

Calligo (UK) Limited

**Audited Report and Audited Consolidated Financial Statements
for the year ended 31 December 2022**

Registered Number 10559510

CALLIGO (UK) LIMITED

Contents	Page
Company Information	1
Strategic report	2-3
Directors' report	4-5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7-15
Consolidated Income Statement	16
Consolidated Statement of Comprehensive Income	17
Consolidated Statement of Financial Position	18
Statement of Financial Position	19
Consolidated Statement of Changes in Equity	20
Consolidated Statement of Cash Flows	21
Notes to the Consolidated Financial Statements	22-66

CALLIGO (UK) LIMITED

Company information

Directors	Mr Julian Box Mr Adam Ryan	
Company secretary	Mr Brendan Walsh	
Registered number	10559510	
Registered office	Suite 3md Siskin Drive Middlemarch Business Park Coventry England CV3 4FJ	
Auditors	Grant Thornton Limited 46-50 Kensington Chambers St Helier Jersey JE1 1ET	
Bankers	HSBC UK Bank plc 60 Queen Victoria Street London EC4N 4TR	Royal Bank of Canada 15 Plains Rd. E. Burlington ON L7T 2B8
	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	National Westminster Bank 5 The Courtyard Calvin Street Bolton BL1 8PB
Solicitors	Hatstone Lawyers 2 nd Floor 6 Caledonia Place St Helier Jersey JE2 3NG	

CALLIGO (UK) LIMITED

Strategic Report For the year ended 31 December 2022

Review of the business

The Company and its subsidiaries (“the Group”) continue to operate four main services namely cloud services, managed services, privacy services and data insights services. A significant majority of these services are provided under contracts where revenue is billed and collected on a predominantly monthly basis providing good visibility of cashflows.

The core addressable market for the services that the Group provides continues to grow whether it be privacy or data insights services with the protection and security of data at the core of all those services. There continues to be continued migration from clients using on-premises servers to cloud adoption. Managed services are there to support clients to varying degrees with their cloud and / or on premises IT stack and the group is focusing on the higher monthly billing clients where greater opportunities to cross and up-sell exist.

The Group continues to invest in its people. A new role for a HR Director was created during the year and, in December 2022, a new Chief Revenue Officer (“CRO”) was recruited, and he joined the business in January 2023. In addition, the Group has subsequently recruited a Director of Strategic Alliances to develop opportunities with our technology partners both in Europe and North America. The Group continues to have a SOC 2 Type 2 certification and has recently begun work to align with the ISO 14001:2015 standard to help improve environmental performance and deliver on our sustainability objectives.

Year end financial position and key performance indicators

The principal KPIs that the Group monitors are monthly recurring revenue (“MRR”) and EBITDA. These metrics are identifiable in the management accounts each month. The Group’s EBITDA in 2022 was positive £926,571 (2021: positive £1,156,434) and group recurring revenue was split per service line as follows:

	2022	2021
	£	£
Cloud services	7,646,284	7,765,489
Managed services	4,053,212	4,962,802
DPOaas	630,390	470,404
Data Insights as a Service (DIAaS)	4,274,289	4,478,315
	<u>16,604,175</u>	<u>17,677,010</u>

The Group does not currently analyse EBITDA by service line.

Going concern

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 has the financial support of its immediate parent company and ultimate controlling party in the execution of its strategy.

The Group is in a net liability position of £28,135,050 (2021: net liability position of £20,486,194). 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. As mentioned above, 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. The Group continues to have the financial support of its parent Company, Calligo Limited, who in turn has the full support of Investcorp Holdings B.S.C, the ultimate controlling party. 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 (UK) LIMITED

Strategic report (continued) For the year ended 31 December 2022

Principal risk and uncertainties

The main risks arising from the Group's operations include credit risk, liquidity risk, market risk and operational risks. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised further as follows:

Credit risk

Credit risk represents the failure of customers and clients or counterparties to fully honour their obligations to the Group, including the whole and timely payment of trade and other receivables. The risk is managed through regular reviews of the aged debtor book and monthly review meetings with the finance team.

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.

Market risk

This is the risk of loss arising from potential adverse changes in the value of the Group's assets and liabilities from fluctuations in market variables including, but not limited to, interest rates and foreign exchange rates. The Group does not have any fixed rate interest rate hedging arrangements. 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.

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.

Operational risks

The Group considers the principal operational risks to be as follows:

- (i) Security of our systems – we utilise industry leading security products to protect our systems and services against both known and unknown threats
- (ii) Retention of key staff – the Group offers competitive remuneration packages to all staff as well as offering training opportunities and progressive career paths where possible.


Future developments

The Group continues to enhance its client offering ranging from continuous improvement in the cloud environments and associated use of new technologies across to the recruitment and retention of key staff across Europe and North America.

Sine the year end, the ultimate parent company has raised £3m from the issue of a new class of Preference Share. These funds will be available to the Group as required in the execution of its strategy.

Signed on behalf of the board by:

DocuSigned by:


CB9A4D444BE34B6

Director

Mr Julian Box

28 April 2023

CALLIGO (UK) 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 Adam Ryan

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 Calligo 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 17. There were no dividends paid in the year under review (2021: £nil).

Going concern

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 £28,135,050 (2021: net liability position of £20,486,194). 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. As mentioned above, 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. The Group continues to have the financial support of its parent Company, Calligo Limited, who in turn has the full support of Investcorp Holdings B.S.C, the ultimate controlling party.

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 (UK) 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 implementation 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 wider 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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Grant Thornton Limited shall continue in office.

DocuSigned by:

CB9AAD444BE34B6...
Mr Julian Box
Director
28 April 2023

CALLIGO (UK) LIMITED

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

The Companies Act 2006 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the consolidated financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and interpretations issued by the interpretations committee ('IFRIC'). Under company law, the financial statements are required by law to give a true and fair view of the state of affairs of the Company and Group at the end of the year and of the profit or loss of the Group for the year. 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 (IFRS) have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

CALLIGO (UK) LIMITED

Independent auditor's report To the members of Calligo (UK) Limited and its subsidiaries

Opinion

We have audited the consolidated financial statements of Calligo (UK) Limited (the '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 and Company Statement of Financial Position, Consolidated and Company 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; and
- are in accordance with IFRSs; and

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) 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 and the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jersey, including the FRC's Ethical Standard as applied to listed entities, 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 (UK) LIMITED

Our approach to the audit

	<p>Overview of our audit approach</p> <ul style="list-style-type: none"> • Overall materiality: • Group: £396,000, which represents 1.75% of the Group's total revenues.
	<p>Key audit matters were identified as:</p> <ul style="list-style-type: none"> • Impairment of goodwill and intangible assets; • Improper revenue recognition and • First time adoption of IFRS
	<p>Scoping</p> <ul style="list-style-type: none"> • 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. • 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. • Coverage of Revenues – 95%

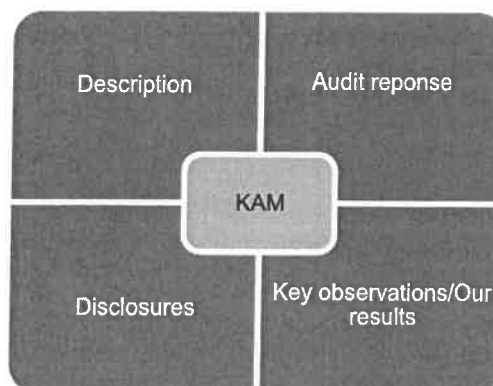
In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



CALLIGO (UK) 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 provide an opinion on these matters.



professional audit of the financial statements of the most significant (whether or not due to strategy; the allocation of efforts of the audit, addressed in the financial statements as a whole, and in providing 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 acquisitions 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.

