

INCERGO S.A.

UNAUDITED FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2023

INCERGO S.A.
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
HALF YEAR ENDED 30 JUNE 2023

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UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
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OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	Mr David Graham Callister, Class A Director and CEO Mr Adrian John Knight, Class A Director Mr Taylor Darren Wesley, Class B Director Mr Etonde Charles, Class B Director
Company registration number	B 228776
Registered office	25C boulevard Royal L-2449 Luxembourg, Grand Duchy of Luxembourg
Auditors	Horus Audit & Associates S.a.r.l 5, rue des Merovingiens L-8070 Bertrange
Stock exchange listing	INCERGO S.A. is listed on: <ul style="list-style-type: none">• Vienna Direct Market (stock ticker ICG, ISIN LU1917297225)

INCERGO S.A.
RESULTS HIGHLIGHT AND OVERVIEW
HALF YEAR ENDED 30 JUNE 2023

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION FOR THE HALF YEAR ENDED 30 JUNE 2023

Following its debut listing on Vienna Direct Market on 24th November 2022, Incergo S.A Group reported its first revenue of €1.4m through its wholly owned subsidiary, Vendo Ltd, a company based in the United Kingdom which owns and operates a franchisor business that provides streamlined corporate systems and services to customers and franchisees. Vendo Ltd was effectively acquired by the Group in October 2022. More details on Vendo Ltd can be found on its website <https://www.pvcvendo.com/>.

For the first six months ended 30 June 2023, the Group reported an operating EBIT loss of €0.1m, versus a loss of €20,000 in the prior year. EBIT generated by Vendo Limited for the first six months was €85,000 which was offset by higher operating costs incurred by the parent entity due to listing costs.

Net profit after tax was €0.4m which is mainly due a one-off non trading bargain purchase gain arising from acquisitions of its wholly owned subsidiary, Franchise International Group which includes the investment in Vendo Limited. Excluding this one-off gain, the net loss after tax for the first half ended 30 June 2023 was €0.2m.

The statutory financial statements for the period ended 30 June 2023 only represent the results for the companies in the Group from the date of acquisition.

Earnings

The key earnings metrics are as:

	1H2023 (€'000s)	1H2022 (€'000s)	Var (€'000s)	Var %
Revenue	1,450	-	1,450	NM
EBIT	(117)	(20)	(97)	NM
NPAT	380	(20)	400	NM

Earnings Per Share:

	1H2023 € cent	1H2022 € cent
<i>Basic for profit for the year attributable to ordinary members of the parent</i>		
From underlying profit	(3.2)	(0.4)
From non-trading profit	10.7	-
Total	<u>7.5</u>	<u>(0.4)</u>
<i>Diluted for profit for the year attributable to ordinary members of the parent</i>		
From underlying profit	(3.2)	(0.4)
From non-trading profit	10.7	-
Total	<u>7.5</u>	<u>(0.4)</u>

Cash and Financial Position:

As at 30 June 2023, the Group had cash on hand of €4,000 (end 2022: €4,000), due largely to net working capital inflow of €17,000 from drawdown of invoice financing, partly offset by operating expenses incurred by the parent entity, alongside a and tax payment of €20,000.

Net assets of the Group were €0.6m (2022: €0.2m).

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Financial Key Performance Indicators (KPIs)

The key financial metric that the Board has assessed itself on is the earnings per share (“EPS”). The Board endeavours to continue increasing shareholder value and returns. The Board will endeavour to grow EPS organically from our portfolio companies and growth through EPS accretive acquisitions.

STRENGTHS AND COMPETITIVE ADVANTAGES

The Group embraces a number of principles which the directors believe provide competitive advantage.

The Group is committed to maintaining the entrepreneurial spirit and unique culture of the businesses we acquire. So much of a company’s value is wrapped up in its people and its unique idiosyncrasies – it is vital to preserve winning teams, and that special something, that made the company so attractive in the first place.

The Group’s flat structure and nimble approach means that decisions can be made quickly based on changes to market conditions or client demands.

The Group is highly diversified across service offering, geography and sector vertical. As further acquisitions continue, this diversification will increase. One of the benefits of maintaining individual company autonomy is that each business is its own profit and cost centre and thus risk is hived down to that level.



