



Interim Report

July 1 to Sept 30, 2023



Calligo Interim Report (Unaudited)

Foreword

This report includes the interim accounts of Calligo Holdings Limited and Calligo (UK) Limited for the period from 1 July 2023 to 30 September 2023.

CEO Q3, FY 23

During Q3 the management team set about addressing some of the structural issues within Calligo. The exec team was reduced to six roles to facilitate the transition from being an operational lead organisation to a sales lead organisation.

A new Target Operating Model (TOM) for the company was agreed with a focus on rebuilding the commercial organisation. The TOM identified several roles which were superfluous to requirements and these roles have now left the company. The TOM also included the creation of additional roles in sales, business development, service delivery, bid management and project management.

Work on the new operating model (encompassing recruitment, process re-engineering and system changes) has started and is scheduled to complete by the end of this fiscal year in readiness for FY24.

Financial Discussion

Q3 FY23 revenues decreased by £1.4m or 18.6% year-on-year with £0.8m attributable to a very disappointing performance of the Data segment and £0.6m driven by the client rationalisation process in Ireland & Canada and the deliberate scaling back of product sales. Q3 MMR revenue excluding Ireland and Canada increased 7.8% year-on-year. Adj. EBITDA in Q3 FY23 was £0.52m at a margin of 8.5% (note 4) representing a 11% decrease on the equivalent period last year.

Net cash movement from working capital over the quarter was a positive £0.24m driven by the reduction in DSO to below 30 days. Net Capex in the quarter was a positive £0.16m following the rebate of some of the refurbishment costs of the new USA office.

Net debt at 30 September 2023 was £37.7m implying a net leverage ratio of 14.1x based on the Adj. EBITDA for the last twelve months of £2.68m.

Calligo Holdings Limited

Condensed consolidated statement of profit or loss

£ '000	Notes	(Unaudited) 2023 Q3	(Unaudited) 2022 Q3	(Unaudited) 2023 YTD	(Unaudited) 2022 YTD	(Audited) FY 22
Revenue	2	6,193	7,605	19,470	22,665	29,752
		6,193	7,605	19,470	22,665	29,752
Costs of Material		(1,948)	(2,284)	(5,950)	(7,484)	(9,639)
Employee Benefits Expense		(2,942)	(3,905)	(9,286)	(11,274)	(14,810)
Depreciation, Amortisation and Impairment of Non-Financial Assets		(781)	(700)	(2,362)	(1,958)	(2,985)
Impairment of Financial Assets		(0)	(0)	(0)	(4)	(61)
Other Expenses		(1,161)	(1,109)	(3,747)	(3,557)	(5,323)
Operating (loss)/profit		(639)	(393)	(1,875)	(1,612)	(3,066)
Finance income		–	–	–	6	36
Finance costs		(1,154)	(964)	(3,245)	(2,929)	(3,890)
Other financial items		160	71	415	803	77
(Loss)/profit before tax		(1,633)	(1,286)	(4,705)	(3,732)	(6,843)
Tax expense		(98)	(44)	(155)	(108)	(304)
(Loss)/profit for the period/year		(1,731)	(1,330)	(4,860)	(3,840)	(7,147)
Profit/(loss) attributable to:						
Owners of the Group		(1,731)	(1,330)	(4,860)	(3,840)	(7,147)

Calligo Holdings Limited

Condensed consolidated statement of other comprehensive income

£ '000	(Unaudited) 2023 Q3	(Unaudited) 2022 Q3	(Unaudited) 2023 YTD	(Unaudited) 2022 YTD	(Audited) FY 22
Loss for the period/year	(1,731)	(1,330)	(4,860)	(3,840)	(7,147)
Foreign Exchange Differences on Retranslation	(78)	(42)	99	(94)	(245)
Total Comprehensive (loss)/income for the period/year	(1,809)	(1,372)	(4,761)	(3,934)	(7,392)
Total Comprehensive (loss)/income for the period/year attributable to:					
Owners of the Group	(1,809)	(1,372)	(4,761)	(3,934)	(7,392)

