



## Interim Report

October 1 to December 31, 2022



## Calligo Interim Report (Unaudited)

### Foreword

This report includes the interim accounts of Calligo Holdings Limited and Calligo (UK) Limited for the period from 1 October 2022 to 31 December 2022.

Calligo is transitioning to International Financial Reporting Standards (“IFRS”) following the listing of the bonds on NASDAQ on 15 November 2022. The financial statements detailed below are prepared in accordance with applicable law and IFRS and the FY 21 financial statements, which were previously audited in accordance with United Kingdom accounting standards, have been restated to comply with IFRS.

All numbers in this report are unaudited as the year-end financial audit has only just commenced. Full year audited figures for the 12 months to 31 December 2022 (including comparatives for the 12 months to 31 December 2021) will be published on 28 April 2023.

### CEO Q4, FY 22

Calligo closed out 2022 by completing its transformation programme and the full integration of all its ten acquisitions.

As we move into 2023, the benefits of the transformation project have now started to flow through to our bottom line.

Our sales pipeline continues to grow, along with a focus on our reoccurring services lines to increase towards 80% of total revenue.

### Financial Discussion

Q4 FY22 revenues decreased by 3.2% year-on-year driven mainly by our client rationalisation process, especially in Ireland and Canada. Full year revenue excluding Ireland and Canada increased 10.5% year-on-year. Adj. EBITDA in Q4 FY22 was £0.5m at a margin of 6.7% (note 8).

Net debt on 31 December 2022 was £38.2m implying a net leverage ratio of 14.5x based on the Adj. EBITDA for the last twelve months of £2.6m.

During Q4, Calligo repurchased bonds with a nominal amount of EUR 10.2m at an average price of 96.48% of the nominal amount of these bonds.

**Calligo Holdings Limited**  
**Condensed consolidated statement of profit or loss**

£ '000	Notes	(Unaudited) 2022 Q4	(Unaudited) 2021 Q4	(Unaudited) FY 22	(Unaudited) FY 21
Revenue	3	7,087	7,328	29,765	30,037
		<b>7,087</b>	<b>7,328</b>	<b>29,765</b>	<b>30,037</b>
Costs of Material		(2,154)	(2,193)	(9,639)	(9,482)
Employee Benefits Expense		(3,826)	(3,528)	(15,100)	(13,822)
Depreciation, Amortisation and Impairment of Non-Financial Assets	4	(8,657)	(417)	(10,015)	(1,756)
Impairment of Financial Assets		(26)	(417)	(30)	(416)
Other Expenses		(1,752)	(2,878)	(5,308)	(6,925)
<b>Operating (loss)/profit</b>		<b>(9,328)</b>	<b>(2,105)</b>	<b>(10,327)</b>	<b>(2,364)</b>
Finance costs		(963)	(716)	(3,928)	(2,692)
Other financial items		(725)	475	77	1,196
<b>Profit/(loss) before tax</b>		<b>(11,016)</b>	<b>(2,346)</b>	<b>(14,178)</b>	<b>(3,860)</b>
Tax expense		(97)	134	(205)	19
<b>Profit/(loss) for the period</b>		<b>(11,113)</b>	<b>(2,212)</b>	<b>(14,383)</b>	<b>(3,841)</b>
<b>Profit/(loss) attributable to:</b>					
Owners of the Group		<b>(11,113)</b>	<b>(2,212)</b>	<b>(14,383)</b>	<b>(3,841)</b>

**Calligo Holdings Limited**  
**Condensed consolidated statement of other comprehensive income**

£ '000	Notes	(Unaudited) 2022 Q4	(Unaudited) 2021 Q4	(Unaudited) FY 22	(Unaudited) FY 21
Loss for the period/year		(11,113)	(2,212)	(14,383)	(3,841)
Foreign Exchange Differences on Retranslation		(166)	65	36	(24)
<b>Total Comprehensive Income/(loss) for the year</b>		<b>(11,279)</b>	<b>(2,147)</b>	<b>(14,347)</b>	<b>(3,865)</b>
<b>Total Comprehensive Income/(loss) for the year attributable to:</b>					
Owners of the Group		<b>(11,279)</b>	<b>(2,147)</b>	<b>(14,347)</b>	<b>(3,865)</b>

