 10 years, and the appointment of Nicholas Backhouse as Non-Executive Director
- Despite uncertainty both economically and geopolitically across many of our markets, we remain confident in the future growth prospects of the Group

Performance

The last three years have seen significant change for Hyve Group plc. The management team's ambitious vision has led the company to centralise its operating model, improve its systems, complete significant acquisitions of market-leading events, integrate and restructure new teams and relocate its HQ, as well as sell or close a number of less profitable events. Finally, this culminated in the launch of an inspiring new corporate identity at the end of the year, to support the business going forward.

The TAG programme, which we announced in 2017, remains ahead of plan on all investment targets and I am happy to report that this has led to industry-leading organic growth. As the TAG programme draws to a close in 2020, the business will consider this phase of its transformation complete.

Revenue for 2019 increased to £220.7m (2018: £175.7m), a 7% increase on a like-for-like basis, while statutory profit before tax increased to £8.7m (2018: loss of £3.7m). Headline profit before tax increased to £50.4m (2018: £35.4m), a 42% increase on last year, and headline diluted EPS was 4.9p (2018: 4.9p), in line with last year after the full-year impact of the additional shares issued through last year's rights issue.

On behalf of the Board, I would like to thank every colleague who has contributed to the business over the last 12 months for their continued passion and dedication to this company and its events.

Shareholder returns

The Group maintains its dividend policy, with dividends declared and paid twice annually to shareholders. The Group's dividend policy aims to achieve an appropriate balance between providing an immediate return to shareholders and reinvesting in the business to pursue growth opportunities and deliver a longer-term return. Prior to any dividend declaration, consideration is given to the availability of distributable reserves and the ability for the Group to remain within its available banking facility, stay compliant with its covenant targets and retain sufficient cash for working capital purposes. Dividend cover is typically maintained at greater than two times headline diluted earnings per share.

"The Group will continue to benefit from the best practices, globally standardised ways of working and centralised operating model introduced over the last three years."

Richard Last
Chairman

Board changes

Earlier this year, Neil England stepped down from his position as Non-Executive Director, following 10 years on the Board. During this time, Neil held the post of Senior Independent Director and acted as Chairman for a period of nine months. I would personally like to thank Neil for his guidance and expertise throughout his time here and wish him well for the future.

We are pleased to welcome Nicholas Backhouse to the Board. Nicholas, who joined on 1 May 2019, brings extensive experience at Board level, including non-executive roles at Guardian Media Group plc, Hollywood Bowl Group plc and Loungers plc.

Following the AGM in January 2020, Nicholas will replace Stephen Puckett as Chair of the Audit Committee and continue the excellent work which Stephen has been leading. Stephen will remain on the Audit Committee and will also become the Chair of the Risk Committee, in addition to having taken up the role of Senior Independent Director and the employee representative on the Board.

It is the Board's intention to seek to appoint an additional Non-Executive Director during 2020 to complement the skills of the existing Board Members.

Outlook

After the TAG programme, the Group will continue to benefit from the best practices, globally standardised ways of working and a centralised operating model introduced over the last three years. Having now professionalised the business and implemented best practice, the Group will now introduce innovative and efficient ways of operating to amplify the impact of the revenue growth being delivered.

This positions the Group well to continue to drive growth, both organically and through selective acquisition.

Despite uncertainty both economically and geopolitically across many of our markets, we remain confident in the future growth prospects of the Group. The focus on quality introduced through the TAG programme has increased the resilience of our portfolio and positions our market-leading events well to gain market share as customers refocus both their time and investment.

Richard Last
Chairman

Quality and consistency, worldwide

We are Hyve, a next-generation events business with a clear vision, well defined strategy and a renewed energy.

"**We create unmissable events** where customers from all corners of the globe share extraordinary moments and shape industry innovation. By putting exhibitors and visitors at the heart of everything we do, we will drive sustainable growth for our shareholders."

Mark Shashoua
Chief Executive Officer

Our first set of results as Hyve show like-for-like revenue growth of 7% as well as a like-for-like increase in headline profit before tax of 16% and strong margin improvement. Double-digit revenue growth from our top 10 TAG events was a key driver of this performance and proof of the benefits of the TAG programme.

We are on a mission to deliver unmissable events, with a stronger and more diversified portfolio. The investments we have made to improve our portfolio through the TAG programme and our focus on must-attend events means that we are well placed to continue to deliver further growth in FY20. While not immune from global economic and geopolitical uncertainties, including Brexit, forward bookings of £152m, representing 66% of market consensus, give us very good visibility as we enter FY20.

We are confident that with the investments we have made into our market-leading events, we are in a better position to face any potential global headwinds. We will look for opportunities to increase our customer market-share, as during downturns customer spend often gravitates towards market-leading events.

Current trading for FY20 is in line with the Board's expectations and we enter the new financial year in a better position than ever before.

Q&A with Mark Shashoua

Q **What progress has Hyve made this year in terms of its financial performance?**

A 2019 has been a successful year and I'm pleased to be able to report strong year-end financial results. We have delivered a third consecutive year of growth, with revenues of £220.7m (2018: £175.7m), a like-for-like increase of 7%. Our top 10 TAG events have collectively delivered double-digit growth, which is attributable to our highly successful Transformation and Growth programme.

We are reporting a headline profit before tax of £50.4m (2018: £35.4m) and a profit before tax of £8.7m (2018: loss before tax of £3.7m). This reflects the full year impact of the acquisitions we made in 2018 and 2019, combined with our strong underlying trading growth across most markets.

Going into 2020, we have sold 65% of city consensus, and remain confident of continuing our growth trajectory.

Q **This has been a good year for Hyve. What would you say have been some of the operational highlights?**

A This year has been all about delivery. We launched our TAG programme back in 2017, identifying three key pillars to drive our transformation. These three pillars were: building a scalable platform, managing our portfolio and making product-led acquisitions. We have now built our scalable platform, which encompassed creating a centralised operating model and defining consistent global processes and best practice ways of working. With TAG almost complete, we are starting to realise the return on the investments we have made.

Overview

- 2019 was our third consecutive year of growth and our top 10 TAG events have collectively delivered double-digit growth
- The three-year TAG programme is now drawing to a close and, as a result, we are a fundamentally different business
- We have centralised our operating model, reinvigorated our culture and refocused our portfolio
- Since the launch of TAG, we have sold 65 events and closed a further 89 which no longer supported our vision
- We have made 15 product-led acquisitions, making our portfolio of market-leading events stronger and more resilient
- We have good visibility of our forward bookings for next year and are confident in our outlook for 2020

At the same time, we have been working towards the completion of the technology transformation, which has seen us implement new customer relationship management software, roll out a global, cloud-based people system, connect our international teams through Skype for Business and establish a 24/7 IT service. The end results of this are improved collaboration on a global scale, more intelligent management information enabling us to make better decisions, one global view of our customers which opens opportunities for international sales and flexibility to work anywhere, at any time and on any device.

One of my personal highlights, and a particularly proud moment, was launching our new company brand, Hyve, to our 1,200 colleagues around the world. We did the reveal simultaneously via an online webcast so that everyone could come together to see and hear the news at the same time.

Finally, we launched our new company values towards the end of the year. They were created through a process whereby we listened to hundreds of opinions and voices from around the business and the final values were launched at the same time as our new brand. They're already being used across the company and I'm looking forward to them guiding how we work in the future.

Q Earlier this year you announced a bold new brand name and identity. How will this benefit your business in the future?

A Our business has a clear vision, well defined strategy and a renewed energy. This significant change signifies that we are now a fundamentally different business.

Our previous brand name and identity were no longer fit for purpose after our significant transformation, so it was time for a change. Our new name and identity are a better reflection of who we are now and capture our ambitions for our future.

The benefits we're already seeing include an increase in pride within our teams, fantastic reactions and strengthened relationships from our customers and a much more effective employer brand which will support us when retaining and hiring the very best people across the world.

The Hyve icon is a mark of excellence and reflects events which are premium quality, centred on human connections and forever improving. Our new corporate brand will strengthen our event brands, and this was clearly visible at the recent Africa Oil Week in Cape Town, which was the first Hyve event.

Q You've made some significant progress with regard to the third pillar of the TAG programme, product-led acquisitions. How is the integration of those events progressing and are you planning any future acquisitions?

A Over the course of the TAG programme, we have greatly enhanced our portfolio through the product-led acquisitions we have made. We have strengthened our Global Brands division with the acquisitions of Bett, CWIEME and Mining Indaba, and have created a new UK division following the acquisition of Pure, Glee and Spring Fair and Autumn Fair. The integration of these events is now complete.

We will continue to prioritise product-led acquisitions that will benefit from the scalable platform we have created and we have been building a pipeline of potential opportunities. We will analyse that pipeline and actively look for future acquisitions which meet the criteria we outlined under the TAG programme.

Q Quality of events is clearly important to Hyve. Will you continue to review and manage your portfolio?

A Yes, absolutely. We will continue to review our portfolio to ensure that all of the shows we own are market leading or have the potential to become market leading. In October 2018, we completed the substantial sale of 56 smaller, regional Russian events and in December 2018 closed the loss-making Siberian business. This has given a greater focus on the must-attend shows in Moscow, which have a better potential for continued growth.

We will continue to review the compatibility of all our events with our ambitions and, where deemed necessary, would consider selling or closing any events which no longer align with our strategy.

Q Can you share any insights on what Hyve is focusing on next?

A Now that the TAG programme is largely complete, we are a fundamentally different business. While the transformation component of the programme has ended, we will continue to work on our growth. Driving organic growth, making product-led acquisitions and managing our portfolio will remain our strategic focus.

As well as enhancing our portfolio of events, we are focusing on organic growth opportunities for our current portfolio of events. This could be through a variety of initiatives such as launching new adjacent sectors; one great example of this is the launch of Pawexpo, the new pet tradeshow, which will premiere at our next Glee event in September.

Q Some of the places in which you operate are experiencing significant economic headwinds. How are you dealing with this issue?

A As an international events organiser, we recognise that we are exposed to macroeconomic factors outside our control. However, we believe that due to the investments we have made in products, people and systems, the headwinds currently faced present opportunities for a business like ours since, in times of economic uncertainty, there is a flight to quality. When times are harder and budgets tighter, there is a move to attend just the market-leading show, as the one place where everyone wants to do business.

Of course, headwinds such as Brexit, geopolitical instability in Turkey and a global economic slowdown more generally can affect our business and we are not immune to this. However, rather than see this as a threat to our prospects, we are excited by the opportunities for winning customer market share that this presents.

Q What are your areas of focus going into 2020?

A At our recent internal leadership conference, I announced our three strategic priorities for 2020.

The first is to embed our new company values: brilliant work, rich connections, fresh thinking and collective buzz. Already, these values have instilled a new sense of direction and purpose for our teams and we are seeing people make better decisions and create more innovative and collaborative team strategies as a result.

Secondly, we will work towards obtaining a greater customer market-share. We will do this by continuing to invest in our events and helping our customers to define and realise a greater return on investment and time. We aspire to build loyalty and continue to grow retention among our existing customers, as well as, bring in new customers from competitor shows that do not offer the same returns.

Finally, we will optimise, simplify and innovate within our business model. As we reach the final stage of the TAG programme, our focus will shift more externally to improving the way we work with our customers. We will analyse how we can make it even easier for our customers to do business with us and attend our shows, ensure our events are truly unmissable and create an environment that facilitates the richest connections possible between buyers and sellers at our events. We will also look to refine our new systems and processes to create further efficiencies.

Due to the progress we have made throughout the TAG programme, we have good visibility of our forward bookings for next year and are confident in our outlook for 2020.

Mark Shashoua
Chief Executive Officer

7%
like-for-like revenue growth

13%
like-for-like revenue growth on top 10 TAG events

£152m
of forward bookings

£50.4m
headline profit before tax

We bring people together

By connecting people through face-to-face events, we facilitate meetings, form communities, broaden horizons and create opportunities. In short, we galvanise businesses and industries across the globe.

Our customers

One of our strengths is that a Hyve customer could be anyone: a buyer, seller, group, individual, corporation, government, school, influencer or decision maker to name a few.

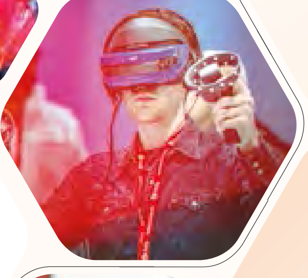
Our business isn't always as simple as providing an opportunity to buy or sell; the value we provide to our customers is specific to their individual needs.

In addition to exhibitors and visitors, we also consider our sponsors, speakers and special guests to be our customers, as they too have something to gain from our events, whether that be networking, marketing or influencing.

That's why we see ourselves as a marketing platform and facilitator, not just an event organiser.

We take a long-term view when it comes to customer acquisition.

At Bett, we inspire the next generation's education by connecting teachers with the latest technology



At Africa Oil Week, we connect an entire industry by enabling thousands of conversations among its key people

At Spring Fair and Autumn Fair we power the UK retail sector, facilitating thousands of meetings and transactions between retailers and manufacturers

What we do

1 Marketing

We constantly grow and refresh our customer databases to ensure we have the best and most important people at our events and that they are the place to be.

2 Sales

We're extremely proud of our culture of success and the collective buzz you can find in any one of our offices. Our approach to sales is to tailor and personalise every interaction to grow advocacy.

3 Customer success

We work closely with our customers, helping them to plan and execute the best possible event experience. By doing this, we ensure they get a high return on their investment and come back to us next year.

4 Event operations

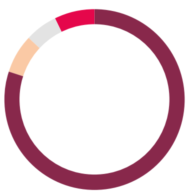
Our event operations team has years of experience in planning, building and running market-leading events around the world. We foster long-term relationships with venues and stand builders and have a disciplined global approach to making an event happen.

5 Content

We offer curated, relevant programmes featuring industry experts and thought leaders. We know that content can be the difference between someone attending our event or not and so we put together the best agendas and programmes in the industry.

How we make money

Revenue



Exhibitor fees	80%
Sales of technical services	7%
Sponsorship sales	6%
Delegate sales/other	7%

80%

The majority of our revenue is generated from the fees that our exhibitors pay for space at one of our exhibitions. We receive payment for an event ahead of the bulk of our costs being spent, making our working capital cycle very strong.

20%

7% comes from the sales of technical services to exhibitors, such as stand construction, 6% comes from selling sponsorship opportunities, for example stage branding or supporting an awards programme, with the remaining 7% coming primarily from delegate sales at our conferences.

Fixed costs

- venue hire
- on-site staff
- corporate staff
- insurance
- security

Variable costs

- sales teams and commissions
- marketing
- advertising

Our flight to quality

Our business runs on globally consistent best practice ways of working and that's how we set ourselves apart from the competition.

Market-leading brands

Our portfolio is made up of events which are, or have the potential to be, market-leading. In times where return on investment and time are of the highest importance to our customers, they may only choose to attend one event per year. To make sure that show is one of ours, we focus our portfolio on market-leading events.

Global best practice

Across the last three years we have disrupted our business and centralised our operating model around globally consistent best practice. Our suite of Best Practice Blueprints, created by our team of experts, has been rolled out universally to our core events, ensuring that these events are run in the same way, to the same exacting standards.

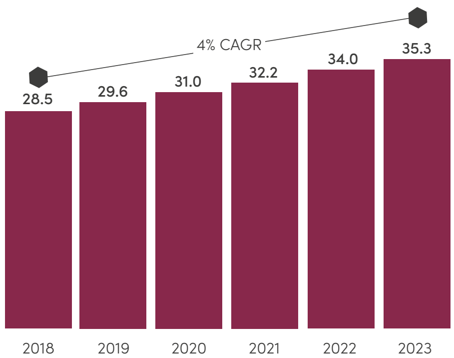
The key trends shaping our industry

In a world where customers want better experiences, increased return on investment and constant exposure to 'newness', we see opportunities that our transformed business is well placed to seize.

Steady industry growth

We work within an industry that is seeing steady growth, driven by markets we operate in, such as the UK, China and the US. The global exhibition market grew by 5% in 2018, following 3.5% growth in 2017 and 4.5% in 2016.

Overall market forecast, 2018–2023, $bn



4%
Compound Annual Rate of Growth

Mature and Emerging

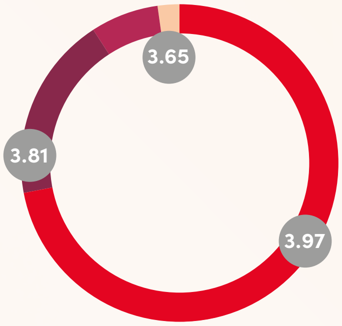
Note: Market size represents the size of the 14 main geographic markets analysed by AMR and the six SEA countries added in 2017.

Source: AMR International – Globex Report 2019

We actively encourage visitors to launch new products

Correlation between product launches and visitor satisfaction

Agree strongly	72%
Agree slightly	19%
Disagree slightly	7%
Disagree strongly	2%
Average visitor satisfaction 1–5	



Source: UFI & Explori, Global Visitor Insights, 2018/19 edition

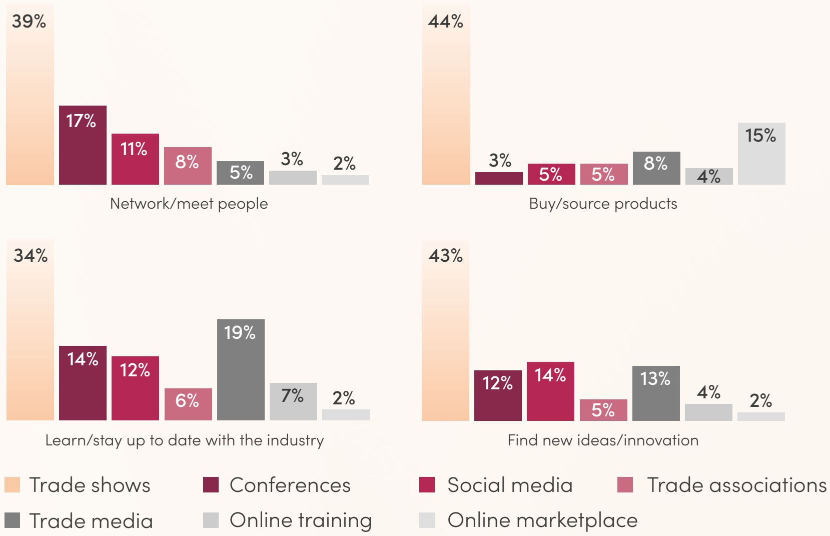
Newness is gaining importance

"Organisers who consistently invest time in their exhibitors and encourage them to showcase their latest innovations are correlated with higher levels of visitor satisfaction." – Explori

Our growing customer success team was set up to do just that – to work side by side with our exhibitors and help them have the best possible event experience. This includes marketing new products before an event and showcasing throughout.

In addition, we have been investing in our events to strengthen their market-leading position and in turn, they continue to be known as the best place to launch a new product by our customers. If supported by ongoing investment, this becomes an ongoing mutually beneficial relationship.

In your opinion, which of these is the best to...



Face-to-face is still the favourite

Visitors consider trade shows to be the best place to network, source products, stay up-to-date with industry trends and find new ideas and innovations, with data showing that they are more than twice as effective as social media.

65%

of visitors who find event "fairly or very important" for their business in 2019

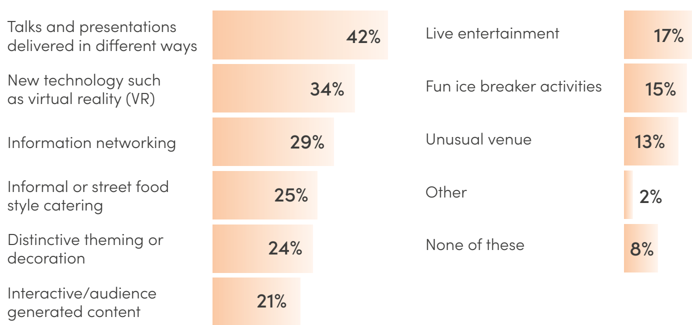
+10%

since 2015

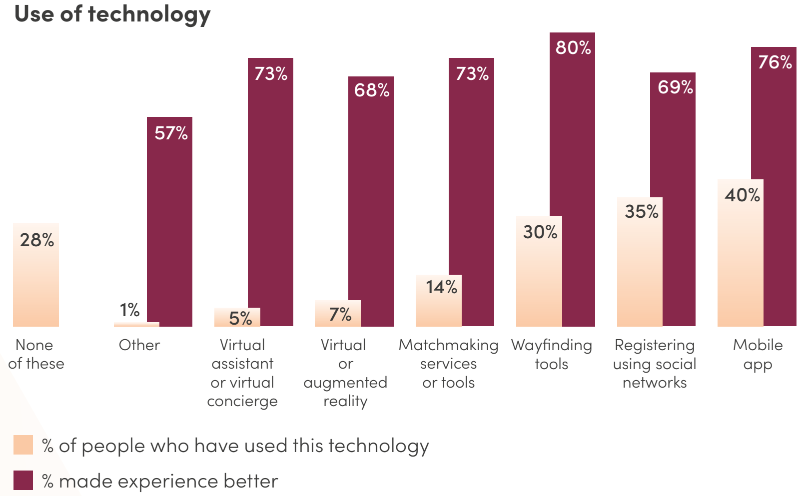
More and more people crave experiences

Millennials, who are progressing their careers and becoming an increasingly large proportion of the business world, prioritise experiences over transactions. To address their needs, we provide market-leading content programmes offering immersive experiences, access to brand-new technology and keynotes from renowned industry personas.

Which of the following do you think are most likely to make a trade show entertaining or enjoyable?



Use of technology



New technologies increase engagement

Some technologies, such as event apps and wayfinding tools, are already well used by event attendees and are enhancing experiences. Newer technologies, such as virtual reality and matchmaking, are underutilised, although are proven to add value to those who do use them. We continue to research our options in this area.

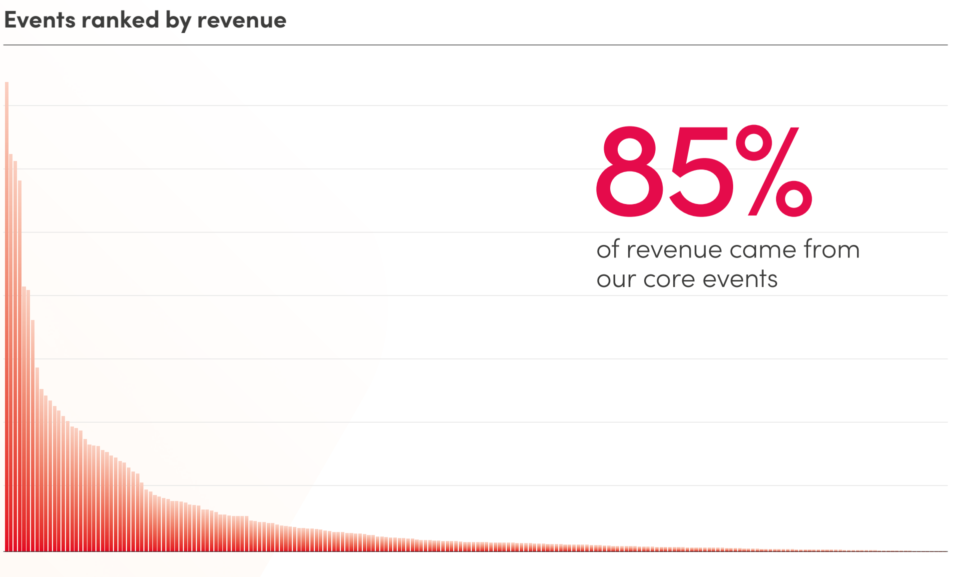
Source: UFI & Explori, Global Visitor Insights, 2018/19 edition

Where we were and how we have changed

In the last three years, our TAG programme has changed the Group to a next-generation events business focused on market-leading events, from a decentralised business focused on emerging markets.

Where we were in 2017

- The portfolio was impacted by challenging market conditions combined with underperformance in a number of events;
- A focus on acquisitions and margins, despite revenue decline, led to a lack of investment in the events preventing organic growth;
- The events industry was ripe for disruption – customers had moved on, but the industry hadn't moved with them. There was a greater need to focus on return on investment for exhibitors and return on time for visitors.



How we have changed

In May 2017, we announced the TAG programme as a means of delivering our new vision focused on content-driven, market-leading shows. There were three key pillars to this programme:

TAG programme

1 Create a scalable platform

- We have created best practice functions and teams both centrally and in many of our regions and the best practice philosophy has been embedded globally, underpinned by blueprints.
- Our investment in event operations for market-leading shows has helped drive three years of consistent organic growth. In 2019, we achieved a year-on-year like-for-like revenue increase of 7% and a significant improvement within our event KPIs.
- We have added to the capability and talent already within the business. Key hires from both the events industry and other sectors into influential positions such as Regional and Portfolio Directors have been pivotal in creating a culture of high performance, reward and recognition.
- An updated IT infrastructure and fit-for-purpose systems have been successfully put in place, most notably the new Customer Relationship Management and HR systems, providing one source of data, enabling increased transparency and collaboration between our regions and driving standardised best practice globally.

2 Manage the portfolio

- We have reviewed the portfolio to ensure a focus on shows that are market leading or have the potential to become market leading.
- Since the launch of TAG, we have sold 65 events (56 of these were regional events in Russia which didn't fit with our strategy) and have closed 89 events.
- We now have a smaller, but stronger portfolio, having halved it from 269 events in May 2017 to 130 events in September 2019.
- As a result, average revenues per show have more than trebled from £0.5m to £1.7m, reflecting the shift in our emphasis to larger events that can generate higher revenues and sustainable growth.

3 Product-led acquisitions

- We have strengthened our Global Brands division with the acquisitions of Bett, CWIEME and Mining Indaba, and have created a new UK division following the acquisition of the brilliant UK shows Spring Fair and Autumn Fair, Pure and Glee.
- The integration of these events has now been completed.
- We will continue to prioritise product-led acquisitions to support our growth ambitions and have been building a pipeline of potential opportunities. We will analyse that pipeline and remain open to future acquisitions which meet the criteria we outlined under the TAG programme.

Underpinned by a performance-led culture

Investment enables organic growth

TAG 1 **Create a scalable platform**

Investment	Top 10 TAG event results	
Our customer success team helps exhibitors maximise success	+14	**Exhibitor NPS*** increased from +3 to +14 industry average is –17
New high quality content attracts key visitors	+28	**Visitor NPS**** increased from +14 to +28 industry average is +7
Systematic lead generation for each core event	>25%	**New business generation** increased by more than 25% between 2018–19.

* UFI & Explori, Global Exhibitor Insights, November 2017 Edition.

** UFI & Explori, Global Visitor Insights, 2018/19 Edition.

A new location and the highest ever attendance at Breakbulk Europe

Breakbulk Europe serves the project cargo industry, a highly specialised sector.

We moved the event from Antwerp to a larger venue with a stronger customer base in Bremen, after a strategic review. We upgraded the look and feel of the content areas, as well as the quality of speakers.

TAG improvements since 2016:

+37%	More space sold
+20	Visitor NPS improved from +8 to +28
+55%	Revenue per exhibitor up 55%
+67%	As a result of these improvements, revenue was up 67%

Delegates experience a VIP content programme at Africa Oil Week

Africa Oil Week is the leading event for Africa's oil and gas industry, which takes place each November in Cape Town.

We bought the event at the end of 2016, stabilised the event in 2017 and in November 2018 we started to see growth, having increased the number of speakers, invested in content and delivered a personalised service for delegates. This year we ran the very first Ministerial Summit, which attracted 23 government ministers from across Africa.

TAG improvements since 2017[1]:

33%	Paid delegates are up 33%
+14	Delegate NPS has improved from +18 in FY18[2] to +32 in FY19
40%	Overall revenue is up 40%

1 The Group took full ownership of Africa Oil Week in May 2017.

2 Delegate NPS figures first recorded in FY18.

Product-led acquisitions accelerate growth

TAG 3 **Product-led acquisitions**

Investment rationale

Product-led portfolio with global and market-leading brands

In July 2018, we acquired a portfolio of events from Ascential plc and in October 2018 acquired Mining Indaba from Euromoney Institutional Investor PLC (Euromoney). As a result of these acquisitions, while the size of our portfolio has halved, overall revenue has grown by 63% since 2016, resulting in revenue per event more than trebling to £1.7m.

Significant potential under our management in Core events

By focusing our investment and centralised best practice on our market-leading shows, we are able to drive growth in these events, demonstrated by like-for-like growth in each of the last three years.

Further value through synergies

Synergies following the Ascential Events acquisitions have been achieved at the top end of the range we indicated at acquisition, enabling us to reinvest in the shows and implement plans to drive future growth.

A more balanced portfolio for the enlarged group

We have moved from a portfolio dominated by Russia and Central Asia to a more balanced, global portfolio with greater diversification across geographies as a result of the acquisitions we have made.

Strong financial rationale and enhanced earnings in 2019

The full year impact of Ascential Events and Mining Indaba has contributed significantly to the return to statutory profit in 2019.

Acquisition highlights

Global Brands

bett

We have completely restructured the team as well as re-edited the Bett London event into sectors to improve the customer experience. We have focused on key accounts, winning back several global technology accounts that have deepened their relationship with the event, both online and offline. We are also introducing a hosted buyer programme for 2020.

CWIEME AMERICAS CWIEME BERLIN CWIEME SHANGHAI

We have restructured the team, and our content and visitor proposition now reflects the evolving interests of the sector in e-mobility. We have also introduced a specialist hosted buyer programme for the first time called "Meet the Engineer" for 2020. We are investing to grow our international events to scale in China.

INVESTING IN AFRICAN MINING INDABA

We have merged the team with Africa Oil Week and streamlined the operations, enabling us to offer a more consistent product for both sets of customers. We initiated on-site rebooking for the first time in February, and we are now investing in new content and systematic lead generation to drive further growth from 2020.

UK

SPRINGFAIR AUTUMNFAIR

We have re-edited these shows so that every exhibitor is now in a new location, in order to facilitate growth in certain sectors and improve visitor experience. We have launched new sectors such as sourcing to expand the international reach of the events. We have also developed visitor acquisition teams to target online and major chains and for Spring Fair in 2020 we will launch a hosted buyer programme, speed networking and facilitated one-to-one meetings.

pure LONDON

We have integrated all of our fashion events, including Moda, Scoop and Jacket Required, into one portfolio. We have also focused on developing our customer proposition between these events. For Pure in 2020, we will launch speed networking and matchmaking for the first time.

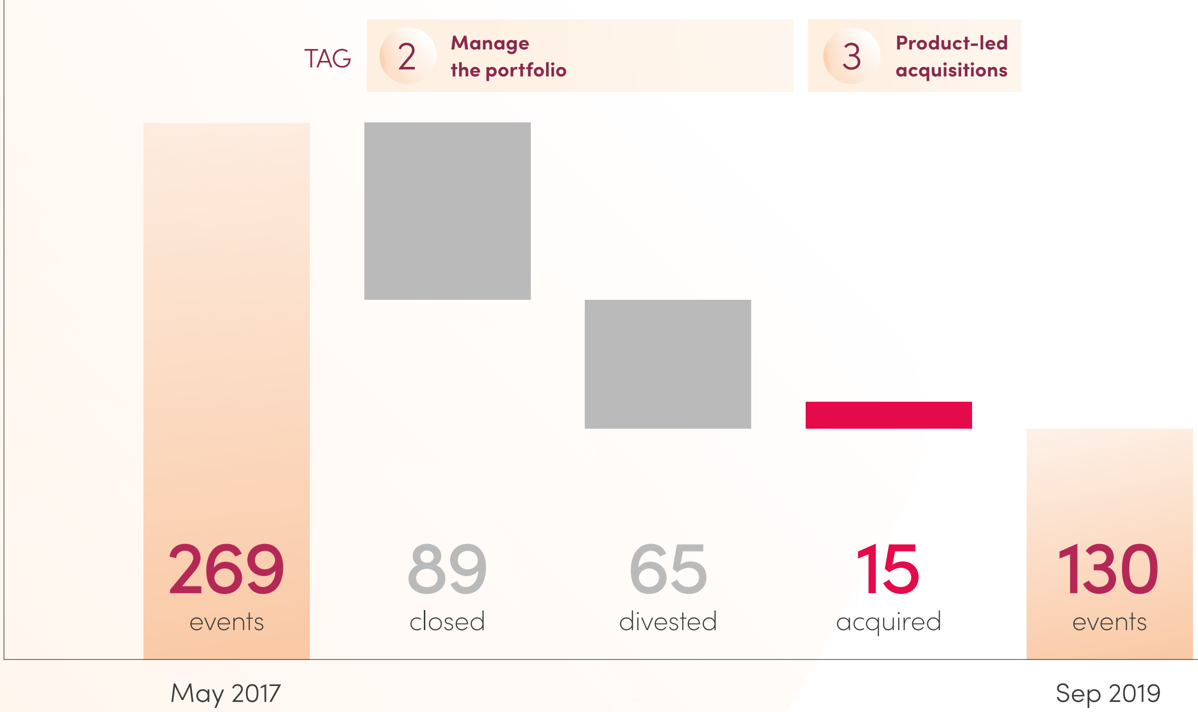
Focus on must-attend events

Over the course of the TAG programme, we have halved the number of events in our portfolio, while tripling revenue per event

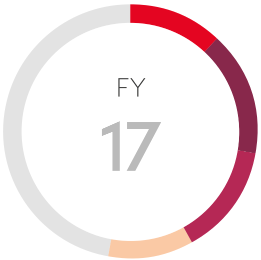
-52%
reduction in number of events since May 2017

+64%
growth in revenue since May 2017

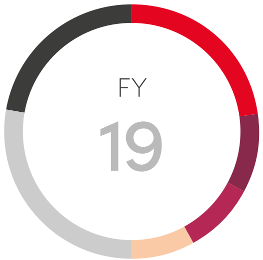
+240%
growth in revenue per event since May 2017



Revenue by division

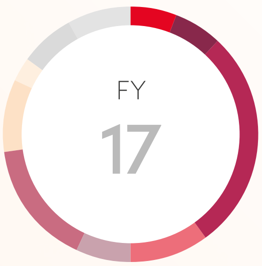


Global brands	12%
Asia	16%
Central Asia	14%
Eastern & Southern Europe	11%
Russia	47%
UK	0%

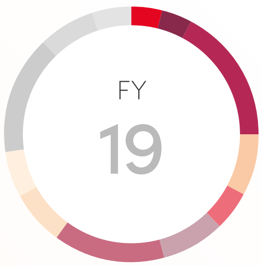


Global brands	23%
Asia	10%
Central Asia	9%
Eastern & Southern Europe	8%
Russia	28%
UK	22%

Revenue by sector



Advanced Technologies	6%
Beauty & Healthcare	6%
Build & Interiors	28%
Education Technology	0%
Energy	10%
Fashion	7%
Food & Packaging	16%
Manufacturing Industrial Technology	9%
Other	3%
Retail	0%
Transport & Logistics	7%
Travel & Tourism	8%



Advanced Technologies	4%
Beauty & Healthcare	4%
Build & Interiors	17%
Education Technology	8%
Energy	5%
Fashion	8%
Food & Packaging	14%
Manufacturing Industrial Technology	7%
Other	6%
Retail	15%
Transport & Logistics	7%
Travel & Tourism	5%

A new era

After almost three years of intensive work and investment, we have fundamentally transformed the business and returned the Group to sustainable growth.

We have changed ...

Now	Then
A **global** presence	A purely emerging-markets focus
A **centralised** operating model	A decentralised federal organisation
A **premium product** business	A geographic market-led company
A **broad portfolio** of **market-leading** events	A portfolio of mixed quality

Finalising the TAG programme

As we approach the end of TAG, the primary milestone remaining, which we will be implementing over the course of the next year, is the roll-out of global ERP software across our finance function. This will give us more intelligent and accurate management information, on a timelier basis, allowing us to have an improved global view and make more informed decisions.

Near term future

We will remain focused on market-leading events, with our new, centralised operating model being applied and continuously driving innovation and growth. This will be underpinned by our performance-led culture and our newly launched values. Completing our transformation will be just the beginning and driving sustainable growth will become our ongoing strategic focus.

We will continue to prioritise product-led acquisitions that will benefit from the scalable platform we have created. Throughout the TAG programme, we have been building a pipeline of potential opportunities of singular market-leading events. We will analyse that pipeline and actively look for future acquisitions which meet the strict criteria we outlined under the TAG programme. As we make acquisitions, it will allow us to further optimise the portfolio, which we hope will help us achieve our vision of creating the world's leading portfolio of content-driven must-attend events delivering an outstanding experience and return on investment for our customers.

Seizing the opportunity to grow customer market share

As we enter FY20, the world is experiencing a number of headwinds. Geopolitical instability, US/China trade tensions, Brexit uncertainty and fears of a global recession all have the potential to impact customers next year. However, we remain confident in the outlook for Hyve in FY20.

Through the TAG programme, we now have invested in our business, which means we have a much stronger and more diversified portfolio and therefore enter a new financial year in a better position than ever before. During economic downturns, there has historically been a flight to quality, which in our marketplace means a flight to market-leading events. As a result, we see the potential headwinds as an opportunity to increase our customer market share.

Thanks to the progress we have made throughout the TAG programme, plus the visibility we have as a result of our forward bookings, we are confident in our outlook for 2020.

Values to inspire our people

This year, to coincide with our transformation and subsequent rebrand, we launched a set of company values to guide how we will work in the future and contribute to our culture.

Uniquely Hyve

Our values are uniquely Hyve. To help people to understand and embody them, we also published supporting behaviours to guide people when working with people both inside and outside the company.

Inside Hyve, we ...	Outside Hyve, we ...
Brilliant work	
• Work to the highest standards, bringing out the best in ourselves and in each other. • Actively collaborate and celebrate success.	• Set industry benchmarks. • Deliver exceptional quality, service and results every time.
Rich connections	
• Connect with the wealth of talent inside the business, valuing every contribution. • Care about the consequences of our actions.	• Connect our customers and communities in powerful ways. • Make a meaningful impact on their businesses, building lasting relationships.
Fresh thinking	
• Embrace change, always looking for a better way. • Seize every opportunity to try new things, gain new experience and learn new skills.	• Are always relevant, restless in pursuit of the next big thing. • Anticipate new challenges and possibilities before our competitors.
Collective buzz	
• Love what we do, working with energy and pace. • Each play our part in making this a great place to work.	• Treat every show and touchpoint with equal passion. • Inspire people with our enthusiasm and creativity.

Crowd sourced

Our ambition is to have values that are authentic, relatable and describe the essence of who we are. We created a values squad, made up of our own people from around our international office network, to canvas the opinions of our global team and use that feedback to guide the creation of our values.

They led a series of focus groups and one-to-one interviews, where we listened to hundreds of opinions from around the business. Those were then distilled into a trial set of values, road-tested by our leadership team over several weeks and then refined based on their feedback.

Embedding the values

The values were launched at our Hyve brand unveiling event in September. Since then, we have facilitated a 'Big Conversation', working our way around each of our offices, to understand from all of our people what it takes to make our values real, every day. At our Leadership and Momentum conferences, we explored the vital role of our leaders in bringing them to life and supporting their teams to deliver for one another, as well as our customers, suppliers and partners. We have also launched a recognition scheme linked to our values.

The future

Our values are already starting to feel like a key part of our culture. Our aspirations for them are that they guide how we work – both with colleagues and external stakeholders – and help us to make the best decisions that support our vision.

We are already seeing examples of these values enriching our culture and they are helping teams to refine and enhance their own strategies as we start 2020. We hope that the values will continue to be enthusiastically adopted by our people, support us as we build our culture of success and help to unite us as one global team.

We're making Hyve a great place to work

We are a people business and as such we have professional, motivated and talented teams. They care deeply about our events and work hard for our customers. We are setting the benchmark for our industry, forming a culture centred on best practice and creating market-leading, content-driven events.

We want to create a culture of success that drives strong, sustainable business growth where we aim high and reward excellence. This is an environment in which we all can thrive and benefit from opportunities to develop the skills we need to succeed and further our careers.

Our approach is all about best practice and, to achieve that, we need brilliant people to design, implement and continuously improve our ways of working and our customers' experiences.

Our new performance and reward frameworks

We believe in managing performance every day through frequent, open and honest conversations. We will create a culture of success, in which all of us are able to achieve our best, when we:

- Are clear about what we are here to do and how we fit into making the business a continued success;
- Know what is expected of us;
- Understand what we are doing well and less well so we have the chance to improve, develop and grow for the future; and
- Understand how the quality of our work impacts our rewards.

Our new performance framework, which we rolled out this year to 1,200 people globally, is designed to support these beliefs and build a consistent best practice approach. It is an ongoing process that enables individuals to be clear about what is expected of them, how they are performing against those expectations and how their work supports our overall business goals.

We have linked our new reward structure to the performance management framework, ensuring that our people are incentivised and rewarded for achieving their stretching objectives.

Recognition

We love to recognise and reward our people. In addition to the benefits available globally to Hyve colleagues, we also offer some of the most innovative recognition schemes in the industry. Hyve Elite is a global programme we designed to recognise and reward elite performers across the whole company.

Each quarter we invite our top performers to exclusive events, where they celebrate their success together and take part in some truly extraordinary experiences.

"**I am always excited when the latest Hyve Elite winners are announced.** I've been fortunate to win Hyve Elite three times now and each experience has been breath-taking, world-class and totally unique. Knowing that I could win Hyve Elite again is highly motivating and I know my colleagues around me feel the same."

Johnson Obembe
Senior Sales Manager

Communication and listening to our employees' voices

As a global business that strives to work in one globally consistent way, communication plays a huge role in our success. To make sure that our people have the same information, irrespective of where they are in the world, we have a busy calendar of events and ongoing communication activity:

- We start the new business year with our Leadership Summit for senior leaders and Momentum Conference for the wider leadership team. This is an opportunity for us to engage our leaders on our strategy and priorities for the year ahead, boost energy and morale and provide a place for people to connect and learn;
- We host global webinars with our Chief Executive Officer and Chief Financial Officer, where they update our people on business performance, offering an open forum to ask questions;
- We host head office and divisional town hall events throughout the year, which are led by the divisional or regional director;
- There are a number of listening forums including CEO breakfasts and our 11@11 series with our Chief People Officer, Corina Holmes, which give our people the chance to share their opinions and ask questions;
- We welcome all our new joiners with a new starter breakfast in each of our regions and there are lots of social events and opportunities for our teams to network throughout the year; and
- This is all in addition to regular email and intranet updates where we share stories of success from around our global network.

Training and development

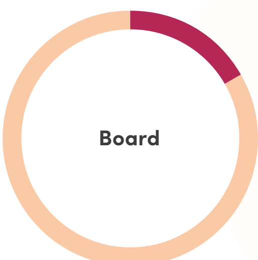
We are committed to creating a learning environment which encompasses formal and informal development opportunities. In addition to our global leadership and management training programmes, we also have an extensive sales training programme, have strong technical and functional training and host multiple lunch and learn sessions every month.

Gender diversity

The senior team recognises the importance of diversity among employees and is committed to ensuring that employees are selected and promoted on the basis of ability and attitude, regardless of age, gender, race, religion, sexual orientation, disability or social background.

Our aspiration is to have the best talent. This year, we have continued to increase the percentage of senior female leaders by 4.3%.

The gender split across Hyve as at 30 September 2019 is illustrated below:



Female	1
Male	5

Female	24
Male	32

Female	731
Male	514

1 Senior management refers to anyone with responsibility for planning, directing or controlling the activities of the Group, or a strategically significant part of the Company.

Managing our key risks

The Group has established risk management processes for identifying and monitoring risks and uncertainties affecting the Group. The principal risks facing Hyve are reviewed regularly by both the Risk Committee and the Board, which confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that could threaten its business model, future performance, solvency and liquidity.

The risks described below represent those that we consider have the potential for the greatest impact on our ability to meet our strategic objectives. In addition to the risks below, inadequate business continuity planning and risk management, share dealing with price-sensitive information, inadequate insurance and the risk of natural disaster or a terrorist attack are regularly discussed by the Risk Committee and Board. These have not been presented in the list of principal risks and uncertainties below as they are considered pervasive risks that are not Hyve-specific and would be risk for the majority of listed groups.

