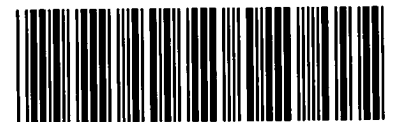


Registered number: 02896111

SMG EUROPE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

WEDNESDAY



ACIA3V3D

A30

13/12/2023

#54

COMPANIES HOUSE

SMG EUROPE

COMPANY INFORMATION

Directors	C Bray (appointed 21 January 2022) R Still (appointed 6 January 2022)
Registered number	02896111
Registered office	Manchester Arena Hunts Bank Approach Manchester M3 1AR
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors No 1 Spinningfields Hardman Square Manchester M3 3EB
Bankers	NatWest Bank plc 11 Spring Gardens Manchester M60 2DB

SMG EUROPE

CONTENTS

	Page(s)
Strategic report	1 - 3
Directors' report	4 - 7
Independent auditors' report to the members of SMG Europe	8 - 10
Statement of comprehensive income	11
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13 - 18

SMG EUROPE

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their Strategic report for the year ended 31 December 2022.

Principal activities

The Company's principal activity is that of a holding company.

Business review and future developments

The results of the business are set out on page 9 of the financial statements. The company has not traded during the year and the directors do not anticipate that the company will commence trading in the foreseeable future. Despite the impact of Covid, which is discussed in the Directors' Report below, the directors consider the year-end financial position to be satisfactory and remain confident of the long term trading outlook of the investment owned by the company.

Principal risks and uncertainties

The company's principal risk relates to the recoverability of amounts owed by group undertakings. The trading performance and balance sheet positions of the subsidiary companies are closely monitored by Directors and Management through a system of regular business reviews and reviews of reported results against budget and forecast.

Other risks are managed centrally across the SMG Europe Holdings Limited Group, of which the company is a member, as outlined in the group financial statements of the company's parent undertaking, SMG Europe Holdings Limited.

Financial key performance indicators ("KPIs")

The use of KPIs is not considered appropriate due to the nature of the company's business.

Section 172 (1) statement

The Company exceeds the threshold for Section 172 reporting due to its investments in subsidiary undertakings. This section therefore acts as the Company's section 172(1) statement, which is consistent with the section 172(1) statement for the Company's immediate parent undertaking and parent undertaking of the European group of which the company is a part, SMG Europe Holdings Limited. In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), this section also constitutes the Company's and the SMG Europe Holdings Limited Group's statements on engagement with, and having due regard to the interest of our employees.

Decision-making:

In setting the strategic direction of the SMG Europe Holdings Limited Group ("the Group"), management takes into account the principal risks facing the business. In doing so management makes an assessment of any potential impacts and risks for our customers, employees, suppliers and other stakeholders and how they are to be managed. Management takes these factors into account before reaching a final decision which together they believe is in the best interests of the Group and its stakeholders.

SMG EUROPE

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Section 172 (1) statement (continued)

Long term sustainability:

As a business with international impact, the Group recognises its broader social mission and continues to lead in bringing environmental awareness, social consciousness, inclusivity and diversity to the live experience industry. The SMG Europe Holdings Limited Group believes that providing sustainable and inclusive environments is key to what our team members, clients, partners and communities value, and recognises that our commitment to improving our standards and measures in these areas is an ongoing journey. The long term sustainability of the Group is integral in our decision-making process, particularly in response to the challenging environment since the Covid pandemic.

Employees:

Listening to employee opinions and ensuring this is taken into account in decision-making is intrinsic to our long-term success. Management engages with employees in many different ways, including regular dialogues, team meetings, and email updates and other internal communication channels. For more information on employee engagement, refer to the Directors' Report.

