

COMPANY REGISTRATION NUMBER: 08952997

Pharmagora Limited
Unaudited Annual Report and Financial Statements
For the year ended 31 December 2020

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Pharmagora Limited
Annual Report and Financial Statements
Year ended 31 December 2020

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Pharmagora Limited
Officers and Professional Advisers

The board of directors

S J King
P W Soar
P J Nelson
M J Westcott

Company secretary

S J King

Registered office

Suite 17, Exhibition House
Addison Bridge Place
London
England
W14 8XP

Pharmagora Limited

Strategic Report

Year ended 31 December 2020

The directors submit their strategic report for Pharmagora Limited for the year ended 31 December 2020.

Principal activities

The principal activity of the Company during the year was organising exhibitions.

Review of business performance and key performance indicators

	2020 £	2019 £
Revenue	(36,237)	3,357,950
Gross (loss)/profit	(55,075)	2,237,735
(Loss)/Profit before taxation	(1,027,355)	896,708

The Company is part of the CloserStill Group and operates in its Vet, Healthcare, Medical, Learning technologies & Tech business sectors and has continued its principal activity into 2020.

Due to Government enforced Covid-19 restrictions from March 2020 impacting our events across the globe, the group was not able to deliver any large scale physical events after March 12th 2020 through to the end of the financial year. The last physical event to run in March 2020 was the UK Tech event at Excel. The Group very quickly conceived and delivered a number of virtual events to support markets in its key verticals of Healthcare and Tech. Whilst this was a successful approach in maintaining engagement with our customer base, the absence of live face to face exhibitions adversely affected the results. Year on year decline in turnover was 74% (2019: growth of 16.9%); the decline including the impact of acquisitions was 73% (2019: growth of 19.5%). The Group reported a loss in EBITDA for the year (2019: profit £21.5m with year on year increased margin of 29.9%).

Core to the Group's strategy is to continue to clone the UK's successful events into new geographies and to constantly evolve existing brands, particularly by keeping pace with the dynamic nature of the technology sector. This has continued through the pandemic in the healthcare sector, with a number of new events being launched including BVA Live, Future Surgery and Oncology Professional Care. Covid restrictions through 2020 had an adverse impact on the running of all physical events and therefore the Group utilised digital methods to continue to deliver value to customers and support market engagement. The drive to digital also allowed the Group to successfully build circa 58,000 new contacts and strengthen its databases adding further value to 2021 and 2022 physical events.

During 2020 the business rolled out a new ERP system across the Group. The investment in improving financial control and business reporting was planned pre pandemic, however despite the reduced trading and cashflow the business made the positive decision to continue with the planned investment. The Unit 4 system has significantly reduced the complexity of numerous varying systems across the group and now allows for easier consolidation, reporting and forecasting with more efficiency across the Group Finance function. The system went live in the UK on 1 December 2020 with the other International Regions following on 1 July 2021.

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

On 10 January 2020 the Group utilised €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.

Pharmagora Limited

Strategic Report *(continued)*

Year ended 31 December 2020

Outlook

Since September 2021, as government Covid related restrictions have generally eased across the globe, the Group has now run many successful physical events. Highlights have included the running in the UK of the recently acquired event London Dentistry Show at Olympia where the success of the event resulted in forward orders taken on-site for the 2022 event exceeding 200% of the total 2021 event orders.

The group has run physical events in 2021 in all the geographical markets it operates in, these have included the Clinical Pharmacy Congress at Excel London, Tech Show Paris, eShow Madrid and NY Vet along with further UK events at both the NEC and Excel such as Best Practice and Care Show, Occupational Therapy and the very well received London Vet Show.

All the events we have run since September 2021 have over delivered on our expectations and as such reinforces our view as to the undimmed demand for, and sustainability of, leading face to face events of the type that CloserStill operates. The group currently has an order book for 2022 that is in excess of the like for like point in the pre-Covid 2019/2020 cycle. We therefore consider it likely that the group could deliver revenues in 2022 in excess of that seen in 2019.