In addition to the principal risks and uncertainties set out below, the Group considers a range of other risks, including climate change. While not considered a principal risk, severe weather events are recognised as a factor in the venue unavailability risk described below. The Group continues to monitor ways in which we can limit our impact on the environment throughout our operating model. Hyve's impact on the environment is considered to be relatively low and primarily relates to energy consumption at our offices and events, business travel to and from our events and the use of non-sustainable materials at our events, all of which we are taking proactive steps to minimise.

Risk	Potential impact	Updates during the year	Mitigation	Change in risk rating from prior year
Political and economic instability	Political and economic volatility that makes it difficult for Hyve to continue operating in a country could have a damaging financial effect in terms of lost revenue and lead to reputational damage and dissatisfied customers. An economic downturn or period of uncertainty could reduce demand for exhibition space, which would, in turn, reduce the profitability of our events. Since the EU referendum on 23 June 2016, there continues to be some uncertainty in the UK regarding the nature of Brexit and what this will mean for business and the economy.	The likelihood of this risk was increased due to the uncertainty around Brexit and other global geopolitical issues in other core markets such as Turkey. A number of events in Russian regions outside Moscow and Azerbaijan were closed or divested, reducing our exposure to more volatile markets.	Over recent years, we have diversified our business geographically through expansion into new regions and markets to reduce our exposure to a single country's or region's instability. We operate across a wide range of sectors and countries to minimise our exposure to any single industry sector. The nature of our business cycle is such that with revenues largely generated in advance of the costs we incur, we can react to periods of economic instability to protect the profitability of our exhibitions. Through strong relationships with venues and staff, we have a relatively flexible cost structure, allowing us to manage our event margins in the short and medium term. The Group regularly monitors the potential implications of continued Brexit uncertainty and maintains regular dialogue with our customers and suppliers to ensure that the financial impact on our business is kept to a minimum.	↑

Risk	Potential impact	Updates during the year	Mitigation	Change in risk rating from prior year
Repatriation of profits from subsidiaries	The Group operates in a number of countries with complex local requirements surrounding overseas payments. There is a risk of cash being 'trapped' in subsidiaries, resulting in liquidity problems within the Group. This would also expose us to the risk of jurisdictions materially increasing the withholding tax rate on the payment of dividends.	During the year, a transfer pricing project was conducted and a new franchise fee model introduced.	Overseas cash balances are monitored on a weekly basis by Group management and cash transferred whenever the opportunity arises. The Group has well-established payment mechanisms to repatriate cash from its subsidiaries.	↔
Breach of anti-bribery laws or similar	Should an employee or other associated party commit a bribery offence or contravene other similar laws, the Group could potentially be exposed to financial sanctions, reputational damage, exclusion from bidding for public sector contracts in the EU and a reduction in share price. High profile offences could be considered a breach of facilities agreements, entitling lenders to call for early repayment of loans.	A Compliance Officer was appointed and a review of all existing policies, including a gap analysis, carried out. The Compliance Officer visited a number of our markets during the year to conduct compliance audits and to deliver training.	Staff are instructed to adhere to the Group's unambiguous policies on business ethics that are freely available on the intranet. These cover subjects such as anti-bribery and gifts and entertainment. Additionally, individual business units are required to record and obtain approval for certain expenditure. The Group's Internal Audit function is outsourced to PwC which performs periodic checks of compliance with record-keeping obligations and general awareness among staff of these policies.	↔
Breach of sanctions or sanctions extensions	Should an individual representing the Group trade with a restricted party or sector in a country to which sanctions apply, and in contravention of these sanctions, this could expose the Group to risks, including financial fines, reputational damage and a reduction in share price. It could potentially be considered a breach of a facilities agreement, entitling lenders to call for early repayment of loans. Any extension of international sanctions regimes could reduce the volume of business the Group is able to transact.	A Compliance Officer was appointed, as reported above. Regular monitoring of the global sanctions framework is undertaken by the Compliance Officer. Our new Customer Relationship Management (CRM) system is used to automatically flag sanctioned markets for approval by the Compliance Officer and we also make use of an external risk portal to check sanctions lists.	Our most exposed market is Russia, which could be subject to wider sanctions from the US. Accordingly, we take measures to ensure that our dealings with Russian counterparts do not breach these sanctions.	↔
Breach of health and safety regulations	A breach of regulations or policy during build-up or while an event is running could lead to personal injury. This could result in financial loss due to sanctions such as fines and damages, lost revenue through customer attrition and reputational damage from negative press coverage. There could also be damaging effects on staff morale, together with the risk of personal liability for Directors. Our risk exposure may be greater when such a breach involves a joint venture or subsidiary that is not wholly-owned by us as we may not be able to exercise full operational control.	A new Health, Safety & Security Policy has been embedded across the business, ensuring event-level Major Incident Management Plans have been put in place event by event. Venue Health & Safety and Security audits have been conducted across our core markets and strategies agreed. Over 1,100 hours of H&S training across our Operations teams and senior leadership have been conducted. All our joint venture (JV) partners have been issued with our new policies.	We recognise our reliance on the venues and contractors we use and we seek to ensure such third parties adhere to our own health and safety policies, where practical, and to local regulations. In addition, a number of new policies and practices are in place and appropriate training is regularly conducted. Regional management is held accountable for health and safety standards in their regions.	↔

Risk	Potential impact	Updates during the year	Mitigation	Change in risk rating from prior year
Cyber-attack causing systems to fail or leading to data loss	The inability to protect our IT systems or infrastructure against a targeted cyber-attack could reduce our ability to make sales, damage our reputation and harm customer relationships. The same applies if Internet restrictions are applied by the governments of any of the markets in which we operate. A complete loss of connectivity would potentially halt business operations. Any data loss could expose the Group to fines, while a systems breach could make us vulnerable to a ransomware attack.	A cyber email campaign was conducted and Cyren web proxy bypass implemented in all core markets.	A programme of defensive measures is in place to reduce the risk of cyber-attack. This includes regular system penetration testing across the organisation, firewalls to protect computer networks, advanced endpoint protection for email-based links and data backups for our major offices. The Group implements solutions provided by large and trusted providers e.g. Microsoft.	↓
Acquisition integration	Integration issues and a failure to realise planned operational and synergistic benefits are a risk to delivering the expected returns on our investments.		The Group has established formal investment decision criteria to identify suitable earnings-enhancing acquisition targets and we employ experienced professionals to drive the acquisition process and perform financial, tax, legal and commercial due diligence. Post-acquisition plans are prepared to ensure businesses are effectively integrated into the Group and the planned synergies are realised.	↔
Effective control over non-wholly-owned entities	Day to day, management and control of non-wholly-owned entities is often in the hands of local management, which may also be shareholders. The venture may not be run in a manner fully consistent with Hyve's policies.		We incorporate controls in the shareholder agreement or equivalent governing documents and have in place a Group authority matrix.	↔
Venue unavailability	Damage to or unavailability of a venue could lead to event cancellation, impacting the Group's short-term trading position. This could occur due to, among other things, severe weather events, natural disaster, terrorism or disputes with venue owners.	Cancellation insurance was extended to our top 20 events. Major Incident Management Plans were rolled out in our core markets.	We carry business interruption insurance policies that protect profits on our largest fully-owned events.	↔
Breach of GDPR regulations	The need to comply with data protection legislation could affect the Group in a number of ways, including making it more difficult to grow and maintain marketing data and also through potential litigation relating to any misuse of personal data. A breach arising from inadequate controls over customer, visitor or employee data could result in sizeable fines and reputational damage arising from negative press coverage.	Our standard terms and conditions, together with other commercial contracts, have been updated to include appropriate GDPR clauses.	The Group prepared for GDPR by completing a data processing register and producing GDPR compliance policies, FAQs and recommendations for the business in Europe.	↔

The risks below were key risks in FY18, but mitigation carried out in FY19 means they are no longer considered to be principal risks as at 30 September 2019.

Risk	Potential impact	Updates during the year	Mitigation	Change in risk rating from prior year
Liquidity risk	Cash may be held in low-rated banks and there is a risk of potential misappropriation of funds.	Impact rating was reduced due to a new Treasury Policy and guidance on use of banks with which the Group trades.	We have basic cash management controls in most markets. We are in the process of transferring local banking relationships to our Group debt providers – in Russia and Ukraine this is now complete. Where local low-rated banks are used for trade, we actively transfer balances to our international provider accounts held locally in core markets. Business Plans are submitted by JV partners and schedules of up-and-coming spend are shared to gain greater visibility of business operations.	↓
Performance metrics out of alignment	If performance metrics for either bonus schemes or long-term incentive plans are considered unachievable, they will not act as an incentive, but will instead potentially demotivate employees. Conversely, performance metrics deemed by investors as being too easily achievable may result in shareholders voting against the Directors' remuneration report. Both these outcomes could result in negative publicity.	A revised remuneration policy was approved by the shareholders at the AGM in January 2019.	An annual review by the Remuneration Committee ensures that targets are stretching, but achievable. This is supplemented by ad hoc reviews as necessary. The Chair of the Remuneration Committee has also been consulting with major shareholders to ensure the Remuneration Policy is aligned with investor expectations.	↓

Sustainable revenue growth at improved profit margins

Headline operating profit margin has increased by three percentage points to 25%. We also achieved revenue growth for the third consecutive year and a return to statutory profit before tax.

"**We are reporting a positive trading performance for the year,** with strong like-for-like revenue growth and even stronger like-for-like headline profit growth, driven by the benefits of the TAG programme."

Andrew Beach
Chief Financial Officer

Revenue

Revenue for the year was £220.7m (2018: £175.7m), up 7% on a like-for-like basis. This growth has been achieved despite headwinds in a number of the Group's markets and demonstrates the benefits of establishing a strong portfolio of market-leading events. Deferred income has increased to £80.0m (2018: £77.6m), despite having disposed of a number of events in Russia and Azerbaijan and closed our Siberian business, but after adding Mining Indaba to the portfolio. On a like-for-like basis, forward bookings at 30 September 2019 were up 4%.

Profit before tax

The Group reported a profit before tax of £8.7m (2018: loss before tax of £3.7m), after including adjusting items of £41.7m (2018: £39.1m). The return to a statutory profit before tax is attributable to the acquisitions of Ascential Events and Mining Indaba in 2018 combined with strong underlying trading growth. Share of results of associates and joint ventures have increased to £6.4m (2018: £5.9m), following strong performance from the Chinacoat event, operated by our joint venture, Sinostar, and the stronger biennial year for our Russian joint venture, ITE MF.

Headline profit before tax is an alternative performance measure used by the Group to measure underlying trading performance. After excluding adjusting items, headline profit before tax was £50.4m (2018: £35.4m). On a like-for-like basis, headline profit before tax has grown by 16%, building on the growth achieved in the previous year, and is significantly ahead of the rate of like-for-like revenue growth.

Earnings per share

Basic and diluted EPS were 0.4p (2018: (1.6)p). The Group achieved headline diluted EPS of 4.9p (2018: 4.9p). Headline diluted EPS is unchanged despite significant profit growth year-on-year as a result of the full-year impact of the higher number of shares in issue following the rights issue to fund the Ascential Events acquisition in July 2018.

Cash flow

Cash conversion[1] for the year was 94% (2018: 113%). The reduction reflects slower cash conversion at the acquired Ascential Events business compounded by Brexit uncertainty, which is causing some customers to withhold cash payments until later in the cycle, closer to the event dates. Action has been taken to improve cash conversion towards the end of the year which has had a positive impact and this will remain an ongoing area of focus in 2020, particularly while we face increased global macroeconomic pressures. Despite lower cash conversion, due to the Group's business model concerns over recoverability are limited.

Net debt at the year-end has increased to £111.7m (30 September 2018: £82.7m) primarily as a result of additional drawn debt to fund the acquisition of the Mining Indaba event from Euromoney in October 2018 (total upfront consideration of £20.0m and deferred consideration paid in the year of £8.7m), and £2.6m of deferred consideration paid to Ascential plc. Excluding the net impact of acquisitions and disposals, cash flow from operations was sufficient to cover the Group's dividends, tax paid and the TAG costs incurred in the period.

At 30 September 2019, £146.2m of a total available £160.0m was drawn on the Group's banking facility. Bank loans presented in the Statement of Financial Position are £144.7m, net of £1.5m of capitalised borrowing costs.

Overview

- Revenue growth of 7% on a like-for-like basis
- Double-digit headline profit before tax growth for the second consecutive year
- Return to statutory profit before tax of £8.7m (2018: loss of £3.7m)
- Headline diluted EPS unchanged at 4.9p despite a 48% increase in the weighted average number of shares in issue
- Net debt at £111.7m, increasing by £29.0m from 30 September 2018 primarily due to acquisitions, including associated integration costs and TAG investment

1 In accordance with the Guidelines on alternative performance measures (APMs) issued by the European Securities and Markets Authority, additional information is provided on APMs used by the Group in the Glossary. In the reporting of financial information, the Group uses certain measures that are not required under IFRS. These additional measures provide additional information on the performance of the business and trends to stakeholders and are defined in the Glossary.

Headline reconciliation

In addition to the statutory results, headline results are presented, which are the statutory results after excluding a number of adjusting items, as the Board considers this to be the most appropriate way to measure the Group's performance. In addition to providing a more comparable set of results year-on-year, this is also in line with similar adjusted measures used by our peer companies and therefore facilitates comparison across the industry.

The adjusting items presented are consistent with those disclosed in the previous year. The adjusting items have been presented separately in order to report what the Board considers to be the most appropriate measure of underlying performance of the Group and to provide additional information to users of the annual report.

Reconciliation of headline profit before tax to statutory profit/(loss) before tax:

£m	2019	2018	
Headline profit before tax	**50.4**	35.4	
Operating items			
Amortisation of acquired intangible assets	**24.1**	13.6	**Definition** • Amortisation charge in respect of intangible assets acquired through business combinations. **Explanation** • The charge has increased significantly in the period, as a result of the amortisation of the intangible assets recognised following the Ascential Events acquisition in July 2018 and the Mining Indaba acquisition in October 2018. **Why adjusted?** • To present the profitability of the business such that performance can be appraised consistently, whether from organic growth or through acquisition, and irrespective of whether or not acquired intangible assets have subsequently become fully amortised.
Impairment of assets	**–**	7.5	**Definition** • Write-down of assets to fair value, where indicators of impairment have existed or following the completion of the annual impairment review. **Explanation** • No impairment charges have been recognised in the year. • In the prior year, an impairment charge of £5.6m was recognised in respect of our Turkey cash generating unit, due to the adverse macro economic and geopolitical climate in the country, which affected our long-term outlook for the region. • In the prior year, an impairment charge of £1.9m was also recognised in relation to a rental deposit paid in advance in respect of future years' rent for use of a venue in Siberia, following the termination notice served by the Group to the venue owner which rendered the prepayment irrecoverable. **Why adjusted?** • To exclude non-cash write-offs specific to circumstances that arose either in the current year or based on future performance expectations. These are often inconsistent in origin and amount year-on-year and therefore the business performance is more comparable year-on-year without these charges.
Derecognition of goodwill on cessation of trading	**–**	2.2	**Definition** • Derecognition of goodwill following the closure of the part of the business to which the goodwill related. **Explanation** • The comparative period results included the derecognition of £2.2m of goodwill in respect of our UK publishing business following the cessation of trading of RAS Publishing. **Why adjusted?** • To exclude non-cash write-offs specific to a part of the business that is no longer operational, the results of which will not be included within future periods.

Headline reconciliation continued

£m	2019	2018	
Loss/(gain) on disposal	**3.2**	(2.9)	**Definition** • The gain or loss recognised following the disposal of part of the business, represented by the difference between the fair value of proceeds received net of related selling expenses and the disposed of net assets. **Explanation** • On 3 October 2018, the Group completed the disposal of ITE Expo LLC, the operating company for 56 of the Group's non-core, regionally focused, smaller events in Russia. When discounted, the fair value of the consideration receivable was £4.1m at disposal, and a loss on disposal of £1.4m was recognised. • During the year, the Group also completed a number of smaller disposals within the Central Asia region and a Polish associate, with combined net assets of £1.3m. The Group received combined consideration of £0.6m, resulting in a loss on disposal of £1.6m being recognised, after the reclassification of cumulative exchange differences of £0.4m previously recognised in other comprehensive income and costs to sell of £0.5m. • In the prior year, the Group disposed of its investment in TradeLink, the owner of Metaltech, the metalworking exhibition in Malaysia, for £4.9m, and a gain on disposal of £3.1m was recognised in relation to this. The Group also disposed of its 75% stake in ECMI ITE Asia Sdn. Bhd (ECMI) for £2.7m resulting in a £0.1m loss on disposal. **Why adjusted?** • To exclude the non-recurring profit/loss from a disposal completed during the year, from which no future profit or loss will be recognised. This increases the comparability of the results year-on-year.
Transaction costs on completed, pending or aborted acquisitions and disposals	**1.4**	8.0	**Definition** • Costs incurred that are directly attributable to acquisitions or disposals, whether completed, still being actively pursued or no longer being considered. **Explanation** • Transaction costs on completed and pending acquisitions and disposals relate principally to costs incurred on the acquisition of the Mining Indaba event. The most significant of these costs are professional and consultancy fees incurred in relation to the due diligence and legal procedures necessary for the completion of the deal. • In the prior year, the costs incurred related principally to the acquisition of the Ascential Events business. **Why adjusted?** • While transaction costs are typically incurred each year due to the acquisitive nature of the industry and the Group's focus on actively managing the existing portfolio of events while making selective product-led acquisitions, the costs incurred are not consistent year-on-year, fluctuating significantly based on the number and size of deals. Costs incurred in relation to an acquisition, while often commensurate to the size of the business being acquired, are more closely connected to the consideration payments than the performance of the business in the period. Similarly, costs incurred in relation to a disposal are linked to disposal transaction more than the underlying performance of the business in the year. Excluding the costs increases comparability of performance each year.

Headline reconciliation continued

£m	2019	2018	
Integration costs			**Definition** • Costs incurred following the completion of an acquisition to integrate the acquired business within the Hyve Group, including costs incurred that are necessary to enable the Group to realise synergy savings post-acquisition. **Explanation** • Costs of £5.3m have been incurred, primarily in relation to the integration of the Ascential Events business, but also, to a lesser extent, in relation to the integration of Mining Indaba. The costs incurred relate to IT systems integration (CRM, finance and HR systems and network integration), talent unification (organisational structure changes, culture alignment, portfolio integration and harmonisation of commission schemes) and commercial continuity (office move, legal fees and the staff and consultancy costs directly associated with the integration programme). • Costs of £1.5m have also been incurred in order to realise the synergy opportunities presented by the acquisitions. The costs include payments to staff who were working in specific roles for a limited period only (either to assist with the transition onto Hyve IT systems, the introduction of Hyve's ways of working or to oversee the merger of legacy and acquired teams) and to sales staff who received increased commission payments (either as a result of one-off schemes introduced to motivate staff at a critical time while there was uncertainty around restructuring decisions or through schemes set pre-acquisition that could not be harmonised with Hyve's until the end of the current edition event cycle). **Why adjusted?** • To exclude costs that are often, for a limited period, either duplicated, higher than ordinarily would be incurred or introduced to ensure consistency of operations, systems, practices, culture and reward to the extent that these costs are not expected to be a reflection of the ongoing costs of the Group and therefore their inclusion could distort comparability with future years' results.
– Integration costs	**5.3**	1.9	
– Costs to realise synergies	**1.5**	0.8	
Restructuring costs			**Definition** • Costs incurred following the completion of an acquisition to integrate the acquired business within the Hyve Group, including costs incurred that are necessary to enable the Group to realise synergy savings post-acquisition. **Explanation** • Restructuring costs include £2.9m (2018: £5.4m) of costs incurred in transforming the business, as a result of TAG. The costs presented in respect of TAG in the current year primarily relate to IT and system costs as part of the technology transformation, costs associated with the rebrand to Hyve and the launch of value-based pricing. In the comparative period, costs relate principally to implementing the Group's new strategy, developing and rolling out best practice blueprints, establishing the 'Hyve way' to increase the scalability of our platform and launching our event best practice initiatives. • Note that costs of £8.0m (2018: £7.3m) that have been incurred as a result of the TAG programme that are expected to remain as part of the Group's new operating model post-transformation are not presented as adjusting items and are therefore included within underlying results. • Other restructuring costs of £1.4m (£2.2m) have been incurred in connection with the new strategic direction of the Group, the focus on our Core events, and particularly in respect of the active management of the Group's portfolio of events. £1.3m of costs have been incurred in relation to the shutdown of the Siberian business. The majority of the costs incurred are, principally in respect of legal fees and the venue litigation settlement payment following a legal claim made by the owner of the venue previously used in Siberia, the early termination of office space and some directly related staff and consultancy costs. • Primarily in the prior year, other restructuring costs related to redundancy and severance costs that incurred in relation to the active management of the Group's portfolio of events and the focus on our core events and the accelerated non-cash amortisation charge on the refinancing of our external debt during the year to part-fund elements of the TAG programme. **Why adjusted?** • The one-off costs incurred in respect of the TAG programme, up to £20m over the three years from announcement in May 2017, are presented as adjusting items. The costs are attributable to professionalising and centralising the business and designing and implementing the Group's strategy. All ongoing costs introduced as a result of the TAG programme are not presented within adjusting items.
– TAG	**2.8**	5.4	
– Other	**1.4**	2.2	

Headline reconciliation continued

£m	2019	2018	
Tax on income from associates and joint ventures	**1.9**	1.6	**Definition** • The tax charge in respect of the share of profits recognised from associates and joint ventures. **Explanation** • The tax charge in the period is directly linked to the share of profits recognised, primarily from joint ventures in the year. The increase to £1.9m (2018: £1.6m) follows strong performance from Sinostar and the stronger biennial year of ITE MF. **Why adjusted?** • Statutory reported profits from associates and joint ventures are presented post-tax. In order to present a measure of profit before tax for the Group that is purely pre-tax, the tax on associate and joint venture profits is added back. Instead it is included in the headline post-tax measure of profit and therefore is applied consistently with the statutory measure of post-tax profit.
Financing items			
Revaluation of liabilities on completed acquisitions	**0.1**	(1.2)	**Definition** • The revaluation of future earn-out payments in respect of completed acquisitions recognised through profit and loss. **Explanation** • A number of the Group's acquisitions completed in recent years have future earn-out commitments, either through deferred or contingent consideration payments or through equity option liabilities to increase our current shareholdings. These are held on balance sheet at fair value and therefore change based on the latest foreign exchange rates, the proximity of the settlement date and the latest expectation of the settlement value. • Revaluation of assets and liabilities on completed acquisitions and disposals include the losses from the revaluation of our equity options over non-controlling interests in our subsidiaries (charge of £1.2m), principally in relation to the remaining 40% interest in ABEC, the 2015 acquisition of the Indian exhibitions company including the Acetech portfolio, the imputed interest credit on the unwinding of the discount on the Group's deferred consideration receivable in relation to the disposal of ITE Expo LLC (credit of £0.9m), and a gain on the revaluation of the ITE Expo LLC deferred consideration (credit of £0.2m). **Why adjusted?** • As with transaction costs, in order to present results excluding deal-related costs that fluctuate year-to-year. While the costs vary based on the latest expectations of future consideration payments, often linked to performance, the outflows themselves are reflective of the cost of the acquisition rather than performance of the business in the year. Excluding the costs therefore aids comparability of the Group's performance year-on-year.
Profit/(loss) before tax	**8.7**	(3.7)	

Consolidated Income Statement

£m	2019	2018	Highlights
Revenue	**220.7**	175.7	• Revenue increased by £45.0m due to the full year impact of the Ascential Events portfolio, the Mining Indaba event acquisition and strong underlying trading, partially offset by the impact of the disposal of 56 non-core events in the Russian regions and the closure of our Siberian operations. • Foreign exchange rates in the year have resulted in revenues being £2.3m lower than they would have been if revenue had been recognised at the previous year's exchange rates.
Cost of sales	**133.3**	107.6	• Cost of sales increased by £25.7m following the Group's acquisition and divestment activity and increased event expenditure to improve the quality of our events. • Gross profit margin increased to 40% (2018: 39%) despite the considerable investment in the Group's events.
Administrative expenses	**79.4**	78.7	• Headline administrative expenses have remained consistent year-on-year at £39.7m (2018: £40.0m) with the impact of the acquisitions largely offset by related synergy savings. • Adjusting items of £39.7m (2018: £38.7m) are included in administrative expenses.
Other income	**0.9**	0.9	• Other income relates primarily to rental income from sub-leasing unused office space, management fees from joint ventures and a government incentive received for good corporate behaviour in China.
Foreign exchange (loss)/gain on operating activities	**(1.1)**	2.2	• See the Foreign exchange section on page 46 for further details.
Share of results of associates and joint ventures	**6.4**	5.9	• Share of results of associates and joint ventures have increased to £6.4m (2018: £5.9m), following strong performance from the Chinacoat event in Guangzhou, operated by our joint venture, Sinostar, and the stronger biennial year for our Russian joint venture, ITE MF.
Net finance costs	**5.5**	2.1	• Statutory net finance costs are £5.5m (2018: £2.1m). On a headline basis, after excluding the revaluations relating to liabilities on completed acquisitions, net finance costs are £5.4m (2018: £3.3m). • These represent the interest cost on the Group's borrowings of £5.0m (2018: £2.8m) and bank charges of £1.4m (2018: £1.1m), net of interest income of £1.0m (2018: £0.6m). • The higher interest costs reflect the increased level of debt since July 2018, to part-fund the Ascential Events acquisition, and since October 2018, to fund the Mining Indaba acquisition.
Comprising:			
– Investment revenue	**2.3**	3.6	
– Finance costs	**7.8**	5.7	
Tax	**4.6**	3.0	• A tax charge of £4.6m (2018: £3.0m) was recognised in the year. The increased tax charge reflects the higher profits generated in the year. • The headline tax charge for the period was £13.1m (2018: £9.7m), equating to a headline effective tax rate of 26.1% (2018: 27.4%). • Tax on associate and joint venture profits, which is presented within the share of profit from associates and joint ventures, was £1.9m (2018: £1.6m), reflecting the higher level of joint venture profits discussed above.
NCI	**1.0**	1.4	• NCI profits for the year were £1.0m (2018: £1.4m), down £0.4m. Our 60% owned subsidiary in India, ABEC, has faced short-term venue space constraints in Delhi causing our Acetech Delhi event to decrease in size during the year, suppressing profits.

Consolidated Statement of Financial Position

£m	2019	2018	Highlights
Goodwill and other intangible assets	**480.6**	469.1	• Goodwill and intangible assets increased during the year due primarily to the acquisition of Mining Indaba, which added £31.5m to the balance and the retranslation of overseas balances to sterling at year-end exchange rates. This was partially offset by the annual amortisation charge in respect of the other intangible assets of £25.3m. The other intangible assets balance represents acquired customer relationships, trademarks and licences, visitor databases and computer software.
Interests in associates and joint ventures	**43.4**	43.3	• Interest in associates and joint ventures has remained largely consistent year-on-year, with the receipt of dividends from our joint ventures largely offset by strong profitability from the Sinostar and ITE MF joint ventures.
Other non-current assets	**18.0**	17.6	• Other non-current assets have increased as a result of capital expenditure as part of the TAG programme, primarily in relation to building fit-for-purpose IT infrastructure and systems to help create a scalable platform for growth, offset by the annual depreciation charge. • Other non-current assets also includes £3.8m of deferred consideration receivable from the sale of ITE Expo LLC and £8.5m in respect of deferred tax assets, primarily in relation to brought-forward tax losses available for offset against future taxable profits.
Trade receivables	**36.0**	34.7	• Trade receivables have been restated in the comparative period following the adoption of IFRS 15 Revenue from Contracts with Customers. Refer to note 1 to the financial statements of the Group for further details. • Trade receivables increased compared with the prior year as a result of the increased forward bookings for 2020 events as the Group's revenues continue to grow as a result of the TAG initiatives introduced since May 2017. This contributed to trade receivables increasing by over 3% year-on-year. Trade receivable recoverability remains strong and cash flow from operations and cash collection have continued to be areas of focus over the past year.
Other current assets	**26.4**	21.4	• Other current assets, comprising other receivables, prepayments and tax prepayments, have increased year-on-year, with the movement coming largely from increased prepaid event costs in a number of regions as we secure favourable terms in advance. • Other current assets also includes £1.7m of deferred consideration receivable from the sale of ITE Expo LLC.
Net debt	**111.7**	82.7	• Cash balances decreased to £33.0m (2018: £49.6m) due to a £10.0m repayment made on our bank facility and consideration payments made in the year to acquire Mining Indaba. Efforts have been made to repatriate cash to the UK during the year and this cash has in turn been used to manage the size of our bank loan as well as funding investment within the business. • The bank loan balance of £144.7m (2018: £132.3m) has increased largely as a result of the £31.7m spent on acquisitions in the year.
Comprising:			
Cash	**33.0**	49.6	
Bank loan	**144.7**	132.3	
Asset and liabilities classified as held for sale	**nil**	2.2	• In 2019, there were no balances classified as held for sale. • In 2018, assets of £9.6m were classified as held for sale at year-end, representing the assets of ITE Expo LLC, the subsidiary company that operated 56 of our non-core events in Russia, that was disposed of on 3 October 2018. • Liabilities of £7.5m relating to the disposal of ITE Expo LLC were also classified as held for sale at 30 September 2018.
Comprising:			
– Assets classified as held for sale	**nil**	9.6	
– Liabilities classified as held for sale	**nil**	7.5	

Consolidated Statement of Financial Position continued

£m	2019	2018	Highlights
Deferred income	**80.0**	77.6	• Deferred income has been restated in the comparative period following the adoption of IFRS 15 *Revenue from Contracts with Customers*. Refer to note 1 to the financial statements of the Group for further details.
Comprising:			
– Current deferred income	**79.7**	76.8	• As with trade receivables, deferred income has increased in the year, with the increased balance at 30 September 2019 reflecting a 4% increase in our like-for-like forward bookings compared with the same time in 2018.
– Non-current deferred income	**0.3**	0.8	
Other liabilities	**91.1**	103.1	• Other liabilities decreased to £91.1m (2018: £103.1m). The decrease is primarily in respect of various tax balances, with the deferred tax liability reducing by £5.9m and the corporation tax liability reducing by £5.1m when also including the prepaid tax balance. The deferred tax liability is largely attributable to the intangible assets recognised from historical acquisitions and, as these balances amortise, the deferred tax liability unwinds. The corporation tax reduction is largely reflective of timing of tax payments in the year.
Share capital and share premium	**287.2**	287.2	• Share capital and share premium remained unchanged throughout the year. • As at 30 September 2019, the Employee Share Ownership Trust (ESOT) held 2,500,483 (0.3%) of the company's issued share capital (2018: 2,506,133 (0.3%)).
Translation reserve	**(45.1)**	(53.1)	• The movement in the translation reserve from a debit balance of £53.1m to £45.1m represents the gain on the year-end retranslation of the Group's overseas assets denominated in foreign currencies. This is driven primarily by movements in the sterling/ruble, sterling/lira and sterling/rupee exchange rates.
Other reserves	**56.9**	66.9	• The movement in other reserves is attributable to the FY19 result after incorporating the dividends in the year. • The Group's ability to pay dividends in the next 12 months is secure, with distributable reserves in the parent company accounts of £29.5m.
NCI	**22.8**	23.8	• The NCI balance decreased in the year due to the level of dividends paid out of our non-wholly-owned entities of £2.0m and the disposal of our stake in AzExpomontage (part of the Azerbaijan divestment) which reversed less than £0.1m of NCI. This was partially offset by the £1.0m profit attributable to NCI.

Trading summary

In 2019, the Group ran 129 events (2018: 205). The decrease is primarily attributable to cancellations of smaller, less profitable events and the disposal of 56 non-core events in the Russian regions. A detailed analysis of volumes and revenues is presented below:

		Square metres sold 000	Revenue £m	Average yield £ per sqm	Headline profit before tax £m
2018	**Total**	**766**	**175.7**	**229**	35.4
	Biennial	(26)	(4.7)		(1.7)
	Timing	(12)	(4.3)		(1.1)
	Non-recurring	(33)	(5.3)		(0.5)
	Disposals	(64)	(14.6)		(2.2)
2018	Annually recurring (B)	631	146.8	**233**	**29.9**
	Acquisitions	139	62.5		17.6
	Launches	–	–		–
	Foreign exchange	–	(2.3)		(4.2)
	Like-for-like growth[1] (A)	(1)	10.7		4.7
2019	Annually recurring	769	217.7	**283**	**48.0**
	Timing	2	0.6		0.6
	Biennial	12	2.4		1.8
2019	**Total**	**783**	**220.7**	**282**	**50.4**

1 Like-for-like growth as a percentage can be calculated by dividing like-for-like growth (A) by annually recurring (B).

Segmental results

Following the integration of Ascential Events, the way in which costs are allocated to the Group's reportable segments has changed. Therefore the comparative segmental information has been restated to reflect the current year basis on which segments are reported to the Executive Team for the purpose of allocating resources and making strategic decisions. This has resulted in changes to the segment headline profit before tax as set out below.

	Revenue		Headline profit before tax	
£m	**2019**	2018	**2019**	2018[2]
Global Brands	**49.7**	11.5	**20.3**	2.1
Asia	**23.2**	25.7	**9.4**	10.2
Central Asia	**19.8**	24.5	**5.0**	7.2
Eastern & Southern Europe	**16.7**	15.2	**5.8**	4.4
Russia	**62.6**	73.3	**25.9**	24.3
UK	**48.7**	25.5	**15.5**	8.9
Other income	**–**	–	**0.9**	0.9
Central costs	**–**	–	**(25.9)**	(21.5)
Foreign exchange (loss)/gain	**–**	–	**(1.1)**	2.2
Net finance costs	**–**	–	**(5.4)**	(3.3)
Total	**220.7**	175.7	**50.4**	35.4

2 Headline profit before tax has been restated for UK and Central costs.

Refer to the Divisional trading summary below for commentary on the performance of each operating segment.

Central costs include all costs that are not allocated to the Group's operating segments when headline profit before tax is reported to the Executive Team for the purposes of allocating resource and making strategic decisions. These include the Group's corporate overheads and other central costs that are included within cost of sales. The corporate overheads are the costs of running the head office in London and are primarily comprised of staff costs, which include the Group's Executive and Non-Executive Directors, depreciation of the Group's centrally held assets, office rent and professional fees. The other central costs included within cost of sales include costs that are not event-specific, but span the Group's portfolio of events.

The increase in central costs in 2019 is primarily due to a full year of costs associated with running a larger group after the acquisitions of Ascential Events and Mining Indaba and the full year impact of the move into our new headquarters in Paddington.

Foreign exchange

As a result of the territories in which we operate, we are exposed to changes in foreign exchange rates, and significant movements, particularly in the Russian ruble, can have a significant impact on our results.

Further detail is provided on the impact of translational FX, which is included within the results of each division and only adjusted for when considering like-for-like measures of revenue or profit, transactional FX, which is presented separately in the Income Statement and is a loss of £1.1m in the year (2018: gain of £2.2m) and the impact on reserves recognised in the foreign currency translation reserve below.

Translational FX
Each month our subsidiary company results are translated into sterling, from the functional currencies of the subsidiary companies, on consolidation, using the prevailing foreign exchange rates for the month. Changes in foreign exchange rates result in fluctuations of the level of profits reported for the Group. The impact of the changes in foreign exchange rates is included within both the statutory and adjusted reported results, within the relevant lines in the Consolidated Income Statement. To aid comparability of trading results, when presenting like-for-like performance we adjust for the impact of changes in foreign exchange rates on translation.

While the Russian ruble and Turkish lira were stronger against sterling at the end of 2019 compared with the end of 2018, for the majority of the year these currencies were weaker compared with the same period in the previous year, meaning the reported results were lower than in the comparative period by £2.3m for revenue and £0.8m for headline profit before tax.

Transactional FX
As well as translational foreign exchange movements arising on consolidation, the Group results are impacted by changes in foreign exchange rates within our subsidiary company results. Where monetary transactions are entered into in different currencies than the functional currency of the entity, this gives rise to revaluation gains and losses following changes in exchange rates between the transaction date, month end and the settlement date. Each revaluation of the monetary assets and liabilities held on the balance sheet results in gains and losses, which are reported within the Consolidated Income Statement within the "Foreign exchange gain on operating activities" line.

The strengthening of the Russian ruble and Turkish lira throughout the financial year relative to the position at September 2018 has contributed to the loss of £1.1m (2018: gain of £2.2m) recognised in the year, which has arisen on the revaluation of foreign currency monetary assets and liabilities held in our subsidiary companies in Russia and Turkey.

In order to minimise our exposure to changes in foreign exchange rates, particularly on euro denominated cash inflows held in sterling subsidiary companies, which accounts for approximately 15-20% of total revenues, the Group previously held foreign exchange forward contracts to provide certainty over the future euro cash inflows. The gains and losses on the forward contracts are deferred and recognised within revenue at the point at which the revenue is recognised. From July 2019 onwards, the Group did not hold foreign exchange forward contracts, but instead sought to naturally hedge results.

In the year, a loss of £0.9m (2018: loss of £1.7m) was recognised within revenue in respect of our forward contracts, reflecting the strengthening of the euro against sterling relative to the contracted rate on entering into the forward contracts, naturally offsetting the benefit received from this strengthening within our reported revenues.

Foreign currency translation reserve
Finally, our results are impacted by the translation of the subsidiary company balance sheets each month on consolidation into sterling. A change in foreign exchange rates gives rise to a movement which is recognised within reserves in the foreign currency translation reserve. This is on translation of the company balance sheets of our subsidiary companies, which are reported in their functional currencies before being translated into sterling on consolidation, at the prevailing period end rates.

The foreign currency translation reserve decreased by £7.9m, largely due to the strengthening of the Russian ruble, Turkish lira and the Indian rupee against sterling between the beginning and the end of the financial year. Due to the considerable goodwill and intangible assets held in these countries, the value of the net assets within the consolidated statement of financial position has increased.

Venue arrangements

The Group has long-term arrangements with its principal venues in its main markets setting out Hyve's rights over future venue use and pricing.

The arrangements can take the form of a prepayment of future venue fees (advance payment), or a loan which can be repaid in cash or by offsetting against future venue fees (venue loan). Generally, the arrangements bring rights over future venue use and advantageous pricing arrangements through long-term agreements. Venue advances and prepayments are included in the Consolidated Statement of Financial Position under non-current and current assets.

Acquisitions and disposals

On 3 October 2018, the Group completed the disposal of ITE Expo LLC, the operating company for 56 of the Group's non-core, regionally focused, smaller events in Russia, to Shtab-Expo LLC for consideration at fair value of £4.1m. The Group will receive principal consideration of approximately £10.0m over the nine years following completion together with additional variable consideration of up to approximately £4.7m based on ITE Expo LLC's incremental revenue growth during this period.

On 23 October 2018, the Group acquired the business and assets relating to Mining Indaba from Euromoney for £28.7m. Mining Indaba is the leading event dedicated to bringing together mining and investment experts in order to develop mining interests in Africa.

On 29 March 2020, the Group also completed a number of smaller disposals within the Central Asia region for combined consideration of £0.5m.

At 30 September 2019, equity options are held over further interests in our subsidiary companies, ABEC, Fasteners and Scoop, and our joint venture company Debindo.

Portfolio management

As part of our ongoing focus on Core events, we have continued to review our portfolio of events. During the year, we closed our Siberian business discontinuing 17 events that we previously operated in Ekaterinburg, representing the majority of the 24 events cancelled in 2019. The cancelled events had contributed £5.3m to Group revenue in 2018 and collectively were loss making, contributing a net loss of £0.5m to headline profit in the comparative period.

TAG overview

In May 2017, we announced our intention to invest up to £20.0m in the TAG programme over the three-year transformation period. In 2019, we invested £4.1m, comprising of £2.8m of one-off restructuring costs, which are presented within adjusting items, and £1.3m of capital expenditure. The costs incurred in the year include IT and system costs as part of the Group's technology transformation, costs associated with the rebrand to Hyve and the launch of value-based pricing at some of our Core events. Having invested £16.2m since May 2017, we anticipate investing up to £3.8m in FY20, focusing on building a new global finance system and implementing efficiencies within the Group's operating model. We therefore remain confident of delivering the overall TAG programme within the £20.0m one-off investment indicated.

During 2019, £8.0m (2018: £7.3m) of costs were included within our statutory and headline results in relation to the TAG programme. These represent costs in relation to the delivery of the Group's new strategy, rather than the costs of designing and implementing the strategy. These are costs that have arisen following changes to the way we operate as a result of the TAG programme and are expected to continue to be incurred as the Group's new operating model becomes fully embedded. These costs include direct costs incurred to drive future revenue growth, such as content and operations costs, to enhance the quality of our events and overhead costs in relation to maintaining best practice functions and teams and building capability and talent across the organisation.

In May 2017, we said that we expected the ongoing costs of TAG to exceed the incremental revenue it delivers during the three years ended 30 September 2019, with positive net operating profit after tax from the year ending 30 September 2020. As signalled last year, we can now confirm that we have met this target a year early, delivering a profit from TAG in the year ended 30 September 2019. We remain on course to deliver return on investment from the TAG programme greater than our 2017 cost of capital a year ahead of plan, in the year ending 30 September 2020. This gives us confidence that we will meet all our TAG targets within the expected timeframe.

Measuring our performance

Drive sustainable revenue growth

Link to principal risks and uncertainties

Breach of anti-bribery laws or similar p33

Breach of sanctions or sanctions extensions p33

Political and economic instability p32

Revenue (£m)

2019	**220.7**
2018	175.7
2017	152.6
2016	134.4
2015	135.8

Revenue growth in the current year reflects the full year impact of the acquisition of Ascential Events in July 2018 and Mining Indaba in October 2018 and like-for-like growth of 7%.

Forward bookings (£m)

2019	**152**
2018	147
2017	98
2016	81
2015	77

Forward bookings have increased year-on-year, despite the closure of our Siberia business and disposal of a small number of events in Azerbaijan since this time last year as the Group continues on its growth trajectory.

Retention rate (%)

2019	**77**
2018	81
2017	Unavailable
2016	Unavailable
2015	Unavailable

The decrease reflects the inclusion of the acquired events within the UK and Global Brands divisions in the current year. Data is currently available only for our Global Brands, Russia, Turkey and UK events.

Focus on profitability to increase shareholder value

Link to principal risks and uncertainties

Breach of anti-bribery laws or similar p33

Breach of sanctions or sanctions extensions p33

Acquisition integration p34

Political and economic instability p32

Headline profit before tax (£m)

2019	**50.4**
2018	35.4
2017	31.6
2016	36.5
2015	47.2

Headline profit before tax growth in the current year reflects the full year impact of the acquisition of Ascential Events in July 2018 and Mining Indaba in October 2018 and like-for-like growth of 16%.

Headline diluted earnings per share[1] (p)

2019	**4.9**
2018	4.9
2017	5.0
2016	6.5
2015	9.2

Headline diluted earnings per share remains consistent year-on-year, as the profit growth is offset by the increased number of shares in issue as a result of the full year impact of the rights issue completed in the prior year.

Return on capital employed (ROCE)[2] (%)

2019	**12.4**
2018	9.0
2017	22.3
2016	22.0
2015	29.1

ROCE has increased during the year as a result of the 2018 ROCE being impacted by including the profit from the Ascential Events acquisition only for the final three months of the year, while capital employed reflected the full impact of the cost of the acquisition.

The Directors and Executive Team use a number of key performance indicators (KPIs) to measure and track the performance of the Group and make informed business decisions to deliver the Group's vision. The KPIs have been identified, linked to the Group's strategic priorities, and are consistent with the KPIs included in last year's annual report. Data is not available to report performance against all KPIs across all comparative years, as some of these metrics have only been monitored since the introduction of TAG in May 2017 and the availability of data has only been made possible following the roll-out of new systems. The KPIs are expected to evolve over time as the Group focuses on its longer-term strategic aims.

