

**Calligo Holdings Limited**

**Directors' Report & Consolidated Financial Statements  
for the year ended 31 December 2022**

## **CALLIGO HOLDINGS LIMITED**

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## **CALLIGO HOLDINGS LIMITED**

### **Company information**

#### **Directors**

Mr Julian Box  
Mr Andrew Crawford  
Mr Gilbert Kamieniecky  
Mr Georg Knoflach  
Mr Edmund Daubeney  
Mr Owen Pagan

#### **Company secretary**

Mr Brendan Walsh

#### **Registered number**

129787

#### **Registered office**

Block 3, The Forum  
Grenville Street  
St Helier  
Jersey JE2 4UF

#### **Auditors**

Grant Thornton Limited  
46-50 Kensington Chambers  
St Helier  
Jersey JE1 1ET

#### **Bankers**

HSBC Bank plc  
PO Box 14  
St Helier  
Jersey JE4 8NJ

HSBC UK Bank plc  
1 Centenary Square  
Birmingham  
B1 1HQ

HSBC Bank Canada  
4550 Hurontario Street  
Mississauga  
ONL5R 4E4

HSBC Continental Europe, Ireland  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin Docklands  
Dublin 2, D02

EWealthGlobal  
Second Floor  
17 Broad Street  
St Helier  
JE2 3RR

#### **Solicitors**

Hatstone Lawyers  
2<sup>nd</sup> Floor  
6 Caledonia Place  
St Helier  
Jersey JE2 3NG

## **CALLIGO HOLDINGS LIMITED**

### **Directors' report for the year ended 31 December 2022**

The Directors present their report and the audited consolidated financial statements (the "financial statements") for the year ended 31 December 2022.

#### **Directors of the group**

The Directors, who held office during the year, were as follows:

Mr Julian Box  
Mr Andrew Crawford  
Mr Gilbert Kamieniecky  
Mr Georg Knoflach  
Mr Edmund Daubeney  
Mr Owen Pagan

#### **Secretary**

The secretary of the Company at 31 December 2022 and subsequently was Brendan Walsh who had been secretary for the whole of the year then ended.

#### **Principal activities**

The principal activities of the Company and its subsidiaries ("the Group") are the provision of Cloud Services, Managed Services, Data Privacy Services and Data Insight Services.

In October 2022, the Company repurchased bonds with a nominal amount of EUR 10.2m at an average price of 96.48% of the nominal value of these bonds.

#### **Immediate and ultimate controlling party**

The Directors consider the immediate controlling party to be Canary Investment Limited, a Company that is ultimately controlled by Investcorp Holdings B.S.C.

#### **Results and dividends**

The Consolidated Statement of Comprehensive Income for the year ended 31 December 2022 is set out on page 15. There were no dividends paid in the year under review (2021: £nil).

#### **Going concern assessment**

The Directors have prepared revised financial projections which show that the Group has a reasonable expectation of maintaining sufficient working capital to enable the Group to meet its liabilities as they fall due for the foreseeable future, being a period of not less than 12 months from the date of approval of this report.

The Group is in a net liability position of £17,624,316 (2021: net liability position of £10,088,753). The net liability is largely attributable to the Group's accounting policy on goodwill amortisation, cumulative interest cost on third party borrowings and the high element of reorganisation costs, transaction costs and debt raise/repayment costs in the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020. The Group continues to generate a positive EBITDA and the Directors are confident in the ability to grow the business in both the data insights and cloud industry segments particularly. Since the year end, the Group issued equity to a new shareholder generating new shareholder funds of £3m which were received on 18 April 2023.

As such, the Directors do not believe that the reported net liability is a going concern issue and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## **CALLIGO HOLDINGS LIMITED**

### **Directors' report for the year ended 31 December 2022 (continued)**

#### **Financial risk management**

The Group finances its operations through the generation of cash from operating activities and any interest accruing under the bond facility is paid from these cash flows. There are no capital repayments due under the bond facility until December 2024.

Liquidity risk is managed through forecasting the future cash flow requirements of the business and maintaining sufficient cash at bank balances.

#### **Employees**

The Group's policy is to provide equal opportunities to all present and potential employees. The Group gives full consideration to applications for employment from disabled persons and where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions. The Group is committed to opposing all forms of discrimination and has an Equality, Diversity and Inclusion policy outlining the principles and commitments.

#### **ESG**

Our environmental, social and governance ('ESG') approach reflects the Group's purpose of helping clients unlock value from data and transforming it into their most valuable asset and considers this purpose in the broader context of our stakeholder group (employees, suppliers, environment and our community).

Calligo has begun work to align with the ISO 14001:2015 standard to help improve environmental performance and deliver on our sustainability objectives. A Gap Analysis against the ISO 14001 standard has been performed and plans for alignment have been drafted for alignment in Q2 2023.

Calligo is primarily a people and technology business and is focused on employee culture and well-being. It has deployed a number of tools to assist in this area to ensure that the globally located teams interact seamlessly and that a single culture pervades the group. Alongside the foundation values which all employees are expected to demonstrate, a monthly tool, Vybbe is used to measure team morale and interconnectivity, this is closely linked to the monthly pulse survey which drives engagement and provides feedback for continuous improvement in the business.

The Group Board meets at least quarterly and receives monthly reporting packs and updates in the intervening periods. There are two sub-committees, the Audit & Remuneration Committees which meet periodically. The board is composed of executive and non-executive directors with the Chair being non-executive. The Senior Management Team, comprising the CEO, CFO, COO, CISO, CTO & CRO, report to the Board and meets monthly to discuss operational and strategic matters.

#### **Independent auditors**

Grant Thornton Limited were appointed as Independent auditor to the Company on 28 November 2022. A resolution to reappoint Grant Thornton Limited as auditor to the Company will be proposed at the AGM.

**Mr Julian Box**  
**Director**  
28 April 2023

DocuSigned by:  
*Julian Box*  
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## **CALLIGO HOLDINGS LIMITED**

### **Statement of Directors' Responsibilities**

The Directors acknowledge their responsibilities for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the Interpretations Committee ("IFRIC").

The financial statements of the Group are required by Jersey Company law to give a true and fair view of the state of affairs of the Group as at the end of the financial period and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **CALLIGO HOLDINGS LIMITED**

### **Independent auditor's report**

**To the members of Calligo Holdings Limited and its subsidiaries**

#### **Opinion**

We have audited the consolidated financial statements of Calligo Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of its loss for the year then ended;
- are in accordance with IFRSs; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jersey, including the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included considering post balance sheet capital injection and a review of future cash flow forecasts, including challenging assumptions made in such forecasts.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and the Parent Company's business model including effects arising from macro-economic uncertainties, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period.


Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

## CALLIGO HOLDINGS LIMITED

### Our approach to the audit

	<p><b>Overview of our audit approach</b></p> <ul style="list-style-type: none"> <li>• <b>Overall materiality:</b></li> <li>• <b>Group: £527,000, which represents 2% of the Group's total revenues.</b></li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Key audit matters were identified as:</b> <ul style="list-style-type: none"> <li>• <b>Impairment of goodwill and intangible assets;</b></li> <li>• <b>Improper revenue recognition and</b></li> <li>• <b>First time adoption of IFRS</b></li> </ul> </li> </ul> <p><b>Scoping</b></p> <ul style="list-style-type: none"> <li>• <b>We conducted our audit of the consolidated financial statements from Jersey based on information provided by the Group Finance Team and Finance Teams in Ireland and Canada.</b></li> <li>• <b>Our audit opinion covers the consolidated financial statements of the Group only. We have not been engaged to provide individual statutory opinions on the financial statements of the Parent Company.</b></li> <li>• <b>Coverage of Revenues – 96%</b></li> </ul>

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.

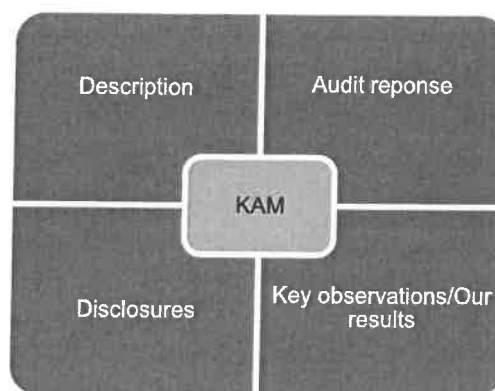




## CALLIGO HOLDINGS LIMITED

### Key audit matters

Key audit matters are those matters that, in our judgement, were of most significance in our statements of the current period and include assessed risks of material misstatement (fraud) that we identified. These matters had the greatest effect on: the overall audit of resources in the audit; and directing the engagement team. These matters were context of our audit of the financial statements forming our opinion thereon, and we do not opinion on these matters.



professional audit of the financial the most significant (whether or not due to included those that strategy; the allocation efforts of the addressed in the as a whole, and in provide a separate

### Key Audit Matter – Group

#### Impairment of Goodwill and intangible assets

We identified Impairment of goodwill and intangible assets as one of the most significant assessed risks of material misstatement due to fraud.

The Group has a significant carrying amount of goodwill which is spread across a range of cash-generating units (CGUs) in different countries. Furthermore, the group recognized the customer list as an intangible asset from one of its business acquisition in the US. The value in use calculation for the CGUs, which represents the estimated recoverable amount, is subjective due to the inherent uncertainty involved in forecasting and discounting estimated future cash flows (specifically the key assumptions such as revenue, operating margin, long-term perpetuity growth rate and discount rate). Estimation uncertainty has increased as a result of inflationary pressures from the macro economic effects of COVID-19 and the current geo-political environment.

The effect of these matters is that, as part of our risk assessment, we determined that the carrying amount of the CGUs has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

### How our scope addressed the matter – Group

In responding to the key audit matter, we performed the following audit procedures:

- We reviewed the goodwill related transition adjustments at the IFRS transition date as per the requirements of IFRS 1 - First-time Adoption of International Financial Reporting Standards and IFRS 3 - Business Combinations;
- We reviewed managements impairment assessment of goodwill at the transition date and at year end in accordance with the requirement of IAS 36 – Impairment of Assets. The following procedures were performed while reviewing impairment of goodwill:
- We benchmarked the discount rates used and applied in determination of fair value for the CGUs. The discount rate used by the Group was 9.728% at 31 December 2022, being the cost of debt at balance sheet dates borne by Calligo (UK) Limited on its principal borrowings to 3rd party bond holders.
- We obtained management justification for the assumed growth rate applied to determine the fair value of the CGUs.
- We reviewed the value in use recoverable amount utilising budget forecasts and supported discount rates and assessed whether this resulted in impairment.

