

**SHAPING THE FUTURE.
DELIVERING EXCELLENCE.**



**SHAPING THE FUTURE.
DELIVERING EXCELLENCE.**

ANNUAL REPORT 2020





Contents

| | |
|--|----|
| OVERVIEW | |
| 2020 Highlights | 4 |
| Chairman’s Statement | 6 |
| STRATEGIC REPORT | |
| CEO’s Statement | 8 |
| Vision & Strategy | 10 |
| Values & Meanings | 11 |
| Divisional Review | 12 |
| CFO’s Statement | 18 |
| Key Performance Indicators | 22 |
| Case study – Delamode Baltics | 24 |
| Corporate Social Responsibility | 26 |
| Risks & Uncertainties | 28 |
| GOVERNANCE | |
| Section 172(1) Statement | 32 |
| Board of Directors | 34 |
| Corporate Governance Statement | 37 |
| Directors Report | 47 |
| Statement of Directors Responsibilities | 49 |
| Independent Auditors Report | 50 |
| FINANCIAL STATEMENTS | |
| Consolidated Income Statement | 55 |
| Consolidated Statement of Other Comprehensive Income | 56 |
| Consolidated Statement of Financial Position | 57 |
| Consolidated Statement of Changes in Equity | 58 |
| Consolidated Statement of Cash Flows | 59 |
| Notes to the Consolidated Financial Statements | 60 |
| Company Statement of Financial Position | 96 |
| Company Statement of Changes in Equity | 97 |
| Notes to the Company Financial Statements | 98 |



Find out more on our website >
www.xpediator.com

The Group at a Glance

Global Supply Chain Solutions for the UK & European markets

Freight Forwarding and Supply Chain Logistics

Xpediator Plc is a fast-growing international freight management company providing logistics and transport support solutions, exploiting the global growth demand for transportation services.

As a Group Xpediator Plc is committed to providing dynamic supply chain solutions and innovation within a Global market, focusing on outstanding quality and customer care excellence.

Global locations

UNITED
KINGDOM

ESTONIA

LITHUANIA

MOLDOVA

SERBIA

ROMANIA

MONTENEGRO

BULGARIA

MACEDONIA



62%
EUROPE

38%
UK



47%
FEMALE

53%
MALE



2020 Highlights



£171.0m

Freight Forwarding Revenues



£44.5m

Warehousing & Logistics Revenues



£5.7m

Transport Support Services Revenues



3.7%

Increase in Revenues



80.9%

Increase in Actual Profit Before Tax



38.5%

Increase in Adjusted Profit Before Tax



37.1%

Increase in Adjusted Earnings Per Share



143.3%

Increase in Earnings Per Share

1,080
EMPLOYEES

+10,500
CUSTOMERS

38
OFFICES AND SITES

90,000
SQM WAREHOUSING

Financial highlights

- Generated Group revenue of £221.2m (2019: £213.2m) an increase of 3.7% reflecting a generally resilient performance during the COVID-19 impacted months, coupled with a strong performance in the last quarter of 2020
- Delivered adjusted profit before tax of £7.2m (2019: £5.2m) helped by early cost reductions in March 2020, alongside some core markets benefiting from Covid-19 related changes and with areas of weakness (e.g. high street retail and transport services) being offset by the diversity of businesses across multiple markets
- Reported profit before tax of £3.9m (2019: £2.2m)
- Adjusted basic earnings per share of 3.84 pence (2019: 2.80 pence)
- Basic earnings per share of 1.46 pence (2019: 0.60 pence)
- Strong cash generation and working capital management continues with net cash stable at £6.8 million despite paying £4.4m (2019: £0.2m) in deferred acquisition payments
- Dividend per share increased by 12.8% to 1.50 pence (2019: 1.33 pence)



2020 Operational Highlights

- Appointment of Robert Ross as new CEO in October 2020, previously Group CFO and in March 2021 appointment of Mike Williamson as new CFO
- Reaffirmed core strategic outlook coupled with new CEO vision for how to achieve commercial objectives
- Recorded strong growth in the Freight Forwarding Division supported by resilient and profitable performances by both the Transport and Warehouse & Logistics divisions both of which were held back by the pandemic:
 - Freight Forwarding delivered revenue of £171.0m, an increase of 7.1%
 - Warehouse & Logistics delivered revenue of £44.5m, a decrease of 6.3%
 - Transport Services delivered revenue of £5.7m, a decrease of 6.9%
- On 5 October 2020 completed the successful acquisition of Nidd Transport Ltd
- Disposal of loss making B2C business EshopWedrop

2021 Outlook

- First quarter trading results are positive and ahead of management expectations
- Consolidation and improved overall financing terms of UK banking facilities with a new £18m finance facility with Investec Bank Plc, replacing the existing £9.5m facility
- Managing transportation post Brexit more complex than anticipated with customers requiring additional support which is net profitable for the Group
- First full year of benefit from £0.5m of annualised cost savings made as part of the response to the pandemic
- Healthy pipeline of potential acquisitions

Chairman's Statement

Alex Borrelli, Non-Executive Chairman

Introduction

I am delighted to present these accounts which show strong performance and demand for our services despite the impact of Covid-19 during the year.



With revenues increasing to £221.2 million, which is up by 3.7% on the prior year, we delivered an adjusted profit before tax that was substantially ahead of last year at £7.2 million, up by 38.5%. The Group's asset light business model proved to be very resilient during 2020 and there are strong signs of further growth being delivered in 2021.

Strategically, Xpediator remains focused on establishing its network of freight management companies across the UK and Europe with a particular expertise in the fast growing Central and Eastern European ("CEE") regions. Recognising the market opportunity, the Group is seeking to exploit the growth across the CEE regions.

In terms of Brexit, following the United Kingdom's exit from the European Union, the demands for custom clearance services have increased, and the Group expects additional revenue streams from this, with further profit generation as volumes increase.

Importantly, the Company continues to have a good pipeline of acquisition opportunities which meet the criteria of enhancing the Group's geographical capabilities, developing our existing operational locations and extending the Group's international presence in air and sea transportation.

Overall, the Group is in a strong position.

Our people

The Group recognises that our people are our greatest asset. During the year, the first Group wide employee engagement survey was launched. As a result of this survey, several focus groups were initiated to discuss the results of the survey and formulate an action plan to promote the wellbeing of our employees and the work environments in which we operate.



The Group is well positioned for further growth in 2021, with the first quarter results slightly ahead of the Board's expectations, despite the on-going Covid-19 restrictions.