Relevant disclosures in the Annual Report and Accounts 2022

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;
- In our review of 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 challenged management on their justification for the assumed growth rate applied to determine the fair value of the CGUs. We performed sensitivity analysis over the growth rates, forecasts and discount factors to understand how changes would impact the assessments made.
- We recomputed the value in use recoverable amount utilising budget forecasts and supported discount rates and assessed whether this resulted in impairment.

Our results

CALLIGO (UK) LIMITED

Key Audit Matter – Group	How our scope addressed the matter – Group
<ul style="list-style-type: none"> Financial statements: Note 10, Goodwill 	<p>We found the Group's conclusion that there is no further impairment of goodwill to be acceptable</p>
<p>Revenue recognition 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 £22,376,755 (2021:£22,788,628) 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"> 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; Compared the revenue recognition policies adopted by the Group against the requirements of the financial reporting framework; 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; We selected a sample of revenue transactions during the year and agreed details to corresponding invoice and traced to the subsequent collections; and We performed cut-off testing over the invoices generated over the year end to ensure that these relate to the period under audit.
<p>Relevant disclosures in the Annual Report and Accounts 2022</p> <ul style="list-style-type: none"> Financial statements: Note 4, Revenue 	<p>Our results</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>Risk 3 First time adoption of IFRS 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"> We discussed with management their approach in transitioning to IFRS, particularly the accounting policies to

CALLIGO (UK) 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"> • 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. • 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.

Relevant disclosures in the Annual Report and Accounts 2022

- Financial statements: Note 2 Significant accounting policies, particularly Note 2.5, First time adoption of IFRS

Our results

We consider that the transition has been appropriately recognised and that the year-end cut-off is materially accurate.

We concur with management's accounting policies and their application across the Group.

Key observations

For the initial calculations of the lease liabilities and right of us 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.

In response to this, management engaged a third party to assist in determining the IBR per location, using a bottom up approach.

The management applied the new IBRs for USA and Canada lease as these have material impacts.

CALLIGO (UK) 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
Materiality for financial statements as a whole	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	£396,000 which is 1.75% of Total Revenues
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: 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 1.75% due to the group having issued a listed bond, which would require the financial statements to be publicly available.
Performance materiality used to drive the extent of our testing	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	£277,000 which is 70% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements: 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.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, 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

CALLIGO (UK) LIMITED

Materiality measure	Group
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£20,000 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 and Ireland;
- 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

Performance of full-scope audits of the financial information of 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.

Performance of our audit

All audit procedures on 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.

Our full scope audit procedures gave coverage of 100% of the Group's total assets and 100% of the Group's revenue.

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

CALLIGO (UK) LIMITED

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.

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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and parent company through discussions with management. We determined that the most significant frameworks that are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework, being IFRS and the Companies Act 2006, together with the Nasdaq Stockholm Rulebook for Issuers of Fixed Income Instruments, and tax legislation in the jurisdictions in which the Group operates, including the application of local sales and use taxes and overseas permanent establishments;
- We enquired of management, the finance team, legal counsel and the board of directors about the Group's and parent company's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and the board of directors whether they were aware of any instances of non-compliance with laws and regulations and whether they had any knowledge of actual, suspected alleged fraud;

CALLIGO (UK) LIMITED

- We assessed the susceptibility of the Group's and parent company's financial statements to material misstatement due to fraud, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
 - Enquiring of management, the finance team, legal counsel and the Board about the risks of fraud at the Group and parent company level, and the controls implemented to address those risks.
 - Assessing the design and implementation of controls relevant to the audit that management has in place to prevent and detect fraud, including updating our understanding of the internal controls over journal entries, including those related to the posting of non-standard entries used to record non-recurring, unusual transactions or other non-routine adjustments;
 - Making specific inquiries of each member of the finance team to ascertain whether they had been subject to undue pressure or had been asked to make any unusual postings or modifications to reports used in financial reporting;
 - Performing journal entries testing through the use of audit data analytics tools to identify high risk journal entries and postings and reviewing unusual transactions and examining supporting evidence and authorisations.
 - Performing specific procedures responding to the risk of fraudulent recognition of revenue as detailed within the key audit matters section,
 - Challenging assumptions and judgements made by management in its significant accounting estimates (as referenced in the key audit matters section above); and
 - Identifying and testing related party transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Use of our report

This report is made solely to the Group's members, as a body, in accordance with our engagement letter dated 24 November 2022. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



6DC3137C4FCE493...

Grant Thornton Limited

Chartered Accountants

St Helier, Jersey

Date: 28-04-23

CALLIGO (UK) LIMITED

Consolidated Income Statement for the year ended 31 December 2022

	<i>Notes</i>	2022 £	2021 £
Revenue	<i>4</i>	22,376,755	22,788,628
Costs of Sales		(7,211,200)	(8,054,303)
Employee benefits expense	<i>5</i>	(12,559,715)	(11,566,369)
Depreciation, Amortisation and Impairment of Non-financial assets		(2,393,811)	(13,230,655)
Impairment of Financial Assets		(62,555)	(428,282)
Other expenses	<i>6</i>	(3,419,283)	(3,358,923)
Operating loss		(3,269,809)	(13,849,904)
Finance income	<i>7</i>	36,522	-
Finance costs	<i>7</i>	(4,028,248)	(2,282,334)
Other financial items	<i>8</i>	85,545	1,040,898
Loss before taxation		(7,175,990)	(15,091,340)
Tax (expense) / refund	<i>9</i>	(178,153)	245,673
Loss for the year		(7,354,143)	(14,845,667)
Loss attributable to:			
Owners of the Group		(7,354,143)	(14,845,667)

The notes on pages 22-66 form an integral part of these financial statements.

The above results are derived from continuing activities.

