

**ARSENAL ANNOUNCE FULL YEAR RESULTS**

- Turnover from football increased to £422.8 million (2016 – £350.6 million) with strong growth in broadcasting supported by commercial activity. First time Club's football revenues have exceeded £400 million.
- Additional £58.0 million from broadcasting as a consequence of the increased value of Premier League rights (first year of the latest three year cycle) and UEFA Champions League distributions.
- Overall Commercial revenue growth for the year of 10% led by an additional £5.9 million from secondary partnerships.
- A third successive year of increased cash investment in the squad is reflected in higher amortisation charges and higher wage costs.
- Wage costs rose to £199.4 million (2016 – £195.4 million) and represented 47.2% (2016 – 55.7%) of football revenues. Year on year comparison is distorted by there being no players' Champions League qualification bonus in the 2016/17 figures.
- Amortisation charge on player registrations rose to £77.1 million (2016 – £59.2 million).
- Limited transfers out activity - the profit on sale of player registrations amounted to £6.8 million (2016 – £2.0 million).
- Quiet year for the Group's property business with a contribution to pre-tax profits of £0.2 million (2016 – £2.0 million).
- Group profit before tax was £44.6 million (2016 – £2.9 million).
- Tax charge for the year of £9.3 million (2016 - £1.2 million) reflecting a balance of higher taxable profits and lower rates of UK corporation tax.
- The Group has no short-term debt and its cash balances, excluding the accounts designated as debt service reserves, amounted to £144.3 million (2016 - £191.1 million). The reduction follows a Club record net cash outflow on player transfers of £102.5 million (2016 - £54.2 million).
- The liabilities for player acquisitions are, in part, payable in instalments and the outstanding net amount due to vendor clubs was £42.7 million (2016 – £42.5 million).

Commenting on the results for the year, the Club's Chairman, Sir Chips Keswick, said:

"The Club's thirteenth FA Cup win was some compensation for the disappointment of dropping out of the Premier League's top four for the first time in 20 years. This summer we have again moved to strengthen the squad and we are optimistic about the season ahead."

The Club's Chief Executive Officer, Ivan Gazidis, said:

"Our ambition is clear - to win major trophies. In order to compete at the top, we need to strive to be better than our competitors in everything we do. That is why during the past season we have

continued to make substantial investments to drive the club forward. At the top of the pyramid, we have scaled up our investment in our First Team squad significantly in recent years, spending a net £203 million in transfer fees in the last three seasons. We have transformed our training ground and completed a total rebuild of our Academy. We are focused on ensuring that the structures, in terms of people, expertise and facilities, in place around the Manager and the players are the best that they can be. By getting that environment right, down to fine tuning the detail, we optimise our chances of achieving the results we want on the pitch.”

## **Arsenal Holdings plc**

### **Chairman's report**

#### **Overview**

The triumph at Wembley in the Emirates FA Cup Final against Chelsea made for an upbeat conclusion to what had otherwise been a somewhat frustrating and disappointing Premier League season. The Wembley finale was another memorable day for us all as we lifted the trophy for the third time in four years and for a record thirteenth time in our illustrious history. I thought our support on the day was outstanding and helped us to a deserved win.

This was some compensation for the disappointment of dropping out of the Premier League's top four for the first time in 20 years, so bringing to an end 19 consecutive seasons playing in the UEFA Champions' League. This will always remain a remarkable run of consistency which we recognise will be increasingly difficult to replicate in this era of increased competition.

Following the season's end we announced the reappointment of our manager Arsène Wenger for a further two years and this summer we have again moved to strengthen the squad. Alexandre Lacazette and Sead Kolasinac have arrived from France and Germany and both have already made some good contributions. In addition, the emergence of young players such as Reiss Nelson and Joe Willock has provided further encouragement of progression from Academy to First Team squad. We are optimistic about the season ahead.

As well as strengthening, one of our key objectives over the summer was to reduce the size of what had become a very large First Team squad. As a result a number of players have left us for new opportunities and in particular our best wishes go to Alex Oxlade-Chamberlain, Kieran Gibbs, Wojciech Szczesny and Gabriel. All of whom made important contributions to the Club during their time with us.