Alex Borrelli



During 2021, the Group has launched Group wide values and held its first Senior Leadership Conference to set out the strategic priorities of the Board. We also plan to review the benefits of all of our people to ensure that Xpediator is seen as an employer of choice. In February 2021, the Group launched a Company Share Option Plan for senior employees.

Board and management changes

On 2 January 2020, the Company confirmed the appointment of Robert Ross, as Chief Financial Officer (“CFO”). Robert previously held the position of Finance Director at Europa Worldwide Group. On 5 June 2020, the Group announced that Stephen Blyth would retire from the role of Chief Executive Officer (“CEO”) moving to a non-executive position as Founder and Deputy Chairman. Stephen has also taken up the position of Chairman of the newly formed Mergers and Acquisitions committee. After an extensive process with both internal and external candidates, Robert was subsequently appointed CEO on 2 October 2020.

On 19 January 2021, the Group announced Michael Williamson as the new CFO from 1 March 2021. He joined from international freight forwarding company Rohlig Logistics where he was the Global Director of Finance & Controlling and Regional CFO of Northern Europe.

The Board would like to express its thanks to Stephen for his service to the Group over the last 32 years, and for extending the period for which he was CEO, following the changes announced in September 2019.

Dividend

Subject to approval by shareholders, the Board is recommending a final dividend of 1.05p per share to be paid

to shareholders in June 2021. Taken with the interim dividend of 0.45p per share, this takes the full year dividend to 1.50p per share, a 12.8% increase on the prior year (2019: 1.33p). The final dividend for 2019 was a scrip issue. The final dividend will be payable to shareholders on the register in June 2021, with the ex-dividend date being in July 2021.

Outlook

The Group is well positioned for further growth in 2021, with the first quarter results slightly ahead of the Board's expectations, despite the on-going Covid-19 restrictions. The Board continues to examine strategic acquisitions, whilst completing the integration of those made previously.

With the hopeful easing of Covid-19 restrictions across Europe, opportunities arising from Brexit and building on the success of 2020, the Board is confident of delivering results in line with market expectations for 2021.

Having joined the Company in 2016 and overseeing the continued growth of Group revenues, profitability and shareholder value, with a strong management team now in place and in recognition of corporate governance guidelines and best practice regarding tenure, I will be standing down subsequent to the Group's 2021 Annual General Meeting, once my successor has been identified.

Alex Borrelli

Non-Executive Chairman

Chief Executive Officer's Statement

Robert Ross, Chief Executive Officer



Introduction

In my first financial year, initially as Chief Financial Officer, and then as Chief Executive Officer from October, we have overcome many significant challenges and I am grateful to all our staff for their commitment, determination and resilience.



Whilst Covid-19 continues to challenge us and market conditions remain competitive, we are focused on delivering exceptional customer service. Demand for our freight management services, logistics and transport solutions and services remains high and following a strong 2020 final quarter, we delivered an adjusted profit before tax of £7.2 million.

Demand for freight management in the UK and CEE countries was extremely buoyant during the year. Whilst volumes reduced during March and April 2020 because of a number of stay-at-home policies throughout Europe, Covid-19 has led to changes in consumer trends that have driven economic growth within our core markets. The CEE region, in particular, saw increased demand, with 62% (2019: 58%) of the Group's revenue now being generated in mainland Europe.

The financial results achieved in 2020 are testament to the hard work of our people and in our core markets our experience and infrastructure enabled us to win contracts against the largest competitors. Whilst growth in the UK was more subdued during 2020, mainly due to the impact of Covid-19, we are confident that higher growth rates will return during 2021.

Cash generation in the Group remains strong. Net cash (excluding right-of-use assets) remained at similar levels to the prior year despite the Group settling £4.4m (2019: £0.2m) of deferred consideration on Import Services Limited (£3.0m), Anglia Forwarding Group Limited (£1.1m) and Regional Express Limited (£0.3m).

During 2020, the Group identified £0.5million of annualised savings which will feed through to an improvement in operating profit, as well as maintaining strong cash generation.

Acquisitions and disposals

We remain focused on making strategic acquisitions (both in the UK and in Central and Eastern Europe) and to act as a consolidator of the highly fragmented freight management market. In the last three years the Group has completed four transactions which have added over 1,200 new customers together with significantly expanding the Group's air and sea freight capabilities.

On 1 January 2020, the Group obtained operational and management control of International Cargo Centre Limited ("ICC"). This has been accounted for as a business combination on 1 January 2020 under the definition of IFRS 3 "Business Combinations". On 30 April 2020, the Group acquired the remaining 60% of the issued share capital of ICC, having acquired the original 40% on 4 June 2018.

On 5 October 2020, the Group acquired the entire share capital of Nidd Transport Limited, a Company that specialises in daily express deliveries to mainland Western Europe and UK distribution, particularly in the North of England. This has also been accounted for as a business combination under the definition of IFRS 3 "Business Combinations".

On 31 December 2020, the Group disposed of the EshopWedrop business. This loss-making part of the Group was considered non-core and was sold to the Managing Director, Mircea Bandean.

The integration of the acquisitions made during 2017 and 2018 continues with statutory and IT simplification programmes due to be completed by the end of the first half of 2021.

The newly formed Mergers and Acquisitions Committee, Chaired by Stephen Blyth, will be focused on delivering continued profitable expansion of the Group.



COVID-19

Covid-19 has impacted our business in many ways. Throughout the pandemic our primary focus has been on the well-being and safety of our people, customers and suppliers. The Group has traded strongly through this extraordinary period and whilst activities are broadly similar to prior years, the freight forwarding division has been strong throughout. Those areas which are dependent on either traffic volumes (Affinity) or exposed to market conditions with Government restrictions, such as Easy Managed Transport Limited (“EMT”)(UK High Street Fashion) or Benfleet Forwarding Limited (with China and Italy being key markets) experienced reduced trading levels in the earlier part of the year. Whilst conditions for fashion retailers in the UK High Street and therefore EMT, remain tough, all other parts of the Group are back to trading ahead of or broadly in-line with pre-pandemic levels.

During the pandemic, the Group identified some good developmental opportunities, whilst challenging and flexing the cost base to meet the demand. In March 2020, the Group took the decision to introduce temporary pay reductions, to reduce costs in areas of reduced activity and suspend certain capital investment projections as the full extent of the pandemic was initially unknown. By August 2020, the Group had reinstated salaries back to their normal levels and any salary reductions have been repaid in full.