Suppliers:

The Group depends on the capability and performance of our suppliers, contractors and other partners to help deliver the services we need for our operations and our customers. We work closely with our suppliers to strengthen our relationship with them and welcome direct feedback on our practices. The Group has taken measures to prevent modern slavery and human trafficking in its business and supply chains. Further information is available at <https://asmglobal.com/p/other/anti-slavery-and-human-trafficking-statement>.

Customers:

The Group has a broad customer base including corporate customers from a variety of industries and end consumers of our services (event patrons). We work closely with our customers to understand their evolving requirements in order to improve our services and adapt to meet customer needs. We have a dedicated team looking after our corporate customers via providing regular updates on their contracts and collating customer requirements and feedback on our services. Each of our venues also maintain a number of social media channels to where event patrons are encouraged to share direct feedback on their experience with our team.

Government and regulators:

We aim to maintain dialogue with governments and engage in policy debates that are of concern to us, the communities, and the industry in which we operate.

Investors and shareholders:

During the course of the year, senior management of the European operations maintain regular communication with Board members in the US and members of our ultimate ownership through tele-conferencing as well as hosting periodic visits to our local venues, subject to recent travel restrictions. Monthly business reviews are conducted locally and shared with the Board for approval and feedback through our reporting process. Management also takes part in quarterly performance reviews by preparing board packs and providing relevant inputs toward the worldwide group's communication with our ultimate ownership. European Group management also regularly present updates on strategic progress, as well as financial and non-financial plans, to the Board of Directors in the US and welcomes direct feedback from members.

Society:

Sustainability is not only about natural resources and the environment, but also the local communities where we live and serve, and the economic impact we seek to expand. The Group is proactive in our support of making the communities we serve better places now and in the future. We are front and centre in our communities, contributing to non-profit organisations and making social investments, inspiring diversity and inclusiveness, and supporting sustainability and the environment. Each of our local venues is encouraged to promote sustainability, community involvement, diversity, education and other corporate responsibility programs.

SMG EUROPE

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

This report was approved by the board and signed on its behalf.



R Still
Director

Date: 5/10/2023

SMG EUROPE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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 also 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.

Results and dividends

The result for the year, after taxation, amounted to £NIL (2021 - £NIL).

No dividends have been paid or proposed with respect to the year ended 31 December 2022 before the date of approval of the financial statements (2021: £NIL).

Directors

The Directors who served during the year were:

R Newman (resigned 21 January 2022)
J Sharkey (resigned 6 January 2022)
C Bray (appointed 21 January 2022)
R Still (appointed 6 January 2022)

Political and charitable contributions

The Company has not made any political or charitable donations in the year (2021: £NIL).

SMG EUROPE

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Engagement with employees

The Company itself has no employees other than the Directors but it is a holding company with subsidiaries, one of which does employ staff. The following policy therefore applies to the SMG Europe Group rather than just to SMG Europe as a standalone entity.

The Group seeks to embrace diversity and this is reflected in all we do. We believe a culture of open and honest participation from everyone is integral to our success.

Employees are informed of information on matters of concern to them through the Group's internal communication channels, local sites and social media channels. Employees are consulted on a regular basis through regular team meetings where everyone is encouraged to present their suggestions and views on team and company-wide performance. Regular meetings are held between local management and employees to allow free flow of information and ideas. Management also maintain regular company-wide communications to achieve a common awareness of all employees in relation to financial and economic changes that may affect the performance of the Group.

The Group offers team members varied opportunities for development and advancement. To encourage growth, team members receive continual training in customer service, security, and leadership, as well as targeted subject-matter internal and external seminars and courses.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of approval of the financial statements (2021: qualifying third party indemnity provisions in force during the financial year and remained in force at the date of approval of the financial statements).

SMG EUROPE

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Going concern

The Directors have adopted the going concern basis in producing these financial statements. Cash flow forecasts have been prepared for a period of at least 12 months from the date of approval of these accounts. These indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due across this period.