CALLIGO (UK) LIMITED**Consolidated Statement of Comprehensive Income
for the year ended 31 December 2022**

	2022	2021
	£	£
Loss for the financial year	(7,354,143)	(14,845,667)
<i>Other comprehensive income</i>		
Exchange differences on retranslation of subsidiaries	(294,714)	11,414
Total comprehensive loss for the year	(7,648,857)	(14,834,253)
<u>Total comprehensive loss for the year attributable to:</u>		
Owners of the Group	(7,648,857)	(14,834,253)

The notes on pages 22-66 form an integral part of these financial statements.

The above results are derived from continuing activities.


CALLIGO (UK) LIMITED**Consolidated Statement of Financial Position
As at 31 December 2022**

Assets	Notes	31 Dec 2022 £	31 Dec 2021 £
Non-current assets			
Goodwill	10	11,243,225	10,632,801
Other intangible assets	12	2,164,804	2,385,570
Other long term assets	13	313,927	-
Property, plant and equipment	14	1,951,793	1,732,495
Right of use assets	15	2,259,297	3,764,529
		17,933,046	18,515,395
Current assets			
Inventory		41,794	39,671
Prepayments and other short term assets	16	546,792	415,650
Trade and other receivables	17	3,279,624	12,380,018
Cash and cash equivalents	18	1,099,622	6,725,216
		4,967,832	19,560,555
Total assets		22,900,878	38,075,950
Equity and liabilities			
Equity			
Share capital	19	6,660,974	6,660,974
Retained losses		(34,796,024)	(27,147,168)
Equity attributable to owners of company		(28,135,050)	(20,486,194)
Non-current liabilities			
Borrowings	20	34,244,653	40,517,719
Lease liabilities	21	1,833,133	3,089,202
		36,077,786	43,606,921
Current liabilities			
Trade and other payables	22	13,365,473	13,131,318
Lease liabilities	21	825,045	1,215,103
Contract and other liabilities		248,275	529,719
Provisions		91,519	58,035
Tax liabilities	23	427,830	21,048
		14,958,142	14,955,223
Total liabilities		51,035,928	58,562,144
Total equity and liabilities		22,900,878	38,075,950

The notes on pages 22-66 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:

 CB9AAD444BE34B6
 Director
 Mr Julian Box

DocuSigned by:

 BC3127354D8C479
 Director
 Mr Adam Ryan

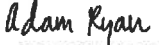
CALLIGO (UK) LIMITED**Company Statement of Financial Position
As at 31 December 2022**

Assets	<i>Notes</i>	31 Dec 2022 £	31 Dec 2021 £
Non-current assets			
Intangible assets	<i>10</i>	354,700	426,908
Investment in subsidiaries	<i>11</i>	7,063,926	7,063,926
Property, plant and equipment	<i>14</i>	344,931	33,707
Right of use assets	<i>15</i>	770,171	1,494,686
		8,533,728	9,019,227
Current assets			
Inventory		309	310
Prepayments and other short term assets	<i>16</i>	199,220	95,652
Trade and other receivables	<i>17</i>	23,200,393	30,845,113
Cash and cash equivalents	<i>18</i>	271,963	5,718,971
		23,671,885	36,660,046
Total assets		32,205,613	45,679,273
Equity and liabilities			
Equity			
Share capital	<i>19</i>	6,660,974	6,660,974
Retained losses		(21,138,098)	(15,236,125)
Equity attributable to owners of company		(14,477,124)	(8,575,151)
Non-current liabilities			
Borrowings	<i>20</i>	34,244,653	40,517,719
Lease liabilities	<i>21</i>	270,128	797,434
Other liabilities		-	-
		34,514,781	41,315,153
Current liabilities			
Trade and other payables	<i>22</i>	11,434,714	11,896,728
Lease liabilities	<i>21</i>	557,694	768,335
Contract and other liabilities		175,548	274,208
Tax liabilities	<i>23</i>	-	-
		12,167,956	12,939,271
Total liabilities		46,682,737	54,254,424
Total equity and liabilities		32,205,613	45,679,273

The notes on pages 22-66 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:

 _____ Director
 Mr Julian Box

DocuSigned by:

 _____ Director
 Mr Adam Ryan

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

	Share capital £	Share premium £	Retained losses £	Total £
Balance at 1 January 2022	6,660,974	-	(27,147,168)	(20,486,194)
Loss for the year	-	-	(7,354,143)	(7,354,143)
Other comprehensive income	-	-	(294,713)	(294,713)
Balance at 31 December 2022	6,660,974	-	(34,796,024)	(28,135,050)
Balance at 1 January 2021	6,660,974	-	(12,312,915)	(5,651,941)
Loss for the year	-	-	(14,845,667)	(14,845,667)
Other comprehensive income	-	-	11,414	11,414
Balance at 31 December 2021	6,660,974	-	(27,147,168)	(20,486,194)

The notes on pages 22-66 form an integral part of these financial statements.

**Company Statement of Changes in Equity
for the year ended 31 December 2022**

	Share capital £	Share premium £	Retained losses £	Total £
Balance at 1 January 2022	6,660,974	-	(15,236,125)	(8,575,151)
Loss for the year	-	-	(5,901,973)	(5,901,973)
Balance at 31 December 2022	6,660,974	-	(21,138,098)	(14,477,124)
Balance at 1 January 2021	6,660,974	-	(6,796,725)	(135,751)
Loss for the year	-	-	(8,439,400)	(8,439,400)
Balance at 31 December 2021	6,660,974	-	(15,236,125)	(8,575,151)

The notes on pages 22-66 form an integral part of these financial statements.

CALLIGO (UK) LIMITED

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

	2022	2021
<i>Notes</i>	£	£
Operating activities		
Loss before tax	(7,175,990)	(15,091,340)
Non cash adjustments	24 6,586,337	16,361,057
Net changes in working capital	24 393,014	(3,597,754)
Taxes reclaimed	228,628	102,017
Net cash from / (used in) operating activities	<u>31,989</u>	<u>(2,226,020)</u>
Net cash used from investing activities		
Purchase of tangible fixed assets	(713,155)	(46,125)
Purchase of intangible fixed assets	(158,235)	(2,800,578)
Purchase of businesses	-	(4,336,840)
Interest received	36,522	-
Sale of fixed assets	160,870	37,472
Net cash used in investing activities	<u>(673,998)</u>	<u>(7,146,071)</u>
Cash flows from financing activities		
Payment of finance lease liabilities	(1,328,915)	(1,149,352)
Repayment of Nordic bond facility	(8,588,539)	-
Proceeds from acquisition finance (Bond)	-	40,517,719
Repayment of Cordet facility	-	(13,639,461)
Interest paid	(3,636,737)	(2,171,858)
Net cash (used in)/generated from financing activities	<u>(13,554,191)</u>	<u>23,557,048</u>
Net (decrease) / increase in cash and cash equivalents	(14,196,200)	14,184,957
Cash and cash equivalents and cash in escrow at beginning of year	15,331,576	1,146,619
Cash and cash equivalents and cash in escrow at end of year	<u>1,135,376</u>	<u>15,331,576</u>
Balance sheet reconciliation of total cash and cash equivalents		
	£	£
Cash and cash equivalents	1,099,622	6,725,216
Cash in escrow included in other debtors (note 17)	35,754	8,606,360
Total cash, cash equivalents and cash held in escrow in the statement of cash flows	<u>1,135,376</u>	<u>15,331,576</u>

The notes on pages 22-66 form an integral part of these financial statements.