BREXIT

Over the last three years, we have allocated resource to be part of a specific BREXIT team. These people have been working closely with customers to ensure a smooth transition and clarity on the new ways of working. Following the announcement of the free trade agreement on 24th December 2020, we have seen a considerable change in the requirements for moving goods between the UK and mainland Europe. These requirements are considerably more complex

than initially anticipated. We continue to work closely with our customers to ensure that the correct paperwork is completed, and our services continue.

With the additional paperwork, we have had to allocate and recruit additional people to manage the workload. However, offsetting this additional cost is additional revenue from our customers. We see there being a net benefit to the profitability of the Group from this additional work although we recognise the uncertainty BREXIT may bring.

Outlook

We are currently operating in an extraordinary period, and some of the impacts of Covid-19 may be with us for some time. I am proud of the way everyone across the Group has responded to the crisis. The resilience shown by our people and the willingness to pull together to get through this period has been humbling. We have a strong business that has delivered a fantastic set of results. 2021 has started well and our focuses for the year are on delivering further growth from investment in our sales function, efficiencies in our operations from continued digitalisation and working more closely together as a Group. I would like to thank everyone for their efforts through this extremely challenging year. We will continue with our vision and drive our strategic objectives thus ensuring we provide greater job security and rewards for our employees, and most importantly, enhancing returns for investors.

Robert Ross

Chief Executive Officer

Our Vision and Strategy

Xpediator is a leading Freight Management provider in a very fragmented and competitive logistics market.

Our vision as a Group remains unchanged in that over the next five years we want to maintain the rate of growth achieved over the last five years and become a leading international freight management and logistics provider.

Our strategy remains focused around building a scalable and risk adjusted platform to support an expanding portfolio of freight management companies across the UK and Europe with a particular expertise on CEE.

As we moved into 2021, I challenged all our senior leaders at our inaugural Senior Leadership Conference to focus on three items. Firstly, to simplify their business units by streamlining processes, investing in IT and driving out complexity. Secondly to invest in the growth of our people so everyone is doing the job they should be doing rather than the job they want to be doing. And finally, to be the best that we can be by working together, encouraging commitment over compliance and living by our new Group values.

As a Group we want to deliver sustainable solutions to our clients who are at the centre of our service offerings. We focus on offering our clients the optimal solution for their transport and logistics needs with consistently high quality and competitive services.

We also look to ensure our client base is diverse, not just in terms of the number of clients, but also the sectors we service. No single client contributes more than 2% of Group revenue. As an acquisitive business, one of the areas of focus when considering acquisition opportunities, is how the opportunity can add to this diversity. Accordingly, strategically selected acquisitions have added to our ability to be able to offer more services to our existing client base as well as attracting new clients. We are now able to offer even stronger industry-specific solutions for our clients in the retail and fashion, toys and games sector.

We are developing our port centric warehousing and logistics in the UK with the expansion of our Logistics facilities in Southampton where we will open a new 20,000 sqm facility at the end H1 2021.

We continue to focus on targeted, earnings enhancing acquisitions. Operating in a large, fragmented market means there are numerous acquisition targets and our strategy is to focus on global freight forwarders and contract logistics providers which are supported by a strong client base with a strong earnings track record.

As we operate in a low margin industry, we strive to identify ways in which we can continue to provide high quality services to our clients in a cost-effective way. The senior leadership team within the Group is now complete following the recruitment of an Estates Director, IT Director and UK Logistics Director. As the revenue of the Group grows and we continue to focus on driving out complexity, operational leverage of this senior team will enhance our net profit margin. In addition, we continue to enhance our online functionality that allows us to offer our clients a seamless solution to make bookings and track their consignments. The digitalisation of these processes will be margin enhancing as we take out overhead costs, whilst ensuring our clients have a competitive and robust solution. Ultimately, at the heart of the Group's vision is client service, delivered through optimal solutions, whilst being competitively priced and delivering consistently high levels of customer service.

Values & Meanings

1

We are one team

We work in harmony to achieve our common goals and are committed to each other's well-being and success. Within a culture of partnership, mutual respect, and integrity, working together is part of everything we do - One Team. One Vision.

Working together successfully means everyone has a voice and the recognition of our different qualities and skills are used as a source of inspiration every day.

Our one team ethos is the backbone of our culture and philosophy and underpins our desire to be the best version of ourselves.

2

We are passionate

Our passion is rooted in a desire to deliver best in class services for our customers.

Our drive and energy are contagious, supporting and inspiring each other to fulfil our promises.

Our collective passion is a testimony to our engagement and dedication in all we do and how we help each other and our customers. With controlled and measured passion we seek to be the best we can be and commit to it.

3

We deliver value

We constantly strive to redefine the standard of excellence in everything we do.

Whether we are providing support to our employees or delivering services to a client, we deliver lasting quality in every action.

By consistently delivering value we exceed expectations and build our reputation as a service provider of choice. We work alongside our customers, to grow with them and to create long-term solutions and success.



Freight Forwarding

Operating predominately under the Delamode brand specialising in international freight management services via road, sea, air and rail.

REVENUE
£171.0m ↑
(2019: £159.6m)

SEGMENT PROFIT
BEFORE CENTRAL
OVERHEAD
ALLOCATION

£6.8m ↑
(2019: £3.4m)

Freight forwarding services, largely provided under the Delamode brand, specialising in connecting our local offices in CEE countries and the UK with each other and rest of Europe. In 2020, freight forwarding revenues increased by £11.4 million, of which £8.9 million related to organic growth and £2.5 million related to the acquisitions of Nidd Transport Limited and International Cargo Centre Limited.

Revenues across the Baltics and Balkans continued to grow significantly against prior year comparatives, with Delamode Baltics revenue up by £8.9 million and Delamode Bulgaria up by £3.8 million. Both businesses have benefitted from an increase in online customer demand and the consolidation of new service lines. Profit before tax in Lithuania increased by £2.2m to £4.1 million (2019 - £1.9m) and in Bulgaria by £0.3 million to £1.1 million (2019 - £0.8m). In addition, both Serbia and Estonia delivered a strong performance as these businesses matured.

Like for like revenue in the UK decreased by £6.0 million mainly due to Covid-19 impacting trading volumes, particularly Chinese and Italian related business, however, by the end of 2020, revenues were broadly in line with prior years. Despite revenue being lower, operating profits in the UK were stable following a review of the cost base which was flexed in line with demand.