Relevant disclosures in the Annual Report and Accounts 2022

Our results

## CALLIGO HOLDINGS LIMITED

Key Audit Matter – Group	How our scope addressed the matter – Group
<ul style="list-style-type: none"> <li>Financial statements: Note 10, Goodwill</li> </ul>	<p>We found the Group's conclusion that there is no further impairment of goodwill to be acceptable</p>
<p><b>Revenue recognition</b></p> <p>We identified improper revenue recognition as one of the most significant assessed risks of material misstatement due to fraud.</p> <p>The group recognized revenue of £29,752,082 (2021:£30,037,192) Revenue is the most quantitatively significant line item in the Consolidated Income Statement and is composed of several geographical areas and service lines.</p>	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the processes, policies, and controls in relation to the recognition of revenue and performing tests of design and implementation of controls relevant to the recognition of revenues in accordance with IFRS;</li> <li>Compared the revenue recognition policies adopted by the Group against the requirements of the financial reporting framework;</li> <li>We performed revenue analytics using audit data analysis techniques to identify revenue transaction journals and visualize the related accounts for those journals. Analytical procedures were performed for revenue journals that have unexpected or unrelated accounts. We investigated these entries through inquiries with management and inspection of supporting documents;</li> <li>We selected a sample of revenue transactions during the year and agreed details to corresponding invoice and traced to the subsequent collections; and</li> <li>We performed cut-off testing over the invoices generated over the year end to ensure that these relate to the period under audit.</li> </ul>
<p><b>Relevant disclosures in the Annual Report and Accounts 2022</b></p> <ul style="list-style-type: none"> <li>Financial statements: Note 4, Revenue</li> </ul>	<p><b>Our results</b></p> <p>We consider that revenue across the Group has been appropriately recognised and that the year-end cut-off is materially accurate.</p> <p>We concur with management's accounting policies and their application across the Group.</p>
<p><b>Risk 3 First time adoption of IFRS</b></p> <p>We identified the Group's First-time adoption of IFRS as one of the most significant assessed risks of material misstatement due to error.</p>	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>We discussed with management their approach in transitioning to IFRS, particularly the accounting policies to</li> </ul>

## CALLIGO HOLDINGS LIMITED

Key Audit Matter – Group	How our scope addressed the matter – Group
<p>The Group analysed and assessed the impact of adopting IFRS on the Group's transactions and balances as well as its previously recognised assets, liabilities, income and expenses which were previously accounted for under UK GAAP. Due to the pervasive impact of first-time adoption adjustments, this is considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources.</p>	<p>be adopted and any transition expedients to be applied. We reviewed the pro-forma financial statements, particularly the accounting policy and note disclosures.</p> <ul style="list-style-type: none"> <li>• We obtained the management's calculations and judgments in terms of the transition adjustments from UK GAAP to IFRS and assessed the reasonability of the input and calculation.</li> <li>• We obtained and reviewed the management calculations on right of use assets and lease liabilities. As part of our review, we inspected lease agreements and challenged the determination of the incremental borrowing rates.</li> </ul>
Relevant disclosures in the Annual Report and Accounts 2022	Our results
<ul style="list-style-type: none"> <li>• Financial statements: Note 2 Significant accounting policies, particularly Note 2.5, First time adoption of IFRS</li> </ul>	<p>We consider that the transition to Group has been appropriately recognised and that the year-end cut-off is materially accurate.</p> <p>We concur with management's accounting policies and their application across the Group.</p> <p><b>Key observations</b></p> <p>For the initial calculations of the lease liabilities and right of use assets, we noted that a single incremental borrowing rate (IBR), in reference to a group borrowing rate, was used for all leases within the Group. This was challenged by the audit team on the basis that the leases have different characteristics and are situated in various economic environments.</p> <p>In response to this, management engaged a third party to assist in determining the IBR per location, using a bottom up approach.</p> <p>The management applied the new IBRs for USA and Canada lease as these have material impacts.</p>

## CALLIGO HOLDINGS LIMITED

### Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group
<b>Materiality for financial statements as a whole</b>	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£527,000 which is 2% of Total Revenues
Significant judgements made by auditor in determining the materiality	<p>In determining materiality, we made the following significant judgements:</p> <p>We determined that revenue is the most appropriate benchmark given that it is one of the key performance indicators monitored by the Board. We used a materiality % of 2% due to the group having issued a listed bond, which would require the financial statements to be publicly available.</p>
<b>Performance materiality used to drive the extent of our testing</b>	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£369,000 which is 70% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	<p>In determining performance materiality, we made the following significant judgements:</p> <p>We applied this percentage in the determination of performance materiality because the prior year audit findings by the predecessor auditor reported material audit and client adjustments pertaining as well as an immaterial amount of uncorrected misstatements.</p>
<b>Specific materiality</b>	We determine specific materiality for one or more particular classes of transactions,

## CALLIGO HOLDINGS LIMITED

<b>Materiality measure</b>	<b>Group</b>
	account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Specific materiality threshold	We did not determine a lower level of specific materiality for specific areas
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£26,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

### **An overview of the scope of our audit**

We performed a risk-based audit that requires an understanding of the Group's and the Parent Company's business and in particular matters related to:

#### **Understanding the Group, its components, and their environments, including Group-wide controls**

- The engagement team obtained an understanding of the group and its environment, group-wide processes and controls, including IT general controls, and assessed the risks of material misstatement at the group level;
- The engagement team obtained an understanding of the effect of the group organisational structure on the scope of the audit, identifying that the group financial reporting team and systems are centralised in Jersey, but are supported by Finance Teams in Canada, Ireland and Luxembourg;
- Performed walkthroughs of processes related to key audit matters and evaluated the design effectiveness of relevant controls; and
- The engagement team obtained an understanding of where the use of management experts was required;

#### **Identifying significant components**

Significant components were identified through assessing their relative share of key financial metrics including total revenue, total expenses, and total assets. These metrics were used to identify components classified as 'individually financially significant to the group' and an audit of the financial information of the component using component materiality (full-scope audit) was performed.

All other components of the group were selected as 'neither significant nor material' and analytical procedures performed.

#### **Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)**

Performance of full-scope audits of the financial information of Calligo Limited, Calligo (UK) Limited, Calligo (US) Inc, Calligo (Canada) Inc, Calligo (Ireland) Holdings Ltd and Calligo (Ireland) Limited

These full-scope audits included all our audit work on the identified key audit matters as described above.

Analytical procedures were performed on the financial information of all other components using Group materiality.

#### **Performance of our audit**

All audit procedures on Calligo Limited, Calligo (UK) Limited, Calligo (US) Inc, and Calligo (Canada) Inc, were performed by the Group engagement team and took place in Jersey.

Audit procedures for Calligo (Ireland) Holdings Ltd and Calligo (Ireland) Limited were performed by component audit teams in Ireland.

## CALLIGO HOLDINGS LIMITED

Our full scope audit procedures gave coverage of 98% of the Group's total assets and 96% of the Group's revenue. We performed analytical procedures on the financial information of the remaining one component in the Group during the year.

### Communications with component auditors

We provided the component auditors in Ireland with Group audit instructions and held discussions with them during the planning, fieldwork and completion stages of the audit.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated 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 in this regard.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Group; or
- the Group consolidated financial statements are not in agreement with the accounting records; or
- we have not received proper returns adequate for our audit from branches not visited by us; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

### Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Groups 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 to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## CALLIGO HOLDINGS LIMITED

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Use of our report

This report is made solely to the Group's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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**Alexander Ross Langley**

**For and on behalf of**  
**Grant Thornton Limited**  
Chartered Accountants  
St Helier, Jersey

Date: 28-04-23

# CALLIGO HOLDINGS LIMITED

## Consolidated Income Statement for the year ended 31 December 2022

		2022	2021
	Notes	£	£
<b>Revenue</b>	<b>4</b>	<b>29,752,082</b>	<b>30,037,192</b>
Cost of sales		(9,638,548)	(9,481,600)
Employee benefits expense	5	(14,810,116)	(13,822,009)
Depreciation, Amortisation and Impairment of Non-financial assets		(2,984,721)	(13,809,514)
Impairment of Financial Assets		(60,722)	(416,359)
Other expenses	6	(5,323,575)	(6,925,134)
<b>Operating loss</b>		<b>(3,065,600)</b>	<b>(14,417,424)</b>
Finance income	7	36,555	-
Finance costs	7	(3,890,943)	(2,614,684)
Other financial items	8	77,386	1,196,028
<b>Loss before taxation</b>		<b>(6,842,602)</b>	<b>(15,836,080)</b>
Tax (expense)/refund	9	(304,063)	19,375
<b>Loss for the year</b>		<b>(7,146,665)</b>	<b>(15,816,705)</b>
Loss attributable to:			
<b>Owners of the Group</b>		<b>(7,146,665)</b>	<b>(15,816,705)</b>

The notes on pages 19-60 form an integral part of these financial statements.

The above results are derived from continuing activities.



**CALLIGO HOLDINGS LIMITED****Consolidated Statement of Comprehensive Income  
for the year ended 31 December 2022**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	<b>(7,146,665)</b>	<b>(15,816,705)</b>
<i><b>Other comprehensive income</b></i>		
Exchange differences on retranslation of subsidiaries	<b>(245,144)</b>	<b>(39,062)</b>
<b>Total comprehensive loss for the year</b>	<b>(7,391,809)</b>	<b>(15,855,767)</b>
Total comprehensive loss for the year attributable to:	<b>-</b>	<b>-</b>
<b>Owners of the Group</b>	<b>(7,391,809)</b>	<b>(15,855,767)</b>

The notes on pages 19-60 form an integral part of these financial statements.

The above results are derived from continuing activities.

**CALLIGO HOLDINGS LIMITED****Consolidated Statement of Financial Position  
As at 31 December 2022**

	Notes	31 Dec 2022 £	31 Dec 2021 £
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	10	11,929,848	11,319,423
Other intangible assets	11	2,164,804	2,385,570
Other long term assets	12	313,927	-
Property, plant and equipment	13	2,244,470	2,118,137
Right of use assets	14	3,168,247	4,223,943
		<b>19,821,296</b>	<b>20,047,073</b>
<b>Current assets</b>			
Inventory		41,793	39,671
Prepayments and other short term assets	15	932,762	798,156
Trade and other receivables	16	3,234,653	12,434,218
Cash and cash equivalents	17	1,314,652	6,888,845
		<b>5,523,860</b>	<b>20,160,890</b>
<b>Total assets</b>		<b>25,345,156</b>	<b>40,207,963</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	18	285,911	285,911
Share premium		24,171,208	24,171,208
Retained losses		(42,081,435)	(34,545,872)
Equity attributable to owners of company		<b>(17,624,316)</b>	<b>(10,088,753)</b>
<b>Non-current liabilities</b>			
Borrowings	19	34,244,653	40,517,719
Lease liabilities	20	2,053,652	3,304,867
Other liabilities		296	(3,131)
		<b>36,298,601</b>	<b>43,819,455</b>
<b>Current liabilities</b>			
Trade and other payables	21	4,272,549	4,234,812
Lease liabilities	20	1,565,244	1,483,507
Contract and other liabilities		277,506	539,119
Provisions		91,519	58,035
Tax liabilities	22	464,053	161,788
		<b>6,670,871</b>	<b>6,477,261</b>
<b>Total liabilities</b>		<b>42,969,472</b>	<b>50,296,716</b>
<b>Total equity and liabilities</b>		<b>25,345,156</b>	<b>40,207,963</b>

The notes on pages 19-60 form an integral part of these financial statements. The consolidated financial statements were approved and authorised for issue by the board of Directors on 28 April 2023 and signed on its behalf by:

DocuSigned by:  
  
 CBSAAD444BE3486...  
**Mr Julian Box** Director

DocuSigned by:  
  
 6DE84EE1FB4B4D5...  
**Mr Georg Knoflach** Director

**CALLIGO HOLDINGS LIMITED****Consolidated Statement of Changes in Equity  
for the year ended 31 December 2022**

	<b>Share capital £</b>	<b>Share premium £</b>	<b>Retained losses £</b>	<b>Total £</b>
Balance at 1 January 2022	285,911	24,171,208	(34,545,872)	(10,088,753)
Loss for the year	-	-	(7,146,665)	(7,146,665)
Other comprehensive income	-	-	(245,144)	(245,144)
Employee share based compensation	-	-	(143,754)	(143,754)
New funds from share capital increase	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>285,911</b>	<b>24,171,208</b>	<b>(42,081,435)</b>	<b>(17,624,316)</b>
Balance at 1 January 2021	284,294	23,885,733	(18,519,691)	5,650,336
Loss for the year	-	-	(15,816,705)	(15,816,705)
Other comprehensive income	-	-	(39,062)	(39,062)
Employee share based compensation	-	-	26,184	26,184
Transactions with owners recorded directly in equity	-	-	(196,598)	(196,598)
Issue of new shares	1,617	285,475	-	287,092
<b>Balance at 31 December 2021</b>	<b>285,911</b>	<b>24,171,208</b>	<b>(34,545,872)</b>	<b>(10,088,753)</b>

The notes on pages 19-60 form an integral part of these financial statements.