Create a leading portfolio of must-attend events

Link to principal risks and uncertainties

Breach of health and safety regulations p33

Cyber-attack causing systems to fail or leading to data loss p34

Acquisition integration p34

Effective control over non-wholly-owned entities p34

Venue unavailability p34

Breach of GDPR regulations p34

Visitor density (Visitors per m²)

2019	**1.5**
2018	1.3
2017	Unavailable
2016	Unavailable
2015	Unavailable

Visitor density has increased during the year, reflecting the impact of the improvements made to event quality in recent years, particularly by introducing enriched content at our core events. Data is currently available only for our Global Brands, Russia, Turkey and UK events.

Customer satisfaction[3] (Exhibitor NPS)

2019	**-8**
2018	+1
2017	Unavailable
2016	Unavailable
2015	Unavailable

Customer satisfaction has fallen year-on-year following the inclusion of the acquired events this year. The acquisitions were completed in the knowledge that they had previously been underinvested in and there was significant potential for improvement and so this is in line with our expectation. NPS on events that have benefitted from TAG have increased in 2019. Data is currently available only for our Global Brands, Russia, Turkey and UK events.

Manage cash flows to ensure the long-term viability of the Group

Link to principal risks and uncertainties

Repatriation of profits from subsidiaries p33

Effective control over non-wholly-owned entities p34

Cash conversion (%)

2019	**94**
2018	113
2017	134
2016	112
2015	88

The reduction in 2019 reflects slower cash conversion at the acquired Ascential Events business compounded by Brexit uncertainty, which is causing some customers to withhold cash payments until later in the cycle, closer to the event dates. Action has been taken to improve cash conversion towards the end of the year which has had a positive impact and this will remain an ongoing area of focus in 2020.

Net debt to EBITDA

2019	**1.9x**
2018	2.0x
2017	1.3x
2016	1.4x
2015	1.0x

Net debt to EBITDA increased in 2018 following the Ascential Events acquisition. In 2019, despite the Mining Indaba acquisition, net debt to EBITDA has remained below 2.0x.

1 Headline diluted earnings per share for 2015, 2016 and 2017 has been restated for the bonus element of the rights issue in July 2017.

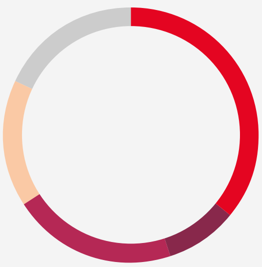
2 ROCE is presented as defined in the Glossary. This therefore differs from the measure discussed in the Remuneration Report in relation to PSP awards, which eliminates the impact of any impairment of goodwill, impairment/amortisation of intangible assets and the associated amortisation of the deferred tax liabilities over the assessment period. On a pro forma basis in 2018, to account for the full year impact of the Ascential Events acquisition completed in July 2018, ROCE would have been 13.1%. If this was also adjusted to include the full year impact of the Mining Indaba acquisition and ITE Expo disposal completed in October 2018 it would have been 12.7%.

3 Customer satisfaction is assessed based on our exhibitor net promoter score (NPS), which is based on a survey of customers attending our events. The NPS score can be between -100 and +100.

Global Brands

	2019 £m	2018 £m	Change	% change Like-for-like
Revenue	49.7	11.5	+332%	+16%
Headline profit before tax	**20.3**	**2.1**	**+867%**	**+34%**

Revenue by sector %



Education Technology	36%
Energy	9%
Manufacturing Industrial Technology	21%
Other	16%
Transport & Logistics	18%

The Group's Global Brands business now contains the results of the Africa Oil Week event and the Breakbulk portfolio of events. It also includes the Bett and CWIEME portfolios of events acquired as part of the Ascential Events acquisition in July 2018 and the Mining Indaba event acquisition completed in October 2018. During the year, the Group ran 15 (2018: 5) events in the Global Brands division.

Overall the portfolio reports a £38.2m increase in revenues and an £18.2m increase in profits. The considerable increase to both revenue and profits in the year is largely due to acquisitions, with the division having expanded rapidly over the past 18 months. On a like-for-like basis, revenues increased by 16% and headline profits before tax increased by 34% with the profit increase attributable to the trading results of our previously held Africa Oil Week and Breakbulk events which performed exceptionally in the year.

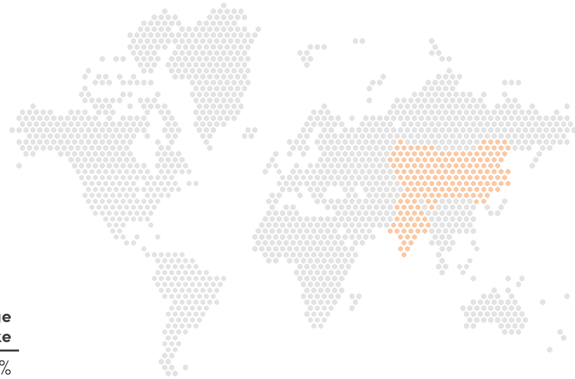
Africa Oil Week ran in November 2018 and considerably exceeded expectations with revenues growing in excess of 35% year-on-year, aided in part by the recovery of the oil price and with the benefits of TAG investment being realised.

The Bett portfolio is comprised of five events held across the globe with the showpiece event being the Bett event held in January at ExCel in London, which is one of the Group's largest events by revenue. The event had been owned for less than a full event cycle when it was held in FY19, limiting the ability of the event teams to upgrade the event proposition to the full extent required, resulting in the event not achieving its full potential this year. Looking ahead, the portfolio is tracking ahead of the same time last year and after holding the events for a full cycle, the teams are optimistic about the growth trajectory across the portfolio.

The CWIEME portfolio is made up of three events in Germany, China and the US. The largest event in the portfolio is CWIEME Berlin, which takes place in Messe Berlin each May. With a slightly longer run-up to the event post-acquisition from Ascential plc last year, the CWIEME event delivered in line with expectations, despite significant restructuring of the team during the year.

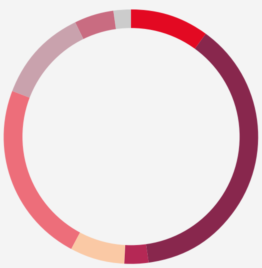
Mining Indaba, the South African mining exhibition and conference, was acquired at the beginning of the financial year, four months in advance of the event. While having limited time to effect any meaningful change at the event, small incremental improvements were made which have helped to position the event strongly for the future. The results of the current year event were ahead of expectations and the forward bookings for the 2020 event are considerably ahead of the same time last year.

Asia



	2019 £m	2018 £m	Change	% change Like-for-like
Revenue	23.2	25.7	-10%	+5%
Headline profit before tax	**9.4**	**10.2**	**-8%**	**+2%**

Revenue by sector %



Advanced Technologies	10%
Build & Interiors	38%
Energy	3%
Fashion	7%
Food & Packaging	23%
Manufacturing Industrial Technology	12%
Transport & Logistics	5%
Travel & Tourism	2%

The Group's Asian events take place in India and China, primarily operated by subsidiary companies in which the Group owns the majority, but not all shares. Overall the Asia division reported lower results in the year across revenue and profit before tax, with the decline attributable to India as a result of known space constraints at ACETECH Delhi where the venue is under redevelopment, the cancellation of a number of smaller events and this being the weaker biennial year in which Paperex does not take place. On a like-for-like basis, the region reported a revenue increase of 5% and a 2% increase in headline profit before tax.

The Group benefitted from another strong performance by its Sinostar joint venture, which is not included in consolidated revenues, but is included in consolidated profit before tax for the region. In South East Asia, the Group owns 50% of PT Debindo in Jakarta, Indonesia, which runs the IndoBuildTech series of construction exhibitions. While considerably smaller than Sinostar and therefore only having a minimal impact on the overall Group's performance, PT Debindo also contributed an increased share of profits in the year.

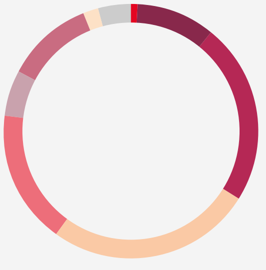
The Group operates two businesses in India: one through a wholly-owned subsidiary, Hyve India, which has its weaker biennial year in odd years, and the other through ABEC, one of India's largest exhibition organisers in which the Group has a 60% stake. ABEC's portfolio includes ACETECH, India's leading construction event. The Indian business as a whole delivered a like-for-like volume decline of 6%, and a like-for-like revenue decline of 5%, reflecting the space constraints at the Delhi venue. As a non-100% owned business, ABEC has not had the benefits of TAG or the centralised operating model.

In China, the Group has offices in Beijing and Shanghai and operates (through its Hong Kong headquartered 50% joint venture partner Sinostar) the Chinacoat/Surface Finishing China event. The December 2018 Chinacoat event in Shanghai recorded 26% volume growth on the equivalent previous edition. The 70% owned Gehua business performed well, exceeding expectations and delivering considerable year-on-year growth, supported by particularly strong growth from the food event which ran in August 2019. The Group's 70% owned Fasteners declined across all key metrics in the year, in the face of increased competition.

Central Asia

	2019 £m	2018 £m	Change	% change Like-for-like
Revenue	19.8	24.5	-19%	+13%
Headline profit before tax	**5.0**	**7.2**	**-30%**	**+0%**

Revenue by sector %



Advanced Technologies	1%
Beauty & Healthcare	10%
Build & Interiors	23%
Energy	26%
Food & Packaging	17%
Manufacturing Industrial Technology	6%
Other	11%
Transport & Logistics	2%
Travel & Tourism	4%

Hyve's principal offices in Central Asia are in Kazakhstan, Azerbaijan and Uzbekistan. All the economies in this region are heavily dependent on oil and gas for their overseas earnings and economic wealth and in the case of Kazakhstan a significant level of trade with Russia as well. The gradually improving oil price and the Russian economic stabilisation have had a positive impact on trading conditions within the region.

This year Hyve organised a total of 45 events (2018: 56) across these territories. Overall, reported results declined by 19% for revenue and 30% for headline profit before tax, but on a like-for-like basis, revenues increased by 13% and headline profit before tax remained flat. The decline in absolute results across the region is attributable to a combination of the sale of our small Azerbaijan portfolio, with only our largest event in the country, Caspian Oil & Gas, retained, the disposal of the Group's stand construction businesses in Azerbaijan and Kazakhstan and timing differences. The timing differences notably include KIOGE, the Kazakhstan oil and gas event, which took place in Almaty in October 2017 and again in September 2018 and so reported revenues on two event editions in the comparative year, but none in 2019, and CAITME, the Uzbekistan textile machinery exhibition that took place in 2018, but did not run in 2019.

Kazakhstan is the Group's largest office in the region and the most notable year-on-year changes were the KIOGE event not taking place in the period and the disposal of the stand construction business in March 2019, contributing to a decline compared with 2018. On a like-for-like basis, results were comparable year-on-year.

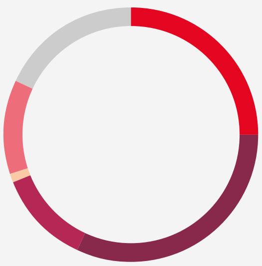
Azerbaijan is the Group's smallest office in the region and has further decreased in size in the year as a result of the partial disposal of the business in March 2019. On a like-for-like basis, results were in line with last year.

Hyve's Uzbekistan business has delivered significant growth in each of the last two years, driven to a large extent by the more favourable macroeconomic environment, with the current political regime taking a more favourable stance on international investment. Despite one of the Group's largest Uzbekistan events, CAITME, not taking place in the year due to timing differences, revenue and profit before tax both increased year-on-year.

Eastern & Southern Europe

	2019 £m	2018 £m	% change	% change Like-for-like
Revenue	16.7	15.2	+10%	+6%
Headline profit before tax	**5.8**	**4.4**	**+32%**	**+13%**

Revenue by sector %



Beauty & Healthcare	25%
Build & Interiors	32%
Food & Packaging	12%
Other	1%
Transport & Logistics	12%
Travel & Tourism	18%

The Eastern & Southern Europe region is represented by the Group's offices in Turkey and Ukraine. Overall, the region reported growth in revenue and headline profit before tax on both an adjusted and statutory basis. 2019 is the stronger biennial year in Turkey, benefitting from the railway industry exhibition Eurasia Rail which takes place in spring in alternate years. On a like-for-like basis, revenues increased by 6%, reflecting the success of the pricing strategy pursued in 2019, while headline profit before tax increased by 13% on a like-for-like basis.

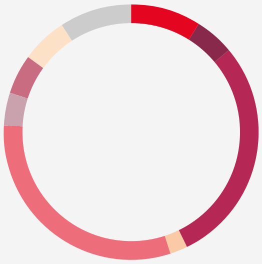
Overall performance in Turkey was mixed, mirroring the turbulent economic and political environment. The majority of the events outperformed their previous editions, but overall growth was slowed by challenges at our TurkeyBuild Istanbul event which was operating in a construction sector that contracted by over 45% in the year. On a like-for-like basis, revenues were up 5% due to pricing power following the introduction of TAG initiatives and euro pricing at several events.

Trading in Ukraine has continued on the path to recovery. Overall, like-for-like revenue growth of 7% and double-digit headline profit before tax growth was reported.

Russia

	2019 £m	2018 £m	% change	% change Like-for-like
Revenue	62.6	73.3	-15%	+12%
Headline profit before tax	**25.9**	**24.3**	**+7%**	**+14%**

Revenue by sector %



Advanced Technologies	9%
Beauty & Healthcare	5%
Build & Interiors	29%
Energy	2%
Food & Packaging	31%
Manufacturing Industrial Technology	4%
Other	5%
Transport & Logistics	6%
Travel & Tourism	9%

During the year, Hyve held 17 events in Russia (2018: 89) and reported revenue of £62.6m, 15% lower than the previous year. This was due to the disposal of 56 of the Group's non-core, regionally focused, smaller events in Russia, which previously contributed revenues of approximately £12.0m, the closure of the Siberian regional events and the weakening of the Russian ruble which had a negative impact of £0.8m on revenues and £0.3m on headline profit before tax. Excluding these effects, like-for-like revenues increased by 12% and headline profit before tax by 14%.

Headline profit before tax of £25.9m was 10% higher than the previous year, despite the disposal of the regional non-core events in the year. This was due primarily to strong underlying growth, but was helped by this being the stronger biennial year for ITE MF, the Russian joint venture, which increased to a pre-tax share of profits of £1.7m (2018: £0.8m), and the closure of the Siberia business which was previously loss-making. While the TAG benefits are now being felt, the trading environment in Russia has become less certain in the past year and the economic country's GDP growth is forecast to grow at below 2% for the next year. On a like-for-like basis, headline profits before tax increased by 14% from the prior year.

Hyve's leading events in Russia have coped well in a challenging market, with the largest events delivering exceptional growth. MosBuild, the Group's largest event prior to the Ascential Events acquisition, grew volumes by 20% in the year, led by strong domestic exhibitor sales and significant growth from the ceramics sector. The majority of the other events in Moscow also performed well, proving resilient to the macroeconomic growth slowdown and international sanctions to deliver strong year-on-year growth in both revenue and profit. The one notable exception was MIOGE, the oil and gas event, which has continued to suffer from low exhibitor interest since becoming an annual event, but not being the market-leading event in the sector in Russia, coupled with the effects of the sanctions on international energy companies operating in Russia. The event declined significantly year-on-year and has now been cancelled for 2020.

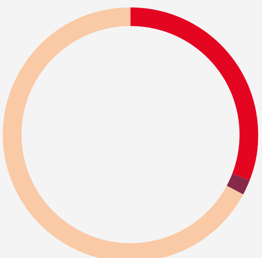
The sole event remaining in the Russian regions is YugAgro in Krasnodar, the leading agriculture event, which, despite space constraints, continued its current growth trajectory since the launch of TAG and again delivered double-digit like-for-like revenue growth.

UK

	2019 £m	2018 £m[1]	% change	% change Like-for-like
Revenue	48.7	25.5	+91%	–9%
Headline profit before tax	**15.5**	**8.9**	**+75%**	**+0%**

1 Headline profit before tax has been restated for the UK division. Refer to note 3 for further details.

Revenue by sector %



Fashion	31%
Other	2%
Retail	67%

The UK division contains the results of our Moda portfolio of fashion events, including Moda, Scoop and Jacket Required, as well as the majority of the acquired Ascential Events portfolio, including Spring Fair, Autumn Fair, Pure and Glee. The events included in the like-for-like results are therefore those from the Moda portfolio as well as one of the Pure events, Glee and Autumn Fair, which ran in the short period under Hyve ownership in the last financial year.

The legacy fashion portfolio continued to decline on the prior year. This was due to the continued challenges facing the UK's mid-market fashion industry.

Pure, the high-end fashion event held at Olympia in London, is comparable to Moda in so far as the event is run biannually to cater to the changing seasons, but seeks to serve a higher end of the market which has been slightly more robust than the mid-market fashion sector, although the current uncertainty in the UK surrounding Brexit and challenges facing the UK high-street are having an impact.

Spring Fair and Autumn Fair, the Birmingham based home and gift events, have faced considerable challenges over the past few years with significant investment needed to stabilise the declines seen in light of underinvestment at the events, coupled with the wider political uncertainty and the knock-on impact on the UK economy. Spring Fair is now the largest event in the Group's portfolio and fills the majority of the NEC, with volume sales in excess of 68,000 SQM.

Glee, the UK gardening and outdoor living trade show, performed reasonably well, but struggled in the months leading up to the event with trading sluggish due to Brexit. There has been investment into the event in the past year to enhance the quality and ensure that the customer experience is improved.

We're using our events as opportunities to make a positive impact on the world around us

Pure's Power of One campaign

This homegrown project began in July 2018 and has since become the voice of sustainability and ethics for the UK fashion industry.

Its purpose is raising awareness of this important subject within the contentious fashion industry and encouraging people to look for small, but powerful changes they can make on an individual level and do their bit to support a more ethical industry.

The project took guidance from the United Nations (UN) Global Goals when it started and has since partnered with the Conscious Fashion Campaign (CFC), which is supported by the UN. The CFC now has a regular spot on Pure's content agenda and a stand in the exhibition hall where they recognise conscious brands. Kerry Bannigan, Conscious Fashion Campaign Founder, said: "The Conscious Fashion Campaign partnering with Pure for the Power of One was a natural fit to align the fashion industry to drive the achievement of the Sustainable Development Goals. Pure's focus on celebrating conscious fashion brands as well as connecting them with retailers to grow their business is just another key example of the UK leading tradeshow excelling within the sector. The partnership has strengthened and evolved per show to expand our advocacy, education and engagement of industry decision makers, leaders and influencers. We are thrilled that Pure shares our vision to continue this partnership to unite the fashion industry to create positive change."

The speaker line-up at both 2019 Pure events also highlighted the topics of sustainability and ethics, with MP and chair of the Environmental Audit Committee Mary Creagh discussing sustainability in the fashion sector, and British designer Patrick Grant discussing embracing slow fashion and the importance of local manufacturing.

What's next? The UK division team is now focused on rolling out the Power of One campaign to the rest of the fashion portfolio and wider UK portfolio.

Mining Indaba's Young Leaders Programme

Four years ago, the Mining Indaba team created the Young Leaders Programme in partnership with Brunswick Group, to help students and young professionals in Africa secure viable, successful careers in the mining sector.

With about 300 attendees this year, it has become the event for students and young professionals, aspiring to learn more about the industry. The dedicated day features panels, interviews and keynote speeches by CEOs, the Minister and international industry leaders. It is an opportunity for students and young people interested in a career in mining to meet with, and learn from, some of the top executives at the world's most successful mining companies.

This year the team launched a new feature, the Leaders of Tomorrow Competition, which celebrates young people who have led on a major mining innovation, discovery or research project. The winner receives two hours of mentoring from each of the expert judges, access to Mining Indaba's PR team and a feature in the 2019 Post Event Report.

Olebogeng Sentsho, CEO, Simba Mgodi Fund, and the winner of the 2019 Leaders of Tomorrow competition, commented: "It means the world to me, and I'd like to thank the judges for trusting me with this award. And I hope that this inaugural award will inspire other young leaders to come forward and change this industry. We need disruption."

Turkeybuild's innovative recycling initiatives

In association with design studio Assemble and the Architecture for All foundation, our team in Istanbul devised an innovative way to get more use out of the materials used to create this year's Turkeybuild event. Rather than the used materials, which included chipboard, carpet, pallets, ceramics, polystyrene foam and cardboard, going straight into waste, they were given a second lease of life in the form of a workshop for students.

The aim of the workshop was to educate students in the art of design and to show ways that waste materials can be reused, rather than going in the bin. Throughout the workshop, the students created 15 chairs, which the Hyve team in Istanbul then donated to a local school.

Louis Schulz, founding member of Assemble, said: "We wanted to make furniture for the school, and in this workshop, we worked with the students from the architecture faculties to do something by using waste materials from Turkeybuild."

Non-financial information

We use a range of financial and non-financial metrics to measure our performance both internally with our people (through employee listening) and externally with our customers (through NPS scores and relationship management), alongside metrics relevant to our financial strength, engagement and impact on society and the wider environment. We aim to comply with the new non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. The below table, and information it refers to, is intended to help stakeholders understand our position on key non-financial matters. The information required to be contained in the non-financial reporting statement pursuant to the Companies Act 2006 is set out in this non-financial information statement. Other relevant information about our business model, key performance indicators and our approach to governance review and risk management are detailed elsewhere in this report:

Reporting requirement	Policies and standards which govern our approach	Where to find additional information
Environmental matters	The Company addresses environmental matters at event level, however will assess what more could be done at Group level throughout 2020	• Corporate social responsibility (see pages 56 to 57) • We have included information about greenhouse gas emissions in our Directors' report on page 66 • See examples of some of the work done at event level on pages 56 to 57
Employees	Newly launched company values Whistleblowing policy We plan to publish a Code of Conduct in 2020	• Our values (see page 29) • Our people (see page 30) • We have included a statement about Whistleblowing Arrangements in our Corporate governance report on page 64 • We have included a statement about employees in our Directors' report on page 66
Human rights	Human rights policy Modern slavery statement	• We have included a statement about modern slavery in our Corporate governance report on page 64 • https://hyve.group/Responsibility
Privacy	Privacy policy	• https://hyve.group/Privacy-policy
Social matters	The Company addresses social and community matters at event level	• https://hyve.group/Responsibility/Social-Responsibility • See examples of some of the work done at event level on pages 56 to 57
Anti-corruption and anti-bribery	Anti-corruption policy Gifts and entertainment policy	• We have included a statement about anti-corruption policies in our Corporate governance report on page 64 • https://hyve.group/Responsibility
Description of principal risks and impact of business activity		See pages 32 to 35 of this report
Description of the business model		See pages 16 to 17 of this report
Non-financial key performance indicators		See pages 48 to 49 of this report

Governance

Board of Directors

Richard Last
Non-Executive Chairman

Richard joined Hyve Group plc as Chairman and Non-Executive Director in February 2018. He is also the chairman of Gamma Communications plc, which has a market capitalisation of over £1bn, revenues of over £300m and provides cloud, voice and data communications solutions to UK businesses. Richard is also Chairman of Tribal Group plc, an international technology solutions provider for the higher and further education sectors, and Arcontech Group plc, a small fintech company; both are listed on AIM.

Richard, who is a fellow of the Institute of Chartered Accountants in England and Wales, is an experienced chairman, with over 30 years of public company board experience.

Richard is keen to promote the use of technology to improve customer experience, efficiency and profitability. He is also very passionate about the promotion and development of young talent and promoting wider diversity in organisations.

Mark Shashoua
Chief Executive Officer

Mark was appointed as Chief Executive Officer in September 2016. Mark was previously the CEO of i2i Events Group, the event arm of Ascential plc, where he spent five years leading the internationalisation and diversification of the business.

Mark is a prominent figure in the international events industry and was one of the founding members of the company, then called ITE Group, in 1991, where he was a senior Director and Board member for eight years.

Mark's focus is on evolving the business and working towards achieving its ambition. He spends considerable time alongside regional leaders and event teams, discussing the strategy of each market-leading show and planning for sustainable growth.

Mark is passionate about representing the evolution of customers' behaviours in the events industry and pioneering constant change, while delivering value to shareholders.

Andrew Beach
Chief Financial Officer

Andrew was appointed as Chief Financial Officer of the Group in October 2016 and is also Chairman of our Risk Committee. Andrew is experienced in corporate transformations, M&A and corporate fundraising. He was previously the Chief Financial and Operating Officer of Ebiquity plc, the AIM-listed marketing analytics specialists, where he spent nine years overseeing the rapid expansion of the business to 20 offices in 14 markets, employing over 900 people.

Prior to joining Ebiquity, Andrew spent nine years at PwC as part of the Entertainment and Media assurance practice, where he qualified as a Chartered Accountant (ICAEW) in 2000.

Andrew's passion lies in business partnering and he is focused on ensuring that each area of the business has a dynamic and strategically focused finance business partner at its side. Andrew also believes that the provision of timely event-level commercial finance data allows the business to make effective decisions to help deliver growth.

Stephen Puckett
Non-Executive Director

Stephen was appointed a Non-Executive Director of the Group in July 2013 and Chair of the Audit Committee in January 2014. He has been the Group's Senior Independent Non-Executive Director since January 2019. Stephen is also Chairman of Hydrogen Group plc. He is a Chartered Accountant who brings a wealth of financial and accounting experience amassed through his work with listed companies. In 2012, Stephen retired from the Board of Page Group plc (formerly Michael Page International plc) after more than 11 years as Group Finance Director, during which time he oversaw a period of significant overseas expansion and growth.

Stephen is a strong advocate for ensuring that the views of a wide range of stakeholders, particularly employees, are considered by the Board and that it is important to have a culture where everyone enjoys coming into work.

Sharon Baylay
Non-Executive Director

Sharon was appointed a Non-Executive Director of the Group in April 2014 and became Chair of the Remuneration Committee in October 2017. She is Senior Independent Director at Restore plc, a Non-Executive Director and Chair of the Nomination Committee at Ted Baker plc and a Non-Executive Director at privately-owned Unique X. From 2009 to 2011, Sharon was Marketing Director and a Main Board Director of the BBC, responsible for all aspects of marketing, communications and audiences. She was also on the Board of BBC Worldwide, Freesat and Digital UK. Prior to the BBC, Sharon held a number of senior roles at Microsoft Corporation over a period of 15 years, including General Manager of the UK Online and Advertising business. She is an Advanced Coach & Mentor, accredited by the Chartered Institute of Personnel and Development (CIPD) and a Member of Women in Advertising and Communications, London (WACL).

Sharon brings extensive digital experience to the Board in addition to recent corporate governance experience.

Nicholas Backhouse
Non-Executive Director

Nicholas was appointed a Non-Executive Director of the Group on 1 May 2019. He has extensive experience at board level and is currently the Senior Independent Director of both Hollywood Bowl Group plc and Loungers plc, a Non-Executive Director of Eaton Gate Gaming and a Trustee of Chichester Festival Theatre. He has also held positions as Senior Independent Director of Guardian Media Group plc and Non-Executive Director of Marston's PLC and All3media Limited. Nicholas was previously the Deputy Chief Executive Officer of the David Lloyd Leisure Group, Group Finance Director of National Car Parks and Chief Financial Officer of both the Laurel Pub Company and Freeserve PLC. He is a fellow of the Institute of Chartered Accountants in England and Wales and has an MA in economics from Cambridge University.

Nicholas has significant experience with companies undergoing operating model and cultural change. His areas of focus going into 2020 will be the final phase of the TAG programme, building on the acquisitions made in 2018 and continuing to embed best practice throughout the Group.

Corporate governance report

UK Corporate Governance Code compliance

The Group is committed to high standards of corporate governance and supports the principles laid down in the UK Corporate Governance Code issued by the Financial Reporting Council (FRC) in September 2016 (the Code). This statement describes how the principles of the Code are applied and reports on the Company's compliance with the Code's provisions. The 2018 UK Corporate Governance Code came into effect in January 2019. This will apply to the Group from 1 October 2019. We will report on compliance and progress with the new Code in next year's annual report.

The Board considers that the Group has been in compliance with all the principles and provisions of the Code throughout the year ended 30 September 2019 and to the date of this report.

The Board

The Board of Directors (the Board) currently has six members, comprising the Non-Executive Chairman, the Chief Executive Officer, the Chief Financial Officer and three independent Non-Executive Directors. There were two changes to the membership of the Board during the financial year. Neil England stepped down from the Board following the AGM in January 2019 and Nicholas Backhouse was appointed as Non-Executive Director on 1 May 2019.

All of the Directors bring strong judgement to the Board's deliberations. During the year, the Board has been of sufficient size and diversity that the balance of skills and experience was considered to be appropriate for the requirements of the business.

The Non-Executive Directors, including the Chairman, are all independent of management and free from any business or other relationship, including those relationships and circumstances referred to in provision B.1.1 of the Code that could materially interfere with the exercise of independent and objective judgement. The Group considered that Richard Last was independent on his appointment as Chairman.

Role of the Board

The Board has overall responsibility to shareholders for the proper management of the Group. It met six times during the financial year. It has a formal schedule of matters reserved to it for decision-making, including responsibility for the overall management and performance of the Group. This includes development and approval of its strategy; long-term objectives and commercial initiatives; approval of annual and interim results; annual budgets; material acquisitions and disposals; material agreements and major capital commitments; approval of treasury policies and assessment of its going concern position. Board discussions are held in an open and collaborative atmosphere with sufficient time allowed for debate and challenge.

Board members receive appropriate documentation in advance of each Board or Committee meeting, which normally includes a formal agenda, a detailed report on current trading and full papers on matters where the Board will be required to make a decision or give approval. Updates from the Board Committees are also received at Board meetings. Board papers are delivered through an electronic platform, improving the efficiency of its communications and reducing paper usage.

There is an established procedure for the preparation and review, at least annually, by the Board of medium-term plans and the annual budget. Management accounts are circulated to the Board on a monthly basis and business performance and any significant variances to budget or reforecast are formally reviewed at scheduled Board meetings. All major investment decisions are subject to post-completion reviews.

During the year, the Chairman met with the Non-Executive Directors without the Executive Directors present. The Non-Executive Directors also met without the Chairman or Executive Directors present.

The Directors

The biographical details of the Board members are set out on pages 58 and 59.

All of the Directors have occupied, or occupy, senior positions in UK and/or international listed companies and have substantial experience in business. At all times at least half the Board, excluding the Chairman, has comprised independent Non-Executive Directors.

The Non-Executive Directors were all appointed for an initial three-year term. As set out in the Code, the Non-Executive Directors (in common with the Executive Directors) will be subject to re-election each year by shareholders at the Company's AGM, providing the Board continues to be satisfied that they remain independent. At the AGM on 23 January 2020, all the Directors will once again offer themselves for re-election in compliance with Code provision B.7.1. The Board believes that the six Directors continue to be appropriate and effective in their roles and believes that the Group and its shareholders should support their re-election at the AGM.

The Non-Executive Directors do not participate in any of the Group's pension schemes or in any of the Group's bonus, share option or other incentive schemes.

The Chairman and Chief Executive Officer

The different roles of the Chairman and Chief Executive Officer are acknowledged. A responsibility statement for each of those roles has been agreed and adopted by the Board.

Senior Independent Non-Executive Director

Stephen Puckett took over the role of Senior Independent Non-Executive Director (SID) following the retirement of Neil England as a Director of the Company on 24 January 2019.

The Senior Independent Non-Executive Director's responsibilities include being available to liaise with shareholders who have concerns that are not able to be resolved through the normal channels and being a sounding board for the Chairman. It was agreed that the SID will additionally take on the role as the Director responsible for employee affairs on the Board.

Board effectiveness review

The formal annual review of the performance of the Board, its Committees and the Directors was carried out during the year. This year, the process consisted of an internally run exercise led by the Chairman and the Senior Independent Director, assisted by the Company Secretary. The appraisal questionnaire used as part of the process was wide-ranging and included questions covering both Board and Committee performance.

The appraisal confirmed that the Board and its Committees were operating effectively. The feedback was discussed with the Board and the Chairman. It was agreed that steps would be taken to strengthen the Non-Executive Team, to ensure that a correct balance of skills and abilities is maintained on the Board. It was also agreed that the Risk Committee would become a formal subcommittee of the Board and would be chaired by a Non-Executive Director.

Support and advice

The Board has access to the advice and services of the Company Secretary, who is responsible for ensuring that all Board procedures have been complied with. The Board has approved a procedure for all Directors to take independent legal and financial professional advice at the Company's expense, if required to support the performance of their duties as Directors of the Group. No such advice was sought by any Director during the year.

Training and development

An induction programme is arranged for newly appointed Directors, which includes presentations on the business, current strategy and shareholder expectations. Guidance is also given on the duties, responsibilities and liabilities of a director of a listed company and key Board policies and procedures. Business familiarisation involves Directors visiting exhibitions in markets in which the Group operates to gain a greater understanding of the Group's activities and to meet senior managers throughout the business.

Every Director has access to training as required and is encouraged to continue his or her own professional development through attendance at seminars and briefings.

Conflicts of interest

The Company's articles of association, in line with the Companies Act 2006, allow the Board to authorise potential conflicts of interest that may arise and impose limits or conditions, as appropriate. The Group has established a procedure whereby any decision of the Board to authorise a conflict of interest is only effective if it is agreed without the conflicted Director(s) voting or without their votes being counted. In making such a decision, as always the Directors must act in a way they consider in good faith will be most likely to promote the success of the Group.

Board Committees

There are a number of standing Committees of the Board to which various matters are delegated. They all have formal Terms of Reference approved by the Board, which are available on the Group's website (www.hyve.group). The Committee reports are set out on pages 68 to 75.

Attendance by Directors at Board and Committee meetings in the financial year ended 30 September 2019

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Nicholas Backhouse[1]	1/2			1/2
Sharon Baylay	6/6	4/4	5/5	4/4
Andrew Beach	6/6	–	–	–
Richard Last	6/6		–	4/4
Mark Shashoua	5/6	–	–	–
Stephen Puckett	6/6	4/4	5/5	4/4
Total number of meetings	6	4	5	4

1. Nicholas Backhouse was appointed on 1 May 2019. It was known on appointment that he would be unable to attend the July meeting. He received all the reports for the meeting.

Shareholder relations

The Group is committed to ongoing engagement with shareholders and has an established cycle of communication based on the Group's financial reporting calendar. The Chief Executive Officer and Chief Financial Officer have dialogue with institutional shareholders and general presentations are given to analysts and investors covering the annual and interim results. The Board also received institutional and analysts' feedback following both the interim and annual results roadshows. All shareholders will have the opportunity to ask questions at the Company's AGM on 23 January 2020. At the AGM, the Chairman will give a statement on current trading conditions. The Chairs of the Nomination, Remuneration, Audit and Risk Committees will be available to answer questions at the AGM. In addition, the Group's website containing published information and press releases can be found at www.hyve.group.

The Strategic report set out on pages 01 to 58 details the financial performance of the Group. The key risks and uncertainties the Group identifies and monitors are laid out on pages 32 to 35.

Our commitment to compliance

The continued commitment of Hyve to building a culture of compliance and effective governance was further demonstrated by the recruitment of its first, full-time Group Compliance Officer (GCO). The GCO reports to the Group General Counsel and joined Hyve in April 2019.

The GCO is supported by a team of Associate Compliance Officers, who have nominated geographical responsibilities and assist with compliance risk assessments, implementing processes and the investigation of any breaches of policy as and when required.

The GCO and General Counsel are implementing a Group-wide compliance programme, which delivers a policy framework, education and training and subsequent enforcement policy. This programme is being prepared in line with international best practice guidance and the recommendations of regulators such as the UK Ministry of Justice. Consideration is also given to best practice in international businesses, of equivalent size and complexity, in more regulated sectors.

The Group will launch a new Code of Conduct that will define our behaviours in alignment with the values of Hyve. The Code is a Global Framework that will clearly set out what is expected from every person working for, and with, our businesses, anywhere in the world.

The Code will be underpinned by other relevant global policies, including our Whistleblowing Policy (please refer to the section below for additional details). The Code sets out the channels available to any person who works with Hyve to raise concerns that our policies are not being complied with, that something illegal or unethical has occurred in our business or supply chains, or that behaviours do not comply with our Code of Conduct.

Whistleblowing arrangements

The GCO has revised the whistleblowing arrangements for the Group and, as part of this detailed review, a new Whistleblowing Policy will be adopted by the Group in early 2020.

In addition to a new Policy, the Group has procured its first, fully independent whistleblowing service. The appointment of an independent partner to manage a fully confidential whistleblowing service allows for anyone who works with Hyve to raise their concerns, anonymously if necessary, in their local language – recognising the multinational, geographic reach of our business and its operations.

Furthermore, in the new financial year, bespoke training will be delivered to Hyve teams globally on how to raise concerns using this new service. Senior leaders will be educated on the Whistleblowing Policy itself and how Hyve will deal with concerns that are raised.

Anti-corruption policies

Our Anti-Bribery and Corruption Policy was revised in 2019 following its adoption in 2011, and subsequent 2017 review. It applies to all Hyve group companies and employees. The GCO and General Counsel monitor compliance against this Policy, ensuring all parts of the business are aware of their responsibilities in terms of charity donations and sponsorships, facilitating payments, gifts and hospitality.

As part of the Group's commitment to preventing bribery and establishing a culture that does not tolerate corruption, the GCO is supported by a team of Associate Compliance Officers. The team has an in-depth expertise of assessing corruption risks in our territories and investigating reports of corruption. The team is structured so as to be able to provide swift assistance, on a global basis (including in person), as a result of any reports that may be made.

Modern slavery

Hyve recognises that human rights violations, including forced labour and trafficking, can occur in all sectors and countries. As a responsible business, we are committed to playing our part to help eliminate it. Our Modern Slavery Statement details the steps we take to help prevent any incidence of modern slavery, both in our own business and in our supply chains. It is available at the following address: https://hyve.group/Responsibility/Modern-Slavery-Statement.

As part of the compliance programme implementation, arrangements in relation to preventing modern slavery are being created, including a new Anti-Slavery and Human Trafficking Policy. Hyve is also undertaking an assessment of our current risks in this area based upon the findings of the Global Slavery Index report.

Directors' report

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 30 September 2019.

Principal activities and review of the business

The principal activities of the Group comprise the organisation of trade exhibitions and conferences.

The main subsidiary and associate undertakings which affect the profits or net assets of the Group in the year are listed in note 5 to the financial statements of the Company and note 18 to the financial statements of the Group.

Details of the Group's performance during the year and expected future developments are contained in the Chief Executive Officer's statement on pages 12 to 15, the Chief Financial Officer's statement on pages 36 to 47 and the Divisional trading summaries on pages 51 to 55. Details of the Group's Risk Committee report are on page 72 and the principal risks and uncertainties are on pages 32 to 35.

Results and dividends

The audited accounts for the year ended 30 September 2019 are set out on pages 104 to 154. The Group profit for the year, after taxation, was £4.1m (2018: loss of £6.7m).

The Directors recommend a final dividend of 1.6p (2018: 1.0p). The total dividend for the year, including the proposed final dividend, is 2.5p (2018: 2.5p).

Capital structure

Details of the Company's issued share capital and movements during the year are shown in note 9 to the financial statements of the Company. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the articles of association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all shares are fully paid.

Details of employee share schemes are set out in note 28 to the financial statements of the Group. The Trustee of the Hyve Group Employees Share Trust is not permitted to vote on any unvested shares held in the Trust unless expressly directed to do so by the Company. A dividend waiver is in place in respect of the Trustee's holding, apart from the shares which are held in the Trust as part of the Directors' Deferred Bonus Plan.

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company, such as commercial contracts, bank facility agreements, property lease arrangements and employee share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, the Directors are not aware of any agreements between the Company and its Directors or employees that provide compensation for loss of office or employment that occurs because of a takeover bid.

Articles of association

The Company's articles of association may be amended by a special resolution at a general meeting of the shareholders.

The Directors

The Directors who served throughout the year and up to the date of signing this report are as follows:

Executive Directors
- Mark Shashoua
- Andrew Beach

Non-Executive Directors
- Richard Last – Chairman
- Stephen Puckett
- Neil England*
- Nicholas Backhouse**
- Sharon Baylay

* Neil England resigned from the Board at the Company's AGM in January 2019.
** Nicholas Backhouse was appointed to the Board on 1 May 2019.

Their biographical details are set out on pages 58 and 59.

In accordance with its articles of association and in compliance with the Companies Act, the Company has granted a qualifying third party indemnity to each Director. Directors' and officers' insurance cover is also provided by the Company, in line with normal market practice, for the benefit of Directors in respect of claims arising in the performance of their duties.

Company Directors' shareholdings

The Directors who held office at 30 September 2019 had the following interests (including family interests) in the ordinary shares of the Company:

Name of Director	**30 September 2019**	30 September 2018
Executive Directors		
Mark Shashoua	**1,306,521**	1,066,521
Andrew Beach	**125,000**	41,250
Non-Executive Directors		
Richard Last	**500,000**	250,000
Nicholas Backhouse	**50,000**	–
Sharon Baylay	**28,325**	28,325
Stephen Puckett	**27,500**	27,500

The Directors, as employees and potential beneficiaries, have an interest in up to 7,039,711 shares held by the Hyve Group Employees Share Trust at 30 September 2019. The Hyve Group Employees Share Trust held 2,500,483 ordinary shares at 31 October 2019.

In line with the Company's Remuneration Policy, a third of the value received under the Group's Bonus Plan by Mark Shashoua and Andrew Beach for the year ended 30 September 2019 will be deferred into shares, held in the Hyve Group Employees Share Trust.

Company's shareholders

At 31 October 2019, the Company had been notified under Rule 5 of the Financial Conduct Authority's Disclosure and Transparency Rules of the following interests in its ordinary shares:

Name of holder	Number of shares	Percentage held
RWC Partners	113,450,000	15.30
Brandes Investment Partners	84,437,401	11.39
Fidelity Management & Research	67,490,590	9.10
Bestinver Asset Management	38,483,639	5.19
BlackRock	36,060,367	4.86
Invesco	34,097,081	4.60
Legal & General Investment Management	33,151,186	4.47
Amiral Gestion	30,676,395	4.14
JO Hambro Capital Management	28,384,431	3.83
Vanguard Group	23,874,432	3.22

Authority to purchase the Company's shares

At the AGM on 24 January 2019, shareholders authorised the Company to make one or more market purchases of up to 74,161,846 of the Company's ordinary shares to be held in treasury at a price between 1.0p (exclusive of expenses) and 105% of the average closing middle market price of a share for the five business days immediately preceding the date on which the share is purchased.

No purchases were made during the year and the Directors propose to renew this authority at the 2020 AGM.

Charitable and political donations

The Group made £11,465 of charitable donations (2018: £8,553) during the year. No political donations were made (2018: nil).

Employees

The Group's People Strategy is to attract, develop and retain professional, motivated and talented employees and enable them to achieve brilliant results.

The Group cascades the key priorities and business objectives throughout the organisation, ensuring all employees understand how their personal contribution supports the Group's success. The Group links incentives to delivering on objectives, and the Remuneration Policy is designed to reinforce this approach.

The Group places great importance on the development of its people to support the business in meeting its objectives. This is reflected through the Performance Management Framework and the resulting learning and development initiatives.

The Group has several open two-way communication channels with its employees and keeps them informed on matters affecting them and the Group's performance. This is achieved through town hall meetings, webcasts, emails, the intranet and regular newsletters, as well as through meetings, both formal and informal. Employees are able, and are encouraged, to meet with colleagues around the Group in order to experience the business environment in other offices and to work together to achieve the global aspirations. Moves are facilitated internationally where this is of benefit to the business and the individual.

It is the Group's policy to consider fully applications for employment from anyone qualified to apply, regardless of their status, disability, age, gender, sexual orientation or belief. To reflect this policy, opportunities for career progression and development are offered on merit and regardless of the factors noted above. In the event of a member of staff becoming disabled, every effort would be made to ensure their continued employment and progression in the Group and it is Group policy that training, career development and promotion of disabled employees match that of other employees as far as possible.