Regional Express Limited won a major contract that commenced operations in August 2019. Whilst the initial implementation was slow, H2 2020 showed strong growth and trading in 2021 is slightly ahead of management's expectations.

During 2020, our e-commerce business EshopWedrop was sold and our other e-commerce business Buzzbrand was discontinued. EshopWedrop was sold on 31 December 2020 to Mircea Bandean, who was Managing Director of the business. The loss of £0.3 million (2019: loss of £0.5m) is shown in exceptional costs for 2020.





Warehousing & Logistics

The Group's warehousing capacity at Southampton is significantly expanding the Group's UK gateway capabilities, as well as customs clearance opportunities.

REVENUE
£44.5m ↓
(2019: £47.5m)

SEGMENT PROFIT
BEFORE CENTRAL
OVERHEAD
ALLOCATION

£2.6m ↓
(2019: £2.9m)

The Logistics division's activities remain focused in Romania and the UK with revenue broadly in line with the prior year.

The Group's Pall-Ex franchise in Romania continues to perform strongly, offering a palletised freight delivery service to any part of the country within 24 hours and handling in excess of 68,000 pallets on average per month in 2020 (2019: 60,000 average pallets per month).

There is a strong pipeline of demand for warehouse space in Romania and having the ability to deliver palletised freight throughout Romania overnight, puts the Pall-Ex business in an enviable position for further growth in the future.

In the UK, the lease for a new purpose built facility in the Port of Southampton has been signed and practical completion is expected to occur in June 2021. The Group has also committed to building a mezzanine level at the facility, which will add a combined 290,000 sq ft of warehousing and will become operational for the peak Q4 period of 2021

Import Services Limited benefitted from higher volumes in Q4 amongst its customers in the toy sector as it fulfilled a number of internet orders as UK customers stepped away from the High Street following a significant increase in Covid-19 cases.

The warehouse in Braintree experienced some further challenges during 2020, with the loss of a significant client and the substantial expansion of an existing retail customer. During the changeover, management took the opportunity to reconfigure the warehouse which will drive greater future opportunities and allow the Group to increase its e-fulfilment for new and existing customers. There are several potential new clients for the Braintree warehouse, and we look forward to a more successful 2021.

The Beckton warehouse has had a challenging year, with a decline in profit of £0.5 million. The Beckton warehouse is exposed to the UK High Street retail fashion sector, which was one of the industries most impacted by Covid-19. Trading in this business area is likely to remain challenging until Covid-19 restrictions are lifted.





Transport Services

Operating under the Affinity brand, the division provides bundled fuel and toll cards, financial and support services for hauliers in southern Europe.

REVENUE
£5.7m ↓
(2019: £6.2m)

GROSS BILLINGS
£126.4m ↓
(2019: £142.3m)

SEGMENT PROFIT
BEFORE CENTRAL
OVERHEAD
ALLOCATION
£2.3m ↓
(2019: £2.5m)



Transport solutions, trading principally under the Affinity brand, provides bundled fuel and toll cards, financial and support services for hauliers in southern Europe. Affinity has been an agent of DKV in Romania since 2002, one of the world's largest fuel card providers and provides the DKV fuel card across the Balkans to a database of approximately 2,000 Eastern European hauliers and over 15,000 trucks.

In addition, Affinity provides a "one stop shop" of transport services including roadside assistance and ferry bookings. Affinity's commercial model fits well within the Group as many of the hauliers who are customers of Affinity also supply haulage services to Delamode a key factor that enables the Group to have a good understanding of its customers and suppliers, which underpins the strategy to provide further financial services such as insurance and leasing. With current driver shortages in Europe, having a supplier base will also become increasingly important for the forwarding division.

Volumes sold to customers (gross billings) decreased in 2020 by 11.2% because of fewer journeys made in Europe due to the Covid-19 pandemic and lower average fuel prices of 13.9%.

Romania remains the largest region for the division representing 72% of total activity, (2019: 84.0%, 2018: 87.2%). The Balkans operation continues to grow leveraging the relationships with the freight forwarding businesses based in Bulgaria and Serbia.

There are several opportunities where Affinity is looking to capitalise on in 2021, including developing the leasing and insurance products tailored specifically for Affinity's existing customer base.

The division's 19 years of experience provides a good platform to expand in new geographical regions, as well as being well placed to further develop its service and product offerings.



Chief Financial Officer's Statement

2020 is a positive year for Xpediator's continuing operations. Financial results present a strong performance in very challenging global conditions.

Mike Williamson, Chief Financial Officer



Revenue

Group revenue increased in 2020 by £8.0 million (3.7%) to £221.2 million with like for like growth of £5.5 million and the acquisition of Nidd Transport Limited contributing turnover of £2.5 million since 5 October 2020.

The Freight Forwarding division delivered £171.0 million (7.2% increase v 2019), the Warehousing and Logistics division revenue of £44.5 million (6.3% decrease v 2019) and the Transport Services division delivered £5.7 million (6.9% decrease v 2019).

Segment Profit Before Central Overhead Allocation and Exceptional Items

Segment profit before central overhead allocation and exceptional items increased by 42.6% (£2.0 million) year on year largely driven by increased activity in the freight forwarding division and the sale of the EshopWedrop business, which was loss making and historically reported in the freight forwarding division.

Operating profit in the warehouse and logistics division decreased by £0.3m to £2.6m mainly due to the reduction in volumes in the UK warehouse business, particularly around those areas exposed to the UK high street and fashion businesses.

The Transport Services division's operating profit decreased by £0.2m to £2.3m due to a reduction in the level of trucks moving across European countries and a reduction in diesel prices.