**Calligo Holdings Limited**  
**Condensed consolidated statement of changes in equity**

£ '000 - all unaudited	Notes	Share Capital	Share Premium	Retained earnings	Total equity
<b>Balance at 1 Jan 2022</b>		286	24,171	(22,452)	2,005
Employee share based compensation		–	–	146	146
Issue of share capital		–	–	–	–
Transactions with owners		–	–	–	–
Profit/(loss) for the period		–	–	(14,383)	(14,383)
Other comprehensive income/(loss)		–	–	36	36
<b>Balance at 31 December 2022</b>		<b>286</b>	<b>24,171</b>	<b>(36,653)</b>	<b>(12,196)</b>
<b>Balance at 1 Jan 2021</b>		284	23,886	(18,417)	5,753
Employee share based compensation		–	–	–	–
Issue of share capital		2	285	–	287
Transactions with owners		–	–	(170)	(170)
Profit/(loss) for the period		–	–	(3,841)	(3,841)
Other comprehensive income/(loss)		–	–	(24)	(24)
<b>Balance at 31 December 2021</b>		<b>286</b>	<b>24,171</b>	<b>(22,452)</b>	<b>2,005</b>

**Calligo Holdings Limited**  
**Condensed consolidated statement of cash flows**

£ '000	Notes	(Unaudited)	(Unaudited)
		Full year 31-Dec-22	Full year 31-Dec-21
<b>Operating activities</b>			
Profit/(loss) before tax		(14,178)	(3,860)
Non cash adjustments		15,279	5,030
Net changes in working capital		(177)	1,087
Acquisition costs expensed		–	–
Taxes paid/(reclaimed)		55	(65)
<b>Net cash from operating activities</b>		<b>979</b>	<b>2,192</b>
<b>Investing activities</b>			
Purchase of property, plant & equipment		(1,263)	(1,410)
Proceeds from disposal of property, plant and equipment		159	37
Purchase of other intangible assets		(150)	–
Acquisition of subsidiaries, net of cash		–	(8,064)
Interest received		30	–
<b>Net cash used in investing activities</b>		<b>(1,224)</b>	<b>(9,437)</b>
<b>Financing activities</b>			
Proceeds from borrowings and lease liabilities		871	24,857
Repayment of borrowings and lease liabilities		(11,106)	(1,627)
Proceeds from issue of share capital		–	16
Interest paid		(3,665)	(2,307)
<b>Net cash (used in)/from financing activities</b>		<b>(13,900)</b>	<b>20,939</b>
<b>Net change in cash and cash equivalents</b>		<b>(14,145)</b>	<b>13,694</b>
Cash and cash equivalent equivalents, beginning of period		15,495	1,801
<b>Cash and cash equivalent equivalents, end of period</b>		<b>1,350</b>	<b>15,495</b>

**Calligo Holdings Limited**  
**Consolidated statement of financial position**

£ '000	Notes	(Unaudited) 31-Dec-22	(Unaudited) 31-Dec-21
<b>Assets</b>			
<b>Non-current</b>			
Goodwill		16,162	23,032
Other Intangible Assets		2,565	2,301
Other Long-Term Financial Assets		453	371
Property, Plant & Equipment		4,182	4,109
Right of Use Assets		3,438	2,287
<b>Non-current assets</b>		<b>26,800</b>	<b>32,100</b>
Inventory		42	40
Prepayments & Other Short-Term Assets		2,188	2,288
Trade & Other Receivables		3,012	3,457
Cash & Cash Equivalents		1,350	15,495
<b>Current Assets</b>		<b>6,592</b>	<b>21,280</b>
<b>Total Assets</b>		<b>33,392</b>	<b>53,380</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity		286	286
Share premium		24,171	24,171
Retained earnings		(36,653)	(22,452)
<b>Total equity</b>		<b>(12,196)</b>	<b>2,005</b>
<b>Non-current</b>			
Borrowings		35,224	41,987
Lease Liabilities - LT		3,664	2,929
Other Liabilities		0	(3)
<b>Non-current liabilities</b>		<b>38,888</b>	<b>44,913</b>
<b>Current</b>			
Trade & Other Payables		4,628	4,833
Lease Liabilities - ST		1,650	1,467
Tax Liabilities		422	162
<b>Current liabilities</b>		<b>6,700</b>	<b>6,462</b>
<b>Total Equity &amp; liabilities</b>		<b>33,392</b>	<b>53,380</b>

## Calligo Holdings Limited – supplementary notes

### Note 1: 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 2020, the Group prepared its financial statements in accordance with local generally accepted accounting principles.