Off the pitch, we have completed the latest phase of the transformation of our London Colney training facilities and our fully revamped Academy at Hale End was officially opened last spring.

This is also an important year for the Arsenal Women's Super League team. They enter their 30<sup>th</sup> year this season and continue to be at the forefront of the women's game, the profile of which continues to rise.

#### **Financials**

You will read in the following pages that our total revenues for the year ending 30 May 2017 were £424 million. This is the first time we have passed the £400 million mark. The main increases were £58 million more from television in the first year of the new Premier League broadcast deal supported by revenue from UEFA Champions' League participation. There was an increase in Commercial revenues of £10.3 million, driven primarily by secondary partnerships. Overall pre-tax profit for the year was £44.6 million.

During this accounting period expenditure on transfers was at a record level for the Club of £114 million in terms of contractual cost and £102 million in terms of net cash outflow. This primarily

relates to the 2016 summer signings of Granit Xhaka, Shkodran Mustafi and Lucas Perez. At the same time our total wage cost reached a level very close to £200 million.

### **Transforming lives**

Through The Arsenal Foundation and our Arsenal in the Community team we continue to make a significant impact on thousands of people's lives at home and abroad. Last year we raised £1 million for The Arsenal Foundation through the Arsenal Legends' match against Milan Glorie and the money has been put to good effect providing pitches and facilities for young people in North London, Jordan, Indonesia and Somalia.

This is due in large part to significant financial contributions from our players, staff and fans for which we are hugely grateful.

Our Arsenal in the Community team continues to deliver an outstanding programme in Islington and other nearby boroughs. The work is linked directly to local areas of need and I am proud that we continue to maintain a significant focus on this important work.

### **Thank you**

I would like to recognise the support from our commercial partners who make such important contributions both financially and in terms of helping build the Club's name around the world.

In addition, my thanks go to Stan Kroenke for his support and guidance, and my fellow directors, our management team and entire staff for all their hard work and dedication

Finally, I would like to thank all of our fans for your continued support. We understand and acknowledge your passion and your desire for further success. We share with you high ambitions for the Club and our aim is very clear, to deliver that success.

Sir Chips Keswick  
Chairman  
28 September 2017

## **Arsenal Holdings plc**

### **Chief Executive's Report**

Our journey as football fans will always feature a mix of strong emotions – that emotional connection is what makes our sport so compelling.

Last season we felt the disappointment of dropping out of the top four in the Premier League for the first time in 20 seasons yet we added to our club's great history by winning the Emirates FA Cup for the third time in four years. That run of league consistency in an era of fierce competition was unprecedented and the joy of lifting the FA Cup for a record 13<sup>th</sup> time (and the manner in which we won it) is undimmed and should bring us great pride.

But we are Arsenal and expectations quite rightly run very high. Our overarching aim is to compete for and win trophies and, in particular, to win the Premier League. It is that goal which informs all the decisions we make across the Club, on and off the pitch.

In order to compete at the top, we need to strive to be better than our competitors in everything we do. That is why during the past season we have continued to make substantial investments to drive the club forward in areas such as analytics, scouting, psychology and medical and fitness support as well as broad investments in our people capabilities throughout our Academy. In addition we have transformed our training ground at London Colney, completed a total rebuild of our youth facilities at our Academy at Hale End and invested in a new Desso grass pitch for our youth and women's teams at Boreham Wood. All our facilities are now state of the art. In total we will have spent £40 million on these building projects over the last three years, all with the aim of creating the optimal environment for us to develop and grow our players.

The development of our own players through our academy remains a priority for our football club. Ainsley Maitland-Niles and Jeff Reine-Adelaide have progressed into the first team dressing room this season, joining the likes of Alex Iwobi, Hector Bellerin and Francis Coquelin who have recently made the same journey to become important members of our First Team squad. We have high hopes for other young players such as Reiss Nelson, Joe Willock and Eddie Nketiah, all of whom impressed on the pre-season tour to Sydney, Shanghai and Beijing.