Calligo Holdings Limited

Condensed consolidated statement of changes in equity

£ '000	Share Capital	Share Premium	Retained earnings	Total equity
Balance at 1 Jan 2023	286	24,171	(42,082)	(17,625)
Issue of share capital	10	2,974	–	2,984
(Loss)/profit for the period	–	–	(4,860)	(4,860)
Other comprehensive (loss)/income	–	–	99	99
Balance at 30 September 2023 - unaudited	296	27,145	(46,843)	(19,402)
Balance at 1 Jan 2022	286	24,171	(34,546)	(10,089)
(Loss)/profit for the period	–	–	(3,840)	(3,840)
Other comprehensive (loss)/income	–	–	(94)	(94)
Balance at 30 September 2022 - unaudited	286	24,171	(38,480)	(14,023)
Balance at 1 Jan 2022	286	24,171	(34,546)	(10,089)
Employee share based compensation	–	–	(144)	(144)
(Loss)/profit for the period	–	–	(7,147)	(7,147)
Other comprehensive (loss)/income	–	–	(245)	(245)
Balance at 31 December 2022 - audited	286	24,171	(42,082)	(17,625)

Calligo Holdings Limited

Condensed consolidated statement of cash flows

£ '000	2023 Q3	2022 Q3	2023 YTD	2022 YTD	FY 22
Operating activities					
(Loss)/profit before tax	(1,633)	(1,286)	(4,705)	(3,732)	(6,843)
Non cash adjustments	1,937	2,009	5,212	4,933	7,759
Net changes in working capital	238	(404)	1,121	(1,385)	(179)
Taxes paid	(5)	28	(128)	94	(2)
Net cash from operating activities	537	347	1,500	(90)	735
Investing activities					
Purchase of property, plant and equipment	159	(176)	(708)	(787)	(764)
Sale of fixed assets	18	—	59	—	164
Purchase of other intangible assets	(0)	(186)	(79)	(186)	(151)
Interest received	0	—	1	—	37
Net cash used in investing activities	177	(362)	(727)	(973)	(714)
Financing activities					
Net proceeds from issue of share capital	(0)	—	2,984	—	—
Interest paid	(1,055)	(915)	(2,997)	(2,758)	(3,774)
Acquisition finance - bond	0	(0)	(0)	0	(8,589)
(Repayments)/receipts of leases	(423)	(424)	(1,365)	(1,113)	(1,803)
Net cash (used in)/from financing activities	(1,478)	(1,339)	(1,378)	(3,871)	(14,166)
Net change in cash and cash equivalents	(764)	(1,354)	(605)	(4,934)	(14,145)
Cash and cash equivalent equivalents, beginning of period	1,509	11,915	1,350	15,495	15,495
Cash and cash equivalent equivalents, end of period	745	10,561	745	10,561	1,350
Cash and cash equivalents	709	1,906	709	1,906	1,315
Cash in escrow included in other debtors	36	8,655	36	8,655	35
Cash and cash equivalent equivalents, end of period	745	10,561	745	10,561	1,350

Calligo Holdings Limited
Consolidated statement of financial position

£ '000	Notes	(Unaudited) 2023 Q3	(Unaudited) 2022 Q3	(Audited) FY 22
Assets				
Non-current				
Goodwill		11,826	12,873	11,930
Other Intangible Assets		1,746	2,518	2,165
Other Long-Term Financial Assets		311	–	314
Property, Plant & Equipment		2,765	2,408	2,244
Right of Use Assets		3,510	3,305	3,168
Non-current assets		20,158	21,104	19,821
Inventory		41	41	42
Prepayments & Other Short-Term Assets		924	2,478	932
Trade & Other Receivables		1,823	12,540	3,235
Cash & Cash Equivalents		709	1,906	1,315
Current Assets		3,497	16,965	5,524
Total Assets		23,655	38,069	25,345
Equity and liabilities				
Equity				
Equity		296	286	286
Share premium		27,145	24,171	24,171
Retained earnings		(46,843)	(38,480)	(42,082)
Total equity		(19,402)	(14,023)	(17,625)
Non-current				
Borrowings		33,391	43,921	34,245
Lease Liabilities - LT		3,777	2,672	2,054
Non-current liabilities		37,168	46,593	36,299
Current				
Provisions		106	91	91
Trade & Other Payables		3,958	3,604	4,274
Lease Liabilities - ST		1,171	1,055	1,565
Contract and other liabilities		165	385	277
Tax Liabilities		489	364	464
Current liabilities		5,889	5,499	6,671
Total liabilities		43,057	52,092	42,970
Total Equity & liabilities		23,655	38,069	25,345

Calligo Holdings Limited – supplementary notes

Note 1: Accounting policies

Statement of compliance

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).

Basis of preparation

The Group's consolidated financial statements have been prepared on an accruals basis. Monetary amounts are expressed in GBP sterling currency and are rounded to the nearest thousands.

Basis of consolidation

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

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out in the audited financial statements for the year ended 31 December 2022. There has been no change to these policies for Quarter 3, 2023.