CALLIGO (UK) LIMITED

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

1 Corporate information

The consolidated financial statements of Calligo (UK) 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 (UK) Limited is a private limited company incorporated and domiciled in the UK. The registered office is located at Suite 3md Siskin Drive, Middlemarch Business Park, Coventry, England CV3 4FJ.

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 Calligo 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. Refer to Note 2.5 for information on how the Group adopted IFRS.

The consolidated financial statements have been prepared on an accrual 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.

Consolidated Income Statement and Consolidated 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.

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

CALLIGO (UK) LIMITED

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

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 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 CGU 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
- 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:

CALLIGO (UK) LIMITED

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

- 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 and liabilities 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 include trade and other receivables and cash at bank. Financial liabilities include contracted liabilities to account for deferred client revenue 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 firstly against the goodwill relevant to the CGU (refer to note 2.4.n).

The estimated carrying value of each CGU is calculated using the FVLCOB (fair value less cost of disposal) method using EBITDA 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 and 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 the 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 (UK) 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 customers respective Statement of Work.

CALLIGO (UK) 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 billings based on a specified payment schedule within each customers' 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 billings 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 on 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 hardware 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

CALLIGO (UK) LIMITED

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

to Cost of Sales.

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 the Group and under its control will be allocated to cost of sales.

f) Operating expenses

Operating expenses are recognised in 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 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.

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.

CALLIGO (UK) LIMITED

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

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 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 life 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

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.

CALLIGO (UK) LIMITED

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

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 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 2.4.n.. 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 profit or loss within other income or other expenses.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually at each 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.

The Group makes use of leasing arrangements principally for the provision of office space and IT equipment. These have all 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.

CALLIGO (UK) LIMITED

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

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

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 enter 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 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.

CALLIGO (UK) LIMITED

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

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 as operating leases. 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 lease transfers substantially all the risks and 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.

CALLIGO (UK) LIMITED

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

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 inflows (cash-generating units). The Group's cash-generating units (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.

CGUs are 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) growth estimates 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 CGUs 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 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).

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.

CALLIGO (UK) LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2022

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, contract assets 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 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.

CALLIGO (UK) LIMITED

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

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 UK 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.

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

CALLIGO (UK) LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2022

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 £28,135,050 (2021: net liability position of £20,486,194). 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. The Group continues to have the financial support of its parent Company, Calligo Limited, who in turn has the full support of Investcorp Holdings B.S.C, the ultimate controlling party.

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.

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 (UK) 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 £
Assets				
Non-current assets				
Goodwill	a,b,c	17,721,400	15,274	17,736,674
Property, plant and equipment	e,f	2,881,378	(679,868)	2,201,510
Right of use assets	e	-	2,506,338	2,506,338
		20,602,778	1,841,744	22,444,522
Current assets				
Trade and other receivables	d	3,265,315	(98,943)	3,166,372
Cash and cash equivalents		1,152,700	-	1,152,700
		4,418,015	(98,943)	4,319,072
Total Assets		25,020,793	1,742,801	26,763,594
Equity and liabilities				
Equity				
Share capital		6,660,974	-	6,660,974
Retained losses	e	(12,235,984)	(76,931)	(12,312,915)
Equity attributable to owners of company		(5,575,010)	(76,931)	(5,651,941)
Non-current liabilities				
Borrowings		13,639,461	-	13,639,461
Lease liabilities	e	367,116	1,540,029	1,907,145
Other liabilities	e	20,784	14,601	35,385
		14,027,361	1,554,630	15,581,991
Current liabilities				
Trade and other payables		15,598,778	-	15,598,778
Current tax liabilities		164,706	-	164,706
Lease liabilities	e	804,958	265,102	1,070,060
		16,568,442	265,102	16,833,544
Total liabilities		30,595,803	1,819,732	32,415,535
Total equity and liabilities		25,020,793	1,742,801	26,763,594

*Includes IFRS changes £8,877 software maintenance, £15,274 amortisation movement and (£101,081) change in accounting policy movement in the transition from UK GAAP to IFRS 16.

CALLIGO (UK) LIMITED**Notes to the consolidated financial statements
For the year ended 31 December 2022****Group reconciliation of equity as at 31 December 2021**

		Reclassification and		
	<i>Notes</i>	UK GAAP	Remeasurements	IFRS
		31 Dec 2021	31 Dec 2021	31 Dec 2021
		£	£	£
Assets				
Non-current assets				
Goodwill	a,b,c	18,708,243	(8,075,442)	10,632,801
Other intangible assets	a,g	-	2,385,570	2,385,570
Property, plant and equipment	e,f	3,167,311	(1,434,816)	1,732,495
Right of use assets	e	-	3,764,529	3,764,529
		21,875,554	(3,360,159)	18,515,395
Current assets				
Inventory		39,671	-	39,671
Prepayments & Other Short-Term Assets		562,557	(146,907)	415,650
Trade and other receivables	d	11,252,553	1,127,465	12,380,018
Cash and cash equivalents		6,725,216	-	6,725,216
		18,579,997	980,558	19,560,555
Total Assets		40,455,551	(2,379,601)	38,075,950
Equity and liabilities				
Equity				
Share capital		6,660,974	-	6,660,974
Retained losses		(21,170,698)	(5,976,470)	(27,147,168)
Equity attributable to owners of company		(14,509,724)	(5,976,470)	(20,486,194)
Non-current liabilities				
Borrowings		40,517,719	-	40,517,719
Lease liabilities	e	711,023	2,378,179	3,089,202
Other liabilities		-	-	-
		41,228,742	2,378,179	43,606,921
Current liabilities				
Trade and other payables		12,886,249	245,069	13,131,318
Current tax liabilities		21,048	-	21,048
Contract Liabilities		-	529,720	529,720
Provisions		-	58,035	58,035
Lease liabilities	e	829,236	385,866	1,215,102
		13,736,533	1,218,690	14,955,223
Total liabilities		54,965,275	3,596,869	58,562,144
Total equity and liabilities		40,455,551	(2,379,601)	38,075,950