Supplier payment policy

The Company's policy, which is also applied to the Group, is to agree payment terms with suppliers when entering into each transaction to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Hyve Group plc has no trade creditors. Trade creditors of the Group (consolidated) at 30 September 2019 were equivalent to 13.2 days (2018: 25.2 days) purchases, based on the average daily amount invoiced by suppliers during the year.

Greenhouse gas emissions

The Group's greenhouse gas emissions for the 2018-2019 period were 984 tonnes of CO_2e, broken down into scope 1 (direct) and scope 2 (indirect) activities in the table below. At a global level, the Group's 2018-2019 emissions have decreased by 6% on 2017-2018.

Hyve Group plc greenhouse gas emissions breakdown for the period 1 May 2018 to 30 April 2019 (tCO_2e) are in the table below:

Emission sources	**2018–2019**	2017–2018	2016–2017	2015–2016	2014–2015	2013–2014
Total scope 1 (direct) emissions	**228**	215	201	207	205	232
Total scope 2 (indirect) emissions	**756**	828	791	833	898	936
Estimated emissions for offices that have not reported data (electricity only)	**0**	0	29	30	41	21
Total GHG emissions (tCO_2e)	**984**	1,043	1,021	1,070	1,144	1,188
Performance indicators						
Full-time employee (FTE)	**1.190**	1,382	1,357	1,241	1,369	1,362
Tonnes CO_2e/FTE	**0.83**	0.75	0.75	0.86	0.84	0.87

AGM

The notice convening the AGM to be held at 09:00am on 23 January 2020 is contained in a circular sent to shareholders at the same time as this report.

Auditors

Following completion of the tender process, the Audit Committee recommended the appointment of BDO as the Group's auditor. The Committee believes that BDO has a strong team with the skills and experience to provide rigour and challenge in the audit. After considering the Committee's recommendation, the Board selected BDO as the Group's auditor for the year ending 30 September 2020 and will be recommending the appointment of BDO at the Company's AGM in January 2020.

Post balance sheet events

There were no significant matters to report after the balance sheet date.

Fair, balanced and understandable statement

Each of the Directors considers that the annual report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Directors' statement as to disclosure of information to auditors

Each Director of the Company at the date when this report was approved confirms:

- So far as he/she is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditors are unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given in accordance with section 418 of the Companies Act 2006.

Going concern and viability statement

In accordance with provision C.2.2 of the 2016 UK Corporate Governance Code, the Directors have assessed the prospects of the Group over both a one and a three-year period. The one-year period is used for making the going concern assessment and is aligned with the period used to set detailed budgetary targets at all levels across the Group. The three-year period is used for assessing the Group's long-term viability and is aligned with the period over which the Group forecasts compliance with its external debt facility agreement, consistent with the duration of the Group's periodic strategic reviews, including the TAG programme, and consistent with the long-term incentives offered to management which vest based on performance conditions over three years. The three-year period is also covered by the Group's long-term forecasts which include a three-year plan in addition to the budget for the next financial year.

The Group operates in territories that can be unpredictable, and unexpected geopolitical and economic events, such as acts of terrorism, sanctions, currency controls and exchange rate movements, can have an impact on the Group's reported trading performance. Given the Group's reliance on its relationships with venue owners to continue to operate its events, the unavailability of a venue at short notice, damage to a venue or a dispute with a venue owner could negatively affect the Group. A significant deterioration in trading from the major markets (notably Russia, the UK and/or Global Brands) could adversely impact the Group's results.

The Directors assessed the Group's prospects by considering a range of factors, including the Group's expected trading performance based on the budget and three-year plan approved by the Board in September 2019. The resulting financial results and other key ratios were reviewed and it was ensured that the Group's financial obligations can be met as they fall due and the Group remains compliant with the covenant targets of its external debt facility. The forecasts were also subjected to sensitivity analysis which applied stretching but plausible downside scenarios simultaneously across a number of the Group's markets. The downside scenario applied considers the potential impact of the Group's principal risks disclosed in the Risk Committee report.

The Group is considered viable if there is available debt headroom and cash to fund operations and the Group remains compliant with the financial covenants under the terms of the external debt facility. The viability assessment assumes the refinancing of the Group's debt facility prior to its expiry in December 2021 with no changes to the terms of the agreement. In all scenarios, including after applying the downside scenarios, the Group is considered viable for the duration of the assessment. The Directors also have a range of mitigating actions available and within their control if required.

Consideration has also been given to the extent to which digital alternatives to the face-to-face events offering could impact the Group both during and beyond the long-term viability period. Face-to-face networking remains an important way of doing business and therefore any cultural shift away from this is expected to be prolonged. Technological augmentation of events is expected to represent an opportunity as events become enhanced by digital experiences and offerings.

On the basis of this and other matters considered and reviewed by the Board during the year, the Board has reasonable expectations that the Group will be able to continue in operation and meet its liabilities as they fall due over the periods used for both the going concern and long-term viability assessments. The financial statements have therefore been prepared on the going concern basis. In doing so, it is recognised that such future assessments are subject to a level of uncertainty that increases with time and therefore future outcomes cannot be guaranteed or predicted with certainty.

Authorised for issue by the Board of Directors.

Andrew Beach
Chief Financial Officer

Audit Committee report

Committee members	Meeting attendance
Stephen Puckett	**4/4**
Sharon Baylay	4/4

The Audit Committee (the Committee) was in place throughout the financial year and is chaired by Stephen Puckett. The Board considers that Stephen has the appropriate financial expertise, as required by Principle C3.1 of the UK Corporate Governance Code (the Code), as he is a Chartered Accountant, has held executive roles in financial positions in other companies and has chaired other listed companies' audit committees. All members of the Committee are independent Non-Executive Directors and they are considered to provide a wide range of international, financial and commercial expertise necessary to fulfil the Committee's duties. Members of the Committee are appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee, for an initial period of three years, which can then be followed by an additional two further three-year periods. All Committee members played an active role in all Committee meetings held throughout the year. Nicholas Backhouse joined the Committee in October 2019 and will be taking over as Chair after the 2020 AGM.

All members of the Board have an open invitation to attend Committee meetings. Representatives of the external auditor attend each meeting along with the Chief Financial Officer, the Group Financial Controller and the Company Secretary, unless there is a conflict of interest. Other relevant people from the business are also invited to attend certain meetings or parts of meetings to provide a deeper level of insight into certain key issues and developments. The Chairman of the Committee reports to the Board, as part of a separate agenda item, on the activity of the Committee and matters of particular relevance to the Board in the conduct of their work.

The Chairman of the Committee has also held meetings with the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer and other members of management and the finance team during the year to identify matters which require meaningful discussion at Committee meetings. He also meets the external audit partner privately to discuss any matters they wish to raise or concerns they have.

Terms of Reference

The Committee's Terms of Reference are available on the Group's website (www.hyve.group) or can be obtained from the Company Secretary. The Terms of Reference are reviewed annually and presented to the Board for approval.

Effectiveness evaluation

During the year, the Committee carried out an evaluation of its effectiveness as part of the internal review of the Board and its Committees. The results of the review were discussed at a Committee meeting, led by the Chair of the Committee. The Committee discussed the review with management and concluded that the Committee continued to operate effectively.

The role and responsibilities of the Committee

The Committee meets at least three times a year and as and when required. The Committee is responsible for monitoring the integrity of the financial statements of the Company, and for providing effective corporate governance over the appropriateness of the Group's financial reporting. The Committee works closely with the Risk Committee and this ensures effective and sufficient coverage of financial reporting risks within the Group's risk management processes.

Individual members of the Committee have visited a range of the Group's offices and events, held meetings with local staff and, where appropriate, followed up on matters previously identified by external and internal audits.

Two Committee meetings were held subsequent to the period end and focused on:

- The key areas of focus in advance of the commencement of the year-end audit; and
- The review of the Group's full year results for the year ended 30 September 2019 prior to the Board's approval, significant financial judgements made during the year and the external auditor's year-end report.

During the year, the Committee focused on the following:

- Alternative performance measures, ensuring an appropriate balance between the prominence given to statutory and adjusted results;
- Adjusting items and the inclusion of integration costs following the Ascential Events and Mining Indaba acquisitions;
- Acquisition accounting in respect of the Mining Indaba acquisition;
- Accounting treatment for disposals completed during the year;
- The impairment review of goodwill and acquired intangible assets;

Audit Committee responsibilities include:

- Reviewing the integrity of the Group's financial statements and reporting and advising the Board on whether the Committee believes the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- Monitoring compliance with relevant statutory and listing requirements;
- Reporting to the Board on the appropriateness of the accounting policies and practices;
- Overseeing the relationship with the external auditor, advising the Board on the appointment of the external auditor, agreeing its audit scope and audit fees and assessing the effectiveness of the external audit process;
- Reviewing the effectiveness of the Group's internal controls and assessing the effectiveness of the Group's internal audit provider and process; and
- Monitoring the Group's whistleblowing, bribery prevention and fraud detection policies and processes.

Audit Committee activities during the financial year

Each of the Committee meetings had a particular area of focus. This year's meetings focused on:

- The review of the Group's full year results for the year ended 30 September 2018 prior to the Board's approval, significant financial judgements made during the year and the external auditor's year-end report;
- The review of the effectiveness of the external auditor and the 2018 Annual Report process;
- The review of the Group's interim results for the period ended 31 March 2019 and the external auditor's interim review report; and
- The external auditor's scope and plan for the audit of the year ended 30 September 2019.

- Tax provisions, the recoverability of deferred tax assets and transfer pricing;
- The adoption of new accounting standards, including IFRS 15 Revenue from Contracts with Customers which came into effect in the year, and a review of the impact of adopting IFRS 16 Leases which comes into effect for the Group next year, including a review of the judgements and key assumptions used by management;
- Internal audit, including a review of the scope, timetable and reports issued during the year;
- The adoption of a revised Treasury policy;
- An assessment of the appropriateness of the going concern and long-term viability statements; and
- The external audit tender process for the year ending 30 September 2020.

In assessing the appropriateness of the financial statements, the Committee concentrated on the key matters summarised below. These were discussed with the external auditor, Deloitte LLP (Deloitte), throughout the year and at the Committee meetings as well as during the year-end audit.

Impairment of goodwill, intangible assets and investments

This involves measuring the carrying value of goodwill, intangible assets and investments against the value in use of each of the cash generating units (CGUs) and investments. There are a number of judgements and estimates to consider in the valuation in use calculations, principally regarding the forecast cash flows, the discount rates used and the long-term growth rates applied. Forecast cash flows are based on the Board-approved budget and three-year plan. Discount rates are selected to reflect the risk adjusted cost of capital for the respective territories. Growth rates reflect management's view of the long-term forecast rates of growth using third party sources such as the International Monetary Fund's World Economic Outlook reports. No impairment charges were recognised during the year and the Committee is satisfied that each of the Group's CGUs has a value in use in excess of the carrying value of its assets.

Alternative performance measures

Consideration has been given to whether there is an appropriate balance between the prominence given to statutory results and alternative performance measures in the annual report. Separately disclosed items of income and expenditure have been presented as adjusting items to allow a set of headline results to be presented in addition to statutory results. The FRC thematic reviews and ESMA guidelines on alternative performance measures have been used when considering the appropriateness of the adjusting items, the alternative performance measures presented and the disclosures in the annual report. The Committee is satisfied that the disclosures included in the annual report are fair and balanced.

Taxation

This involves ensuring that there is appropriate support for the key assumptions in the tax provisions, that deferred tax assets are deemed recoverable and that provisions for international tax exposures are appropriate. As the Group operates and derives profits from a range of international markets, it is subject to tax in a number of territories. Developments in international tax legislation in the period have been considered and management's assessment of the impact of those developments on the Group presented to the Committee. Consideration has been given to the provisions held in respect of potential challenges to historical arrangements, in light of changes to tax rules and recent challenges made by tax authorities in the markets in which the Group operates. Where unused tax losses are available for offset against future profits, the appropriateness of future profit projections has been considered. The Committee agreed on the appropriateness of the tax provisions and deferred tax assets recognised.

Acquisition accounting

Following the acquisition of Mining Indaba in the year, there is a level of judgement involved in identifying and valuing the assets acquired in the business combination. The Committee assesses the processes used in the identification and valuation of acquired assets and liabilities, including the reasonableness of any assumptions used. The Committee also assesses the purchase price allocation of consideration and the allocation between goodwill and identified intangible assets. The Committee reviewed management's papers, the acquisition accounting calculations and underlying estimates and assumptions for the Mining Indaba acquisition.

The Committee agreed that the assets and liabilities were recognised at their fair value at acquisition.

Internal control and risk management

The effectiveness of the internal control process is assessed throughout the year through discussions with local management teams, Internal Audit and others involved in the process. The Committee believes that the current internal controls process is operating effectively.

The Internal Audit function is outsourced to PwC, which provides independent assurance through planned audit activities on a rotational basis, assessing whether the controls in place are adequately designed and implemented and making recommendations for improvement.

The Committee approves the schedule and scope of upcoming internal audit reviews on a rolling three-year basis at each Committee meeting, ensuring that the planned work covers the Group's key risk areas, primary markets and certain key financial controls.

The reports, findings and recommendations are presented for the Committee's review at the meetings held throughout the year. The Committee reviews the reports and considers progress against the recommendations. The Group operates across a number of territories and the role of internal audit and the follow-up process on the findings in internal reports are important parts of the Group's overall control environment.

The Group's risk management process is covered in detail in the report of the Risk Committee on page 70.

External audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. A detailed audit plan is received from Deloitte, which sets out the key risks identified. For the financial year ended 30 September 2019, the primary risks were as set out on pages 97 to 99.

Deloitte provided the Committee with its views on these issues at the Committee meeting held to consider the financial statements. In addition, it provided the Committee with details of any identified misstatements greater than £72,500 and any other adjustments that were qualitatively significant which management had not corrected on the basis that the misstatements were not, individually or in aggregate, material.

Private meetings were held with Deloitte throughout the year to provide additional opportunity for open dialogue and feedback from the Committee and the auditor without management being present. Matters discussed were the preparedness and efficiency of management with respect to the audit, the strengths and any perceived weaknesses of the financial management team, confirmation that no restriction on scope had been placed on them by management and how they had exercised professional judgement.

The effectiveness of the 2018 external audit process was formally assessed by the Committee at the beginning of 2019. Feedback was sought from various participants in the process (Audit Committee members, Executive Directors, members of the finance team and management of subsidiary units). The effectiveness of the audit partner, the audit team, its approach to audits, including planning and execution, communication, support and value were assessed and discussed.

Overall, the effectiveness of the external audit process was assessed to be performing as expected.

During the year, Deloitte and member firms of Deloitte charged the Group £505,000 (2018: £530,000) for audit and audit-related services.

Non-audit services

To safeguard the objectivity and independence of the external auditor from becoming compromised, the Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. No material changes have been made to this policy during the year. Non-audit fees on any project regardless of size, with the exception of assurance services in respect of the half-year review, are submitted for approval by the Committee Chairman, who must report to the Committee on the use of this delegated authority at the next Committee meeting.

Our policy ensures that the Committee challenges the decision to use the external audit firm where suitable, practical and reasonably priced alternatives exist. In addition, the Committee considers the overall level of non-audit fees and would not expect these fees to be in aggregate greater than the audit fee. During the year the external auditor performed non-audit services totalling £58,000 (2018: £161,000), which represents 10% (2018: 30%) of the audit fee. The services provided in the year included £55,000 in respect of the interim review and £3,000 in respect of tax compliance services in India. The Audit Committee approved the appointment of Deloitte on the basis that it was best placed to provide the services and there was no conflict of interest with its role as external auditor. Refer to note 4 to the financial statements of the Group for further information.

Audit tender

Last year we reported that the Committee recommended to the Board that an external audit tender process be conducted during the year ended 30 September 2019. An assessment was undertaken to identify which firms would be reasonably likely to be capable of performing the audit, based on an assessment of sector experience, size and geographical presence and the extent and nature of existing non-audit services provided to the Group. Based on this assessment, four firms were invited to participate in the tender process. Deloitte was not invited to participate in the tender due to the mandatory rotation requirement that means it could not continue as auditor beyond the year ending 30 September 2020.

In preparation for the tender, the Committee sought assurance that each firm would be capable of being independent in the timeframe required by applicable law or regulation before being appointed auditor. The due diligence activities conducted as part of the tender included a review of each firm's independence.

Briefing meetings were held with each tendering firm covering the Group's key segments, functions and geographies. The Chair of the Committee, Chairman of the Board and other members of senior management held introductory meetings with the lead partners from each firm.

The proposals from each firm were evaluated by the Committee against the following criteria, as well as the combined performance as a whole:

- Quality assurance;
- Strength, experience, attitude and commitment of team;
- Industry and business understanding;
- International and cross line of service team co-ordination;
- Transition plan;
- Service approach;
- Understanding of listed company reporting requirements;
- Understanding of analyst and investor requirements and focus;
- Proactivity and innovation; and
- Insights into business practices and recommendations for improvement.

The commercial and contractual structure elements were assessed separately from the other aspects of the firms' proposals.

Following completion of the tender process, the Committee presented two audit firms to the Board and recommended the appointment of BDO as the Group's auditor. The Committee believes that BDO has a strong team with the skills and experience to provide rigour and challenge in the audit. After considering the Committee's recommendation, the Board selected BDO as the Group's auditor for the year ending 30 September 2020 subject to the approval of shareholders at the AGM in January 2020.

On behalf of the Audit Committee

Stephen Puckett
Chairman of the Audit Committee

3 December 2019

Risk Committee report

Committee members	Meeting attendance
Chief Financial Officer	**4/4**
General Counsel	3/4
Company Secretary	4/4
Chief Operating Officer	4/4
Chief People Officer	4/4
Head of Process, Control and Change	4/4
Group IT Director	4/4
Non-Executive Director representative	1/1

Membership

The Chief Financial Officer (Andrew Beach) chairs the Risk Committee (the Committee). In September 2019, Sharon Baylay (Non-Executive Director) was formally appointed as a member of the Committee. All Non-Executive Directors are invited to attend and during the year each attended at least one of the meetings.

The Board has recently agreed that the Committee should be a formal committee of the Board rather than an operational committee. Stephen Puckett (Non-Executive Director) will take over as Chair of the Committee once this change is approved. There will additionally be changes to the Committee's membership and Terms of Reference.

Terms of Reference

The Committee's current Terms of Reference are available on the Group's website (www.hyve.group) or can be obtained from the Company Secretary. The Terms of Reference are reviewed annually and presented to the Board for approval.

The role and responsibilities of the Committee

The Board is ultimately responsible for the Group's risk management framework. The Board regularly reviews the Group's key risks, and to support the discharge of this responsibility, in addition to the Audit Committee, the Board established the Risk Committee in 2014.

The purpose of the Committee is to identify, measure, track, mitigate and manage risks faced by the Group over time with the intention of exposing threats to be mitigated and opportunities to be exploited. The Committee works closely with the Audit Committee, which remains responsible for risks arising in financial reporting. The key risks from the Group's Risk Register are regularly shared with the Board and discussed.

The Committee's work is primarily driven by the assessment of its principal risks and uncertainties. These risks and uncertainties are the output of a series of risk registers, which are developed across the Group, and then accumulated and reviewed by the Committee. The Committee reviews these assessments and makes adjustments to the overall risk plan as appropriate.

Assessment of the Group's risk profile

The key risks identified and monitored by the Group, as identified by the Risk Committee, are set out in the principal risks and uncertainties within the Strategic Report. Wherever possible, action plans are in place to provide future mitigation against these key risks. As these are implemented, they will be reported on in future reports.

On behalf of the Risk Committee

Andrew Beach
Chairman of the Risk Committee

Risk Committee activities during the financial year

The Committee met four times during the year and covered the following areas:

- Reviewed and updated risks and risk ratings, with a detailed review of the IT and People sections;
- Reviewed business continuity/disaster recovery plans where available;
- Identified and reported key risks to the Board, and responded to feedback from the Board;
- Discussed existing mitigation and planned mitigations and reviewed and amended risk scores as appropriate;
- Approved the Group's Trademark Policy and reviewed the Trademark Register;
- Reviewed the Committee's Terms of Reference; and
- Reviewed the effectiveness of the Committee.

Nomination Committee report

Committee members	Meeting attendance
Richard Last	4/4
Nicholas Backhouse[1]	1/2
Stephen Puckett	4/4
Sharon Baylay	4/4

1 Nicholas Backhouse was appointed to the Board and Committee on the 1 May 2019. It was known at the time of Nicholas Backhouse's appointment that he would not be able to attend the first meeting.

The Nomination Committee (the Committee) was in place throughout the financial year and is chaired by the Chairman of the Group. All of the members of the Committee who served during the year were independent Non-Executive Directors.

The Chief Executive Officer and Chief Financial Officer may also be invited to attend meetings, unless they have a conflict of interest. During the year, the Chief Executive Officer and Chief Financial Officer either attended partially or fully some of the Committee meetings. The Company Secretary and Chief People Officer may be invited, but only as appropriate and only if they do not have a conflict of interest. The Committee is also assisted by executive search consultants as and when required.

Terms of Reference

The Nomination Committee's Terms of Reference are available on the Group's website (www.hyve.group) or can be obtained from the Company Secretary. The Terms of Reference are reviewed annually and presented to the Board for approval.

The role and responsibilities of the Committee

The Nomination Committee meets a minimum of twice a year and as required; in 2019 the Committee met on four occasions. The Committee is responsible for considering and recommending to the Board suitable candidates for appointment as Executive and Non-Executive Directors.

When the need to appoint either an Executive or a Non-Executive Director arises, the Committee reviews what skills and experience are required for the position, while taking into account the Board's existing composition. Appointments to the Board follow a formal, rigorous and transparent process, which involves the Committee interviewing candidates proposed by either existing Board members or by external search consultants. Careful consideration is given to ensure appointees have sufficient time available to devote to the role and that the balance of skills, knowledge and experience on the Board is maintained or improved.

The Committee recognises the benefits of having a diverse Board, and sees increasing diversity at Board level as an important element in maintaining a competitive advantage. A truly diverse Board in its broadest sense will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, in the context of the skills and experience that the Board as a whole requires to be effective.

On behalf of the Nomination Committee

Richard Last
Chair of the Nomination Committee

3 December 2019

Nomination Committee activities during the financial year

The Committee met four times during the financial year to review, discuss and, where appropriate, conclude:

- The balance of skills and experience on the Board and consider if any changes were necessary;
- The annual Board and Committee evaluation responses;
- Membership and chairmanship of the plc committees;
- Appointment of the General Counsel and Company Secretary;
- The Committee's Terms of Reference and the effectiveness of the Committee;
- The Company's succession plans for the Company's Board, its Executive Team and other key roles across the Group and immediate stand-ins;
- The recognition of the Senior Independent Director as responsible for the employee voice on the Board;
- The identification of skills required for the appointment of the next Non-Executive Director;
- The appointment of an additional Non-Executive Director; and
- Talent identification, development and the senior leadership team.

Remuneration Committee report

Dear shareholder

I am pleased to present the Remuneration Committee report for the year to 30 September 2019.

What is in this report?

The report includes details of the payments made to our Executive and Non-Executive Directors for the year ended 30 September 2019. It also includes details of the Remuneration Policy and information on how this Policy will be implemented during the financial year ending 30 September 2020.

This annual statement and the annual report on Directors' remuneration (set out on pages 86 to 87) will be subject to an advisory vote at this year's AGM to be held on 23 January 2020.

Alignment of remuneration with strategy

As detailed in the Strategic Report, the Group's key strategic objective is to create the world's leading portfolio of content-driven, must-attend events that deliver an outstanding experience and return on investment to our customers at the same time as generating strong returns for our shareholders. The Committee has continued to review the performance measures in place in the incentive schemes to ensure that they reflect and support the Group's priorities and strategy.

2019 performance and reward

As detailed in the Strategic Report, during the 2019 financial year the Group has consolidated its stronger and more diversified portfolio despite the headwinds in certain key markets.

The TAG programme has been rolled out across the Group's key market-leading events and the benefits of the scalable platform that has been put in place are now evident. The financial performance over the course of 2019 provides further evidence of progress that is being made on delivering against the ambitious strategy for the business.

In terms of the measures used in our annual bonus scheme, key financial highlights for the year included achieving growth in like-for-like revenues of 7%, growth in headline profit before tax of 42% and cash conversion of 94%. This financial performance, whilst less than the stretch targets in the bonus scheme, still represents a good overall outcome against the backdrop of economic and political uncertainty in some of our markets.

The Committee concluded that the Executive Directors' achievement against their personal objectives was at 90%, which resulted in total bonuses paid at 41.7% of the maximum level to the Chief Executive Officer and Chief Financial Officer.

Full disclosure of the bonus targets set, and performance against them, is included on pages 86 to 87.

In approving bonus awards, the Remuneration Committee considered the financial performance achieved during the year and was comfortable with the overall remuneration awarded.

Long-term incentive awards granted in June 2017 were based on a three-year performance period ended 30 September 2019 with a challenging cumulative EPS target.

Despite continuing to make progress on delivering against our ambitious strategy in 2019, the required threshold level of headline diluted EPS was not achieved. The outcome of the second performance measure, Total Shareholder Return (TSR), was below the median of the comparator group. Consequently, no awards will vest.

Overall, the Committee is comfortable that there has been a fair relationship between performance and reward.

Implementation of Remuneration Policy for 2020

PSP

The changes to the Remuneration Policy approved by shareholders at the last AGM provided for enhanced Performance Share Plan (PSP) awards for one year only (2019). As a result, the Remuneration Committee intends to grant awards to the Executive Directors and senior executives in January 2020 in line with historical practice, as set out in the Remuneration Policy. These awards will be at levels of 100% of basic salary for the Chief Executive Officer and 80% of salary for the Chief Financial Officer. Similar to the awards made in prior years, the performance conditions to apply to the 2020 awards will be a combination of both financial and TSR performance targets. The Committee is currently in the process of finalising the specific performance targets to apply to these awards.

The targets to be set will reflect the higher quality and more balanced portfolio of the Group following the transformational change delivered during our TAG programme to date. Overall, the range of targets to be set will be similarly challenging to those set in prior years. The targets will be included in the market announcement at the time of granting the awards and fully disclosed in next year's Remuneration Committee report.

Annual bonus

The annual bonus for 2020 will continue to operate based on a combination of challenging headline profit before tax, revenue growth and cash conversion targets, with a small, but significant proportion of the total bonus opportunity reserved for the delivery of tailored personal objectives. One-third of any bonus earned will be deferred into the Company's shares to provide a bridge between the attainment of short-term objectives and longer-term performance. In addition, robust recovery and withholding provisions will also continue to apply to any bonus earned in relation to 2020. The maximum bonus opportunity will remain at 150% of basic salary for the Chief Executive Officer and 120% of salary for the Chief Financial Officer.

Base salary

Following the introduction of our new performance management system for employees, the normal annual salary review date has been moved to 1 January. This change of date increases the period between the year end and the salary review, providing for greater consideration of performance reviews. To maintain alignment with the wider workforce, the Committee has moved the Executive Directors' annual salary review date to 1 January.

The Committee's intention is to increase the base salaries of the Executive Directors with effect from 1 January 2020.

The increase in salary for Mark Shashoua is 3%, which reflects an annualised increase of 2.4% when taking into account the deferral of the effective date; and, in line with the Committee's previously stated intention of raising Andrew Beach's salary over a number of years, the increase in his salary is 3.9%, which reflects an annualised increase of 3.1% when taking into account the deferral of the effective date. This is aligned with the average increase for UK employees.

Corporate governance developments

The Committee has continued to consider the impact of the new legislation and the 2018 UK Corporate Governance Code on directors' remuneration reporting.

We have reviewed the most appropriate approach to compliance in reporting on the 2019 financial year and where appropriate have included additional information ahead of it being strictly required for the Group.

In considering the Code requirement to review the alignment of the Executive Directors' pension arrangements and those of the wider workforce, the Committee has reviewed the Group's UK pension arrangements and decided that the competitiveness of this benefit should be improved, and the employer's contribution rates rationalised. Consequently, all UK employees now benefit from a matching employer pension contribution of up to 10% – the level of the pension allowance for the Executive Directors. Furthermore, higher earning UK employees now have the same pension arrangements as the Executive Directors.

Committee effectiveness

The Committee reviews its effectiveness annually and undertakes a deeper facilitated review, which includes input from third parties every three years.

In 2019, a simple review was undertaken and the Committee concluded that it had sufficient support and advice, both independent and from management, to effectively undertake its responsibilities.

Since our last meeting in September 2019, the Board has appointed Nicholas Backhouse to the Remuneration Committee. I welcome Nicholas's contributions and look forward to working with him on remuneration matters.

Shareholder engagement

We are committed to maintaining an ongoing dialogue with shareholders on the issue of executive remuneration and we welcome any feedback you may have. As discussed in my statement in last year's annual report, the Remuneration Committee undertook an extensive consultation exercise with major shareholders ahead of submitting the new Remuneration Policy for shareholder approval at the AGM in January 2019. The constructive feedback received was useful in ensuring that the Committee was ultimately able to develop a proposal which had the support of the Company's largest shareholders.

The Committee was pleased to receive majority support for the Policy at the AGM, but we recognise that a third of shareholders voted against the resolution. In response, I wrote to all major shareholders who voted against the Policy and offered to have a further meeting or call to understand more clearly the specific issues which led to their voting decision. Only one response was received to this letter. Having considered the response to our post-AGM engagement and noting that a materially lower incentive opportunity will operate for the remainder of the Policy period versus FY 2019, the Committee was comfortable applying policy as detailed in this year's Directors' remuneration report. I would be delighted to engage further with any shareholder who continues to have concerns with the Policy as approved in 2019 or with any other aspect of executive remuneration at Hyve.

We look forward to your support in approving this report at the AGM on 23 January 2020.

Finally, I would like to thank my fellow Committee members and our advisers for their contributions to our discussions.

On behalf of the Remuneration Committee

Sharon Baylay
Chair of Remuneration Committee

Remuneration Policy (not subject to audit)

The following table summarises the main elements of the Executive and Non-Executive Directors' Remuneration Policy for 2019 onwards as approved at the 2019 AGM, the key features of each element, their purpose and linkage to strategy. The Effective Date of the Policy is 24 January 2019, the date of approval by shareholders.

Element, purpose and link to strategy	Operation	Opportunity	Performance metrics
Base salary/fees Set at competitive levels in the markets in which Hyve Group plc operates, in order to attract and retain executives capable of delivering the Group strategy.	Reviewed annually with changes normally effective from 1 October of each year. (From 2020, effective 1 January.) Decisions influenced by: • Scope of the role and the markets in which Hyve Group plc operates; • Performance and experience of the individual; • Pay levels at organisations of a similar size and complexity; and • Pay and conditions elsewhere in the Group.	Salaries will be eligible for increases during the three-year period that the Remuneration Policy operates from the Effective Date. During this time, salaries may be increased each year (in percentage of salary terms) in line with increases granted to the wider workforce. Increases beyond those granted to the wider workforce (in percentage of salary terms) may be awarded in certain circumstances, such as where there is a change in responsibility or experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group.	Not applicable.
Benefits Designed to be competitive in the market in which the individual is employed.	Benefits include life insurance, private medical insurance and income protection insurance. Where appropriate, other benefits may be offered, including, but not limited to, allowances for car, accommodation, relocation, other expatriate benefits and participation in all-employee share schemes. Benefits vary by role and individual circumstance and eligibility is reviewed periodically. Benefits are not pensionable.	The value of benefits may vary from year to year depending on the cost to the Company from third party providers.	Not applicable.
Pension To provide cost-effective retirement benefits.	Participation in defined contribution plan or cash allowance in lieu.	Up to 10% of base salary.	Not applicable.

Element, purpose and link to strategy	Operation	Opportunity	Performance metrics
Annual performance bonus Designed to reinforce individual performance and contribution to the achievement of sustainable profit growth and strategic objectives.	Compulsory deferral of one-third of any bonus paid into shares for three years, with the balance of the bonus paid in cash. Deferred shares typically vest after three years and are normally subject to continued employment. Dividend equivalent payments may be made (in cash or shares) on deferred shares at the time of vesting and may assume the reinvestment of dividends. Annual bonus awards are not pensionable. Payments made under the annual bonus are subject to recovery and withholding provisions, which enable value overpaid to be recouped to the later of one year following the date of payment and the completion of the next audit of the Group's accounts, in the event of a fraud or material misstatement of results being identified in relation to the year in which the bonus was earned.	Maximum potential opportunity of up to 150% of base salary. For the current Executive Directors, the annual bonus will be limited to the following levels during the three-year policy period: • 150% of salary (Chief Executive); and • 120% of salary (Chief Financial Officer).	Details of the performance measures used for the current year and targets set for the year under review and performance against them will be provided in the Annual Report on Directors' Remuneration. Bonus will be predominantly based on a challenging range of financial targets set in line with the Group's KPIs (for example, revenue growth, cash conversion and profit). For a minority of the bonus, targets relating to the Group's other KPIs will operate (for example, strategic targets). For financial targets, and where practicable strategic targets, a bonus starts to accrue once the threshold target is met (0% payable) rising on a graduated scale to 100% for outperformance. The Committee may adjust bonus outcomes, based on the application of the bonus formula set at the start of the relevant year, if it considers the quantum to be inconsistent with the Company's overall performance during the year. For the avoidance of doubt, this can be to zero and bonuses may not exceed the maximum levels detailed above. Any use of such discretion would be detailed in the Annual Report on Directors' Remuneration.

Element, purpose and link to strategy	Operation	Opportunity	Performance metrics
PSP Ensures that the Executive Directors' interests are aligned with those of shareholders through providing share-based awards linked to sustained improvements in long-term targeted performance metrics.	Awards of nominal cost (or nil cost) options may be granted annually as a percentage of base salary. Vesting is based on performance measured over a minimum of three years. The performance period normally starts at the beginning of the financial year in which the date of grant falls. Any shares which vest following the end of the three-year performance period must be held for a further two years (other than in respect of shares sold to pay tax). Dividend equivalent payments may be made (in cash or shares) on PSP shares at the time of vesting on vested shares and may assume the reinvestment of dividends. Payments made under the PSP are subject to recovery and withholding provisions, which enable recoupment of the value overpaid for the later of one year following the date of vesting and the completion of the next audit of the Group's accounts in the event of fraud or material misstatement of results being identified in relation to the years in which the PSP is earned.	In normal circumstances, the maximum award limit is capped at 150% of salary other than in exceptional circumstances (e.g. recruitment 'buy-out' to compensate for value forfeit from a previous employer) when awards may be granted up to 200% of salary. Awards above this level, up to 500% of salary, may be granted in 2019 only (see below). For the current Executive Directors, the annual PSP award limit for the three-year Remuneration Policy period (excluding any buy-out awards) will be limited to: • For 2019: – 500% of salary (Chief Executive); and – 250% of salary (Chief Financial Officer). • For 2020 and 2021: – 100% of salary (Chief Executive); and – 80% of salary (Chief Financial Officer).	Granted subject to challenging financial (e.g. EPS and ROCE) and/or total shareholder return performance targets tested over three years. For awards granted in 2019, 5% of maximum vests for threshold performance for the CEO (10% of maximum for other Executive Directors), rising on a graduated basis to full vesting for equalling, or exceeding, the maximum performance targets (no awards vest for performance below threshold). For awards granted in 2020 and 2021, 20% of maximum vests for threshold performance for the CEO (30% of maximum for other Executive Directors), rising on a graduated basis to full vesting for equalling, or exceeding, the maximum performance targets (no awards vest for performance below threshold). The Committee may adjust PSP vesting outcomes, based on the result of testing the performance condition, if it considers the quantum to be inconsistent with the Company's overall performance during the three-year performance period. For the avoidance of doubt, this can be to zero. Any use of such discretion would be detailed in the Annual Report on Remuneration.
Non-Executive Directors' fees To reflect the time commitment in preparing for and attending meetings, the duties and responsibilities of the role, and the contribution expected from the Non-Executive Directors.	Annual fee for Chairman. Annual base fee for Non-Executive Directors. Additional fees are paid to the Senior Independent Director and the Chairmen of the Audit and Remuneration Committees to reflect additional responsibilities. Fees are reviewed annually, taking into account time commitment, responsibilities and fees paid by comparable companies. All Non-Executive Directors are reimbursed for travel and related business expenses reasonably incurred in performing their duties such that they are no worse off on a post-tax basis.	There is no prescribed maximum. Non-Executive Director fee increases are applied in line with the outcome of periodic reviews and taking into account wider factors, for example inflation.	Not applicable.

Notes to Policy table

In addition to the above elements of remuneration, any commitment made prior to, but due to be fulfilled after, the approval and implementation of the Remuneration Policy detailed in this report will be honoured.

Performance measure selection and approach to target setting
Performance targets are set at such a level as to be stretching and achievable, with regard to the particular strategic priorities and economic environment.

Annual bonus
The Committee will review and may refine the choice of metrics and weightings at the start of each financial year in light of developments in the Company's strategy. The targets will be based on the annual budget approved by the Board, together with an appropriate performance zone (threshold to maximum) around the target, which the Committee considers provides an appropriate degree of 'stretch' challenge and an incentive to outperform. Adjustments may be made to targets to reflect any material events during the year (e.g. acquisitions and/or divestments). However, any adjustments would be made with a view to ensuring the targets fulfilled their original purpose.

The intention is to provide full retrospective disclosure of annual bonus performance targets and actual performance against them in the relevant remuneration report (subject to any commercial sensitivities in relation to disclosure of the strategic targets).

Annual bonuses for 2020 are based 50% on profit, 20% on revenue growth, 15% on cash conversion and 15% on individually tailored personal targets. These metrics provide a keen balance between incentivising operational success and delivering growth.

It is expected that profit will be measured on a reported basis (i.e. using actual exchange rates), with revenue growth and cash conversion measured using budgeted exchange rates to provide a balance between shareholder alignment and incentivising management to deliver against internal plans.

PSP
The Committee will review the performance conditions (choice of metric, weightings and TSR comparator group) to apply to PSP awards annually, prior to the start of the performance period, taking into account a number of internal and external reference points to help ensure they are appropriately stretching.

The choice of metrics and their weightings may be refined each year for future awards to better reflect any changes in strategy. The Committee will also retain discretion, as defined in the relevant incentive plan rules, to make adjustments in certain circumstances (e.g. in the event of a rights issue, corporate restructuring, special dividend, change of control, etc.) to ensure that incentives fulfil their original purpose. Any adjustments to performance conditions (e.g. arising as a result of a substantial acquisition or divestment) must result in any revised performance targets being similarly challenging to the condition prior to the relevant event.

As detailed in the Remuneration Committee report, the PSP performance targets for 2020 are currently under review to ensure that the targets set are appropriate in the context of our higher quality and more balanced portfolio of businesses following the transformational change delivered during our TAG programme to date.

Differences in Remuneration Policy operated for other employees

The approach to annual salary reviews is consistent across the Group. All employees are eligible to participate in an annual bonus scheme or a commission-based incentive package. Opportunities and specific performance conditions vary by organisational level, with group and business area specific metrics incorporated where appropriate.

Senior managers and other employees are eligible for consideration of awards of performance shares (under the PSP) or discretionary share options (not offered to Executive Directors) to further support alignment with shareholder interests (see note 28 to the consolidated accounts for more information on all-employee share plans).

Executive Director shareholding guidelines

The Committee recognises the importance of aligning the interests of Executive Directors with shareholders through the building up of a significant shareholding in the Group. Executive Directors are required to retain shares of a value equal to at least 25% of any gain made after tax on the vesting of awards under the Plans, until they have built up a minimum shareholding of a value equivalent to at least 200% of annual base salary.

Remuneration Policy for new Executive Directors

When appointing a new Executive Director, including by way of internal promotion, the Committee may make use of all the existing components of remuneration as follows:

Component	Approach	Maximum value
Base salary	Determined in line with the stated policy, and taking into account their previous salary. Initial salaries may be set below market and consideration given to phasing any increases over two or three years subject to development in the role.	Not applicable.
Benefits	In line with the stated policy.	
Pension	In line with the stated policy.	
Annual bonus	In line with stated policy, with the relevant maximum pro rata to reflect the proportion of the year served. Tailored bonus targets may apply in the year of appointment to a new Executive Director (e.g. if the appointment took place towards the end of a financial year).	150% of base salary.
PSP	In line with the stated policy.	100% of base salary (200% in exceptional circumstances as detailed in the previous table).

In determining appropriate remuneration for a new Executive Director, the Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that arrangements are in the best interests of both the Group and its shareholders. The Committee may consider it appropriate to grant an award under a structure not included in the policy, for example to 'buy out' incentive arrangements forfeited on leaving a previous employer, and will exercise the discretion available under Listing Rule 9.4.2R where necessary. In doing so, the Committee will consider relevant factors, including the expected value of all outstanding equity awards using a Black-Scholes or equivalent valuation and, where applicable, taking into account the toughness of performance conditions attached to these awards, the likelihood of those conditions being met and the time period to vesting. The use of Listing Rule 9.4.2R will be limited to the 'buy-out' of incentive arrangements forfeited on leaving a previous employer and such buy-out awards will have a fair value no higher than the awards forfeited.

In cases of appointing a new Executive Director by way of internal promotion, the Group will honour any contractual commitments made prior to their promotion to Executive Director.

In cases of appointing a new Non-Executive Director, the approach will be consistent with the policy.

Service contracts and exit payments policy

In line with Provision 18 of the 2018 UK Corporate Governance Code, all Directors are subject to re-election annually at the Company's AGM. The Chairman has a six-month notice period and the Non-Executive Directors have a one-month notice period. Each Non-Executive Director is engaged on the basis of a letter of appointment, which is available to view at the Group's registered office and at the AGM.

The effective dates of their letters of appointment are as follows:

Director	Date of letter of appointment	Notice period
Richard Last[1]	12 February 2018	Six months
Stephen Puckett	16 May 2013	One month
Sharon Baylay	24 March 2014	One month
Nicholas Backhouse[2]	1 May 2019	One month
Neil England[3]	18 March 2008	One month

1 Notice period extended to six months after the year end.

2 Appointed Director on 1 May 2019.

3 Resigned as a Director and stepped down from the Board on 24 January 2019.

Executive Director service contracts have no fixed term and have a notice period of up to 12 months from either the Executive Director or the Group. The Executive Director service contracts are available to view at the Group's registered office and at the AGM. The dates of the Executive Director service contracts and the relevant notice period are as follows:

Director	Effective date of contract	Notice period
Mark Shashoua	1 September 2016	12 months
Andrew Beach	17 October 2016	12 months

The Committee's policy is to limit severance payments on termination to pre-established contractual arrangements and the rules of the relevant incentive plans. In doing so, the Committee's objective is to avoid rewarding poor performance. Furthermore, the Committee will take account of the Executive Director's duty to mitigate his loss.

Termination payments are limited to base salary, benefits and pension during the notice period and the Company may elect to make a payment in lieu of notice. If an Executive Director's contract is terminated, he may be eligible for a pro rata annual bonus over the period to the date of cessation of employment, subject to performance.

In addition to the contractual provisions regarding payment on termination set out above, the Group's incentive plans and share schemes contain provisions for termination of employment.

Component	Bad leaver	Good leaver	Change of control
Annual bonus	No annual bonus payable.	Eligible for an award to the extent that performance conditions have been satisfied and pro rata for the proportion of the financial year served (or such lower period as the Committee determines), with Committee discretion to treat otherwise.	Eligible for an award to the extent that performance conditions have been satisfied up to the change of control and pro rata for the proportion of the financial year served, with Committee discretion to treat otherwise.
Deferred Bonus Plan	Outstanding awards are forfeited.	Outstanding awards will normally vest on the original vesting date or such other earlier date as the Committee may determine.	Outstanding awards will normally vest in full.
PSP	Outstanding awards are forfeited.	Outstanding awards will normally continue and be tested for performance over the full period, and reduced pro rata for time based on the proportion of the period served, with Committee discretion to treat otherwise.	Outstanding awards will normally vest and be tested for performance over the period to change of control, and reduced pro rata for time based on the proportion of the period served, with Committee discretion to treat otherwise.