Note 2: Revenue

A summary of revenue for the reporting period is as follows:

Revenue £ '000	(Unaudited) 2023 Q3	(Unaudited) 2022 Q3	(Unaudited) 2023 YTD	(Unaudited) 2022 YTD	(Audited) FY 22
MMR	5,677	5,970	17,348	17,575	23,392
NRR	516	1,635	2,122	5,090	6,360
Total	6,193	7,605	19,470	22,665	29,752

Note 3: Share capital and dividends

On 18 April 2023, the Company raised £3m (gross) from the issue of a new class of Preference Share.

There were no dividends declared or paid by Calligo Holdings Limited during the quarter ended 30 June 2023.

Note 4: Adjusted EBITDA

A reconciliation of operating (loss)/profit to Adjusted EBITDA is as follows:

Adjusted EBITDA bridge £ '000	(Unaudited) 2023 Q3	(Unaudited) 2022 Q3	(Unaudited) 2023 YTD	(Unaudited) 2022 YTD	(Audited) FY 22
Operating (loss)/profit	(639)	(393)	(1,875)	(1,612)	(3,066)
D&A, goodwill impairment provision	781	700	2,362	1,958	2,985
Exceptional items	397	359	1,747	1,461	2,522
Bank & credit card charges reclassified as other financial items	(12)	(12)	(33)	(38)	(49)
EBITDA	527	654	2,201	1,769	2,392
QoE and other adjustments	–	40	–	366	222
Adjusted EBITDA	527	694	2,201	2,135	2,614

Note 5: Exceptional items

A summary of exceptional items is as follows:

£ '000	(Unaudited) 2023 Q3	(Unaudited) 2022 Q3
Restructuring Expenses	204	141
Bond Issuance & debt raising Fees	10	8
Bond Arrangement Fees (Amortised, non cash item)	123	123
M&A Transaction Costs	35	59
Other items	25	28
	397	359

Note 6: Net leverage ratio

£ '000	2023 Q3	2022 Q3
Senior debt (net of unamortised Prepayment fee)	33,891	43,921
Add: short & long term leases	4,448	3,727
Less: cash (net of £77k restricted elements)	(632)	(1,906)
Net debt	37,707	45,742
Last twelve months Adj EBITDA	2,680	3,177
Net leverage ratio	14.1	14.4

Calligo (UK) Limited

Condensed consolidated statement of profit or loss

£ '000	(Unaudited) 2023 Q3	(Unaudited) 2022 Q3	(Unaudited) 2023 YTD	(Unaudited) 2022 YTD	(Audited) FY 22
Revenue	4,206	5,763	13,416	17,234	22,377
	4,206	5,763	13,416	17,234	22,377
Costs of Material	(1,343)	(1,670)	(4,217)	(5,703)	(7,211)
Employee Benefits Expense	(2,404)	(3,326)	(7,571)	(9,460)	(12,560)
Depreciation, Amortisation and Impairment of Non-Financial Assets	(539)	(546)	(1,659)	(1,595)	(2,394)
Impairment of Financial Assets	(0)	(0)	(0)	(4)	(63)
Other Expenses	(573)	(660)	(1,978)	(2,077)	(3,419)
Operating (loss)/profit	(653)	(439)	(2,009)	(1,605)	(3,270)
Finance income	–	–	–	6	36
Finance costs	(1,139)	(1,146)	(3,196)	(3,088)	(4,028)
Other financial items	165	81	422	801	86
(Loss)/profit before tax	(1,627)	(1,504)	(4,783)	(3,886)	(7,176)
Tax expense	(90)	(23)	(127)	(57)	(178)
(Loss)/profit for the period/year	(1,717)	(1,527)	(4,910)	(3,943)	(7,354)
(Loss)/profit attributable to:					
Owners of the Group	(1,717)	(1,527)	(4,910)	(3,943)	(7,354)

Calligo (UK) Limited

Condensed consolidated statement of other comprehensive income

£ '000	(Unaudited) 2023 Q3	(Unaudited) 2022 Q3	(Unaudited) 2023 YTD	(Unaudited) 2022 YTD	(Audited) FY 22
Loss for the period/year	(1,717)	(1,527)	(4,910)	(3,943)	(7,354)
Foreign Exchange Differences on Retranslation	(87)	(63)	120	(136)	(295)
Total Comprehensive (loss)/income for the period/year	(1,804)	(1,590)	(4,790)	(4,079)	(7,649)
Total Comprehensive (loss)/income for the period/year attributable to:					
Owners of the Group	(1,804)	(1,590)	(4,790)	(4,079)	(7,649)