Management's current view is that whilst it expects some disruption to continue in its markets from Covid, it will be possible in 2022 to continue to run all events across the Group. Management are further confident in knowing that the Group's customers, exhibitors and delegates continue to demand as strongly as ever the face to face events that the Group operates, as demonstrated by the feedback to our recently run events and our current forward looking order book.

Results and dividends

The loss for the year and total comprehensive expense was £747,392 (2019 profit: £1,083,987). The directors do not recommend a dividend and none was paid during the year (2019: £Nil).

Financial risks

The Company's principal financial instruments comprise of amounts receivable and payable from and to other CloserStill group companies. The financial position of the Company is managed on a group basis by the directors of CloserStill Group Limited (formally CSM Topco Limited). The Group and therefore the Company has sufficient available financing facilities and remains strongly cash generative.

Pharmagora Limited

Strategic Report *(continued)*

Year ended 31 December 2020

Environment

CloserStill Group is committed to promoting sustainable corporate business practices, both within our offices and at our events. We encourage all individual businesses within the Group to take steps to consider and improve their impact as a whole, under a framework of 'People, Profit and the Planet'. This includes considering the impacts relating to customers, employees, suppliers and our investors in how we manage our events. Our work in this area is evolving as we re-establish live events following the disruption caused by the pandemic.

Within the Offices

The return to working from the offices has been managed in a Covid-safe environment and this has meant more cleaning of the premises throughout the day. The cleaning companies use environmentally friendly cleaning products to minimise the impact of this additional cleaning.

Employees are asked to recycle waste throughout the Group's offices. We are looking at energy saving efficiencies and have recently installed Smart meters in the London office.

The Group uses online meeting tools to keep travel to a minimum and employees are encouraged to use public transport where possible, when travelling to and from the office.

We have implemented printer controls to minimise unnecessary paper usage.

During the period of remote working, we have implemented an employee well-being programme and have introduced an Employee Assistance Programme to help employees who may be having difficulties at this time. We have trained Mental Health first aiders amongst the staff.

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.

Within our Events

The Events Industry has been working together to try to reduce the long-term environmental impact of running live events. This includes designing exhibitions stands with components that can be reused, re-using or re-cycling carpet, encouraging visitors to use public transport and minimising the food wastage from over ordering. The majority of marketing is now in digital rather than printed form. We aim to work with all our stakeholders to continue this progress.

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Strategic Report *(continued)*

Year ended 31 December 2020

Suppliers

Key Suppliers include the venues and specifically the NEC and Excel in the UK, Javits Centre and MGM Resorts in the USA and Marina Bay Sands in Singapore. These venues 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 HVAC, lighting and escalators.
- Reduced water consumption through automated taps and rainwater collection.
- Food waste used for onsite wormery.
- Green planted solar roof at Jarvits, to generate power, absorb rainwater and reduce heat build-up.

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) and Global Experience Specialists (GES) Ltd (UK). Freeman 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). Global Experience Specialists (GES) Ltd 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. 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.

Event supplies where possible are recycled or 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.

Where catering is provided for visitors and delegates, we work with the venues to communicate expected attendance numbers so as to limit over ordering and thus wastage.

Customers

Where possible we encourage exhibitors to take shell scheme stands or purpose-built stands with re-useable components and we are working with the stand builders to offer a wider range of 'turnkey' options.

For those customers who do choose 'freebuild' stands, we work with their contractors to ensure as much of the stand can be recycled as possible.

Furniture and electrical fittings on the stands provided by the official contractor are re-useable.

Employees

Following employee initiatives, 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.

Build Back better

As we return to live in-person events, CloserStill aims to put in place a medium-term sustainability plan with measurable targets and will report against these targets in future.