At the top of the pyramid, we have also scaled up our investment in our First Team squad significantly in recent years, spending a net £203 million in transfer fees in the last three seasons (including a record £103 million last summer alone). This is coupled with an increase in our wage bill from £166 million to £199 million in the same period. With few notable outward transfers during this period, our squad size had grown and we therefore had two major objectives for the summer transfer window. To add to the squad only where we could improve the quality of the players available to our manager – quality over quantity – and to reduce our overall squad size.

To that end, we secured Sead Kolasinac and Alexandre Lacazette, our two primary targets for this transfer window. We also transferred or loaned a number of squad players to enhance the efficiency of our spending, to generate transfer revenue for reinvestment into the team and in some cases (for example, as in the case of Emi Martinez) to aid their development. At the same time, we retained Alexis Sanchez and Mesut Özil and promoted new young talent from our Academy pipeline into the first team. These decisions, taken as a whole, have again strengthened our squad for this season's competitions. We will continue this long term approach of progressively reinvesting all our available revenue in our playing resources as we look forward.

## **Arsenal Women's Football**

This season, we are celebrating the 30<sup>th</sup> season of our women's team and the launch of the FA Women's Super League. We are proud of our history and our leadership position in women's football. To mark the milestone and in keeping with our constant progression we have dropped the use of the term "Arsenal Ladies" which we felt was an outdated descriptor in the modern day. The women's game continues to go from strength to strength and Arsenal remains at the forefront of that progress.

## **Business update**

The financial results for the year, which are covered in more detail in the Financial Review section, show our turnover finished in excess of £400 million for the first time. This was driven by a £58 million increase in television revenues as a result of the first year of the new Premier League broadcast deal. Commercial revenues also rose by £10 million primarily as a result of commercial partnerships.

## **Commercial Partnerships/Retail**

We continue to be an attractive proposition for partners around the world. They are keen to engage directly with our huge global following and recognise the power the Arsenal name has to reach people.

Over the course of this year new partnerships have been agreed with Octopus Energy, MTN, Universal Pictures and Cavallaro Napoli and we have renewed our deals with BNN Technology, MBNA and Gatorade. The partnership with Octopus Energy assisted our transition to using 100 per cent renewably supplied electricity at Emirates Stadium.

Our retail operations are performing strongly and generated record sales of some £26 million. We have made significant investment in our online retail operations and this is coming through strongly in terms of financial performance and improved customer service. Visitor numbers for stadium tours continued to rise with 230,000 visitors from all round the world.

Our partnership with PUMA continues to thrive. The new season's kits have been particularly well received and the launch of the third kit with Sydney Harbour Bridge as the backdrop was one of our iconic images of the summer.

## **Arsenal Media Group**

The development of our media platforms underpins the growth of our partnership and retail businesses. Our combined digital following of 60 million gives us one of the biggest followings in sport and we continue to drive reach and engagement across all channels. We now have 38 million Facebook followers, 11 million on Twitter and approaching 10 million on Instagram. Our YouTube, Snapchat and Sina Weibo (China) channels are also growing at pace.

## **Ticketing**

General admission prices have been held flat for the second successive year and we have announced significant reductions in prices for our home matches in the UEFA Europa League. We continue to offer 43,000 tickets across the season at £26 and up to 14,000 £10 tickets are available per season to 14-16 year olds within the Young Guns Enclosure. A further 26,000 tickets priced as low as £10 are available for each potential home League Cup fixture.

Our support for away fans continues with the provision of subsidised travel when appropriate plus a cap of £26 on away match tickets, £4 below the £30 level mandated by the Premier League.

We continue to develop Ticket Exchange and Ticket Transfer. Last season more than 105,000 tickets were processed.

Demand on Club Level continues to be very strong, with our sell out for the 2017/18 season being completed in record time.

### **The Arsenal Foundation and Arsenal in the Community**

We fully appreciate the impact we can have on people's lives at home and around the world and the work of The Arsenal Foundation and Arsenal in the Community is a core part of our club.

Earlier this year the Arsenal Foundation and Save the Children combined to open a football pitch in Indonesia. Work is underway on similar football projects in Jordan and Somalia, as well as nearer to home in North London. An important area of focus is with refugees and displaced people - a growing issue globally. Our projects bring some sense of normality to people whose lives have been turned upside down.