CALLIGO (UK) 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

	Notes	UK GAAP 31 Dec 2021 £	Reclassification and Remeasurements 31 Dec 2021 £	IFRS 31 Dec 2021 £
Revenue		22,507,234	281,394	22,788,628
Costs of Sales		(7,772,909)	(281,394)	(8,054,303)
Employee benefits expense		(11,442,173)	(124,196)	(11,566,369)
Depreciation, Amortisation and Impairment of Non-financial assets	a,b,c,e,g	(7,387,900)	(5,842,755)	(13,230,655)
Impairment of Financial Assets	d	-	(428,283)	(428,283)
Other expenses	e	(591,057)	(2,767,865)	(3,358,922)
Operating loss		(4,686,805)	(9,163,099)	(13,849,904)
Finance costs	e	(3,488,106)	1,205,772	(2,282,334)
Other financial items		(1,034,978)	2,075,875	1,040,897
Loss before taxation		(9,209,889)	(5,881,452)	(15,091,341)
Tax refund		245,674	-	245,674
Loss for the year		(8,964,215)	(5,881,452)	(14,845,667)
Other comprehensive income:				
Exchange difference on retranslation of subsidiaries		29,501	(18,087)	11,414
Total comprehensive loss for the financial year		(8,934,714)	(5,899,539)	(14,834,253)

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 (UK) 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 £6,590,326 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 local operating business'), 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

CALLIGO (UK) LIMITED

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

part of the Group, was less than its carrying amount. This resulted in an impairment loss of £11,120,417 being 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 (31 December 2021: £74,852), 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 21, a lessee applies a single recognition and measurement approach for all 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 lease 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 a increase of £1,809,252 (31 December 2021 increase: £990,024) of lease liabilities included under interest-bearing loans and borrowings and £1,468,205 (31 December 2021 increase: £962,963) 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, (£121,501) (31 December 2021: (£323,116)) 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 £4,120 (31 December 2021 decrease: (£40,616)) 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 (UK) 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.

2.6 Purchase of Network Integrity Services Limited by Calligo (UK) Limited

UK Company Calligo (UK) Limited entered into an asset purchase agreement of the net assets of Network Integrity Services Limited (NIS) in October 2022, the net assets were merged into Calligo (UK) Limited fully in December 2022. 2021 company comparatives include the financial position and income statement positions of Calligo (UK) Limited excluding Network Integrity Services Limited.

CALLIGO (UK) 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 and 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 financial assets and liabilities. In many cases, the judgements applied refer to the recoverable amount of assets and the useful life of tangible assets (see note 14) 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 14 – Property, plant and equipment, note 15 Right of Use Assets, note 21 Lease Liability and note 29 – 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. Estimation uncertainty relates to assumptions about future operating results and the determination of a

CALLIGO (UK) LIMITED

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

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 have used 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 acquired 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 of 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 firstly against the Goodwill relevant to the CGU (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 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.

Litigations and claims

CALLIGO (UK) LIMITED

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

The Directors have applied judgment in determining liabilities in respect of an unfair dismissal claim as outlined in note 29.

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 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 parent company for leases entered into by its subsidiary undertakings.

CALLIGO (UK) LIMITED

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

4 Segment information

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
	£	£	£	£	£	£	£
UK	3,327,302	402,627	78,000	698,616	181,703	15,789	4,704,037
Ireland	1,251,521	1,303,035	-	19,585	804,832	13,967	3,392,940
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
	7,984,912	4,094,964	7,080,019	732,808	2,124,949	359,103	22,376,755
Services transferred	7,984,912	4,094,964	7,080,019	732,808	-	359,103	20,251,806
Goods transferred	-	-	-	-	2,124,949	-	2,124,949
	7,984,912	4,094,964	7,080,019	732,808	2,124,949	359,103	22,376,755
	For the year ended 31 December 2021						
	Cloud Services	Managed Services	Data Insights	Privacy Services	Hardware & Software	Other	Total
	£	£	£	£	£	£	£
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
Canada	3,774,970	2,582,964	-	6,880	1,117,751	66,321	7,548,886
USA	-	-	5,822,267	14,021	364,400	63,926	6,264,614
	8,185,699	5,149,807	5,964,067	640,583	2,663,616	184,856	22,788,628
Services transferred	8,185,699	5,149,807	5,964,067	640,583	-	184,856	22,788,628
Goods transferred	-	-	-	-	2,663,616	-	-
	8,185,699	5,149,807	5,964,067	640,583	2,663,616	184,856	22,788,628

The Group has identified the following geographic areas as its basis of segmentation.

- Americas
- Europe

Each of these operating segments have an individual appointed as Segment Financial Controller responsible for these segments, who in turn reports to the Chief Financial Officer.

The Group measures segment performance based on the total revenues, gross profit and EBITDA before separately disclosed costs and other expense and exceptional items.

The accounting policies of the operating segments are the same as those described in note 2.4, transactions between reportable segments are accounted for at historic cost less impairment and are eliminated on consolidation.

CALLIGO (UK) LIMITED

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

The following tables present certain results, assets and liabilities information regarding the Group's segments.

	Europe		Americas		Total	
	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Revenue	8,096,977	8,975,128	14,279,778	13,813,500	22,376,755	22,788,628
EBITDA	(1,168,552)	(1,246,207)	2,095,123	2,402,641	926,571	1,156,434
Loss for the year	(5,961,891)	(13,717,615)	(1,392,252)	(1,128,052)	(7,354,143)	(14,845,667)

	Europe		Americas		Total	
	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Segment assets	5,014,589	19,788,047	17,886,289	18,287,903	22,900,878	38,075,950
Segment liabilities	(47,513,263)	(55,194,564)	(3,522,665)	(3,367,580)	(51,035,928)	(58,562,144)
Net Assets	(42,498,674)	(35,406,517)	(14,363,624)	14,920,323	(28,135,050)	(20,486,194)

5 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2022 £	2021 £
Wages, salaries	9,823,486	9,462,875
Social security costs	983,737	844,332
Pension costs	321,583	329,062
Healthcare costs	65,959	61,485
Contractors	643,576	399,009
Recruitment costs	135,201	36,123
Training and events	19,214	10,141
Travel costs	239,672	124,196
Other	327,287	299,146
	12,559,715	11,566,369

Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2022	2021
Number of Permanent employees	146	170

CALLIGO (UK) LIMITED

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

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	9,823,486	9,462,875
Social security costs	983,737	844,332
Pensions	321,583	329,062
	11,128,806	10,636,269

Pensions and other employee obligations

The company only offers defined contribution pension plans.

6 Other expenses

Other expenses are analysed below:

	2022	2021
	£	£
Marketing	87,589	25,996
Establishment	654,790	554,438
IT	122,104	183,167
Legal & professional	251,055	244,535
Subscriptions	196,624	186,686
Restructuring costs	728,047	832,163
Debt raise and debt repayment costs	811,145	675,432
M&A costs	99,163	-
Acquisition costs	-	293,530
Potential Legal Claim	45,353	-
Other	423,413	362,976
	3,419,283	3,358,923

7 Finance costs and finance income

Finance costs for the reporting periods consist of the following:

	2022	2021
	£	£
Finance income		
Interest income	(36,522)	-
Finance costs		
Acquisition finance	3,638,534	2,058,509
Finance leases & hire purchase contracts	345,970	179,578
Other interest & charges	43,744	44,247
	4,028,248	2,282,334

CALLIGO (UK) LIMITED**Notes to the consolidated financial statements
For the year ended 31 December 2022****8 Other financial items**

Other financial items are analysed below:

	2022	2021
	£	£
Foreign exchange	142,865	(1,064,544)
(Profit)/loss on sale of assets	(228,410)	23,646
	<u>(85,545)</u>	<u>(1,040,898)</u>

9 Tax expense

	2022	2021
	£	£
Current charge – overseas subsidiaries (note 1)	178,153	(245,673)
	<u>178,153</u>	<u>(245,673)</u>

Note 1: Included in this amount is Washington State tax of £79,705 (2021: £60,181).