Group Profit before Taxation

Group profit before tax increased in 2020 to £3.9 million (2019 £2.2 million) driven by the freight forwarding department which more than offset slight reductions in the other two divisions. A summary of operating profit before central overhead allocation by division is shown below:

| | 2020 | 2019 | 2018 | 2017 |
|-------------------------|-------|-------|-------|-------|
| Freight Forwarding | £6.8m | £3.4m | £3.0m | £2.4m |
| Warehouse and Logistics | £2.6m | £2.9m | £3.0m | £0.9m |
| Transport Services | £2.3m | £2.5m | £2.3m | £2.0m |

Adjusted Profit before Tax

| | 2020 | 2019 | 2018 | 2017 |
|--|--------------|--------------|--------------|--------------|
| Profit Before Tax | £3.9m | £2.2m | £5.6m | £2.4m |
| Exceptional Items (note 27) | £1.4m | £0.9m | £0.3m | £0.9m |
| Net unwind and addback of discount on deferred consideration/ Benfleet vendor income (note 8) | £0.1m | £0.3m | £0.2m | £0.3m |
| Amortisation of intangibles (note 12) | £1.5m | £1.4m | £1.1m | £0.4m |
| Net Income Statement Impact of application of IFRS 16 | £0.3m | £0.3m | - | - |
| Adjusted Profit before tax | £7.2m | £5.1m | £7.2m | £4.0m |

Earnings per Share

| | 2020 | 2019 | 2018 | 2017 |
|-----------------------------|------|------|------|------|
| Basic Earnings Per Share | 1.46 | 0.60 | 3.53 | 1.64 |
| Adjusted Earnings Per Share | 3.84 | 2.80 | 4.80 | 3.27 |

The total number of ordinary shares at 31 December 2020 was 141.6 million (2019: £136.1 million). The increase reflects the issue of 5.5 million shares in June 2020 for the scrip dividend. Profit after tax attributable to the owners of the parent company of £2.0 million (2019 : £0.8m) provides a basic earnings per share of 1.46p (2019 - 0.60p), an increase of 143.3% (2019 : 82.5% decrease) on 2019. Adjusted profit before tax results in a basic & diluted earnings per share of 3.84p (2019: basic 2.80p, diluted 2.79p) an increase of 37.1% (37.6% diluted) on 2019. (See note 10 of the financial statements).

Financial Resources

Asset Cover

| | 2020 | 2019 | 2018 | 2017 |
|----------------------|-------------|-------------|-------------|-------------|
| Total Assets | £138.2m | £128.9m | £98.8m | £76.4m |
| Net Assets | £31.2m | £29.0m | £29.1m | £14.8m |
| Current Ratio | 1.05 | 1.01 | 1.14 | 1.07 |

Cash

The Group continues to focus on the application of tight cash controls and the need to maintain a reasonable headroom for future contingencies and to manage financing risk. The Board regularly monitors the financing needs of the business through cash flow projections for the following 12 months. These are expected to be achieved for the coming year from existing cash balances, loan facilities and operating cash flows. The Group has sufficient financial resources and a broad spread of business activities. The Directors therefore believe that it is well placed to manage its business risks.

Cash

| | 2020 | 2019 | 2018 ¹ | 2017 ¹ |
|---|---------------|---------------|-------------------|-------------------|
| Net cash from operating activities | £14.1m | £14.2m | £9.5m | £3.9m |
| Net cash outflow from investing activities | £(6.0)m | £(2.0)m | £(7.0)m | £(6.5)m |
| Net cash outflow from financing activities | £(7.8)m | £(9.3)m | £(0.4)m | £4.8m |
| Effect of foreign exchange movements | £0.4m | £(0.5)m | £0.2m | £(0.1)m |
| Cash and cash equivalents at end of year | £12.7m | £12.0m | £9.6m | £7.3m |

¹Comparatives for 2017 and 2018 have been restated for consistency with the reporting under IFRS 16. Previously, the cashflow for operating leases was reported within net cash from operating activities (2018, £5.9m, 2017 - £2.2m), but are now reported in net cash outflow from financing activities.

Cash generated improved by £0.7m. However, short term loans increased by £1.3m, with the Group having paid £4.4m of deferred consideration on Import Services Limited, Anglia Forwarding Group Limited and Regional Express Limited acquisitions.

Working Capital

| Trade Receivables and Payables | 2020 | 2019 | 2018 | 2017 |
|---|--------|--------|--------|--------|
| Trade and other receivables | £66.7m | £60.9m | £60.3m | £51.8m |
| Trade and other payables | £64.8m | £58.6m | £56.1m | £51.0m |
| Days Sales Outstanding (based on gross billings) | 71.2 | 63.5 | 70.4 | 81.5 |
| Days Payable Outstanding (based on cost of sales) | 82.6 | 71.9 | 75.6 | 91.3 |

Trade receivables and payables increased at the year-end as did days sales outstanding and days payable outstanding. Revenue in November 2020 was 10.8% up on the prior year, whilst revenues in December were 31.6% ahead of the prior year. The increased demand was fuelled by more online shopping following the closure of non-essential retail in a number of major European countries, and increased volumes relating to BREXIT to ensure supply into post the UK transition deadline with the free trade discussions between the UK and the EU only being concluded in the week of Christmas 2020. Whilst days sales outstanding have increased by 8 days (or 12.1%), this has been more than offset by days payable outstanding increasing by 11 days (or 14.7%).

Administrative Costs Review

Average headcount numbers have increased from 1,037 in 2019 to 1,080 in 2020. This is largely due to the acquisitions of Nidd Transport Limited and International Cargo Centre Limited.

| Operating Costs (Key Items) | 2020 | 2019 | 2018 | 2017 |
|---|--------|--------|--------|--------|
| Staff Costs | £24.6m | £23.9m | £18.6m | £13.4m |
| Bad debts | £0.9m | £0.8m | £1.1m | £0.6m |
| Depreciation on right-of-use assets/rental payable under leases | £6.3m | £6.0m | £5.9m | £2.3m |
| Insurance | £1.1m | £0.9m | £0.7m | £0.4m |
| Plant and machinery hire | £0.6m | £0.7m | £0.7m | £0.3m |
| IT costs | £2.1m | £1.6m | £0.6m | £0.3m |
| Other administration | £15.9m | £16.1m | £8.8m | £8.4m |

Finance Costs

Excluding the IFRS 16 impact of £1.0 million, finance costs were £0.4m compared to £0.6m in the prior year. This is largely as a result of a reduction in the non-cash interest on the deferred consideration payable for the acquisitions made by the Group.

Impairment

The Group carries out its impairment tests annually in November as part of the budget process and all newly acquired entities are also reviewed for impairment at the balance sheet date.

No impairment losses have been recognised during the year.

Financing Facilities

The Group has agreed a new £18 million banking facility with Investec Bank plc in the UK. This consolidates the Group's banking facility which had become fragmented as a result of recent acquisitions. The Group benefits from an increased availability in the confidential invoicing discount facility as well an overall improvement of the financing terms.

The Group continues to review its European facilities to support the Group's CEE operations.