David Graham Callister
Chief Executive Officer
Incergo S.A

Approved by the Directors on 29 September 2023

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Consolidated Statement of Comprehensive Income
Half Year Ended 30 June 2023

	Notes	30 June 2023 (Unaudited) €'000	30 June 2022 (Unaudited) €'000	Increase / (Decrease) %
Continuing operations				
Revenue from contracts with customers		1,450	-	NM
Cost of sales		(1,269)	-	NM
Gross profit		181	-	NM
Administrative expenses		(298)	(20)	NM
Finance costs, net	3	(45)	-	100
Operating losses and before tax	4	(162)	(20)	NM
Income tax expense		-	-	-
Underlying losses after tax		(162)	(20)	NM
Non-trading items				
Gain from bargain purchase		542	-	100
Profit/(loss) for the half year		380	(20)	NM
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Foreign exchange differences on translation of foreign		11	-	100
Other comprehensive income for the period, net of tax		11	-	100
Total comprehensive income/(loss) for the period		391	(20)	NM
Basic earnings per share from underlying profit (€ cent) ^(a)	5	(3.2)	(0.4)	NM
Diluted earnings per share from underlying profit (€ cent) ^(a)	5	(3.2)	(0.4)	NM
Basic earnings per share from total profit (€ cent) ^(a)	5	7.5	(0.4)	NM
Diluted earnings per share from total profit (€ cent) ^(a)	5	7.5	(0.4)	NM

(a) The weighted average number of ordinary shares and earnings per share for the half year ended 30 June 2022 have been adjusted retrospectively due to the completion of the share consolidation exercise in November 2022.

The Group had no non-controlling interests during the period. Both the profit for the period and the total comprehensive income for the period are wholly attributable to the equity holders of the Company.

NM – Not meaningful

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Consolidated Statement of Financial Position
As at 30 June 2023

	Notes	30 June 2023 (Unaudited) €'000	31 December 2022 €'000
ASSETS			
Non-current assets			
Property, plant and equipment		115	-
Intangible assets		1,111	500
Investment		-	1
Total non-current assets		1,226	501
Current assets			
Cash and cash equivalents		4	4
Trade and other receivables	6	955	-
Inventories	7	21	-
Total current assets		980	4
Total assets		2,206	505
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		8	-
Total non-current liabilities		8	-
Current liabilities			
Loan and other borrowings	8	135	-
Trade and other payables	9	1,380	248
Current tax liabilities		42	7
Total current liabilities		1,557	255
Total liabilities		1,565	255
Net assets		641	250
EQUITY			
Share capital	10	1,012	1,012
Translation reserves		11	-
Retained earnings		(382)	(762)
Total equity		641	250

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Consolidated Statement of Changes in Equity
Half Year Ended 30 June 2023

	Share capital and premium	Translation reserves	Retained earnings	Total
	€'000	€'000	€'000	€'000
Balance at 1 January 2022	1,012	-	(598)	414
Loss for the half year	-	-	(20)	(20)
Total comprehensive loss for the half year	-	-	(20)	(20)
Balance at 30 June 2022	1,012	-	(618)	394
Balance at 1 January 2023	1,012	-	(762)	250
Profit for the half year	-	-	380	380
Other comprehensive income	-	11	-	11
Total comprehensive income for the half year	-	11	380	391
Balance at 30 June 2023	1,012	11	(382)	641

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Consolidated Statement of Cash Flows
Half Year Ended 30 June 2023

	30 June 2023 (Unaudited) €'000	30 June 2022 (Unaudited) €'000
Operating activities		
Profit/(loss) before income tax	380	(20)
Adjustments for:		
Gain on bargain purchase of subsidiaries	(542)	-
Operating cash flows before movements in working capital	(162)	(20)
Increase in trade and other receivables	(235)	-
Increase in trade and other payables	414	19
Cash used by operations	17	(1)
Income tax paid	(20)	-
Net cash generated from operating activities	(3)	(1)
Investing activities		
Acquisition of subsidiaries, net of cash acquired	55	-
Net cash generated from investing activities	55	-
Financing activities		
Repayments of loans and borrowings	(52)	-
Net cash used in financing activities	(52)	-
Net increase in cash and cash equivalents	-	(1)
Cash and cash equivalents at beginning of the half year	4	5
Effect of foreign exchange rate charges	-	-
Cash and cash equivalents at end of the half year	4	4

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1. GENERAL INFORMATION

Incergo S.A ("the Company") is a public limited company public limited liability company (société anonyme) domiciled and incorporated in Luxembourg (Company Registration Number B228.776). The registered office address 25C, boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg.

The principal activity of the Company is that of investment holding that acquires companies that are master franchise businesses.

2. ACCOUNTING POLICIES

(a) Statement of compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting in IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

(b) Basis of preparation

This consolidated interim financial report for the half year reporting period ended 30 June 2023 has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and Accounting Standard IAS 34 *Interim Financial Reporting*, as adopted by the European Union.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting in IFRS in conformity with the requirements of the Companies Act 2006. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

This interim financial report does not include all the notes of the type normally included in an annual financial report.

These financial statements are presented in Euros.

(c) Critical estimates and critical judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results might differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies with the exception of changes in estimates that are required in determining the provision for income taxes and the critical estimates in the impairment of goodwill.

