CALLIGO HOLDINGS LIMITED

Annual Report & Consolidated Financial Statements for the year ended 31 December 2021

CALLIGO HOLDINGS LIMITED

Company information

Directors	Mr Julian Box Mr Martin Wülfert (resigned 12 January 2022) Mr Andrew Crawford Mr Gilbert Kamieniecky Mr Georg Knoflach Mr Edmund Daubeney Mr Owen Pagan	
Company secretary	Mr Brendan Walsh	
Registered number	129787	
Registered office	Block 3, The Forum Grenville Street St Helier Jersey JE2 4UF	
Auditors	KPMG Channel Islands Limited 37 Esplanade St Helier Jersey JE4 8WQ	
Bankers	HSBC Bank plc PO Box 14 St Helier Jersey JE4 8NJ	Silicon Valley Bank Alphabeta 14-18 Finsbury Square London EC2A 1BR
	HSBC Bank Canada 4550 Hurontario Street Mississauga ONL5R 4E4	Royal Bank of Canada 15 Plains Rd. E. Burlington ON L7T 2B8
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CALLIGO HOLDINGS LIMITED

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CALLIGO HOLDINGS LIMITED

Directors' report
for the year ended 31 December 2021

The Directors present their report and the audited consolidated financial statements (the "financial statements") for the year ended 31 December 2021.

Incorporation

Calligo Holdings Limited ("The Company") was incorporated in Jersey on 30 August 2019. The incorporation was part of a group restructuring whereby the Company replaced Calligo Limited as the parent company of the Calligo group of companies.

Principal activities

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

On 15 February 2021, the Group completed the acquisition of Decisive Data, a USA based data analytics provider. The transaction was funded from finance facilities provided by Cordet Lending II S.A.R.L.

In December 2021, the Group, through its subsidiary, Calligo (UK) Limited, agreed terms of a new €50m Nordic bond facility repayable after 3 years with a margin of 8.5% pa which is on top of a benchmark rate which is 3 months EURIBOR with a floor of 0%. The bond is listed on the open market of the Frankfurt Stock Exchange. The bond proceeds were received on 29 December 2021 and the proceeds were used to repay the full indebtedness with Cordet Lending II S.A.R.L. Calligo (UK) Limited entered into this agreement with Nordic Trustees (the issuing agent) and there is an option to issue subsequent bonds in a total aggregate of up to €75m as described in the Bond terms and conditions. Calligo (UK) Limited and the material group companies have provided various security measures to the bond holders principally over their shares and intragroup loans.

Directors' responsibilities for the financial statements

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

The Companies (Jersey) Law 1991 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102"). 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 at the end of the year and of the profit or loss of the Company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company'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.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Results and dividends

The Consolidated Statement of Comprehensive Income for the year ended 31 December 2021 is set out on page 7. There were no dividends paid in the year under review (2020: £nil).

Financial risk management

The Group finances its operations though 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.

Going concern and Covid impact assessment

The Directors have made an assessment of the impact of Coronavirus outbreak ("Covid") on its business to the date of signing of these financial statements. There are no longer any prohibitive government restrictions in place in any of the locations in which we operate and, as such, the Group can now operate as normal. The Group continues to implement flexible working conditions that became much more prevalent during the pandemic period.

The Directors have also 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 £4,395,233 (2020: net asset position of £5,753,368). The net liability is largely attributable to the Group's prudent 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 2021 and 31 December 2020. The Group has positive net current assets of £14,138,147 (2020: £851,778). 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. 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.

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.

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).

A number of primary areas are well established such as the governance framework, the foundation values, risk management, data management & security, employee equal opportunities, anti-harassment & bullying policies, community engagement to name but a few. However, further thought and consideration by the Senior Management Team ("SMT") is now being given to starting on other areas such as environmental issues and the associated reporting and tracking of such initiatives.

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

The Group Board meets at least quarterly and receives monthly reporting packs and updates in the intervening periods. During FY21 all directors were present for all the meetings. There are two sub-committees, the Audit & Remuneration Committees who meets 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.

Directors

The Directors of the Company during the year and subsequently are:

Mr Julian Box
Mr Martin Wülfert (resigned 12 January 2022)
Mr Andrew Crawford
Mr Gilbert Kamieniecky
Mr Georg Knoflach
Mr Edmund Daubeney
Mr Owen Pagan

Secretary

The secretary of the Company at 31 December 2021 and subsequently was Brendan Walsh who had been secretary for the whole of the year then ended.

Independent auditors

KPMG Channel Islands Limited were appointed as Independent auditor to the Company on 24 April 2017 and were reappointed on 22 April 2020. A resolution to reappoint KPMG Channel Islands Limited as auditor to the Company will be proposed at the AGM.