All this work is funded through the generosity of our players, manager, staff and supporters.

As always, we have also given our support to a large number of local charitable causes during the year while Arsenal in the Community's 'Arsenal Hub' continues to be a hive of activity, delivering programmes for more than 1,000 local participants every week.

### **Looking ahead**

We are well placed to compete at the highest levels on and off the pitch, both in the short and the longer term. We have an outstanding squad with a good balance of experience and young home grown players. Off the pitch we continue to build our infrastructure and capabilities across all aspects of our operations. In particular we are focused on ensuring that the structures, in terms of people, expertise and facilities, in place around the Manager and the players are the best that they can be. By getting that environment right, down to fine tuning the detail, we optimise our chances of achieving the results we want on the pitch.

Our ambition is clear: to win major trophies and make Arsenal fans around the world proud of this great club.

Thank you for your support.

I E Gazidis  
Chief Executive Officer  
28 September 2017

**Arsenal Holdings plc**  
**Financial Review**

Increased revenues in the first year of a new Premier League broadcast cycle have meant the Group's turnover exceeded £400 million for the first time with a profit before tax of £44.6 million for the 2016/17 year, as compared to a profit of £2.9 million in the prior year.

The principal factors influencing this result were:

- An increase of £58.0 million in broadcasting revenue as a consequence of the increased value of the Premier League contracts and higher Champions League distributions;
- An increase of £10.3 million in commercial and retail revenues mainly as a result of new secondary partnerships;
- Further investment into our playing resources leading to a combined increase of £21.9 million in our wage bill and player amortisation costs;
- Marginally improved profits from the sale of player registrations at £6.8 million (2016 - £2.0 million);
- Low activity in the Group's property development business, contributing only £0.2 million of pre-tax profits as against £2.0 million in the prior year; and
- A small increase in net finance charges of £1.3 million as a result of adverse movements in the market value of our interest rate swap and lower interest rates on deposits.

	<b>2017</b>	<b>2016</b>
	£m	£m
<b>Group turnover</b>	424.0	353.5
<b>Operating profit before amortisation, depreciation and player trading</b>	137.5	84.0
Player trading (see table below)	(63.4)	(54.0)
Amortisation of goodwill and depreciation	(15.4)	(14.7)
Joint venture	0.6	1.0
Net finance charges	(14.7)	(13.4)
<b>Profit before tax</b>	<b>44.6</b>	<b>2.9</b>



## Player Trading

Player trading consists of the profit from the sale of player registrations, the amortisation charge, including any impairment, on the cost of player registrations and fees charged for player loans.

	2017 £m	2016 £m
Profit on disposal of player registrations	6.8	2.0
Amortisation of player registrations	(77.1)	(59.2)
Loan fees	6.9	3.2
<b>Total Player Trading</b>	<b>(63.4)</b>	<b>(54.0)</b>

The sale of Serge Gnabry was the main component of player disposal profits whilst the loans of Jack Wilshere, Callum Chambers, Wojciech Szczesny and Joel Campbell helped us to generate loan fees (being premiums over and above the recovery of contracted wages) of £6.9 million.

The increased amortisation charge is a direct result of a record level of investment into the Club's playing resources. Led by the acquisitions of Granit Xhaka, Shkodran Mustafi and Lucas Perez the Club invested £113.9 million in acquiring new players and to a lesser extent extending the contracts of certain existing players, for example Hector Bellerin.

The amortisation charge, being the mechanism by which the cost of player acquisitions is expensed to profit and loss over the term of a player's contract, provides a direct indication of the level of the underlying investment in transfers. This is indicative of our own spending but also reflects the upward movement in market prices for player talent which has been driven both by Premier League revenues and the activities of certain cash rich clubs.

In cash terms the impact of this year's acquisitions, together with instalments due on those prior year acquisitions payable on deferred terms, was partially offset by the collection of receivables on player sales (both current and previous) and by the credit terms agreed with the vendor clubs. For the third year running the net cash outflow on transfers established a new record level for the Club of £102.5 million (2016 - £54.2 million). This meant that our net cash payments on player transfers over the last three years have exceeded £200 million.