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3. FINANCE COSTS, NET

	Half year	
	2023 £'000	2022 £'000
Financial expense		
Interest expense on borrowings	45	-
Total Financial expense	45	-

4. PROFIT FOR THE HALF YEAR

Profit/ (loss) for the half year has been arrived at after charging:

	Half year	
	2023 €'000	2022 €'000
Salaries and wages		
Salaries and wages	6	-
Directors' remuneration – Directors of the Company ¹	105	-
Total salaries and wages	111	-

1. The remuneration of the Key Management Personal, that have the authority and responsibility for planning, directing and controlling the activities of the Group includes the Directors and Chief Financial Officer and comprises short-term employment benefits and share-based payments. Share based payments amounted to €76,070 (2022: € NIL).

5. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Half year	
	2023 €'000	2022 €'000
Basic and diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
From underlying loss	(162)	(20)
From non-underlying profit	542	-
	380	(20)
	2023 Number ('000)	2022 Number ('000)
Weighted average number of ordinary shares for the purposes of basic earnings per share ^(a)	5,060	5,060
Effect of dilutive potential ordinary shares from share options and convertible bonds	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	5,060	5,060

- (a) The weighted average number of ordinary shares and earnings per share for the half year ended 30 June 2022 have been adjusted retrospectively due to the completion of the share consolidation exercise in November 2022.

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5. EARNINGS PER SHARE (continued)

A reconciliation of the profit attributable to ordinary equity holders and underlying profit attributable to ordinary equity holders is as follows:

	Half year	
	2023	2022
	€'000	€'000
Profit/ (loss) attributable to ordinary equity holders of the company	380	(20)
Less:		
Non-trading item (attributable to ordinary equity holders)		
Gain on bargain purchase of subsidiaries	(542)	-
Loss after tax from underlying operations attributable to ordinary equity holders of the company	(162)	(20)

6. TRADE AND OTHER RECEIVABLES

	30 June 2023	31 December
	€'000	€'000
Trade receivables	483	-
Other debtors	9	-
Prepayments	45	-
Amounts owed by related parties *	418	-
	955	-

* It represents amount owed by Darren Taylor Holdings Limited, a company owned by the directors of Vendo Ltd. The amount is interest free and repayable on demand.

7. INVENTORIES

	30 June 2023	31 December
	€'000	€'000
Finished goods	21	-
	21	-

8. LOAN AND OTHER BORROWINGS

	30 June 2023	31 December
	€'000	€'000
Bank loans	135	-
	135	-

9. TRADE AND OTHER PAYABLES

	30 June 2023	31 December
	€'000	€'000
Trade payables	392	-
Other taxation and social security	135	-
Other payables	853	248
	1,380	248

Other payables include invoice financing of €298,000 which are secured using both fixed and floating charge against certain group of Vendo Ltd's assets of €298,000.

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10. ISSUED CAPITAL

	Allotted and issued	Class	Nominal Value Euro	30 June 2023 €'000	31 December 2022 €'000
Share capital	5,060,000	Ordinary	0.2	1,012	1,012

11. BUSINESS COMBINATIONS

2022 Acquisitions

(a) Acquisition of subsidiaries

i) Franchise International S.A Group

On 2 Oct 2022, the Group acquired Franchise International S.A Group, which includes its investment in Vendo Ltd which owns and operates a franchisor business that provides streamlined corporate systems and services to customers and franchisees. The transaction has been accounted for by the acquisition method of accounting, with no consideration paid in cash.

	Franchise International Group	Total
	€'000	€'000
<u>Fair value of assets acquired</u>		
Property, plant and equipment	113	113
Intangibles	600	600
Trade and other receivables	485	485
Inventories	20	20
Cash and cash equivalents	55	55
Trade and other payables	(476)	(476)
Loans and borrowings	(187)	(187)
Income tax payable	(62)	(62)
Deferred tax liability	(6)	(6)
Net identifiable assets acquired at fair value	542	542
Less: Gain on bargain purchase	(542)	(542)
Total consideration	-	-

(b) Goodwill arising on acquisitions

Gain on bargain purchase of €542,000 arose from the acquisition of Franchise International Group at lower than fair value of the net assets and recognised as part of non-trading income in the income statement.

(c) Impact of acquisitions on the results of the Group

Included in the revenue and profit after income tax for the half year were €1.4m and €41,000 attributable to the additional business generated by the above acquisitions which had included a true up contribution since its date of acquisition on 2 October 2022.

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12. SUBSEQUENT EVENTS

Franchise International S.A was dissolved on 8 August 2023 in accordance with article 1865bis of the Luxembourg Civil Code. Following the divestment, all its assets and liabilities were transferred to the immediate holding company, Incergo S.A.

There was no impact of the divestment of the subsidiary in 2023 on the Statement of Financial Position, financial performance or cash flows of the Group for the period ended 30 June 2023. There was no gain/(loss) recognised on disposal in the Statement of Other Comprehensive Income.