Reconciliation of effective tax rate

	2022	2021
	£	£
Loss on ordinary activities before taxation	(7,175,990)	(15,091,340)
Tax on loss on ordinary activities before taxation	(1,448,764)	(3,143,181)
<i>Factors affecting tax charge for the year:</i>		
Expenses not deductible for tax purposes	4,329	1,510,499
Movement in unrecognised deferred tax assets	1,444,436	1,406,384
Overseas tax adjustments	78,644	60,773
Adjustment in respect of prior years	99,508	(80,148)
Total current income tax (credit)/charge for the year	<u>178,153</u>	<u>(245,673)</u>

The Company is subject to UK income tax at the rate of 19%. The tax rate in the UK will change to 25% from 1 April 2023 however this will not have any material impact on the Group.

The subsidiary entities bear the following corporate tax rates for both 2022 and 2021 – 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%).

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 (UK) 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:

	Group
	£
Cost or valuation	
At 1 January 2022	29,141,072
Acquisitions in the year	-
Foreign exchange translation differences	1,358,470
At 31 December 2022	30,499,542
Accumulated amortisation	
At 1 January 2022	18,508,271
Impairment for the year	169,781
Foreign exchange translation differences	578,265
At 31 December 2022	19,256,317
Net book value	
At 31 December 2022	11,243,225
At 31 December 2021	10,632,801
	Company
	£
Cost or valuation	
At 1 January 2022	7,969,632
Acquisitions in the year	-
Foreign exchange translation differences	-
At 31 December 2022	7,969,632
Accumulated amortisation	
At 1 January 2022	7,542,724
Impairment for the year	72,208
Foreign exchange translation differences	-
At 31 December 2022	7,614,932
Net book value	
At 31 December 2022	354,700
At 31 December 2021	426,908

CALLIGO (UK) LIMITED

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

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 businesses) 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 28, 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.

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, £8,035,692 Ireland business) was included within depreciation, amortisation and impairment of non-financial assets.

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

CALLIGO (UK) LIMITED

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

11 Investment in Subsidiaries (Company)

Cost	£
At 1 January 2022	7,063,926
Acquisitions in the year	-
At 31 December 2022	7,063,926
Net book value	
At 31 December 2022	7,063,926
At 31 December 2021	7,063,926

Investments in subsidiaries are measured initially at cost, which is normally the transaction price. Subsequent to initial recognition investments in subsidiaries are measured at cost less impairment. Any impairment charges are recognised in the Statement of Comprehensive Income. See note 30 for a list of the Company's principal subsidiaries.

12 Other intangible assets

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

Group	Customer List	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	331,043	(7,583)	323,460
At 31 December 2022	3,222,643	150,652	3,373,295
Accumulated amortisation			
At 1 January 2022	506,030	-	506,030
Charge for the year	634,262	-	634,262
Foreign exchange translation differences	68,199	-	68,199
At 31 December 2022	1,208,491	-	1,208,491
Net book value			
At 31 December 2022	2,014,152	150,652	2,164,804
At 31 December 2021	2,385,570	-	2,385,570

No impairment loss was recognised for other intangible assets.

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

CALLIGO (UK) LIMITED

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

13 Other long term assets

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

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

14 Property, plant and equipment

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

Group	Other Equipment £	Computer Equipment £	Leasehold improvement £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2022	736,841	2,921,527	1,369,229	69,680	5,097,277
Additions	399,485	313,670	-	-	713,155
Acquisitions	-	-	-	-	-
Reclassifications	-	-	-	-	-
Disposals	-	-	-	(7,432)	(7,432)
Foreign exchange translation differences	33,735	113,224	69,471	3,757	220,187
At 31 December 2022	1,170,061	3,348,421	1,438,700	66,005	6,023,187
Accumulated depreciation					
At 1 January 2022	573,853	2,341,287	422,205	27,437	3,364,782
Charge for the year	101,693	347,285	189,270	4,187	642,435
Reclassifications	-	4,258	6,251	-	10,509
Disposals	-	-	-	(1,856)	(1,856)
Foreign exchange translation differences	12,760	18,872	22,159	1,733	55,524
At 31 December 2022	688,306	2,711,702	639,885	31,501	4,071,394
Net book value					
At 31 December 2022	481,755	636,719	798,815	34,504	1,951,793
At 31 December 2021	162,988	580,240	947,024	42,243	1,732,495

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).

CALLIGO (UK) LIMITED

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

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

Company	Other Equipment	IT Equipment	Total
	£	£	£
Cost or valuation			
At 1 January 2022	201,552	904,178	1,105,730
Additions	187,225	373,689	560,914
Acquisitions	-	-	-
Reclassifications	-	-	-
Disposals	-	-	-
Foreign exchange translation differences	-	-	-
At 31 December 2022	388,777	1,277,867	1,666,644
Accumulated depreciation			
At 1 January 2022	191,760	880,263	1,072,023
Charge for the year	43,932	205,758	249,690
Reclassifications	-	-	-
Disposals	-	-	-
Foreign exchange translation differences	-	-	-
At 31 December 2022	235,692	1,086,021	1,321,713
Net book value			
At 31 December 2022	153,085	191,846	344,931
At 31 December 2021	9,792	23,915	33,707

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

The Company 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 Company's overall climate commitments and measures the Company will implement in the future.

