

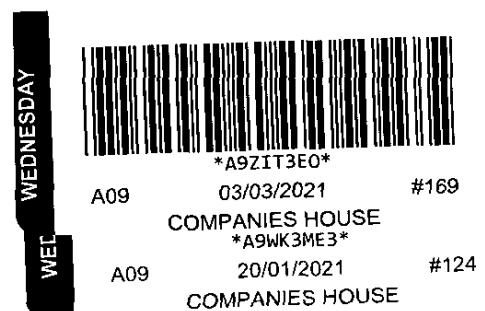
Parent for: 8006877

Company Registration No. 11703817

CSM Finance Limited

Annual Report and Consolidated Financial Statements

for the period 29 November 2018 to 31 December 2019



CSM Finance Limited

Annual Report and Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

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CSM Finance Limited

Officers and Advisers

For the period 29 November 2018 to 31 December 2019

Directors

G G T Bowhill
S Krnic
A Mishenin
P W Soar

Registered office

Exhibition House
Addison Bridge Place
London
W14 8XP

Independent auditors

PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
United Kingdom
B3 3AX

CSM Finance Limited

Strategic Report

For the period 29 November 2018 to 31 December 2019

The directors present their Strategic Report for CSM Finance Limited for the period 29 November 2018 to 31 December 2019.

Principal activities and business review

The principal activity of the Company during the period was to act as the intermediate holding company for the CloserStill Group of companies which operate content-led exhibitions throughout the UK, Europe, USA and Asia.

On 19 December 2018, CloserStill Group Limited acquired control of CloserStill Media Holdings Limited through a purchase of 100% of the share capital for total consideration of £127.8m. CloserStill Media Holdings Limited (formerly CloserStill Group Limited) was the previous ultimate parent company of the CloserStill Group of companies.

CloserStill Media Holdings Limited (post the acquisition by CloserStill Group Limited) now majority owned by Providence Equity Partners (PEP), with a 65% controlling stake, was formerly majority owned by the management team with a minority stake being held by funds controlled by Inflexion Private Equity Partners. The deal was financed with £166 million of equity funding from Providence Equity Partners, senior bank debt of £110 million provided by Hayfin Services LLP, and through the partial rollover of management proceeds from the transaction.

The trading group has continued to trade well throughout 2019 and the results for the period are set out below:

Review of business performance & key performance indicators

| | 2019 | 2018 |
|--|------------|------------|
| | £'000 | £'000 |
| Financial performance indicators: | | |
| Revenue | 71,707 | 60,005* |
| Gross profit | 46,377 | 40,001* |
| Management EBITDA | 21,472 | 21,255* |
| Net cash generated from operating activities | 15,812 | 22,904* |
| Non-financial performance indicators: | No. | No. |
| Attendees at CloserStill events | 223,017 | 194,224* |

Note: Management EBITDA is reconciled to Operating Profit in note 28 to the financial statements. Management EBITDA is a non-GAAP measure used to monitor the performance of the business and is defined as operating profit before depreciation, amortisation, management exceptional items and accounting for non-cash share based payments to employees

*Proforma consolidated results from CloserStill Media Holdings Limited 2018 filed annual financial statements, the previous CloserStill Group of Companies.

**defined as management operating cash flow divided by management EBITDA

Acquisitions

The Group made a number of investments during the period in relation to the acquisition of established exhibitions to expand the market share and geography of the Group's activities. The three acquisitions made in the period were:

- On 3 July 2019, the Group acquired control of CloserStill Technologia SL through a purchase of 100% of the trade and assets for total consideration of £2,626k. CloserStill Technologia SL organises the eBarcelona, eMadrid, eForum, and Top300 shows in Spain. This is complementary

CSM Finance Limited

Strategic Report (continued)

For the period 29 November 2018 to 31 December 2019

- to the Group's existing Technology and E-commerce business stream.
- On 6 September 2019, the Group acquired control of Healthcare Publishing & Events Limited through the purchase of 100% of the share capital for total consideration of £3,167k. Healthcare Publishing & Events Limited organises the Diabetes Professional Care event at London Olympia. This is complementary to the Group's existing Healthcare business stream.
 - On 18 October 2019, the Group acquired control of Interlalia, Ferias Profesionales y Congresos, S.A. through the purchase of 81% of the share capital for total consideration of £8,793k. Interlalia, Ferias Profesionales y Congresos S.A. organises the Infarma show which alternates between Madrid and Barcelona, Spain. This is complementary to the Group's existing Healthcare business stream.

Further information on the Group's acquisitions has been detailed in note 22 of the financial statements.

Post year end the Group acquired 100% of the share capital of Spring Messe on 17 January 2020 for a consideration of €12.8m. Spring Messe produces exhibition-led trade shows serving the HR sector in Germany. The Group continue to actively search for acquisition opportunities which align with the strong verticals of the business.

The Group had another very successful year and reported underlying year on year growth in turnover of 16.9%* and an absolute increase including the impact of acquisitions of 19.5%*. The Group also maintained a strong EBITDA margin of 29.9% (2018: 35.4%*).

The strong growth was achieved from a combination of new shows being launched and acquired as well as organic growth in existing shows. New launches in 2019 were across the Vet, Healthcare and Technology portfolios. Core to the Group's strategy is to continue to clone UK successful events such as the Vet shows into new geographies and to constantly evolve existing events, particularly by keeping pace with the dynamic nature of the technology sector. Organic growth was generated across the portfolio with notable revenue growth contributed by the 2018 acquisitions demonstrating the Group's ability to enhance the performance of acquired events in the first year of ownership Dev Learn in Las Vegas delivered 28% revenue growth. Learning Technologies Paris, a 2017 acquisition, delivered 76% revenue growth, with both acquisitions delivering strong EBITDA conversion. Other organic growth came from Learning Technologies UK event which moved from Olympia to Excel in London.

The Closerstill Group is now financed by bank loans provided by Hayfin Services LLP and extended to CloserStill Exhibitions Limited (formally CSM Acquisition Limited). The bank loans are subject to both financial and informational requirements, including the requirement for the submission of quarterly compliance certificates.

Operating cashflow remained strong in 2019 with net cash generated from operating activities of £16.2 million. Underlying 12 months cash conversion from EBITDA was 106%. On 10 January 2020 the Group utilised a further €15m of the acquisition facility bank loan, which is subject to interest at a rate of EURIBOR plus 5.25%, to fund the Spring Messe acquisition.

Going Concern and impact of Covid-19

The Group continued to trade very strongly into Q1 2020 before being impacted by Covid-19 from the end of March. Shortly after the UK went into lockdown it became apparent that no further events would be able to run across the Group through to at least the end of June 2020. CloserStill Group responded to the Covid-19 outbreak by reviewing what, if any, physical events can continue. All events since 13th March through to 30 September 2020 have now been postponed to 2021 and any further events are under constant review with monitoring of local government rules and the activities of exhibition centres. The Excel, NEC and The Javits venues are all being used as temporary hospitals supporting the Covid-19 pandemic. However, despite the obstacles to running physical events, the Group has initiated a programme of digital event activities across its portfolio which are expected to generate further revenues in conjunction with the physical events.

CSM Finance Limited

Strategic Report (continued)

For the period 29 November 2018 to 31 December 2019

The Group has modelled various scenarios and management has worked closely with Providence Equity Partners, the majority owner, and Hayfin Services LLP, the principal lender, to agree an amendment to the Senior Finance Agreement (SFA), which ensures the Group, under a no event scenario for 2020, has sufficient liquidity and remains within banking covenants.

The board has developed a very prudent base case scenario of the likely impact of COVID-19 on the Group's results for 2020. In preparing this analysis, the following key assumptions were used: no physical or virtual/online events from 12th March 2020 through to the end of the financial year and a reduction in the fixed cost staff base including the utilisation of government schemes both in the UK and overseas. Management continue to review their assumptions and monitor for updates to local regulations.

The board have developed a further extreme but plausible downside scenario in order to assess the Group's ability to continue as a going concern. This scenario is so extreme, but ultimately plausible, assuming it will not be possible to run any physical, or virtual events in the next 12 months, with an offset of further fixed base cost reductions.

To mitigate the risk of any potential liquidity or covenant breaches that could have arisen from these scenarios, the Group entered into a temporary SFA amendment. The agreed amendment principally provides for favourable specific coronavirus-related adjustments to use the adjusted last twelve months EBITDA for all events that were scheduled to run and did not run as expected. The coronavirus adjustments run through to the end of June 2021 to ensure covenant tests are met during this period.

A Bridge Liquidity arrangement is also in place through a PEP Equity Commitment Letter (with an availability of funds of no less than £32m) for general corporate and working capital purposes of the Group to ensure it maintains a minimum liquidity of £5m within the Group at each month end. The Bridge Liquidity arrangement is in place for an open ended period to ensure there will be no liquidity issues for the foreseeable future until such point that the group can maintain liquidity to £5m and achieve covenants without the use of coronavirus adjustments to EBITDA. The Bridge Liquidity arrangement is also guaranteed by Citibank Europe PLC.

The temporary amendment to the SFA includes additional informational requirements around liquidity and cash flow forecasting. Under the amended SFA, no issues with liquidity or breaches in covenant compliance are forecast throughout the next twelve months from the date of approving the financial statements. This means that even in an extreme scenario where no events were to occur for at least the next 15 months, CloserStill maintains sufficient liquidity and funding as needed to support covenant compliance throughout the entire period.

Management's current view is that whilst it expects continued significant disruption to its event calendar in the second half of 2020, it should be possible to undertake substantial events activity in some format e.g. if a large scale physical event still cannot take place, it may be replaced by a hybrid online/physical event or purely online events.

Covid-19 and 2021 Outlook

The main risks to the Group are general economic conditions as well as the obvious impact of a 'black swan event' such as Covid-19 which have affected the Group's performance post year end and the Group's short term forecasted ongoing performance significantly. The Group has a balance of strong, established trade brands such as the Learning Technologies UK event, Ecommerce, Dev Learn, Data Centre World, the Dentistry Show; and the London Vet Show, which it considers are all number one events in their field. Management believes its events operate in strong verticals with significant resilience. This is especially shown in the learning technologies, technology infrastructure, healthcare and e-commerce sectors which are expected to grow post pandemic.

Alongside strong verticals, the Group is accelerating its development of online event activity. These online events are aimed at keeping close to customers and providing needed digital content.

CSM Finance Limited

Strategic Report (continued)

For the period 29 November 2018 to 31 December 2019

CloserStill Group benefits from a flexible cost base and has been able to adapt to a reduced event stream. The Group has taken advantage of all government support available in all operating countries including the furlough schemes in the UK, Spain and Germany, job security schemes in Asia and deferring tax payments including VAT, Social Security and Corporation tax where rules allow. The Group is reviewing its ongoing personnel costs given the inevitable reductions in revenue it has forecasted. By utilising its flexible cost base, as well as accelerating online activities, the Group can plan for periods of elongated physical event “blackout” should that be required.