## Cash position

The investment in transfers has resulted in a reduction in the Group's total cash and bank balances which amounted to £180.1 million at the balance sheet date (2016 - £226.5million). These balances are inclusive of debt service reserve deposits of £35.9 million (2016 - £35.4 million). With a lower cash position, the Group's overall net debt rose to £47.4 million (2016 - £6.1 million).

Proper consideration of the Group's cash balance must include allowance for the payments for the aforementioned transfers, as follows:

	<b>2017</b> £m	<b>2016</b> £m
Bank balance excluding debt service	144.3	191.1
Net balance payable on transfers	(42.7)	(42.5)
	101.6	148.6

Our year end bank balance includes advance receipts, of primary sponsorship and season ticket sales, which represent working capital for the 2017/18 season. These advance receipts amounted to £85.1 million (2016 - £100.6 million).

### Football Segment

	<b>2017</b> £m	<b>2016</b> £m
Turnover	422.8	350.6
Operating profit before depreciation and player trading	137.5	82.2
Player trading	(63.4)	(54.0)
Profit before tax	44.4	0.9

There were 26 home fixtures (19 Barclays Premier League, four UEFA Champions League, one FA Cup and two EFL Cup), one fewer than the prior year, with an average tickets sold per game of 59,885 (2016 – 59,834). The mix of games (two EFL instead of three FA Cup) was unfavourable but this was balanced by shares of away round FA Cup gate money and involvement in the FA Cup semi-finals. Gate and match day revenue overall amounted to £100.0 million (2016 - £99.9 million).

Broadcasting revenues increased to £198.6 million (2016 - £140.6 million) for the reasons referred to at the start of this commentary. Of the increase some £39 million was attributable to the increased Premier League contracts. Aside from the underlying contract increases we attracted 25 live Premier League game facility fees (2016 – 27) and the merit payment associated with fifth place. Champions League broadcasting revenues were also ahead as a result of our increased share of Market Pool (30% share as Premier League runners up 2015/16) and a favourable weaker sterling exchange rate in converting the UEFA distributions which are made in Euro. Broadcasting contributed 47% (2016 – 40%) of our Football revenues for the period.

Combined commercial and retail revenues rose to £117.2 million (2015 – £106.9 million). We achieved strong growth in our secondary partnerships, in a competitive marketplace, rising by 34.5% (2016 - 39.6%) to £23.0 million (2016 - £17.1 million). Our retail business continued to perform

strongly, with a new and enhanced website driving on-line sales, with revenues rising by £1.7 million or 7%. Finally, we include prize money from the Emirates FA Cup campaign in this category.

Wage costs for the year rose to £199.4 million (2016 - £195.4 million), which was mainly attributable to increases in the cost of our football playing and team support staff. The year to year upward change is depressed by the fact that there was no Champions League qualification trigger event in 2016/17 whereas the prior year included a Champions League qualification bonus for applicable First Team players.

A number of players joined or received contract increases part way through 2016/17 and the reported wage cost is therefore not reflective of the full annualised cost of these players. As such there is an increasing trend to our underlying wage costs. In addition, it is usual at the start of a new broadcasting cycle that the wage bill takes a little time to be fully recalibrated against prevailing market rates which are informed by the increased broadcasting revenues available to Premier League clubs.

The Club was fully compliant with the Premier League's wage cap / short term cost control regulations.

The ratio of total wage bill to football revenues was reduced to 47.2% (2016 – 55.7%). We disclose this ratio as a benchmark which is widely used in the analysis of football finance although our own monitoring in this area is based on total player spend, a combination of wages plus transfer expenditure and related costs, on a rolling three year basis against projections for the available funds generated over that period by the Group's business activities.

Other operating costs, which include all the direct and indirect costs and overheads associated with the Club's football operations and revenues, rose to £79.4 million (2016 -£70.2 million) and represented 18.8% of football revenues (2016 – 20.0%). Increases included costs associated with our commercial activities including the logistics for the California tour matches, enhanced match security, the donation of profits from the Legends game to charity and a one-off charge of £1 million associated with the planned withdrawal from a former operational property site.