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Strategic Report *(continued)*

Year ended 31 December 2020

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 activities, Page 2 Review of business performance & key performance indicators, Page 2 Results and Dividends, Page 3 Financial risk management, Page 3 Directors' Report: Going concern, Page 7-8
(b) Our workforce -the interest of the Company's employees	Strategic Report: CloserStill's business relationships, Page 4-5
(c) Our business relationships -the importance of the Company's business relationships with suppliers, customers and others	Strategic Report: CloserStill's business relationships, Page 4-5
(d) The community and environment - the impact of the Company's operations on the community and the environment	Strategic Report: Environment, Page 3-5
(e) The company's reputation - the desire to maintain a reputation for high standards of business conduct	Strategic Report: CloserStill's business relationships, Page 4-5
(f) Fairness between Shareholders -the aim to act fairly as between members of the Company	Strategic Report: CloserStill's business relationships, Page 4-5

This report was approved by the board of directors on 6 December 2021 and signed on behalf of the board by:



S J King
Director

Registered office:
Suite 17, Exhibition House
Addison Bridge Place
London
England
W14 8XP

Pharmagora Limited

Directors' Report *(continued)*

Year ended 31 December 2020

The directors present their report and the unaudited Financial Statements of the company for the year ended 31 December 2020.

Principal activities

The principal activity of the company during the year was organising exhibitions.

Directors

The directors who served the company during the year were as follows:

S J King
P W Soar
P J Nelson
M J Westcott

Dividends

The directors do not recommend a dividend and none was paid during the year (2019 - £Nil).

Future developments

The Company's Strategic Report sets out the major events for the year to 31 December 2020, including the impact of COVID-19, and their expected impact on both future periods and subsequent to the 2020 year end to date. Enquiries and bookings for future editions of existing and new events are being taken, and these are increasing such that weekly bookings in September 2021 onwards are greater than at any point since February 2020.

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.

Events after the balance sheet date

There are no subsequent events to report after the balance sheet date.

Going concern

At 31 December 2020, the Company had net current liabilities of £249,533 (2019 net current assets: £497,404), net assets of £755,074 (2019: £1,782,429) and made a loss before tax of £1,027,355 (2019 profit: £896,708). The directors consider the Company to be a going concern on the basis that results of the Company since 31 December 2020 and forecasts prepared indicate that the Company is able to operate within its current facilities and with the support provided by the Group.

As part of the group's assessment of going concern at 31 December 2020, it has been considered that the Group's financing arrangements consist of a £110m term loan (2019: £110m term loan), a £35m (2019: £35m) CAPEX facility of which £17.1m (2019: £5.1m) had been drawn down, a £5m (2019: £5m) revolving credit facility and £7.2m (2019: £6.5m) of management loan notes. During the year, a drawdown 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.

Pharmagora Limited

Directors' Report *(continued)*

Year ended 31 December 2020

The Group is ordinarily highly cash generative but due to Covid-19 related restrictions for most of 2020, and into 2021, generation of cash was significantly reduced. The Group has net current liabilities of £30.5m (2019: £21.6m) and made a loss before tax of £54.5m (2019: £24.3m) due to the impact of the excess of administrative expenses over revenue, and non-cash charges, mainly accrued interest on loan notes and amortisation of goodwill and intangible assets.

In response to COVID-19, the Group modelled various scenarios through March and April 2020 as reported in the Group Accounts for the year ended 31 December 2019. Management worked closely with Providence Equity Partners (PEP) to develop a temporary amendment to the Senior Finance Agreement (SFA) with Hayfin Services LLP, the principal lender, which ensured that, under all scenarios sufficient liquidity and covenant compliance would be maintained. Part of this support was a Bridge Liquidity arrangement through a PEP Equity Commitment Letter (with an availability of funds of no less than £32m) for general corporate and working capital purposes to ensure the Group maintains a minimum liquidity of £5m at each reporting period. The worst-case scenario as prepared last year included running no physical events through to September 2021 with an offset in cost savings. The actual results were significantly better due to the ability of the Group to pivot to digital which supported cashflow through new sales but also significantly reduced refunds over initial expectations. Whilst some redundancies were inevitable due to the pandemic they were minimised through the use of the UK and German furlough schemes allowing the Group to retain experienced staff for physical event planning through to 2021.