The Group continues to explore opportunities to expand outside of the UK, particularly in the US, but also within Continental Europe. The directors continue to strive for innovation in marketing and show features to ensure continued growth in all existing shows, as well as actively seeking expansion opportunities via new show acquisitions and launches.

The Group’s operating structure is flexible to changes in the level of income and activity. The show events are spread across several industry sectors and geographies, and phased throughout the annual period which facilitates the maintenance of sufficient cash reserves.

There continues to be political risks and uncertainty around Brexit. The Group continues to monitor the political landscape. However, the Group believes the risk to its operations and customer demand to be low given the nature of the business.

Results and dividends

The total comprehensive loss attributable to the owners of the Group after taxation and minority interests for the financial year was £25.0 million (2018: £26.0 million*), due to an excess of interest payable over operating profit arising from its highly leveraged capital structure, which is not uncommon for private equity backed businesses. The directors do not recommend a dividend. Within the year, a dividend of £0.2m was paid to the non-controlling interest within Focuszone Media Inc.

Financial risks

The Group’s principal financial instruments comprise bank loans and loan notes extended by CloserStill Exhibitions Limited (formally CSM Acquisitions Limited).

As the Group expands further overseas the exchange rate fluctuations are likely to have a larger impact on consolidation.

Further details included in Director’s report (page 10-11).

Environment

CloserStill Group encourages all individual businesses within the Group to take steps to consider and improve their environmental impact. This includes considering the impacts relating to suppliers, customers, employees and critically how we manage our events.

The Group’s supplier selection process includes reviewing a prospective supplier’s sustainability policy as part of a tender process before awarding any contracts. Key contractors for building the events include Freeman (US) which has APEX/ASTM Level 2 Certification (the standard recognises companies that are helping customers execute sustainable events that not only meet but exceed event industry standards). GES (UK) is the first global full-service events provider to earn both APEX/ASTM Level 2 Certification in the US and ISO 20121 in the UK.

Key Suppliers include the venues and specifically the NEC and Excel have strong sustainability values with examples including:

- Zero waste to landfill with an average recycle rate of 80%.
- Waste not travelling further than 30 miles from site.
- Energy efficient lighting and escalators.

CSM Finance Limited

Strategic Report (continued)

For the period 29 November 2018 to 31 December 2019

- Reduced water consumption through automated taps.
- Food waste used for onsite wormery.

Across the Group local suppliers are engaged to support the local economy of each event. Local staff and temporary staff are used to support overseas events limiting the level of long haul, or even short haul, travel.

Employees are asked to recycle waste throughout all of the Group's offices. The Group offers employees cycle to work schemes to encourage fitness and reduce local commuting, with showers available in the offices for those that choose to cycle to work. The Group uses online meeting tools to keep travel to a minimum.

Event supplies where possible are recycled or can be reused. In Singapore all aisle carpet is recycled, in the UK the carpet once used is made into other plastic products rather than going to landfill. Shell scheme is the preferred product in most booths which is then reused for other events. Furniture and features are all reusable. Exhibitor manuals are all online and orders are paperless, catalogues for delegates are also available online to encourage a lower print requirement.

Specific events include their own Green policies, for example The London Vet Show replaced plastic water cups with reusable and recyclable water bottles on water coolers; one-use carpet and left over pens and food are all donated to charity; there is a recycling point for delegates to drop off any recyclable papers and literature; food that cannot be donated to charity is passed to the Excel wormery; encourages exhibitors to be sustainable through running competitions for best use of recycled show collateral.

Directors' Duties – Compliance with s.172 of the Companies Act 2006

Section 172 of the Companies Act 2006 ("s.172") requires directors to promote the success of the Company for the benefit of the members as a whole and in doing so have regard to the interest of the stakeholders including customers, employees, suppliers and the wider community in which it operates. The Board is focused on its responsibilities under s.172 and the impact of the business on key stakeholder groups is considered on a regular basis. The below table identifies where in the Annual Report information on factors the Board believe demonstrate its compliance with section 17(1)(a)-(f) are set out in more detail.

| The Board has had regard to the following matters: | More information: |
|--|--|
| (a) Long-term results -the likely consequences of any decision in the long term | Strategic Report: Principle activity and business review, Page 2 Review of business performance & key performance indicators, Page 2 Acquisitions, Page 2-3 Going concern and impact of Covid-19, Page 3-5 Results and Dividends, Page 5 Directors' Report: Financial risk management, Page 10-11 |
| (b) Our workforce -the interest of the Company's employees | Directors' Report: Statement of engagement with employees, Page 11-12 |
| (c) Our business relationships -the importance of developing the Company's business relationships with suppliers, customers and others | Directors' Report: Statement of engagement with suppliers, customers and others in a business relation with the company, Page 12-13 |

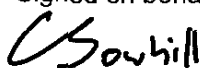
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Strategic Report (continued)

For the period 29 November 2018 to 31 December 2019

| | |
|---|--|
| (d) The community and environment - the impact of the Company's operations on the community and the environment | Strategic Report: Environment, Page 5-6 |
| (e) The company's reputation - the desire to maintain a reputation for high standards of business conduct | Directors' Report: CloserStill's reputation in the Industry, Page 12 |
| (f) Fairness between Shareholders -the aim to act fairly as between members of the Company | Directors' Report: Statement of engagement with suppliers, customers and others in a business relation with the company, Page 12-13 |

Signed on behalf of the board by


G G T Bowhill
Director

Approved by the board on 24 July 2020

CSM Finance Limited

Directors' Report

For the period 29 November 2018 to 31 December 2019

The directors present their report and the audited consolidated and company financial statements of CSM Finance Limited for the period 29 November 2018 to 31 December 2019.

The company was incorporated on 29 November 2018.

Directors

The following directors who were in office during the period and up to the date of the signing of the financial statements were:

G G T Bowhill (Appointed 12 November 2019)

S Krnic (Appointed 29 November 2018)

A Mishenin (Appointed 12 November 2019)

P W Soar (Appointed 24 October 2019)

M Ioakimides (Appointed 3 February 2020, resigned 26 March 2020)

Future developments

The Group's Strategic Report sets out the major events of the period 29 November 2018 to 31 December 2019, their expected impact on future periods and since the year end, including the impact of COVID-19 (note 27). Enquiries and bookings for existing and new events have continued beyond 31 December 2019, albeit at a lower level due to COVID-19.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the current period. A fellow group company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of the Company and its Directors.

Strategic report

The Group has chosen, in accordance with section 414C(11) of the Companies Act 2006 (amended), (Strategic Report and Directors' Report) Regulations 2013, to set out in the Group's Strategic Report the following information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008: financial instruments and miscellaneous.

Going concern

At 31 December 2019, the Group's financing arrangements consist of a £110m term loan, a £35m CAPEX facility of which £5.1m had been drawn down, a £5m revolving credit facility and £6.5m of management loan notes. A further draw down of the CAPEX facility was undertaken on 10 January 2020 to fund the acquisition of Spring Messe and then a second drawdown on 28 May 2020 for the 2020 capex and reorganisation requirements, with the main requirement being to support the ERP improvement project (note 27).

The Group is cash generative, supported by a cash inflow from operating activities of £15.8m. The Group has net current liabilities of £21.1m and made a loss before tax of £23.7m due to the impact of non-cash charges, mainly accrued interest on loan notes and amortisation of goodwill and intangible assets.

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Directors' Report (continued)

For the period 29 November 2018 to 31 December 2019

In response to COVID 19, the Group have modelled various scenarios (described below). To mitigate the risk of any potential liquidity or covenant breaches that could have arisen from these scenarios, management have worked with Providence Equity Partners (PEP) to develop a temporary amendment to the Senior Finance Agreement (SFA) with Hayfin Services LLP, the principal lender, which ensures that, under the scenarios described below, sufficient liquidity and covenant compliance is maintained throughout the going concern period. As part of this agreement, the Group has secured a liquidity commitment from their majority owners (note 27).

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group, under the revised terms of the SFA, will be able to operate within the level of its facilities for at least 12 months from the approval date of these Consolidated Financial Statements. Accordingly, the Group continues to adopt the going concern basis in preparing its Consolidated Financial Statements.

The uncertainty as to the future impact on the Group of the recent COVID-19 outbreak has been considered as part of the Group's adoption of the going concern basis. The board has developed a base case scenario of the likely impact of COVID-19 on the Group's results. In preparing this analysis the following key assumptions were used: no physical or virtual/online events from 12th March 2020 through to the end of the financial year and a reduction in the fixed cost staff base including the utilisation of government schemes both in the UK and overseas. Management continue to review their assumptions and monitor for updates to local regulations, but have the expectation that social distancing measures are expected to continue in some form through to the end of December 2020 and therefore the stress test scenario is that no events will be able to run this year in their current form. Under this scenario, the Group does not forecast to breach any financial covenant under the revised terms of the SFA.

The board have developed a further extreme but plausible downside scenario in order to assess the group's ability to continue as a going concern. This scenario is so extreme, but ultimately plausible, assuming it will not be possible to run any physical or virtual events in the next 12 months, with an offset of further fixed base cost reductions. Under this extreme downside scenario, the Group maintains sufficient liquidity and continued covenant compliance.

This extreme downside scenario is currently considered highly unlikely. However, it is difficult to predict the overall outcome and impact of COVID-19 at this stage.

Q1 Shows in 2020 performed strongly with the Learning Technology events delivering revenue growth of 10% in the UK and 29% in France. Both events had very strong rebook rates for 2021 and confidence remains as bookings continue to support the Q1 2021 events. The Group is also developing virtual and hybrid events to support its important customer base and to be able to continue to deliver great content to an audience who remain keen to stay up to date on CPD or latest technologies.

The initial assessment indicated the possibility of uncertainties in relation to the Group's ability to maintain sufficient liquidity and meet its covenant obligations. However, after reviewing the most recent projections and the sensitivity analysis and having carefully considered the uncertainty and the mitigating actions available with the support from PEP, the directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

Events after the balance sheet date

The Group acquired 100% of the share capital of Spring Messe on 17 January 2020 for a consideration of €12.8m. Spring Messe produces exhibition-led trade shows serving the HR sector in Germany.

On 10 January 2020 the Group utilised a further €15m of the acquisition facility bank loan which is subject to interest at a rate of EURIBOR plus 5.25%, to fund the Spring Messe acquisition.

CSM Finance Limited

Directors' Report (continued)

For the period 29 November 2018 to 31 December 2019

On 28 May 2020 the Group utilised a further £3.97m of the acquisition facility bank loan which is subject to interest at a rate of LIBOR plus 5.25%, for the 2020 capex and reorganisation requirements, with the main requirement being to support the ERP improvement project.