# CALLIGO HOLDINGS LIMITED

## Consolidated Statement of Cash Flows for the year ended 31 December 2022

	Notes	2022 £	2021 £
<b>Operating activities</b>			
Loss before tax		(6,842,602)	(15,836,080)
Non cash adjustments	23	7,758,185	17,274,131
Net changes in working capital	23	(179,145)	(609,143)
Taxes paid		(1,798)	(64,843)
<b>Net cash from operating activities</b>		<b>734,640</b>	<b>764,065</b>
<b>Net cash used from investing activities</b>			
Purchase of tangible fixed assets		(763,866)	(23,853)
Purchase of businesses		-	(4,336,843)
Purchase of other intangible assets		(150,651)	(2,800,575)
Sale of fixed assets		164,211	36,838
Interest received		36,555	-
<b>Net cash used in investing activities</b>		<b>(713,751)</b>	<b>(7,124,433)</b>
<b>Cash flows from financing activities</b>			
Issue of new shares (net of issue costs)		-	16,356
Finance leases		(1,802,797)	(1,483,290)
Acquisition finance - Bond		(8,588,558)	40,517,719
Acquisition finance - Cordet		-	(16,779,099)
Interest paid		(3,774,333)	(2,217,326)
<b>Net cash (used in)/generated from financing activities</b>		<b>(14,165,688)</b>	<b>20,054,360</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(14,144,799)</b>	<b>13,693,992</b>
Cash and cash equivalents and cash in escrow at beginning of year		15,495,205	1,801,213
<b>Cash and cash equivalents and cash in escrow at end of year</b>		<b>1,350,406</b>	<b>15,495,205</b>
<b>Balance sheet reconciliation of total cash and cash equivalents</b>			
		£	£
Cash and cash equivalents		1,314,652	6,888,845
Cash in escrow included in other debtors (note 16)		35,754	8,606,360
<b>Total cash, cash equivalents and cash held in escrow in the statement of cash flows</b>		<b>1,350,406</b>	<b>15,495,205</b>

The notes on pages 19-60 form an integral part of these financial statements.

# **CALLIGO HOLDINGS LIMITED**

## **Notes to the consolidated financial statements For the year ended 31 December 2022**

### **1 Corporate information**

The consolidated financial statements of Calligo Holdings Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 28 April 2023. Calligo Holdings Limited is a private limited company incorporated and domiciled in Jersey. The registered office is located at Block 3, The Forum, Grenville Street, St Helier, Jersey, JE2 4UF.

The principal activity of Calligo Holdings Limited is a holding company. The principal activities of the Group are the provision of Managed Services, Cloud Infrastructure Services, Data Privacy Services and Data Insight Services.

The Directors consider the immediate controlling party to be Canary Investment Limited, a Company that is ultimately controlled by Investcorp Holdings B.S.C.

### **2 Significant accounting policies**

#### **2.1 Basis of preparation**

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

For periods up to and including the year ended 31 December 2021, the Group prepared its financial statements in accordance with United Kingdom generally accepted accounting principles (UK GAAP). These financial statements for the year ended 31 December 2022 are the first the Group has prepared in accordance with IFRS. The financial statements are required to be produced in this format under the terms of the listing of the Nordic bonds on the open market of the Frankfurt Stock Exchange. Refer to note 2.5 for information on how the Group adopted IFRS.

The consolidated financial statements have been prepared on an accruals basis. The consolidated financial statements are presented in sterling and all values are shown in whole numbers except when otherwise indicated.

#### **2.2 Basis of consolidation**

The Group's financial statements consolidate those of the parent company and all of its subsidiaries at 31 December 2022. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. There are no non-controlling interests for both 2022 and 2021.

## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

#### **2.3 New standards, amendments and Interpretations to existing Standards that are issued but not yet effective**

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Group and no Interpretations have been issued that are applicable and need to be taken into consideration by the Group at either reporting date. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

#### **2.4 Summary of significant accounting policies**

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

##### **a) Business combinations and Goodwill**

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, including identified Intangible Assets when they can be measured, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Where applicable, for each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

If the Group acquires a controlling interest in a business in which it previously held an equity interest, that equity interest is remeasured to fair value at the acquisition date with any resulting gain or loss recognised in profit or loss or other comprehensive income, as appropriate.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses since IAS 36 adoption from 1 January 2021. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

##### **b) Current versus non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### **c) Fair value measurement**

The Group measures financial assets based on fair value, market-based techniques, when the market information is available. The Group does not have any derivatives, financial assets and liabilities that can be valued based on observable market information.

The Group's financial assets are trade and other receivables and cash at bank. Financial liabilities include contracted liabilities to account for deferred client revenue, trade and other payables and the Group's bond borrowing liability.

Non financial assets and liabilities are measured at amortised cost.

All assets and liability balances are fair value assessed on a cash generating unit (CGU) basis; when the net assets value is higher than the estimated recoverable value of the overall CGU an impairment value is determined and applied (refer to note 2.4.n) firstly against the goodwill relevant to the CGU.

The estimated carrying value of each CGU is calculated using the FVLCOD (fair value less cost of disposal) method using Management EBITDA forecasts, with an applied growth rate and discount factor based on Group borrowing rate to determine a present value estimate. This determines the price estimate that would be received to sell a CGU (net assets & liabilities within CGU) in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the CGU takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

on that basis that the principal or the most advantageous market must be accessible by the Group.

The fair value of CGU is measured using the assumptions that market participants would use when pricing the CGU, assuming that market participants act in their economic best interest.

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

#### d) Revenue from contracts with customers

Revenue arises from the provision of services relating to cloud services, professional services, data insights and managed services with smaller income streams being derived from hardware, software, and non-cloud income.

To determine whether to recognise revenue, the Group follows a five-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations, and then
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The Group enters customer contracts/arrangements to supply a selection of products and services, for example, within cloud services, platform access is purchased with a selection of applications, hosting infrastructure requirements and hardware additions. The arrangement is then assessed to determine whether it contains a single combined obligation or multiple performance obligations. If applicable the total transaction price is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract includes amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers. For service fees where the Group performance obligations are satisfied over time, the Group recognises revenue either using output or input measurement of value methods relevant to the type of service.

The Group recognises contract liabilities for consideration received in respects of unsatisfied performance obligations and reports these amounts as other liabilities in its Consolidated Statement of Financial Position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises as a receivable in its Consolidated Statement of Financial Position, depending on whether something other than the passage of time is required before the consideration is due.

#### Cloud services

The Group provides services to customers through implied customary business to access a Calligo created cloud based platform with access to third party software provider applications. Access to third party software provider applications is permitted under Calligo's licenses with a third party licensor or a SPLA agreement with Microsoft. Multi-tenant clients will be hosted on multi-tenanted servers and dedicated clients will be hosted on dedicated servers. Back up services are provided across servers upon request. Virtual desktops to run platforms can also be provided as part of the service. Cloud Services revenue is determined over time using the output measurement value method.

#### Managed services

The Group also provides services for customers through implied customary business for services pertaining to system administration, environment patching, network operations, service desk support and managed Microsoft 365 and business cloud voice. Managed services revenue is determined over time using the output measurement value method.

#### Data Insight services

The Group provides Data Insights consulting services relating to the provision of Data strategy, Governance, architecture, engineering, analytics and visualisation services. These services typically involve developing a customer-specific design with billing based on a specified payment schedule within each customer's respective Statement of Work.



## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

#### **IT professional services**

The Group provides IT consulting services relating to ad hoc advisory work and cloud migration projects. These services involve developing customer-specific IT service requirements with billing based on a specified payment schedule within each customer's respective Statement of Work.

#### **Privacy services**

The Group provides Privacy consulting services relating to Data Privacy Officer as a Service as well as data services around data privacy regulation including GAP analysis and assurance. These services involve developing a customer-specific Privacy service requirement with billing based on a specified payment schedule within each customers respective Statement of Work.

Revenue for all consulting services is recognised over time if the schedule ensures the Group is entitled to payment for its performance to date throughout the contract period (including a profit margin that, in percentage terms, is equal to or more than the final expected profit margin). In other cases, the payment schedule enables the Group to always recover at least its costs in the contract but not necessarily a full or proportionate profit margin. In these cases, taking into consideration the applicable contract law, the Group does not have an enforceable right to payment for performance completed to date and recognises revenue only to delivery and acceptance of the deliverables.

Revenue for over-time contracts is recognised on a time-and-materials basis as services are provided and costs are expensed as incurred. Amounts remaining unbilled at the end of a reporting period are presented in the Consolidated Statement of Financial Position as accounts receivable if only the passage of time is required before payment of these amounts will be due or as contract assets if payment is conditional on future performance.

These arrangements include detailed customer payment schedules. When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the Consolidated Statement of Financial Position under contract liabilities.

#### **Hardware sales**

The Group offers the sale of Hardware via third parties to the customers for other services on a customary business basis. The sales can include third party warranties. The cost in addition to our handling charge is recognised when or as the Group transfers control of the asset and warranty where applicable to the customer.

For stand-alone sales of hardware without installation services, control transfers when the customer takes delivery of the hardware.

Revenue is determined and recognised at a point in time basis using output measurement method. The third-party costs are expensed on delivery and acceptance (i.e., when the related revenue is recognised) and allocated to cost of sales.

#### **Software sales**

Revenue from the sale of third-party non-customised third-party software and where applicable related third-party warranties is recognised when or as the Group transfers control of the asset to the customer.

For stand-alone sales of software without installation services, control transfers when the customer downloads access to the software.

Revenue is determined and recognised at a point in time basis using output measurement method. The third-party costs are expensed on delivery and acceptance (i.e., when the related revenue is recognised) and allocated to cost of sales.

## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

#### **e) Cost of sales**

Cost of sales are recognised on an accruals basis for services procured in connection with the revenue generating activities of the Group. Where Calligo is principal in the customer contractual arrangement they will ensure cost that relates directly to the customer contract are allocated to cost of sales, these costs may include direct labour, direct materials and pass through costs to the customer. If Calligo's contractual arrangement with a customer is on an agent basis, only direct materials and pass-through costs incurred by Calligo and under its control will be allocated to cost of sales.

#### **f) Operating expenses**

Operating expenses are recognised in the Consolidated Income Statement upon utilisation of the service or as incurred.

#### **g) Borrowing costs**

Borrowing costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are expensed in the Consolidated Statement of Comprehensive Income.

#### **h) Income Taxation**

Tax expense recognised in the Consolidated Income Statement comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

The calculation of current and deferred tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period (see note 9). Deferred income taxes are calculated using the liability method. The carrying amounts of deferred tax are reviewed at the end of each reporting period based on its most likely amount and adjusted if needed. Assessing the most likely amount of current and deferred tax in case of uncertainties (e.g., as a result of the need to interpreting the requirements of the applicable tax law), requires the group to apply judgments in considering whether it is probable that the taxation authority will accept the tax treatment retained.

Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 specifies limited exemptions. As a result of these exemptions the Group does not recognise deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries (only to the extent that the group control the timing of the reversal of the taxable temporary difference and that reversal is not likely to occur in the foreseeable future). The Group does not offset deferred tax assets and liabilities unless it has a legally enforceable right to do so and intends to settle on a net basis.

## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

#### **i) Foreign currency translation**

##### **Functional and presentation currency**

The consolidated financial statements are presented in GBP, which is also the functional currency of the parent company.

##### **Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in the Consolidated Income Statement.

Non-monetary items are not retranslated at the period-end. They are measured at historical cost translated using the exchange rates at the transaction date.

##### **Foreign operations**

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than GBP are translated into GBP upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into GBP at the closing rate. Income and expenses have been translated into GBP at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

#### **j) Dividends**

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the Consolidated Statement of Changes in Equity.