Through 2020 and into H1 2021 the Group ran a number of significant virtual events in the UK, US and Germany. The Group has run various digital online webinars but also delivered some smaller face to face events in Spain and Singapore working within Government guidelines.

Since September 2021, as government Covid related restrictions have generally eased across the globe, the Group has now run many successful physical events. Highlights have included the running in the UK of the recently acquired event London Dentistry Show at Olympia where the success of the event resulted in forward orders taken on-site for the 2022 event exceeding 200% of the total 2021 event orders.

The group has run physical events in 2021 in all the geographical markets it operates in, these have included the Clinical Pharmacy Congress at Excel London, Tech Show Paris, eShow Madrid and NY Vet along with further UK events at both the NEC and Excel such as Best Practice and Care Show, Occupational Therapy and the very well received London Vet Show.

All the events we have run since September 2021 have over delivered on our expectations and as such reinforces our view as to the undimmed demand for, and sustainability of, leading face to face events of the type that CloserStill operates. The group currently has an order book for 2022 that is in excess of the like for like point in the pre-Covid 2019/2020 cycle. We therefore consider it likely that the group could deliver revenues in 2022 in excess of that seen in 2019.

Management's current view is that whilst it expects some disruption to continue in its markets from Covid, it will be possible in 2022 to continue to run all events across the Group. Management are further confident in knowing that the Group's customers, exhibitors and delegates continue to demand as strongly as ever the face to face events that the Group operates, as demonstrated by the feedback to our recently run events and our current forward looking order book.

The Group has run various scenarios through to the end of 2022 to establish liquidity requirements and for covenants planning. Whilst the Group has proven it can run events in 2021 globally the Directors are aware that the situation could change, and this could have a significant impact on the liquidity and covenant projections. For this reason, management have again worked closely with PEP and Hayfin, to agree a further amendment to the SFA, which ensures the Group, under a no event scenario through to the end of March 2023, has sufficient liquidity and remains within banking covenants.

Pharmagora Limited

Directors' Report *(continued)*

Year ended 31 December 2020

The agreement provides for a waiver on covenant submissions through to March 2023 with the first covenant test under the original 2018 SFA being due in June 2023. All liquidity tests and additional information agreed in the temporary amended SFA will continue.

A Bridge Liquidity arrangement was executed 2 July 2020 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 remains 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 with a leverage of 5x using EBITDA as calculated under normal accounting rules. The Bridge Liquidity arrangement is also guaranteed by Citibank Europe PLC. As at 31 December 2020 the Group had drawn £6m. To date the Group has drawn £17.5m and under a worst-case scenario does not forecast a need for more than £32m to maintain the £5m liquidity requirement. This means that even in an extreme scenario where no events were to occur before April 2022, CloserStill maintains sufficient liquidity and funding as needed to support a going concern over the next 12 months.

Management's current view is that whilst it expects some disruption to continue it will be possible to continue to run events across the Group. Management are further confident in knowing that the Group's customers, exhibitors and delegates are all happy to be back at face to face events as demonstrated by the recent rebooks on site.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 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.

Pharmagora Limited

Directors' Report *(continued)*

Year ended 31 December 2020

This report was approved by the board of directors on 6 December 2021..... and signed on behalf of the board by:



S J King
Director

Registered office:
Suite 17, Exhibition House
Addison Bridge Place
London
England
W14 8XP

Pharmagora Limited
Statement of Comprehensive Income
Year ended 31 December 2020

		2020 £	2019 £
Revenue	Note 4	(36,237)	3,357,950
Cost of sales		(18,838)	(1,120,215)
Gross (loss)/profit		(55,075)	2,237,735
Administrative expenses		(840,180)	(1,341,027)
Operating (loss)/profit	5	(895,255)	896,708
Exceptional costs	7	(132,100)	–
(Loss)/profit before taxation		(1,027,355)	896,708
Tax on (loss)/profit	8	–	187,279
(Loss)/profit for the financial year and total comprehensive (expense)/income		<u>(1,027,355)</u>	<u>1,083,987</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 24 form part of these Annual Report and Financial Statements.