Mr Julian Box
Director
30 May 2022

Independent Auditor's Report to the Members of Calligo Holdings Limited

Our opinion is unmodified

We have audited the consolidated financial statements of Calligo Holdings Limited (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the financial position of the Group as at 31 December 2021, and of the Group's financial performance and cash flows for the year then ended;
- are prepared in accordance with United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland; and
- have been properly prepared in accordance with the Companies (Jersey) Law, 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), and the terms of our engagement letter. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company and Group in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the consolidated financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the consolidated financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group and the Company's business model and analysed how those risks might affect the Group and the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Group's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and

- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and

to address fraud risk over revenue recognition, we:

- agreed a statistical sample of revenue during the year to relevant supporting documentation;
- performed cut-off procedures to assess whether revenue has been recorded in the correct period;
- agreed a sample of cash receipts during the year to bank statements and performed a debtors roll forward procedure; and
- assessed the recoverability of trade debtors as at year end

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the consolidated financial statements from our general sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

The Group is subject to laws and regulations that directly affect the consolidated financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the consolidated financial statements, for instance through the imposition of litigation or impacts on the Group and the Company's ability to operate. We identified company law as being the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the consolidated financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the consolidated financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of Calligo Holdings Limited (continued)

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, 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.

We have nothing to report on other matters on which we are required to report by exception.

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

- adequate accounting records have not been kept by the Parent Company; or
- the Parent Company's consolidated financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 1 and 2, the directors are responsible for: the preparation of the consolidated financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members, as a body

This report is made solely to the Company's members, as a body, in accordance with our terms of engagement as detailed in our letter of 22 April 2020. Our audit work has been undertaken so that we might state to the 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

KPMG Channel Islands Limited

KPMG Channel Islands Limited

Chartered Accountants

Jersey

30 May 2022

CALLIGO HOLDINGS LIMITED

Consolidated Statement of Comprehensive Income for the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover		**30,125,581**	21,858,023
Cost of sales		**(9,481,600)**	(8,007,681)
Gross profit		**20,643,981**	13,850,342
Expenses		**(26,421,916)**	(17,955,635)
Operating loss	*4*	**(5,777,935)**	(4,105,293)
Interest expense and similar charges	*6*	**(2,420,438)**	(1,238,453)
Reorganisation costs	*7*	**(904,498)**	(414,684)
Acquisition costs	*8*	**-**	(490,522)
Debt raise and repayment costs	*8*	**(1,051,809)**	(1,169,147)
Transaction costs	*8*	**(1,344,075)**	-
Foreign exchange gain/(loss)		**1,235,195**	(139,283)
Loss on ordinary activities before taxation		**(10,263,560)**	(7,557,382)
Tax credit/(charge) on loss on ordinary activities	*5*	**19,375**	(188,068)
Loss for the financial year		**(10,244,185)**	(7,745,450)
Other comprehensive income			
Exchange differences on retranslation of subsidiaries		**(21,094)**	30,377
Total comprehensive loss for the financial year		**(10,265,279)**	(7,715,073)

The basis of preparation of these financial statements is set out on page 11, and notes on pages 11-28 form an integral part of these financial statements.

The above results are derived from continuing activities.

CALLIGO HOLDINGS LIMITED

Consolidated Statement of Cash Flows
for the year ended 31 December 2021

	2021	2020
	£	£
Net cash inflow generated from operating activities (note 19)	**2,548,018**	3,012,006
Taxation paid	**(64,844)**	(146,707)
Net cash generated from operating activities	**2,483,174**	2,865,299
Net cash used from investing activities		
Purchase of tangible fixed assets	**(1,410,729)**	(2,147,298)
Purchase of businesses	**(8,358,204)**	(15,282,251)
Sale of fixed assets	**36,838**	13,502
Net cash used in investing activities	**(9,732,095)**	(17,416,047)
Cash flows from financing activities		
Issue of new shares (net of issue costs)	**16,356**	5,062,345
Finance leases	**1,116,483**	1,337,096
Payment of finance lease liabilities	**(575,729)**	(493,713)
Debt raise and debt repayment costs	**(1,051,809)**	(1,169,147)
Repayment of convertible debt	**-**	(4,929,987)
Proceeds from acquisition finance (Cordet)	**8,519,558**	-
Net proceeds from acquisition finance (bond raise net of repayments to Cordet)	**15,219,063**	13,512,234
Interest paid	**(2,307,089)**	(1,238,453)
Net cash generated from financing activities	**20,936,833**	12,080,375
Net increase/(decrease) in cash and cash equivalents	**13,687,912**	(2,470,373)
Cash and cash equivalents at beginning of year	**1,807,293**	4,277,666
Cash and cash equivalents and cash in escrow at end of year	**15,495,205**	1,807,293

Balance sheet reconciliation of total cash and cash equivalents

	£	£
Cash and cash equivalents	**6,888,845**	1,807,293
Cash in escrow included in other debtors (note 11)	**8,606,360**	-
Total cash, cash equivalents and cash held in escrow in the statement of cash flows	**15,495,205**	1,807,293

The basis of preparation of these financial statements is set out on page 11, and notes on pages 11-28 form an integral part of these financial statements.

Note: Certain prior year balances have been restated in the Consolidated Statement of Cash Flows to align with the current year presentation format.