#### **k) Property, plant and equipment**

Property, plant and equipment (comprising IT equipment, other equipment, motor vehicles and leasehold improvements) are initially recognised at acquisition cost including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property, plant and equipment over the useful lives of the asset. The following useful lives are applied:

- Leasehold improvements: Term of lease
- Right of Use Assets: 3-15 years
- IT equipment: 3-5 years
- other equipment: 3-12 years.
- Motor vehicles 5 years

## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the Consolidated Income Statement either within other income or other expenses.

The fair value of property, plant and equipment is assessed as per the accounting policy outlined in 2.4.c.

#### **l) Other intangible assets**

##### **Initial recognition of other intangible assets**

###### **Customer lists**

Customer lists acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values using an income valuation approach method. The value is determined by estimating the present value of future economic benefits attributable to the Group and incorporating as much observable market data into the valuation related to the acquired customer list. This approach does rely on projected financial information and discounted rates based on group borrowing rates. Customer lists are deemed to have a finite life.

###### **Intellectual property**

Intellectual property, including IP addresses, acquired is initially recognised at acquisition cost including any costs directly attributable to bringing the assets to a condition necessary for them to be capable of operating in the manner intended by the Group's management. Intellectual property is deemed to have an indefinite useful life.

###### **Subsequent measurement**

All intangible assets with a finite life are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 2.4n.

The following useful lives are applied:

- Customer lists                      4-6 years
- Intellectual property              Infinite life

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of other intangible assets are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement within other income or other expenses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, at CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

#### **m) Leases**

The Group assesses whether a contract is or contains a lease at inception of the contract.

##### **Finance Leases**

A finance lease conveys the right to direct the use and obtain substantially all the economic benefits of an identified asset for a period in exchange for consideration.

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

The Group makes use of leasing arrangements principally for the provision of office space and IT equipment. These have been identified to be finance leases. The lease contracts for offices are typically negotiated for terms of between 3 and 10 years and some of these have extension terms. Lease terms for IT equipment are between 6 months and 6 years without any extension terms. The Group does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at offices and servicing. The Group has elected to separate its leases for offices into lease and non-lease components and accounts for these contracts as lease and non-lease components based on their relative stand-alone prices.

#### Right of use asset

At finance lease commencement date, the Group recognises a right of use asset in its Consolidated Statement of Financial Position. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right of use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

#### Useful lives:

Property Leases	Term range from 1 – 10 years
IT Equipment Leases	Term range from 1 – 3 years

In the case of right of use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Furthermore, where the Group enters into sub lease arrangements a reduction to the right of use asset value is determined and reduced from the main lease right of use Asset value at the sub lease commencement date. The Group depreciates the right-of-use asset sub lease reduction on a straight-line basis from the sub lease commencement date and writes back this value to the Consolidated Income Statement until the end of the sub lease term. At the Sub Lease commencement date, the Group measures the reduction lease liability at the present value of the sub lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease or as at the commencement of IFRS 16 adoption.

Where the lessor has made a leasehold improvement contribution upon commencement of the lease (as a lease incentive) and the Group is not required to reimburse, the Group determines the contribution value. The Group adds the value of the Leasehold improvement to the leasehold property asset and depreciates over the life of the lease on a straight-line basis. A reduction to the right of use asset is processed for the same value and this adjustment is written back to the Consolidated Income Statement over the life of the lease on a straight-line basis.

#### Lease Liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the incremental borrowing rate relevant to each lease at the commencement date of the lease. If no rate is identified, the rate is determined following general guidance from advisors. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable

## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arise from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset, the exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in the Consolidated Income Statement.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate, except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

To respond to business needs, particularly in the demand for office space, the Group will enter negotiations with landlords to either increase or decrease available office space or to renegotiate amounts payable under the respective leases. In some instances, the Group can increase office capacity by taking additional floors available and therefore agrees with the landlord to pay an amount that is commensurate with the stand-alone pricing adjusted to reflect the particular contract terms. In these situations, the contractual agreement is treated as a new lease and accounted for accordingly.

In other instances, the Group can negotiate a change to a lease such as reducing the amount of office space taken, reducing the lease term or by reducing the total amount payable under the lease, both of which were not part of the original terms and conditions of the lease. In these situations, the Group does not account for the changes as though there is a new lease. Instead, the revised contractual payments are discounted using a revised discount rate at the date the lease is effectively modified. For the reasons explained above, the discount rate used is the Group's incremental borrowing rate relevant to the market the lease is held, determined at the modification date, as the rate implicit in the lease is not readily determinable.

The remeasurement of the lease liability to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease, is dealt with by a reduction in the carrying amount of the right-of-use asset. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. These leases relate to office space, and certain IT equipment. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the Consolidated Income Statement on a straight-line basis over the lease term.

The Group only reflects leases on this basis whereby the contract conveys Calligo's right to control the contracted asset.

#### **Operating Lease**

The Group assesses leases to determine whether the asset under lease transfers substantially all the risks and

## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

rewards of ownership to the Group. Those assets that do not transfer substantially all the risks and rewards are classified as operating leases. The Group holds operating leases for some licenced accommodation and data centres. Costs of operating leases are processed directly in the Consolidated Income Statement.

#### **The Group as a lessor**

As a lessor the Group classifies its leases as either operating or finance leases. The Group holds a property sub lease treated as a finance lease.

#### **n) Impairment testing of goodwill, other intangible assets and property, plant and equipment**

For impairment assessment purposes, net assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). The Group's CGUs are based on local geographical trading businesses. Goodwill is allocated to the CGU that is expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

The CGU is assessed annually for impairment loss. An impairment loss is recognised for the amount by which CGUs carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use and/or value-less-costs of disposal, management estimates expected future cash flows from each CGU based on Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA), applies future growth rates and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each CGU and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for CGU reduce first the carrying amount of any goodwill allocated to the cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the CGU.

Except for goodwill, all assets are subsequently reassessed for indications an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the assets or cash-generating unit's recoverable amount exceeds its carrying amount. The Group did not reverse any previous period impairment losses in 2022.

#### **o) Financial instruments**

##### **Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

##### **Classification and initial measurement of financial assets**

Except for those trade receivables and contract assets that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, are classified into one of the following categories:

- amortised cost
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are valued using FVTPL or FVOCI that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

For the periods presented, the Group presented all financial assets at amortised cost.

#### **Subsequent measurement of financial assets**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Impairment of financial assets**

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, recognised and measured under IFRS 15.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### **Trade and other receivables**

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to note 27 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Where consistent with the provisioning horizon, the possible impact of climate risks on the determination of expected credit losses has been integrated.

#### **Classification and measurement of financial liabilities**

The Group's financial liabilities include borrowings, trade and other payables and contract liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except



## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. The group hold no derivatives and financial liabilities designated at FVTPL. The Bond Borrowing facility is valued based on amortised cost, as the bond has a static value on the Frankfurt stock exchange.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

#### **p) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

#### **q) Provisions, contingent assets and contingent liabilities**

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

#### **r) Equity and reserves**

Share capital represents the nominal (par) value of shares that have been issued. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The Group recorded IFRS 16 Lease changes from GAAP pre 1st January 2021 in a Change in Accounting Policy Reserve, this was consolidated into the 1 January 2021 Retained earnings balance.

Retained earnings includes all current and prior period retained profits and share based employee remuneration.

All transactions with owners of the parent are recorded separately within equity.

#### **s) Pension plans**

The Group pays fixed defined contributions into independent entities in relation to several retirement plans for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

#### **t) Share based employee remuneration**

Share based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity settled share based payment transaction, regardless of how the equity instruments are obtained by the entity.

The grant date fair value of equity settled share based arrangements granted to employees is recognised as personnel expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non market conditions at the vesting date. For share based payment awards with non vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions and there is no true up for differences between expected and actual outcomes.

Share based payment transactions in which the entity receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the entity's equity instruments are accounted for as cash settled share based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employee becomes unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

#### **(u) Going concern**

The Group is supported by committed investors and there is a clear strategy in place to take the business forward. The Directors have evaluated trading operations and believe that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group is in a net liability position of £17,624,316 (2021: net liability position of £10,088,753). The net liability is largely attributable to the Group's accounting policy on goodwill amortisation, cumulative interest cost on third party borrowings and the high element of reorganisation costs, transaction costs and debt raise/repayment costs in the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020. The Group continues to generate a positive EBITDA and the Directors are confident in the ability to grow the business in both the data insights and cloud industry segments particularly. Since the year end, the Group issued equity to a new shareholder generating new shareholder funds of £3m which were received on 18 April 2023.

As such, the Directors do not believe that the reported net liability is a going concern issue and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

#### **2.5 First time adoption of IFRS**

These financial statements, for the year ended 31 December 2022, are the first the Group has prepared in accordance with International Financial Reporting Standards ("IFRS"). For periods up to and including the year ended 31 December 2021, the Group prepared its financial statements in accordance with UK generally accepted accounting principles (UK GAAP).

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 31 December 2022, together with the comparative period data for the year ended 31 December 2021, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 January 2021, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its UK GAAP financial statements, including the statement of financial position as at 1 January 2021 and the financial statements as of, and for, the year ended 31 December 2021.

# CALLIGO HOLDINGS LIMITED

## Notes to the consolidated financial statements For the year ended 31 December 2022

### Group reconciliation of equity as at 1 January 2021 (Opening balances for date of transition to IFRS)

		UK GAAP	Reclassification and Remeasurements	IFRS
	Notes	1 January 2021	1 January 2021	1 January 2021
		£	£	£
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill		18,423,298	-	18,423,298
Other intangible assets		-	-	-
Property, plant and equipment	e,f	3,778,856	(1,001,389)	2,777,467
Right of use assets	e	-	3,144,597	3,144,597
		22,202,154	2,143,208	24,345,362
<b>Current assets</b>				
Trade and other receivables	d	4,448,040	(121,308)	4,326,732
Cash and cash equivalents		1,807,293	-	1,807,293
		6,255,333	(121,308)	6,134,025
<b>Total Assets</b>		28,457,487	2,021,900	30,479,387
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		284,294	-	284,294
Share premium		23,885,733	-	23,885,733
Retained losses	e	(18,416,659)	(103,032)*	(18,519,691)
Equity attributable to owners of company		5,753,368	(103,032)	5,650,336
<b>Non-current liabilities</b>				
Borrowings		16,779,099	-	16,779,099
Lease liabilities	e	367,116	1,691,163	2,058,279
Other liabilities	e	154,349	24,284	178,633
		17,300,564	1,715,447	19,016,011
<b>Current liabilities</b>				
Trade and other payables	e	4,352,590	2,600	4,355,190
Current tax liabilities		246,007	-	246,007
Borrowings		-	-	-
Lease liabilities	e	804,958	406,885	1,211,843
		5,403,555	409,485	5,813,040
<b>Total liabilities</b>		22,704,119	2,124,932	24,829,051
<b>Total equity and liabilities</b>		28,457,487	2,021,900	30,479,387

\*includes £10,209 representing a movement in total comprehensive income for the year ended 31 December 2020 and a negative (£113,241) relating to Changes in Accounting Policies following the adoption of IFRS.