Pharmagora Limited
Statement of Financial Position
31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	9	<u>1,004,607</u>	<u>1,285,025</u>
Current assets			
Debtors	10	<u>4,356,614</u>	<u>3,921,392</u>
Cash at bank and in hand		<u>19,917</u>	<u>366,965</u>
		4,376,531	4,288,357
Creditors: amounts falling due within one year	11	(4,626,064)	(3,790,953)
Net current (liabilities)/assets		(249,533)	497,404
Total assets less current liabilities		<u>755,074</u>	<u>1,782,429</u>
Capital and reserves			
Called up share capital	12	<u>1,500</u>	<u>1,500</u>
Share premium account	13	<u>99,925</u>	<u>99,925</u>
Profit and loss account	13	<u>653,649</u>	<u>1,681,004</u>
Shareholders funds		<u>755,074</u>	<u>1,782,429</u>

For the year ending 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its Annual Report and Financial Statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of Annual Report and Financial Statements.

These Financial Statements on pages 11 to 24 were approved by the board of directors on 6 December 2021, and are signed on its behalf by:



S J King
Director

Company registration number: 08952997

The notes on pages 14 to 24 form part of these Annual Report and Financial Statements.

Pharmagora Limited

Statement of Changes in Equity

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 2019	1,500	99,925	597,017	698,442
Profit for the year	—	—	1,083,987	1,083,987
Total comprehensive income for the year	—	—	1,083,987	1,083,987
At 31 December 2019	1,500	99,925	1,681,004	1,782,429
Loss for the year	—	—	(1,027,355)	(1,027,355)
Total comprehensive expense for the year	—	—	(1,027,355)	(1,027,355)
At 31 December 2020	<u>1,500</u>	<u>99,925</u>	<u>653,649</u>	<u>755,074</u>

The notes on pages 14 to 24 form part of these Annual Report and Financial Statements.

Pharmagora Limited

Notes to the Annual Report and Financial Statements

Year ended 31 December 2020

1. General information

The Company is a private company limited by shares, incorporated in England and Wales, United Kingdom. The address of the registered office is Suite 17, Exhibition House, Addison Bridge Place, London, W14 8XP, England.

The Company's principal activities and the nature of its operations are disclosed in the Directors Report.

2. Statement of compliance

These financial statements have been prepared 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 Companies Act 2006.

3. Accounting policies

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. *These policies have been consistently applied to all the years presented, unless otherwise stated.*

These financial statements are prepared on a going concern basis, under the historical cost convention.

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

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 20.

Going concern

At 31 December 2020, the Company had net current liabilities of £249,533 (2019 net current assets: £497,404), net assets of £755,074 (2019: £1,782,429) and made a loss before tax of £1,027,355 (2019 profit: £896,708). The directors consider the Company to be a going concern on the basis that results of the Company since 31 December 2020 and forecasts prepared indicate that the Company is able to operate within its current facilities and with the support provided by the Group.

As part of the group's assessment of going concern at 31 December 2020, it has been considered that the Group's financing arrangements consist of a £110m term loan (2019: £110m term loan), a £35m (2019: £35m) CAPEX facility of which £17.1m (2019: £5.1m) had been drawn down, a £5m (2019: £5m) revolving credit facility and £7.2m (2019: £6.5m) of management loan notes. During the year, a drawdown 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.

Pharmagora Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

The Group is ordinarily highly cash generative but due to Covid-19 related restrictions for most of 2020, and into 2021, generation of cash was significantly reduced. The Group has net current liabilities of £30.5m (2019: £21.6m) and made a loss before tax of £54.5m (2019: £24.3m) due to the impact of the excess of administrative expenses over revenue, and non-cash charges, mainly accrued interest on loan notes and amortisation of goodwill and intangible assets.