### Property Segment

	<b>2017</b> £m	<b>2016</b> £m
Turnover	1.2	2.9
Operating profit	0.1	1.7
Profit before tax	0.2	2.0

There was minimal activity in the Group's property business, with the only transaction of note being the sale of one apartment from our small portfolio of Highbury Square in-fill properties and rental income from two commercial lets. A new build house in the in-fill portfolio will shortly go on sale but the two remaining apartments are not yet available for sale.

Of the two remaining main development sites, we are at an advanced stage of negotiations for the sale of the site adjacent to Holloway Road tube station and completion of this sale should be included in our interim accounts for the first half of 2017/18. We continue to consider options for the final remaining site on Hornsey Road.

### **Profit after Tax**

Overall there is a tax charge of £9.3 million (2016 – £1.2 million) on the pre-tax result for the period. This meant that the retained profit for the year was £35.3 million (2016 - £1.6 million).

The tax deductibility of the amortisation charge on player registrations is partially restricted as a result of previous roll-over reliefs claimed on player sales. This means that our taxable profit is higher than our accounts pre-tax profit and this resulted in a corporation tax charge for the year of £13.6 million (2016 - £5.6 million). During the year the Group paid UK corporation tax of £7.7 million being the balance of the 2015/16 charge and due instalments on account of the 2016/17 liability.

The corporation tax charge has been partially offset by a deferred tax credit of £4.3 million (2016 - credit of £4.4 million). This credit reflects the downward revaluation of the Group's deferred tax liabilities in light of the lower future rates of corporation tax expected to apply when the underlying tax deferrals unwind.

### **Outlook**

The adverse impact of competing in the UEFA Europa League, as compared to the UEFA Champions League, is forecast to be in the order of £20 million of which one component is the fact there is no players' Champions League qualification bonus accounted for in the 2016/17 results. The full financial impact will depend on a number of factors including the actual progress made in the competition, as this impacts both performance and market pool distributions from UEFA. The Club has previously fully self-insured against a season's participation in the UEFA Europa League within its cash reserves.

The changes to the playing squad over the summer's transfer window have been referred to elsewhere in the Annual Report and certain of the player sales give rise to profits which will be accounted for in our 2017/18 results. In addition, we expect to account for the profits on sale of the Holloway Road property site.

The external inflationary pressures on wage and transfer costs represent a concern to clubs, such as Arsenal, who are operating a self-funding model. However, it remains to be seen whether the levels of certain recent transactions are rational and indicative of a sustainable permanent upward shift in pricing.

Efficiency of spend will always be a key factor for us but the levels of cash outlay on transfers and the wage costs which we have achieved are strong evidence of our ability to compete financially in the top tier of clubs. The Club remains in a robust financial position at the start of the new season.

Stuart Wisely  
Chief Financial Officer  
28 September 2017

Arsenal Holdings plc  
Consolidated profit and loss account  
For the year ended 31 May 2017

	Note	2017			2016		
		Operations excluding player trading GBP'000	Player trading GBP'000	Total GBP'000	Operations excluding player trading GBP'000	Player trading GBP'000	Total GBP'000
<b>Turnover of the Group including its share of joint ventures</b>		420,120	6,932	427,052	353,318	3,230	356,548
Share of turnover of joint venture		(3,095)	-	(3,095)	(3,009)	-	(3,009)
		-----	-----	-----	-----	-----	-----
<b>Group turnover</b>	3	417,025	6,932	423,957	350,309	3,230	353,539
Operating expenses		(294,845)	(77,126)	(371,971)	(281,093)	(59,257)	(340,350)
		-----	-----	-----	-----	-----	-----
<b>Operating profit/(loss)</b>		122,180	(70,194)	51,986	69,216	(56,027)	13,189
Share of joint venture operating result		598	-	598	1,004	-	1,004
Profit on disposal of player registrations		-	6,760	6,760	-	2,047	2,047
		-----	-----	-----	-----	-----	-----
<b>Profit/(loss) on ordinary activities before net finance charges</b>		122,778	(63,434)	59,344	70,220	(53,980)	16,240
		-----	-----		-----	-----	
Net finance charges				(14,737)			(13,373)
				-----			-----
<b>Profit before taxation</b>				44,607			2,867
Tax on profit				(9,321)			(1,218)
				-----			-----
<b>Profit for the financial year</b>				35,286			1,649
				-----			-----
<b>Earnings per share</b>							
Basic and diluted	4			£567.14			£26.50
				-----			-----