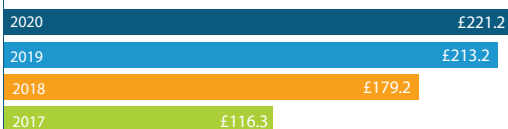
Key Performance Indicators

A qualitative review of the performance during the year is provided in the Chairman and CEO's Statements and CFO's Financial Review. The results for the year are presented in the Consolidated Financial Statements.

The key indicators of performance for the Group are shown below:

3.7% ↑

REVENUE (£M'S)



0.4% ↑

GROSS MARGIN (%)



5.7% ↑

GROSS PROFIT (£M'S)



42.6% ↑

OPERATING PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS¹ (£M'S)



38.5% ↑

ADJUSTED PROFIT BEFORE TAX² (£M'S)



2.8% ↓

NET CASH LESS BANK LOANS (£M'S)

| | |
|------|------|
| 2020 | £6.8 |
| 2019 | £7.0 |
| 2018 | £3.2 |
| 2017 | £1.5 |

80.9% ↑

REPORTED PROFIT BEFORE TAX (£M'S)

| | |
|------|------|
| 2020 | £3.9 |
| 2019 | £2.2 |
| 2018 | £5.6 |
| 2017 | £2.4 |

¹ Exceptional costs include reorganisation and restructuring costs of £16 million (2019 - £nil), performance and closure costs relating to the EshopWeDrop/ Buzzbrand business of £0.6 million (2019 - £nil), acquisition costs for Nidd Transport Limited and International Cargo Centre Limited of £0.2 million (2019 - £nil), aborted acquisition costs of £0.1 million (2019 - £0.2 million), contingent deferred consideration credit on Anglia Group Forwarding Limited of £(0.3) million (2019 - charge of £0.5 million), additional contingent deferred consideration due on Regional Express acquisition of £nil (2019 - £0.2million), and exceptional profit on disposal of Ripon Property of £(0.8) million (2019 -£nil).

² Adjusted profit before tax excludes the impact of exceptional costs include reorganisation and restructuring costs of £16 million (2019 - £nil), performance and closure costs relating to the EshopWeDrop/Buzzbrand business of £0.6 million (2019 - £nil), acquisition costs for Nidd Transport Limited and International Cargo Centre Limited £0.2 million (2019 - £nil), aborted acquisition costs of £0.1 million (2019 - £0.2 million), contingent deferred consideration credit on Anglia Group Forwarding Limited of £(0.3) million (2019 - charge of £0.5 million), additional contingent deferred consideration due on Regional Express acquisition of £nil (2019 - £0.2 million), exceptional profit on disposal of Ripon Property of £(0.8) million (2019 -£nil), amortisation on the intangible assets relating to acquisitions of £1.5 million (2019 - £1.4 million), £0.3 million (2019 - £0.4 million), relating to the net consolidated income statement impact following the application of IFRS 16, unwind and addback of discount on deferred consideration of £0.1 million (2019 - £0.3 million).

Case Study

Delamode Baltics

Justas Versnickas, Managing Director of Delamode Baltics, explains why the Baltic region has been such a strong area of growth for the Group and why a Lean Management approach is being replicated Group-wide.

Q Who is Delamode Baltics?

"Delamode Baltics began trading in 2006 and today we have over 250 employees all focused on international freight business, operating from offices in Lithuania and Estonia. We manage the transportation for over 9000 customers primarily looking to move goods by road, rail, air and sea from the Baltic states to Scandinavia, CIS countries and throughout Europe. In 2020, we were responsible for 350,000 of consignments versus 305,000 in 2019. We have grown rapidly and we are proud of our track record."

Q What has made the team so successful?

"We have quite a simple approach under three main pillars. Firstly, we try to remove complexities for our clients and focus on improving efficiencies for them. Secondly, we ensure that all our employees are truly committed to fulfilling their individual roles. Thirdly, and in my opinion crucially, we try to create a genuine sense of unity throughout the whole team. While it may sound simple we have worked incredibly hard at getting it right and this has been fundamental to our success."

Q What is lean management and when did you decide to implement the model into the business?

"Lean management is an approach to managing an organization that supports the concept of continuous improvement, a long-term approach to work that systematically seeks to achieve small, incremental changes in processes in order to improve efficiency and quality. We implemented this model in 2019 and it has since become part of Xpediator's core management practice, with Delamode Bulgaria the next business unit to adopt the model, with other business units to follow."

Q Looking ahead, which areas are you targeting for future growth?

"Russia and Poland are both attractive markets for us, they are both have fast growing ecommerce sectors and need more efficient transport services. In addition, we have recently established a rail freight service between China and Lithuania, providing extended coverage into Europe as well as CIS countries. China is the largest exporter of goods globally and we anticipate this new service will be a significant growth driver for us going forwards."

Q Has Brexit impacted your business at all?

"We viewed Brexit as an opportunity rather than a challenge, demonstrated by Delamode Baltics being one of the first Lithuania companies to deliver to the UK after the new regulations came into place in January 2021. We have gained customers as a result of some competitors suspending their UK lines and now have access to new revenue streams by providing customs clearances services inhouse. So commercially it has been a good thing for us."





Corporate Social Responsibility

Rising carbon emissions is a global concern that we do not take lightly. We will continue to adopt renewable energy sources into our operations and introduce new measures in the future to further offset our carbon footprint.

Robert Ross, Chief Executive Officer

Sustainability

Operating in a corporate socially responsible manner is very important to the Board, our employees and our shareholders and is a key value for the Group.

The Group is committed to limiting the impact that our operations have on our carbon emissions and we have performed the following during the year:

- Adhering to local relevant legislation and regulations
- Continuing with a carbon reduction programme using efficiency processes and technological advancement
- Championing the use of electric cars and it is Company policy that all new company vehicles will be electric where there is a suitable charging infrastructure in place
- Minimising waste and promoting recycling at our sites
- Promoting environmental awareness
- Liaising with suppliers, customers and contractors to improve management throughout our supplier chain
- Regular engagement on building projects (such as our new warehouse being built in Southampton) to promote the most energy efficient building and using sustainable materials.
- As an international business, travel around sites has always played a significant role in our businesses. However, the Covid-19 pandemic has significantly reduced our travel and air carbon footprint with travel costs decreasing by 60% over the year. During the year, the Group rolled out Microsoft Teams for all our employees as the primary communication tool.

Greenhouse Gas

The Group records its energy use for all areas of the business. As an asset light business, most of our energy use relates to the electricity and gas supply for our warehouse and offices. However, following the acquisition of Nidd Transport Limited, the Group does now own a small fleet of trucks, where fuel use is regularly monitored.