From the end of March 2020, the Group has been adversely affected by the global COVID-19 pandemic. As such, a temporary amendment to the Senior Financing Agreement has been agreed upon by Providence Equity Partners (PEP) and Hayfin Services LLP, whereby a coronavirus-related adjustment shall be made to covenant EBITDA related to all events scheduled through to June 2021, to enable compliance with those covenants.

A Bridge Liquidity arrangement is also in place through a PEP Equity Commitment Letter (with an availability of no less than £32m) for general corporate and working capital purposes of the Group to ensure it can maintain a minimum liquidity of £5m within the Group at each month end until such point that the Group can maintain liquidity to £5m and achieve covenants without the use of coronavirus adjustments to EBITDA. The Bridge Liquidity arrangement is also guaranteed by Citibank Europe PLC.

Dividends

During the period 29 November 2018 to 31 December 2019, dividends were paid of £0.2m.

Financial risk management

The Group is exposed to various financial risks from its underlying operations and finance activities. These include liquidity risk, foreign currency risk, interest rate risk, and credit risk. The Group manages these risks in accordance with the policies set out below.

The Group's financial instruments comprise cash, borrowings, receivables and payables that are used to finance the Group's operations. The Group does not trade in financial instruments.

The objective of financial risk management is to limit exposures to the various type of financial risks mentioned above in order to minimise any negative impact on the Group's results and financial position.

The Board takes a proactive approach to risk management with the objective of protecting its employees and customers and safeguarding the interests of the Group, its shareholders, employees, clients, consumers and all other stakeholders.

i. Liquidity risk

Liquidity risk is the risk that the Group will experience difficulties to meet obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group finances its operations through cash generated by the business and borrowings (i.e. bank loans). The Group maintains sufficient reserves of cash to meet its liquidity requirements at all times. In light of COVID-19 and the risks to liquidity, A Bridge Liquidity arrangement is also in place through a PEP Equity Commitment Letter (with an availability of funds of no less than £32.0m) (note 27).

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates on a worldwide basis and, as a result, is exposed to movements in foreign currency exchange rates of mainly GBP, EUR, USD, HKD, and SGD on sales and purchases.

The majority of all trade related billings and payments as well as all payments of interest-bearing liabilities are made in the respective functional currencies of the Group entities.

The impact on the profit or loss is mainly a result of the foreign exchange gains or losses arising from translation of trade receivables, trade payables and cash and cash equivalents in foreign currencies.

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Directors' Report (continued)

For the period 29 November 2018 to 31 December 2019

Significant fluctuations of foreign currency exchange rates may impact other comprehensive income, mainly due to translation of foreign subsidiaries. The impact is minimised having foreign subsidiaries in multiple functional currencies

iii. Interest rate risk

Interest rate risk arises from movements in interest rates which could have an impact on the Group's net income or financial position. Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates primarily to the Group's bank loans. The Group does not use derivative financial instruments to hedge its interest rate risk in respect of loans. The Board are continuously monitoring any changes to interest rates and would propose new strategies accordingly in order to minimise the impact on the Group's financial position.

iv. Credit risk

Credit risk arises from the possibility that the counterparty to a transaction may be unable or unwilling to meet its obligations, causing a financial loss to the Group. Credit risk arises mainly from the Group's trade receivables. Trade receivables are subject to a policy of active risk management which focusses on the assessment of credit availability, ongoing credit evaluation, and account monitoring procedures. *There are no significant concentrations of credit risk due to the Group's large number of customers and their wide geographical spread.* The impact of COVID-19 on the economic environment has the potential of increasing the credit risk within the Group.

Group tax policy

The Group acts in compliance with the relevant local and international laws and disclosure requirements, and conducts an open and transparent relationship with the relevant tax authorities. In an increasingly complex international corporate tax environment, there is a degree of tax risk and uncertainty. Tax risk can arise from differences in interpretation of regulations, but most significantly where governments apply diverging standards in assessing intragroup cross border transactions. This is the situation for many multinational organisations. The Group manages and controls these risks in a proactive manner and, in doing so, exercises judgement and seeks appropriate advice from relevant professional firms.

Statement of engagement with employees

The CloserStill Group is committed to providing a great place to work for our people in which to develop a rewarding and fulfilling career. The focus on our people has never been greater, and we consider our people, and the way we organise, train, engage and motivate them, as a critical competitive advantage. In February 2020, the CloserStill Group featured in the Sunday Times '100 Best Companies to work for' list for the third year running, and we hope to continue to receive such achievements in the future.

The CloserStill Group aims to focus on employee engagement. We have worked hard to communicate openly and well with our employees as we recognise effective communication is a key part of building stronger levels of employee engagement. We share business news, successes and updates with employees frequently and invite feedback from our people as we know that how our people feel and how they are engaged ultimately drives business performance. We believe in transparency with our employees so we send round weekly reporting on sales numbers and delegate registrations/revenue to everyone.

We regularly engage with our teams through quarterly company meetings where we update on performance, introduce new starters, announce promotions, etc. We run annual awards for best sales, best operations, best finance, best marketing and best team where we acknowledge excellence in their fields which are announced at our Christmas party. We also run an employee of the quarter where the employees nominate their colleagues and then vote for the winner.

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Directors' Report (continued)

For the period 29 November 2018 to 31 December 2019

As we continue to grow and develop the business, we are always interested in speaking to talented and passionate people who want to build a career in events. We run active graduate schemes in London, Singapore, New York and Germany and are also interested in hearing from experienced event professionals wanting to join our winning team.

Diversity and an employee base that brings different perspectives, backgrounds and ways of thinking is very important to our business. Fair consideration is given to all applications, including from those with disabilities. We make all reasonable efforts to be able to continue to employ those who become disabled during employment.

Many of CloserStill's employees are also shareholders and are therefore engaged in the future development of the business. The Board prides itself in the support and flexibility of the workforce to adapt and deliver events that are best in their category, as evidenced by the number of industry awards won by CloserStill events and employees.

CloserStill's reputation in the Industry

In the last 10 years, CloserStill has been repeatedly recognised as a leading innovator within the Exhibition Industry and has won more awards than any other event business in the industry. CloserStill has won over 30 awards to date across the available categories with the 2 key winning categories being Best Trade Show (7 times) and Best Marketing (8 times). The awards are due to the people and teams that work together to deliver the events ensuring customer service and satisfaction. The accolades include: Best Marketing Manager (five years in succession), Best Trade Show, Best Launch Exhibition, Best Marketing Campaign, Best Brand Extension, Industry Rising Star (two years in succession), Best Operations team, Best Sales Person and Management Team of the Year. CloserStill was voted the 'Most Respected Company of the Year' at the 2016 Association of Event Organisers Excellence Awards.

CloserStill looks to run, launch or acquire the number 1 event in the sector and geography that it operates in. We review our products, events and customer service on an ongoing basis with post event surveys and content reviews ensuring we provide the most appropriate content for the audience and the best possible networking ability for delegates and exhibitors.

Statement of engagement with suppliers, customers and others in a business relationship with the company

The CloserStill Group aims to deliver the best possible value for all our customers and stakeholders and deliver great experiences for everyone involved in our events.

Suppliers

The Board seeks to balance the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value for money for our investors and the desired quality and service levels for our customers. The Group have strong, long established relationships with many key suppliers.

The Group goes through supplier selection prior to contracting with new suppliers; this includes a review of sustainability, cost, ability to deliver, benefit to the ultimate customer and the supplier's ability to adapt and work with CloserStill. CloserStill sees its suppliers as partners whether they are the large venues, construction support or smaller design suppliers. All material contracts are agreed at Board level considering the growth and strategy of the company alongside any employee and environmental impacts that need to be considered.

Customers

As an events business, the sentiment of customers can be seen in the Groups underlying sales performance figures which the Board reviews on a weekly basis as well as quarterly budget reviews.

CSM Finance Limited

Directors' Report (continued)

For the period 29 November 2018 to 31 December 2019

The interests of customers are considered in key decisions e.g. relating to: content of events, floor layout at events, selection and monitoring of suppliers to ensure quality and safety standards are met and the development of online services.

The key element to all CloserStill events is the ability to deliver high value content and CPD over a short period of time with great networking opportunities for all our clients. Our exhibitors come back to our shows year after year supporting CloserStill. With most of our events being the must attend, number 1 event in the market with a guaranteed audience, our customers can calculate real return on their investment by attending our events.

Our customers are at the core of all we do and we pride ourselves in our customer service whether for the delegates attending the event or the exhibitors showcasing new products and innovations. As an event organiser we review feedback post event and take on board what our customers want and need to ensure we adapt the show annually to meet their needs. Although our exhibitions are annual, we maintain contact with our delegates and exhibitors throughout the year, via newsletters and webinars.

Shareholders

Providence Equity Partners are majority shareholders with a 65% controlling stake in the CloserStill Group. Management and employees hold the remaining 35%. The Board meets monthly to discuss the trade and operation of the Group with key strategy and decisions being discussed and agreed as part of these meetings. All acquisition considerations and longer term plans are set out and approved with the support of Providence. The Board communicates to the employee shareholders quarterly at group employee update meetings. The company also ensures a cascade of information where appropriate.

Debt capital/ credit facility providers

The Group Chief Financial Officer and Group Financial Director are responsible for managing the relationships with our banks and for the Group's cash/ debt management and financing activities. Regular reports are made to the board on these activities including the Group's plans to ensure appropriate access to debt capital, monitoring the headroom and maturity schedules of primary credit facilities.

Monthly financial information is shared with the banks on profitability and cashflow following the monthly Board Meetings. Quarterly review meetings also take place to ensure the banks are kept informed of trading and forecast expectations. Higher level of reporting during Covid-19 outbreak is in place as detailed in the going concern section of the directors' report (page 8-9).

CSM Finance Limited

Directors' Report (continued)

For the period 29 November 2018 to 31 December 2019

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 group and company 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

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

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

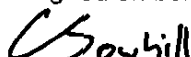
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP has indicated its willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Signed on behalf of the board by


G G T Bowhill
Director

Approved by the board on 24 July 2020

CSM Finance Limited

Independent auditors' report to the members of CSM Finance Limited

For the period 29 November 2018 to 31 December 2019

Report on the audit of the financial statements

Opinion

In our opinion, CSM Finance Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's loss and cash flows for the 13 month period (the "period") 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 Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2019; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the 13 month period 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 group 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

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 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.

CSM Finance Limited

Independent auditors' report to the members of CSM Finance Limited

For the period 29 November 2018 to 31 December 2019

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 period ended 31 December 2019 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 group and company and their 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 set out on page 14, 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 group's and 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 group or 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.

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.