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Management's current view is that whilst it expects some disruption to continue in its markets from Covid, it will be possible in 2022 to continue to run all events across the Group. Management are further confident in knowing that the Group's customers, exhibitors and delegates continue to demand as strongly as ever the face to face events that the Group operates, as demonstrated by the feedback to our recently run events and our current forward looking order book.

The Group has run various scenarios through to the end of 2022 to establish liquidity requirements and for covenants planning. Whilst the Group has proven it can run events in 2021 globally the Directors are aware that the situation could change, and this could have a significant impact on the liquidity and covenant projections. For this reason, management have again worked closely with PEP and Hayfin, to agree a further amendment to the SFA, which ensures the Group, under a no event scenario through to the end of March 2023, has sufficient liquidity and remains within banking covenants.

Pharmagora Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

The agreement provides for a waiver on covenant submissions through to March 2023 with the first covenant test under the original 2018 SFA being due in June 2023. All liquidity tests and additional information agreed in the temporary amended SFA will continue.

A Bridge Liquidity arrangement was executed 2 July 2020 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 remains 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 with a leverage of 5x using EBITDA as calculated under normal accounting rules. The Bridge Liquidity arrangement is also guaranteed by Citibank Europe PLC. As at 31 December 2020 the Group had drawn £6m. To date the Group has drawn £17.5m and under a worst-case scenario does not forecast a need for more than £32m to maintain the £5m liquidity requirement. This means that even in an extreme scenario where no events were to occur before April 2022, CloserStill maintains sufficient liquidity and funding as needed to support a going concern over the next 12 months.

Management's current view is that whilst it expects some disruption to continue it will be possible to continue to run events across the Group. Management are further confident in knowing that the Group's customers, exhibitors and delegates are all happy to be back at face to face events as demonstrated by the recent rebooks on site.

Disclosure exemptions

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' - Carrying amounts and interest expense for each category of financial instrument recognised in the Statement of Comprehensive Income and in other comprehensive income; and
- Section 33 'Related Party Disclosures' - Compensation for key management personnel

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.

Pharmagora Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

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.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the Statement of Comprehensive Income.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

The Company capitalises expenditure on websites for its exhibition events, and this is amortised over 3 years.

Pharmagora Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10 years straight line
Website	-	3 years straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

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

The Company has elected to apply the provision of Section 11 'Basic Financial Instruments' in full to all its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company 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.

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.

Pharmagora Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

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.

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 Company after deducting all of its liabilities.

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.

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.

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 the Statement of Comprehensive Income 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.

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.

Pharmagora Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

The Company 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) Impairment of intangible assets and goodwill (note 8)

Annually, the Company considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the 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.

b) 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. 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.

c) Going concern

The directors' assessment of Company'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 Company.

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.

4. Revenue

Revenue arises from:

	2020	2019
	£	£
Space and Shell Revenue	(16,738)	2,582,204
Sponsors Revenue	–	199,210
Conference Fees	(1,551)	88,475
Contra Revenue	(11,851)	322,087
Other Revenue	(5,081)	97,630
Insurance and Inspection	(1,016)	68,344
	<u>(36,237)</u>	<u>3,357,950</u>

The revenue is attributable to the one principal activity of the company. An analysis of revenue by the geographical markets that substantially differ from each other is given below:

	2020	2019
	£	£
Europe	<u>(36,237)</u>	<u>3,357,950</u>

Pharmagora Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020	2019
	£	£
Amortisation of intangible assets	280,418	280,587
Foreign exchange differences	(6,478)	106,572

6. Particulars of employees

The average monthly number of persons employed by the company during the year, including the directors, amounted to:

	2020	2019
	No.	No.
Management staff	4	4

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020	2019
	£	£
Recharges from group companies	197,374	453,755

Directors' emoluments are borne by CloserStill Acquisitions Limited, a fellow group company, and recharged in part to the Company as part of a management charge. This management charge, which in 2020 amounted to £299,126 (2019: £401,019), also includes a recharge of administrative and operational costs borne by CloserStill Acquisitions Limited on behalf of the Company and it is not possible to identify separately the amount of the directors' emoluments.