Within the forecasts, we have considered, for the Company and the wider SMG Europe Holdings Limited Group, a number of potential impacts on sales, profits and cash flows. This includes the impact of a resurgence of Covid and consequently events again being rescheduled or cancelled due to further restrictions being imposed on the industry and the re-introduction of our cost mitigation programmes. The continuing conflict in Ukraine has mainly impacted on energy prices within the business, but this has principally been mitigated by both pricing and consumption initiatives. Based on the modelling of plausible downside scenarios, the Group has sufficient cash reserves to continue as a going concern.

Additionally, the Directors are aware that discussions are underway which may result in the sale of ASM Global, the worldwide group of which the SMG Europe Holdings Limited Group and Company are subsidiaries, within 12 months of the date that these Financial Statements are approved. The Directors are confident that if this deal does take place this will offer further opportunities for the business and have no expectation that it will negatively impact the SMG Europe Holdings Limited Group or its ability to remain a going concern. However, as the decisions around future strategy, financing arrangements and intentions may no longer be in the exclusive control of the current management and Directors, this creates a material uncertainty that may cast significant doubt on the Group or Company's ability to continue as a going concern as at the date of approval of these financial statements. The financial statements do not include the adjustments that would result if the Group or Company were unable to continue as a going concern.

Furthermore, the Directors have received a Letter of Support from SMG Europe Holdings Limited. Having due regard to these matters and after making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to remain in operation until at least 12 months after the approval of these financial statements.

The Company has therefore continued to adopt the going concern basis of accounting in preparing the financial statements.

Matters covered in the strategic report

A discussion of the Company's future development and financial risk management has been disclosed in the Strategic Report.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

SMG EUROPE

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



R Still
Director

Date: 5/10/2023

SMG EUROPE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMG EUROPE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, SMG Europe's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.4 to the financial statements concerning the company's ability to continue as a going concern. The Directors are aware that discussions are underway which may result in the sale of ASM Global, the worldwide group of which the SMG Europe Holdings Limited Group and Company are subsidiaries, within 12 months of the date that these Financial Statements are approved. Therefore, the decisions around the future strategy, financing arrangements and intentions of the group and company may no longer be in the exclusive control of the current management and Directors. These conditions, along with the other matters explained in note 2.4 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion

SMG EUROPE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMG EUROPE

or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override

SMG EUROPE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMG EUROPE

of controls), and determined that the principal risks were related to fraudulent financial reporting and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jonathan Studholme

Jonathan Studholme (Senior statutory auditor)

for and on behalf of

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

Date: 05/10/2023

SMG EUROPE

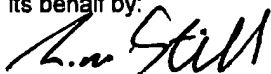
**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Company has not traded during the current year or the preceding financial year. During these years the Company received no income and incurred no expenditure and therefore made neither profit nor loss.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Fixed assets			
Investments	7	5	5
		<u>5</u>	<u>5</u>
Current assets			
Debtors: amounts falling due within one year	8	18,500	18,500
		<u>18,500</u>	<u>18,500</u>
Creditors: amounts falling due within one year	9	(16,168)	(16,168)
Net current assets		<u>2,332</u>	<u>2,332</u>
Total assets less current liabilities		<u>2,337</u>	<u>2,337</u>
Net assets		<u>2,337</u>	<u>2,337</u>
Capital and reserves			
Called up share capital	11	-	-
Other reserves		1,177	1,177
Profit and loss account		1,160	1,160
		<u>2,337</u>	<u>2,337</u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



R Still
Director

Date: 5/10/2023

The notes on pages 13 to 18 form part of these financial statements.

SMG EUROPE

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2021	-	1,177	1,160	2,337
Comprehensive Income for the year				
Result for the year	-	-	-	-
At 31 December 2021 and 1 January 2022	-	1,177	1,160	2,337
Comprehensive income for the year				
Result for the year	-	-	-	-
At 31 December 2022	-	1,177	1,160	2,337

The notes on pages 13 to 18 form part of these financial statements.