CSM Finance Limited

Independent auditors' report to the members of CSM Finance Limited

For the period 29 November 2018 to 31 December 2019

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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Steven Kentish (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
27 July 2020

CSM Finance Limited
Consolidated Income Statement
For the period 29 November 2018 to 31 December 2019

| | Note | Period from 29/11/18 to 31/12/19 £'000 |
|---|-------------|---|
| Revenue | 3 | 71,707 |
| Cost of sales | | (25,330) |
| Gross profit | | 46,377 |
| Administrative expenses | | (61,506) |
| Operating losses - continuing | 4 | (15,129) |
| Management EBITDA | 28 | 21,472 |
| Amortisation | 11 | (32,514) |
| Depreciation | 12 | (507) |
| Exceptional items | 5 | (189) |
| Management exceptional items | | (2,305) |
| Foreign exchange | | (289) |
| Share based payments | 6 | (797) |
| Interest receivable and similar income | 8 | 11 |
| Interest payable and similar expenses | 9 | (8,547) |
| Loss before taxation | | (23,665) |
| Tax on loss | 10 | (771) |
| Loss for the financial period | | (24,436) |
| Loss for the financial year attributable to: | | |
| Owners of Parent | | (24,471) |
| Non-controlling interest | | 35 |
| Loss for the financial period | | (24,436) |

There are no material discontinued operations during the period.

The notes on pages 23 to 49 form part of these financial statements.

CSM Finance Limited

Consolidated Statement of Comprehensive Income

For the period 29 November 2018 to 31 December 2019

| | Period from 29/11/18 to 31/12/19 £'000 |
|--|--|
| Loss for the financial period | (24,436) |
| Other comprehensive expense for the period | |
| Currency translation losses in foreign operations | (517) |
| Total comprehensive expense attributable to equity shareholders | (24,953) |
| Total comprehensive expense for the financial year attributable to: | |
| Owners of Parent | (24,988) |
| Non-controlling interest | 35 |
| Total comprehensive expense for the financial period | (24,953) |

The Company has taken advantage of s408 of the Companies Act 2006 not to publish its own Statement of Comprehensive Income.

CSM Finance Limited
Consolidated and Company Balance Sheets
As at 31 December 2019

| | Note | Group £'000 | Company £'000 |
|--|------|------------------|------------------|
| Fixed Assets | | | |
| Intangible assets | 11 | 190,294 | - |
| Goodwill | 11 | 141,953 | - |
| Tangible assets | 12 | 1,127 | - |
| Investments | 13 | - | 192,235 |
| | | 333,374 | 192,235 |
| Current assets | | | |
| Debtors | 14 | 19,884 | - |
| Cash and cash equivalents | 15 | 7,848 | - |
| | | 27,732 | - |
| Creditors: amounts falling due within one year | 16 | (48,853) | - |
| Net current liabilities | | (21,121) | - |
| Total assets less current liabilities | | 312,253 | 192,235 |
| Creditors: amounts falling due after more than one year | 17 | (111,233) | - |
| Provision for deferred tax | 19 | (29,252) | - |
| Net assets | | 171,768 | 192,235 |
| Capital and reserves | | | |
| Called up share capital | 20 | 1,922 | 1,922 |
| Share premium account | 20 | 190,313 | 190,313 |
| Translation reserve | | (517) | - |
| Accumulated losses | | (23,862) | - |
| Equity attributable to owners of the parent | | 167,856 | 192,235 |
| Non-controlling interests | | 3,912 | - |
| Total Equity | | 171,768 | 192,235 |

The company had no revenue or costs for the period from 29 November 2018 to 31 December 2019.

The financial statements on pages 18 to 49 were approved by the board of directors and authorised for issue on 24 July 2020, and are signed on behalf of the board by:



G G T Bowhill
Director

Registered no: 11703817

The notes on pages 23 to 49 form part of these financial statements.

CSM Finance Limited

Consolidated and Company Statements of Changes in Equity

For the period 29 November 2018 to 31 December 2019

| Group Period from 29/11/18 to 31/12/19 | Called up Share capital £'000 | Share Premium Account £'000 | Translation reserve £'000 | Accumulated losses £'000 | Total £'000 | Non- controlling Interest £'000 | Total Equity £'000 |
|--|--|--------------------------------------|---------------------------------|--------------------------------|----------------|--|--------------------------|
| As at 29 November 2018 | – | – | – | – | – | – | – |
| Issue of share capital | 1,922 | 190,313 | – | – | 192,235 | – | 192,235 |
| Comprehensive (expense)/ income | | | | | | | |
| (Loss)/Profit for the period | – | – | – | (24,471) | (24,471) | 35 | (24,436) |
| Other comprehensive expense | – | – | (517) | – | (517) | – | (517) |
| Total comprehensive expense | – | – | (517) | (24,471) | (24,988) | 35 | (24,953) |
| Transactions with owners | | | | | | | |
| Credit related to Share based payments | – | – | – | 797 | 797 | – | 797 |
| Buyout of Non-controlling interest | – | – | – | (188) | (188) | (187) | (375) |
| Non-controlling Interest acquired during the year | – | – | – | – | – | 4,293 | 4,293 |
| Dividends | – | – | – | – | – | (229) | (229) |
| Total for transactions with owners | – | – | – | 609 | 609 | 3,877 | 4,486 |
| Balance at 31 December 2019 | 1,922 | 190,313 | (517) | (23,862) | 167,856 | 3,912 | 171,768 |

| Company Period from 29/11/18 to 31/12/19 | Called up Share capital £'000 | Share Premium Account £'000 | Total £'000 | Non- controlling Interest £'000 | Total Equity £'000 |
|---|--|--------------------------------------|----------------|--|--------------------------|
| As at 29 November 2018 | – | – | – | – | – |
| Issue of share capital | 1,922 | 190,313 | 192,235 | – | 192,235 |
| Comprehensive (expense)/income | | | | | |
| Loss for the year | – | – | – | – | – |
| Other comprehensive income | – | – | – | – | – |
| Total comprehensive (expense)/income | – | – | – | – | – |
| Balance at 31 December 2019 | 1,922 | 190,313 | 192,235 | – | 192,235 |

The notes on pages 23 to 49 form part of these financial statements.

CSM Finance Limited

Consolidated Statement of Cash Flows

For the period 29 November 2018 to 31 December 2019

| | Note | Period from 29/11/18 to 31/12/19 £'000 |
|--|-------|---|
| Cash flows from operating activities | | |
| Loss for the financial year | | (24,436) |
| Adjustment for: | | |
| Depreciation of tangible fixed assets | 12 | 507 |
| Amortisation of intangible fixed assets | 11 | 32,514 |
| Impairment of intangible fixed assets | 11 | 189 |
| Foreign exchange | | 329 |
| Equity share based payment expense | 6 | 797 |
| Interest receivable | 8 | (11) |
| Interest and similar charges payable | 9 | 8,547 |
| Taxation | 10 | 771 |
| Adjusted operating profit before changes in working capital | | 19,207 |
| Increase in trade and other receivables | | (2,567) |
| Increase in trade and other payables | | 2,964 |
| Cash generated from operations | | 19,604 |
| Tax paid | | (3,792) |
| Net cash generated from operating activities | | 15,812 |
| Cash flows from investing activities | | |
| Acquisition of investments in subsidiaries | 22 | (130,750) |
| Buyout of non-controlling interest | 25 | (375) |
| Purchase of tangible fixed assets | 12 | (968) |
| Purchase of intangible fixed assets and new launches | 11 | (858) |
| Interest received | 8 | 11 |
| Net cash used in investing activities | | (132,940) |
| Cash flows from financing activities | | |
| Proceeds from new borrowing | 16,17 | 116,945 |
| Repayment of borrowings | | (176,422) |
| Interest and similar expenses paid | | (7,553) |
| Dividends paid to non-controlling interests | | (229) |
| Issue of share capital | 20 | 192,235 |
| Net cash generated from financing activities | | 124,976 |
| Net increase in cash and cash equivalents | | 7,848 |
| Cash and cash equivalents at the beginning of the year | | – |
| Cash and cash equivalents at the end of the period | | 7,848 |

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take exemption under FRS 102, para 1.12 (b) not to present the Company Statement of Cash Flows.

The notes on pages 23 to 49 form part of these financial statements.

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

1. GENERAL INFORMATION

The Company is a private company limited by shares and the registered address and principal place of business is Exhibition House, Addison Bridge Place, London, W14 8XP.

The Company was incorporated on 29 November 2018.

The Group consists of CSM Finance Limited and all of its subsidiaries (note 13).

2. ACCOUNTING POLICIES

Basis of Preparation

The Group and Company financial statements have been prepared on a going concern basis in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

These consolidated financial statements are the first period of accounts presented for the period 29 November 2018 to 31 December 2019, hence there are no comparatives. The Group commenced from 19 December 2018 and the trading results are consolidated from this date.

The financial statements are prepared and presented in pound sterling, which is the functional currency of the entity and the Group, and all monetary amounts have been rounded to the nearest £'000.

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed on page 31.

Company Statement of Comprehensive Income

As permitted by s408 of the Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income.

Basis of Consolidation

The consolidated financial statements incorporate those of CSM Finance Limited and all of its subsidiary undertakings for the period ended 31 December 2019. Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2019.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the accounting policies used by the Group.

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

2. ACCOUNTING POLICIES *(continued)*

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities and contingent liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

Going Concern

At 31 December 2019, the Group's financing arrangements consist of a £110m term loan, a £35m CAPEX facility of which £5.1m had been drawn down, a £5m revolving credit facility and £6.5m of management loan notes. A further draw down of the CAPEX facility was undertaken on 10 January 2020 to fund the acquisition of Spring Messe and then a second drawdown on 28 May 2020 for the 2020 capex and reorganisation requirements, with the main requirement being to support the ERP improvement project (note 27).

The Group is cash generative, supported by a cash inflow from operating activities of £15.8m. The Group has net current liabilities of £21.1m and made a loss before tax of £23.7m due to the impact of non-cash charges, mainly accrued interest on loan notes and amortisation of goodwill and intangible assets.

In response to COVID 19, the Group have modelled various scenarios (described below). To mitigate the risk of any potential liquidity or covenant breaches that could have arisen from these scenarios, management have worked with Providence Equity Partners (PEP) to develop a temporary amendment to the Senior Finance Agreement (SFA) with Hayfin Services LLP, the principal lender, which ensures that, under the scenarios described below, sufficient liquidity and covenant compliance is maintained throughout the going concern period. As part of this agreement, the Group has secured a liquidity commitment from their majority owners (note 27).

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group, under the revised terms of the SFA, will be able to operate within the level of its facilities for at least 12 months from the approval date of these Consolidated Financial Statements. Accordingly, the Group continues to adopt the going concern basis in preparing its Consolidated Financial Statements.