7. Exceptional costs

	2020	2019
	£	£
Sunk costs	132,100	—

8. Tax on (loss)/profit

Major components of tax income

	2020	2019
	£	£
Current tax:		
Adjustments in respect of prior periods	—	(187,279)
Tax on (loss)/profit	—	(187,279)

Pharmagora Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

8. Tax on (loss)/profit *(continued)*

Reconciliation of tax income

The tax assessed on the (loss)/profit for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
(Loss)/profit before taxation	(1,027,355)	896,708
(Loss)/profit before taxation by rate of tax	(142,004)	170,374
Adjustment to tax charge in respect of prior periods	–	(187,279)
Effect of expenses not deductible for tax purposes	25,099	53,212
Effect of capital allowances and depreciation	40	119
Group relief claimed but not recharged	116,865	(223,705)
Tax on (loss)/profit	–	(187,279)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

9. Intangible assets

	Goodwill £	Website £	Total £
Cost			
At 1 January 2020	2,799,629	1,850	2,801,479
Additions	–	–	–
Disposals	–	(1,850)	(1,850)
At 31 December 2020	2,799,629	–	2,799,629
Accumulated amortisation			
At 1 January 2020	1,515,059	1,395	1,516,454
Charge for the year	279,963	455	280,418
Disposals	–	(1,850)	(1,850)
At 31 December 2020	1,795,022	–	1,795,022
Carrying amount			
At 31 December 2020	1,004,607	–	1,004,607
At 31 December 2019	1,284,570	455	1,285,025

10. Debtors

	2020 £	2019 £
Trade debtors	1,015,225	1,040,116
Amounts owed by group undertakings	3,190,973	2,668,649
Prepayments and accrued income	85,318	115,156
Other debtors	65,098	97,471
	4,356,614	3,921,392

Pharmagora Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

10. Debtors *(continued)*

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.

11. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	10,362	–
Amounts owed to group undertakings	1,074,772	1,121,951
Other creditors	3,540,930	2,669,002
	<u>4,626,064</u>	<u>3,790,953</u>

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.

12. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	1,425	1,425	1,425	1,425
A Ordinary shares of £1 each	75	75	75	75
	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>

The Ordinary Shares and A Ordinary Shares rank pari passu in all respects of rights, voting and dividends but constitute separate classes of shares.

13. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

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

14. Contingencies

The Company has entered into a cross guarantee in respect of the bank loan facility with certain other fellow group undertakings. The indebtedness subject to this cross guarantee at the year end was £132,964,195 (2019: 115,123,432).

15. Events after the end of the reporting period

There are no subsequent events to report after the balance sheet date.

Pharmagora Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2020

16. Related party transactions

The following inter company transactions with fellow group undertakings, which are not wholly owned, occurred during the current and previous year. Transactions comprised recharges for staff salaries, expenses and group management charges.

	Costs recharged by group companies		Costs recharged to group companies	
	2020	2019	2020	2019
	£	£	£	£
DE France Limited	–	326,030		338,590
BDW	110,222	–	104,304	–

17. Controlling party

The immediate parent undertaking in the UK is CloserStill Media 3 Limited. The ultimate parent undertaking in the UK is CloserStill Group Limited (formerly CSM Topco Limited). The ultimate parent undertaking and controlling party is Providence Equity Partners VIII L.P. (Cayman Islands), which is one of the holding companies for Providence Fund VIII.

The consolidated financial statements of CloserStill Group Limited (formally CSM Topco Limited) are the largest group in which the Company was consolidated for the period ended 31 December 2020. Copies of the consolidated financial statements are publicly available from Companies House, Crown Way, Cardiff, CF14 3UZ.