CALLIGO HOLDINGS LIMITED

Consolidated Statement of Financial Position
at 31 December 2021

	Notes	31 December 2021 £		31 December 2020	
Fixed assets					
Tangible assets	9	**3,699,670**		3,778,856	
Intangible assets	10	**18,995,828**		18,423,298	
			22,695,498		22,202,154
Current assets					
Debtors: amounts falling due within one year	11	**13,089,896**		4,448,040	
Cash and cash equivalents		**6,888,845**		1,807,293	
		19,978,741		6,255,333	
Creditors: amounts falling due within one year	12	**(5,840,594)**		(5,403,555)	
Net current assets			**14,138,147**		851,778
Total assets less current liabilities			**36,833,645**		23,053,932
Creditors: amounts falling due after one year	13		**(41,228,878)**		(17,300,564)
Net (liabilities)/assets			**(4,395,233)**		5,753,368
Capital and reserves					
Called up share capital	14		**285,911**		284,294
Share premium			**24,171,208**		23,885,733
Other reserves			**1,081,218**		1,251,632
Retained earnings			**(29,933,570)**		(19,668,291)
Shareholders' (deficits)/funds			**(4,395,233)**		5,753,368

The basis of preparation of these financial statements is set out on page 11, and notes on pages 11-28 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board of Directors on 30 May 2022 and were signed on its behalf by:

Julian Box

Director

Mr Julian Box

Director

Mr Georg Knoflach

CALLIGO HOLDINGS LIMITED

Consolidated Statement of Changes in Equity
for the year ended 31 December 2021

	Share capital	Share premium	Retained earnings	Other reserves	Total
	£	£	£	£	£
Balance at 1 January 2021	284,294	23,885,733	(19,668,291)	1,251,632	5,753,368
Loss for the year	-	-	(10,244,185)	-	(10,244,185)
Other comprehensive income	-	-	(21,094)	-	(21,094)
Transactions with owners recorded directly in equity	-	-	-	(170,414)	(170,414)
New funds from share capital increase (note 14)	1,617	285,475	-	-	287,092
Balance at 31 December 2021	**285,911**	**24,171,208**	**(29,933,570)**	**1,081,218**	**(4,395,233)**
Balance at 1 January 2020	261,051	18,846,631	(11,953,218)	695,886	7,850,350
Loss for the year	-	-	(7,745,450)	-	(7,745,450)
Other comprehensive income	-	-	30,377	-	30,377
Transactions with owners recorded directly in equity	-	-	-	555,746	555,746
Conversion of convertible loan notes	18,145	3,770,990	-	-	3,789,135
Issue of new shares	5,098	1,268,112	-	-	1,273,210
Balance at 31 December 2020	**284,294**	**23,885,733**	**(19,668,291)**	**1,251,632**	**5,753,368**

The basis of preparation of these financial statements is set out on page 11, and notes on pages 11-28 form an integral part of these financial statements.

1 Background of the company

On 30 August 2019, Calligo Holdings Limited was incorporated as part of a group restructuring and it replaced Calligo Limited as the parent company of the Calligo group of companies. The reorganisation was executed via a share for share exchange agreement between Calligo Holdings Limited and Calligo Limited. The impact of this reorganisation was such that the ultimate equity holders as at the date of the reorganisation remain the same and the rights of each equity holder, relative to the others, are unchanged.

The principal activity of Calligo Holdings Limited is a holding company.

2 Basis of preparation and principal accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with the accounting standards currently applicable in the United Kingdom including FRS 102. The Directors consider that the accounting policies set out below are suitable, have been consistently applied, and are supported by reasonable and prudent judgements and estimates.

The Directors have assessed the impact or potential impact of all new accounting standards. In the opinion of the Directors, there are no mandatory new accounting standards applicable in the current period that had an actual or potential material effect on the Group. Consequently, no mandatory new accounting standards are listed. The Group has not early adopted any new accounting standard.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries ("the Group") prepared to 31 December 2021and exclude all intra-group transactions. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

(b) Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration excluding contingent consideration transferred; plus
- estimated amount of contingent consideration, see below*; plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities

If the excess is negative, this is recognised and separately disclosed on the Consolidated Statement of Financial Position as negative goodwill.

* Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

2 Principal accounting policies (continued)

(c) Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- the costs incurred and the costs to complete the contract can be measured reliably

The Group's sources of revenue are principally categorised as cloud services, professional services, data insights and managed services with smaller income streams being derived from hardware, software and non-cloud income.

(d) 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.

(e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Fixed assets held under finance leases are stated at the present value of the minimum lease payments due at the inception of the lease, or at fair value where this is considered a sufficiently close approximation to present value.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range of all assets is 3 years.

The residual values, useful lives and depreciation methods are reviewed annually to ensure that the method and period of depreciation and amortisation are consistent with the expected pattern of economic benefits from the tangible fixed assets.

Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are recognised within "other operating income" in the Consolidated Statement of Comprehensive Income.