The uncertainty as to the future impact on the Group of the recent COVID-19 outbreak has been considered as part of the Group's adoption of the going concern basis. The board has developed a base case scenario of the likely impact of COVID-19 on the Group's results. In preparing this analysis the following key assumptions were used: no physical or virtual/online events from 12th March 2020 through to the end of the financial year and a reduction in the fixed cost staff base including the utilisation of government schemes both in the UK and overseas. Management continue to review their assumptions and monitor for updates to local regulations, but have the expectation that social distancing measures are expected to continue in some form through to the end of December 2020 and therefore the stress test scenario is that no events will be able to run this year in their current form. Under this scenario, the Group does not forecast to breach any financial covenant under the revised terms of the SFA.

The board have developed a further extreme but plausible downside scenario in order to assess the group's ability to continue as a going concern. This scenario is so extreme, but ultimately plausible, assuming it will not be possible to run any physical or virtual events in the next 12 months, with an offset of further fixed base cost reductions. Under this extreme downside scenario, the Group maintains sufficient liquidity and continued covenant compliance.

This extreme downside scenario is currently considered highly unlikely. However, it is difficult to predict the overall outcome and impact of COVID-19 at this stage.

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

2. ACCOUNTING POLICIES *(continued)*

Q1 Shows in 2020 performed strongly with the Learning Technology events delivering revenue growth of 10% in the UK and 29% in France. Both events had very strong rebook rates for 2021 and confidence remains as bookings continue to support the Q1 2021 events. The Group is also developing virtual and hybrid events to support its important customer base and to be able to continue to deliver great content to an audience who remain keen to stay up to date on CPD or latest technologies.

The initial assessment indicated the possibility of uncertainties in relation to the Group's ability to maintain sufficient liquidity and meet its covenant obligations. However, after reviewing the most recent projections and the sensitivity analysis and having carefully considered the uncertainty and the mitigating actions available with the support from PEP, the directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

Foreign Currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All translation differences are taken to the profit and loss account, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

The assets and liabilities of foreign subsidiary undertakings are translated into the Group's presentation currency at the rates of exchange ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

Revenue

Revenue is recognised when the exhibition takes place and is recognised at the fair value of the consideration received or receivable for sale of services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Revenue is shown net of Value Added Tax.

Revenue is recognised in relation to separately identifiable components of a single transaction when necessary to reflect the substance of the arrangement and in relation to two or more linked transactions when necessary to understand the commercial effect.

Contra revenue is recognised when a service is provided to a customer in exchange for goods and services provided to the Group. These transactions are recognised at fair value.

Any amounts received prior to the exhibition being held are deferred and included in creditors until the exhibition takes place. Direct expenditure incurred in relation to the exhibitions is also deferred to match the corresponding revenue.

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These items are material by size or nature and non-recurring. These are disclosed separately to provide further understanding of the financial performance of the Group.

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

2. ACCOUNTING POLICIES *(continued)*

Intangible Assets

Goodwill represents the excess of the consideration for an acquired undertaking or acquired trade and assets, compared with the fair value of net assets acquired. Goodwill is capitalised and written off evenly over 10 years as in the opinion of the directors this represents the period over which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisitions and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets arising on a business combination, being those assets acquired at the fair value on the acquisition date, are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Marketing related intangible assets are defined as those assets that are primarily used in the marketing or promotion of products or services. This is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Customer related intangible assets may consist of customer lists, order or production backlogs, customer contacts and relationships, and non-contractual customer relationships. This is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Capitalised exhibition licence expenditure is initially recorded at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

The Group capitalises expenditure on websites for its exhibition events.

Amortisation is provided on intangible fixed assets as to write off the cost or valuation over their expected useful economic life as follows:

| | |
|---|--|
| Marketing related | 15 years, straight line basis |
| Customer related – Customer relationships | 10 years, straight line basis |
| Customer related – Order backlogs | 1 year |
| Licences | 10 years or the term of the lease, straight line basis |
| Websites | 3 years straight line basis |
| Other intangible assets | between 3 and 5 years, straight line basis |

Tangible Fixed Assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

| | |
|------------------------|--|
| Office equipment | between 3 and 5 years, straight line basis |
| Fixtures and fittings | between 3 and 5 years, straight line basis |
| Leasehold improvements | 5 years, straight line basis |

Impairment

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

2. ACCOUNTING POLICIES *(continued)*

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. All impairment losses are recognised in the profit and loss account.

Finance Costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Investments in subsidiaries

Fixed asset investments are stated at historical cost less provision for any permanent diminution in value.

In the financial statements of the Company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairments, losses or reversals of impairment are recognised immediately in profit or loss.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting year. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current period. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax is recognised in differences between the value of assets (other intangibles, goodwill and liabilities) recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against Goodwill.

Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

2. ACCOUNTING POLICIES *(continued)*

systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The companies within the Group that have employees, have a defined contribution pension scheme, the terms of which are identical across all companies concerned. The amount charged to profit and loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Employee share ownership plans

The Group operates one Employee Share Scheme (ESS):

The shares are held in an Employee Benefit Trust (EBT) outside the Group, the Company has de facto control of the shares held by the trust and bears their benefits and risks. The Company records *assets and liabilities of the trust as its own*. Consideration paid for the shares is shown within reserves. Finance costs and administrative expenses incurred by the Company in relation to the ESS are recognised on an accrual's basis.

Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the expected vesting period. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions) and non-vesting conditions. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity. Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period.

In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

2. ACCOUNTING POLICIES *(continued)*

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the profit and loss account for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the profit and loss account. The financial effect of awards by the parent company of its equity shares granted to the employees of subsidiary undertakings are recognised by the parent company in its individual financial statements. In particular the parent company records an increase in its investment in subsidiaries with a credit to equity equivalent to the cost in the subsidiary undertakings.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

i. Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

ii. Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. *The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.*

iii. Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

2. ACCOUNTING POLICIES *(continued)*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

iv. Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Classification of financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Loan notes, bank loans and preference shares are recorded at amortised cost.

Transaction costs incurred in securing loan notes are measured at amortised cost, and deducted from the value of the loan notes. The difference between the liability recognised and the principal payable at maturity is recognised as an interest expense over the expected life of the instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost. Interest is recognised on the basis of the effective interest method. Interest expense is included in interest payable and similar charges.

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within the interest payable and similar charges.

Share capital

Ordinary shares are classified as equity.

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

2. ACCOUNTING POLICIES *(continued)*

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- a) Fair value of acquisitions (note 22)
The fair value of tangible and intangible assets acquired on the acquisitions of businesses involves the use of valuation techniques and the estimation of future cash flows to be generated over a number of years and also a selection of appropriate discount rates in order to calculate the net present value of those cash flows. In addition, the estimation of the contingent consideration payable using the estimation of the level of profitability is often required.
- b) Impairment of intangible assets and goodwill (note 11)
Annually, the Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified, the estimation of the recoverable value requires estimation of the recoverable value of the relevant cash generating units (CGUs) based on their value in use. This requires estimation of the future cash flows from the CGUs and also a selection of appropriate discount rates in order to calculate the net present value of those cash flows.
- c) Provision for deferred tax (note 19)
Provision is made for deferred taxation based on the estimated fair value of intangible assets on acquisitions. This requires applying enacted corporation tax rates to the estimation of the future amortisation profile. The provision and assumptions are reviewed annually to reflect any changes in the current and future amortisation profile and changes in enacted corporation tax rates.
- d) Share based payments (note 6)
The fair value of shares granted to employees involves the use of valuation techniques to estimate the share value at the time of grant. The fair value of the shares issued during the year is determined by third party experts using a Black Scholes model at the date of grant. In addition, the estimation of attrition rates of employees and the expected period of ownership is also required in calculating the charge for each accounting period. This estimate of the attrition rate of employees is reviewed annually using experience of actual attrition rates since the share grants.
- e) Going concern
The directors' assessment of Group's ability to continue as a going concern involved the estimation of future sales, expenses, taxation and cash flows in order to meet its obligations as they fall due. The impact of COVID-19 on these results also involves the use of estimates. Both the timing and value of these estimates could have a significant impact on the Group.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

3. REVENUE

The Group's turnover and loss before taxation for the period 29 November 2018 to 31 December 2019 were all derived from its principal activity. Sales were derived from events held in geographical locations, as follows:

| | £'000 |
|----------------|---------------|
| United Kingdom | 41,509 |
| USA | 11,773 |
| France | 6,129 |
| Germany | 4,806 |
| Singapore | 4,787 |
| Hong Kong | 2,076 |
| Spain | 627 |
| Total | 71,707 |

Analysis of turnover by category was as follows:

| | £'000 |
|--------------------------|---------------|
| Space and shell revenue | 43,185 |
| Sponsors revenue | 11,480 |
| Conference fees | 9,844 |
| Contra revenue | 2,230 |
| Other revenue | 2,089 |
| Catalogue and show guide | 1,927 |
| Insurance and inspection | 952 |
| Total | 71,707 |

4. OPERATING LOSSES - CONTINUING

The operating loss from continuing operations is stated after charging:

| | £'000 |
|--|--------|
| Amortisation of goodwill | 15,978 |
| Amortisation of intangible assets - Website | 359 |
| Amortisation of intangible assets - Licences and other intangible assets | 375 |
| Amortisation of intangible assets - Marketing related intangible assets | 11,707 |
| Amortisation of intangible assets - Customer related intangible assets | 4,095 |
| Depreciation of tangible fixed assets | 507 |
| Auditors' remuneration - taxation advisory services | 111 |
| Auditors' remuneration - statutory audit | 213 |
| Operating lease expense | 1,335 |
| Share based payments | 797 |
| Net foreign exchange losses | 289 |

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

5. EXCEPTIONAL ITEMS

| | £'000 |
|--------------|------------|
| Impairment | 189 |
| Total | 189 |

The impairment charge relates to the investment in X-Border Insight Limited. This company was dissolved on 26 February 2019 and the X-Border event is now being run in CloserStill E-Commerce Limited, the previous parent company of X-Border Insight Limited.

6. STAFF COSTS

The average number of monthly employees (including the executive directors) during the period were:

| | No. |
|----------------|------------|
| Administration | 289 |
| Management | 8 |
| | 297 |

| | £'000 |
|---|---------------|
| Employee costs during the year amounted to: | |
| Wages and salaries | 14,978 |
| Social security costs | 1,243 |
| Other pension costs | 448 |
| Share based payment | 797 |
| | 17,466 |

Directors' remuneration:

| | £'000 |
|--|-------|
| The Directors' remuneration for the year was as follows: | |
| Aggregate remuneration | 660 |
| Highest paid director: | |
| Aggregate remuneration | 641 |

The Group operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pension provider. The total pension contributions paid during the period amounted to £360,034. The amount of pension contributions due but not paid over the pension scheme at the period end was £42,144.

Post-employment benefits are accruing for one director under a defined contribution scheme.

Two directors received shares under share purchase schemes.