SMG EUROPE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

SMG Europe is an unlimited liability company and is incorporated, domiciled and registered in Manchester, United Kingdom. Its registered office is Manchester Arena, Hunts Bank Approach, Manchester M3 1AR.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of SMG Europe Holdings Limited as at 31 December 2022 and these financial statements may be obtained from their registered office.

SMG EUROPE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Going concern

The Directors have adopted the going concern basis in producing these financial statements. Cash flow forecasts have been prepared for a period of at least 12 months from the date of approval of these accounts. These indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due across this period.

Within the forecasts, we have considered, for the Company and the wider SMG Europe Holdings Limited Group, a number of potential impacts on sales, profits and cash flows. This includes the impact of a resurgence of Covid and consequently events again being rescheduled or cancelled due to further restrictions being imposed on the industry and the re-introduction of our cost mitigation programmes. The continuing conflict in Ukraine has mainly impacted on energy prices within the business, but this has principally been mitigated by both pricing and consumption initiatives. Based on the modelling of plausible downside scenarios, the Group has sufficient cash reserves to continue as a going concern.

Additionally, the Directors are aware that discussions are underway which may result in the sale of ASM Global, the worldwide group of which the SMG Europe Holdings Limited Group and Company are subsidiaries, within 12 months of the date that these Financial Statements are approved. The Directors are confident that if this deal does take place this will offer further opportunities for the business and have no expectation that it will negatively impact the SMG Europe Holdings Limited Group or its ability to remain a going concern. However, as the decisions around future strategy, financing arrangements and intentions may no longer be in the exclusive control of the current management and Directors, this creates a material uncertainty that may cast significant doubt on the Group or Company's ability to continue as a going concern as at the date of approval of these financial statements. The financial statements do not include the adjustments that would result if the Group or Company were unable to continue as a going concern.

Furthermore, the Directors have received a Letter of Support from SMG Europe Holdings Limited. Having due regard to these matters and after making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to remain in operation until at least 12 months after the approval of these financial statements.

The Company has therefore continued to adopt the going concern basis of accounting in preparing the financial statements.

2.4 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.5 Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment. The Directors consider annually impairment and test accordingly. Where an impairment is identified it is charged to the Statement of Comprehensive Income.

SMG EUROPE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Recoverability of inter-company balances:

Where there may be risks over the recoverability of intercompany balances analysis is performed at Group level to provide reasonable assurance that the Group and its subsidiaries will remain in operation for the foreseeable future and generate future cashflows, therefore providing comfort over the recoverability of the intercompany balance.

4. Auditors' remuneration

The fees payable to the auditors and their associates for the audit of the annual financial statements in 2022 and 2021 were borne by the parent company, SMG Europe Holdings Limited. No amounts were paid to the auditors for non-audit related services (2021 - £NIL).

5. Employees

The Company has no employees other than the Directors (2021 - none).

SMG EUROPE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Directors' remuneration

The Company appointed two new Directors in January 2022 who replaced the previous two incumbents. These two new directors remained in office throughout the 2022 financial year. Their remuneration is paid by the Company's immediate parent company, SMG Europe Holdings Limited.

Of the two Directors who resigned in January 2022, one was a US resident whose remuneration was paid by SMG Inc. The other was a UK resident whose remuneration was paid by SMG Europe Holdings Limited.

As all of the above were Directors of a number of other companies across the SMG Europe Holdings Group it is not possible to make an apportionment of their emoluments in respect of this Company. No recharges have been made for their services to the Company. Accordingly these financial statements include no emoluments in respect of these directors (2021 - £nil).

Total remuneration paid to Directors by the parent undertaking of the UK Group of which the Company is a member, SMG Europe Holdings Limited, amounted to £766k in 2022 (2021 - £456k).

Post-employment benefits are accruing under a defined contributions pension scheme. No Directors were members of defined benefit schemes.