Player trading consists primarily of loan fees receivable, the amortisation of the costs of acquiring player registrations, any impairment charges and profit on disposal of player registrations. All trading resulted from continuing operations.

Arsenal Holdings plc  
Consolidated balance sheet  
At 31 May 2017

	2017 GBP'000	2016 GBP'000
<b>Fixed assets</b>		
Goodwill	250	666
Tangible assets	430,973	421,059
Intangible assets	182,029	146,005
Investments	5,444	4,977
	-----	-----
	618,696	572,707
<b>Current assets</b>		
Stock - development properties	12,300	11,148
Stock - retail merchandise	7,357	4,834
Debtors - due within one year	63,696	57,961
- due after one year	2,175	4,404
Cash at bank and in hand	180,116	226,459
	-----	-----
	265,644	304,806
<b>Creditors: amounts falling due within one year</b>	(213,807)	(239,945)
	-----	-----
<b>Net current assets</b>	51,837	64,861
	-----	-----
<b>Total assets less current liabilities</b>	670,533	637,568
<b>Creditors: amounts falling due after more than one year</b>	(264,162)	(265,460)
<b>Provisions for liabilities</b>	(43,003)	(44,047)
	-----	-----
<b>Net assets</b>	363,368	328,061
	-----	-----
<b>Capital and reserves</b>		
Called up share capital	62	62
Share premium account	29,997	29,997
Merger reserve	26,699	26,699
Profit and loss account	306,610	271,303
	-----	-----
<b>Shareholders' funds</b>	363,368	328,061
	-----	-----

Arsenal Holdings plc  
Consolidated cash flow statement  
For the year ended 31 May 2017

	2017 GBP'000	2016 GBP'000
<b>Net cash inflow from operating activities</b>	109,045	93,841
Taxation paid	(7,762)	(8,331)
<b>Cash flow from investing activities</b>		
Interest received	475	746
Proceeds from sale of fixed assets	24	748
Purchase of fixed assets	(25,264)	(14,232)
Player registrations	(102,524)	(54,190)
	-----	-----
<b>Net cash flow from investing activities</b>	<b>(127,289)</b>	<b>(66,928)</b>
	-----	-----
<b>Cash flow from financing activities</b>		
Interest paid	(12,253)	(12,622)
Repayment of debt	(8,084)	(7,668)
	-----	-----
<b>Net cash flow from financing activities</b>	<b>(20,337)</b>	<b>(20,290)</b>
	-----	-----
<b>Decrease in cash and cash equivalents in the year</b>	<b>(46,343)</b>	<b>(1,708)</b>
Cash and cash equivalents at start of year	226,459	228,167
	-----	-----
<b>Cash and cash equivalents at end of year</b>	<b>180,116</b>	<b>226,459</b>
	-----	-----

Reconciliation of operating profit to net cash inflow from operating activities	2017 GBP'000	2016 GBP'000
<b>Operating profit</b>	51,986	13,189
Amortisation of player registrations	77,126	59,257
Impairment of player registrations	-	-
Amortisation of goodwill	416	416
Profit on disposal of tangible fixed assets	(16)	(72)
Depreciation (net of grant amortisation)	14,972	14,258
	-----	-----
<b>Operating cash flow before working capital</b>	144,484	87,048
Increase in stock	(3,675)	(1,711)
(Increase)/decrease in debtors	(5,036)	9,707
Decrease in creditors	(26,728)	(1,203)
	-----	-----
<b>Net cash inflow from operating activities</b>	109,045	93,841
	-----	-----