The Group operates one share-based payment scheme for its employees.

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

6. STAFF COSTS (continued)

Share Purchase Scheme

Certain qualifying employees participate in the share purchase scheme, where they are offered shares at a nominal value, subject to management appraisal and the terms of their service. The Group makes grants of shares on an irregular basis and it is a condition of the scheme that at the discretion of management shares are returned when employees leave. Shares in Closerstill Group Limited (formerly CSM Topco Limited), were granted to certain employees to replace the former scheme. The number of shares granted was 267,648 with a weighted average valuation of £22.37. The charge recognised during the period was £796,753.

| | No. of shares | Weighted valuation per share |
|--|------------------|------------------------------------|
| Granted in the period | 267,648 | £22.37 |
| Forfeited in the period | (188) | £20.63 |
| Outstanding at 31 December 2019 | 267,460 | £22.37 |

Measurement of fair value

The Group is unable to directly measure the fair value of employee services received. Instead, the fair value of the shares issued during the year is determined by third party experts using a Black Scholes model at the date of grant.

7. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The key management personnel of the Group are considered to be the directors. Total remuneration of directors is stated in Note 6 to these financial statements.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

| | £'000 |
|---------------|-----------|
| Bank interest | 11 |
| | 11 |

9. INTEREST PAYABLE AND SIMILAR EXPENSES

| | £'000 |
|---|--------------|
| Interest on bank loan | 7,170 |
| Other interest payable | 94 |
| Monitoring fees | 5 |
| Commitment fees | 606 |
| Amortisation of borrowings arrangement fees | 672 |
| | 8,547 |

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

10. TAX ON LOSS

a) Income tax

| | £'000 |
|--|----------------|
| <i>Current income tax</i> | |
| Current tax on loss for the year | 3,031 |
| Total current income tax charge | 3,031 |
| <i>Deferred tax</i> | |
| Reversal of timing differences (<i>see note 19</i>) | (2,260) |
| Impact of change in tax rate | — |
| Total deferred tax credit | (2,260) |
| Tax charge in the Consolidated Income Statement | 771 |

b) Reconciliation of income tax charge/(credit)

| | £'000 |
|---|---------------|
| Loss before income tax | (23,665) |
| Standard tax rate | 19.00% |
| Loss before tax multiplied by standard tax rate | (4,496) |
| Effects of: | |
| Expenses not deductible for tax purposes | 4,922 |
| Capital allowances in excess of depreciation | 23 |
| Amortisation of intangibles recognised on acquisition | 2,224 |
| Overseas tax rate adjustment | 358 |
| Current tax charge | 3,031 |

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). This included a reduction to the main rate of corporation tax to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using this enacted tax rate and are reflected in these financial statements.

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

11. INTANGIBLE ASSETS

| Group | Goodwill £'000 | Marketing related intangible assets £'000 | Customer related intangible assets - Customer relationships £'000 | Customer related intangible assets - Order backlogs £'000 |
|--|-------------------|---|---|---|
| Cost: | | | | |
| On acquisition (note 22) | 158,934 | 178,270 | 24,186 | 1,590 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Foreign exchange | (814) | - | - | - |
| 31 December 2019 | 158,120 | 178,270 | 24,186 | 1,590 |
| Accumulated Amortisation: | | | | |
| Charge for the period | 15,978 | 11,707 | 2,505 | 1,590 |
| Disposals | - | - | - | - |
| Impairment (note 5) | 189 | - | - | - |
| Foreign exchange | - | - | - | - |
| 31 December 2019 | 16,167 | 11,707 | 2,505 | 1,590 |
| Net book value 31 December 2019 | 141,953 | 166,563 | 21,681 | - |

| Group | Website £'000 | Licences and other intangibles £'000 | Assets under construction £'000 | Total £'000 |
|--|------------------|---|---------------------------------------|----------------|
| Cost: | | | | |
| On acquisition (note 22) | 481 | 1,469 | - | 364,930 |
| Additions | 206 | 330 | 322 | 858 |
| Disposals | - | - | - | - |
| Foreign exchange | (9) | (33) | - | (856) |
| 31 December 2019 | 678 | 1,766 | 322 | 364,932 |
| Accumulated Amortisation: | | | | |
| Charge for the period | 359 | 375 | - | 32,514 |
| Disposals | - | - | - | - |
| Impairment (note 5) | - | - | - | 189 |
| Foreign exchange | (8) | (10) | - | (18) |
| 31 December 2019 | 351 | 365 | - | 32,685 |
| Net book value 31 December 2019 | 327 | 1,401 | 322 | 332,247 |

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

11. INTANGIBLE ASSETS (continued)

Goodwill, Marketing related intangible assets and Customer related intangible assets are allocated across multiple Cash Generating Units which represent the verticals in which the Group is managed by the board of directors.

The Group consists of five separate Cash Generating Units (CGU's) which are as follows:

- i) CGU 1: Healthcare & Medical;
- ii) CGU 2: Vet;
- iii) CGU 3: Technology;
- iv) CGU 4: Learning Technology; and
- v) CGU 5: Ecommerce

This consequently provides a consistent approach to performing an annual impairment test to assess the carrying value of these intangible assets. This value was determined by comparing the carrying value of the asset with the higher of its fair value and value in use (which value is determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions): Future cash flows were projected into perpetuity with reference to the Group's forecasts looking out to 2024. The 2019 forecast was derived from the Group budget, approved by the Board. The 2021-2024 forecasts represent a projection from the 2020 bottom-up forecast. The results of the impairment review indicated that the value in use of each of the CGU's is in excess of the carrying values and therefore no impairment charge has been recognised.

For the purpose of the impairment testing, a growth rate of 2% has been assumed beyond the five-year forecast period. The discount rate is estimated to reflect current market estimates of the time value of money and is calculated after consideration of market information and risk adjusted for individual circumstances. The pre-tax discount rates used for each CGU is 11%.

12. TANGIBLE ASSETS

| Group | Leasehold improvements £'000 | Office equipment £'000 | Fixtures and fittings £'000 | Total £'000 |
|--|---------------------------------|---------------------------|--------------------------------|----------------|
| Cost: | | | | |
| On acquisition (note 22) | 99 | 331 | 242 | 672 |
| Additions | 203 | 282 | 483 | 968 |
| Disposals | - | - | - | - |
| Foreign exchange | - | - | (16) | (16) |
| 31 December 2019 | 302 | 613 | 709 | 1,624 |
| Accumulated Depreciation: | | | | |
| Charge for the period | 69 | 275 | 163 | 507 |
| Disposals | - | - | - | - |
| Foreign exchange | 9 | (1) | (18) | (10) |
| 31 December 2019 | 78 | 274 | 145 | 497 |
| Net book value 31 December 2019 | 224 | 339 | 564 | 1,127 |

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

13. INVESTMENTS IN SUBSIDIARIES

Company

| Cost and Net Book Value | Shares in group undertakings £'000 |
|----------------------------|---------------------------------------|
| At 29 November 2018 | — |
| Additions | 192,235 |
| At 31 December 2019 | 192,235 |

On 19 December 2018 CloserStill Exhibitions Limited acquired CloserStill Media Holdings Limited and all associated subsidiary companies.

The consolidated financial statements include the results of all subsidiaries as listed below. Certain subsidiaries have taken the exemption from an audit for the year ended 31 December 2019 by virtue of s479A of Companies Act 2006. In order to allow these subsidiaries to take the audit exemption, CSM Finance Limited has provided a guarantee to these subsidiaries, in accordance with s479C. This guarantees that CSM Finance Limited will support these subsidiaries in full going forward, will not recall any loans and will provide financial support if it should be required. The subsidiaries which have taken an exemption from an audit for the year ended 31 December 2019 by virtue of s479A Companies Act 2006 are noted in the table below.

| Company | Effective share holding | Registered | Principal activity |
|---|-------------------------|------------------------|------------------------------|
| ^CloserStill Finance Limited | 100% | England ¹ | Intermediary holding company |
| ^CloserStill Acquisitions Limited | 100% | England ¹ | Intermediary holding company |
| ^CloserStill Cloud Expo Europe France Limited | 100% | England ¹ | Organisation of exhibitions |
| ^CloserStill Smart IOT Limited | 100% | England ¹ | Organisation of exhibitions |
| ^CloserStill Cloud Security Expo Limited | 100% | England ¹ | Organisation of exhibitions |
| ^German Vet Limited | 100% | England ¹ | Organisation of exhibitions |
| ^CloserStill E-Commerce Limited | 90% | England ¹ | Organisation of exhibitions |
| *CloserStill Learning GmbH | 100% | Germany ² | Intermediary holding company |
| *OEB Learning Technologies Europe GmbH | 100% | Germany ² | Organisation of exhibitions |
| ^CloserStill Media 1 Limited | 100% | England ¹ | Intermediary holding company |
| ^CloserStill Media 2 Limited | 100% | England ¹ | Intermediary holding company |
| ^CloserStill Media 3 Limited | 100% | England ¹ | Intermediary holding company |
| ^France Vet Limited | 100% | England ¹ | Organisation of exhibitions |
| ^CloserStill Media Limited | 100% | England ¹ | Organisation of exhibitions |
| *CloserStill Learntech Asia Pte. Limited | 90% | Singapore ³ | Organisation of exhibitions |
| *Cloud Expo Asia Pte. Limited | 100% | Singapore ³ | Organisation of exhibitions |
| ^CloserStill Nominees Limited | 100% | England ¹ | Holder of employee shares |
| ^CloserStill Powering The Cloud Limited | 100% | England ¹ | Organisation of exhibitions |
| ^Pharmagora Limited | 100% | England ¹ | Organisation of exhibitions |
| *CloserStill Media Hong Kong Limited | 100% | Hong Kong ⁴ | Organisation of exhibitions |
| ^CloserStill Big Data Limited | 100% | England ¹ | Organisation of exhibitions |

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

13. INVESTMENTS IN SUBSIDIARIES (continued)

| | | | |
|--|--------|----------------------|------------------------------|
| *CloserStill Vet US LLC | 100% | USA ⁵ | Organisation of exhibitions |
| *CloserStill France SARL | 100% | France ⁶ | Organisation of exhibitions |
| *^DE France Limited | 85% | England ¹ | Organisation of exhibitions |
| *Big Data World Europe GmbH | 50.01% | Germany ² | Organisation of exhibitions |
| *^Closerstill France Limited | 100% | England ¹ | Intermediary holding company |
| *CloserStill MVM LLC | 80% | USA ⁷ | Intermediary holding company |
| *Modern Veterinary Media Inc | 80% | USA ¹⁰ | Organisation of exhibitions |
| *Wild West Veterinary Conference LLC | 80% | USA ¹⁰ | Organisation of exhibitions |
| *Chicagoland Veterinary Conference LLC | 80% | USA ¹⁰ | Organisation of exhibitions |
| *CloserStill Learning Technologies LLC | 100% | USA ⁷ | Intermediary holding company |
| *CSM Learning LLC | 100% | USA ⁸ | Organisation of exhibitions |
| *FocusZone Media Inc | 80% | USA ⁹ | Organisation of exhibitions |
| *^CloserStill Exhibitions Limited | 100% | England ¹ | Intermediary holding company |
| *^CloserStill Media Holdings Limited | 100% | England ¹ | Intermediary holding company |
| *^Healthcare Publishing & Events Limited | 100% | England ¹ | Organisation of exhibitions |
| *Interalia, Ferias Profesionales y Congresos, S.A. | 80% | Spain ¹¹ | Organisation of exhibitions |
| *Closerstill Tecnologia SL | 100% | Spain ¹¹ | Organisation of exhibitions |

The subsidiaries in the table above are included in the consolidated financial statements.