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. In doing so, the audited financial statements for the financial year ended 31 December 2021 were restated to comply with IFRS. The restated figures are unaudited at this time and a summary of these adjustments is as follows:

<i>Adjustments all unaudited</i> £ '000	Loss for the year	FX on translation	Net assets
Reported UK GAAP - at 31 December 2021	(10,244)	(21)	(4,395)
Adjustment re property leases - IFRS 16	(151)	–	(151)
Adjustment re debtors - IFRS 9	(67)	–	(67)
Adjustment re goodwill amortisation - IAS 38	7,004	–	7,004
Adjustment re business combinations - IFRS 3	(294)	–	(294)
Adjustment re derecognition of revenue - IFRS 15	(89)	–	(89)
Impact of FX on retranslation of subsidiaries	–	(3)	(3)
Total adjustments	6,403	(3)	6,400
<b>Restated figures under IFRS</b>	<b>(3,841)</b>	<b>(24)</b>	<b>2,005</b>

### Note 2: Accounting policies

#### Statement of compliance

The Group’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as issued by the International Accounting Standards Board (IASB) and the Companies (Jersey) Law 1991.

#### Basis of preparation

The Group’s consolidated financial statements have been prepared on an accruals basis and under the historical cost convention except for the revaluation of properties, investments and derivatives. 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 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.

#### Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in all the periods presented.

**a Business combinations**

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. Acquisition costs are expensed as incurred.

**b Revenue**

Revenue is measured at fair value of the consideration received or receivable and represents amounts received for 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 5-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.

**c Cost of Goods Sold**

Cost of sales are recognised on an accruals basis for services procured in connection with the revenue generating activities of the Group. Where Calligo are principal in the customer contractual arrangement they will ensure cost that relates directly to the customer contract are allocated to Cost of Goods Sold, 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 that were incurred by Calligo under their control will be allocated to cost of goods sold.

**d Goodwill**

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.

**e Other intangible assets**

Initial recognition of other intangible assets could include brand names, customer lists and internally developed software under the below criteria:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the developed platform as a service, and
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred. Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

**f Lease assets**

Where any of the Group's leases 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 applies the single on-balance sheet lease account model consistent with IFRS 16. A right-of-use asset representing the groups right to use the underlying asset is determined. After initial recognition of the right-of-use asset at cost it is depreciated on straight line basis over the period of the lease. The value is adjusted for lease incentives by the lessor defined in the lease if applicable.

**g Lease Liability**

The Lease liability value is determined upon applying the single on-balance sheet lease account model under IFRS 16. The lease liability represents its obligation to make future lease payments. After initial recognition, the liability is measured at amortised cost using the effective interest method. The lease liability is also remeasured to reflect lease modifications and changes in the lease payments, including changes caused by a change in an index or rate.

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

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Goodwill is allocated to cash generating units that are expected to benefit from the synergies of the business combination from which it arose. The carrying amount of the goodwill is grossed up for impairment testing. Any impairment loss is allocated first to any goodwill.

**i Impairment of financial assets**

The Group has measured their expected credit losses using the expected credit loss provision matrix, taking into account possible climate risks.

**Note 3: Revenue**

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

Revenue £ '000	(Unaudited) 2022 Q4	(Unaudited) 2021 Q4	(Unaudited) FY 22	(Unaudited) FY 21
MMR	5,817	6,030	23,405	24,207
NRR	1,270	1,298	6,360	5,830
<b>Total</b>	<b>7,087</b>	<b>7,328</b>	<b>29,765</b>	<b>30,037</b>

**Note 4: Impairment losses**

During the financial year, the Group provided for an impairment loss against goodwill of £8.04m and for an impairment loss against trade receivables of £0.03m.

**Note 5: Share capital and dividends**

There were no changes in issued share capital in Calligo Holdings Limited during the financial year ended 31 December 2022.

There were no dividends declared or paid by Calligo Holdings Limited during the financial year ended 31 December 2022.

**Note 6: Disposal of business units**

During the financial year, in line with the Group's client rationalisation programme, the Group disposed of an element of its Managed Services business in Canada and its VOIP business in Ireland. The profit on these transactions was £0.2m.