The Company and the SMG Europe Holdings Group does not provide any long-term incentive scheme or share option scheme. There are share option arrangements in place with the US parent company. One director (2021: nil) exercised share options in the US parent company during the year.

7. Investments

	Investments in subsidiary companies £000
Cost and net book value	
At 1 January 2022	5
At 31 December 2022	5

Subsidiary undertakings

The following are direct or indirect subsidiaries of the company:

Name	Principal activity	Class of shares	Holding
SMG (UK) Limited	Management services to the leisure industry	Ordinary	100%
Park Arena Limited	Property ownership	Ordinary	100%
Newcastle Tyne Theatre Limited	Non-trading company	Ordinary	100%

SMG EUROPE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Investments (continued)**Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 December 2022 and the result/(loss) for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Result / (Loss) £000
SMG (UK) Limited	16,010	9,638
Park Arena Limited	5,148	(354)
Newcastle Tyne Theatre Limited	-	(25)

The registered address of SMG (UK) Limited is at Manchester Arena, Hunts Bank Approach, Manchester, M3 1AR. The registered address of Park Arena Limited and Newcastle Tyne Theatre Limited is at Manchester Arena, Victoria Station, Hunts Bank, Manchester, M3 1AR.

Park Arena Limited and Newcastle Tyne Theatre Limited are indirect subsidiaries of SMG Europe. Their immediate parent undertaking is SMG (UK) Limited. Park Arena Limited's loss for the year is after increased depreciation charge resulting from a revision of the useful life of its freehold property.

The Directors consider the carrying value of investments to be supported by the underlying assets and future trading forecasts.

8. Debtors: Amounts falling due within one year

	2022 £000	2021 £000
Amounts owed by group undertakings	18,500	18,500
	<u>18,500</u>	<u>18,500</u>

The amounts owed by group undertakings are interest free and repayable on demand.

9. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Amounts owed to group undertakings	16,168	16,168
	<u>16,168</u>	<u>16,168</u>

The amounts owed to group undertakings are interest free and repayable on demand.

SMG EUROPE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Financial instruments

	2022 £000	2021 £000
Financial assets		
Financial assets measured at amortised cost	18,500	18,500
Financial liabilities		
Financial liabilities measured at amortised cost	(16,168)	(16,168)

Financial assets measured at amortised cost comprise amounts owed by related undertakings.

Financial liabilities measured at amortised cost comprise amounts owed to related undertakings.

11. Called up share capital

	2022 £000	2021 £000
Authorised, allotted, called up and fully paid		
100 (2021 - 100) Ordinary shares of £1.00 each	-	-

12. Controlling party

The parent undertaking of the largest group which includes the Company and for which Group financial statements are prepared as at 31 December 2022 is ASM Global Parent Inc., a Delaware Corporation. The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, County of New Castle, City of Wilmington, Delaware 19801. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

Copies of the group financial statements for ASM Global Parent Inc. are available from their head office based at 300 Conshohocken State Road, Suite 770, West Conshohocken, Philadelphia, Pennsylvania, PA19428, USA.

50% of the total voting stock in ASM Global Parent Inc., operating as ASM Global, is owned by Onex Corporation, which is the controlling party of the Group. Onex Corporation's registered and principal office is located on the 49th floor, 161 Bay Street, P.O. Box 700, Toronto, Ontario, Canada, M5J 2S1. The other 50% is ultimately owned by Compass Group PLC (19%) and Mr Philip Anschutz (31%), the owner of Anschutz Entertainment Group Inc.

The immediate parent undertaking and the parent undertaking of the smallest group which includes the Company and for which Group financial statements are prepared as at 31 December 2022 is SMG Europe Holdings Limited, a company incorporated in Great Britain and registered in England and Wales (company number 5558259). Copies of the group financial statements for SMG Europe Holdings Limited are available from their registered office at Manchester Arena, Hunts Bank, Manchester, M3 1AR.