2 Principal accounting policies (continued)

(f) Goodwill

Goodwill is initially measured as the excess of the aggregate fair value of the consideration transferred over the net identifiable assets and liabilities acquired. Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite life of goodwill is estimated to be 5 years. The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

The Group assesses at each reporting date whether goodwill may be impaired. If any such indication exists the Group estimates the recoverable amount of the goodwill. If it is not possible to estimate the recoverable amount of the goodwill, the Group estimates the recoverable amount of the cash generating unit to which the goodwill belongs. The recoverable amount is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the goodwill is impaired and it is reduced to its recoverable amount through an impairment in the Consolidated Statement of Comprehensive Income. An impairment loss for goodwill is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

(g) Leases and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the Consolidated Statement of Financial Position and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the Consolidated Statement of Financial Position. Lease payments are apportioned between the reduction of the lease liability and finance cost in the Statement of Comprehensive Income so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the period of the lease.

(h) Finance costs

Finance 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.

(i) Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

(j) Expenses

Expenses are recognised in the accounting period in which they are incurred.

(k) Employee benefits

Employee benefits consist of basic pay and, following successful completion of a probationary period, an employer pension contribution of up to 5% of basic pay into a defined contribution scheme of the employee's choosing and private healthcare.

2 Principal accounting policies (continued)

(l) Taxation

Income tax for the financial year comprises current and deferred tax. Income tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which such tax is recognised in equity.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probably that future taxable profit will be available against which the deductible temporary differences, carry forward of unused tax losses and tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probably that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(m) Foreign currencies

Functional and presentation currency

The Group's functional and presentational currency is GBP.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non- monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss amounts of such undertakings are consolidated at the average rate ruling in the month of the underlying transactions with gains and losses arising on those transactions are recognised as exchange differences on retranslation of subsidiaries in the Consolidated Statement of Comprehensive Income.

Foreign currency gains and losses are taken to the Consolidated Statement of Comprehensive Income.

(n) Debtors

Trade and other debtors are recognised initially at transaction price, plus transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

(o) Creditors

Short term creditors are measured at transaction price. Other financial liabilities, including bank loans and bonds issued, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2 Principal accounting policies (continued)

(p) Employee share ownership plan ("ESOP")

Transactions of the Company sponsored ESOP are treated as being those of the Company and are therefore reflected on the Company and Group financial statements. In particular, the cost of the Company's shares held by the ESOP is deducted from equity in the Group Statement of Financial Position under other reserves where the shares are granted at a value above nil. Any cash received by the ESOP on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the ESOP (including borrowings) are recognised as assets and liabilities of the Group.

(q) Share based payments

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

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

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

(r) Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

(s) Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable, but the item has a cost or value that cannot be measured reliably.

(t) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash and cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2 Principal accounting policies (continued)

(u) Share capital

Ordinary shares are classified as equity. 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.

(v) Distribution to equity holders

Dividends and other distributions to 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.

(w) Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks, bonds and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income. For the financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(x) 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 the impact of Covid on its 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 £4,395,233 (2020: net asset position of £5,753,368). The net liability is largely attributable to the Group's prudent 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 2021 and 31 December 2020. The Group has positive net current assets of £14,138,147 (2020: £851,778). 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. 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.

3 Critical judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Goodwill and Acquisition Costs

The fair value of net tangible assets acquired is shown in note 10. Costs capitalised during the year as being directly attributable to the acquisitions were £293,528.

Goodwill impairment

The Directors have reviewed the recoverable amounts of businesses acquired by assessing whether there are any indicators of impairment and none were noted except for the businesses acquired in Ireland in the previous financial year. In this case, the businesses have not performed in line with expectations and an element of this has been attributable to the COVID restrictions in Ireland which have hampered the ability to carry out business and also to operationally integrate the three acquired businesses. The Directors have carried out an impairment review by assessing the recoverable amount of the business and comparing this to the carrying value of the underlying CGU. No impairment was identified.

Depreciation rates

The Directors consider that the depreciation rates applied (see note 2(e)) represent a reasonable assessment of the useful lives of the underlying assets.

Deferred tax

The Directors do not recognise deferred tax assets because they do not have sufficient confidence that taxable profits will arise in the relevant jurisdictions in the short term. The unrecognised deferred tax asset at the balance sheet date is approximately £2,422,406 (2020:£1,770,000).

Equity settled share based payments

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

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

The Directors applied judgement in determining a fair value of the shares for the awards made in 2021 and assumed an exit date in respect of the vesting period.

Litigations and claims

The Directors have applied judgment in determining liabilities in respect of a number of claims as outlined in note 23.

CALLIGO HOLDINGS LIMITED

Notes to the consolidated financial statements
For the year ended 31 December 2021

4 Operating loss

Operating loss is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation	**1,272,488**	1,437,841
Auditors' remuneration (note)	**145,000**	80,000
Operating lease charges – leased premises	**1,021,370**	550,258
Operating lease charges – motor vehicles	**14,353**	32,858

Note - The Company engaged the auditors, KPMG Channel Islands Limited, for non audit work in 2021 principally for taxation advisory services. In the year ended 31 December 2021, these fees totalled £30,775. The Company also engaged the auditors for non audit work in 2020 principally for taxation advisory services but also for financial and taxation due diligence in respect of acquisitions. These fees totalled £230,172.