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

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

CALLIGO (UK) LIMITED

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

15 Right of use assets

Group	Property	IT Equipment	Total
Cost or valuation	£	£	£
At 1 January 2022	2,820,871	2,109,746	4,930,617
Additions	(510,832)	-	(510,832)
Disposals	-	-	-
Foreign exchange translation differences	68,481	978	69,459
At 31 December 2022	2,378,520	2,110,724	4,489,244
Accumulated depreciation			
At 1 January 2022	384,530	781,558	1,166,088
Charge for the year	334,432	692,232	1,026,664
Disposals	-	-	-
Foreign exchange translation differences	36,460	735	37,195
At 31 December 2022	755,422	1,474,525	2,229,947
Net book value			
At 31 December 2022	1,623,098	636,199	2,259,297
At 31 December 2021	2,436,342	1,328,188	3,764,529
Company	Property	IT Equipment	Total
Cost or valuation	£	£	£
At 1 January 2022	203,030	2,090,681	2,293,711
Additions	-	-	-
Disposals	-	-	-
Foreign exchange translation differences	-	-	-
At 31 December 2022	203,030	2,090,681	2,293,711
Accumulated depreciation			
At 1 January 2022	30,924	768,101	799,025
Charge for the year	38,134	686,381	724,515
Disposals	-	-	-
Foreign exchange translation differences	-	-	-
At 31 December 2022	69,058	1,454,482	1,523,540
Net book value			
At 31 December 2022	133,972	636,199	770,171
At 31 December 2021	172,106	1,322,580	1,494,686

CALLIGO (UK) LIMITED

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

16 Prepayments & other short term assets

Prepayments and other short term assets consist of the following:

	2022 Group	2021 Group	2022 Company	2021 Company
	£	£	£	£
Prepayments & deposits	327,666	245,273	138,277	24,463
Other Debtors	92,739	83,344	10,311	-
Accrued Income	126,387	87,033	50,632	71,189
	546,792	415,650	199,220	95,652

17 Trade and other receivables

Trade and other receivables consist of the following:

	2022 Group	2021 Group	2022 Company	2021 Company
	£	£	£	£
Trade receivables (note a)	2,653,494	2,606,480	708,156	780,379
Other receivables	139,434	370,867	-	-
Intercompany Debtor (outside group)	450,942	796,311	22,456,483	21,458,374
Cash in escrow (note b)	35,754	8,606,360	35,754	8,606,360
	3,279,624	12,380,018	23,200,393	30,845,113

Note a: The trade debtors are net of expected credit loss provisions of £242,395 (2021: £315,594).

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.

18 Cash and cash equivalents

	2022 Group	2021 Group	2022 Company	2021 Company
	£	£	£	£
Cash at bank and in hand				
- GBP	46,335	93,419	45,785	79,345
- Euro	327,439	5,881,225	217,883	5,633,934
- US\$	518,728	489,998	8,295	5,692
- CAD\$	207,120	260,574	-	-
	1,099,622	6,725,216	271,963	5,718,971

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).

CALLIGO (UK) LIMITED

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

19 Equity

Share Capital

The share capital of the parent company, Calligo (UK) 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 (UK) Limited.

	2022	2021
	£	£
Authorised		
6,660,974 Ordinary shares of 1p each (2021: 6,600,974 at 1p each)	6,660,974	6,660,974
	6,660,974	6,660,974
Allotted, called up and fully paid		
6,660,974 Ordinary shares of 1p each (2021: 6,660,974 at 1p each)	6,660,974	6,660,974
	6,660,974	6,660,974

20 Borrowings

Borrowings include the following financial liabilities:

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

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

21 Lease Liabilities

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

	2022	2021	2022	2021
	Group £	Group £	Company £	Company £
Current	825,045	1,215,103	557,694	768,335
Non-current	1,833,133	3,089,202	270,128	797,434
	2,658,178	4,304,305	827,822	1,565,769

CALLIGO (UK) LIMITED

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

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 15).

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.

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 and 31 December 2021:

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	9	3-5 Years	3.5	3	0	9	2
IT Equipment	7	Under 1 year	0.75	0	7	7	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:

	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	
31 December 2022	£000	£000	£000	£000	£000	£000	£000
Lease payments	900	549	269	161	155	1,064	3,098
Finance charges	(96)	(70)	(54)	(46)	(41)	(146)	(453)
Net present values	804	479	215	114	114	918	2,645
31 December 2021	£000	£000	£000	£000	£000	£000	£000
Lease payments	1,313	900	549	269	161	1,218	4,410
Finance charges	(142)	(96)	(70)	(54)	(46)	(186)	(594)
Net present values	1,171	804	479	215	114	1,032	3,816

CALLIGO (UK) LIMITED

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

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	£ 3,129,935

22 Trade and other payables

Trade and other payables consist of the following

	2022 Group	2021 Group	2022 Company	2021 Company
	£	£	£	£
Trade creditors	1,062,329	714,625	279,682	117,501
Social security & employment taxes	626,305	796,340	254,267	356,361
Other creditors	517,398	208,883	428,747	-
Accruals and deferred income	781,918	398,207	337,003	100,182
Intercompany Creditors (outside UK Group)	10,377,523	11,013,263	10,135,015	11,322,684
	13,365,473	13,131,318	11,434,714	11,896,728

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

23 Taxation

Taxation liabilities consist of the following:

	2022 Group	2021 Group	2022 Company	2021 Company
	£	£	£	£
Withholding taxes	321,261	268,448	-	-
Other overseas taxes payable/(receivable)	106,569	(247,400)	-	-
	427,830	21,048	-	-

CALLIGO (UK) LIMITED

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

24 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
	£	£
Non cash adjustments		
Depreciation, amortisation and impairment of non financial assets	2,224,035	2,110,240
Impairment of financial assets	169,781	11,120,417
Foreign exchange gains	225,491	439,724
Interest and dividend income	(36,522)	-
Interest expense	3,984,503	2,351,436
Bond prepayment fee expenses	489,853	-
Loss/(Gain) on disposal of non financial assets	(228,409)	23,646
Provision for credit losses	(242,395)	315,594
	6,586,337	16,361,057

	2022	2021
	£	£
Net changes in working capital		
Change in inventories	(2,123)	52,202
Change in prepayments and other short term assets	(201,332)	(483,277)
Change in trade and other receivables	601,563	(946,890)
Change in trade and other payables	242,866	9,922,994
Change in other liabilities	(247,960)	(12,142,783)
	393,014	(3,597,754)

25 Reconciliation of liabilities arising from financing activities

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

1 January 2022	Long term borrowings	Short term borrowings	Lease liabilities	Total
	£	£	£	£
	40,517,719	-	4,304,305	44,822,024
Cash flows				
- Repayments	(8,588,539)	-	(1,328,916)	(9,917,455)
- Proceeds	-	-	-	-
Non cash				
- Additions	-	-	(510,833)	(510,833)
- Prepayment release	489,853	-	-	489,853
- Interest	-	-	345,970	345,970
- Other	1,825,620	-	(152,348)	1,673,272
31 December 2022	34,244,653	-	2,658,178	36,902,831

CALLIGO (UK) LIMITED

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

1 January 2021	Long term borrowings	Short term borrowings	Lease liabilities	Total
	£	£	£	£
	13,639,461	-	2,666,664	16,306,125
Cash flows				
- Repayments	(13,639,461)	-	(1,149,353)	(14,788,814)
- Proceeds	40,517,719	-	-	40,517,719
Non cash				
- Additions	-	-	2,239,137	2,239,137
- Interest	-	-	179,578	179,578
- Other	-	-	368,279	368,279
31 December 2021	40,517,719	-	4,304,305	44,822,024

26 Related party transactions

At 31 December 2022 and 2021, the Group had the following balances with related parties:

	2022	2021
	£	£
Calligo Limited Liabilities	(9,926,581)	(10,216,952)

The above balance is non-interest bearing and repayable on demand. The balance includes annual management charges for services provided to/by other members of the wider group along with cost recharges for services provided to the wider group but invoiced by suppliers to one entity. Included in the Consolidated Operating Loss are the following related party transactions:

	2022	2021
	£	£
Management charges from Calligo Limited (note 1)	492,577	522,226
Management charges to Calligo Limited	(259,738)	(198,256)
Net cost	232,839	323,970

Directors Remuneration

Note 1: included within the Management charges from Calligo Limited are Directors Remuneration of £99,683 (2021: £48,675).