The kWh figures for gas and electricity used, and the figures for litres for each fuel type used are then converted into tonnes of CO₂ equivalent ("tCO_{2e}") using the relevant DEFRA conversion factors.

During the year, the Group emitted 1,259 tonnes of tCO_{2e} in the UK which equated to 15.1 tCO_{2e} per million pound UK revenue and 2.9 tCO₂ per UK employee.

| | Year ended 31 December 2020 |
|---|-----------------------------------|
| Emissions (tCO_{2e}) | |
| Emissions (tCO _{2e}) | 1,259 |
| Emissions per tCO _{2e} per £m UK Revenue | 15.1 |
| Emissions per tCO _{2e} per UK employee | 2.9 |

In the forthcoming year the group is planning to promote energy use by:

- Installation of LED lighting in some of our sites to reduce our carbon footprint
- Continual rollout of electric vehicles as part of our company car strategy
- Improved recycling in our warehouse and when our employees return to the office, working to minimise items going from our waste to landfill
- Monitoring and reduction of paper usage within our head office sites and improved use of e-filing



- Continue to promote the use of video conferencing and Microsoft Teams for meetings. International air travel will only be approved by a member of our Operating Board and only approved where there is a reasonable need for travel
- Working with suppliers who have the most energy efficient ratings and ensuring that they have at least bronze FORS rating (or European Equivalent).

Charitable and Social Engagement

As a Group it is incredibly important to us to support local causes and the wider communities.

Across our Group we support popular charity days including MacMillan, Save the Children, Great Ormond Street Hospital and Comic Relief, to name just a few.

A Transaid Corporate Member

As a corporate partner, we are also delighted to be supporters of Transaid, an international charity who transforms lives through safe, available, and sustainable transport.

Founded by Save the Children, The Chartered Institute of Logistics and Transport (CILT), and its Patron, HRH The Princess Royal, the international development organisation shares 25 years' worth of expertise in 23 countries with partners and governments – empowering people to build the skills they need to transform their own lives.



Together, with 35 other organisations, Xpediator contributes time, expertise and resources to help Transaid implement professional driver training programmes, transport management systems and provide rural access to transport in Sub-Saharan Africa Modern Slavery Act. Our Anti-slavery policy, which sets out our commitment to preventing modern slavery and human trafficking from occurring within any part of our business and supply chain, is available on our website, www.xpediator.com.

Equal Opportunities

The Group is committed to eliminating discrimination and encouraging diversity. Its aim is that each employee is able to perform to the best of their ability.

As such it is the Group's policy to employ the best person for the role, irrespective of gender, nationality, race, sexual orientation or disability. As such applications for employment by disabled individuals are given full and fair consideration. If an employee becomes disabled, the Group makes every effort to retrain them in the business in a suitable role.

Risk and Uncertainties

The success of the Company depends on its ability to mitigate and understand the risks facing the business.

The Group maintains a risk register which identifies the main risks facing the business. This is updated regularly as the risks change.

The risk register is reviewed by the Board to ensure appropriate processes are in place to manage and mitigate the risks where possible. This ensures that risks are identified, evaluated, prioritised, and mitigated.







Key business risks facing the Group are currently addressed on pages 28 to 30, principal risks and uncertainties facing the Group are broadly grouped as Strategic, Commercial and Financial risks. The Group's activities expose it to a limited number of financial risks.

The Group aims to manage these risks on a day to day basis. Further analysis of financial risk is provided in note 21 to the financial statements.

Principal Risks and Uncertainties

The Group has identified the following principal risks through its risk management process:

| Risk | Change in the Year | Mitigation |
|---|--------------------|---|
| Regulation and legislation | | |
| The Group has a strategy of organic growth along with growth via acquisition. All acquisitions contain an element of risk, for example, Risk of overpaying, Limited target Company knowledge and or Insufficient operational diligence. | → | The Group monitors the changing political, legal and economic factors regularly as part of the forecasting process, thus ensuring procedures are put in place to mitigate any unfavourable changes. As part of the forecast process the management prepare a review of all the factors affecting the business, this ensures an up to date understanding of the external pressures facing the Group in the regions in which it operates. The Group procures the services of external specialist advisers as required to support the businesses in the regions in which they operate. |
| Brexit risks | | |
| The UK left the European Union ("EU") on 31 January 2020 and risks now relate to the detail and timing with the new trade deal commencing on 1 January 2021. | → | The Group has implemented a specific "Brexit team" who are working closely with customers to ensure a smooth transition. From the early weeks it is clear that there is significantly more administrative work involved than was initially anticipated. The Group has identified a number of opportunities arising from Brexit as well as potential risks which are being monitored, with a number of trucks currently preferring to return empty rather than incurring delays and additional costs. |
| Acquisitions and integration | | |
| The Group has a strategy of organic growth along with growth via acquisition. All acquisitions contain an element of risk, for example, Risk of overpaying, Limited target Company knowledge and or Insufficient operational diligence. | → | The Group has developed an extensive Merger and Acquisition Policy, which will be followed and adhered to with all future transactions. The Group's strategy on all acquisitions is that the consideration is generally based on a multiple of earnings, with an element of the payment on completion and a further payment based on the future earnings of the acquired entity. In some instances, acquisitions have an earnout period which helps mitigate any over payments. Using this structure, the Group seeks to mitigate the risk of overpayment as the payment should be largely linear to the profit generated post-acquisition. When considering a potential target, the Group looks at potential entities, which are generally known to the senior management team. This benefits the Group as there is already a knowledge base relating to the potential target and this mitigates some potential risks. The Group looks to minimise any risks associated with the due diligence process by having suitability experienced people and advisors involved in the due diligence process. This includes both operational, legal and financial individuals. The Group utilises the services of external specialists to assist with the due diligence process as required. |