5 Tax (credit)/charge on loss on ordinary activities

	2021	2020
	£	£
Current charge – overseas subsidiaries (note 1)	**(19,375)**	188,068
Deferred tax charge	-	-
	(19,375)	188,068

Note 1: Included in this amount is £86,586 of irrecoverable Canadian & USA withholding tax (2020: £44,009) suffered on management charges from Jersey, £30,433 in respect of withholding taxes on dividends paid from Luxembourg to Jersey (2020: nil) and Washington State tax of £60,181.

Reconciliation of effective tax rate

	2021	2020
	£	£
Loss on ordinary activities before taxation	(10,263,560)	(7,557,382)
Tax on loss on ordinary activities before taxation	-	-
Factors affecting tax charge for the year:		
Expenses not deductible for tax purposes	-	-
(Losses)/profits taxed at 0%	-	-
Current year losses for which no deferred tax asset was recognised	-	-
Effect of tax rates in foreign jurisdictions	285,725	188,068
Adjustment in respect of prior years	(305,100)	-
Total current income tax (credit)/charge for the year	(19,375)	188,068

The Company is subject to Jersey income tax at the rate of 0%. The subsidiary entities bear the following corporate tax rates for both 2021 and 2020 – Jersey 0% (2020:0%), UK 19% (2020:19%), Luxembourg 25% (2020:25%), Ireland 12.5% (2020: 12.5%), Canada 26.5% (2020:26.5%), USA 21% (2020:21%) and Singapore 17% (2020: 17%).

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.

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. Refer to note 3 for further details.

6 Interest expense and similar charges

	2021	2020
	£	£
Acquisition finance	**2,316,567**	913,671
Finance leases & hire purchase contracts	**102,365**	100,245
Convertible debt	-	217,446
Other interest & charges	**1,506**	7,091
	2,420,438	1,238,453

7 Reorganisation costs

	2021	2020
	£	£
Reorganisation costs	**904,498**	414,684
	904,498	414,684

Reorganisation costs comprise costs associated with the reorganisation of the management teams of the enlarged group following the acquisitions that were made during the last two financial years.

8 Acquisition costs

	2021	2020
	£	£
Acquisition costs	-	490,522
	-	490,522

Acquisition costs comprise expenses incurred on evaluating acquisition & market opportunities but which cannot be directly attributable to any particular acquisition.

Debt raise and debt repayment costs

	2021	2020
	£	£
Debt raise and debt repayment costs	**1,051,809**	1,169,147

Debt raise costs comprise legal and professional expenses incurred in connection with the repayment of the finance facilities with Cordet Lending II S.A.R.L and the amortised portion of the arrangement fees and costs associated with the Nordic Bond raise in December 2021.

Transaction costs

	2021	2020
	£	£
Transaction costs	**1,344,075**	-

Transaction costs relate to professional services associated with an aborted transaction during the year.

9 Tangible fixed assets

	Motor vehicles	Office Equipment	Computer Equipment	Software	Total
Cost or valuation	£	£	£	£	£
At 1 January 2021	127,945	1,042,838	8,656,650	153,925	9,981,358
Additions	-	52,272	1,234,788	-	1,287,060
Acquisitions	-	13,347	-	-	13,347
Reclassifications	-	(140,005)	142,438	(2,433)	-
Disposals	(74,864)	(13,820)	(27,997)	-	(116,681)
Foreign exchange translation differences	(5,421)	(3,699)	(21,534)	23	(30,631)
At 31 December 2021	**47,660**	**950,933**	**9,984,345**	**151,515**	**11,134,453**
Accumulated depreciation					
At 1 January 2021	30,705	357,590	5,686,770	127,437	6,202,502
Charge for the year	10,313	81,743	1,168,855	11,577	1,272,488
Reclassifications	-	-	-	-	-
Disposals	(35,603)	(3,854)	(750)	-	(40,207)
At 31 December 2021	**5,415**	**435,479**	**6,854,875**	**139,014**	**7,434,783**
Net book value					
At 31 December 2021	**42,245**	**515,454**	**3,129,470**	**12,501**	**3,699,670**
At 31 December 2020	97,240	685,248	2,969,880	26,488	3,778,856

10 Intangible fixed assets

	Goodwill
Cost or valuation	£
At 1 January 2021	27,162,610
Acquisitions in the year	7,568,093
Adjustments	79,069
Foreign exchange translation differences	(69,994)
At 31 December 2021	**34,739,778**
Accumulated amortisation	
At 1 January 2021	8,739,312
Charge for the year	7,004,638
At 31 December 2021	**15,743,950**
Net book value	
At 31 December 2021	**18,995,828**
At 31 December 2020	18,423,298

10 Intangible fixed assets (continued)

The Group made one acquisition during the year and a summary of the consideration paid, net assets acquired and fair value adjustments were as follows:

	£
Book value of net assets acquired	771,961
Fair value adjustments	-
Fair value of tangible net assets acquired	**771,961**
Consideration paid	8,046,526
Directly attributable costs capitalised	293,528
Deferred consideration	-
Consideration paid & payable (including directly attributable costs)	8,340,054
Goodwill	**7,568,093**

The acquisition was made by Calligo (US) Inc in mid February 2021 and was for the assets & liabilities of Decisive Data Inc. The acquisition was funded by finance facilities with Cordet Lending II S.A.R.L. The acquired business generated revenue of £6.2m and a loss before tax of £0.9m in the period from acquisition to 31 December 2021 and this has been included in the consolidated statement of comprehensive income for the reporting period.