An individual would normally be considered a good leaver if they leave for reasons of death, injury, ill health, disability, redundancy, a cessation of part of the business in which the individual is employed or engaged, circumstances that are considered by the Committee to be retirement, or any other reason as the Committee decides. Bad leaver provisions apply under other circumstances, normally including, but not limited to, resignation.

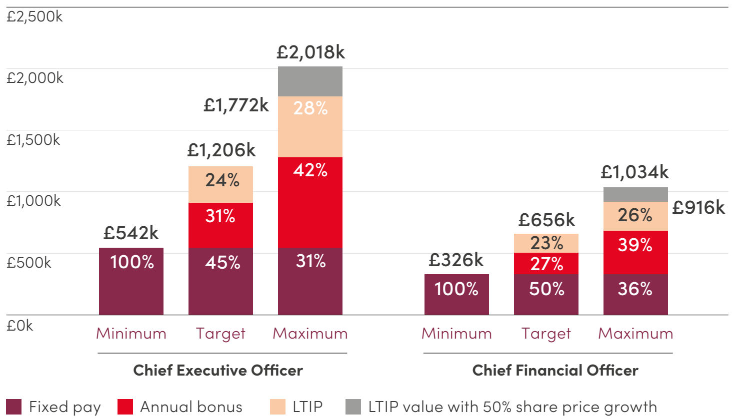
In addition, the Committee may also make payments in relation to any statutory entitlements, to settle any claim against the Company (e.g. in relation to breach of statutory employment rights or wrongful dismissal) or make a modest provision in respect of legal costs or outplacement fees.

External appointments

The Executive Directors may accept external appointments with the prior approval of the Board. Whether any related fees are retained by the individual or remitted to the Group will be considered on a case-by-case basis.

Illustration of the application of the Remuneration Policy (not subject to audit)

The charts below show how the remuneration of the Executive Directors varies in three different performance scenarios under the Policy for 2020.



PSP values exclude the impact of dividend accrual for simplicity. Actual pay delivered, however, will be influenced by this factor.

Assumptions underlying each element of pay are provided in the tables below:

Fixed

Component	Basis
Base salary	Current salary (see page 92)
Pension	Contribution rate applied to latest known salary
Other benefits	Estimated at a value of £1,000

Variable

Component	Minimum	Target	Maximum
Annual bonus	No bonus payable	Target bonus	Maximum bonus payable as % of salary
		50% of maximum	150% – Chief Executive Officer
			120% – Chief Financial Officer
PSP	No PSP vesting	Midpoint of the vesting schedule	Maximum PSP vesting as % of salary
		60% of the award – Chief Executive Officer	100% – Chief Executive Officer
		65% of the award – Chief Financial Officer	80% – Chief Financial Officer

In addition, in line with the updated UK remuneration reporting requirements, the maximum column has been extended to reflect the potential impact of 50% share price appreciation on the shares which vest.

Consideration of conditions elsewhere in the Group and employee views

When reviewing and setting remuneration levels for the Executive Directors, the Committee takes into account the pay and employment conditions of all employees of the Group. The Group-wide pay review budget is one of the key factors when reviewing the salaries of the Executive Directors. During the year, the Committee has also reviewed the employee annual bonus plan to improve alignment with that of the Executive Directors. Although the Group has not carried out a formal employee consultation regarding Board remuneration, it does comply with local regulations and practices regarding employee consultation more broadly. The Chief People Officer periodically feeds back employees' views on the Group's remuneration structure. Additionally, Stephen Puckett was appointed this year as the "employee voice at the Board".

Consideration of shareholder views

It is the Committee's policy to consult with major shareholders prior to any changes to its Executive Director remuneration structure. During the autumn of 2018, the Committee consulted with major shareholders, the Investment Association, Institutional Shareholder Services and Glass Lewis on the proposed Remuneration Policy to operate from the 2019 AGM. The Chairman of the Committee also wrote to those major shareholders who voted against the Policy at the AGM and offered a meeting or a call to understand more clearly the specific issues which led to their voting decision.

Directors' remuneration report

Annual Report on Directors' Remuneration

In line with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013), the following parts of the Annual Report on Directors' Remuneration are audited: the single total figure of remuneration for each Director, including annual bonus and PSP outcomes for the financial year ended 30 September 2019; scheme interests awarded during the year; pension entitlements; payments to past Directors and payments for loss of office; and Directors' shareholdings and share interests. All other parts of the Directors' remuneration report are unaudited.

Membership

Committee members	Meeting attendance
Sharon Baylay	5/5
Stephen Puckett	5/5

The Remuneration Committee was chaired by Sharon Baylay who, along with Stephen Puckett, served throughout the year. Members of the Committee are appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee, for an initial period of three years, which can then be followed by an additional two further three-year periods. During the financial year, both Committee members played an active role in all Remuneration Committee meetings held.

Where there is no conflict of interest, the Board Chairman, Chief Executive Officer, Chief Financial Officer, the Chief People Officer and the Company Secretary may be invited to attend the Committee's meetings to assist the Committee in making informed decisions. To maximise effectiveness, meetings of the Committee generally take place just prior to a Company Board meeting. The Chairman of the Committee reports to the Board, as part of a separate agenda item, on the activity of the Committee and matters of particular relevance to the Board in the conduct of its work. No individual is present when their own remuneration is being discussed. The Chairman of the Committee also meets separately with the Board Chairman, Chief Executive Officer, the Chief Financial Officer, the Chairman of the Audit Committee, the Chief People Officer and the Committee's external advisers.

Advisers

Korn Ferry are the appointed Committee Remuneration Advisers and were appointed by the Committee in 2016. Total fees paid to Korn Ferry in respect of providing their services to the Committee during the 2019 financial year were £81,481 (excluding VAT), with the fees charged on a time spent and materials provided basis. Korn Ferry are signatories to the Remuneration Consultants' Group Code of Conduct and any advice provided is governed by that Code. Advisers attend Committee meetings as appropriate, and provide advice on remuneration policy, best practice and market updates. The Committee evaluates the support provided by its advisers annually and is comfortable that the individual advisers detailed did not have any connections with the Group that may have impaired, or continue to impair, their independence.

Terms of Reference

The Remuneration Committee's Terms of Reference are available on the Group's website www.hyve.group or can be obtained from the Company Secretary. The Terms of Reference are reviewed annually and presented to the Board for approval.

Remuneration Committee activities during the financial year

The main issues discussed and/or approved during the financial year under review included:

- Approval of the prior year Directors' remuneration report, review of shareholder comments and AGM voting on the report;
- Annual review of the Company Chairman's and Executive Directors' salaries or fee arrangements and benefits;
- Review of the Executive Directors' and executive management's performance against the targets set under the 2018 Annual Bonus Scheme and approval of the corresponding payments;
- Interim review of the Executive Directors' and executive management's performance against the targets set under the 2019 Annual Bonus Scheme;
- Review of the personal objectives of the Chief Executive Officer proposed by the Company Chairman, and of the Chief Financial Officer as proposed by the Chief Executive Officer;
- Review and approval of new UK pension contribution rates;
- Review and approval of revised employee annual bonus arrangements;
- Review and approval of grants made during the year under the PSP;
- Approval of the vesting level for PSP awards vesting on performance to 30 September 2018;
- Review of the performance targets to be applied for the awards to be made under the PSP;
- Application of the revised Remuneration Policy, including the design of incentives and targets for the 2019 Annual Bonus and PSP schemes in light of shareholder feedback, the impact of the acquisition of Ascential Events and the rights issue on PSP awards; and
- Review of the engagement with shareholders following the voting results at the AGM held in January 2019.

The role and responsibilities of the Committee

The Remuneration Committee meets at least three times a year and on other occasions, as required. The Committee has delegated responsibility from the Board to set the Remuneration Policy for all Executive Directors and the Company Chairman. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. For clarification, the Company Chairman and the Executive Directors are responsible for setting the remuneration of the Non-Executive Directors.

Committee responsibilities include:

- Determining and agreeing with the Board the policy for the remuneration of the Executive Directors and members of the executive management (including pensions);
- Reviewing the ongoing appropriateness and relevance of the Remuneration Policy;
- Approving the design of, and determining targets for, any performance-related pay schemes operated by the Company and approving the total annual payments made under the schemes;
- Overseeing any major changes in employee benefits structures throughout the Group;
- Measuring subsequent performance as a prelude to determining the Executive Directors' and executive management's total remuneration on behalf of the Board;
- Determining the structure and quantum of short-term remuneration; and
- Granting awards under long-term incentive plans and options under the various Hyve Group share schemes.

Statement of shareholder voting at the 2019 AGM (not subject to audit)

The following table shows the results of shareholder voting at the AGM held on 24 January 2019:

Resolution to approve the Directors' Remuneration Policy	Total number of votes	% of votes cast
For (including discretionary)	404,779,176	63.6%
Against	231,169,758	36.4%
Total votes cast (excluding withheld votes)	635,948,934	100%
Votes withheld	1,665	
Total votes cast (including withheld votes)	635,950,599	

Resolution to approve the amended Performance Share Plan 2014	Total number of votes	% of votes cast
For (including discretionary)	405,611,298	63.8%
Against	230,339,301	36.2%
Total votes cast (excluding withheld votes)	635,950,599	100%
Votes withheld	0	
Total votes cast (including withheld votes)	635,948,934	

Resolution to approve the Directors' remuneration report	Total number of votes	% of votes cast
For (including discretionary)	605,799,287	95.3%
Against	30,151,312	4.7%
Total votes cast (excluding withheld votes)	635,950,488	100%
Votes withheld	0	
Total votes cast (including withheld votes)	635,950,488	

The Remuneration Committee notes that a minority of shareholders voted against the resolutions to approve the new Remuneration Policy and to amend the PSP. These proposals were the subject of an intensive consultation programme with major investors prior to the AGM. As a result of these discussions, the Board understood that the main issue of concern, which ultimately led some investors to vote against the resolutions, related to the proposed size of the PSP award for the Executive Directors for 2019. The rationale for this was set out in last year's Directors' remuneration report.

Following the AGM, the Chairman of the Remuneration Committee wrote to all major shareholders who had voted against the resolutions and offered to have a further meeting or call to understand more clearly the specific issues which led to their voting decision. Only one response was received to this letter.

The Committee has reflected on all the feedback received from shareholders since discussions around the Remuneration Policy were initiated in 2018 and believes that the Policy as approved in 2019 remains appropriate for Hyve Group at the current time. While recognising the concerns of some shareholders regarding the size of the 2019 PSP awards, the Committee continues to believe that this approach was appropriate given the desire to provide a material incentive to management to focus on driving exceptional performance over a critical period for the business. As was clearly signalled during the consultation phase and in the Remuneration Policy, PSP award levels for 2020 and 2021 will be at a significantly lower level than that granted in 2019.

Remuneration paid to Directors for the year ended 30 September 2019 (audited information)

The table below sets out a single figure for the total remuneration received by each Director for the year ended 30 September 2019 and the prior year.

	1. Base salary/ Fees[1]		2. Benefits[2]		3. Annual bonus[3]		4. Long-term incentives[4]		5. Pension		Total remuneration		Total fixed remuneration		Total variable remuneration	
	2019 £000	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000
Executive Directors																
Mark Shashoua	**477**	464	**1**	1	**298**	680	**0**	0	**47**	46	**823**	1,191	**525**	511	**298**	680
Andrew Beach	**284**	270	**1**	1	**142**	317	**0**	0	**28**	27	**455**	615	**313**	298	**142**	317
Non-Executive Directors																
Richard Last	**173**	107	**–**	–	**–**	–	**–**	–	**–**	–	**173**	107	**173**	107	**–**	–
Sharon Baylay	**57**	54	**–**	–	**–**	–	**–**	–	**–**	–	**57**	54	**57**	54	**–**	–
Nicholas Backhouse[5]	**20**	–	**–**	–	**–**	–	**–**	–	**–**	–	**20**	–	**20**	–	**–**	–
Stephen Puckett	**61**	54	**–**	–	**–**	–	**–**	–	**–**	–	**61**	54	**61**	54	**–**	–
Former Directors[6]																
Neil England	**40**	100	**–**	–	**–**	–	**–**	–	**–**	–	**40**	100	**40**	100	**–**	–
Marco Sodi	**–**	46	**–**	–	**–**	–	**–**	–	**–**	–	**–**	46	**–**	46	**–**	–
Linda Jensen	**–**	32	**–**	–	**–**	–	**–**	–	**–**	–	**–**	32	**–**	32	**–**	–

1 See the Annual Report on Directors' Remuneration on page 83 for further details of Non-Executive Director fees.

2 Taxable benefits include private medical insurance contributions.

3 Annual bonus payable for performance over the relevant financial year. Details are set out on pages 86 to 87 of the performance targets set and actual performance against them. Consistent with the terms of the Remuneration Policy, one-third of the bonus earned is deferred into the Company's shares for a period of three years with the balance payable in cash. These shares will be held in the Hyve Group Employees Share Trust. Annual bonus awards are subject to recovery and withholding provisions in line with the Company's Remuneration Policy.

4 There was no vesting of long-term incentive awards in relation to the current Executive Directors for performance periods concluding 30 September 2019.

5 This is a prorated amount of Nicholas Backhouse's annual fees as he was appointed to the Board on 1 May 2019.

6 Neil England stepped down from the Board on 24 January 2019. Marco Sodi resigned as Chairman on 13 July 2017 but remained on the Board as a Non-Executive Director until 11 October 2017. Linda Jensen stepped down from the Board on 30 April 2018.

Executive Directors' base salaries

As disclosed in last year's Directors' remuneration report, the Chief Executive Officer received an increase of 3% to his base salary (to £477,405), and the Chief Financial Officer received an increase of 5% to his base salary (to £283,895) with effect from 1 October 2018. The Executive Directors' salaries from 1 January 2020 are set out on page 92.

Pension and other benefits

During the year, the Group made pension contributions or payments in lieu of contributions equal to 10% of each Executive Director's salary for the relevant pro rata period of their employment.

Annual bonus

Framework and outcomes for the financial year ended 30 September 2019

For the 2019 financial year, the Executive Directors participated in the Executive Bonus Plan, designed to reinforce delivery of sustainable profit growth and the achievement of strategic objectives.

The maximum annual bonus opportunity was 150% of salary for Mark Shashoua and 120% for Andrew Beach. The annual bonus was based 85% on financial targets and 15% on personal targets.

The range of financial targets set and actual performance against the targets is detailed below:

Financial measure	Weighting as a % of total bonus opportunity	Performance targets: Threshold	Performance targets: Target	Performance targets: Stretch	Actual performance	Actual bonus payable as a % of bonus opportunity
Headline profit before tax*	50%	£47.25m Nil payout	£52.5m 50% payout	£57.75m 100% payout	£50.4m	30%
Like-for-like revenue growth*	20%	4.0% Nil payout	9.0% 50% payout	14.0% 100% payout	7.3%	33%
Cash conversion*	15%	85% Nil payout	95% 50% payout	105% 100% payout	94%	45%

* The actual 2019 performance levels, for the purposes of comparison the targets set at the start of the year, were adjusted so that budgeted performance for the divested businesses were added back for the period from the completion of the relevant divestment to the end of the financial year to ensure that the bonus targets, in the opinion of the Committee, were no more or less challenging than when they were initially set allowing for the transactions completed in the year. In addition, the Committee is aware that the cash conversion targets for 2019 were lower than those in place for 2018. This reflects the changes to the cash collection profile of the Group following the major acquisitions made during 2018 with the targets considered to be similarly challenging to the cash conversion targets set in prior years allowing for the change to the Group's portfolio of businesses.

The personal targets set for Mark Shashoua and the Committee's assessment of his performance against them are set out below:

Objective	Commentary	Performance: Threshold	Performance: Maximum
Successful Integration of Acquisitions Ascential Events Mining Indaba	• Integration was completed and synergy targets delivered • Investment plans agreed and implemented to maximise the investment		
Final year execution of TAG programme	• Roll-out of new systems was not completed within the planned timescale and budget, particularly in respect of the planned ERP and HRIS		
Margin Improvement	• Progress on delivering the required operating margin has been good and is on schedule as part of the three-year plan		
Progress our Relationship with JV partners	• Recommended and agreed with the Board actions in respect of individual JVs which continue to be progressed		
Investors	• Continued to successfully build the relationships with investment community through a targeted communications strategy		

Based on the above assessments, 90% of this part of the bonus became payable.

Consequently, the total bonus earned by Mark Shashoua was 41.68% of his maximum bonus opportunity.

Personal objectives set for Andrew Beach and the Committee's assessment of his performance against them is set out below:

Objective	Commentary	Performance: Threshold	Performance: Maximum
Improve clarity of messaging to shareholders	• Positive feedback from analysts and investors following December 2018 and May 2019 roadshows • Quality of published forecasts was improved providing increased analyst understanding and reporting • Regular contact was made with each of the Top 10 shareholders during the year to improve shareholders' understanding		●
Ensure appropriate funding structure to achieve strategy	• Maintained net debt to EBITDA within Board approved range • Maintained rolling cash forecasting/headroom model • Advise the Board on EPS accretion and ROIC requirements as necessary		●
Drive use of commercial finance data to make better informed decisions	• Weekly forecast reporting, including currency impact and opportunities/risks • Delivered the agreed monthly Commercial Finance KPIs • Introduced a validation/challenge forecasting process using commercial finance data		●
Ensure successful roll-out of new Global ERP solution	• Detailed process maps and communication of new global finance procedures and policies completed • ERP solution has not yet been delivered		●
Design and implement Finance team organisational design post acquisition of Ascential Events	• Finance organisation structure redesigned and implemented to support the revised Brands and UK divisions achieving the agreed efficiencies		●

Based on the above assessments, 90% of this part of the bonus became payable.

Consequently, the total bonus earned by Andrew Beach was 41.68% of the maximum opportunity.

Long-term incentive

Mark Shashoua and Andrew Beach were recipients of the PSP awards in June 2017, which had a performance period ending on 30 September 2019. In the event, neither the EPS nor TSR performance met the minimum performance requirement for the awards and so the awards, and those to the other recipients, will lapse.

The EPS of 4.9p achieved for the financial year ended 30 September 2019 was below the Executive Directors' threshold target of 7.0p required to be met for any portion of the EPS element of the June 2017 award to vest. With regard to the relative TSR element, Hyve Group's TSR of -19.1% over the performance period was below the median level required for any portion of this part of the award to vest.

Scheme interests awarded during the year

As described in detail in last year's Directors' remuneration report, Mark Shashoua and Andrew Beach received special awards of 500% of salary and 250% of salary respectively during the financial year ended 30 September 2019 which recognised, among other factors, the exceptionally challenging nature of the performance targets set for the awards.

The vesting of the awards will be assessed against a combination of adjusted (headline) EPS growth (one-third of the award), relative TSR (one-third of the award) and ROCE (one-third of the award). The conditions will operate independently and be tested over the three-year period ending 30 September 2021.

The EPS condition (one-third of an award) is as follows:

Vesting percentage (of EPS element of ward)	EPS growth
0%	Below 5%
5% (10% for the CFO)	5%
50%	12%
100%	16.75%
Straight-line vesting between performance points	

Adjusted (headline) EPS will be calculated in line with the standard definition used by the Company, namely EPS excluding adjusting items such as amortisation, impairment and exceptional costs. EPS performance will be assessed from a pro forma 2018 base number, which includes a full year's earnings from Ascential Events and excludes a full year's earnings of businesses which were divested prior to the grant of the awards.
To provide a guide on the degree of stretch in the targets, the above range requires 2021 EPS to be between 5.75p and at least 7.8p for vesting to take place.

The TSR condition (one-third of an award) is based on Hyve Group's performance against a peer group comprising the constituents of the FTSE 250 and FTSE Small Cap indices (excluding investment trusts) with vesting as follows:

Vesting percentage (of TSR element of award)	Three-year TSR relative to the peer group
0%	Below median
5% (10% for the CFO)	Median
50%	Upper quartile
100%	Upper decile
Straight-line vesting between performance points	

The ROCE condition (one-third of an award) is as follows:

Vesting percentage (of ROCE element of award)	Average ROCE over 2019, 2020 and 2021
0%	Below 13%
5% (10% for the CFO)	13%
50%	14.25%
100%	15.25%
Straight-line vesting between performance points	

ROCE is defined as headline operating profit (i.e. before adjusting items such as amortisation and impairment) divided by net assets excluding all balances relating to any provisions, financial instruments, interest-bearing liabilities and cash or cash equivalents.

During the performance period for the 2019 PSP award, there will be no amortisation and/or impairment of goodwill. The elimination of amortisation of intangible assets and the associated amortisation of the deferred tax liabilities for the purposes of ROCE will avoid any boost to returns arising from amortising or impairing acquired assets which reflects the Board's focus on being held to account for the recent changes to the Company's portfolio of businesses.

In addition to the three metrics set out above, vesting of shares worth in excess 100% of salary at grant for the CEO and 80% of salary for the CFO will only take place if a predetermined share price is achieved. This "underpin" feature will require the Group's share price (based on a three-month average prior to 30 September 2021) to be at least 93.6p. This represents the average share price (as adjusted for the 2018 rights issue) over the period following the announcement on 9 May 2016 of Mark Shashoua's appointment as CEO and the commencement of his employment on 1 September 2016. The share price underpin will ensure that the superior returns available to management under the 2019 PSP award (i.e. rewards above 100% of salary for the CEO and 80% of salary for the CFO) can only be earned if shareholders benefit from a positive absolute total return in the period since the new management team was appointed.

The Committee also retains discretion to adjust the formula-based vesting outcome having had regard to wider overall Company performance.

To the extent that the awards vest, they will be subject to a two-year holding period. Vested awards will be subject to clawback for the later of one year following the date of vesting and completion of the next audit of the Group's accounts in the event of a fraud or material misstatement of results being identified in relation to the years in which the PSP is earned.

Details of awards granted on 14 March 2019 are set out below:

Executive Director	Basis of award	Face value[1]	Shares over which awards granted[2]	Threshold vesting (% of award)	Performance period	Performance measure
Mark Shashoua	500% of base salary	£2,387,025	3,536,333	15%	1 October 2018 to 30 September 2021, inclusive	Headline diluted EPS (34%), relative TSR (33%) and ROCE (33%)
Andrew Beach	250% of base salary	£709,738	1,051,463	30%	1 October 2018 to 30 September 2021, inclusive	Headline diluted EPS (34%), relative TSR (33%) and ROCE (33%)

1 Calculated using the average share price on the three days immediately preceding the date of grant of 67.5p.

2 Awards granted as nominal cost options with an exercise price of 1p per share.

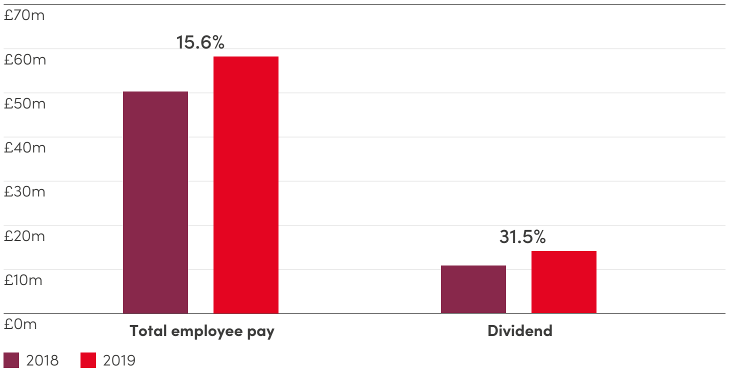
Chairman and Non-Executive Director fees

Non-Executive Directors' fees were reviewed in 2019; the workload of the Committee Chairs was considered, and it was decided to increase and rebalance the fees paid to the Non-Executive Directors. The underlying increase was in line with the UK budgeted salary increases.

With effect from 1 January 2020, the Chairman's fee is £178,500 (2019: £173,350) and the Non-Executive Directors will receive a base fee of £50,725 (2019: £49,250), with an additional fee for the Senior Independent Director of £7,500 (2019: £7,000) and for the Audit, Remuneration and Risk Committee Chairs of £10,000 (2019: £8,000). The increases to the Chairman's fee and the Non-Executive Director base fee were at 3%, which was consistent with the budgeted salary increase for the UK population and the increased Senior Independent Director fee reflected the increased time commitment of the role.

Relative importance of spend on pay

The graph below shows the Group's total employee pay and distributions to shareholders for the financial years ended 30 September 2018 and 30 September 2019, and the percentage change.



The 15.6% increase in total employee pay from 2018 to 2019 is primarily due to changes to the workforce resulting from the acquisition of a large UK business and disposals in Russia.

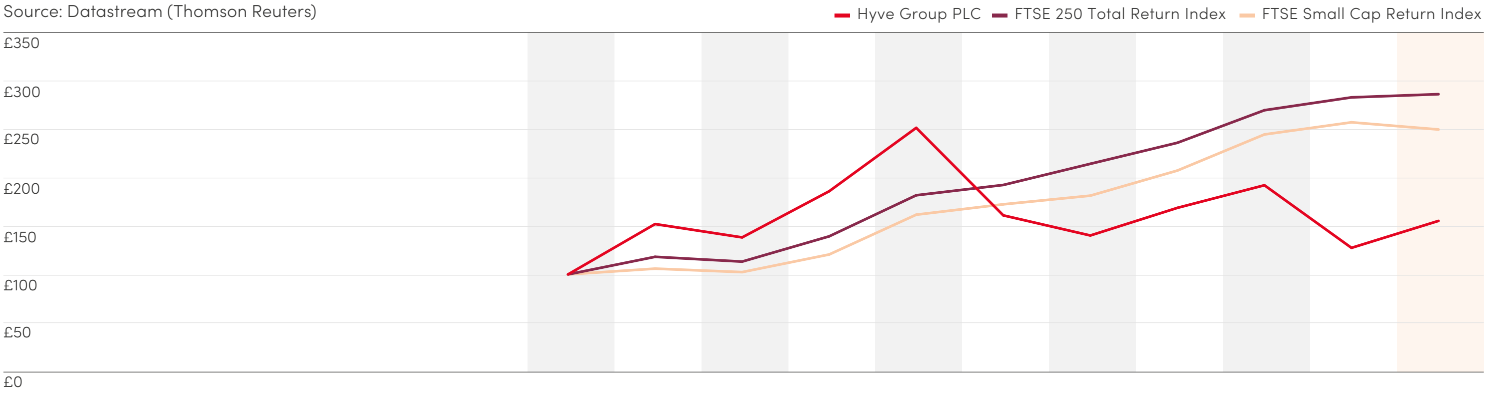
Performance graph (not subject to audit)

The chart below compares the value of £100 invested in Hyve Group plc shares, including reinvested dividends, on 30 September 2009 compared with the equivalent investment in the FTSE 250 Index and FTSE Small Cap Index, over the last 10 financial years. The FTSE 250 Index and FTSE Small Cap Index have been chosen as the Company has been a constituent of both indices during the period since 2008. The table below shows the single figure for the CEO over the same period.

The graph shows the percentage change in value, by 30 September 2019, of £100 invested in Hyve Group plc on 30 September 2009 compared with the value of £100 invested separately in both the FTSE 250 Index and FTSE Small Cap Index.

Total shareholder return

Source: Datastream (Thomson Reuters)

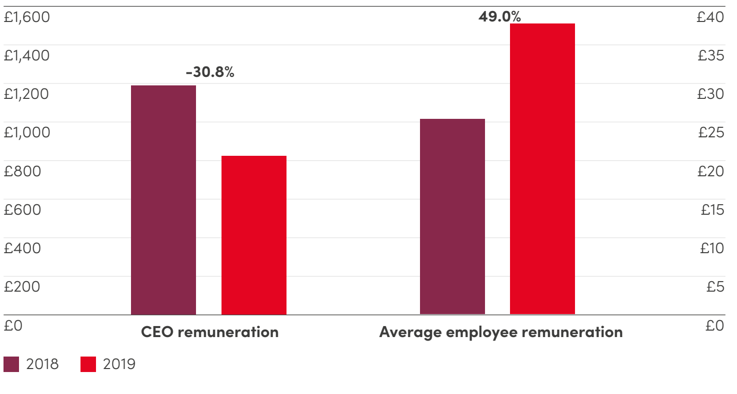


Financial year ended 30 September		2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**
Russell Taylor(*)/Mark Shashoua(#)		*	*	*	*	*	*	* #	#	#	**#**
CEO single figure of remuneration (£000)		1,347	1,348	1,558	1,951	1,050	567	618	1,035	1,191	**823**
Annual bonus awarded	% of maximum opportunity	100%	94%	80%	94%	68%	16%	27%	79.9%	97.8%	**41.7%**
	£ amount (£000)	380	375	332	402	298	72	122	539	680	**298**
PSP vesting	% of maximum opportunity	100%	100%	100%	100%	70%	0%	0%	0%	0%	**0%**
	£ amount (£000)	554	540	774	1,080	277	0	0	0	0	**0**

Change in CEO remuneration and for employees as a whole over FY19 (not subject to audit)

The CEO and other Directors have service agreements with Hyve Group plc, the parent Company. The parent company has no other employees.

The graph below shows the change in CEO annual remuneration, defined as salary, benefits and annual bonus, compared with the average employee for 2018 to 2019.



CEO annual cash	CEO 2018 £000	CEO 2018 £000	CEO % change	Average for other employees % change[1]
Salary	477	464	3%	27%
Taxable benefits	1	1	0%	9%
Annual variable	278	680	–56%	20%
Total	776	1,145	–32%	14%

1 The change in salary and taxable benefits for other employees reflects a combination of a change in the size and geographical footprint of the Company (more UK employees and fewer in Russia) and the impact of foreign exchange movement.

Dilution limits

The Group has at all times complied with the dilution limits set out in the rules of its share plans (principally a limit of 10% in 10 years). The Group will also operate within a dilution limit of 5% in any rolling 10-year period for discretionary schemes. The Company is currently well within these dilution limits. Shares to satisfy awards granted under the PSP which are normally purchased in the market do not count towards the dilution limits.

Directors' shareholding guidelines and share scheme interests (not subject to audit)

During the year, the Executive Directors were required to retain shares of a value equal to 25% of the gain made after tax, on the vesting of awards under the Plans, until they have built up their minimum shareholding of at least 200% of annual base salary.

The table below shows the Directors' interests in shares owned outright and/or vested, and the extent to which the Group's shareholding guidelines are met. There have been no changes to the holdings of the current Directors (including any connected persons) between 30 September 2019 and 29 November 2019, being the last practicable date before publication of this report.

	Number of unvested shares subject to performance conditions[1]	**Number of shares held under the Deferred Bonus Share Plan[2]**	Number of shares held as at 30 September 2019	Number of shares held at 30 September 2018	Shareholding guideline (as % of salary/fees)	Guideline met[3]
Mark Shashoua	4,650,458	**544,627**	1,306,521	1,066,521	200%	Yes[4] 216%
Andrew Beach	1,591,891	**252,733**	125,000	41,250	200%	No[4] 34%
Richard Last	–	**–**	500,000	250,000	n/a	n/a
Nicholas Backhouse	–	**–**	50,000	n/a	n/a	n/a
Sharon Baylay	–	**–**	28,325	28,325	n/a	n/a
Stephen Puckett	–	**–**	27,500	27,500	n/a	n/a
Neil England	–	**–**	n/a	137,500	n/a	n/a

1 PSP awards are granted as nominal cost options.

2 Deferred bonus share awards in respect of the years ended 30 September 2017 and 30 September 2018.

3 Current shareholding includes net shares owned outright and/or vested. Including the net value of the unvested Deferred Bonus Plan shares, the percentages are: Mark Shashoua 263% and Andrew Beach 72%.

4 During the year, Mark Shashoua invested a total of £146,497 resulting in his total holding being 1,306,521 with a total acquisition cost of £1,049,184; Andrew Beach invested £53,752 resulting in his total holding being 125,000 with a total acquisition cost of £93,629.

Directors' interests in PSPs (not subject to audit)

Details of outstanding PSP awards are as follows. The performance targets are summarised below the table:

Director scheme	1 Oct 2018	Granted during the year	Option price (£)	Exercised during the year	Lapsed	Market price at exercise date (£)	**30 Sep 2019**	Date of grant	Share price on date of grant (p)	Exercisable from	Exercisable to	Gain on exercise £000
Mark Shashoua												
2014 Employees' Performance Share Plan	700,740	–	0.01	–	–	–	**700,740**	16/06/2017	96.3	16/06/2020	16/06/2027	–
2014 Employees' Performance Share Plan	413,385	–	0.01	–	–	–	**413,385**	04/12/2017	112.1	04/12/2020	04/12/2027	–
2014 Employees' Performance Share Plan	–	3,536,333	0.01	–	–	–	**3,536,333**	14/03/2019	67.5	14/03/2022	14/03/2029	–
Total	1,114,125	3,536,333		–	–	–	**4,650,458**					
Andrew Beach												
2014 Employees' Performance Share Plan	347,515	–	0.01	–	–	–	**347,515**	16/06/2017	96.3	16/06/2020	16/06/2027	–
2014 Employees' Performance Share Plan	192,913	–	0.01	–	–	–	**192,913**	04/12/2017	112.1	04/12/2020	04/12/2027	–
2014 Employees' Performance Share Plan		1,051,463	0.01	–	–	–	**1,051,463**	14/03/2019	67.5	14/03/2022	14/03/2029	–
Total	540,428	1,051,463		–	–	–	**1,591,891**					

1 The performance condition applying to the award granted on 14 March 2019 is detailed on pages 87 to 88.

2 The performance conditions applying to the awards granted in prior years are set out in the Directors' remuneration report for the respective year.

3 The performance conditions for the award granted on 16 June 2017 were tested after the year-end. As set out on page 87, the threshold performance targets were not met and, as a result, this award lapsed in full.

For the awards granted in June 2017 and December 2017, both the number of shares included in the above tables and the share price at grant have been adjusted following the 2018 rights issue using the standard TERP adjustment to maintain the value of the award, on a theoretical basis, through the 2018 rights issue. The TERP formula is as approved by HMRC and applied to both executive and all-employee share awards.

Implementation of Remuneration Policy for the year ending 30 September 2020

Set out below is how the Committee anticipates applying the policy during the financial year ending 30 September 2020.

Executive Directors' base salaries

The base salaries of the Chief Executive Officer and Chief Financial Officer were reviewed after the year-end. The Chief Executive Officer was awarded an increase of 3% (2.4% annualised). The Chief Financial Officer was awarded an increase of 3.9% (3.1% annualised).

The revised salaries, with effect from 1 January 2020, will be £492,000 for Mark Shashoua and £295,000 for Andrew Beach. The next salary review date will be 1 January 2021.

The Committee was comfortable setting base salaries at these levels given the size of the roles and the experience and calibre of the individuals.

Pension and other benefits

Pension, or cash in lieu of pension, will be provided to a maximum of 10% of salary, which is the maximum available to all UK employees based on how they elect to participate in the scheme. Benefits are in line with the Remuneration Policy.

Annual bonus framework

For the financial year commencing 1 October 2019, the Executive Bonus Plan quantum will operate in line with details set out in the Remuneration Policy for the Executive Directors.

The metrics to apply include a challenging range of profit (50%), revenue growth (20%), cash conversion (15%) and individually tailored strategic targets (15%). Profit targets are set based on reported numbers, with revenue growth and cash conversion targets set using budgeted exchange rates because of the potential for volatile exchange rates in the Group's key markets. This is considered to provide a balanced approach to aligning overall performance and reward.

The range of financial targets has been recalibrated for FY20 to better reflect the current portfolio of Group businesses. The overall stretch in the targets is considered aligned with targets set in prior years. While the financial targets are considered commercially sensitive in advance, full retrospective disclosure of the targets, and performance against them, will be included in next year's Annual Report on Directors' remuneration.

With regard to individually tailored strategic targets, which include, for example, measurable objectives set against the development and execution of the Company's strategy, leadership, funding and stakeholder communication objectives, full details of the complete range of targets set and performance against them will be included in next year's Annual Report on Directors' Remuneration. Should targets be considered to remain commercially sensitive, as a minimum an overview of the extent to which bonus was earned against these targets will be included in the Annual Report on Directors' Remuneration next year to enable investors to make an informed view on the extent to which bonus was earned for this part of the bonus. Further disclosure would then be considered in the following year's Directors' remuneration report.

Long-term incentive awards (not subject to audit)

The Committee intends to grant PSP awards to both Executive Directors, in line with the agreed Remuneration Policy, that is 100% of salary for the Chief Executive Officer and 80% of salary for the Chief Financial Officer.

As detailed in Remuneration Committee Chairman's Statement, the PSP performance targets are currently under review to ensure that the targets set are appropriate in the context of our higher quality and more balanced portfolio of businesses following the transformational change delivered during our TAG programme to date.

Overall, the range of targets to be set will be similarly challenging to those set in prior years.

The targets will be included in the market announcement at the time of granting the awards and fully disclosed in next year's Directors' remuneration report.

The Committee will also retain discretion to adjust the formula based vesting outcome having had regard to wider overall Company performance. The awards, to the extent that they vest, will be subject to a two-year holding period.

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of 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 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 Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 3 December 2019 and is signed on its behalf by:

Andrew Beach
Chief Financial Officer

3 December 2019

Independent auditor's report to the members of Hyve Group plc

Report of the audit of the financial statements

Opinion

In our opinion:

- The financial statements of Hyve Group plc (parent company) and its subsidiaries (Group) give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2019 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- The parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- The Consolidated Income Statement;
- The Consolidated Statement of Comprehensive Income;
- The Consolidated Statement of Changes in Equity;
- The Consolidated Statement of Financial Position;
- The Consolidated Cash Flow Statement;
- The related notes 1 to 30;
- The Company Statement of Financial Position;
- The Company Statement of Changes in Equity; and
- The related notes 1 to 9.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were:	• the recoverability of the carrying value of goodwill and other intangible assets; • the disclosure of adjusting items within the financial statements; and	• taxation, in particular the assessment of risks relating to tax in overseas jurisdictions where the Group operates.
Materiality	The materiality that we used in the Group financial statements was £1.6m, which we determined using	6.6% of an adjusted profit before tax measure being the Group profit	before tax adding back certain adjusting items as outlined below.
Scoping	We completed full scope audit work in London, Russia and India. In addition, we performed specified audit procedures in Turkey and at Sinostar, the Group's joint venture in Hong Kong.	These entities represent the principal business units and account for approximately 81% (2018: 75%) of the Group's revenue and 88% (2018: 83%) of the Group's Headline Profit	Before Tax of £50.4m (2018: £35.4m) as set out in the Consolidated Income Statement.
Significant changes in our approach	This year our report includes a new key audit matter which was not included in the audit report last year: the disclosure of adjusting items within the financial statements.	The identification and valuation of intangible assets and associated goodwill acquired in business combinations is no longer a key audit matter in the period. This was included in the prior year due to the significance of the Ascential acquisition to the Group.	

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the Directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties in the Group's and Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Group, its business model and related risks, including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Principal risks and viability statement

Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Group's and the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 32 to 35 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation on page 72 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the Directors' explanation on page 67 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the Directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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) that we identified. These matters included 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.

The recoverability of the carrying value of goodwill and other intangible assets

Key audit matter description

As the Group has grown by acquisition it has recognised purchased goodwill and intangible assets as required by accounting standards. As set out in notes 12 and 14, as at 30 September 2019 the Group carries £210.0m (2018: £201.8m) of goodwill and £270.6m (2018: £267.3m) of other intangible assets on the Consolidated Statement of Financial Position.

Where goodwill exists, accounting standards require that management performs an annual impairment test, computing the recoverable amount based on a "value in use" approach and comparing this with the balance sheet carrying value of each cash generating unit (CGU).

Management prepares a detailed assessment of the carrying value of goodwill and other intangible assets by CGU using a number of judgemental assumptions (as described in note 12 to the financial statements). These include Board-approved forecasts, long-term growth rates (based on forecast GDP growth rates for the country) and country-specific discount rates.

Management concluded that no impairments were required in the year. However, they disclose in note 12 the existence of certain reasonably possible downside sensitivities that could give rise to an impairment in certain CGUs.

There is a risk, whether due to fraud or error, that the application of inappropriate assumptions supports assets that should otherwise be impaired or further impaired. Our work focused on those CGUs (and specifically short-term cash flows) where the risk of impairment is higher due to, among other things, trading conditions in the market and growth prospects.

This matter is disclosed in the Audit Committee report included within the annual report. In note 2, the recoverability of the carrying value of goodwill and other intangible assets is identified by management as a key source of estimation uncertainty.

How the scope of our audit responded to the key audit matter

We assessed the design and implementation of controls over the assessment of the recoverability of carrying value of goodwill and other intangible assets.

We considered whether management's impairment review methodology is compliant with IAS 36 Impairment of Assets.

We challenged management's assumptions used in the impairment assessment for goodwill and other intangible assets. Our audit work on the assumptions used in the impairment model focused on:

- considering the appropriateness of the CGUs identified by management and the allocation of assets to these;
- testing the integrity of management's model;
- agreeing the underlying cash flow projections for each CGU to Board-approved FY20 forecasts and three-year plan;
- comparing short-term cash flow projections against recent performance and historical forecasting accuracy and assessing whether there are other indicators of impairment based on this analysis;
- testing the allocation of corporate costs to separate CGUs;
- engaging our valuation specialists to independently establish appropriate discount rates;
- benchmarking the long-term growth rates used against independent market data;
- considering post year-end trading performance;
- calculating a range of reasonably possible sensitivities and comparing these with those calculated by management to ensure no further indicator of impairment is identified; and
- assessing whether the disclosures in the annual report and accounts were appropriate to the Group's situation and in line with IAS 36.

Key observations

We concurred that the assumptions used in the impairment model were appropriate and are satisfied that the remaining carrying value of goodwill and other intangible assets is supportable. In addition, we are satisfied that the reasonably possible downside sensitivities and other disclosures in note 12 are appropriate.

Adjusting items

Key audit matter description

In addition to the headings presented on the face of the income statement required by IAS 1 Presentation of financial statements, management presents a "Headline Profit Before Tax" figure within the financial statements, which adds back separately disclosed items of income and expenditure (Adjusting Items) from the statutory measure.

As outlined in note 5 to the financial statements, in 2019 these items principally relate to restructuring of the Group's operations, transaction and integration related costs, amortisation of acquired intangibles and loss on disposals.

The identification of adjusting items and the presentation of Headline Profit Before Tax measures presents a risk in order to determine whether costs are in line with policy and the descriptions provided in note 5 and are consistently applied year-on-year. The determination of costs included within Adjusting Items requires judgement due to the nature of the costs.

We also have identified this as an area of potential fraud, due to senior management remuneration being based on the Headline Profit Before Tax figure (after adjusting items).

This matter is disclosed in the Audit Committee report included within the annual report. In note 2, adjusting items is included as a critical accounting judgement.

How the scope of our audit responded to the key audit matter

We assessed the design and implementation of controls relating to Adjusting Items in order to understand management's process for evaluating which items of income and expenditure are excluded from the Headline Profit Before Tax measure.

Our audit procedures:

- Considered whether the Group's accounting policy for adjusting items is consistent with the FRC thematic reviews and European Securities and Markets Authority (ESMA) guidelines on alternative performance measures;
- Checked a sample of the items to supporting documentation to assess the nature of the items and therefore whether they had been appropriately included as Adjusting Items based upon the Company's definitions;
- Considered whether the policy for Adjusting Items has been applied consistently between periods by comparing both the policy and the nature of these items in the two years ended 31 December 2019 and on the basis of our understanding of the results gained throughout the audit process;
- Assessed whether the Adjusted Items and Headline Profit Before Tax terms in the financial statements are clearly and accurately explained and that a reconciliation to IFRS financial information is presented; and
- Considered the Headline Profit Before Tax bonus targets to determine whether any increased fraud risk factor existed based on actual results for the year.