Key to the above table:

*Held indirectly through subsidiaries of the Company.

^Subsidiaries audit exempt under s479A-C of the Companies Act 2006

¹Address: Exhibition House, Addison Bridge Place, London, W14 8XP

²Address: Leibnizstrasse 32, 10625 Berlin

³Address: 138 Cecil Street, 12-01A Cecil Court, Singapore 069538

⁴Address: 2201-07, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

⁵Address: 33 Irving Place, New York, NY, 10003, USA

⁶Address: 115 Rue de Cardinet, 75017 Paris, France

⁷Address: 1675 S State St Ste B, Dover, Kent, DE, USA, 19901

⁸Address: 3500 S Dupont Hwy, Dover, Kent, DE, USA, 19901

⁹Address: 8932 Oak Grove Ave, Sebastopol, CA, USA, 95472

¹⁰Address: 10 S Jefferson St, Ste 1400, Roanoke, VA, 24011

¹¹Address: Ave. Diagonal. 474 08006 Barcelona. Spain

CSM Finance Limited

Notes to the Consolidated Financial Statements

For the period 29 November 2018 to 31 December 2019

14. DEBTORS

| | <u>Group</u> | <u>Company</u> |
|------------------------------------|---------------|----------------|
| | 2019 | 2019 |
| | £'000 | £'000 |
| Trade debtors | 15,460 | - |
| Amounts owed by group undertakings | 529 | - |
| Other debtors | 926 | - |
| Prepayments and accrued income | 2,969 | - |
| | 19,884 | - |

The amounts owed by Group Undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on written demand by the Company.

Trade debtors are shown above net of a provision for doubtful debts of £552k.

15. CASH AND CASH EQUIVALENTS

| | <u>Group</u> | <u>Company</u> |
|---------------------------|--------------|----------------|
| | 2019 | 2019 |
| | £'000 | £'000 |
| Cash and cash equivalents | 7,848 | - |
| | 7,848 | - |

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | <u>Group</u> | <u>Company</u> |
|------------------------------------|---------------|----------------|
| | 2019 | 2019 |
| | £'000 | £'000 |
| Trade creditors | 3,350 | - |
| Amounts owed to Group undertakings | 68 | - |
| Other taxation and social security | 466 | - |
| Other creditors | 1,569 | - |
| Corporation tax | 2,142 | - |
| Accruals and deferred income | 35,546 | - |
| Bank loans and overdrafts | 5,712 | - |
| | 48,853 | - |

The amounts owed to Group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on written demand by the counterparty.

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17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group | Company |
|---------------------------|----------------|----------------|
| | 2019 | 2019 |
| | £'000 | £'000 |
| Bank loans and overdrafts | 111,233 | - |
| | 111,233 | - |

Included in borrowings is a bank loan of £110m which is subject to interest at the rate of LIBOR plus 5.25%. The Group also has a £35m acquisition facility of which £5.1m has been utilised in the period, and this is subject to interest at the rate of EURIBOR plus 5.25%. The maturity date for these loans is 19 December 2025. The Group has a revolving credit facility of £5m which is subject to an interest rate of 3% and has a maturity date of 19 December 2023. The Group bank loans are shown net of funding fees of £3.9m.

18. FINANCIAL INSTRUMENTS

The carrying amount of the financial instruments were:

| | Group | Company |
|--|----------------|----------------|
| | 2019 | 2019 |
| | £'000 | £'000 |
| Financial assets that are debt instruments measured at amortised costs: | | |
| Trade debtors (note 14) | 15,460 | - |
| Cash at bank and in hand | 7,848 | - |
| | 23,308 | - |
| Financial liabilities measured at amortised cost: | | |
| Trade creditors (note 16) | 3,350 | - |
| Bank loans and overdrafts (note 16 & 17) | 116,945 | - |
| | 120,295 | - |

19. PROVISION FOR DEFERRED TAX

Deferred tax

Deferred tax primarily relates to timing differences on acquired intangible assets and reverses proportionately in line with the amortisation profile of the asset and the expected corporation tax rates.

| Group | Intangible assets | Accelerated capital allowances | Total |
|--------------------------|--------------------------|---------------------------------------|---------------|
| | £'000 | £'000 | £'000 |
| On acquisition | 31,469 | 43 | 31,512 |
| Credit in year (note 10) | (2,237) | (23) | (2,260) |
| 31 December 2019 | 29,232 | 20 | 29,252 |

Provision for deferred taxation has been made up as follows:

| | | | |
|--------------------------|---------------|-----------|---------------|
| Deferred tax liabilities | 29,232 | 20 | 29,252 |
| 31 December 2019 | 29,232 | 20 | 29,252 |

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20. CALLED UP SHARE CAPITAL

Group and Company

| | No: | £ |
|-------------------------------------|--------------------|------------------|
| Amounts presented in equity: | | |
| Ordinary Shares of £0.01 | 192,235,630 | 1,922,356 |
| | 192,235,630 | 1,922,356 |

On 29 November 2018, 100 £0.01 Ordinary shares were issued for cash at par. On 19 December 2018, 192,235,530 £0.01 Ordinary shares were issued at a premium of £0.99 each resulting in a share premium account of £190,313,175.

Share rights

Voting – Shares rank equally for voting purposes. Each member shall have one vote and on a poll each member shall have one vote per share held.

Dividends – Each share ranks equally for any dividend declared.

Distribution rights on a winding up – Each share ranks equally for any distribution made on a winding up.

21. RESERVES

Share premium – The reserve records the amount above the nominal value received for shares sold, less transaction costs.

Translation reserve – comprises all foreign exchange differences arising on translation of the financial statements of foreign operations into the reporting currency of the Group.

Other reserves – This reserve records the Company's own shares held by one of its subsidiaries for the benefit of the Group's employees.

Profit and loss account – This reserve records retained earnings and accumulated losses.

22. BUSINESS COMBINATIONS

The Group made a number of investments during the year in relation to the acquisition of established exhibitions to expand the market share and geography of the Group's activities. Management have assessed the estimated useful life of the goodwill on these acquisitions to be in excess of 10 years and will amortise the goodwill over 10 years in line with the Group policy.

The following tables summarise the details of the acquisitions, the consideration paid or payable by the Group, the fair value of assets acquired, liabilities assumed and the non-controlling interests at the acquisition date:

CloserStill Media Holdings Limited

On 19 December 2018, the Group acquired control of the CloserStill Media Holdings Limited group of companies through a purchase of 100% of the share capital for total consideration of £127,848k. CloserStill Media Holdings Limited (formerly CloserStill Group Limited) was the previous ultimate parent company of the CloserStill group of companies. Included in the Consolidated Income Statement for the trading of the CloserStill Media Holdings Limited group of companies is revenue of £70,132k and a loss of £15,505k.

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22. BUSINESS COMBINATIONS (continued)

| Consideration at 19 December 2018: | £'000 |
|------------------------------------|----------------|
| Cash | 108,474 |
| Shares | 14,007 |
| Deferred consideration | 2,357 |
| Directly attributable costs | 3,010 |
| Total consideration | 127,848 |

| For cash flow disclosure purposes the amounts are disclosed as follows: | £'000 |
|---|----------------|
| Cash consideration | 127,848 |
| Less: cash and cash equivalents acquired | (8,552) |
| Net cash outflow | 119,296 |

Recognised amounts of identifiable assets acquired and liabilities assumed:

| | Book values | Adjustments | Fair value |
|--|------------------|----------------|-----------------|
| | £'000 | £'000 | £'000 |
| Intangibles | 1,950 | 191,720 | 193,670 |
| Property, plant and equipment | 655 | - | 655 |
| Trade and other receivables | 15,896 | - | 15,896 |
| Cash and cash equivalents | 8,552 | - | 8,552 |
| Trade and other payables | (52,554) | - | (52,554) |
| Bank loans | (159,489) | - | (159,489) |
| Deferred tax liabilities | - | (28,495) | (28,495) |
| Total identifiable net (liabilities)/assets | (184,990) | 163,225 | (21,765) |
| Non - controlling interest | | | (3,155) |
| Goodwill | | | 152,768 |
| Total consideration | | | 127,848 |

Deferred consideration for the purchase of the minority interest in CSM Learning LLC, the payment was split across four equal instalments ending on 31 December 2019.

The adjustments relate to the fair value adjustments of identified intangible assets acquired as part of the acquisition and the associated deferred tax liabilities. This fair value adjustment is split between marketing related and customer related intangible assets, as the intangible assets which can be separately identified on acquisition. Marketing related intangible assets are defined as those assets which are primarily used in the marketing or promotion of services. Customer related intangible assets may consist of customer lists, order backlogs, customer contracts and relationships, and non-contractual customer relationships.

CSM Finance Limited

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22. BUSINESS COMBINATIONS (continued)

CloserStill Technologia SL

On 3 July 2019, the Group acquired control of CloserStill Technologia SL through a purchase of 100% of the trade and assets for total consideration of £2,626k. CloserStill Technologia SL organises the eBarcelona, eMadrid, eForum, and Top300 shows in Spain. This is complementary to the group's existing Technology business stream. Included in the Consolidated Income Statement for the trading of CloserStill Technologia SL is revenue of £627k and profit of £19k.

| Consideration at 3 July 2019: | £'000 |
|-------------------------------|--------------|
| Cash | 1,162 |
| Deferred consideration | 1,200 |
| Directly attributable costs | 264 |
| Total consideration | 2,626 |

| For cash flow disclosure purposes the amounts are disclosed as follows: | £'000 |
|---|--------------|
| Cash consideration | 1,162 |
| Deferred consideration | 160 |
| Directly attributable costs | 264 |
| | 1,586 |
| Less: cash and cash equivalents acquired | (160) |
| Net cash outflow | 1,426 |

Recognised amounts of identifiable assets acquired and liabilities assumed:

| | Book values £'000 | Adjustments £'000 | Fair value £'000 |
|--------------------------------------|----------------------|----------------------|---------------------|
| Intangibles | - | 3,275 | 3,275 |
| Trade and other receivables | 336 | - | 336 |
| Cash and cash equivalents | 160 | - | 160 |
| Trade and other payables | (495) | - | (495) |
| Deferred tax liabilities | - | (819) | (819) |
| Total identifiable net assets | 1 | 2,456 | 2,457 |
| Goodwill | | | 169 |
| Total consideration | | | 2,626 |

Deferred consideration is contingent upon the EBITDA of the acquisition in years 2021 to 2024. This has been calculated in reference to a discounted EBITDA forecast for the years 2021 to 2024.