There was no deferred tax recognised on the acquisition of the business during the year as the Directors consider this to be immaterial.

The Directors carried out an impairment review at the year end and no impairment was identified.

11 Debtors: amounts falling due within one year

	2021	2020
	£	£
Trade debtors (note a)	**3,524,545**	3,649,115
Other debtors	**89,365**	126,701
Cash in escrow (note b)	**8,606,360**	-
Prepayments & accrued income	**869,626**	672,224
	13,089,896	4,448,040

Note a: The trade debtors are net of a provision of £273,588.

Note b: The cash in escrow balance represents funds retained under the terms of the Nordic bond facility. These funds can only be accessed subject to certain leverage criteria under the terms and conditions of this facility. The Directors expect to draw down these funds as soon as a suitable acquisition opportunity arises and the leverage criteria are met under the terms of the bond facility.

12 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	**2,208,869**	2,090,365
Social security & employment taxes	**612,350**	442,543
Other creditors	**68,745**	41,131
Accruals and deferred income	**1,790,305**	1,778,551
Corporation tax	**161,788**	246,007
Net obligations under finance leases & hire purchase contracts	**998,537**	804,958
	5,840,594	5,403,555

The finance lease agreements are with the following counterparties:

(i) HSBC for the purchase of various infrastructure hardware repayable over a term of 36 months and carrying interest at 4.8% per annum.

(ii) Decorus for the purchase of various infrastructure hardware repayable over various terms ranging from 16 months to 33 months and carrying rates between 9.5% per annum and 11.7% per annum.

13 Creditors: amounts falling after one year

	2021	2020
	£	£
Trade creditors	(3,133)	154,349
Cordet loan facilities	-	16,779,099
Nordic Bond facility (net of unamortised arrangement fees of £1,469,555)	40,517,720	-
Net obligations under finance leases and hire purchase contacts	714,291	367,116
	41,228,878	17,300,564

Details of the finance leases are disclosed in note 12.

The borrowings with Cordet Lending II S.A.R.L were repaid in full in December 2021 following the drawdown of funds under the Nordic Bond facility.

The Nordic Bond facility is repayable on 30 December 2024. It has a margin of 8.5% 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

The Directors consider the interest rate to be representative of fair value.

14 Called up share capital

	2021	2020
Authorised	£	£
50,000,000 Ordinary shares of 1p each (2020: 50,000,000 at 1p each)	500,000	500,000
	500,000	500,000
Allotted, called up and fully paid		
28,591,116 Ordinary shares of 1p each (2020:28,429,492 at 1p each)	285,911	284,294
	285,911	284,294

During the year to 31 December 2021, the Company issued 161,624 Ordinary shares, raising net funds of £287,092 as detailed below:

	No of shares	£
Exercisable under share option scheme 2015	52,000	520
Settlement of 2019 executive bonuses	68,454	196,598
Rights issue	8,904	15,836
Stratus Capital (note 18)	32,266	74,138
	161,624	287,092

15 Share based payments

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

	Number of shares
Issued in year ended 31 December 2019	**885,000**
Issued in year ended 31 December 2020	**825,000**
Issued in year ended 31 December 2021	**438,995**
Lapsed/considered as non vesting	**(845,000)**
Shares under option at 31 December 2021	**1,303,995**

The options vest after a three year period and this period begins when the employee in question commences employment with the Company. The strike price for these awards is set at either US$1.42 or US3.31 and the options can only be exercised on an exit event as defined under the rules. The Company has determined that the exit event is a non market performance condition. All options are to be settled by physical delivery of shares.

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

The Company did not enter into any share-based payment transactions with parties other than employees during the current or previous periods (Refer to note 3 for details on significant judgements applied by the Directors).

16 Employee share ownership plan

On 21 January 2015 the Company adopted the Calligo Limited executive share option scheme 2015 (the "option scheme"). The Company held no Ordinary shares in Treasury at the year end and therefore there were no unallocated shares at 31 December 2021.

17 Commitments under operating leases

At 31 December 2021 and 2020, the Group had commitments under non-cancellable operating leases as follows:

	2021	2020
	£	£
Not later than 1 year	**911,891**	573,331
Later than 1 year and not later than 5 years	**2,877,915**	1,556,818
Greater than 5 years	**433,556**	490,563
	4,223,362	2,620,712

18 Related party transactions

Martin Wülfert (former Chairman and Director), received fees and expenses of £44,044 in the year (2020: £40,756). Mr Wülfert is an advisor to Investcorp.

Georg Knoflach and Gilbert Kamieniecky, Directors, are both employed by Investcorp Securities Limited, a Company that is ultimately owned by Investcorp Holding B.S.C. They did not receive any Director fees in 2021 (2020: nil). In the year ended 31 December 2020, the Company paid Canary Investment Limited $1,650,000 as a partial redemption of the Loan note instrument. The balance of this instrument along with the balance due on the B loan instrument including accrued interest, were converted into shares of Calligo Holdings Limited for a consideration of US$3,983,006.