Key observations

As outlined in note 5 to the financial statements, there are various different cost items included within Adjusting Items. We have challenged management on the appropriateness of such items to be identified as adjusting and are satisfied that the nature of such items included in arriving at Headline Profit Before Tax and the related disclosure in the financial statements are appropriate.

Taxation

Key audit matter description	The Group operates and derives profits from a range of international markets and as such it is subject to tax in a number of territories. As a consequence, the Group has to consider both the tax risks by country as well as the transfer pricing arrangements, particularly in the light of the rules agreed between OECD territories developed as part of the OECD's "Base Erosion and Profit Shifting" initiative. The Group is also subject to withholding tax on remittances from overseas investments. From time to time, tax rules and treaties change and this can impact the amount of tax the Group has to withhold and pay on such remittances. Currently the Group holds tax provisions of £1.0m (2018: £3.5m) in respect of potential risk of challenge to historical arrangements in these areas. This matter is disclosed in the Audit Committee report included within the annual report.
How the scope of our audit responded to the key audit matter	We considered developments in international tax rules in the year and reviewed management's assessment of the impact of those developments on the Group. In particular, we reviewed new documentation prepared by management to support the Group's new policy for global allocation of profits for transfer pricing purposes. We also met with the Group's external adviser to discuss their approach to carrying out a transfer pricing review and conclusions reached. We reviewed management's calculations of uncertain tax provisions arising from the risk of tax authority challenge of historical arrangements and challenged the assumptions made in those calculations. Through enquiry with management at the Group and in each territory in scope, we noted there were no significant ongoing tax authority challenges in any territory. Our audit procedures also included reperforming provision calculations based on different assumptions to measure the potential risk relating to tax authority challenge, including the availability of unrecognised tax attributes in respect of any such challenges. Further, based on the experience of our tax specialists, we assessed the challenges typically raised by tax authorities and we considered how they might apply to the Group. We also considered the disclosure in the financial statements particularly in light of the FRC's thematic review encouraging more transparent reporting between tax charges and accounting profit and the factors that could affect that relationship in the future.
Key observations	Based on our procedures performed, we are satisfied that the provision for uncertain tax positions is reasonable and appropriately reflects a materially balanced assessment of the risks and these risks are disclosed appropriately.

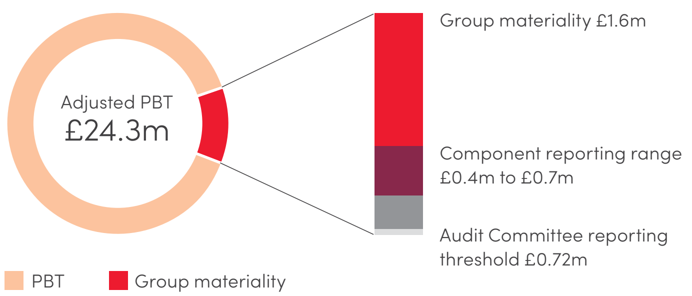
Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<table>
<tr><th></th><th>Group financial statements</th><th>Parent company financial statements</th></tr>
<tr><td>Materiality</td><td>£1.6m (2018: £1.1m)</td><td>£0.7m (2018: £0.6m)</td></tr>
<tr><td>Basis for determining materiality</td><td>We determined this using 6.6% (2018: 5.2%) of an adjusted profit before tax measure being the Group profit before tax after adding back certain adjusting items, notably the integration and restructuring costs (see table below):
<table>
<tr><th></th><th>2019 £000</th><th>2018 £000</th></tr>
<tr><td>Loss before tax</td><td>8,713</td><td>(3,684)</td></tr>
<tr><td>Add back adjusting items</td><td></td><td></td></tr>
<tr><td>Impairment charges</td><td>–</td><td>9,631</td></tr>
<tr><td>Transaction costs on completed and pending acquisitions</td><td>1,462</td><td>8,037</td></tr>
<tr><td>Loss/(profit) on disposal of investments</td><td>3,154</td><td>(2,968)</td></tr>
<tr><td>Integration and synergy costs</td><td>6,791</td><td>2,750</td></tr>
<tr><td>Restructuring costs</td><td>4,218</td><td>7,583</td></tr>
<tr><td>"Adjusted" profit before tax</td><td>24,338</td><td>21,349</td></tr>
<tr><td>Materiality</td><td>1,600</td><td>1,100</td></tr>
<tr><td>% used</td><td>6.6%</td><td>5.2%</td></tr>
</table></td><td>The basis of materiality is shareholders' funds, taking into account the Group materiality. The materiality used is less than 1% of shareholders' funds.</td></tr>
<tr><td>Rationale for the benchmark applied</td><td>Profit before tax adjusted for certain adjusting items recognised in the year has been used as the base for materiality as it is a key measure of underlying business performance for the Group. We have used this adjusted profit measure as it excludes volatility of certain items from our determination, to aid consistency of the scale of the Group in determining our materiality base each year.

The materiality level is also 3.2% (2018: 3.1%) of Headline Profit Before Tax and 0.5% (2018: 0.3%) of equity.</td><td>Given the nature of the Company as a parent company, we consider shareholders' funds to be the most appropriate basis for materiality. We have, however, capped the materiality at 50% (2018: 50%) of Group materiality.</td></tr>
</table>



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £72,000 (2018: £55,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

The Group operates in a wide range of territories and our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on this assessment, our Group audit scope focused on the UK, Russia and India (2018: UK, Russia, Turkey and India). In addition, we performed specified audit procedures in Turkey and at the joint venture entity, Sinostar (2018: Sinostar).

These entities represent the principal business units and account for approximately 81% (2018: 75%) of the Group's revenue and 88% (2018: 83%) of the Group's Headline Profit Before Tax of £50.4m (2018: £35.4m) as set out in the Consolidated Income Statement. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at each location was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from £0.4m to £0.7m (2018: £0.4m to £0.7m).

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The Group audit team directed, supervised and reviewed the work of the component auditors for Russia, Turkey, India and Sinostar, which involved issuing detailed instructions, holding regular discussions with component audit teams, visiting selected locations, performing detailed file reviews and attending local audit meetings with management.

We continued to follow a programme of planned visits so that the Senior Statutory Auditor or a senior member of the Group team visits each of the principal locations where the Group audit scope is focused every two years. In 2019, we visited Russia and India (2018: Russia, Turkey and Sinostar).

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- *Fair, balanced and understandable* – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit Committee reporting* – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 Group or the parent 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud, are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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

- Enquiring of management and the Audit Committee, review of internal audit reports, obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- Discussing among the engagement team, including significant component audit teams and involving relevant internal specialists, including tax and valuation specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in relation to the identification of Adjusting Items and impairment of Goodwill and other Intangible Assets due to the level of management estimation and/or judgement required in these calculations. In the current year, we did not consider there to be a fraud risk relating to revenue recognition; and
- Obtaining an understanding of the legal and regulatory frameworks that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and relevant tax legislation.

Audit response to risks identified
As a result of performing the above, we identified the identification of Adjusting Items and the recoverability of the carrying value of Goodwill and other Intangible Assets as key audit matters. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- Enquiring of management, the Audit Committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with tax authorities; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with 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.

In the light of the knowledge and understanding of the Group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records
Under the Companies Act 2006, we are required to report to you if in our opinion:

- We have not received all the information and explanations we require for our audit; or
- 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 parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006, we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the shareholders in 2002 to audit the financial statements for the year ended 30 September 2002 and subsequent financial periods. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm, is 18 years, covering the years ended 30 September 2002 to date.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee that we are required to provide in accordance with ISAs (UK).

Use of our 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.

Robert Knight (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

3 December 2019

Consolidated income statement

For the year ended 30 September 2019

	Notes	**Year ended 30 September 2019** Headline £000	Adjusting Items (note 5) £000	Statutory £000	Year ended 30 September 2018 Headline £000	Adjusting Items (note 5) £000	Statutory £000
Revenue	3	**220,723**	**–**	**220,723**	175,669	–	175,669
Cost of sales		**(133,343)**	**–**	**(133,343)**	(107,648)	–	(107,648)
Gross profit		**87,380**	**–**	**87,380**	68,021	–	68,021
Other operating income		**934**	**–**	**934**	889	–	889
Administrative expenses		**(39,708)**	**(39,691)**	**(79,399)**	(40,003)	(38,664)	(78,667)
Foreign exchange (loss)/gain on operating activities		**(1,140)**	**–**	**(1,140)**	2,237	–	2,237
Share of results of associates and joint ventures	3	**8,297**	**(1,900)**	**6,397**	7,557	(1,641)	5,916
Operating profit/(loss)		**55,763**	**(41,591)**	**14,172**	38,701	(40,305)	(1,604)
Investment revenue	6	**1,019**	**1,335**	**2,354**	603	2,995	3,598
Finance costs	7	**(6,374)**	**(1,439)**	**(7,813)**	(3,887)	(1,791)	(5,678)
Profit/(loss) before tax	3	**50,408**	**(41,695)**	**8,713**	35,417	(39,101)	(3,684)
Tax (charge)/credit	9	**(13,115)**	**8,530**	**(4,585)**	(9,722)	6,699	(3,023)
Profit/(loss)		**37,293**	**(33,165)**	**4,128**	25,695	(32,402)	(6,707)
Attributable to:							
Owners of the Company		**36,313**	**(33,165)**	**3,148**	24,337	(32,402)	(8,065)
Non-controlling interests		**980**	**–**	**980**	1,358	–	1,358
		37,293	**(33,165)**	**4,128**	25,695	(32,402)	(6,707)
Earnings per share (p)							
Basic	11	**4.9**		**0.4**	4.9		(1.6)
Diluted	11	**4.9**		**0.4**	4.9		(1.6)

The results stated above relate to continuing activities of the Group. The accompanying notes 1 to 30 form an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 30 September 2019

	Notes	2019 £000	2018 £000
Profit/(loss) for the year attributable to shareholders		**4,128**	(6,707)
Cash flow hedges:			
Movement in fair value of cash flow hedges		**269**	1,946
Fair value of cash flow hedges released to the income statement		**655**	(97)
Currency translation movement on net investment in subsidiary undertakings		**7,561**	(7,808)
Total other comprehensive income		**8,485**	(5,959)
		12,613	(12,666)
Tax relating to components of comprehensive income	9	**(153)**	(314)
Total comprehensive income for the year		**12,460**	(12,980)
Attributable to:			
Owners of the Company		**11,480**	(14,338)
Non-controlling interests		**980**	1,358
		12,460	(12,980)

All items recognised in comprehensive income may be reclassified subsequently to the income statement.

The accompanying notes 1 to 30 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 30 September 2019

	Share capital £000	Share premium account £000	Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Equity option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non-controlling interests £000	Total equity £000
Balance as at 1 October 2018	7,416	279,756	2,746	457	(2,794)	80,800	(13,255)	(53,073)	(1,018)	301,035	23,847	324,882
Net profit for the year	–	–	–	–	–	3,148	–	–	–	3,148	980	4,128
Currency translation movement on net investment in subsidiary undertakings	–	–	–	–	–	–	–	7,561	–	7,561	–	7,561
Movement in fair value of cash flow hedges	–	–	–	–	–	–	–	–	269	269	–	269
Fair value of cash flow hedges released to the income statement	–	–	–	–	–	–	–	–	655	655	–	655
Tax relating to components of comprehensive income (note 9)	–	–	–	–	–	–	–	–	(153)	(153)	–	(153)
Total comprehensive income for the year						3,148		7,561	771	11,480	980	12,460
Dividends (note 10)	**–**	**–**	**–**	**–**	**–**	**(14,043)**	**–**	**–**	**–**	**(14,043)**	**(1,978)**	**(16,021)**
Exercise of share options	**–**	**–**	**–**	**–**	**7**	**(8)**	**–**	**–**	**–**	**(1)**	**–**	**(1)**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**112**	**–**	**–**	**–**	**112**	**–**	**112**
Disposal of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**379**	**–**	**379**	**(46)**	**333**
Balance as at 30 September 2019	**7,416**	**279,756**	**2,746**	**457**	**(2,787)**	**70,009**	**(13,255)**	**(45,133)**	**(247)**	**298,962**	**22,803**	**321,765**

The accompanying notes 1 to 30 form an integral part of the consolidated financial statements.

	Share capital £000	Share premium account £000	Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Equity option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non-controlling interests £000	Total equity £000
Balance as at 1 October 2017	2,693	28,567	2,746	457	(4,240)	98,520	(13,255)	(45,265)	(2,553)	67,670	22,652	90,322
Net (loss)/profit for the year	–	–	–	–	–	(8,065)	–	–	–	(8,065)	1,358	(6,707)
Currency translation movement on net investment in subsidiary undertakings	–	–	–	–	–	–	–	(7,808)	–	(7,808)	–	(7,808)
Movement in fair value of cash flow hedges	–	–	–	–	–	–	–	–	1,946	1,946	–	1,946
Fair value of cash flow hedges released to the income statement	–	–	–	–	–	–	–	–	(97)	(97)	–	(97)
Tax relating to components of comprehensive income (note 9)	–	–	–	–	–	–	–	–	(314)	(314)	–	(314)
Total comprehensive income for the year	–	–	–	–	–	(8,065)	–	(7,808)	1,535	(14,338)	1,358	(12,980)
Dividends (note 10)	4	(4)	–	–	–	(9,980)	–	–	–	(9,980)	(163)	(10,143)
Exercise of share options	–	–	–	–	1,446	(69)	–	–	–	1,377	–	1,377
Share-based payments	–	–	–	–	–	456	–	–	–	456	–	456
Issue of shares	4,719	251,193	–	–	–	–	–	–	–	255,912	–	255,912
Tax debited to equity (note 9)	–	–	–	–	–	(62)	–	–	–	(62)	–	(62)
Balance as at 30 September 2018	7,416	279,756	2,746	457	(2,794)	80,800	(13,255)	(53,073)	(1,018)	301,035	23,847	324,882

Consolidated statement of financial position

30 September 2019

	Notes	2019 £000	2018 (restated) £000	2017 (restated) £000
Non-current assets				
Goodwill	12	**209,970**	201,838	92,566
Other intangible assets	14	**270,608**	267,265	61,867
Property, plant and equipment	15	**5,167**	4,932	2,783
Interests in associates and joint ventures	18	**43,374**	43,293	45,470
Venue prepayments	19	**–**	2,141	3,548
Investments		**500**	–	–
Deferred consideration receivable > 1 year	19	**3,795**	–	–
Derivative financial assets > 1 year	23	**–**	103	–
Deferred tax asset	24	**8,547**	10,435	5,411
		541,961	530,007	211,645
Current assets				
Trade and other receivables	19	**59,024**	54,038	37,931
Tax prepayment	19	**3,300**	2,015	2,880
Cash and cash equivalents	19	**33,027**	49,649	23,321
Assets classified as held for sale		**–**	9,624	–
		95,351	115,326	64,132
Total assets		**637,312**	645,333	275,777
Current liabilities				
Bank loan and overdrafts	20	**(17,500)**	–	–
Trade and other payables	21	**(33,390)**	(35,863)	(21,332)
Deferred income	21	**(79,701)**	(76,764)	(59,097)
Corporation tax		**(1,929)**	(5,464)	(3,834)
Derivative financial instruments	23	**(12,955)**	(11,762)	(1,795)
Provisions	22	**(306)**	(1,469)	(527)
Liabilities classified as held for sale		**–**	(7,452)	–
		(145,781)	(138,774)	(86,585)
Non-current liabilities				
Bank loan and overdrafts	20	**(127,205)**	(132,345)	(72,998)
Provisions	22	**(1,505)**	(1,600)	(273)
Deferred income	21	**(291)**	(813)	–
Deferred tax liabilities	24	**(40,655)**	(46,595)	(12,494)
Derivative financial instruments	23	**(110)**	(324)	(13,105)
		(169,766)	(181,677)	(98,870)
Total liabilities		**(315,547)**	(320,451)	(185,455)
Net assets		**321,765**	324,882	90,322
Equity				
Share capital	25	**7,416**	7,416	2,693
Share premium account		**279,756**	279,756	28,567
Merger reserve		**2,746**	2,746	2,746
Capital redemption reserve		**457**	457	457
Employee Share Ownership Trust (ESOT) reserve		**(2,787)**	(2,794)	(4,240)
Retained earnings		**70,009**	80,800	98,520
Equity option reserve		**(13,255)**	(13,255)	(13,255)
Translation reserve		**(45,133)**	(53,073)	(45,265)
Hedge reserve		**(247)**	(1,018)	(2,553)
Equity attributable to equity holders of the parent		**298,962**	301,035	67,670
Non-controlling interests	26	**22,803**	23,847	22,652
Total equity		**321,765**	324,882	90,322

The balances for trade and other receivables and deferred income for the years ended 30 September 2018 and 30 September 2017 have been restated upon the adoption of IFRS 15 as described in note 1.

The accompanying notes 1 to 30 form an integral part of the consolidated financial statements.

The financial statements of Hyve Group plc, registered company number 01927339, were approved by the Board of Directors and authorised for issue on 3 December 2019. They were signed on their behalf by:

Mark Shashoua
Chief Executive Officer

Andrew Beach
Chief Financial Officer

Consolidated cash flow statement

For the year ended 30 September 2019

	Notes	2019 £000	2018 (restated) £000
Operating activities			
Operating profit/(loss) from continuing operations		**14,172**	(1,604)
Adjustments			
Depreciation and amortisation		**27,032**	16,288
Impairment of goodwill and intangible assets		**-**	5,572
Impairment of venue prepayment		**-**	1,843
Derecognition of goodwill on cessation of trading		**-**	2,216
Share-based payments		**63**	497
(Decrease)/increase in provisions		**(1,278)**	535
Loss/(profit) on disposal of plant, property and equipment and computer software		**10**	(17)
Loss/(profit) on disposal of subsidiary holdings		**3,154**	(2,968)
Fair value of cash flow hedges recognised in the income statement		**654**	(97)
Share of profit from associates and joint ventures		**(6,397)**	(5,916)
Operating cash flows before movements in working capital		**37,410**	16,349
(Increase)/decrease in receivables		**(4,346)**	6,312
Prepayments to venues		**(730)**	(6,585)
Utilisation of venue prepayments		**719**	6,043
Decrease in deferred income		**(96)**	(7,801)
Increase in payables		**1,249**	7,591
Operating cash flows after movements in working capital		**34,206**	21,909
Dividends received from associates and joint ventures		**6,147**	6,420
Cash generated from operations		**40,353**	28,329
Tax paid		**(11,548)**	(9,631)
Net cash from operating activities		**28,805**	18,698
Investing activities			
Interest received	6	**1,019**	603
Investment in associates and joint ventures		**(500)**	(1,356)
Acquisition of businesses – cash paid net of cash acquired		**(31,478)**	(294,502)
Purchase of plant, property and equipment and computer software		**(3,776)**	(4,254)
Disposal of plant, property and equipment and computer software		**70**	109
Disposal of subsidiaries and investments – cash received net of cash disposed		**(462)**	7,326
Net cash utilised on investing activities		**(35,127)**	(292,074)
Financing activities			
Equity dividends paid		**(14,077)**	(10,582)
Dividends paid to non-controlling interests		**(1,978)**	(154)
Interest paid and bank charges	7	**(6,374)**	(3,887)
Proceeds from the issue of share capital and exercise of share options		**-**	1,370
Proceeds from the rights issue net of fees		**-**	255,940
Drawdown of borrowings		**258,457**	437,322
Repayment of borrowings		**(246,330)**	(378,031)
Net cash outflow from financing activities		**(10,302)**	301,978
Net (decrease)/increase in cash and cash equivalents		**(16,624)**	28,602
Cash and cash equivalents at beginning of year		**49,649**	23,321
Effect of foreign exchange rates		**2**	(81)
Cash and cash equivalents held for sale		**–**	(2,193)
Cash and cash equivalents at end of year		**33,027**	49,649

The working capital movements in receivables and deferred income for the year ended 30 September 2018 have been restated upon the adoption of IFRS 15 as described in note 1. There are no net impacts on cash flows from this restatement.

The comparative period drawdown of borrowings and repayment of borrowings amounts have been restated to include the impact of all drawdowns and repayments made on the Group's Money Market Lending facility. This is a short-term facility to provide immediate working capital for periods of between one to 30 days and forms part of the Group's bank loan and overdrafts. There are no net impacts on cash flows from this restatement.

The accompanying notes 1 to 30 form an integral part of the consolidated financial statements.

Notes to the consolidated accounts

For the year ended 30 September 2019

1 General information

Hyve Group plc is a public company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the registered office is given on page 160. The nature of the Group's operations and its principal activities are set out in the Strategic report on pages 01 to 58 and in note 3.

These financial statements are presented in British pounds sterling. Foreign operations are included in accordance with the accounting policies set out below.

Amendments to IFRSs that are mandatorily effective for the current year
In the current year, the Group has applied the below amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the Group's accounting period that began on 1 October 2018.

	Effective date
Amendments to IFRS 2 Share-based payments	1 January 2018
Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018

The amendments to IFRS 2 Share-based payments have no impact.

In the current period, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 has had no material impact during the year.

On adoption of IFRS 15 Revenue from Contracts with Customers, the Group has elected to restate comparative information using the fully retrospective method for prior periods. Under IFRS 15, the deferred income, and corresponding trade receivable, may not be recognised until the earlier of the service being provided and the payment falling due, whereas previously they were recognised when contractually committed. This has resulted in a material reduction to the deferred income and trade receivables on adoption of the standard as a result of the Group's significant forward bookings, as only a portion of the payment is generally due upfront at booking.

The Group has applied the practical expedient to recognise the incremental costs of obtaining a contract, specifically sales commissions, as an expense when incurred, as the amortisation period of the asset if recognised would be less than the year on all but an immaterial number of the Group's contracts.

The impact of this change on the balance sheet as at 30 September 2018 and 30 September 2017 is shown in the tables below and there is no net asset impact of these adjustments. There was no impact on the income statement for the year ended 30 September 2018.

30 September 2018	As previously reported £000	IFRS 15 reclassifications £000	Restated £000
Current assets			
Trade and other receivables	77,056	(23,018)	54,038
Assets classified as held for sale	10,483	(859)	9,624
Total assets	87,539	(23,877)	63,662
Current liabilities			
Deferred income	(99,114)	22,350	(76,764)
Liabilities classified as held for sale	(8,311)	859	(7,452)
Non-current liabilities			
Deferred income	(1,481)	668	(813)
Total liabilities	(108,906)	23,877	(85,029)

30 September 2017	As previously reported £000	IFRS 15 reclassifications £000	Restated £000
Current assets			
Trade and other receivables	61,425	(23,494)	37,931
Total assets	61,425	(23,494)	37,931
Current liabilities			
Deferred income	(82,591)	23,494	(59,097)
Total liabilities	(82,591)	23,494	(59,097)

1 General information continued

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for the Group's accounting period beginning on or after 1 October 2019. A list of these can be found below:

	Effective date
Amendments to IAS 12 Income taxes	1 January 2019
IFRS 16 Leases	1 January 2019
Amendments to IFRS 9 Prepayment features with Negative Compensation	1 January 2019
Amendments to IAS 28 Long-term interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IAS 19 Employee Benefits	1 January 2019
IFRS 10 Consolidated Financial Statements and IAS 28 (amendments)	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019

The Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the Group, except as described below in relation to IFRS 16 Leases.

IFRS 16 eliminates the distinction between operating and finance leases for lessees. The standard requires lessees to recognise right of use assets and corresponding liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value.

This is expected to have a significant impact on both the Consolidated Statement of Financial Position, due to the right of use assets and lease liabilities recognised, and the Consolidated Income Statement, through a changing of the expense profile and the financial statement lines in which the expenses are recognised.

The new standard replaces the operating lease expense with a depreciation charge on the underlying asset and an interest expense on the liability. This will increase the expense charged at the beginning of our lease contracts due to the front-loaded nature of the interest expense. This is expected to reduce profit before tax in the first three years of adoption.

Currently, our operating lease rentals are recognised within administrative expenses, but under IFRS 16, a portion of the cost, the interest expense on the lease liability, will be classified as a finance cost (the depreciation charge on the underlying asset will still be recognised within administrative expenses) and therefore operating profit is expected to increase on adoption.

The standard will primarily impact the Group's property and equipment leases. The treatment of venue leases is expected to remain unchanged, due to the cumulative tenancy dates over the term of each venue lease being less than 12 months. All current venue contracts are therefore expected to be exempt under IFRS 16.

The Group plans to apply IFRS 16 using the modified retrospective approach. Under this approach, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings on 1 October 2019, with no restatement of comparative information. Lease assets and lease liabilities will not be recognised for leases with a lease term ending within 12 months of 1 October 2019.

Adoption of IFRS 16 is expected to result in an increase in assets of £15.0m, and a corresponding increase in liabilities of £16.4m as at 1 October 2019. Operating profit for the year ending 30 September 2020 is estimated to increase by £0.5m, being the difference between the lease expense and depreciation, and profit before tax will decrease by £0.1m, reflecting a higher total lease interest expense in the initial years.

2 Basis of accounting

Hyve Group plc (the Company) is a UK listed company and, together with its subsidiary operations, is hereinafter referred to as 'the Group'. The Company is required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. In addition, the Group has complied with IFRSs, as issued by the International Accounting Standards Board (IASB).

The preparation of financial statements under IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, and income and expenses. These estimates and associated assumptions are based on past experience and other factors considered applicable at the time and are used to make judgements about the carrying value of assets and liabilities that cannot be readily determined from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Changes to estimates and assumptions are reflected in the financial statements in the period in which they are made.

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future as disclosed in the Directors' report on page 65.

The statements are presented in pounds sterling and have been prepared under IFRS using the historical cost basis, except for the revaluation of certain financial instruments which are recognised at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies adopted are consistent with the prior year, with the exception of changes due to the adoption of IFRS 9 and IFRS 15, and are set out below.

Basis of consolidation

The Group accounts consolidate the accounts of Hyve Group plc and the subsidiary undertakings controlled by the Company drawn up to 30 September each year. Control is achieved where the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2 Basis of accounting continued

Basis of consolidation continued

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets is recognised as goodwill. The interest of non-controlling shareholders is stated at the non-controlling interest's proportion of the fair values of assets and liabilities recognised.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs attributable to the business combination are expensed directly to the Consolidated Income Statement. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the Income Statement.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

The interest of minority shareholders in the acquiree is initially measured as the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate, or a portion of an investment in an associate, the investment, or the portion of the investment in the associate that will be disposed of, is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate.

After the disposal takes place, the Group accounts for any retained interest in the associate in accordance with IAS 39 unless the retained interest continues to be an associate, in which case the Group uses the equity method (see the accounting policy regarding investments in associates below).

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed.

2 Basis of accounting continued

Goodwill continued
For the purpose of impairment testing, goodwill is allocated to each of the Group's CGUs expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit, pro rata based on the carrying amount of each asset in the unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill on acquisition of a foreign entity is treated as an asset of the foreign entity and translated at the closing rate.

Intangible assets
Computer software is initially measured at purchase cost. Customer relationships, trademarks and licences and visitor databases are initially measured at fair value. Computer software, customer relationships, trademarks and licences and visitor databases have a definite useful life and are carried at cost or fair value less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life. The estimated useful lives are typically between three and 12 years for customer relationships, for trademarks up to 20 years and for visitor databases between five and eight years. Computer software is amortised over five years.

Impairment of assets excluding goodwill
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment is recognised immediately as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in the Consolidated Income Statement immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Property, plant and equipment
Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land and buildings	– term of lease
Plant and equipment	– 2 to 10 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying value amount of the asset and is recognised in the Consolidated Income Statement.

Investments in associates and joint ventures
An associate is an entity over which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

A joint venture is an entity over which the Group is in a position to exercise joint control. Joint control exists when decisions about the activities of the entity require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these financial statements using the equity method of accounting. Investments in associates and joint ventures are carried in the Statement of Financial Position at cost as adjusted by post-acquisition changes in the Group's share of net assets of the associate or joint venture, less any impairment in the value of individual investments. Losses of an associate or joint venture in excess of the Group's interest in that entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Where a Group company transacts with an associate or joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture. Losses may provide evidence of an impairment of the asset transferred, in which case an appropriate provision is made for impairment.

Other investments
Other investments are entities over which the Group does not have significant influence. Other investments are classified as assets held at fair value through profit and loss, with changes in fair value reported in the income statement.

2 Basis of accounting continued

Venue advances

Venue advances arise where the Group has advanced funds to venue owners that can be repaid by either offsetting against future venue hire or by cash repayment. Where the advance can be settled in cash, the loan balance is measured at amortised cost using the effective interest rate method where the impact of discounting is material. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Advances that are prepayments of future venue hire and do not permit the repayment of the principal in cash are recognised at cost as venue prepayments.

Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted to present value where the effect is material.

Financial instruments

Classes of financial instruments

The Group aggregates its financial instruments into classes based on their nature and characteristics. The details of financial instruments by class are disclosed in note 23 to the accounts.

Financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group classifies its financial assets into the following categories: cash and cash equivalents and trade and other receivables.

Financial assets are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at initial recognition at fair value. Subsequent to initial recognition cash and cash equivalents are stated at fair value with all realised gains or losses recognised in the Consolidated Income Statement.

Trade and other receivables

Trade receivables and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost, less any impairment.

Impairment of financial assets

The Group always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial liabilities

The Group classifies its financial liabilities into the following categories: written equity options, bank borrowings, and trade and other payables.

Financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Written equity options

Any contract with a single or multiple settlement option that contains an obligation for the Group to purchase equity in a subsidiary for cash gives rise to a financial liability for the present value of the repurchase price. An amount equal to the liability is recorded in equity on initial recognition of a written equity option. The liability is subsequently remeasured through the Consolidated Income Statement.

Where considered significant, the Group's written equity options are discounted to their appropriate value. The unwinding of the discount is charged through the Consolidated Income Statement over the period to exercise.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accruals basis, net of direct issue costs and stated at amortised cost using the effective interest rate method. The amortised cost calculation is revised when neccessary to reflect changes in the expected cash flows and expected life of the borrowings including the effects of the exercise of any prepayment, call or similar options. Any resulting adjustment to the carrying amount of the instrument to the extent that they are not settled borrowings is recognised as interest expense in the period in which they arise. Loan and overdraft interest and associated costs that are considered to be financing in nature are presented as financing activities in the cash flow statement.

Trade and other payables

Trade payables are measured at initial recognition at fair value and are subsequently measured at amortised cost. Trade payables are derecognised in full when the Group is discharged from its obligation, or the obligation expires, is cancelled or replaced by a new liability with substantially modified terms. Trade and other payables are short term and there is no interest charged in connection with these, hence the effective interest method is not applied.

2 Basis of accounting continued

Derivative financial instruments and hedge accounting
The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and changes in interest rates. The Group uses derivative financial instruments such as foreign exchange forward contracts and interest rate swaps to hedge these exposures. The Group does not use derivative contracts for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Consolidated Income Statement unless hedge accounting has been applied by designating the derivative as a hedging instrument in an eligible hedging relationship. The Group designates its derivative financial instruments as hedging instruments in cash flow hedge relationships. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with the risk management objectives and strategy for undertaking various hedging transactions. At inception of the hedging relationship, and on an ongoing basis, the Group performs an assessment of hedge effectiveness to confirm the subsistence of an economic relationship, credit risk does not dominate value changes that result from that economic relationships and the designated hedge ratio is consistent with the risk management strategy.

Derivative instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each financial year. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity.

The gain or loss relating to any ineffective portion is recognised immediately in the Consolidated Income Statement as investment revenue or finance costs respectively. Amounts deferred in equity are recycled in the Consolidated Income Statement in the periods when the hedged item is recognised in the Consolidated Income Statement, in the same line of the Consolidated Income Statement as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the Income Statement.

The Group has adopted the requirements of IFRS 9 in relation to hedge accounting upon transition.

The Group's use of financial derivatives is governed by the Group's financial policies. Further details on these policies can be found in the Strategic report on pages 01 to 58.

Fair values
The fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties and is calculated by reference to market rates discounted to current value.

The Group determines the fair value of its financial instruments using market prices for quoted instruments and widely accepted valuation techniques for other instruments.

Valuation techniques include discounted cash flows, standard valuation models based on market parameters, dealer quotes for similar instruments and use of comparable arm's length transactions.

Revenue
Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes, and provisions for returns and cancellations.

Revenue from exhibitions and conferences is recognised when the event is held. Contractually committed revenues and billings, to the extent that the amounts have fallen due, and cash received in advance, and directly attributable costs relating to future events, are deferred. The amounts deferred are included in the Statement of Financial Position as deferred income and prepayments respectively until the event has completed. If an event is anticipated to make a loss, then the prepaid event costs in excess of the deferred income held in the Statement of Financial Position at the end of a financial year are written off in full. Where material, transaction prices and discounts are appropriately allocated between performance obligations based on the market price of products.

Marketing and advertising services revenues are recognised on issue of the related publication, over the period of the advertising subscription or over the period when the marketing service is provided. The performance obligations are distinct, being events held or publications issued. Transaction prices for performance obligations are fixed within contracts and recognised in line with the performance obligations.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Income from investments is recognised when the shareholders' rights to receive payment have been established.

Due to the nature of the business, there is an immaterial value of transaction price allocated to unsatisfied performance obligations and there are no material contract assets or liabilities arising on work performed to deliver performance obligations.

Barter transactions
Where barter transactions occur between advertising and exhibition space and the revenue can be measured reliably, revenues and costs are recognised in the Income Statement.

2 Basis of accounting continued

Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

The current tax charge is based on the taxable profit for the year using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that does not affect the tax profit or the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

A current tax provision is recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or their contractual rate where applicable. Monetary assets and liabilities denominated in foreign currencies at the end of each financial year are retranslated at the rates of exchange prevailing at that date. Non-monetary assets and liabilities are translated at the rate prevailing at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising on the settlement of monetary items, and on the retranslation of monetary items, are included in income for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is recognised in other comprehensive income.

Details of the Group's accounting policies for forward contracts and options are included in the policy on derivative financial instruments.

On consolidation, the monthly income statements of overseas operations are translated at the average rates of exchange for each month, and each Statement of Financial Position at the rates ruling at the end of each financial year. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expense in the period in which the operation is disposed of. The Group deems an operation to be disposed of when it has lost control of the trade and assets of that operation.

Under the exemption permitted by IAS 21 The effects of changes in foreign exchange rates, cumulative translation differences for all foreign operations prior to 1 October 2004 have been treated as zero. Consequently, any gain or loss on disposal will exclude translation differences that arose prior to 1 October 2004.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Employee Share Ownership Trust

The financial statements include the assets and liabilities of the Employee Share Ownership Trust (ESOT). Shares in the Company held by the ESOT have been valued at cost and are held in equity. The costs of administration of the ESOT are written off to profit or loss as incurred.

Where such shares are subsequently sold, any net consideration received is included in equity attributable to the Company's equity holders.

Pension and other retirement benefits

The Group operates defined contribution pension plans in multiple regions around the Group. Contributions payable are charged to the income statement as they fall due as an operating expense.

2 Basis of accounting continued

Share-based payments

Equity settled

The Group has applied IFRS 2 Share-based payments.

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

Cash settled

The Group operates a cash-settled share-based compensation plan for the benefit of certain employees. Cash-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at each reporting date. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in liabilities.

Fair value is measured using a Black-Scholes model. The expected life used in the model has been adjusted for the effects of non-transferability, exercise restrictions and behavioural considerations based on management's best estimate.

Leases

Rentals payable under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Headline results (notes 5 and 11)

In addition to the statutory results, headline results are prepared for the income statement, including measures in relation to operating profit, profit before tax and diluted earnings per share, as the Board considers these measures to be the most appropriate way to measure the Group's performance in a way that is comparable to the prior year.

The Group presents headline results (note 5) and headline diluted earnings per share (note 11) to provide additional useful information on business performance trends to shareholders. These results are used for performance analysis and incentive compensation arrangements for employees. Headline results exclude items that are commonly excluded among peer companies: amortisation and impairment of goodwill and other intangible assets, transaction costs, restructuring costs, integration costs, profit or loss on disposal of businesses, and other items that in the opinion of the Directors would distort underlying results. The term "headline" is not a defined term under IFRSs and may not therefore be comparable to similarly titled profit measurements reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measurements of profit. Refer to note 5 for details of adjusting items recorded for the year and reconciled to statutory operating profit.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, a number of judgements and estimates have been made by management. Those that have the most significant effect on the amounts recognised in the financial statements or have the most risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting judgements

Adjusting items

The classification of adjusting items requires significant management judgement after considering the nature and intentions of a transaction. The Group's definitions of adjusting items are outlined within both the Group accounting policies and the Glossary. These definitions have been applied consistently year on year.

Note 5 provides further details on current year adjusting items.

Key sources of estimation uncertainty

Impairment of goodwill and intangible assets

There are a number of estimates management considers when determining value in use, most significantly the growth rates applied to future cash flows and the discount rates used to derive the present value of those cash flows. Growth rates reflect management's view of the long-term forecast rates of growth, using third party sources such as the International Monetary Fund where appropriate. Discount rates are selected to reflect the risk adjusted cost of capital for the respective territories. The most significant area of estimation uncertainty relates to forecast cash flows at each CGU. Forecast cash flows are based on Board approved budgets and plans. A significant change in the assumptions used in determining the value in use of certain CGUs could potentially result in an impairment charge being recognised in relation to these CGUs. In particular, a 5% decline in the operating profit growth rate forecast for the UK CGU would result in an impairment charge of £25.1m.

See note 12 for further detail.

The carrying value of goodwill and intangible assets at 30 September 2019 is £210.0m (2018: £201.8m) and £270.6m (2018: £267.3m) respectively.

Equity option liabilities

The valuation of equity option liabilities held over own equity, of £13.0m (2018: £11.6m), requires management to estimate the fair value of the liabilities to be settled in future years to acquire non-controlling interests in subsidiary companies. The liabilities are to be settled based on a multiple of future years' EBITDA. The EBITDA estimates are based on the latest budgeted information grown in line with projected GDP growth rates for the countries in which the subsidiaries operate. The valuation of the equity option liabilities is highly sensitive to changes to forecast results, given that the equity options are based on multiples of 7.5x-12.5x EBITDA. A £0.1m movement in EBITDA in the relevant period could therefore result in a movement of up to £1.25m in the equity option liability valuation.

3 Segmental information

The Group has identified reportable segments based on financial information used by the Executive Team in allocating resources and making strategic decisions. The Executive Team (consisting of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief People Officer and General Counsel) is considered to be the Group's Chief Operating Decision Maker. The Group evaluates performance on the basis of Headline Profit Before Tax.

The Group's reportable segments are operational business units and groups of events that are managed separately, either based on geographic location or as portfolios of events. The products and services offered by each business unit are identical across the Group.

Following the integration of Ascential Events, the way in which costs are allocated to the Group's reportable segments has changed. Therefore the comparative segmental information has been restated to reflect the current year basis on which segments are reported to the Executive Team for the purpose of allocating resources and making strategic decisions. This has resulted in changes to the segment profits and net assets as set out below.

The revenue and Headline Profit Before Tax are attributable to the Group's one principal activity, the organisation of trade exhibitions, conferences and related activities, and can be analysed by operating segment as follows:

Year ended 30 September 2019	Global Brands £000	Asia £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	UK £000	Total Group £000
Revenue	49,708	23,157	19,816	16,721	62,643	48,677	220,723
Segment Headline profit before tax	20,258	9,382	4,980	5,849	25,902	15,509	81,880
Unallocated costs							(31,472)
Headline Profit Before Tax							50,408
Adjusting items (note 5)							(41,695)
Profit before tax							8,713
Tax							(4,585)
Profit after tax							4,128

The revenue in the year of £220.7m includes £3.3m (2018: £0.7m) of marketing and advertising services revenues and £1.5m (2018: £0.2m) of barter sales. No individual customer amounts to more than 10% of Group revenues.

Unallocated costs include:

- Other income;
- Head office costs;
- Unallocated TAG costs of £8.0m;
- Foreign exchange gains and losses on translation of monetary assets and liabilities held in Group subsidiary companies that are denominated in currencies other than the functional currency of the subsidiaries; and
- Net finance costs.

The Group's share of profits from associates and joint ventures, capital expenditure and amortisation and depreciation can be analysed by operating segment as follows:

Year ended 30 September 2019	Global Brands £000	Asia £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	UK £000	Total Group £000
Share of results of associates and joint ventures							
Share of results before tax	–	6,642	–	–	1,655	–	8,297
Tax	–	(1,571)	–	–	(329)	–	(1,900)
Share of results after tax	–	5,071	–	–	1,326	–	6,397
Capital expenditure							
Segment capital expenditure	–	298	98	235	687	–	1,318
Unallocated capital expenditure							2,458
							3,776
Depreciation and amortisation							
Segment depreciation and amortisation	12,560	3,657	53	2,224	413	6,038	24,945
Unallocated depreciation and amortisation							2,087
							27,032

3 Segmental information continued

The derecognition of goodwill and the impairment charges in respect of goodwill, intangible assets, investments in associates and joint ventures, and other assets can be analysed by operating segment as follows:

	2019 £000	2018 £000
Eastern & Southern Europe	–	5,572
Russia	–	1,843
UK	–	2,216
	–	9,631

The Group's assets and liabilities can be analysed by operating segment as follows:

30 September 2019	Global Brands £000	Asia £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	UK £000	Total Group £000
Assets							
Segment assets	250,521	106,657	13,130	15,295	54,177	184,343	624,123
Unallocated assets							13,189
							637,312
Liabilities							
Segment liabilities	(27,673)	(42,583)	(6,887)	(4,702)	(31,682)	(13,415)	(126,942)
Unallocated liabilities							(188,605)
							(315,547)
Net assets							321,765

All assets and liabilities are allocated to reportable segments except for certain centrally held balances, including property, plant and equipment and computer software relating to the Group's head office function, the Group's bank loan and taxation (current and deferred).

Year ended 30 September 2018 (restated)	Global Brands £000	Asia £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	UK £000	Total Group £000
Revenue	11,533	25,700	24,483	15,155	73,291	25,507	175,669
Segment Headline Profit Before Tax	2,145	10,240	7,155	4,393	24,319	8,858	57,110
Unallocated costs							(21,693)
Headline Profit Before Tax							35,417
Adjusting items (note 5)							(39,101)
Loss before tax							(3,684)
Tax							(3,023)
Loss after tax							(6,707)

Headline Profit Before Tax has been restated to reflect the current year basis on which segments are reported to the Executive Team for the purpose of allocating resources and making strategic decisions. This resulted in the following reallocation between UK and unallocated costs in the comparative period:

	£000
UK segment Headline Profit Before Tax previously presented	6,881
Costs reallocated to unallocated costs	1,997
UK segment Headline Profit Before Tax now presented	8,858

3 Segmental information continued

Year ended 30 September 2018	Global Brands £000	Asia £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	UK £000	Total Group £000
Share of results of associates and joint ventures							
Share of results before tax	–	6,665	–	71	821	–	7,557
Tax	–	(1,477)	–	–	(164)	–	(1,641)
Share of results after tax	–	5,188	–	71	657	–	5,916
Capital expenditure							
Segment capital expenditure	5	304	54	106	587	3	1,059
Unallocated capital expenditure							3,195
							4,254
Depreciation and amortisation							
Segment depreciation and amortisation	6,018	3,948	383	2,426	258	1,692	14,725
Unallocated depreciation and amortisation							1,563
							16,288

The Group's assets and liabilities can be analysed by operating segment as follows:

30 September 2018 (restated)	Global Brands £000	Asia £000	Central Asia £000	Eastern & Southern Europe £000	Russia £000	UK £000	Total Group £000
Assets							
Segment assets	217,885	106,348	11,013	16,188	65,826	208,108	625,368
Unallocated assets							19,965
							645,333
Liabilities							
Segment liabilities	(12,789)	(52,355)	(4,081)	(4,784)	(22,523)	(33,060)	(129,592)
Unallocated liabilities							(190,859)
							(320,451)
Net assets							324,882

Information about the Group's revenue by origin of sale and non-current assets by geographical location are detailed below:

Geographical information

	Revenue		Non-current assets*	
	2019 £000	2018 £000	**2019 £000**	2018 £000
Asia	**24,882**	27,756	**81,383**	82,013
Central Asia	**11,595**	15,054	**4,097**	4,030
Eastern & Southern Europe	**13,810**	12,958	**9,578**	12,121
Russia	**40,842**	52,694	**23,904**	16,084
UK	**70,746**	36,267	**279,902**	285,643
Rest of the World	**58,848**	30,940	**134,550**	119,681
	220,723	175,669	**533,414**	519,572

* Non-current assets exclude deferred tax assets and assets classified as held for sale.