# CALLIGO HOLDINGS LIMITED

## Notes to the consolidated financial statements For the year ended 31 December 2022

### Group reconciliation of equity as at 31 December 2021

	Notes	UK GAAP 31 Dec 2021 £	Reclassification and Remeasurements 31 Dec 2021 £	IFRS 31 Dec 2021 £
	Notes			
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill	a,b,c	18,995,828	(7,676,405)	11,319,423
Other intangible assets	a,g	-	2,385,570	2,385,570
Property, plant and equipment	e,f	3,699,670	(1,581,533)	2,118,137
Right of use assets	e	-	4,223,943	4,223,943
		22,695,498	(2,648,425)	20,047,073
<b>Current assets</b>				
Trade and other receivables	d	13,089,896	182,149	13,272,045
Cash and cash equivalents		6,888,845	-	6,888,845
		19,978,741	182,149	20,160,890
<b>Total Assets</b>		42,674,239	(2,466,276)	40,207,963
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		285,911	-	285,911
Share premium		24,171,208	-	24,171,208
Retained losses		(28,852,352)	(5,693,520)	(34,545,872)
Equity attributable to owners of company		(4,395,233)	(5,693,520)	(10,088,753)
<b>Non-current liabilities</b>				
Borrowings		40,517,720	(1)	40,517,719
Lease liabilities	e	714,291	2,590,576	3,304,867
Other liabilities		(3,133)	2	(3,131)
		41,228,878	2,590,577	43,819,455
<b>Current liabilities</b>				
Trade and other payables	e	4,680,269	(445,457)	4,234,812
Current tax liabilities		161,788	-	161,788
Provisions		-	58,035	58,035
Contract Liabilities		-	539,119	539,119
Borrowings		-	-	-
Lease liabilities	e	998,537	484,970	1,483,507
		5,840,594	636,667	6,477,261
<b>Total liabilities</b>		47,069,472	3,227,244	50,296,716
<b>Total equity and liabilities</b>		42,674,239	(2,466,276)	40,207,963

# CALLIGO HOLDINGS LIMITED

## Notes to the consolidated financial statements For the year ended 31 December 2022

### Group reconciliation of Comprehensive Income for the year ended 31 December 2021

		UK GAAP 31 Dec 2021 £	Reclassification and Remeasurements 31 Dec 2021 £	IFRS 31 Dec 2021 £
	Notes			
<b>Revenue</b>		30,125,581	(88,389)	30,037,192
Costs of sales		(9,481,600)	-	(9,481,600)
Employee benefits expense		(13,822,009)	-	(13,822,009)
Depreciation, Amortisation and Impairment of Non-financial assets	a,b,c,e,g	(8,277,126)	(5,532,388)	(13,809,514)
Impairment of Financial Assets	d	(348,895)	(67,464)	(416,359)
Other expenses	e	(7,181,367)	256,233	(6,925,134)
<b>Operating loss</b>		(8,985,416)	(5,432,008)	(14,417,424)
Finance income		-	-	-
Finance costs	e	(2,474,175)	(140,509)	(2,614,684)
Other financial items		1,196,031	(3)	1,196,028
<b>Loss before taxation</b>		(10,263,560)	(5,572,520)	(15,836,080)
Tax expense		19,375	-	19,375
<b>Loss for the year</b>		(10,244,185)	(5,572,520)	(15,816,705)
<b>Other comprehensive income:</b>				
Exchange difference on retranslation of subsidiaries		(21,094)	(17,968)	(39,062)
<b>Total comprehensive loss for the financial year</b>		(10,265,279)	(5,590,488)	(15,855,767)

### Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2020. Use of this exemption means that the UK GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise any assets or liabilities that were not recognised under the UK GAAP or exclude any previously recognised amounts as a result of IFRS recognition requirements.

IFRS 1 also requires that the UK GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. There was no impairment recognised on goodwill at 1 January 2021. However, goodwill impairment at the end of comparative period 31 December 2021 has been reperformed and determined a goodwill impairment for £3,084,725 in relation to the goodwill for a business acquired in the UK in the year ended 31 December 2020.

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

The Group has not applied IAS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur. Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2021.

The Group assessed all contracts existing at 1 January 2021 to determine whether a contract contains a lease based upon the conditions in place as at 1 January 2021. Where any of the Group's contracts did not convey the right to direct the use and obtain substantially all the economic benefits of an identified asset for a period of time in exchange for consideration, the Group did not apply the single on-balance sheet lease account model consistent with IFRS 16. Furthermore, if the lease payments associated with lease contracts for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.

The 'date of initial application' for IFRS 15 Revenue shall be interpreted as the beginning of the first IFRS reporting period, 1 January 2021. The Group is not required to restate contracts that were completed before the earliest period presented. A completed contract is a contract for which the entity has transferred all of the goods or services identified in accordance with previous GAAP.

#### Estimates

The Group estimates at 1 January 2021 and at 31 December 2021 are consistent with those made for the same dates in accordance with UK GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of UK GAAP did not require estimation.

#### a. Business Combinations

The costs of the 2021 acquisition totalling £293,530 were previously capitalised and included as part of the Goodwill upon acquisition. These costs have been reclassified under IFRS to the Income Statement. Intangible asset, Client Contracts, has been identified and valued under IFRS as £2,800,578. This asset reduces the value of Goodwill determined under UK GAAP and will be amortised over the finite life of between 4-6 years. Furthermore, the Escrow value £358,752 has been re-evaluated, it is a value Calligo are likely to recover from the Seller, Investment cost value has been reduced and an Escrow Debtor value created.

#### b. Intangible assets

Under UK GAAP the Group recognised indefinite lived intangible assets amounting to £7,004,638 on a business combination that does not qualify for recognition under IFRS. These intangible assets have been reclassified as part of goodwill on transition to IFRS. Goodwill has been presented within Intangible assets in the Statement of Financial Position.

#### c. Impairment of Assets

Under UK GAAP, long-lived assets were reviewed for impairment when events or changes in circumstances indicated that their carrying value may exceed the sum of the undiscounted future cash flows expected from use and eventual disposal. Under IFRS, as explained in Note 10, following accounting policy outlined in note 2.4.n, impairment of assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets (determined by the Group's management is equivalent to its operating segments), is assessed at the Cash Generating Unit (CGU) level based on the CGU's recoverable amount.

At the date of transition to IFRS, as a result of the changes in methodology, the Group determined that the recoverable amount of part of the UK business and the Ireland business, which is considered a CGU and is part of the Group, was less than its carrying amount. This resulted in an impairment loss of £11,120,707 being

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

recognised in the year ended 31 December 2021 comparatives. This amount has been included in the restated 1 January 2022 Opening Balances. Additionally, amortisation for the year ended 31 December 2021 was reduced to £0.

#### d. Trade and other receivables

The adoption of IFRS has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing an incurred loss approach under UK GAAP with a forward-looking expected credit loss (ECL) approach. IFRS requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. At the date of transition to IFRS, the Group recognised additional impairment on its Trade receivables of £57,740 (31 December 2021: £67,464), which resulted in a decrease in retained earnings by the same amount.

#### e. Leases

Under IFRS 16, a lease is classified as a finance lease or an operating lease. As explained in note 2.4.m, a lessee applies a single recognition and measurement approach for all finance leases, except for operating leases, short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS, the Group applied the transitional provision for its finance leases and measured lease liabilities at the present value of the remaining lease payments, discounted at the date of transition to IFRS. The discount rate used in determining the future lease payment value is the defined rate in the contract, and, if it has not been defined, the rate used is determined by advisors as at the earliest of commencement of the lease or 1 January 2021.

Right-of-use assets are measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. The Right-of-use asset value is adjusted for lease incentives by the lessor as defined in the lease, if applicable.

Any differences between IFRS & UK GAAP lease treatment prior to 1 January 2021 has been recognised in Retained Earnings. Right-of-use asset depreciation and lease liability interest from 1 January 2021 has been expensed to the Consolidated Income Statement.

As a result, the Group recognised an increase of £2,106,867 (31 December 2021 increase: £1,008,640) of lease liabilities included under interest-bearing loans and borrowings and £1,798,754 (31 December 2021: £954,135) of right-of-use assets relating to property leases.

Under UK GAAP, assets held under finance leases are capitalised and included in property, plant and equipment. Under IFRS, they are included in right-of-use assets. At the date of transition to IFRS, £1,345,843 (31 December 2021: £122,147) was moved from property, plant and equipment leased assets to right of use assets in respect of IT equipment leases. The Group recognised a decrease of £8,820 (31 December 2021 decrease of £38,079) on lease liabilities included under interest-bearing loans and borrowings related to IT equipment leases.

#### f. Statement of cash flows

Under UK GAAP, a lease is classified as a finance lease or an operating lease. Cash flows arising from operating lease payments are classified as operating activities. Under IFRS, a lessee generally applies a single recognition and measurement approach for all leases and recognises lease liabilities. Cash flows arising from payments of the principal portion of lease liabilities are classified as financing activities.



## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

#### **g. Foreign currency translation**

Under UK GAAP the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2021. The resulting adjustment was recognised against retained earnings.

#### **h. Contract Liabilities**

Deferred revenue is disclosed as a contract liability under IFRS.

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

#### 3 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the Group's consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses.

The following are the judgements made by management in applying the accounting policies of the Group that have the most significant effect on these consolidated financial statements.

##### *Recognition of contract revenue over time or at a point in time*

For some of the Group's contracts with customers significant judgement is required to assess whether control of the related performance obligation(s) transfers to the customer over time or at a point in time in accordance with IFRS 15. Specifically, for contracts that involve developing a customer-specific requirements with no alternative use to the Group, judgement is needed to determine whether the Group is entitled to payment for its performance throughout the contract period if the customer sought to cancel the contract. This relates mainly to consulting contracts for Cloud Services, Data Insights or Privacy Services. In making this assessment the Group compares the amount it is entitled to collect based on the agreed payment schedule to the estimated level of costs at all stages in the contract. In making this judgement the Group has considered the applicable contract law in the event of a customer seeking to cancel a contract without having the right to do so and has concluded that the court of law would not necessarily enforce specific contract performance.

##### *Climate-related matters*

The potential impact of climate-related matters has been considered in the preparation of these financial statements, including environmental legislation and commitments made by the Group which may affect the value of assets and liabilities. In many cases, the judgements applied refer to the recoverable amount of assets and the useful life of tangible assets (note 13) and CGU assessment (note 10).

The long-term consequences of climate changes on financial statements are difficult to predict and require entities to make significant assumptions and develop estimates.

Assumptions used by the Group are subject to uncertainties relating to regulatory changes (e.g green taxes adopted by governments), new environmental commitments made by the Group to meet its carbon reduction goals, development of new technologies, depletion of natural resources used to produce telecommunication hardware, etc. Due to these uncertainties, the figures reported in the Group's future financial statements could differ from the estimates established at the time these financial statements were approved (see note 10 – Goodwill, note 13 – Property, plant and equipment, note 14 Right of use assets, note 20 – Lease liability and note 28 – Contingent Liabilities).

##### *Recognition of deferred tax assets*

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

The Directors have not recognised deferred tax assets because they do not have sufficient confidence that taxable profits will arise in the relevant jurisdictions in the short term. The Group has unrecognised deferred tax assets of £8,988,000 (2021: restated £6,819,000). The deferred tax asset arises from losses, intangible assets and other timing differences of £39,018,000 (2021: restated £29,779,000).

##### *Impairment of non-financial assets and goodwill*

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit (net of intercompany balances) based on expected future cash flows and uses an interest rate to discount them.

## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. In 2022, the Group recognised an impairment loss on goodwill (see note 10).

#### *Significant Estimates and assumptions*

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### *Useful lives and residual values of depreciable assets*

Management reviews its estimate of the useful lives and residual values of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and environmental regulations that can make polluting assets to be depreciated more quickly.

#### *Business combinations*

Management uses various valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. In particular, the fair value of contingent consideration is dependent on the outcome of many variables including the acquirees' future profitability. No businesses were acquired in 2022.

#### *Customer Lists valuation*

Management uses various valuation techniques when determining the fair value of acquired customers using prior year and forecasted sales over a 5 year period. Consideration is dependant on anticipated attrition, future EBITDA %, tax rate and discount rate. No customer lists were purchased in 2022.

#### *Fair value measurement*

Refer to accounting policies note 2.4.c.

The Group measures based on fair value, market-based techniques, when the market information is available. The Group does not have any derivatives or financial assets and liabilities that can be valued based on observable market information.

All the Group's financial assets and liabilities are valued on an amortised cost method as these balances are not in an active traded market.

Non financial assets and liabilities are measured at Amortised cost.

All assets and liability balances are fair value assessed on a cash generating unit (CGU) basis and when the net assets value is higher than the estimated recoverable value of the overall CGU, an impairment value is determined and processed (refer to accounting policies note 2.4.n).