The adjustments relate to the fair value adjustments of identified intangible assets acquired as part of the acquisition and the associated deferred tax liabilities. This fair value adjustment relates to marketing related intangible assets which can be separately identified on acquisition. Marketing related intangible assets are defined as those assets which are primarily used in the marketing or promotion of services.

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22. BUSINESS COMBINATIONS (continued)

Healthcare Publishing & Events Limited

On 6 September 2019, the group acquired control of Healthcare Publishing & Events Limited through the purchase of 100% of the share capital for total consideration of £3,167k. Healthcare Publishing & Events Limited organises the Diabetes Professional Care conference in London. This is complementary to the group's existing Healthcare business stream. Included in the Consolidated Income Statement for the trading Healthcare Publishing & Events Limited is revenue of £948k and profit of £337k.

| | |
|---|--------------|
| Consideration at 6 September 2019: | £'000 |
| Cash | 2,880 |
| Directly attributable costs | 287 |
| Total consideration | 3,167 |

| | |
|--|--------------|
| For cash flow disclosure purposes the amounts are disclosed as follows: | £'000 |
| Cash consideration | 2,880 |
| Directly attributable costs | 287 |
| | 3,167 |
| Less: cash and cash equivalents acquired | (9) |
| Net cash outflow | 3,158 |

Recognised amounts of identifiable assets acquired and liabilities assumed:

| | Book values | Adjustments | Fair value |
|--|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 |
| Intangibles | - | 1,813 | 1,813 |
| Trade and other receivables | 619 | - | 619 |
| Cash and cash equivalents | 9 | - | 9 |
| Trade and other payables | (917) | - | (917) |
| Deferred tax liabilities | 12 | (310) | (298) |
| Total identifiable net (liabilities)/assets | (277) | 1,503 | 1,226 |
| Goodwill | | | 1,941 |
| Total consideration | | | 3,167 |

The adjustments relate to the fair value adjustments of identified intangible assets acquired as part of the acquisition and the associated deferred tax liabilities. This fair value adjustment relates to marketing related intangible assets which can be separately identified on acquisition. Marketing related intangible assets are defined as those assets which are primarily used in the marketing or promotion of services.

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22. BUSINESS COMBINATIONS (continued)

Interalia, Ferias Profesionales y Congresos, S.A.

On 18 October 2019, the group acquired control of Interalia, Ferias Profesionales y Congresos, S.A. through the purchase of 81% of the share capital for total consideration of £8,793k. Interalia, Ferias Profesionales y Congresos S.A. organises the Infarma show which alternates between Madrid and Barcelona, Spain. This is complementary to the group's existing Healthcare business stream. Included in the Consolidated Income Statement for the trading of Interalia, Ferias Profesionales y Congresos, S.A. is revenue of £nil and a loss of £151k.

| | |
|--|--------------|
| Consideration at 18 October 2019: | £'000 |
| Cash | 8,166 |
| Deferred consideration | 292 |
| Directly attributable costs | 335 |
| Total consideration | 8,793 |

| | |
|--|--------------|
| For cash flow disclosure purposes the amounts are disclosed as follows: | £'000 |
| Cash consideration | 8,166 |
| Directly attributable costs | 335 |
| | 8,501 |
| Less: cash and cash equivalents acquired | (1,632) |
| Net cash outflow | 6,869 |

Recognised amounts of identifiable assets acquired and liabilities assumed:

| | Book values | Adjustments | Fair value |
|--------------------------------------|-------------|--------------|--------------|
| | £'000 | £'000 | £'000 |
| Intangibles | - | 7,238 | 7,238 |
| Property, plant and equipment | 17 | - | 17 |
| Trade and other receivables | 488 | - | 488 |
| Cash and cash equivalents | 1,632 | - | 1,632 |
| Trade and other payables | (1,640) | - | (1,640) |
| Deferred tax liabilities | (49) | (1,810) | (1,859) |
| Total identifiable net assets | 448 | 5,428 | 5,876 |
| Non - controlling interest | | | (1,139) |
| Goodwill | | | 4,056 |
| Total consideration | | | 8,793 |

Deferred consideration is contingent upon the final and binding renewal of the venue in which the event is held, payable in 2021 and discounted to present value.

The adjustments relate to the fair value adjustments of identified intangible assets acquired as part of the acquisition and the associated deferred tax liabilities. This fair value adjustment relates to marketing related intangible assets which can be separately identified on acquisition. Marketing related intangible assets are defined as those assets which are primarily used in the marketing or promotion of services.

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23. COMMITMENTS UNDER OPERATING LEASES

The total future aggregate minimum lease payments under non-cancellable operating leases for each of the following periods are as follows:

| | Group |
|---------------------------|--------------|
| | 2019 |
| | £'000 |
| Within one year | 982 |
| Within one and five years | 1,261 |
| after five years | 88 |
| | 2,331 |

The Company has no commitment under operating leases.

The operating leases predominantly relate to properties in the UK, US, Singapore, Hong Kong, France, and Spain.

24. CAPITAL COMMITMENTS

As at 31 December 2019, the Group had capital commitments for an ERP system of £2,051k.

25. RELATED PARTY TRANSACTIONS

Transactions between the Group/Company and its related parties are disclosed below:

| | £'000 |
|---|---------------|
| Costs recharged by Group companies | 3,253 |
| Costs recharged to Group companies | 4,255 |
| Amounts owed by related parties at year end | 7,838 |
| Amounts owed to related parties at year end | 1,808 |
| | 17,154 |

Transactions comprised recharges for staff salaries, expenses and Group management charges.

Transactions with Director

Philip Soar, a director of the company, received £414,492 from the Company for services provided in relation to the sale of the Group in December 2018. This amount was funded by the former Institutional Shareholders.

The Director received an amount from the Company of £384,453 in respect of the sale of the Group to Providence Equity Partners VIII L.P. This cost was funded by the employee benefit trust out of the proceeds it received on the sale of the Group to the Company. Therefore, the net cost to the company in respect of these payments to the director was £53,055 being the employer's national insurance contributions.

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25. RELATED PARTY TRANSACTIONS *(continued)*

| Company | Closerstill Vet US LLC | Closerstill Vet US LLC |
|--|---------------------------|---------------------------|
| Non-controlling interest (NCI) acquired | 20.0% | 4.9% |
| Consideration | £'000 | £'000 |
| Initial consideration | 375 | - |
| Total consideration | 375 | - |
| Intangible fixed assets | 3,001 | 3,001 |
| Tangible fixed assets | 60 | 47 |
| Debtors | 2,563 | 2,144 |
| Cash | 142 | 333 |
| Creditors falling due in less than 1 year | (6,588) | (5,994) |
| Net liabilities | (822) | (469) |
| Share net liabilities acquired | (164) | (23) |
| Excess consideration over NCI | 211 | (23) |

On 21 November 2019, the Group acquired 4.9% of the share capital in Closerstill Vet US LLC, a company incorporated in the US. On 16 December 2019, the Group acquired the remaining 20.0% of the share capital in Closerstill Vet US LLC.

26. ULTIMATE CONTROLLING PARTY

The Group is owned by Providence Equity Partners (who own a controlling 65% stake) and by the management team and certain employees who retain the remaining equity.

The ultimate parent undertaking and ultimate controlling party is Providence Equity Partners VIII L.P. (Cayman Islands), which is one of the holding companies for Providence Fund VIII.

The immediate parent undertaking in the UK is CloserStill Group Limited (formerly CSM Topco Limited). The consolidated financial statements of CloserStill Group Limited (formerly CSM Topco Limited) are the largest group in which the Company was consolidated for the period ended 31 December 2019. Copies of the consolidated financial statements are publicly available from Companies House, Crown Way, Cardiff, CF14 3UZ.

27. EVENT OCCURRING AFTER THE BALANCE SHEET DATE

The Group acquired 100% of the share capital of Spring Messe on 17 January 2020 for a consideration of €12.8m. Spring Messe produces exhibition-led trade shows serving the HR sector in Germany.

On 10 January 2020 the Group utilised a further €15m of the acquisition facility bank loan which is subject to interest at a rate of EURIBOR plus 5.25%, to fund the Spring Messe acquisition.

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27. EVENT OCCURRING AFTER THE BALANCE SHEET DATE *(continued)*

On 28 May 2020 the group utilised a further £3.97m of the acquisition facility bank loan which is subject to interest at a rate of LIBOR plus 5.25%, for the 2020 capex and reorganisation requirements, with the main requirement being to support the ERP improvement project.

From the end of March 2020, the Group has been adversely affected by the global COVID-19 pandemic. As such, a temporary amendment to the Senior Financing Agreement has been agreed upon by Providence Equity Partners (PEP) and Hayfin Services LLP, whereby a coronavirus-related adjustment shall be made to covenant EBITDA related to all events scheduled through to June 2021, to enable compliance with those covenants.

A Bridge Liquidity arrangement is also in place through a PEP Equity Commitment Letter (with an availability of no less than £32m) for general corporate and working capital purposes of the Group to ensure it can maintain a minimum liquidity of £5m within the Group at each month end until such point that the Group can maintain liquidity to £5m and achieve covenants without the use of coronavirus adjustments to EBITDA. The Bridge Liquidity arrangement is also guaranteed by Citibank Europe PLC.

28. RECONCILIATION OF MANAGEMENT EBITDA

Management EBITDA* as presented in the strategic report can be reconciled to operating loss as follows:

| | £'000 |
|------------------------------|---------------|
| Continuing operating loss | (15,129) |
| Amortisation | 32,514 |
| Depreciation | 507 |
| Exceptional items | 189 |
| Management exceptional items | 2,305 |
| Foreign exchange | 289 |
| Share based payments | 797 |
| Management EBITDA* | 21,472 |

Management exceptional items reflect items which individually or, if of a similar type, in aggregate, are disclosed separately due to their size or incidence in order to obtain clear and consistent presentation of the Group's performance. Significant management exceptional costs during the year include one off costs relating to: business development costs in reviewing leads for new launches and potential acquisitions, i.e. costs that do not relate to the running of current year shows.

* Management EBITDA is a non-GAAP measure used to monitor the performance of the business and is defined as operating profit before depreciation, amortisation, management exceptional items and accounting for non-cash share-based payments to employees.