Calligo (UK) Limited

Condensed consolidated statement of changes in equity

£ '000	Share Capital	Share Premium	Retained earnings	Total equity
Balance at 1 Jan 2023	6,661	(0)	(34,796)	(28,135)
(Loss)/profit for the period	–	–	(4,910)	(4,910)
Other comprehensive (loss)/income	–	–	120	120
Balance at 30 September 2023 - unaudited	6,661	(0)	(39,586)	(32,925)
Balance at 1 Jan 2022	6,661	(0)	(27,147)	(20,486)
(Loss)/profit for the period	–	–	(3,943)	(3,943)
Other comprehensive (loss)/income	–	–	(136)	(136)
Balance at 30 September 2022 - unaudited	6,661	(0)	(31,226)	(24,565)
Balance at 1 Jan 2022	6,661	(0)	(27,147)	(20,486)
(Loss)/profit for the period	–	–	(7,354)	(7,354)
Other comprehensive (loss)/income	–	–	(295)	(295)
Balance at 31 December 2022 - audited	6,661	(0)	(34,796)	(28,135)

Calligo (UK) Limited

Condensed consolidated statement of cash flows

£ '000	Notes	(Unaudited) 2023 Q3	(Unaudited) 2022 Q3	(Unaudited) 2023 YTD	(Unaudited) 2022 YTD	(Audited) FY 22
Operating activities						
(Loss)/profit before tax		(1,627)	(1,504)	(4,783)	(3,886)	(7,176)
Non cash adjustments		1,653	1,873	4,417	4,793	6,586
Net changes in working capital		954	(381)	4,239	(1,530)	393
Taxes paid		(8)	35	(59)	200	229
Net cash from operating activities		972	23	3,814	(423)	32
Investing activities						
Purchase of property, plant and equipment		178	(54)	(596)	(502)	(713)
Sale of fixed assets		19	—	59	—	161
Purchase of other intangible assets		(0)	(186)	(78)	(186)	(159)
Interest received		0	19	1	27	37
Net cash used in investing activities		197	(221)	(614)	(661)	(674)
Financing activities						
Interest paid		(1,055)	(915)	(3,003)	(2,753)	(3,637)
Acquisition finance - bond		0	(0)	(0)	0	(8,589)
Receipt/(repayments) of leases		(221)	(263)	(763)	(1,108)	(1,329)
Net cash (used in)/from financing activities		(1,276)	(1,178)	(3,766)	(3,861)	(13,555)
Net change in cash and cash equivalents		(107)	(1,376)	(566)	(4,945)	(14,197)
Cash and cash equivalent equivalents, beginning of period		676	11,763	1,135	15,332	15,332
Cash and cash equivalent equivalents, end of period		569	10,387	569	10,387	1,135
Cash and cash equivalents		533	1,732	533	1,732	1,100
Cash in escrow included in other debtors		36	8,655	36	8,655	35
Cash and cash equivalent equivalents, end of period		569	10,387	569	10,387	1,135

Calligo (UK) Limited
Consolidated statement of financial position

£ '000	(Unaudited) 2023 Q3	(Unaudited) 2022 Q3	(Audited) FY 22
Assets			
Non-current			
Goodwill	11,139	12,186	11,243
Other Intangible Assets	1,746	2,518	2,165
Other Long-Term Financial Assets	311	–	314
Property, Plant & Equipment	2,580	1,888	1,952
Right of Use Assets	2,980	2,600	2,259
Non-current assets	18,756	19,192	17,933
Current Assets			
Inventory	41	41	42
Prepayments & Other Short-Term Assets	587	1,690	546
Trade & Other Receivables	1,524	12,137	3,280
Cash & Cash Equivalents	533	1,732	1,100
Current Assets	2,685	15,600	4,968
Total Assets	21,441	34,792	22,901
Equity and liabilities			
Equity	6,661	6,661	6,661
Retained earnings	(39,586)	(31,226)	(34,796)
Total equity	(32,925)	(24,565)	(28,135)
Non-current liabilities			
Borrowings	33,891	43,921	34,245
Lease Liabilities - LT	2,955	2,373	1,833
Non-current liabilities	36,846	46,294	36,078
Current liabilities			
Provisions	106	91	91
Trade & Other Payables	15,825	11,705	13,366
Lease Liabilities - ST	937	662	825
Contract and other liabilities	158	328	248
Tax Liabilities	494	277	428
Current liabilities	17,520	13,063	14,958
Total liabilities	54,366	59,357	51,036
Total Equity & liabilities	21,441	34,792	22,901