Owen Pagan, a Director, received fees and expenses of £51,540 in the year (2020: £47,245). In June 2021, he received 32,266 shares in the Company representing the balance due to him for services provided in connection with the acquisition of DC Networks (Holdings) Limited and Itomic Limited in 2020. Mr Pagan is also an advisor to Investcorp. On 15 January 2020, he was awarded 50,000 share options under the Calligo Share Option Scheme 2019. These options will vest on 14 January 2023 but are only exercisable on an exit event date as disclosed in note 15. During the year to 31 December 2020, Stratus Capital, a Company owned by Owen Pagan, charged fees in the sum of €382,500 to Calligo Limited for services provided in connection with the acquisition of DC Networks (Holdings) Limited and Itomic Limited. This amount was settled by a cash payment €300,000 and the balance was settled by the issue of shares in Calligo Holdings Limited as indicated above in June 2021.

Edmund Daubeney, a Director, received fees and expenses of £20,000 in the year (2020: £8,333). On 20 July 2020, he was awarded 15,000 share options under the Calligo Share Option Scheme 2019. These options will vest on 20 July 2023 but are only exercisable on an exit event date as disclosed in note 15.

In the year ended 31 December 2020, Ti23 Limited, a company 50% owned by Andrew Crawford, a Director, converted his entitlement under the B loan instrument into shares of Calligo Holdings limited for a consideration of US$778,061.

In the year ended 31 December 2020. Julian Box, a Director, converted his entitlement under the B loan instrument into shares of Calligo Holdings Limited for a consideration of US$392,184

19 Reconciliation of operating loss to net cash inflow from operating activities

	2021	2020
	£	£
Operating loss for the year	**(5,777,935)**	(4,105,293)
Depreciation	**1,272,488**	1,437,840
Amortisation	**7,004,638**	4,576,801
Equity share settled payments provision	**26,184**	634,496
Loss/(profit) on sale of fixed assets	**39,636**	(13,502)
Reorganisation costs	**(904,498)**	(414,684)
Transaction costs	**(1,344,075)**	-
Acquisition costs	-	(490,522)
Foreign exchange gain/(loss)	**1,235,195**	(139,283)
Decrease in debtors	**749,710**	166,862
Increase in creditors	**246,675**	1,359,291
Net cash inflow from operating activities	**2,548,018**	3,012,006

20 Reconciliation of net debt

Net debt analysis	**Borrowings Due < 1 year**	**Borrowings Due > 1 year**	**Finance leases**	**Subtotal**	**Cash & cash equivalents**	**Net debt**
	£	£	£	£	£	£
At 1 January 2021	(120,794)	(16,658,305)	(1,172,074)	(17,951,173)	1,807,293	(16,143,880)
Cashflows	-	-	-	-	(19,197,823)	(19,197,823)
Nordic bond (net of arrangement fee)	-	(40,517,720)	-	(40,517,720)	40,517,720	-
Cordet facilities (net)	120,794	16,658,305	-	16,779,099	(16,779,099)	-
Finance leases	-	-	(1,116,483)	(1,116,483)	1,116,483	-
Payment of finance lease liabilities	-	-	575,729	575,729	(575,729)	-
Other non cash charges	-	-	-	-	-	-
Effects of movements in foreign exchange	-	-	-	-	-	-
At 31 December 2021	-	**(40,517,720)**	**(1,712,828)**	**(42,230,548)**	**6,888,845**	**(35,341,703)**

21 Immediate and ultimate controlling party

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

22 Principal subsidiaries

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

Name	Country of incorporation	Description of shares held	Principal activity
Calligo Limited	Jersey	Ordinary £1 shares	Cloud computing and data privacy services
Calligo (UK) Limited	England	Ordinary £1 shares	Cloud computing and data privacy services
Calligo (Luxembourg) PSF S.A	Luxembourg	Ordinary Euro 100 shares	IT services provider
Calligo (US) Inc	USA	Ordinary common shares	Data privacy services
Calligo (Canada) Inc	Canada	Common CAD$1 shares	IT infrastructure services provider
Calligo PTE. LTD	Singapore	Ordinary SGD shares	Provision of cloud computing services
Calligo (Ireland) Holdings Limited	Ireland	Ord shares Euro	Holding Company
Calligo (Ireland) Limited	Ireland	Ordinary shares Euro	Managed Service provider
Cinnte	Ireland	Ordinary shares Euro	Managed Service provider
Network Integrity Services	England	Ordinary shares £	Manager Service provider

23 Contingent liabilities

Unfair dismissal claims

The Company received three unfair dismissal claims which are the subject of litigation proceedings as at 31 December 2021. One of these claims has been settled since the year end and the Company has made a prudent provision in these financial statements to cover its estimated liability under these claims. 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 these claims are 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 not been provided for. 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 these claims are resolved.