Management uses various valuation techniques to determine the fair value of each CGU within the group. This involves developing estimates and assumptions consistent with how market participants would price the each CGU. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## **CALLIGO HOLDINGS LIMITED**

### **Notes to the consolidated financial statements For the year ended 31 December 2022**

#### *Equity settled share based payments*

The Directors have used the Black Scholes method to determine the fair value of:

- the bonuses it has awarded to staff that have been settled in equity; and
- the share options it has granted to date

The Directors applied judgement in determining a fair value of the shares for the awards made in 2022 and assumed an exit date in respect of the vesting period.

#### *Litigations and claims*

The Directors have applied judgment in determining liabilities in respect of an unfair dismissal claim as outlined in note 28.

#### *Leases – determination of the appropriate discount rate to measure lease liabilities*

As noted above, the Group enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Group uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over similar terms which requires estimations when no observable rates are available. If the rate of interest as at the transition date is unavailable, the borrowing rate as at the date of transition has been applied.

The Group consults with its advisers to determine what interest rate they would expect to charge the Group to borrow money to purchase a similar asset to that which is being leased. These rates are, where necessary, then adjusted to reflect the credit worthiness of the entity entering into the lease and the specific condition of the underlying leased asset. The estimated incremental borrowing rate is higher than that of the parent company for leases entered into by its subsidiary undertakings.

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

#### 4 Revenue

The Group's revenue disaggregated by primary geographical markets and service lines is as follows:

For the year ended 31 December 2022							
	Cloud Services	Managed Services	Data Insights	Privacy Services	Hardware & Software	Other	Total
	£	£	£	£	£	£	£
Channel Islands	5,470,186	273,300	-	395,040	37,231	93,210	6,268,967
UK	3,327,302	402,627	78,000	698,616	181,702	15,789	4,704,036
Ireland	1,251,521	1,303,035	-	19,585	804,832	13,967	3,392,940
Luxembourg	1,039,550	-	-	-	64,780	2,031	1,106,361
Canada	3,366,353	2,389,302	18,572	-	844,315	84,730	6,703,272
USA	39,736	-	6,983,447	14,607	294,099	244,617	7,576,506
	14,494,648	4,368,264	7,080,019	1,127,848	2,226,959	454,344	29,752,082
Services transferred	14,494,648	4,368,264	7,080,019	1,127,848	-	454,344	27,525,123
Goods transferred	-	-	-	-	2,226,959	-	2,226,959
	14,494,648	4,368,264	7,080,019	1,127,848	2,226,959	454,344	29,752,082

For the year ended 31 December 2021							
	Cloud Services	Managed Services	Data Insights	Privacy Services	Hardware & Software	Other	Total
	£	£	£	£	£	£	£
Channel Islands	5,112,807	322,576	-	396,051	47,990	183,728	6,063,152
UK	2,576,572	675,175	141,800	607,825	259,516	24,946	4,285,834
Ireland	1,834,157	1,891,668	-	11,857	921,949	29,663	4,689,294
Luxembourg	1,112,509	-	-	-	72,683	220	1,185,412
Canada	3,774,970	2,582,965	-	6,880	1,117,751	66,320	7,548,886
USA	-	-	5,822,267	14,021	364,400	63,926	6,264,614
	14,411,015	5,472,384	5,964,067	1,036,634	2,784,289	368,803	30,037,192
Services transferred	14,411,015	5,472,384	5,964,067	1,036,634	-	368,803	27,252,904
Goods transferred	-	-	-	-	2,784,289	-	2,784,289
	14,411,015	5,472,384	5,964,067	1,036,634	2,784,289	368,803	30,037,192

#### 5 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2022	2021
	£	£
Wages, salaries	11,664,610	11,572,743
Social security costs	1,089,636	950,186
Share based payments	(143,754)	26,184
Pension costs	389,287	391,740
Healthcare costs	74,040	74,959
Contractors	777,929	213,231
Recruitment	189,815	83,785
Training	48,768	29,858
Travel	372,588	154,745
Other	347,197	324,578
	14,810,116	13,822,009

# CALLIGO HOLDINGS LIMITED

## Notes to the consolidated financial statements For the year ended 31 December 2022

### Share-based employee remuneration

On 21 January 2015 the Company adopted the Calligo Limited executive share option scheme 2015 (the "option scheme"). The Company held no Ordinary shares in Treasury at the year end and therefore there were no unallocated shares at 31 December 2022.

The amount of share based expenses for the reporting periods is as follows:

	2022 £	2021 £
Share based payment expenses	(143,754)	26,184

### Pensions and other employee obligations

The company only offers defined contribution pension plans.

## 6 Other expenses

Other expenses are analysed below:

	2022 £	2021 £
Marketing	459,923	603,184
Establishment	804,373	730,092
IT	666,650	867,719
Legal & professional	545,552	839,306
Subscriptions	249,613	219,620
Sundry costs	276,848	71,301
Restructuring costs	836,132	904,498
Debt raise and debt repayment costs	1,106,684	1,051,809
M&A costs	377,800	1,344,075
Acquisition costs	-	293,530
	5,323,575	6,925,134

## 7 Finance costs and finance income

Finance costs for the reporting periods consist of the following:

	2022 £	2021 £
Finance income		
Interest income	(36,555)	-
Finance costs		
Acquisition finance	3,643,742	2,330,675
Finance leases & hire purchase contracts	197,489	235,797
Other interest & charges	49,712	48,212
	3,890,943	2,614,684

# CALLIGO HOLDINGS LIMITED

## Notes to the consolidated financial statements For the year ended 31 December 2022

### 8 Other financial items

Other financial items for the reporting periods consist of the following:

	2022	2021
	£	£
Foreign exchange	154,364	(1,235,664)
(Profit)/loss on sale of assets	(231,750)	39,636
	(77,386)	(1,196,028)

### 9 Tax expense

	2022	2021
	£	£
Current charge – overseas subsidiaries (note 1)	304,063	(19,375)
	304,063	(19,375)

Note 1: Included in this amount is £67,448 of irrecoverable Canadian & USA withholding tax (2021: £86,586) suffered on management charges from Jersey, £4,367 in respect of withholding taxes on dividends paid from Luxembourg to Jersey (2021: £30,433) and Washington State tax of £79,705 (2021: £60,181).

#### Reconciliation of effective tax rate

	2022	2021
	£	£
Loss on ordinary activities before taxation	(6,842,602)	(15,836,080)
Tax on loss on ordinary activities before taxation (at effective rate of 20.5% (2021: 20.8%))	(1,459,364)	(3,298,293)
<i>Factors affecting tax charge for the year:</i>		
Expenses not deductible for tax purposes, net of incentives	69,153	1,891,909
Movement in unrecognized deferred tax assets	1,444,306	1,406,384
Overseas tax adjustments	150,459	60,773
Adjustment in respect of prior years	99,509	(80,148)
Total current income tax (credit)/charge for the year	304,063	(19,375)

The Company is subject to Jersey income tax at the rate of 0%. The subsidiary entities bear the following corporate tax rates for both 2022 and 2021 – Jersey 0% (2021:0%), UK 19% (2021:19%), Luxembourg 25% (2021:25%), Ireland 12.5% (2021: 12.5%), Canada 26.5% (2021:26.5%) and USA 21% (2021:21%).

The tax rate in the UK changed to 25% from 1 April 2023 however this will not have any material impact on the Group.

No deferred tax asset has been recognised on these losses in these financial statements as the Directors do not have sufficient confidence that taxable profits will arise in the relevant jurisdictions in the short term. The Group has unrecognised deferred tax assets of £8,988,000 (2021 restated: £6,819,000). The deferred tax asset arises from losses, intangible assets and other timing differences of £39,018,000 (2021 restated: £29,779,000).

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

#### 10 Goodwill

The movements in the net carrying amount of goodwill are as follows:

	<b>Goodwill</b>
	<b>£</b>
<b>Cost or valuation</b>	
At 1 January 2022	31,212,611
Acquisitions in the year	-
Foreign exchange translation differences	1,358,470
<b>At 31 December 2022</b>	<b>32,571,081</b>
<b>Accumulated amortisation</b>	
At 1 January 2022	19,893,188
Impairment for the year	169,781
Foreign exchange translation differences	578,264
<b>At 31 December 2022</b>	<b>20,641,233</b>
<b>Net book value</b>	
<b>At 31 December 2022</b>	<b>11,929,848</b>
At 31 December 2021	11,319,423

The Group made no acquisitions during the year.

#### Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the defined cash-generating units (the group has defined these to be the local operating business) expected to benefit from the synergies of the business combinations in which the goodwill arises and is compared to its recoverable value.

The Group tests CGUs with goodwill annually for impairment, or more frequently if there is an indication that a CGU to which goodwill has been allocated may be impaired. The recoverable amount of a CGU is the higher of the CGU's fair value less cost of disposal ('FVLCD') and its value-in-use.

FVLCD is determined based on the projected income approach, using forecasted EBITDA, growth rates and discount factor based on group borrowing rate (See note 2.4.c&n).

#### Growth rates

The growth rates reflect the prudent long-term average growth rates of 3% per year across all CGU's.

At this stage and considering the direct exposure of the Group to climate changes, management has considered growth rates were not significantly affected and were still consistent with long term prospects of its industry and expectations from market participants. Despite risks mentioned in note 27, climate-related matters could nevertheless generate new business opportunities for the Group (e.g acceleration of the Group's digital transformation presents a major opportunity for the Group to develop new consulting missions or accelerated technological progress together with the development of the circular economy. This could help the Group to gain a stronger foothold in the highly competitive market of retailing telecommunications hardware).

#### Discount rates

The discount rates reflect the appropriate group borrowing rate.



## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

#### Cash flow assumptions

Projections of cash flows as referred to above are extracted from the Group's business plan for the next financial year as adjusted for growth thereafter.

The recoverable amount of the CGUs were substantially in excess of its carrying amount, with exception of Ireland. The Ireland goodwill impairment loss of £169,781 in 2022 (2021: £3,084,725 UK business, £8,037,688 Ireland business) was included within depreciation, amortisation and impairment of non-financial assets.

No acquisitions and disposals were made in the group in 2022.

#### 11 Other intangible assets

Details of the Group's other intangible assets and their carrying amounts are as follows:

	Customer Lists	IP addresses	Total
Cost or valuation	£	£	£
At 1 January 2022	2,891,600	-	2,891,600
Additions in the year	-	158,235	158,235
Foreign exchange translation differences	331,044	(7,584)	323,460
<b>At 31 December 2022</b>	<b>3,222,644</b>	<b>150,651</b>	<b>3,373,295</b>
<b>Accumulated amortisation</b>			
At 1 January 2022	506,030	-	506,030
Charge for the year	634,262	-	634,262
Foreign exchange translation differences	68,199	-	68,199
<b>At 31 December 2022</b>	<b>1,208,491</b>	<b>-</b>	<b>1,208,491</b>
<b>Net book value</b>			
<b>At 31 December 2022</b>	<b>2,014,153</b>	<b>150,651</b>	<b>2,164,804</b>
At 31 December 2021	2,385,570	-	2,385,570

No impairment loss was recognised for these other intangible assets.