Analysis of changes in net debt	At 1 June 2016 GBP'000	Non cash changes GBP'000	Cash flows GBP'000	At 31 May 2017 GBP'000
Cash at bank and in hand	117,622	-	(13,939)	103,683
Cash equivalents	108,837	-	(32,404)	76,433
	-----	-----	-----	-----
	226,459	-	(46,343)	180,116
Debt due within one year (bonds)	(7,557)	(8,545)	8,084	(8,018)
Debt due after more than one year (bonds)	(186,441)	8,018	-	(178,423)
Derivative financial instruments	(24,411)	(2,019)	-	(26,430)
Debt due after more than one year (debentures)	(14,197)	(400)	-	(14,597)
	-----	-----	-----	-----
<b>Net debt</b>	<b>(6,147)</b>	<b>(2,946)</b>	<b>(38,259)</b>	<b>(47,352)</b>
	-----	-----	-----	-----

Non cash changes represent GBP527,000 in respect of the amortisation of costs of raising finance, GBP398,000 in respect of rolled up, unpaid debenture interest, GBP2,000 in respect of the change in fair value of the Group's A and B debentures and GBP2,019,000 in respect of the change in fair value of the Group's interest rate swaps.



**Arsenal Holdings plc**  
**Notes to preliminary results**  
**For the year ended 31 May 2017**

1. The financial information set out above does not constitute the company's statutory accounts for the years ended 31 May 2016 or 2017, but is derived from those accounts. Statutory accounts for 2016 have been delivered to the Registrar of Companies and those for 2017 will be delivered following the company's annual general meeting. The auditor has reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

The accounting policies applied by the Group are as set out in detail in the Annual Report for the year ended 31 May 2017.

**2. Segmental analysis**

Class of business:-	Football	
	2017 GBP'000	2016 GBP'000
<b>Turnover</b>	422,799	350,623
<b>Segment operating profit</b>	51,903	11,537
Share of operating profit of joint venture	598	1,004
Profit on disposal of player registrations	6,760	2,047
Net finance charges	(14,859)	(13,705)
<b>Profit before taxation</b>	44,402	883
<b>Segment net assets</b>	309,674	274,572

Class of business:-	Property development	
	2017 GBP'000	2016 GBP'000
<b>Turnover</b>	1,158	2,916
<b>Segment operating profit</b>	83	1,652
Net finance charges	122	332
<b>Profit before taxation</b>	205	1,984
<b>Segment net assets</b>	53,694	53,489

Class of business:-	Group	
	2017 GBP'000	2016 GBP'000
<b>Turnover</b>	423,957	353,539
<b>Segment operating profit</b>	51,986	13,189
Share of operating profit of joint venture	598	1,004
Profit on disposal of player registrations	6,760	2,047
Net finance charges	(14,737)	(13,373)
<b>Profit before taxation</b>	44,607	2,867
<b>Segment net assets</b>	363,368	328,061

Operating profit from football before amortisation, depreciation and player trading amounted to GBP137.5 million (2016 – GBP82.2 million); being segment operating profit (as above) of GB51.9 million (2016 – GBP11.5 million), adding back depreciation (net of grant amortisation) of GBP15.0 million (2016 - GBP14.3 million), amortisation of goodwill of GBP0.4 million (2016 – GBP0.4 million) and operating loss from player trading of GBP70.2 million (2016 – GBP56.0 million).

### 3. Turnover

	2017 GBP'000	2016 GBP'000
Turnover, all of which originates in the UK, comprises the following:		
Gate and other match day revenues	99,996	99,907
Broadcasting	198,637	140,579
Retail and licensing	26,352	24,626
Commercial	90,882	82,281
Property development	1,158	2,916
Player trading	6,932	3,230
	423,957	353,539

### 4. Earnings per share

Earnings per share (basic and diluted) are based on the weighted average number of ordinary shares of the Company in issue being 62,217 shares (2016 - 62,217 shares).

### 5. Annual General Meeting

The annual general meeting will be held at Emirates Stadium, London, N7, on Thursday 26 October 2017 at 11.30 am. The full statement of accounts and annual report will be posted to shareholders on Tuesday 3 October 2017.