**Note 7: Bond repurchase**

During Q4, Calligo repurchased bonds with a nominal amount of EUR 10.2m at an average price of 96.48% of the nominal amount of these bonds. The current total nominal amount of bonds outstanding is EUR 39.8m.



### Note 8: Adjusted EBITDA

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

Adjusted EBITDA bridge £ '000	(Unaudited) 2022 Q4	(Unaudited) 2021 Q4	(Unaudited) FY 22	(Unaudited) FY 21
Operating (loss)/profit	(9,328)	(2,105)	(10,327)	(2,364)
D&A, goodwill impairment provision	8,657	417	10,015	1,756
Exceptional items	1,015	1,779	2,477	4,247
Bank & credit card charges reclassified as other financial items	(11)	(15)	(50)	(47)
Acquisition costs (expensed under IFRS)	–	–	–	294
<b>EBITDA</b>	<b>333</b>	<b>76</b>	<b>2,115</b>	<b>3,886</b>
QoE and other adjustments	146	966	512	714
Full year contributions from acquisitions	–	–	–	116
<b>Adjusted EBITDA</b>	<b>479</b>	<b>1,042</b>	<b>2,627</b>	<b>4,716</b>

### Note 9: Exceptional items

A summary of exceptional items is as follows:

£ '000	(Unaudited) 31-Dec-22	(Unaudited) 31-Dec-21
Restructuring Expenses	837	904
Bond Issuance & debt raising Fees	603	1,052
Bond Arrangement Fees (Amortised, non cash item)	504	–
M&A Transaction Costs	377	1,344
Other items	156	947
	<b>2,477</b>	<b>4,247</b>

### Note 10: Net leverage ratio

£ '000	31-Dec-22
Senior debt (net of unmortised Prepayment fee)	35,224
Unamortised prepayment fee	(980)
Add: short & long term leases	5,314
Less: cash in escrow	(36)
Less: cash	(1,314)
<b>Net debt</b>	<b>38,208</b>
Last twelve months Adj EBITDA	2,627
<b>Net leverage ratio</b>	<b>14.5x</b>

**Calligo (UK) Limited**  
**Condensed consolidated statement of profit or loss**

	<i>(Unaudited)</i> 2022 Q4	<i>(Unaudited)</i> 2021 Q4	<i>(Unaudited)</i> FY 22	<i>(Unaudited)</i> FY 21
Revenue	5,143	5,424	22,377	22,789
	<b>5,143</b>	<b>5,424</b>	<b>22,377</b>	<b>22,789</b>
Costs of Material	(1,508)	(1,801)	(7,211)	(8,054)
Employee Benefits Expense	(3,100)	(2,901)	(12,560)	(11,566)
Depreciation, Amortisation and Impairment of Non-Financial Assets	(8,516)	(294)	(9,540)	(1,156)
Impairment of Financial Assets	(28)	(428)	(32)	(429)
Other Expenses	(1,296)	(1,533)	(3,374)	(3,359)
<b>Operating (loss)/profit</b>	<b>(9,305)</b>	<b>(1,533)</b>	<b>(10,340)</b>	<b>(1,775)</b>
Finance costs	(943)	(631)	(3,869)	(2,377)
Other financial items	(715)	397	86	1,041
<b>Profit/(loss) before tax</b>	<b>(10,963)</b>	<b>(1,767)</b>	<b>(14,123)</b>	<b>(3,111)</b>
Tax expense	(22)	290	(79)	245
<b>Profit/(loss) for the period/year</b>	<b>(10,985)</b>	<b>(1,477)</b>	<b>(14,202)</b>	<b>(2,866)</b>
<b>Profit/(loss) attributable to:</b>				
Owners of the Group	<b>(10,985)</b>	<b>(1,477)</b>	<b>(14,202)</b>	<b>(2,866)</b>

**Calligo (UK) Limited**  
**Condensed consolidated statement of other comprehensive income**

£ '000	<i>(Unaudited)</i> 2022 Q4	<i>(Unaudited)</i> 2021 Q4	<i>(Unaudited)</i> FY 22	<i>(Unaudited)</i> FY 21
Loss for the period/year	(10,985)	(1,477)	(14,202)	(2,866)
Foreign Exchange Differences on Retranslation	(321)	(16)	(13)	27
<b>Total Comprehensive Income/(loss) for the year</b>	<b>(11,306)</b>	<b>(1,493)</b>	<b>(14,215)</b>	<b>(2,839)</b>
<b>Total Comprehensive Income/(loss) for the year attributable to:</b>				
Owners of the Group	<b>(11,306)</b>	<b>(1,493)</b>	<b>(14,215)</b>	<b>(2,839)</b>