All amortisation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

#### 12 Other long term assets

Other long term assets for the reporting periods consist of the following:

	2022	2021
	£	£
Receivable from sale of business	143,305	-
Escrow debtor	170,622	-
	<b>313,927</b>	<b>-</b>

# CALLIGO HOLDINGS LIMITED

## Notes to the consolidated financial statements For the year ended 31 December 2022

### 13 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amounts are as follows:

	Other Equipment	Computer Equipment	Leasehold improvement	Motor vehicles	Total
Cost or valuation	£	£	£	£	£
At 1 January 2022	1,131,076	7,724,776	1,369,230	75,680	10,300,762
Additions	415,181	348,670	-	-	763,851
Acquisitions	-	-	-	-	-
Reclassifications	-	-	-	-	-
Disposals	-	-	-	(13,432)	(13,432)
Foreign exchange translation differences	38,303	146,710	69,470	3,757	258,240
<b>At 31 December 2022</b>	<b>1,584,560</b>	<b>8,220,156</b>	<b>1,438,700</b>	<b>66,005</b>	<b>11,309,421</b>
<b>Accumulated depreciation</b>					
At 1 January 2022	697,965	7,029,017	422,205	33,438	8,182,625
Charge for the year	104,308	426,818	192,577	4,187	727,890
Reclassifications	-	(6,251)	6,251	-	-
Disposals	-	-	-	(7,856)	(7,856)
Foreign exchange translation differences	34,071	107,636	18,852	1,733	162,292
<b>At 31 December 2022</b>	<b>836,344</b>	<b>7,557,220</b>	<b>639,885</b>	<b>31,502</b>	<b>9,064,951</b>
<b>Net book value</b>					
<b>At 31 December 2022</b>	<b>748,216</b>	<b>662,936</b>	<b>798,815</b>	<b>34,503</b>	<b>2,244,470</b>
At 31 December 2021	433,111	695,759	947,025	42,242	2,118,137

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

The Group reviewed the useful lives of its main IT equipment assets and concluded that no changes were required at this stage. This is consistent with the Group's overall climate commitments and measures the Group will implement in the future.

The Group has no capital work in progress at 31 December 2022 (2021: Nil).

The Group does not hold leased assets within Property, plant and equipment, the asset value is held in right of use assets.

**CALLIGO HOLDINGS LIMITED****Notes to the consolidated financial statements  
For the year ended 31 December 2022****14 Right of use assets**

<b>Cost or valuation</b>	<b>Property £</b>	<b>IT Equipment £</b>	<b>Total £</b>
At 1 January 2022	3,265,717	2,417,455	5,683,172
Additions	(594,182)	872,298	278,116
Reclassifications	-	-	-
Disposals	-	-	-
Foreign exchange translation differences	157,994	980	158,974
<b>At 31 December 2022</b>	<b>2,829,529</b>	<b>3,290,733</b>	<b>6,120,262</b>
<b>Accumulated depreciation</b>			
At 1 January 2022	509,923	949,306	1,459,229
Charge for the year	467,582	985,195	1,452,777
Reclassifications	-	-	-
Disposals	-	-	-
Foreign exchange translation differences	39,274	735	40,009
<b>At 31 December 2022</b>	<b>1,016,779</b>	<b>1,935,236</b>	<b>2,952,015</b>
<b>Net book value</b>			
<b>At 31 December 2022</b>	<b>1,812,750</b>	<b>1,355,497</b>	<b>3,168,247</b>
At 31 December 2021	2,755,794	1,468,149	4,223,943

**15 Prepayments & other short term assets**

Prepayments and other short term assets consist of the following:

	<b>2022 £</b>	<b>2021 £</b>
Prepayments & deposits	730,359	528,510
Other Debtors	77,566	93,443
Accrued Income	124,837	176,203
	<b>932,762</b>	<b>798,156</b>

# CALLIGO HOLDINGS LIMITED

## Notes to the consolidated financial statements For the year ended 31 December 2022

### 16 Trade and other receivables

Trade and other receivables consist of the following:

	2022	2021
	£	£
Trade receivables (note a)	2,981,299	3,456,992
Other receivables	217,600	370,866
Cash in escrow (note b)	35,754	8,606,360
	<b>3,234,653</b>	<b>12,434,218</b>

Note a: The trade debtors are net of expected credit loss provisions of £243,596 (2021: £318,391).

Note b: The cash in escrow balance represents funds retained under the terms of the Nordic bond facility.

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

### 17 Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand		
- GBP	120,384	116,512
- Euro	460,696	6,021,760
- US\$	526,452	489,999
- CAD\$	207,120	260,574
	<b>1,314,652</b>	<b>6,888,845</b>

The amount of cash and cash equivalents inaccessible to the wider Group as at 31 December 2022 amounts to £112,741 (31 December 2021: £94,793).

### 18 Equity

#### Share Capital

The share capital of the parent company, Calligo Holdings Limited, consists only of fully paid ordinary shares with a nominal (par) value of 1p per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of Calligo Holdings Limited.

	2022	2021
	£	£
<b>Authorised</b>		
50,000,000 Ordinary shares of 1p each (2021: 50,000,000 at 1p each)	<b>500,000</b>	<b>500,000</b>
	<b>500,000</b>	<b>500,000</b>
<b>Allotted, called up and fully paid</b>		
28,591,116 Ordinary shares of 1p each (2021: 28,591,116 at 1p each)	<b>285,911</b>	<b>285,911</b>
	<b>285,911</b>	<b>285,911</b>

During the year to 31 December 2022, the Company did not issue any Ordinary shares. In the financial year ended 31 December 2021, the Company issued 161,624 Ordinary shares at a premium of £285,475, raising net funds of £287,092.

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

#### Share based payments

The Company established the Calligo Share Option Scheme 2019, a share option scheme that entitles key management personnel and senior employees to purchase shares in the Company. A summary of the options granted are as follows:

	No. of options 2022	No of options 2021
At beginning of the period	1,303,995	1,445,000
Issued in the period	1,582,500	438,995
Lapsed in the period/considered as non vesting	(375,000)	(580,000)
At end of the period	2,511,495	1,303,995

The options vest after a three year period and this period begins when the employee in question commences employment with the Company. The strike price for these awards ranges from US\$1.42 to US\$4.50 (2021: US\$1.42 to US\$3.31) and the options can only be exercised on an exit event as defined under the rules. The Company has determined that the exit event is a non market performance condition. All options are to be settled by physical delivery of shares.

The Company has determined that the Scheme is an equity settled arrangement and the fair value of the share options granted have been calculated using the Black-Scholes method. The Directors consider this to be an appropriate valuation tool as it takes into account the time value of money.

The Company did not enter into any share-based payment transactions with parties other than employees during the current or previous periods.

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

#### 19 Borrowings

Borrowings include the following financial liabilities:

	2022	2021
	£	£
<b>Carrying value at amortised cost</b>		
Nordic bond facility	35,224,356	41,987,275
Less: unamortised bond arrangement fee	(979,703)	(1,469,556)
<b>Total</b>	<b>34,244,653</b>	<b>40,517,719</b>

The Nordic Bond facility is repayable on 30 December 2024 and is therefore classified as non-current. During the financial year ending 31 December 2022, it had a margin ranging from 8.5% to 10.628% per annum above benchmark rate which is 3 months EURIBOR with a floor of 0%. It is listed on the open market of the Frankfurt Stock Exchange. As security, Calligo (UK) Limited and the material group companies (being Calligo Limited, Calligo (UK) Limited, Calligo (Ireland) Limited, Calligo (Canada) Inc and Calligo (US) Inc) each granted the following:

- Security in respect of all shares in these companies
- Security over all present and future material intragroup loans; and
- Security over the escrow account and the acquisition account

#### 20 Lease Liability

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2022	2021
	£	£
Current	1,565,244	1,483,507
Non-current	2,053,652	3,304,867
	<b>3,618,896</b>	<b>4,788,374</b>

The Group has finance leases for its offices and IT equipment. With the exception of operating leases, short-term leases and leases of low-value underlying assets, each lease is reflected in the consolidated statement of financial position as a right of use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right of use assets in a consistent manner to its property, plant and equipment (see note 13,14).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right of use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure right-of-use assets and incur maintenance fees on such items in accordance with the lease contracts.

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

The table below describes the nature of the Group's leasing activities by type of right of use asset recognised in the consolidated statement of financial position at 31 December 2022:

Right-of-use asset	No of right-of-use assets leased	Range of remaining term	Average remaining lease term	No of Leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to a rate	No of leases with termination options
Office Buildings	10	3-5 Years	3.11	3	0	10	2
IT Equipment	11	Under 1 year	0.74	0	12	11	0

The lease liabilities are secured by the related underlying assets. Future lease payments at 31 December 2022 and 31 December 2021 were as follows:

31 December 2022	Lease payments due						Total
	Within 1 year	Within 1-2 Years	Within 2-3 years	Within 3-4 years	Within 4-5 years	After 5 years	
	£000	£000	£000	£000	£000	£000	£000
Lease payments	1,624	777	269	161	155	1,064	4,050
Finance charges	(144)	(77)	(54)	(46)	(41)	(146)	(508)
<b>Net present values</b>	<b>1,480</b>	<b>700</b>	<b>215</b>	<b>115</b>	<b>114</b>	<b>918</b>	<b>3,542</b>

31 December 2021	Lease payments due						Total
	Within 1 year	Within 1-2 Years	Within 2-3 years	Within 3-4 years	Within 4-5 years	After 5 years	
	£000	£000	£000	£000	£000	£000	£000
Lease payments	1,803	1,624	777	269	161	1,219	5,853
Finance charges	(186)	(144)	(77)	(54)	(46)	(187)	(694)
<b>Net present values</b>	<b>1,617</b>	<b>1,480</b>	<b>700</b>	<b>215</b>	<b>115</b>	<b>1,032</b>	<b>5,159</b>

#### Lease payments not recognised as a liability.

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less), operating leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

At 31 December 2022 the Group had committed to a lease in the USA in relation to an asset which the Group does not have a right of use at that time. The total future cash outflows for leases that had not yet commenced were as follows:

Type of asset	31 Dec 2022
	£
Property – Bellevue US	<u>3,129,935</u>

#### Operating leases as lessor

The Group do not lease out investment properties.

# CALLIGO HOLDINGS LIMITED

## Notes to the consolidated financial statements For the year ended 31 December 2022

### 21 Trade and other payables

Trade and other payables consist of the following:

	2022	2021
	£	£
Trade creditors	1,905,965	2,208,870
Social security & employment taxes	648,260	902,283
Other creditors	721,563	466,281
Accruals and deferred income	996,761	657,378
	<b>4,272,549</b>	<b>4,234,812</b>

All amounts are short-term. The carrying values of trade payables and other creditors are considered to be a reasonable approximation of fair value.

### 22 Taxation

Taxation liabilities consist of the following:

	2022	2021
	£	£
With-holding taxes	321,261	268,448
Other overseas taxes payable/(receivable)	142,792	(106,660)
	<b>464,053</b>	<b>161,788</b>

### 23 Non cash adjustments and changes in working capital

The following non-cash adjustments and net changes in working capital have been made to profit before tax to arrive at operating cash flow:

	2022	2021
	£	£
<b>Non cash adjustments</b>		
Depreciation, amortisation and impairment of non financial assets	2,814,929	2,689,096
Impairment of financial assets	169,781	11,120,417
Foreign exchange gains	610,854	627,284
Interest and dividend income	(36,555)	-
Interest expense	3,841,231	2,453,122
Share based payment expenses	(143,754)	26,184
Bond prepayment fee expenses	489,853	-
Loss/(Gain) on disposal of non financial assets	(231,750)	39,637
Provision for credit losses	243,596	318,391
	<b>7,758,185</b>	<b>17,274,131</b>
	2022	2021
	£	£
<b>Net changes in working capital</b>		
Change in inventories	(2,123)	52,202
Change in prepayments and other short term assets	(169,044)	(1,397,305)
Change in trade and other receivables	178,987	840,338
Change in trade and other payables	(190,392)	(101,256)
Change in other liabilities	3,427	(3,122)
	<b>(179,145)</b>	<b>(609,143)</b>



## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

#### 24 Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long term borrowings	Short term borrowings	Lease liabilities	Total
	£	£	£	£
<b>1 January 2022</b>	<b>40,517,719</b>	<b>-</b>	<b>4,788,373</b>	<b>45,306,092</b>
Cash flows				
- Repayments	(8,588,559)	-	(1,802,797)	(10,391,356)
- Proceeds	-	-	-	-
Non cash				
- Additions	-	-	278,117	278,117
- Prepayment release	489,853	-	-	489,853
- Interest	-	-	197,489	197,489
- Other	1,825,640	-	157,714	1,983,354
<b>31 December 2022</b>	<b>34,244,653</b>	<b>-</b>	<b>3,618,896</b>	<b>37,863,549</b>
	Long term borrowings	Short term borrowings	Lease liabilities	Total
	£	£	£	£
<b>1 January 2021</b>	<b>16,779,099</b>	<b>-</b>	<b>2,959,580</b>	<b>19,738,679</b>
Cash flows				
- Repayments	(16,779,099)	-	(1,483,290)	(18,262,389)
- Proceeds	40,517,719	-	-	40,517,719
Non cash				
- Additions	-	-	2,533,044	2,533,044
- Interest	-	-	235,797	235,797
- Other	-	-	543,242	543,243
<b>31 December 2021</b>	<b>40,517,719</b>	<b>-</b>	<b>4,788,373</b>	<b>45,306,092</b>

#### 25 Related party transactions

Martin Wülfert (former Chairman and Director who resigned on 12 January 2022), did not receive any fees in the year (2021: £44,044). Mr Wülfert is an advisor to Investcorp.