Guarantee

On 23 November 2021, Calligo (UK) Limited, a wholly owned subsidiary of Calligo Holdings Limited, entered into a guarantee agreement with a supplier in Canada is connection with IT equipment that was procured for a customer. The amount of the guarantee is CAD$705,745 (£409,564). The guarantee relates to equipment that was actually received by Calligo (Canada) Inc in April 2022 and which was subsequently invoiced to the Canadian customer in the same month. The Group expects to be paid in full for this sale in June 2022.

24 Post balance sheet events

Share options

In January 2022, the Company granted 1,582,500 share options to employees under the terms of the Calligo Share Option Scheme 2019.

Conflict in Russia and Ukraine

On 21 February 2022, the Russian Federation officially recognised two breakaway regions in eastern Ukraine and authorised the use of military force in those territories. On 24 February 2022, Russian troops invaded Ukraine and commenced military operations in multiple locations. These ongoing operations have led to casualties, significant dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine and indirectly other global economies. As the invasion progresses, there may be more adverse effects on the global markets and economies arising from the disruption of oil and gas supplies from these territories and sanctions implemented. Still however, the outcome of the Russian invasion of Ukraine is highly uncertain at this stage.

As far as the Directors are concerned, the Group has no direct exposure to Russia, Ukraine or other neighbouring countries in the region, nor any related parties that may be subject to restrictions. Based on the situation as at the date of signing, the Directors believe that the Group is well positioned to navigate through any volatility expected in the technology sector over the next 12 months and the situation will have no material adverse effect on the financial position and results of the Group.

CALLIGO HOLDINGS LIMITED

Detailed profit and loss account - *unaudited*
For the year ended 31 December 2021

	2021	2020
	£	£
Turnover		
Cloud & Azure services	**14,019,085**	11,974,831
Managed services	**5,129,045**	5,088,181
DPOaas	**581,181**	556,504
Data Insights	**5,964,067**	-
Professional services	**735,268**	955,117
Privacy services	**455,453**	186,103
Hardware & Software	**2,784,288**	2,542,960
Other	**457,194**	554,327
	30,125,581	21,858,023
Cost of sales		
Cloud & Azure costs	**6,346,971**	4,985,164
Managed Services	**725,180**	316,529
Data Insights	**975**	-
Professional Services	**9,596**	14,960
Hardware & Software	**2,096,307**	2,505,102
Service credits	**15,287**	-
Rebates	**187,616**	109,112
Other	**99,668**	76,814
	9,481,600	8,007,681
Gross profit	**20,643,981**	13,850,342
Gross profit %	**68.5%**	63.4%

CALLIGO HOLDINGS LIMITED

Expense analysis - *unaudited*
For the year ended 31 December 2021

	2021 £	2020 £
Employment related costs		
Salaries & benefits	**13,476,503**	7,844,169
Share based bonus payments	**-**	-
Share based option awards	**26,184**	634,496
Recruitment	**83,785**	60,680
Staff training	**25,759**	21,686
Conferences	**4,099**	-
Entertainment	**22,853**	10,167
Consultancy	**-**	403,747
Other	**28,082**	33,085
	13,667,265	9,008,030
IT costs		
Internet	**42,051**	24,071
Mobiles	**26,888**	20,828
Landlines	**52,302**	54,680
SIP services	**-**	476
Computer consumables	**14,198**	9,278
Software maintenance	**361,023**	333,516
Software rental	**349,981**	212,572
Domain names	**21,276**	10,301
	867,719	665,722
Marketing		
Advertising	**273,283**	140,769
Consultancy	**166,968**	33,400
General	**47,779**	95,784
Software	**47,240**	22,429
Exhibitions & events	**4,442**	11,925
Subscriptions	**63,472**	54,791
Donations & sponsorship	**19,370**	27,968
	622,554	387,066
Establishment		
Rent & rates	**1,021,370**	550,258
Heat, light & water	**28,752**	15,838
Cleaning	**30,852**	22,035
Insurances	**174,511**	132,518
Repairs & renewals	**22,729**	31,559
	1,278,214	752,208

CALLIGO HOLDINGS LIMITED

Expense analysis - *unaudited*
For the year ended 31 December 2021 – continued

	2021 £	2020 £
Legal & professional		
Legal	**106,274**	65,962
Consultancy	**172,944**	152,636
Accountancy & tax	**129,455**	59,596
Other	**436,574**	375,820
	845,247	654,014
Depreciation & amortisation		
Depreciation - Computer, office equipment & software	**1,272,488**	1,437,840
Goodwill – amortisation	**7,004,638**	4,576,801
	8,277,126	6,014,641
Other costs		
Printing & stationery	**6,905**	7,605
General office expenses	**15,269**	21,731
Postage & delivery	**5,509**	3,228
Travel, flight & subsistence	**154,745**	133,320
Bad debts written off	**-**	21,030
Provision for bad debts, legal claims & stock writeoffs	**348,895**	48,231
Bank & credit card charges	**48,775**	60,552
Lease expenses	**14,353**	32,858
Provision for onerous leases	**-**	75,005
Client entertaining	**887**	2,310
Subscriptions	**219,620**	77,748
Loss/(profit) on sale of assets	**39,636**	(13,503)
Sundries	**9,197**	3,839
	863,791	473,954
Total expenses	**26,421,916**	17,955,635