**Calligo (UK) Limited**  
**Condensed consolidated statement of changes in equity**

£ '000 - all unaudited	Share Capital	Retained earnings	Total equity
<b>Balance at 1 Jan 2022</b>	6,676	(15,075)	(8,399)
Profit/(loss) for the period	–	(14,202)	(14,202)
Other comprehensive income/(loss)	–	(13)	(13)
<b>Balance at 31 December 2022</b>	<b>6,676</b>	<b>(29,290)</b>	<b>(22,614)</b>
<b>Balance at 1 Jan 2021</b>	6,676	(12,236)	(5,560)
Profit/(loss) for the period	–	(2,866)	(2,866)
Other comprehensive income/(loss)	–	27	27
<b>Balance at 31 December 2021</b>	<b>6,676</b>	<b>(15,075)</b>	<b>(8,399)</b>

**Calligo (UK) Limited**  
**Condensed consolidated statement of cash flows**

£ '000	<i>(Unaudited)</i> Full year 31-Dec-22	<i>(Unaudited)</i> Full year 31-Dec-21
<b>Operating activities</b>		
Profit/(loss) before tax	(14,123)	(3,111)
Non cash adjustments	14,630	3,862
Net changes in working capital	42	5
Taxes paid/(reclaimed)	228	102
<b>Net cash from operating activities</b>	<b>777</b>	<b>858</b>
<b>Investing activities</b>		
Purchase of property, plant & equipment	(971)	(1,145)
Proceeds from disposal of property, plant and equipment	153	52
Purchase of other intangible assets	(150)	–
Acquisition of subsidiaries, net of cash	–	(8,047)
Interest received	30	–
<b>Net cash used in investing activities</b>	<b>(938)</b>	<b>(9,140)</b>
<b>Financing activities</b>		
Proceeds from borrowings and lease liabilities	871	25,948
Repayment of borrowings and lease liabilities	(11,241)	(1,423)
Proceeds from issue of share capital	–	–
Interest paid	(3,666)	(2,064)
<b>Net cash (used in)/from financing activities</b>	<b>(14,036)</b>	<b>22,461</b>
<b>Net change in cash and cash equivalents</b>	<b>(14,197)</b>	<b>14,179</b>
Cash and cash equivalent equivalents, beginning of period	15,332	1,153
<b>Cash and cash equivalent equivalents, end of period</b>	<b>1,135</b>	<b>15,332</b>

**Calligo (UK) Limited**  
**Consolidated statement of financial position**

£ '000	<i>(Unaudited)</i> 31-Dec-22	<i>(Unaudited)</i> 31-Dec-21
<b>Assets</b>		
<b>Non-current</b>		
Goodwill	15,475	22,345
Other Intangible Assets	2,565	2,301
Other Long-Term Financial Assets	630	977
Property, Plant & Equipment	2,746	3,247
Right of Use Assets	3,898	2,297
<b>Non-current assets</b>	<b>25,314</b>	<b>31,167</b>
Inventory	42	40
Prepayments & Other Short-Term Assets	1,133	991
Trade & Other Receivables	2,902	2,913
Cash & Cash Equivalents	1,135	15,332
<b>Current Assets</b>	<b>5,212</b>	<b>19,276</b>
<b>Total Assets</b>	<b>30,526</b>	<b>50,443</b>
<b>Equity and liabilities</b>		
Equity	6,676	6,676
Share premium	(0)	(0)
Retained earnings	(29,290)	(15,075)
<b>Total equity</b>	<b>(22,614)</b>	<b>(8,399)</b>
<b>Non-current</b>		
Borrowings	35,224	41,987
Lease Liabilities - LT	3,449	2,743
Other Liabilities	9,927	10,217
<b>Non-current liabilities</b>	<b>48,600</b>	<b>54,947</b>
<b>Current</b>		
Trade & Other Payables	3,314	2,706
Lease Liabilities - ST	898	1,168
Tax Liabilities	328	21
<b>Current liabilities</b>	<b>4,540</b>	<b>3,895</b>
<b>Total Equity &amp; liabilities</b>	<b>30,526</b>	<b>50,443</b>