Georg Knoflach and Gilbert Kamieniecky, Directors, are both employed by Investcorp Securities Limited, a Company that is ultimately owned by Investcorp Holding B.S.C. They did not receive any Director fees in 2022 (2021: nil).

Owen Pagan, a Director, received fees and expenses of £51,192 in the year (2021: £51,540). In June 2021, he received 32,266 shares in the Company representing the balance due to him for services provided in connection with the acquisition of DC Networks (Holdings) Limited and Itomic Limited in 2020. Mr Pagan is also an advisor to Investcorp.

Edmund Daubeney, a Director, received fees and expenses of £20,000 in the year (2021: £20,000).

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

Key management of the Group are the Senior Management Team and the non-executive directors of Calligo Holdings Limited. Key management personnel remuneration includes the following expenses:

	2022 £	2021 £
<b>Short term employee benefits</b>		
Salaries including bonuses	1,457,523	1,445,100
Social security costs	123,387	76,349
Pension costs	61,022	58,065
	<b>1,641,932</b>	<b>1,579,514</b>
<b>Termination benefits</b>	<b>30,000</b>	-
	<b>1,671,932</b>	<b>1,579,514</b>

## 26 Financial assets and liabilities

### Categories of financial assets and financial liabilities

Note 2.4.o provides a description of each category of financial assets and liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities are as follows:

31 December 2022	Note	Amortised cost £	FVTPL £	Total £
<b>Financial assets</b>				
Trade and other receivables	16	3,234,653	-	3,234,653
Cash and cash equivalents	17	1,314,652	-	1,314,652
<b>Total financial assets</b>		<b>4,549,305</b>	-	<b>4,549,305</b>
<b>Financial liabilities</b>				
Non current borrowings	19	34,244,653	-	34,244,653
Contract Liability		277,506	-	277,506
Lease Liabilities	20	3,618,896	-	3,618,896
Trade & other payables	21	4,272,549	-	4,272,549
<b>Total financial liabilities</b>		<b>42,413,604</b>	-	<b>42,413,604</b>
<b>31 December 2021</b>	<b>Note</b>	<b>Amortised cost £</b>	<b>FVTPL £</b>	<b>Total £</b>
<b>Financial assets</b>				
Trade and other receivables	16	12,434,218	-	12,434,218
Cash and cash equivalents	17	6,888,845	-	6,888,845
<b>Total financial assets</b>		<b>19,323,063</b>	-	<b>19,323,063</b>
<b>Financial liabilities</b>				
Non current borrowings	19	40,517,719	-	40,517,719
Contract Liability		539,119	-	539,119
Lease Liabilities	20	4,788,374	-	4,788,374
Trade & other payables	21	4,234,812	-	4,234,812
<b>Total financial liabilities</b>		<b>50,080,024</b>	-	<b>50,080,024</b>

A description of the Group's financial instrument risks, including risk management objectives and policies is given in note 27.

The methods used to measure financial assets and liabilities reported at fair value are described in note 2.4c.

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

#### 27 Financial instruments risk

##### Risk management objectives and policies

The Group has exposure to a number of financial risks. The main types of risk are market risk, credit risk and liquidity risk, all of which are considered further below.

The board of Directors has overall responsibility for the Group's risk management arrangements. The Group's risk management is coordinated at its headquarters in close cooperation with the board of directors and focuses on actively securing the Group's short to medium cash flows by minimising any exposure to volatile financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The Group's financial assets and liabilities by category are summarised in note 26.

##### Market risk

###### Interest rate sensitivity

The Group does not have any fixed interest rate hedging arrangements in place. The only variable interest rate exposure the Group has is in relation to the Nordic bond facility. The rate on this facility was 8.5% at 31 December 2021 and has increased to 10.628% at 31 December 2022. A 1% increase in the rate equates to an increased annualised interest cost of Euro 398,000. Balances at cash in bank do not earn material interest and there is therefore limited interest rate risk.

###### Foreign currency sensitivity

The Group's functional and presentation currency is Pound Sterling, but the Group hold financial assets and financial liabilities in other currencies which can be significantly affected by currency translation movements. Exposure to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US dollars (US\$), Canadian dollars (CAD\$), Euro and Pounds Sterling (GBP). A summary of the Group's exposure to foreign currencies for the year end 31 December 2022 is summarised below:

	GBP '000	Euro '000	US\$ '000	CAD\$ '000
<b>As at 31 December 2022</b>				
Turnover	10,986	5,277	9,281	10,755
Operating loss	(1,808)	34	1,097	37
<b>As at 31 December 2022</b>				
Non-current assets	2,775	1,836	8,891	12,416
Current assets	2,941	1,181	2,357	1,467
Non current liabilities (excl intercompany)	(474)	(39,980)	-	-
Current liabilities	(3,974)	(855)	(1,139)	(1,398)

At 31 December 2022, the Group's principal borrowing was the Nordic bond facility and this is denominated in Euro. A 5% strengthening of the euro against GBP will add approximately £1.8m to the sterling value of the Nordic borrowing.

The Group does not have a formal policy in place to manage foreign exchange exposure, however revenue received in foreign currency is used wherever possible to settle liabilities in the same currency. The Group does not have any forward FX contracts in place at the balance sheet date.

###### Price risk

The Group's principal price risk relates to the listed bond security, see note 19, with the Nordic bond being recorded at amortised cost. The bond did not experience much volatility in the financial year ended 31 December 2022. It is unlikely the Bond price will be impacted by inflationary price risk despite

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

global inflation increasing by approximately 8.3% in 2022.

#### Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balances. The Directors consideration of going concern is detailed in the Directors' Report.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented in the consolidated statement of financial position.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to optimise the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2022 £	2021 £
Total equity	(17,649,163)	(10,088,755)
Cash and cash equivalents	(1,314,652)	(6,888,845)
<b>Capital</b>	<b>(18,963,815)</b>	<b>(16,977,600)</b>
Total equity	(17,649,163)	(10,088,755)
Borrowings	34,244,653	40,517,719
Lease liabilities	3,618,896	4,788,374
<b>Overall financing</b>	<b>20,214,386</b>	<b>35,217,338</b>

The Group has no externally imposed capital requirements with which it needs to comply with.

#### Credit risk analysis

Credit risk represents the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents, trade and other receivables.

The Group only deposits cash with major banks with a high quality credit rating as indicated by the ratings and outlook metrics issued by Moody's and Standard and Poor's.

Trade debtors credit risk is managed through the regular review of the aged debtor book and monthly review meetings with the finance team. Trade receivables consist of a large number of customers in various industries and geographical areas.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit loss to all trade receivables as these items do not have a significant financing component. The expected loss rates are based on the payment profile for sales over the past 12 months before 31 December 2022 and 31 December 2021 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within each annual reporting period. Total impaired assets or bad debts written off during the year amounts to £60,722 (2021 - £416,359).

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

On the above basis the expected credit loss for trade receivables as at 31 December 2022 and 31 December 2021 was determined as follows:

31 December 2022	Contract assets days past due		Trade receivables days past due				
	Current	Total	Current	> 30 days	> 60 days	> 90 days	Total
£'000							
Expected credit loss rate	-	-	1.4%	5.6%	6.1%	56.3%	7.6%
Gross carrying amount	-	-	2,645.6	100.6	136.1	342.6	3,224.9
Lifetime expected credit loss	-	-	36.8	5.6	8.3	192.9	243.6

31 December 2021	Contract assets days past due		Trade receivables days past due				
	Current	Total	Current	> 30 days	> 60 days	> 90 days	Total
£'000							
Expected credit loss rate	-	-	1.9%	11.8%	14.1%	50.9%	8.4%
Gross carrying amount	-	-	3,046.1	97.5	196.5	435.3	3,775.4
Lifetime expected credit loss	-	-	57.7	11.5	27.6	221.6	318.4

A 1% increase in the 2022 expected loss rate to 8.6% (2022:7.6%) would increase the level of annualised Expected Credit loss movement by £32,249.

#### Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient cash or collateral to make payments to its counterparties and customers as they fall due. This risk is managed through forecasting the future cash flow requirements and maintaining sufficient cash at bank balances.

The Group has reported no events of default under the Nordic bond facility since it was taken out in December 2021.

As at 31 December 2022, the Group's non-derivative financial liabilities have contractual maturities as summarised below:

	Current		Non current	
	Within 6 mths	6 to 12 mths	1 to 5 years	Later than 5 years
	£	£	£	£
Trade and other payables	3,592,537	372,974	307,037	-
Contract and other liabilities	256,027	21,479	-	-
Lease liabilities	831,654	733,590	1,157,653	895,999
Borrowings	-	-	34,244,653	-
<b>Total</b>	<b>4,680,218</b>	<b>1,128,043</b>	<b>35,709,343</b>	<b>895,999</b>

## CALLIGO HOLDINGS LIMITED

### Notes to the consolidated financial statements For the year ended 31 December 2022

#### 28 Contingent liabilities

##### *Unfair dismissal claims*

The Company continues to defend a claim raised by a former employee in 2021 which remains the subject of litigation proceedings. The Company has made a prudent provision in these financial statements to cover its estimated liability under this claim. The total amount of the contingent liability has not been disclosed as the Directors consider it to be commercially sensitive and they do not want to prejudice the position of the Group until this claim is resolved.

##### *Other potential claim*

The Company is subject to a claim from a customer in Canada arising from project work that was carried out in December 2021 and January 2022. The matter in question is currently in the hands of the Group's insurers and the element of loss not covered by the Group's insurance policy is CAD\$75k and this has been provided for.

#### 29 Principal subsidiaries

The principal subsidiary undertakings of the Company, which are 100% owned, are as follows:

<b>Name</b>	<b>Country of incorporation</b>	<b>Description of shares held</b>	<b>Principal activity</b>
Calligo Limited	Jersey	Ordinary £1 shares	Cloud computing and data privacy services
Calligo (UK) Limited	England	Ordinary £1 shares	Cloud computing, data privacy & data insight services
Calligo (US) Inc	USA	Ordinary common shares	Data privacy & data insight services
Calligo (Luxembourg) PSF S.A	Luxembourg	Ordinary Euro 100 shares	IT services provider
Calligo (Canada) Inc	Canada	Common CAD\$1 shares	IT infrastructure services provider
Calligo (Ireland) Holdings Limited	Ireland	Ordinary shares Euro	Holding Company
Calligo (Ireland) Limited	Ireland	Ordinary shares Euro	Managed Service provider

#### 30 Events after the reporting date

##### *Equity funding*

On 18 April 2023, the Company raised £3m from the issue of a new class of Preference Share. This was entirely from a new investor.

There are no further subsequent events to disclose.

#### 31 Authorisation of financial statements

The consolidated financial statements for the year ended 31 December 2022 (including comparatives) were approved by the board of directors on 28 April 2023.