4 Operating profit

Operating profit is stated after charging/(crediting):

	2019 £000	2018 £000
Staff costs	**58,357**	50,484
Depreciation of property, plant and equipment	**1,704**	1,247
Amortisation of intangible assets included within administrative expenses	**25,328**	15,041
Derecognition of goodwill on cessation of trading	**–**	2,216
Impairment of goodwill	**–**	5,572
Impairment of venue prepayment	**–**	1,843
Loss/(profit) on disposals	**3,154**	(2,968)
Operating lease rentals – land and buildings	**3,558**	2,259
Loss/(gain) on derivative financial instruments – equity options	**1,121**	(2,918)
Foreign exchange loss/(gain) on operating activities	**1,140**	(2,237)

Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2019 £000	2018 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**370**	360
Fees payable to the Company's auditor and its associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	**135**	170
Total audit fees	**505**	530
– Other services pursuant to legislation (interim review)	**55**	53
– Reporting accountant work – Ascential Events acquisition	**–**	108
– Tax compliance services	**3**	–
Total non-audit fees	**58**	161
	563	691

Details on the Group's policy on the use of the auditor for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity was safeguarded are set out in the Audit Committee report on page 68. No services were provided pursuant to contingent fee arrangements.

5 Adjusting items

	2019 £000	2018 £000
Operating adjusting items		
Amortisation of acquired intangible assets (note 15)	**24,066**	13,631
Derecognition of goodwill on cessation of trading (note 13)	**–**	2,216
Impairment of goodwill (note 13)	**–**	5,572
Impairment of venue prepayment	**–**	1,843
Loss/(profit) on disposals	**3,154**	(2,968)
Transaction costs on completed and pending acquisitions and disposals	**1,462**	8,037
Integration costs		
– Integration costs	**5,322**	1,905
– Costs to realise synergies	**1,469**	845
Restructuring costs		
– TAG	**2,783**	5,347
– Other	**1,435**	2,236
Tax on income from associates and joint ventures	**1,900**	1,641
Total operating adjusting items	**41,591**	40,305
Financing adjusting items		
Revaluation of assets and liabilities on completed acquisitions and disposals	**104**	(1,204)
Total adjusting items	**41,695**	39,101

The adjusting items are discussed in the Chief Financial Officer's statement.

6 Investment revenue

	2019 £000	2018 £000
Interest receivable from bank deposits	**1,019**	603
Gain on revaluation of equity options	**–**	2,918
Gain on revaluation of deferred and contingent consideration	**245**	77
Unwind of imputed interest charged on discounted deferred consideration receivable	**1,090**	–
	2,354	3,598

7 Finance costs

	2019 £000	2018 £000
Interest on bank loans	**5,013**	2,775
Bank charges	**1,361**	1,112
Loss on revaluation of deferred and contingent consideration	**87**	–
Loss on revaluation of put options	**1,121**	–
Imputed interest charge on discounted equity option liabilities	**231**	1,791
	7,813	5,678

8 Staff costs

	2019 Number	2018 Number
The average monthly number of employees (including Directors) was:		
Administration	**376**	416
Technical and sales	**924**	992
	1,300	1,408

Their aggregate remuneration comprised:	£000	£000
Wages and salaries	**48,797**	41,965
Social security costs	**8,321**	6,637
Other staff benefits	**288**	432
Defined contribution pension scheme contributions	**888**	953
Share-based payments	**63**	497
	58,357	50,484

The defined contribution pension contributions relate to the schemes in multiple regions around the Group.

Details of audited Directors’ remuneration are shown in the report on remuneration on pages 83 to 93.

9 Tax on profit on ordinary activities

Analysis of tax charge for the year:

	2019 £000	2018 £000
Group taxation on current year result:		
UK corporation tax credit on result for the year	**(12)**	(78)
Adjustment to UK tax in respect of previous years	**(1,351)**	110
	(1,363)	32
Overseas tax – current year	**8,047**	9,856
Overseas tax – previous years	**109**	(255)
	8,156	9,601
Current tax	**6,793**	9,633
Deferred tax		
Origination and reversal of timing differences:		
Current year	**(2,353)**	(6,569)
Prior year	**145**	(41)
	(2,208)	(6,610)
	4,585	3,023

The tax adjusting items within the Consolidated Income Statement relates to the following:

	2019 Gross £000	2019 Tax impact £000	2018 Gross £000	2018 Tax impact £000
Amortisation of acquired intangible assets	**24,066**	**4,621**	13,631	3,100
Derecognition of goodwill on cessation of trading	**–**	**–**	2,216	–
Impairment of goodwill	**–**	**–**	5,572	–
Impairment of venue prepayments	**–**	**–**	1,843	–
Loss/(profit) on disposals	**3,154**	**34**	(2,968)	–
Transaction costs on completed and pending acquisitions and disposals	**1,462**	**–**	8,037	–
Integration costs				
– Integration costs	**5,322**	**1,011**	1,905	362
– Costs to realise synergies	**1,469**	**280**	845	161
Restructure costs				
– TAG	**2,783**	**548**	5,347	1,016
– Other	**1,435**	**136**	2,236	419
Tax on income from associates	**1,900**	**1,900**	1,641	1,641
Revaluation of liabilities on completed acquisitions	**104**	**–**	(1,204)	–
	41,695	**8,530**	39,101	6,699

9 Tax on profit on ordinary activities continued

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2019 £000	2018 £000
Profit/(loss) on ordinary activities before tax	**8,713**	(3,684)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2018: 19.0%)	**1,655**	(700)
Effects of:		
Expenses not deductible for tax purposes	**245**	1,531
Loss/(profit) on sale of investments	**527**	(577)
Adjusting items	**550**	1,326
Increase in uncertain contingencies	**–**	460
Tax effect of equity options and deferred/contingent consideration	**20**	(184)
Impairment of goodwill	**–**	1,830
Foreign exchange	**–**	(582)
Tax effect of amortisation of intangibles	**22**	(322)
Deferred tax asset not recognised	**961**	261
Withholding tax and other irrecoverable tax	**3,228**	1,511
Deferred tax provision on repatriation of overseas profits	**(597)**	157
Tax charge in respect of previous period	**(221)**	(186)
Reduction in DT rate from 19% to 17%	**32**	114
Effect of different tax rates of subsidiaries in other jurisdictions	**(621)**	(519)
Associate tax	**(1,216)**	(1,097)
	4,585	3,023

The effect of adjusting items and the effect of loss/(profit) on sale of investments relates to items that are not allowable in the jurisdiction where they have arisen.

Withholding tax and other irrecoverable tax relates to the taxes paid on profits repatriated from overseas subsidiaries in the year and the movement on the provision for taxes expected to be suffered on the future repatriation of profits which are expected to be made.

We seek to pay tax in accordance with the laws of the countries where we do business. We estimate our tax on a country-by-country basis. Our key uncertainty is whether our intra-group trading model will be accepted by a particular tax authority. At 30 September 2019, £1.0m (2018: 1.8m) is included in current liabilities in relation to these uncertainties. The reduction in the provision for uncertain tax provisions relates to the closure of earlier years due to the passage of time.

	2019 £000	2018 £000
Tax relating to components of comprehensive income:		
Cash flow gains – Current		–
Cash flow (losses) – Deferred	**(153)**	(314)
	(153)	(314)
Tax relating to amounts credited/(charged) to equity:		
Share options – Current	**–**	–
Share options – Deferred	**5**	(62)
	5	(62)
	(148)	(376)

10 Dividends

	2019			2018		
	Per share p	Settled in cash £000	Settled in scrip £000	Per share p	Settled in cash £000	Settled in scrip £000
Amounts recognised as distributions to equity holders in the year:						
Final dividend in respect of the prior year	**1.0**	**7,391**	**–**	2.5	5,962	701
Interim dividend in respect of the current year	**0.9**	**6,652**	**–**	1.5	4,018	–
	1.9	**14,043**	**–**	4.0	9,980	701

The Directors are proposing a final dividend for the year ended 30 September 2019 of 1.6p per ordinary share, a distribution of approximately £11.8m. The proposed final dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these financial statements.

Under the terms of the trust deed dated 20 October 1998, the Hyve Group Employees Share Trust, which holds 2,500,483 (2018: 2,506,133) ordinary shares representing 0.3% of the Company's called up ordinary share capital, has agreed to waive all dividends due to it each year.

11 Earnings per share

The calculation of basic, diluted, headline basic and headline diluted earnings per share is based on the following numbers of shares and earnings:

	2019 No. of shares (000)	2018 No. of shares (000)
Weighted average number of shares:		
For basic earnings per share	**739,114**	500,822
Effect of dilutive potential ordinary shares	**232**	362
For diluted and headline diluted earnings per share	**739,346**	501,184

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share are based on the profit for the financial year attributable to equity holders of the parent of £3.1m (2018: loss of £8.1m). Basic and diluted earnings per share were 0.4p (2018: (1.6)p). No share options (2018: 362,000) were excluded from the weighted average number of ordinary shares used in the calculation of the diluted earnings per share because their effect would have been anti-dilutive.

Headline diluted earnings per share

Headline diluted earnings per share is intended to provide a consistent measure of Group earnings on a year-on-year basis and is 4.9p per share (2018: 4.9p). Headline basic earnings per share is 4.9p (2018: 4.9p).

	2019 £000	2018 £000
Profit/(loss) for the financial year attributable to equity holders of the parent	**3,148**	(8,065)
Amortisation of acquired intangible assets	**24,066**	13,631
Derecognition of goodwill on cessation of trading	**–**	2,216
Impairment of goodwill	**–**	5,572
Impairment of venue prepayment	**–**	1,843
Loss/(profit) on disposals	**3,154**	(2,968)
Transaction costs on completed and pending acquisitions and disposals	**1,462**	8,037
Integration costs		
– Integration costs	**5,322**	1,905
– Costs to realise synergies	**1,469**	845
Restructuring costs		
– TAG	**2,783**	5,347
– Other	**1,435**	2,236
Revaluation of liabilities on completed acquisitions	**104**	(1,204)
Tax effect of other adjustments	**(6,630)**	(5,058)
Headline earnings for the financial year after tax	**36,313**	24,337

12 Goodwill

	Goodwill £000
Cost	
At 1 October 2017	133,027
Additions through business combinations	127,376
Derecognition of goodwill on cessation of trading	(2,216)
Disposal	(4,313)
Foreign exchange	(6,513)
Goodwill classified as held for sale	(5,673)
At 30 September 2018	241,688
Additions through business combinations (note 13)	**5,730**
Foreign exchange	**6,622**
Goodwill previously classified as held for sale	**1,756**
Adjustment to prior year additions	**(2,737)**
At 30 September 2019	**253,059**
Provision for impairment	
At 1 October 2017	(40,461)
Disposal (note 17)	4,313
Impairment	(5,572)
Foreign exchange	1,870
At 30 September 2018	(39,850)
Foreign exchange	(3,239)
At 30 September 2019	**(43,089)**
Net book value	
At 30 September 2019	**209,970**
At 30 September 2018	201,838

Amounts previously classified as held for sale relate to goodwill attributable to the retained Krasnodar event YugAgro, which was not disposed of as part of the ITE Expo LLC disposal completed in October 2018. The amount of goodwill allocated to a partial disposal is measured on the basis of the relative values of the operation disposed of and the operation retained.

The adjustment to prior year additions relates to adjustments made to the carrying values of the identifiable assets and liabilities recognised upon the acquisition of the Ascential Events business. These adjustments were made within 12 months of the acquisition date, and primarily relate to deferred tax liabilities recognised in relation to the CWIEME asset purchase completed by Ascential Events in 2012, with a further £2.7m of net assets being recognised on acquisition, resulting in an equal reduction in the goodwill recognised. The acquisition accounting is now complete and there will be no further adjustments.

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill allocated to the CGUs has been attributed to the reportable segments as follows:

	2019 £000	2018 £000
Global Brands	**82,526**	78,989
Asia	**29,014**	27,473
Central Asia	**4,011**	3,913
Eastern & Southern Europe	**5,978**	5,980
Russia	**18,486**	15,403
UK	**69,955**	70,080
	209,970	201,838

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding operating profit growth rates within the Group's cash flow forecasts, along with the long-term growth rates and discount rates applied to the forecast cash flows.

12 Goodwill continued

Management estimates discount rates that reflect the current market assessments of the time value of money and risks specific to the CGUs. There are a number of different inputs used in the build-up of the discount rates, including inflation rates, risk free rates, market risk premiums and industry betas, taken from a number of independent sources including the IMF, Bloomberg and Financial Times.

The pre-tax discount rates applied to the CGUs are between 8% and 26% (2018: 10% and 25%). The large variance in discount rates applied reflects the differences in risks inherent in the regions in which the CGUs operate.

The Group prepares cash flow forecasts based upon the most recent four-year financial plans approved by the Board and thereafter extrapolates the planned cash flows. Previously the Group had, with the exception of certain CGUs, extrapolated one-year financial plans; however, the availability of robustly challenged four-year plans provides a value in use more representative of each CGU's future performance.

Central costs are allocated to the CGUs to the extent that they are necessarily incurred to generate the cash inflows, and can be directly attributed or allocated on a reasonable and consistent basis. Growth rates beyond the detailed plans are based on IMF forecasts of GDP growth rates in the local markets, as the CGUs are expected to grow in line with their relevant underlying markets over the long term. These growth rates, of between 1% and 8% (2018: between 1% and 8%), do not exceed the long-term growth rates for the economies in which these businesses operate.

Individually significant CGUs

	Goodwill		Other intangible assets		Long-term growth rates		Pre-tax discount rates		Recoverable amount in excess of carrying value	
Significant CGUs	**2019 £m**	2018 £m	**2019 £m**	2018 £m	**2019 £m**	2018 £m	**2019 £m**	2018 £m	**2019 £m**	2018 £m
Global Brands										
Bett	**41.0**	41.2	**64.8**	68.5	**1.5%**	2.5%	**8.7%**	10.0%	**15.4**	0.9
CWIEME	**20.5**	22.9	**43.4**	45.9	**1.2%**	2.5%	**7.6%**	10.0%	**38.3**	0.5
Africa Oil & Mining	**5.7**	–	**37.2**	16.1	**1.7%**	3.7%	**12.3%**	12.9%	**31.4**	6.6
UK	**70.0**	70.1	**98.1**	104.1	**1.5%**	2.5%	**8.7%**	11.0%	**3.2**	26.6

Africa Oil & Mining includes the Africa Oil Week event, previously recognised as a standalone CGU, and the Mining Indaba event acquired in October 2018. The brands are managed as a single portfolio of events and will benefit from extensive synergies and a shared cost base.

The use of four-year financial plans instead of one-year financial plans in the value in use calculation has led to an increase in the recoverable amount in excess of carrying value of the Global Brands CGUs, as these extended forecasts capture the additional cash flow growth expected from the recent acquisitions in excess of the country GDP, which is not captured in the one-year forecasts extrapolated at country GDP. The fall in the recoverable amount in excess of carrying value of the UK CGU reflects the economic and political uncertainty facing the CGU as a result of Brexit.

Sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the discount rate and growth rates used. The Group has conducted a sensitivity analysis taking into consideration the impact on these assumptions arising from a range of reasonably possible trading and economic scenarios, including the impact of Brexit and the associated economic and political uncertainty. The scenarios have been performed separately, and in aggregate, for each CGU, with the sensitivities summarised as follows:

- An increase in the discount rate by 1%;
- A decrease in the long-term growth rate by 0.5%; and
- A decrease in operating profit growth rate by 5%.

The sensitivity analysis shows that no impairment would result from either an increase in the discount rates, a decrease in the long-term growth rate or a decrease in the operating profit growth rate, or an aggregate of these sensitivities, in any CGU other than in Bett and the UK. The changes in key assumptions that would cause the recoverable value of the Bett and UK CGUs to equal their carrying value is shown below.

Sensitivity	Bett	UK
% change in discount rate	1.2%	0.2%
% change in long-term growth rate	-1.4%	-0.2%
% change in operating profit growth rate	-6.2%	-0.5%

13 Acquisitions

Mining Indaba

On 23 October 2018, the Group completed the acquisition of the trade and assets relating to Mining Indaba from Euromoney Institutional Investor Plc. Mining Indaba is the leading event dedicated to bringing together mining and investment experts in order to develop mining interests in Africa.

The consideration of £28.7m comprises initial cash consideration of £20.0m paid on completion, and deferred cash consideration of £8.7m paid in June 2019.

During the year, the Group incurred transaction costs on the acquisition of £0.5m, which are included within administrative expenses.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are presented as follows:

	Fair value £000
Intangible assets – Trademarks	22,090
Intangible assets – Customer relationships	3,726
Trade and other receivables	864
Accrued expenses	(438)
Deferred income	(2,620)
Deferred tax liability	(633)
Identifiable net assets	**22,989**
Goodwill arising on acquisition	5,730
Total consideration	**28,719**
Satisfied by	
Cash consideration	20,000
Deferred consideration	8,719
	28,719
Net cash outflow arising on acquisition	
Cash consideration paid	20,000
Cash and cash equivalents acquired	–
	20,000

The values used in accounting for the identifiable assets and liabilities of this acquisition is finalised at the balance sheet date.

The goodwill of £5.7m arising from the acquisition reflects the strategic value of the acquisition of a market-leading event, including the expectation of new contracts and relationships, and the expected synergies with the complementary Africa Oil Week event which the Group already owns. The goodwill recognised is expected to be fully deductible for tax purposes. The fair value of trade and other receivables includes trade receivables with a fair value, after providing for expected uncollectable amounts, of £0.5m. No further amounts are currently expected to be uncollectable.

The acquired business has contributed £7.9m to Group revenue and a statutory profit before tax of £4.9m since acquisition. If the acquisition had occurred on 1 October 2018, it would have contributed the same amounts to Group revenue and statutory profit before tax.

14 Other intangible assets

	Customer relationships £000	Trademarks and licences £000	Visitor databases £000	Computer software £000	Total £000
Cost					
At 1 October 2017	79,026	38,510	435	8,058	126,029
Additions through business combinations	25,549	194,718	–	414	220,681
Additions	–	–	–	2,390	2,390
Disposals	(13,542)	(12,382)	–	(3,045)	(28,969)
Foreign exchange	(2,913)	(1,729)	(171)	(144)	(4,957)
Intangible assets classified as held for sale	–	–	–	(48)	(48)
At 30 September 2018	**88,120**	**219,117**	**264**	**7,625**	**315,126**
Additions through business combinations (note 13)	**3,726**	**22,090**	**–**	**–**	**25,816**
Additions	**–**	**–**	**–**	**1,716**	**1,716**
Disposals	**–**	**–**	**–**	**(6)**	**(6)**
Foreign exchange	**1,372**	**1,080**	**34**	**55**	**2,541**
At 30 September 2019	**93,218**	**242,287**	**298**	**9,390**	**345,193**
Amortisation					
At 1 October 2017	37,343	21,323	335	5,161	64,162
Additions through business combinations	–	–	–	351	351
Charge for the year	8,491	5,097	43	1,410	15,041
Disposals	(13,132)	(11,868)	–	(2,962)	(27,962)
Foreign exchange	(2,092)	(1,324)	(142)	(134)	(3,692)
Accumulated amortisation classified as held for sale	–	–	–	(39)	(39)
At 30 September 2018	**30,610**	**13,228**	**236**	**3,787**	**47,861**
Charge for the year	**10,201**	**13,835**	**30**	**1,262**	**25,328**
Foreign exchange	**822**	**533**	**32**	**9**	**1,396**
At 30 September 2019	**41,633**	**27,596**	**298**	**5,058**	**74,585**
Net book value					
At 30 September 2019	**51,585**	**214,691**	**–**	**4,332**	**270,608**
At 30 September 2018	57,510	205,889	28	3,838	267,265

The amortisation period for customer relationships is between three and 12 years, for trademarks is between three and 20 years and for visitor databases between five and eight years. Computer software is amortised over five years.

The additions to customer relationships and trademarks and licences through business combinations of £25.8m relate to the purchase of Mining Indaba (see note 13). The intangible assets acquired during the year are amortised in accordance with the Group's amortisation policy for intangible assets as detailed in note 2.

Individually material intangible assets

CGU	Description	Initial fair value £000	Carrying amount £000	Remaining amortisation
Bett	Trademarks	63,863	60,005	18.8 years
CWIEME	Trademarks	41,022	38,543	18.8 years
UK	Trademarks	89,833	84,406	18.8 years
Mining Indaba	Trademarks	22,089	20,790	16.0 years

15 Property, plant and equipment

	Leasehold land and buildings £000	Plant and equipment £000	Total £000
Cost			
At 1 October 2017	2,413	7,245	9,658
Additions through business combinations	2,785	604	3,389
Additions	279	1,585	1,864
Disposals	(40)	(2,005)	(2,045)
Foreign exchange	(179)	(348)	(527)
Property, plant and equipment classified as held for sale	–	(291)	(291)
At 30 September 2018	**5,258**	**6,790**	**12,048**
Additions through business combinations	**–**	**–**	
Additions	**22**	**2,037**	**2,059**
Disposals	**–**	**(200)**	**(200)**
Foreign exchange	**23**	**119**	**142**
At 30 September 2019	**5,303**	**8,746**	**14,049**
Depreciation			
At 1 October 2017	1,590	5,285	6,875
Additions through business combinations	967	331	1,298
Charge for the year	514	733	1,247
Disposals	(40)	(1,770)	(1,810)
Foreign exchange	(104)	(225)	(329)
Accumulated depreciation classified as held for sale	**–**	**(165)**	**(165)**
At 30 September 2018	**2,927**	**4,189**	**7,116**
Additions through business combinations			
Charge for the year	**222**	**1,482**	**1,704**
Disposals	**–**	**(51)**	**(51)**
Foreign exchange	**53**	**60**	**113**
At 30 September 2019	**3,202**	**5,680**	**8,882**
Net book value			
At 30 September 2019	**2,101**	**3,066**	**5,167**
At 30 September 2018	2,331	2,601	4,932

16 Subsidiaries

A list of all subsidiaries, including the name, country of incorporation and proportion of ownership interest, is presented in note 5 to the Company's separate financial statements.

17 Disposal of subsidiaries

ITE Expo LLC

Subsequent to the assets and liabilities of ITE Expo LLC being classified as held for sale at 30 September 2018, on 3 October 2018 the Group completed the disposal of ITE Expo LLC, the operating company for 56 of the Group's non-core, regionally focused smaller events in Russia, to Shtab-Expo LLC.

The Group will receive principal consideration of approximately £10.0m over the nine years following completion together with additional variable consideration of up to approximately £4.7m based on ITE Expo LLC's incremental revenue growth during this period. The terms of the deal incentivise the purchaser to make earlier payments to satisfy the consideration. If the purchaser has by 30 September 2023 paid principal consideration of approximately £6.3m, this will reduce the obligation to pay the remaining principal consideration by £1.4m and extinguish the obligation to pay any further future variable consideration.

When discounted, the fair value of the consideration receivable was £4.1m at disposal.

The net assets of ITE Expo LLC at the date of disposal were as follows:

	£000
Goodwill	3,916
Cash and cash equivalents	3,224
Other net liabilities	(2,261)
Net assets	**4,879**
Fair value of consideration received	4,131
Disposal costs	(631)
Proceeds net of related selling expenses	**3,500**
Loss on disposal	**(1,379)**
Satisfied by:	
Cash and cash equivalents	95
Deferred consideration	4,036
	4,131
Net cash outflow arising on disposal:	
Consideration received in cash and cash equivalents	95
Less: cash and cash equivalents disposed of	(3,224)
	(3,129)

A payment of £2.6m was made by ITE Expo LLC to the Group subsequent to the disposal date, in settlement of a liability due to another company within the Group. This reduced the cash and cash equivalents disposed of shortly after the disposal date to £0.6m.

Central Asia

During the period, the Group also completed a number of smaller disposals within the Central Asia region with combined net assets of £0.5m. The Group received combined consideration of £0.5m, resulting in a loss on disposal of £0.9m being recognised, after the reclassification of cumulative exchange differences of £0.4m previously recognised in other comprehensive income, and disposal costs of £0.5m.

18 Interests in associates and joint ventures

Associates and joint ventures

	Country of incorporation and operation	Registered address	Principal activity	Description of holding	Group interest %
Joint ventures					
Sinostar ITE	Incorporated in Hong Kong with operations in China	Rm 2101-2, 21/F, 42-46 Gloucester Rd., Jubilee Centre, Wanchai, Hong Kong	Exhibition organiser	Ordinary	50%
Debindo Unggul Buana Makmur	Indonesia	G9 Lantai 1 Jl. KH. Abdullah Syafii No. 9 Bukit Duri, Tebet Jakarta Selatan RT/RW. 013/05 Kel. BUKIT DURI Kec. TEBET KOTA ADMINISTRASI JAKARTA SELATAN	Exhibition organiser	Ordinary	50%
ITE MF	Russia	119590, Moscow, ul. Minskaya, 2ZH BC, Victory Park Plaza, Office 307	Exhibition organiser	Ordinary	50%

	Total £000
At 1 October 2018	**43,293**
Share of results of associates and joint ventures	**6,397**
Dividends received	**(6,147)**
Foreign exchange	**553**
Disposal	**(722)**
At 30 September 2019	**43,374**

On 25 March 2019, the Group disposed of its 40% interest in Lentewenc Sp. Z.o.o. A loss on disposal of £0.7m was recognised and is included in the profit for the year from continuing operations in administrative expenses.

The Group received dividends from Sinostar of approximately £4.7m (2018: £4.4m), from ITE MF of approximately £1.2m (2018: £1.0m), and from Debindo of approximately £0.2m (2018: £0.5m). In 2018, dividends of £0.5m were also received from ECMI.

The carrying value of interests in associates and joint ventures have been assessed for impairment at the year-end. The recoverable amounts of each investment were determined from value in use calculations, using assumptions consistent with those applied in the goodwill and intangible assets impairment review detailed in note 12. No impairments were identified in respect of the associates and joint ventures.

Summarised financial information in respect of the Group's material associates and joint ventures is set out below. The sole material joint venture is Sinostar ITE. The summarised financial information below represents amounts in the associates and joint ventures financial statements prepared in accordance with IFRS.

Results of joint ventures at 100% share	**2019 £000**	2018 £000
Cash and cash equivalents	**18,133**	14,248
Current assets	**1,679**	5,267
Non-current assets	**37**	46
Total assets	**19,849**	19,561
Current liabilities	**(20,903)**	(17,707)
Non-current liabilities	**(44,432)**	(43,147)
Total liabilities	**(65,335)**	(60,854)
Revenue	**17,373**	17,483
Interest income	**206**	129
Depreciation and amortisation	**16**	(16)
Profit from continuing operations	**12,522**	11,813
Tax expense	**(2,939)**	(2,200)
Profit from continuing operations after tax	**9,583**	9,613
Total comprehensive income	**9,583**	9,613

18 Interests in associates and joint ventures continued

A reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture in the consolidated financial statements is shown below:

	2019 £000	2018 £000
Net assets	**(45,486)**	(41,292)
Proportion of the Group's ownership in the joint venture	**(22,743)**	(20,646)
Loan due to shareholders	**22,216**	21,573
Goodwill	**34,330**	32,773
Carrying amount of the Group's interest in the joint venture	**33,803**	33,700

The loan due to shareholders forms part of the net investment in the joint venture.

The Group's non-material joint ventures have an aggregate profit after tax from continuing operations and total comprehensive income of £3.2m (2018: £2.4m), at a 100% share.

The Group's non-material associates have an aggregate profit after tax from continuing operations and total comprehensive income of £nil (2018: £0.1m), at a 100% share.

19 Current assets and non-current assets

Current assets

	2019 £000	2018 (restated) £000
Trade and other receivables		
Trade receivables	**36,009**	34,685
Other receivables	**3,691**	4,118
Deferred consideration	**1,671**	–
Venue advances and prepayments	**160**	2,752
Prepayments and accrued income	**17,493**	12,483
	59,024	54,038
Taxation prepayments	**3,300**	2,015

Taxation prepayments relate to overseas subsidiaries and are available for offset against future tax liabilities.

The movements in deferred consideration receivable during the year are shown in the table below:

	£000
At 1 October 2018	**–**
Arising on disposal	**4,131**
Foreign exchange	**281**
Impact of unwind of discounting	**1,090**
Revaluation	**(36)**
At 30 September 2019	**5,466**
Included in current assets	**1,671**
Included in non-current assets	**3,795**
	5,466

Cash and cash equivalents	2019 £000	2018 £000
Cash at bank and in hand	**33,027**	49,649

The cash at bank and in hand comprises cash held by the Group and short-term deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value. The cash balance is represented by £5.2m of sterling, £2.9m of euro, £4.5m of US dollars, £1.1m of Russian rubles, £9.4m of Indian rupees and £9.9m of other currencies. Surplus funds are placed on short-term deposit with floating interest rates.

19 Current assets and non-current assets continued

Non-current assets

Venue prepayments – non-current

	2019 £000	2018 £000
Venue prepayments – non-current	–	2,141

Total venue prepayments

The venue prepayments are held at cost. The venue prepayments are analysed as follows:

	2019 £000	2018 £000
Denominated in Russian rubles	–	4,729
Denominated in US dollars	160	–
Denominated in euro	–	15
Denominated in other currencies	–	149
	160	4,893
Total venue prepayments	160	4,893

20 Bank borrowings

During the year, the Group's multi-currency revolving credit facility decreased to £160.0m (30 September 2018: £170.0m), committed through to 31 March 2021. The facility amortises by £17.5m in December 2019. The facility is secured by a guarantee between a number of Group companies. The Group's borrowings are arranged at floating interest rates, thus exposing the Group to interest rate risk. Drawdowns under the facility bear interest at interbank rates of interest plus a margin of between 2.00% and 2.75%. The Group continues to hold interest rate swaps totalling £50.0m (30 September 2018: £50.0m), which reduced the exposure to fluctuations in interest rates. Refer to note 23 for further details. During the year ended 30 September 2019, the average interest rate on the Group's borrowings approximated 3.1% (2018: 3.1%).

The total drawdowns under the facility of £146.2m at 30 September 2019 (2018: £134.3m) were denominated in sterling (£139.1m) (2018: £115.0m), euro (£7.1m) (2018: £17.8m) and US dollars (£nil) (2018: £1.5m). The Directors estimate that the carrying value of the borrowings approximates their fair value. At 30 September 2019, the Group had £13.8m (2018: £35.7m) of undrawn committed facilities.

21 Current liabilities and non-current liabilities

Current liabilities

	2019 £000	2018 (restated) £000
Trade payables	4,823	7,557
Taxation and social security	868	1,266
Other payables	7,605	7,163
Accruals	19,128	16,242
Deferred consideration	966	3,635
	33,390	35,863
Deferred income		
– Current	79,701	76,764
– Non-current	291	813

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying value of trade payables approximates their fair value.

Other payables includes £0.5m in respect of a payment due to ITE Expo LLC following the disposal completed in October 2018.

The non-current deferred income of £0.8m at 30 September 2018 was recognised as revenue during the year ended 30 September 2019.

21 Current liabilities and non-current liabilities continued

The movements in deferred and contingent consideration payable during the year are shown in the table below:

	Total £000
At 1 October 2018	**3,635**
Arising on acquisition	**8,719**
Settlements	**(11,478)**
Foreign exchange	**80**
Revaluation	**10**
At 30 September 2019	**966**

22 Provisions

	National Insurance on share options £000	Leases £000	Other £000	Total £000
At 1 October 2018	**21**	**2,207**	**841**	**3,069**
Charged/(credited) to profit or loss	**40**	**75**	**–**	**115**
Utilised in the year	**–**	**(532)**	**(841)**	**(1,373)**
At 30 September 2019	**61**	**1,750**	**–**	**1,811**
Included in current liabilities				**306**
Included in non-current liabilities				**1,505**
				1,811

National Insurance on share options is calculated by reference to the employer's National Insurance cost on the potential gain based on the difference between the exercise price and share price for those share options where the share price exceeds the exercise price at 30 September 2019.

The lease provision relates to the spreading of a reduced rent period over the full period of the lease, the recognition of onerous leases in respect of unused office space, dilapidations provisions in respect of office leases and a lease liability in respect of unfavourable lease terms relative to market terms being spread over the remaining lease term.

Other provisions related to redundancy costs incurred in relation to the realisation of synergies with the acquired Ascential Events business. All related redundancy payments were made during the year.

The amounts included in non-current liabilities in respect of the reduced rent period and dilapidations provision will be fully utilised by the end of the lease term in 2027.

23 Financial instruments

Financial assets and liabilities

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability, are disclosed in the accounting policies note on pages 148 to 149.

Categories and maturities of financial assets and liabilities

Financial assets and liabilities are classified according to the following categories in the table below.

30 September 2019 £000	Carrying amount & fair value	Contractual cash flows	Less than 1 year	1–2 years	2–5 years	Greater than 5 years
Non-derivative financial assets						
Cash and cash equivalents	**33,027**	**33,027**	**33,027**	–	–	–
Trade and other receivables:						
Trade receivables	**36,009**	**41,062**	**41,062**	–	–	–
Deferred consideration	**5,466**	**9,832**	**1,806**	**915**	**5,213**	**1,897**
Other receivables	**3,691**	**3,691**	**3,691**	–	–	–
	78,193	**87,612**	**79,586**	**915**	**5,213**	**1,897**
Non-derivative financial liabilities						
Bank loan and overdrafts	**(144,705)**	**(144,705)**	**(17,500)**	**(17,500)**	**(109,705)**	–
Amortised cost:						
Trade payables	**(4,823)**	**(4,823)**	**(4,823)**	–	–	–
Other payables	**(7,605)**	**(7,605)**	**(7,605)**	–	–	–
Accruals	**(19,128)**	**(19,128)**	**(19,128)**	–	–	–
Deferred consideration	**(966)**	**(966)**	**(966)**	–	–	–
Derivative financial liabilities						
Equity option liabilities	**(12,955)**	**(14,937)**	**(14,937)**	–	–	
Interest rate swap	**(110)**	**(110)**	**(110)**	–	–	–
	(190,292)	**(192,274)**	**(65,069)**	**(17,500)**	**(109,705)**	–

The Group seeks to minimise the effects of foreign currency and interest rate risks by using derivative financial instruments to hedge the risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board. Compliance with policies and exposure limits is reviewed by the Board on a continuous basis. The Group does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

The Fasteners and Scoop equity option liabilities have not been discounted as the effect is not material. The option held in respect of Debindo is valued at £nil.

The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate to their fair value due to the short maturity of the instruments.

23 Financial instruments continued

30 September 2018 £000 (restated)	Carrying amount & fair value	Contractual cash flows	Less than 1 year	1–2 years	2–5 years	Greater than 5 years
Non-derivative financial assets						
Cash and cash equivalents	49,649	49,649	49,649	–	–	–
Trade and other receivables:						
Trade receivables	34,685	39,498	39,498	–	–	–
Other receivables	4,118	4,118	4,118	–	–	–
Derivative financial assets						
Interest rate swaps	103	103	47	47	9	–
	88,555	93,368	93,312	47	9	–
Non-derivative financial liabilities						
Bank loan and overdrafts	(132,345)	(132,345)	–	(132,345)	–	–
Amortised cost:						
Trade payables	(7,557)	(7,557)	(7,557)	–	–	–
Other payables	(7,163)	(7,163)	(7,163)	–	–	–
Accruals	(16,242)	(16,242)	(16,242)	–	–	–
Deferred consideration	(3,635)	(3,635)	(3,635)	–	–	–
Derivative financial liabilities						
Equity option liabilities	(11,604)	(13,379)	(1,511)	(11,697)	(171)	–
Foreign currency forward contracts	(482)	(8,335)	(8,335)	–	–	–
	(179,028)	(188,656)	(44,443)	(144,042)	(171)	–

Fair value hierarchy

The following table categorises the Group's financial instruments which are held at fair value into one of three levels to reflect the degree to which observable inputs are used in determining their fair values:

- Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measured using inputs, other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: Fair values measured using inputs for the asset or liability that are not based on observable market data.

30 September 2019	**Fair value £000**	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**
Liabilities measured at fair value				
Interest rate swaps	**(110)**	**–**	**(110)**	**–**
Equity options	**(12,955)**	**–**	**–**	**(12,955)**
Total	**(13,065)**	**–**	**(110)**	**(12,955)**

30 September 2018	Fair value £000	Level 1 £000	Level 2 £000	Level 3 £000
Assets measured at fair value				
Interest rate swaps	103	–	103	–
Total	103	–	103	–
Liabilities measured at fair value				
Foreign currency forward contracts	(482)	–	(482)	–
Equity options	(11,604)	–	–	(11,604)
Total	(12,086)	–	(482)	(11,604)

23 Financial instruments continued

Level 1 financial instruments are valued based on quoted bid prices in an active market. Level 2 financial instruments are measured by discounted cash flow. For interest rate swaps, future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of the various counterparties. For foreign exchange contracts, future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the various counterparties. For equity instruments that are classified as level 3 financial instruments, the carrying value approximates to fair value.

The level 3 equity options have arisen for contracts that contain an obligation for the Group to purchase equity in a subsidiary. These are valued based on a multiple as contractually agreed of forecast future EBITDA for each relevant option. The key unobservable inputs relate to the EBITDA multiple (ranging from 7.5x to 12.5x) and the forecast future EBITDA for each entity.

Level 3 reconciliation of equity options

	£000
At 1 October 2018	**11,604**
Charge to Consolidated Income Statement (within Investment Revenue and Finance Costs)	**331**
Foreign exchange	**1,020**
At 30 September 2019	**12,955**

All level 3 amounts credited to the Consolidated Income Statement in the year are attributable to the change in unrealised gains or losses relating to those liabilities held at the end of the reporting period.

The level 3 inputs are highly sensitive to the EBITDA forecasts. Given that the EBITDA multiples range from 7.5x to 12.5x, a movement in the forecast EBITDA results for the relevant period could have a significant impact on the equity option valuation.

Financial risk management
In the course of its business, the Group is exposed to a number of financial risks: market risk (including foreign currency and interest rate), credit risk, liquidity risk and capital risk. This note presents the Group's exposure to each of the above risks. The Group's objectives, policies and processes for measuring and managing risks can be found in the Strategic Report on pages 01 to 58.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established policies to identify and analyse risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Market risk management
Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into derivative financial instruments to manage its exposure to both. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk management
The Group undertakes certain transactions denominated in foreign currencies and therefore exposures to exchange rate fluctuations arise. Exchange rate exposures are managed through natural hedging arrangements where possible.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Financial assets

	2019 £000	2018 (restated) £000
EUR	**15,379**	13,583
GBP	**15,352**	28,792
USD	**11,421**	8,668
RUB	**8,133**	9,617
INR	**14,871**	14,265
Other	**13,037**	13,630
	78,193	88,555

23 Financial instruments continued

Financial liabilities

	2019 £000	2018 £000
EUR	**8,422**	17,780
GBP	**156,143**	136,806
USD	**910**	682
RUB	**4,093**	995
INR	**15,789**	14,400
Other	**4,935**	8,365
	190,292	179,028

Foreign currency sensitivity analysis

The sensitivity analysis below details the impact of a 10% strengthening in the Group's significant currencies against sterling, applied to the net monetary assets or liabilities of the Group. 10% is the sensitivity rate that represents management's assessment of the reasonably possible change in foreign exchange rates.

2019 (£000)	**USD**	**EUR**	**RUB**	**INR**	**Other**
Monetary assets	**11,421**	**15,379**	**8,133**	**14,871**	**28,389**
Monetary liabilities	**(910)**	**(8,422)**	**(4,093)**	**(15,789)**	**(161,078)**
Net monetary assets/(liabilities)	**10,511**	**6,957**	**4,040**	**(918)**	**(132,689)**
Currency impact					
Profit before tax gain/(loss)	**930**	**746**	**546**	**(1,337)**	**500**
Equity gain	**122**	**(51)**	**(142)**	**1,245**	**671**

2018 (£000)	USD	EUR	RUB	INR	Other (restated)
Monetary assets	8,668	13,583	9,617	14,265	42,422
Monetary liabilities	(682)	(17,780)	(995)	(14,400)	(145,171)
Net monetary (liabilities)/assets	7,986	(4,197)	8,622	(135)	(102,749)
Currency impact					
Profit before tax (loss)/gain	740	(580)	13	(1,338)	(80)
Equity gain/(loss)	58	160	849	1,324	817

The following significant exchange rates versus sterling applied during the year and in the prior year:

	Average		**Reporting date**	
	2019	2018	**2019**	2018
EUR	**1.13**	1.13	**1.12**	1.12
USD	**1.28**	1.35	**1.23**	1.30
RUB	**83.53**	81.53	**79.38**	85.39
INR	**90.00**	89.33	**86.41**	94.20

Foreign currency forward contracts

As at 30 September 2019, the Group has outstanding foreign currency forward contracts with a notional value of £nil (2018: £8.3m). These arrangements were designed to address significant exchange exposures but are now managed where possible through natural hedging of revenues and costs.

At 30 September 2019, there are no foreign currency forward contracts held (2018: net liability of £0.5m). These amounts are based on market valuations.

23 Financial instruments continued

Interest rate risk management

As the Group has no significant interest-bearing assets, other than cash, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk through its borrowings at floating interest rates. This risk is managed by the Group by maintaining an appropriate level of floating interest rate borrowings and through the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note.

Interest structure of financial liabilities

	2019 £000	2018 £000
Financial liabilities at variable rates:		
Bank loan and overdrafts	**144,705**	132,345

The following average interest rates applied on the Group's bank loan during the year and in the prior year:

	2019 %	2018 %
GBP	**3.4**	3.1
EUR	**2.7**	0.2
USD	**0.8**	4.2

Average interest rate applicable to cash balances were 2.89% in 2019 and 1.3% in 2018.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial assets and financial liabilities at the balance sheet date. With all other variables held constant, the table below demonstrates the sensitivity to a 1% change in interest rates applied to the major currencies of net variable rate assets/liabilities. 1% is the sensitivity rate that represents management's assessment of the reasonably possible change in interest rates.

	USD denominated		EUR denominated		GBP denominated		RUB denominated		INR denominated		Other denominated	
£000	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Cash and cash equivalents	**4,517**	4,752	**2,851**	5,229	**5,164**	17,769	**1,175**	4,410	**9,401**	8,236	**9,918**	9,253
Bank loan and overdrafts	**–**	(1,536)	**(7,125)**	(17,280)	**(137,574)**	(112,957)	**–**	–	**–**	–	**–**	(31)
Net variable rate assets/(liabilities)	**4,517**	3,216	**(4,274)**	(12,051)	**(132,410)**	(95,188)	**1,175**	4,410	**9,401**	8,236	**9,918**	9,222

	USD denominated		EUR denominated		GBP denominated		RUB denominated		INR denominated		Other denominated	
£000	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Profit before tax – gain/(loss)												
+ 1% change in interest rates	**45**	32	**(43)**	(126)	**(1,324)**	(952)	**12**	44	**94**	82	**99**	92
– 1% change in interest rates	**(45)**	(32)	**43**	126	**1,324**	952	**(12)**	(44)	**(94)**	(82)	**(99)**	(92)

Interest rate swap contracts

With effect from 28 November 2017, the Group entered into two interest rate swap agreements to exchange the floating rate of interest paid on its bank borrowings for fixed rates on the first £50.0m of the Group's GBP debt, calculated on agreed notional principal amounts of £30.0m and £20.0m. Under the agreements, three-month GBP LIBOR is exchanged for fixed rates of 0.941% and 0.942% both with a maturity date of 30 November 2020.