Directors' remuneration is split between the Holding Group and the UK Group but only the cost pertaining to the UK Group are included in the UK Group Financial Statements.

The aggregate remuneration paid to directors in respect of qualifying services during 2022 was £316,981 (2021: £237,675)

There were no gains made by directors on the exercise of share options.

Emoluments includes salary, fees and bonuses and estimated money value of any other benefits received otherwise than in cash except for the value of any share options granted or gains on the exercise of any such options, company contributions paid in respect of any pension scheme or any other money or assets paid to or receivable under any long term incentive scheme.

CALLIGO (UK) LIMITED

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

Related parties (Company)

At 31 December 2022 and 2021, the Company had the following balances with related parties:

	2022	2021
	£	£
Calligo Limited	(10,135,015)	(11,322,684)
Calligo (Canada) Inc	6,294,100	6,283,191
Network Integrity Services Limited	-	168,710
Calligo (US) Inc	9,543,711	8,802,833
Calligo (Ireland) Holdings Limited	6,618,672	6,203,640
Net Asset	12,321,468	10,135,690

The above balances are non-interest bearing and repayable on demand. The balances include annual management charges for services provided to/by other members of the wider group along with cost recharges for services provided to the wider group but invoiced by suppliers to one entity.

Included in the Operating Loss are the following related party transactions:

	2022	2021
	£	£
Management charges to Calligo (Canada) Inc	357,766	203,588
Management charges from Calligo (Canada) Inc	(10,570)	(47,274)
Management charges to Calligo Limited	251,811	150,982
Management charges from Calligo Limited	(222,782)	(175,883)
Management charges to Calligo (US) Inc	420,996	116,275
Management charges from Calligo (US) Inc	-	(9,337)
Net income	797,221	238,351

Refer to notes 4 and 30 for the nature of the relationship between the parties.

Key management of the Group are the Directors of the Company and the Senior Management Team. Key management personnel remunerations includes the following expenses:

	2022	2021
	£	£
Short term employee benefits		
Salaries including bonuses	890,323	912,565
Social security costs	124,859	78,533
Pension costs	36,361	41,025
Management costs recharged from Calligo Limited	377,844	344,763
	1,429,387	1,376,886
Termination benefits	30,000	-
Share based benefits	-	-
	1,459,387	1,376,886

CALLIGO (UK) LIMITED

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

27 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 £
Financial assets				
Trade and other receivables	17	3,279,624	-	3,279,624
Cash and cash equivalents	18	1,099,622	-	1,099,622
Total financial assets		4,379,246	-	4,379,246
Financial liabilities				
Non current borrowings	20	34,244,653	-	34,244,653
Contract Liability		248,275	-	248,275
Trade & other payables	22	13,365,473	-	13,365,473
Lease Liabilities	21	2,658,178	-	2,658,178
Total financial liabilities		50,516,579	-	50,516,579
31 December 2021				
	Note	Amortised cost £	FVTPL £	Total £
Financial assets				
Trade and other receivables	17	12,380,018	-	12,380,018
Cash and cash equivalents	18	6,725,216	-	6,725,216
Total financial assets		19,105,234	-	19,105,234
Financial liabilities				
Non current borrowings	20	40,517,719	-	40,517,719
Contract Liability		529,719	-	529,719
Trade & other payables	22	13,131,318	-	13,131,318
Lease Liabilities	21	4,304,305	-	4,304,305
Total financial liabilities		58,483,061	-	58,483,061

A description of the Group's financial instrument risks, including risk management objectives and policies is given in note 28.

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

28 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 27.

CALLIGO (UK) LIMITED

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

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 may hold financial assets and financial liabilities in other currencies which can be significantly affected by currency translation movements. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US dollars (USD \$), 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
y/e 31 December 2022				
Turnover	4,704	3,979	9,281	10,755
Operating loss	(2,198)	(213)	1,097	37
As at 31 December 2022				
Non-current assets	1,115	1,578	8,891	12,416
Current assets	2,195	872	2,357	1,467
Non current liabilities (excl intercompany)	270	39,961	204	2,052
Current liabilities	2,033	686	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 bond liability.

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 global inflation increasing by approximately 8.3% in 2022.

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising return to 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 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

CALLIGO (UK) LIMITED

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

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	(28,135,050)	(20,486,194)
Cash and cash equivalents	(1,099,622)	6,725,216
Capital	(29,234,672)	(13,760,978)
Total equity	(28,135,050)	(20,486,194)
Borrowings	34,244,653	40,517,719
Lease liabilities	2,658,178	4,304,305
Overall financing	8,767,781	24,335,830

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

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 £57,911 (2021 - £408,044).

CALLIGO (UK) 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				Total
	Current	Total	Current	> 30 days	> 60 days	> 90 days	
£'000							
Expected credit loss rate	-	-	1.5%	7.7%	6.4%	56.4%	8.4%
Gross carrying amount	-	-	2,353.1	71.7	129.3	341.8	2,895.9
Lifetime expected credit loss	-	-	35.8	5.5	8.2	192.9	242.4

31 December 2021	Contract assets days past due		Trade receivables days past due				Total
	Current	Total	Current	> 30 days	> 60 days	> 90 days	
£'000							
Expected credit loss rate	-	-	2.5%	13.4%	14.9%	50.8%	10.8%
Gross carrying amount	-	-	2,228.6	79.8	176.7	437.0	2,922.1
Lifetime expected credit loss	-	-	56.5	10.7	26.4	222.0	315.6

A 1% increase in the 2022 expected loss rate to 9.4% (2022:8.4%) would increase the level of annualised Expected Credit loss movement by £29,814.

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	2,440,159	249,310	298,481	-
Contract and other liabilities	227,497	20,778	-	-
Intercompany Creditors	-	10,377,523	-	-
Lease liabilities	451,248	373,798	937,134	895,999
Borrowings	-	-	34,244,653	-
Total	3,118,904	11,021,409	35,480,268	895,999

CALLIGO (UK) LIMITED

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

29 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.

30 Principal subsidiaries

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

Name	Country of incorporation	Description of shares held	Principal activity
Calligo (US) Inc	USA	Ordinary common shares	Data privacy & data insight services
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

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.