The interest rate swaps were designated as cash flow hedges on 1 October 2018 to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously each month.

These arrangements were designed to address significant interest rate exposures over the next 14 months from the balance sheet date and were expected to affect the Consolidated Income Statement over that time period.

23 Financial instruments continued

Credit risk management

Credit risk arises because a counterparty may fail to perform its contractual obligations. The Group's principal financial assets are cash and cash equivalents, trade and other receivables and venue advances. The Group considers its maximum exposure to credit risk to be as follows:

	2019 £000	2018 £000 (restated)
Cash and cash equivalents	**33,027**	49,649
Trade receivables (net of bad debt provision)	**36,009**	34,685
Deferred consideration	**9,832**	–
Other receivables	**3,692**	4,118
	82,560	88,452

The Group's credit risk is primarily attributable to its trade and other receivables. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's objective is to ensure all customers have paid before any service is provided to them. The concentration of credit risk is limited due to the customer base being large and unrelated.

The ageing profile of the Group's trade receivables and the details of the Group's allowances for doubtful receivables can be seen below.

The credit risk on liquid funds arises due to where the liquid funds are held. The territories in which Hyve operates do not always have banks with high credit ratings assigned by international credit rating agencies such as Moody's and Fitch. The Group aims to minimise the exposure to credit risk by minimising the level of cash held in such banks. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved financial institutions.

Credit rating of financial assets (excluding loans and receivables)

		2019 £000	2018 £000
Investments grade A and above	57%	**18,656**	32,974
Investments grade B and above	43%	**14,368**	15,317
Investments grade C or below or not rated	0%	**3**	1,358
	100%	**33,027**	49,649

The source of the credit ratings is Moody's and Fitch.

Ageing profile of trade receivables based on event date

	2019 £000	2018 (restated) £000
Not past due	**32,823**	33,167
Past due 1–30 days	**1,770**	807
Past due 31–60 days	**142**	223
Past due 61–90 days	**508**	95
Past due 91–120 days	**216**	8
Past due more than 120 days	**550**	385
	36,009	34,685

Management reviews debtors based on when an event has been held. The Group invoices on receipt of signed contracts, with payments typically due in stages in the lead-up to events. Any overdue amounts, after the stage payment due date, are reviewed and chased.

Trade receivables not past due represent contracts with customers for future events. It therefore includes receivables for events taking place in 2020. Customers are typically due to settle the full contractual amount at least 30 days before an event. The increase in trade receivables not yet due is a result of the increased focus on customer retention and early booking initiatives.

23 Financial instruments continued

The trade receivables amounts presented in the Consolidated Statement of Financial Position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience, specific credit issues and their assessment of the current economic environment. Trade receivables consist of a large number of customers spread across diverse industries and geographical areas and the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including default risk of the industry and country in which the customers operate, has less of an influence on credit risk.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The details of the movement in the allowance for doubtful receivables are shown below.

Allowance for doubtful receivables

	2019 £000	2018 £000
At 1 October	**4,414**	4,443
Arising on acquisition	**328**	1,721
Allowances made in the period	**2,821**	1,356
Receivables written off as unrecoverable and amounts recovered during the year	**(2,510)**	(3,106)
	5,053	4,414

Ageing of impaired receivables

	2019 £000	2018 £000
Past due 0-3 months	**785**	505
Past due 3-6 months	**504**	254
Past due more than 6 months	**3,764**	3,655
	5,053	4,414

No allowance for doubtful receivables relating to venue loans was held in the current year (2018: £nil).

Liquidity risk management
Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. Such risk may result from inadequate market depth or disruption or refinancing problems. Ultimate responsibility for liquidity risk management rests with the Board of Directors. They have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by ensuring continuity of funding for operational needs through cash deposits and debt facilities as appropriate. The Group does not use any supplier financing arrangements.

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of cash and cash equivalents and bank loan which are disclosed in note 19 and note 20 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 26 and in the Consolidated Statement of Changes in Equity.

24 Deferred tax

	Accelerated tax depreciation £000	Intangibles £000	Tax losses £000	Provisions and accruals £000	Hedges £000	Share-based payments £000	Repatriation of profit £000	Total £000
At 1 October 2017	697	(9,769)	2,780	961	397	91	(2,240)	(7,083)
Transfers	–	–	1,443	(476)	–	–	–	967
Credit/(charge) to profit or loss	303	3,033	3,188	243	–	(9)	(157)	6,601
Charge to OCI	–	–	–	–	(314)	–	–	(314)
Charge to equity	–	–	–	–	(17)	(62)	–	(79)
Acquisition of subsidiary	700	(37,445)	–	–	–	–	–	(36,745)
Held for sale	–	–	–	158	–	–	–	158
Foreign exchange	–	575	(183)	(57)	–	–	–	335
At 30 September 2018	**1,700**	**(43,606)**	**7,228**	**829**	**66**	**20**	**(2,397)**	**(36,160)**
Transfers	**110**	**2,386**	**25**	**93**	**–**	**64**	**–**	**2,678**
Credit/(charge) to profit or loss	**205**	**3,676**	**(1,501)**	**(902)**	**112**	**22**	**597**	**2,209**
Charge to equity	**–**	**–**	**–**	**–**	**(158)**	**5**	**–**	**(153)**
Acquisition of subsidiary	**–**	**(633)**	**–**	**–**	**–**	**–**	**–**	**(633)**
Foreign exchange	**–**	**(216)**	**88**	**79**	**–**	**–**	**–**	**(49)**
At 30 September 2019	**2,015**	**(38,393)**	**5,840**	**99**	**20**	**111**	**(1,800)**	**32,108**

Certain deferred tax assets and liabilities have been offset in the above table. The following is the analysis of deferred tax balances for financial reporting purposes:

	2019 £000	2018 £000
Deferred tax liabilities	**(40,655)**	(46,595)
Deferred tax assets	**8,547**	10,435
	(32,108)	(36,160)

As at 30 September 2019, the Group has unused tax losses of £62.3m (2018: £60.7m) available for offset against future profits. A deferred tax asset has been recognised in respect of £32.7m (2018: £39.8m) of such losses. No deferred tax asset has been recognised in respect of the remaining £29.6m (2018: £20.9m) as it is not considered probable that there will be future taxable profits available. The unrecognised losses may be carried forward indefinitely.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was £9.0m (2018: £38.0m). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Deferred tax assets are recognised (for the carry forward of unused tax losses, accelerated capital allowances and other timing differences) to the extent that, based on a review of expected profits, it is probable that future taxable profit will be available against which the unused losses and tax credits can be utilised. The Group has sufficient forecast taxable profits available against which the unused tax losses or unused tax credits can be utilised.

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The Finance Act 2016, which provides for reductions in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 15 September 2016. It has not had a material effect on the calculation of deferred tax at the balance sheet date.

25 Share capital

	2019 £000	2018 £000
Allotted and fully paid		
741,618,456 ordinary shares of 1 pence each (2018: 741,618,456)	**7,416**	7,416

	2019 Number of shares	2018 Number of shares
At 1 October	**741,618,456**	269,280,274
Issue of new shares related to the scrip dividend	**–**	399,289
Issue of new shares related to the rights issue	**–**	471,938,893
At 30 September	**741,618,456**	741,618,456

The Company has one class of ordinary shares which carry no right to fixed income. At the Extraordinary General Meeting held on 17 November 1998, shareholders approved the establishment of the Hyve Group Employee Share Ownership Trust (ESOT). The terms of the ESOT allow the trustees to transfer shares to employees who exercise options under the Company's Share Option Schemes, to grant options to employees and to accumulate shares by buying in the market or subscribing for shares at market value. The ESOT is capable of holding a maximum of 5% of the Company's issued ordinary share capital. The ESOT reserve arises in connection with the ESOT. The amount of the reserve represents the deduction in arriving at shareholders' funds for the consideration paid for the Company's shares purchased by the Trust which had not vested unconditionally in employees at the end of each financial year.

The ESOT held 2,500,483 shares in Hyve Group plc at 30 September 2019 (2018: 2,506,133 shares). During the year, 2,131,212 nominal share options under the Employees Performance Share Plan and 144,718 nominal share options under the Deferred Bonus Share Plan were granted against ESOT-held shares. In the previous year, 676,048 shares were purchased for the ESOT through the aforementioned rights issue. The market value of the ordinary shares held by the ESOT at 30 September 2019 was £2.1m (2018: £1.8m).

The Company has agreed to make available to the ESOT an interest-free loan of up to £12.5m for the purpose of buying shares. At 30 September 2019, the amount of the loan drawn down was £11.6m. The Hyve Group plc company profit and loss account and balance sheet include the results of the ESOT for the year ended 30 September 2019.

The trustees have waived their current and future rights to all dividend entitlement on the shares held by the ESOT. A total of 5,650 options were exercised from the ESOT during the year (2018: 953,500). The total consideration for the options exercised from the ESOT was £57 (2018: £1.4m). A total of 8,249,626 of outstanding options are to be settled by the ESOT, so all shares held by the ESOT are under option as at 30 September 2019. Details of the options in issue and their exercise dates can be seen at note 28 to the accounts.

26 Non-controlling interests

	2019 £000	2018 £000
At 1 October	**23,847**	22,652
Dividends payable to non-controlling interests	**(1,978)**	(163)
Disposal of non-controlling interest	**(46)**	–
Profit on ordinary activities after taxation	**980**	1,358
At 30 September	**22,803**	23,847

Summarised financial information in respect of the Group's one subsidiary that has material non-controlling interests, ABEC, is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2019 £000	2018 £000
Equity attributable to owners of the Company	**(12,289)**	(11,843)
Non-controlling interests	**16,362**	16,700
Net assets	**4,073**	4,857

	2019 £000	2018 £000
Profit attributable to owners of the Company	**665**	1,191
Profit attributable to the non-controlling interests	**444**	794
Profit for the year	**1,109**	1,985

27 Operating lease arrangements

The Group has a number of operating leases for which it is a lessee.

	2019 £000	2018 £000
Lease payments under operating leases recognised as an expense in the year:		
Land and buildings	**3,558**	2,259
Venues	**41,083**	35,981

At 30 September 2019, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2019 £000	Venues 2019 £000	Land and buildings 2018 £000	Venues 2018 £000
Within one year	**3,089**	**25,633**	1,926	22,980
Between two and five years	**8,278**	**72,795**	4,635	48,497
After five years	**5,978**	**628**	4,502	8,336
	17,345	**99,056**	11,063	79,813

Operating lease payments for land and buildings represent rentals payable by the Group for its office properties. Leases are negotiated for an average term of two years. Payments for venues represent the non-cancellable amount of contracted venue agreements for future events.

The Group also earned rental income of £0.1m during the year (2018: £0.2m) from sub-letting unused office space in Moscow.

28 Share-based payments

The Company operates two share option schemes.

Share option plans
The Company operates a share option plan for certain employees of the Group. Options are exercisable at a price equal to the average quoted market price of the Company's share on the date of grant. The vesting period is typically three years and the options are exercisable up to 10 years from granting. The options are forfeited if the employee leaves the Group before the options vest.

Performance share plans
The Company operates a Performance Share Plan (PSP) for executives and certain employees. Awards under the PSP are at an exercise value of 1p. Awards can be made to an employee over shares up to a maximum of 100% of base salary, or 150% for the Chief Executive and 120% for the Chief Financial Officer, each year based on market value. The vesting period is three years and awards are exercisable up to 10 years from the date of grant. For conditional awards, the vesting is automatic on the satisfaction of performance targets. The options are forfeited if the employee leaves the Group before the options vest. The awards are also subject to a performance target. Further details of the performance targets can be found in the report on remuneration on page 78.

Details of the share options outstanding as at 30 September 2019 are as follows:

	Number of share options 2019	Weighted average exercise price (p) 2019	Number of share options 2018	Weighted average exercise price (p) 2018
Share option plans				
Outstanding at beginning of period	**6,984,529**	**117.5**	5,514,600	182.3
Adjustment to reflect bonus element of rights issue	**–**	**–**	2,657,868	(26.5)
Lapsed during the period	**(1,395,693)**	**113.6**	(248,439)	119.2
Exercised during the period	**–**	**–**	(939,500)	90.1
	5,588,836	**118.4**	6,984,529	117.5
Performance share plans				
Outstanding at beginning of period	**6,544,387**	**1.0**	2,474,493	1.0
Adjustment to reflect bonus element of rights issue	**–**	**1.0**	2,490,378	1.0
Granted during the period	**7,792,142**	**1.0**	1,666,591	1.0
Lapsed during the period	**(105,337)**	**1.0**	(87,075)	1.0
Exercised during the period	**(5,650)**	**1.0**	–	1.0
	14,225,542	**1.0**	6,544,387	1.0

The total number of exercisable options in the share option plans is 4,036 and in the performance share plans is 28,721.

28 Share-based payments continued

The weighted average share price at the date of exercise for share options exercised during the period was 70.5p. The options outstanding at 30 September 2019 had a weighted average exercise price of 34.2p, and a weighted average remaining contractual life of 463 days. In the year ending 30 September 2019, PSP options were granted on 14 March 2019 and 6 June 2019. The aggregate of the estimated fair value of these options is £2,086,252.

The inputs into the Black-Scholes model for the instruments issued during the year are as follows:

	Performance share plan 2019	Performance share plan 2018
Weighted average share price	**1p**	1p
Weighted average exercise price	**1p**	1p
Expected volatility	**41%**	32%
Expected life	**3 years**	3 years
Risk free rate	**0.6%**	0.6%
Dividend yield	**2.7%**	2.7%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous year.

The Group recognised a total expense of £0.1m (2018: £0.5m) related to equity-settled share-based payment arrangements.

Cash-settled share-based payments

The Group issues to certain employees share appreciation rights (SARs) that require the Group to pay the intrinsic value of the SAR to the employee at the date of exercise. The Group recorded liabilities of £40,562 (2018: £56,897) and net income of £49,902 (2018: net expense £40,005). The total intrinsic value at 30 September 2019 was £nil (2018: £nil).

29 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint ventures, where relevant, are disclosed below.

Trading transactions

During the year ended 30 September 2019, the Group charged management fees of £220,000 (2018: £352,000) to Sinostar ITE, the Group's joint venture operation in Hong Kong and China.

Remuneration of key management personnel

The remuneration of Directors and the Executive Team, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related party disclosures. Further information about the remuneration of individual Directors is provided in the audited part of the report on remuneration on page 85.

	2019 £000	2018 £000
Short-term employee benefits	**2,460**	2,963
Share-based payments	**–**	-
Other long-term benefits	**129**	100
	2,589	3,063

30 Net debt

	At 1 October 2018 £000	Cash flow £000	Foreign exchange £000	**At 30 September 2019 £000**
Cash	49,649	(16,624)	2	**33,027**
Debt due after one year	(132,345)	(12,128)	(232)	**(144,705)**
Net debt	(82,696)	(28,752)	(230)	**(111,678)**

Net debt is an alternative performance measure as defined in the Glossary.

Company statement of financial position

30 September 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Investments	5	**7,613**	7,998
Intangible assets	5	**40**	49
		7,653	8,047
Current assets			
Debtors due within one year	6	**468,360**	459,095
Cash at bank and in hand		**1,354**	599
		469,714	459,694
Creditors: amounts falling due within one year	8	**(45,513)**	(68,684)
Net current assets		**424,201**	391,010
Creditors: amounts falling due after one year	8	**(54,072)**	–
Net assets		**377,782**	399,057
Capital and reserves			
Called up share capital	9	**7,416**	7,416
Share premium account		**279,756**	279,756
Merger reserve		**2,746**	2,746
Capital redemption reserve		**457**	457
ESOT reserve		**(2,787)**	(2,794)
Profit and loss account		**90,194**	111,476
Shareholders' funds		**377,782**	399,057

The Company reported a loss for the financial year ended 30 September 2019 of £7.3m (2018: profit of £8.8m).

The accounts of the Company, registered number 01927339, were approved by the Board of Directors and signed on their behalf, on 3 December 2019, by:

Andrew Beach
Chief Financial Officer

Company statement of changes in equity

For the year ended 30 September 2019

	Called up share capital (note 9) £000	Share premium account £000	Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Profit and loss account £000	Total £000
1 October 2017	2,693	28,567	2,746	457	(4,240)	112,212	142,435
Net profit for the year	–	–	–	–	–	8,816	8,816
Total comprehensive income for the year	–	–	–	–	–	8,816	8,816
Exercise of options	–	–	–	–	1,446	(69)	1,377
Dividends	4	(4)	–	–	–	(9,980)	(9,980)
Capital contribution	–	–	–	–	–	497	497
Issue of shares	4,719	251,193	–	–	–	–	255,912
30 September 2018	**7,416**	**279,756**	**2,746**	**457**	**(2,794)**	**111,476**	**399,057**
Net loss for the year	**–**	**–**	**–**	**–**	**–**	**(7,293)**	**(7,293)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(7,293)**	**(7,293)**
Exercise of share options	**–**	**–**	**–**	**–**	**7**	**(8)**	**(1)**
Dividends	**–**	**–**	**–**	**–**	**–**	**(14,043)**	**(14,043)**
Capital contribution	**–**	**–**	**–**	**–**	**–**	**(385)**	**(385)**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**447**	**447**
30 September 2019	**7,416**	**279,756**	**2,746**	**457**	**(2,787)**	**90,194**	**377,782**

Notes to the Company accounts

1 Basis of preparation and accounting policies

These separate financial statements of the Company have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting 102 – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

Hyve Group plc is the parent company of the Hyve Group (the Group) and its principal activity is to act as the ultimate holding company of the Group. The address of the registered office is given on page 160.

As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments and related party transactions. The Directors' report, Corporate governance report and Directors' remuneration report disclosures are on pages 65, 62 and 83, respectively, of this report.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company has also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes; and
- financial instrument disclosures, including:
  - categories of financial instruments;
  - items of income, expenses, gains or losses relating to financial instruments; and
  - exposure to and management of financial risks.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year. The Directors have made no critical judgements in applying these accounting policies during the year, and there are no significant areas of estimation uncertainty.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Investments

Fixed asset investments including subsidiaries are shown at cost less provision for any impairment.

Intangible assets

Trademarks are measured initially at purchase cost and have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life. The estimated useful lives are up to 20 years.

Provisions

Provisions are recognised when the Company has a present legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade debtors and creditors

Trade debtors and creditors are stated at their nominal value. Trade debtors are reduced by appropriate allowances for estimated irrecoverable amounts.

Bank borrowings

Bank overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis to profit or loss.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1 Basis of preparation and accounting policies continued

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange prevailing at that date. Non-monetary assets and liabilities are translated at the rate prevailing at the date the fair value was determined. Gains and losses arising on retranslation of monetary assets are included in profit or loss for the period.

Employee Share Ownership Trust

The financial statements include the assets and liabilities of the Employee Share Ownership Trust (ESOT). Shares in the Company held by the ESOT have been valued at cost and are held in equity. The costs of administration of the ESOT are written off to profit or loss as incurred.

Where such shares are subsequently sold, any net consideration received is included in equity attributable to the Company's equity holders.

Share-based payments

The Company issues equity-settled share-based payments to certain employees. These are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using a Black-Scholes model. The expected life used in the model has been adjusted, for the effects of non-transferability, exercise restrictions and behavioural considerations based on management's best estimate.

Details of the Company's equity-settled share-based payments are included in note 29 to the Group accounts.

2 Profit/(loss) for the year

As permitted by section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. The profit or loss attributable to the Company is disclosed in the footnote to the Company's balance sheet.

The auditor's remuneration for audit and other services is disclosed in note 4 to the consolidated financial statements.

3 Staff costs

a) Number of employees

The average number of persons (including Directors) employed by the Company during the year was as follows:

	2019 No.	2018 No.
Directors	**6**	6

b) Employee costs

Their aggregate remuneration comprised:

	2019 £000	2018 £000
Wages and salaries	**1,389**	1,881
Social security costs	**240**	260
Share-based payments	**–**	–
	1,629	2,141
Highest paid Director	**823**	1,191

4 Dividends

	2019			2018		
	Per share p	**Settled in cash £000**	**Settled in scrip £000**	Per share p	Settled in cash £000	Settled in scrip £000
Amounts recognised as distributions to equity holders in the year:						
Final dividend in respect of the prior year	**1.0**	**7,391**	**–**	2.5	5,962	701
Interim dividend in respect of the current year	**0.9**	**6,652**	**–**	1.5	4,018	–
	1.9	**14,043**	**–**	4.0	9,980	701

The Directors are proposing a final dividend for the year ended 30 September 2019 of 1.6p per ordinary share, a distribution of approximately £11.8m. The proposed final dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these financial statements.

Under the terms of the trust deed dated 20 October 1998, the Hyve Group Employees Share Trust, which holds 2,500,483 (2018: 2,506,133) ordinary shares representing 0.3% of the Company's called up ordinary share capital, has agreed to waive all dividends due to it each year.

5 Fixed assets

Investments in subsidiaries

The Company has investments in the following subsidiary undertakings. The principal activity of all the companies listed is the organisation of exhibitions and conferences.

Subsidiary undertakings	Address	Effective holding	%
ABEC Exhibitions & Conferences Pvt. Ltd	530, Laxmi Plaza, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400053, India	Ordinary shares	60
Airgate Holdings Ltd	42 Dositheou, Strovolos, Nicosia, 2028, Cyprus	Ordinary shares	100
Beautex Co LLC	16 Kropyvnitskogo str., Kyiv, 01004 Ukraine	Ordinary shares	100
Breakbulk Ireland Ltd	5 Lapps Quay, Cork, Ireland, T12 RW7D	Ordinary shares	100
Hyve US Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Breakbulk US Holdco Inc	One Gateway Centre, Suite 2600, Newark, New Jersey, NJ07102	Ordinary shares	100
Breakbulk US Opco Inc	One Gateway Centre, Suite 2600, Newark, New Jersey, NJ07102	Ordinary shares	100
Cementone Properties Ltd+	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Finmark S.r.l.	Via del Cestello 4, 40124 Bologna, Italy	Ordinary shares	100
Hyve Asia Exhibitions Ltd	Suite 1004, 10th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	Ordinary shares	100
Hyve Beauty Fuarcilik A S.	19 Mayıs Caddesi Golden Plaza Kat:7 Şişli, İstanbul, Turkey	Ordinary shares	100
Hyve Build Fuarcilik A S.	19 Mayıs Caddesi Golden Plaza Kat:7 Şişli, İstanbul, Turkey	Ordinary shares	100
Hyve Enterprises Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Hyve Events S.A. Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Hyve Events Services Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Hyve Events South Africa (Pty) Ltd	Stonemill Office Park, 1B Cornerstone House, 1st Floor, 300 Acacia Road, Darrenwood, 2194, South Africa	Ordinary shares	100
Hyve Events South Africa Holdco Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Hyve Footwear Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Hyve Fuarcilik A.S.	19 Mayıs Caddesi Golden Plaza Kat:7 Şişli, İstanbul, Turkey	Ordinary shares	100
Hyve Holdings Ltd+	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Hyve India Private Ltd	B-309, 3rd Floor, Statesman House, 29 Barakhamaba Road, New Delhi-110001, India	Ordinary shares	100
Hyve International Events Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Hyve Expo International LLC	Verhniaia Krasnoselskaya st.,3/2, Moscow, Russia	Ordinary shares	100
Hyve Moda Footwear Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Hyve Moda Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Hyve Overseas Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Hyve UK Events Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Hyve Worldwide B.V.	Business Center Demka, Demkaweg 11 , 3555 HW Utrecht, The Netherlands	Ordinary shares	100

5 Fixed assets continued

Subsidiary undertakings	Address	Effective holding	%
Hyve Eurasian Exhibitions Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
IEG International Ltd+	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Intermedia Exhibitions and Conferences Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
International Trade and Exhibitions Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITE Fuarcilik Organizasyon ve Tanitim Hizmetleri Anonim St	19 Mayıs Cadesi Golden Plaza No:3 Kat:7 Şişli, İstanbul, Turkey	Ordinary shares	100
Hyve (Europe) Exhibitions Limited	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Hyve (US) Exhibitions Limited	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITE Asia Pacific SDN BHD	A-11-02A, Empire Tower Office, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Malaysia	Ordinary shares	100
ITE Asia Pte Ltd	8 Shenton Way #21-07, AXA Tower Singapore 068811	Ordinary shares	100
ITE China International Trade Exhibitions and Conferences Service (Beijing) Co., Ltd	Room 705, Building 40, BPUSP, No.1 Disheng North Road, BDA, Beijing 100176, People's Republic of China	Ordinary shares	100
ITE Ebseek Exhibitions Co Ltd	13/F Connaught Harbourfront House, Nos 35-36, Connaught West, Hong Kong	Ordinary shares	70
ITE Eurasian Exhibitions FZ LLC	Al Shatha Tower 26th Floor – Office 2613 Sheikh Zayed Road – Dubai UAE	Ordinary shares	100
ITE Eventos Ltda	Rua Tabapuã 841, Conjunto 15, 1º Andar, São Paulo, Brazil 04533-013	Ordinary shares	100
ITE Events (Shanghai) Company Ltd	Unit 2822, One ICC, 999, Middle Huaihai Road, Shanghai, People's Republic of China	Ordinary shares	100
ITE Exhibitions & Conferences Limited	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITE Expo UK Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITE Gehua International Exhibition (Hong Kong) Company Ltd	13/F Connaught Harbourfront House, Nos 35-36, Connaught West, Hong Kong	Ordinary shares	70
ITE Global LLC	Verhniaia Krasnoselskaya st.,3/2, Moscow, Russia	Ordinary shares	100
ITE International Holdings BV	Business Center Demka, Demkaweg 11 , 3555 HW Utrecht, The Netherlands	Ordinary shares	100
ITE International Trade and Exhibitions EURL	24, route du CAP, 16412 Bordj El Kiffan, Algeria	Ordinary shares	100
ITE Overseas Holdings BV	Business Center Demka, Demkaweg 11 , 3555 HW Utrecht, The Netherlands	Ordinary shares	100
ITE Russia LLC UK Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
ITE Shanghai Exhibitions Co Ltd	Room 1703, Soho Building, No. 575 Wusong Rd, Hongkou District, Shanghai, China	Ordinary shares	100
Iteca	59A, Mustakillik Ave., Tashkent, 100000, Uzbekistan	Ordinary shares	100
Iteca Caspian LLC	15, Nobel ave., /Azure Business Center 7th floor - Baku AZ1025 - Azerbaijan	Ordinary shares	100
ITECA LLP	42 Timiryazev str., Almaty, Kazakhstan	Ordinary shares	100
ITEMF Expo LLC	Verkhnyaya Krasnoselskaya Str. 3, Bldg. 2, Floor a2, Suite I, Room 1, Moscow, 107140, Russia	Ordinary shares	100
Jacket Required Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
MWB Magazines Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
New Expostar (Shenzhen) Co Ltd	Unit C, 42/F, Block A, World Finance Centre, 4003 Shennan Dong Road, Shenzhen, China		
Premier Expo	57/3 Chervonoamiyska Str, Kyiv, 03150, Ukraine	Ordinary shares	100
PT ITE Exhibitions Indonesia Ltd	Jl. Maritim Raya No. 4A Cilandak Barat, Jakarta Selatan, Dki Jakarta, Indonesia	Ordinary shares	51
RAS Holdings Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
RAS Publishing Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
Scoop International Fashion Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	95
Shanghai AIGE Exhibition Service Ltd	Room 1001, Building B, Twin Towers, No. 618 Xinzhuan Road, Songjiang District, Shanghai, China		

5 Fixed assets continued

Subsidiary undertakings	Address	Effective holding	%
Shanghai ITE Ebseek Exhibitions Co Ltd	Room 4057, 4/F, No. 173 Meisheng Road, Pilot Free Trade Zone, Shanghai, China	Ordinary shares	70
Summit Trade Events Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100
The Hub (Hong Kong) Ltd	1702, 17/F, One Peking, 1 Peking Road, Hong Kong	Ordinary shares	50.1
WWB Magazines Ltd	2 Kingdom Street, London, England, W2 6JG	Ordinary shares	100

+ Held directly by Hyve Group plc

The Company has guaranteed the liabilities of the following subsidiary undertakings in order that they qualify for the exemption from audit granted by section 479A of the Companies Act. The Directors of the Company expect that the possibility of this guarantee being called upon is remote.

Subsidiary undertakings	Registered number
Intermedia Exhibitions & Conferences Limited	03640982
Hyve Eurasian Exhibitions Limited	07307385
IEG International Limited	03448919
Hyve Enterprises Limited	03372928
Hyve Overseas Limited	02926434
Hyve Events Services Limited	03942985
Hyve Events S.A. Limited	11894611
Hyve Holdings Limited	06975153
Hyve (US) Exhibitions Limited	07841956
Hyve (Europe) Exhibitions Limited	07843009
ITE Russia LLC UK Limited	06975105
RAS Holdings Limited	04211246
Summit Trade Events Ltd	06446907
Hyve US Limited	08707579
Hyve Events South Africa Holdco Limited	09374049
International Trade and Exhibitions Limited	10128746
Hyve Moda Limited	04211308
RAS Publishing Limited	02725777
Hyve Moda Footwear Limited	02924254
Jacket Required Limited	07563504
Scoop International Fashion Limited	10050720

Subsidiary undertakings

	Shares £000	Capital contribution £000	Loans £000	Total £000
Cost				
1 October 2018	1,429	6,998	23,574	32,001
Capital contribution	–	(385)	–	(385)
30 September 2019	**1,429**	**6,613**	**23,574**	**31,616**
Provision for impairment				
1 October 2018 and 30 September 2019	**429**	**–**	**23,574**	**24,003**
Net book value				
30 September 2019	**1,000**	**6,613**	**–**	**7,613**
30 September 2018	1,000	6,998	–	7,998

5 Fixed assets continued

Intangible assets

	Trademarks £000
Cost	
1 October 2018	103
Additions in the year	–
30 September 2019	**103**
Amortisation	
1 October 2018	54
Charge in the year	9
30 September 2019	**63**
Net book value	
30 September 2019	**40**
30 September 2018	49

6 Debtors due within one year

	2019 £000	2018 £000
Amounts owed by Group undertakings	**467,567**	458,775
Prepayments and accrued income	**6**	95
Corporation tax – group relief	**328**	–
Other debtors	**3**	34
Deferred tax (note 7)	**456**	191
	468,360	459,095

The amounts owed by Group undertakings are payable on demand and bear no interest.

7 Deferred tax

At the balance sheet date, the Company has unused tax losses of £3.4m (2018: £2.7m) available for offset against future profits on which a deferred tax asset has not been recognised due to the unpredictability of future profit streams.

8 Trade and other creditors

	2019 £000	2018 £000
Bank loan	**17,500**	35,257
Bank overdraft	**–**	10,334
Amounts owed to Group undertakings	**27,618**	22,780
Accruals	**211**	93
Other creditors	**184**	220
	45,513	68,684
Amounts due after one year		
Bank loan	**54,072**	–

The amounts owed to Group undertakings are payable on demand and bear no interest.

9 Called up share capital and reserves

	2019 £000	2018 £000
Allotted and fully paid		
741,618,456 ordinary shares of 1 pence each (2018: 741,618,456)	**7,416**	7,416

	2019 Number of shares	2018 Number of shares
At 1 October	**741,618,456**	269,280,274
Issue of new shares related to the scrip dividend	**–**	399,289
Issue of new shares related to the rights issue	**–**	471,938,893
At 30 September	**741,618,456**	741,618,456

The Company has one class of ordinary shares which carry no right to fixed income. At the Extraordinary General Meeting held on 17 November 1998, shareholders approved the establishment of the Hyve Group Employee Share Ownership Trust (ESOT). The terms of the ESOT allow the trustees to transfer shares to employees who exercise options under the Company's Share Option Schemes, to grant options to employees and to accumulate shares by buying in the market or subscribing for shares at market value. The ESOT is capable of holding a maximum of 5% of the Company's issued ordinary share capital. The ESOT reserve arises in connection with the ESOT. The amount of the reserve represents the deduction in arriving at shareholders' funds for the consideration paid for the Company's shares purchased by the Trust which had not vested unconditionally in employees at the end of each financial year.

The ESOT held 2,500,483 shares in Hyve Group plc at 30 September 2019 (2018: 2,506,133 shares). During the year, 2,131,212 nominal share options under the Employees Performance Share Plan and 144,718 nominal share options under the Deferred Bonus Share Plan were granted against ESOT-held shares. In the previous year, 676,048 shares were purchased for the ESOT through the aforementioned rights issue. The market value of the ordinary shares held by the ESOT at 30 September 2019 was £2.1m (2018: £1.8m).

The Company has agreed to make available to the ESOT an interest-free loan of up to £12.5m for the purpose of buying shares. At 30 September 2019, the amount of the loan drawn down was £11.6m. The Hyve Group plc company profit and loss account and balance sheet include the results of the ESOT for the year ended 30 September 2019.

The trustees have waived their current and future rights to all dividend entitlement on the shares held by the ESOT. A total of 5,650 options were exercised from the ESOT during the year (2018: 953,500). The total consideration for the options exercised from the ESOT was £57 (2018: £1.4m). A total of 8,249,626 of outstanding options are to be settled by the ESOT, so all shares held by the ESOT are under option as at 30 September 2019. Details of the options in issue and their exercise dates can be seen at note 28 to the consolidated accounts.

The Company's profit and loss reserve is £90.2m (2018: £111.5m). Part of this balance is non-distributable as it does not meet the requirements for recognition as distributable reserves, therefore the distributable reserves of the Company, and therefore the Group, are £29.5m (2018: £18.6m).

The capital contribution made by the Company in the year of £0.4m (2018: £0.5m) is the proportion of the Company's share-based payment expense incurred in relation to employees of other Group companies. Details of the share-based payments are disclosed in note 28 to the consolidated accounts.

Glossary

Alternative performance measures (APMs)

In accordance with the Guidelines on APMs issued by the European Securities and Markets Authority (ESMA), additional information is provided on the APMs used by the Group below.

In the reporting of financial information, the Group uses certain measures that are not required under IFRS. These additional measures provide additional information on the performance of the business and trends to stakeholders. These measures are consistent with those used internally and are considered important to understanding the financial performance and position of the Group. APMs are considered to be an important measure to monitor how the Group is performing because this provides a meaningful comparison of how the business is managed and measured on a day-to-day basis and achieves consistency and comparability between reporting periods.

These APMs may not be directly comparable with similarly titled profit measures reported by other companies and they are not intended to be a substitute for, or superior to, IFRS measures.

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Headline profit before tax	Profit/(loss) before tax	Adjusting items as disclosed in note 5	Headline Profit Before Tax is profit/(loss) before tax and adjusting items, as presented in note 5. In addition to providing a more comparable set of results year-on-year, this is also in line with similar adjusted measures used by our peer companies and therefore facilitates comparison across the industry. Refer to the Chief Financial Officer's statement for a reconciliation to the statutory measure, and explanations of the amounts adjusted for.
Headline operating profit	Operating profit	Operating adjusting items as disclosed in note 5	Headline operating profit is operating profit before operating adjusting items, as presented in note 5.
Headline operating profit margin	Operating profit margin	Operating adjusting items as disclosed in note 5	Headline operating profit margin is headline operating profit as a percentage of revenue.
EBITDA	Operating profit	Operating adjusting items as disclosed in note 5, depreciation of property, plant and equipment and amortisation of computer software	EBITDA is headline operating profit before operating adjusting items, depreciation of property, plant and equipment and amortisation of computer software.
Net debt	Cash and cash equivalents less bank loans	Reconciliation of net debt (note 30)	Net debt is defined as cash and cash equivalents after deducting bank loans. The Board considers net debt to be a reliable measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess the combined impact of the Group's cash position and its indebtedness.
Net debt : EBITDA	None	N/A	Net debt : EBITDA is the ratio of net debt to headline EBITDA.

Headline operating profit:

	2019 £000	2018 £000
Operating profit/(loss)	**14,172**	(1,604)
Operating adjusting items (note 5)	**41,591**	40,305
Headline operating profit	**55,763**	38,701

EBITDA:

	2019 £000	2018 £000
Operating profit/(loss)	**14,172**	(1,604)
Operating adjusting items (note 5)	**41,591**	40,305
Depreciation of property, plant and equipment (note 15)	**1,704**	1,247
Amortisation of computer software (note 14)	**1,262**	1,410
Headline EBITDA	**58,729**	41,358

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Cash conversion	None	N/A	Cash conversion is defined as headline cash generated from operations as a percentage of headline operating profit before non-cash items. Headline cash generated from operations is cash generated from operations before net venue utilisation, the cash impact of adjusting items included in the definition of Headline Profit Before Tax after adjusting for any wrong pockets true ups through working capital adjustments on acquisitions or disposals. Headline operating profit before non-cash items is headline operating profit before foreign exchange gains/losses, depreciation and amortisation.

	£2019 000	2018 £000
Cash generated from operations	**40,353**	28,329
Net venue utilisation	**12**	542
Adjusting items:		
Integration costs	**6,791**	2,750
Restructuring costs	**4,218**	7,583
Transaction costs on completed and pending acquisitions and disposals	**1,462**	8,037
Adjustment to reflect timing of cash flow for above adjusting items	**1,847**	(3,223)
Working capital adjustment on acquisitions	**1,409**	–
Adjusted cash flow from operations	**56,092**	44,018
Headline operating profit	**55,763**	38,701
Depreciation of property, plant and equipment (note 15)	**1,704**	1,247
Amortisation of computer software (note 14)	**1,262**	1,410
Foreign exchange loss/(gain) on operating activities	**1,140**	(2,237)
Headline operating profit on a cash basis	**59,869**	39,121
Cash conversion	**94%**	113%

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Headline basic earnings per share	Basic earnings per share	Adjusting items in the earnings per share note (note 11)	Profit after tax attributable to owners of the parent company and before the impact of adjusting items, divided by the weighted average number of ordinary shares in issue during the financial year.
Headline diluted earnings per share	Diluted earnings per share	Adjusting items in the earnings per share note (note 11)	Profit after tax attributable to owners of the parent company and before the impact of adjusting items, divided by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of any potentially dilutive options unless anti-dilutive.
Headline effective tax rate	Effective tax rate	Adjusting items and the tax impact of adjusting items (note 5 and note 9)	The income tax charge for the Group excluding the tax impact of adjusting items, divided by Headline Profit Before Tax. This measure is a useful indicator of the ongoing tax rate for the Group.

	2019 £000	2018 £000
Tax charge per income statement	**(4,585)**	(3,023)
Tax on share of results of associates and joint ventures	**(1,900)**	(1,641)
Tax impact of adjusting items	**(6,630)**	(5,058)
Headline tax charge	**(13,115)**	(9,722)
Headline Profit Before Tax	**50,408**	35,417
Headline effective tax rate	**26%**	27%

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Return on capital employed	None	Operating adjusting items as disclosed in note 5	ROCE is calculated as headline operating profit (i.e. before adjusting items) divided by net assets excluding all balances relating to any provisions, financial instruments, interest-bearing liabilities and cash or cash equivalents.

Return on capital employed (ROCE)	2019 £000	2018 £000
Headline operating profit (A)	**55,763**	38,701
Non-current assets:		
Acquired goodwill	**209,970**	201,838
Acquired intangibles	**270,608**	267,265
Property, plant and equipment	**5,167**	4,932
Interests in associates and joint ventures	**43,374**	43,293
Deferred consideration receivable	**3,795**	–
Deferred tax asset	**8,547**	10,435
Current assets:		
Trade and other receivables	**59,024**	54,038
Tax prepayment	**3,300**	2,015
Assets held for sale	**–**	9,624
Current liabilities:		
Trade and other payables	**(33,390)**	(35,863)
Corporation tax	**(1,929)**	(5,464)
Deferred income	**(79,701)**	(76,764)
Non-current liabilities:		
Deferred tax liability	**(40,655)**	(46,595)
Deferred income	**(291)**	(813)
Capital employed (B)	**447,819**	427,941
ROCE (A/B)	**12.5%**	9.0%

APM	Closest equivalent statutory measure	Reconciling items to statutory measure	Definition and purpose
Like-for-like	None	N/A	Like-for-like (or underlying) results are stated on a constant currency basis, after excluding events which took place in the current period, but did not take place under our ownership in the comparative period and after excluding events which took place in the comparative period, but did not take place under our ownership in the current period. This excludes: • Biennial events; • Timing differences (i.e. events that ran in only one of the current or comparative periods, due to changes in the event dates); • Launches; • Cancelled or disposed of events that did not take place under our ownership in the current year; • Acquired events in the current period; and • Acquired events in the comparative period that didn't take place under our ownership in the comparative period (i.e. they took place pre-acquisition). Refer to the Chief Financial Officer's statement for a reconciliation to the closest statutory measures.
Forward bookings	None	N/A	Forward bookings are contracted revenues for the following financial year. Unless otherwise stated, these are as at the date of announcement (i.e. late November/early December each year).
Top 10 TAG events	None	N/A	Top 10 TAG events includes the 10 largest wholly-owned events by revenue excluding the acquired Ascential Events and Mining Indaba events.

Shareholder information

Financial calendar

Pre-close announcement	3 October 2019
Preliminary results announcement	3 December 2019
AGM	23 January 2020
Q1 trading update	23 January 2020
Interim results announcement	12 May 2020
Q3 trading update	8 July 2020

Shareholder profile at 30 September 2019

Range of holdings	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
1–100	202	19.27	5,476	0.00
101–1,000	228	21.76	111,497	0.02
1,001–10,000	328	31.30	1,076,838	0.15
10,001–100,000	131	12.50	3,980,879	0.54
100,001–1,000,000	91	8.68	34,297,539	4.62
1,000,001–Highest	68	6.49	702,146,227	94.68
	1,048	100	741,618,456	100

Category	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
Private individuals	716	68.32	2,483,807	0.33
Nominee companies	245	23.38	546,354,692	73.67
Limited and public limited companies	57	5.44	53,983,204	7.28
Other organisations and banks	30	2.86	138,796,753	18.72
	1,048	100	741,618,456	100

Share price

London Stock Exchange, pence per 1p shares

Highest	85.3p
Lowest	56.3p

Dividend calendar

Final dividend 2019	
Ex-dividend date	2 January 2020
Record date	3 January 2020
Payment date	3 February 2020
Interim dividend 2020	
Ex-dividend date	18 June 2020
Record date	19 June 2020
Payment date	30 July 2020

Dividend mandates

Shareholders who wish dividends to be paid directly into a bank or building society account should contact the Registrar for a dividend mandate form.

This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that your account is credited on the due date.

Share dealing services

The Company's Registrar, Equiniti Limited, offers a telephone and internet dealing service, Shareview, which provides a simple and convenient way of buying and selling shares. For telephone dealings call 03456 037 037 between 8:00am and 4:30pm, Monday to Friday, and for internet dealings log onto www.shareview.co.uk/dealing.

Electronic communications

Shareholders can elect to receive shareholder documents electronically by registering with Shareview at www.shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent an email notification to say when shareholder documents are available on our website and you will be provided with a link to that information. When registering, you will need your shareholder reference number, which can be found on your share certificate or proxy form. Please contact Equiniti if you require any assistance or further information.

Directors, advisers and other information

Directors

Richard Last
Non-Executive Chairman

Nicholas Backhouse
Non-Executive Director
(Appointed 1 May 2019)

Sharon Baylay
Non-Executive Director

Andrew Beach
Chief Financial Officer

Neil England
Non-Executive Director
(Resigned 24 January 2019)

Stephen Puckett
Non-Executive Senior Independent Director

Mark Shashoua
Chief Executive Officer

Company Secretary

Waterstone Company Secretaries Ltd
(Resigned 25 November 2019)

Jared Cranney
(Appointed 25 November 2019)

Registered Office

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Registration Number

01927339

Auditor

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E14 5HP

Citibank
33 Canada Square
London
E14 5LB

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HSBC Bank plc
60 Queen Victoria Street
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EC4N 4TR

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