| Risk | Change in the Year | Mitigation |
|---|---|---|
| IT systems | | |
| <p>IT systems are used to facilitate operations, business management and record keeping. The threat of an unauthorised or malicious attack is an ongoing risk, which could impact on the performance of the Group. Any downtime because of a systems breach or failure would affect the ability to perform the operations to its optimal level, and thus may affect customer relationships and loyalty.</p> |  | <p>Critical systems are backed up regularly locally where not hosted in the cloud and/or hosted on third party data centres with appropriate backup redundancy. All systems sit behind firewalls, which are updated to ensure definitions are kept up to date Disaster recovery plans are in place to ensure business can recover from any interruptions with minimal impact. The main trading websites and internal network are protected by a firewall with frequently updated anti-virus software. In order to mitigate any such risk, the IT systems, whether proprietary or from third parties, are tested for security from attack. The Company has commissioned an Independent 3rd party report on our IT systems and have appointed an IT Director in 2020.</p> |
| Negative publicity | | |
| <p>The Group utilises a wide range of marketing mediums to promote the business. These include social media as well as digital marketing and more traditional forms ie articles in trade publications. This can leave the Group exposed to third parties posting negative comments.</p> |  | <p>The external PR advisors, along with the Nomad and corporate brokers, monitor any news articles and publicly published information concerning the Group. As such the Group is immediately made aware of any negative information concerning itself and or any business units. Along with the Group's external PR advisor, the Group has put in place a crisis plan which deals with any negative publicity and manages the fall out accordingly. Once any negative information is notified to the Group the crisis plan is activated and the steps followed accordingly.</p> |
| Dependence on key suppliers – DKV | | |
| <p>The Transport Services Division is largely reliant on one main supplier, DKV. Any event which leads to the sudden loss or deterioration of this relationship could materially adversely affect the Group's performance prospects, results of operations and financial condition.</p> |  | <p>Over the last 18 years of working together, the Group has developed a strong and successful relationship with DKV. This relationship is supported by a contract which has been in place since 2002. The Senior Operational manager for the Transport Services Division, regularly meets with the DKV Head of International Sales Partner Management where any issues are discussed. The Group CEO also has open dialogue with the Senior Management of DKV to ensure any issues are resolved in a timely fashion.</p> |
| Dependence on key management | | |
| <p>The Group is dependent on several key skilled personnel in senior positions. Most of senior management have been with the business for several years and during this time have built up a vast amount of knowledge and experience in relation to their roles. The management are a key factor which will determine the success of the business in achieving its strategy. Any loss of the management would have a short to medium term impact on the business.</p> |  | <p>The Group will implement annual appraisals for the senior management team to ensure they are motivated and highly effective in their roles. The appraisal determines the effectiveness and performance of each member with regards their specific roles. The appraisal system will identify any areas of concerns and make recommendations for any training or development to enable the manager to meet their objectives which will be set for the following year. This will include ensuring the managers have the necessary training to develop into future Senior management roles. The appraisal process will also review the progress made against the prior year's targets to ensure any identified skill gaps are closed. The Group ensures its remuneration packages for the key senior management are competitive, including long-term incentive plan and are in line with the market.</p> |
| Competition | | |
| <p>The sectors in which the Group operates is highly competitive. The loss of market share to competitors would have an adverse impact on volume, impacting the operational and financial performance of the Group.</p> |  | <p>The Group strives to maintain its market position across all Divisions by ensuring high service levels for all its clients. The Group also seeks to offer proactive and innovative solutions to the market. The Group has identified the competitors for each area of business and the management regularly monitor their activity to ensure it is fully aware of their development and any strategic plans which may impact on the Groups activity</p> |
| Labour costs | | |
| <p>The Group operates in regions where wage rate inflation is higher than the UK. This is due to a shortage of skilled employees arising from migration. This has meant the Group has had to increase the average salary levels. Any increase in the salaries of employees may have an impact on the profitability of the Group along with issues over procuring the correct labour services.</p> |  | <p>The Group regularly benchmarks remuneration levels against other employers in the respective region to ensure it is paying the market rates. This process is carried out annually and as part of any new recruitment. The Group reviews employee turnover and conducts exit interviews for the senior management to fully understand the reasons for the termination of their employment.</p> |

Risk and Uncertainties
continued

| Risk | Change in the Year | Mitigation |
|--|--------------------|---|
| Banking regulations | | |
| The method of operation within the Transport Services Division is closely linked to the EU banking regulations, any changes to these may have a significant impact on the profitability of the Group. | ↓ | Transport Services utilises the services of two legal advisors in the markets in which they operate, who monitor the changes to the banking regulations and advise the Group of any changes. |
| Foreign exchange risk | | |
| Group reports its results in sterling but operates in areas where the functional currency is non-sterling, as such it has exposure to foreign exchange risk. Certain liabilities, principally right-of-use assets and borrowings, are denominated in foreign currencies, which are retranslated at the prevailing exchange rate at the balance sheet date. | → | Currently the Group has not entered into any exchange rate hedging mechanisms but looks to mitigate exchange losses internally by matching the revenue and cost base in the same currency as far as possible. The position is monitored regularly to ensure that the Group achieves its optimal position with regards any exchange losses. |
| Liquidity risk | | |
| The Group has sufficient liquid resources to meet the operating needs of the business as per current forecast. Any changes to the profitability to the business may impact on the Group's Liquidity. | → | The Group continually assesses its cash requirements by undertaking regular and frequent reviews of cash flow forecasts. These are reviewed by the Board to monitor any changes to the funding requirements. The Group believes that currently it has sufficient working capital and funds available to meet its strategy and growth plans. |
| Interest rate risk | | |
| There is a risk that the interest cost will fluctuate over time. Assets financed through leases are leased at fixed interest rates. Borrowing rates are dependent on Libor / Euribor fluctuations. The long-term debt of the Group is denominated in sterling and is based on a blend of fixed rate and margin above base, which currently has a blended average rate of approximately 4% per annum. | → | The Group will constantly monitor its borrowings to see if there is a suitable hedging product which will mitigate any interest rate rises. For any new borrowings, the Group will seek a suitable hedging facility, if appropriate. |
| Covid-19 | | |
| Covid-19 has created new challenges that the business has not previously faced ranging from Government shutdowns, to a remote workforce, at a time when demand for some services have significantly increased and demand for other services have dramatically reduced, whilst ensuring that workplaces are Covid compliant and staff are kept safe. | → | The Group will monitor local regulations and have performed individual risk assessments in the workplace to ensure Covid-19 safety, whilst many employees are still currently working remotely. The Group will continue to review and monitor its cost base should demand for services decline. |

Key: ↑ = Risk increase → = Risk remains consistent ↓ = Risk lowered



Section 172(1) Statement

Section 172(1)(a) to (f) of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making, to this effect the board of directors of Xpediator Plc consider that they have acted in such a way that would be most likely to promote the success of the company for the benefit of its members as a whole.

(a) The likely consequences of any decision in the long-term

Annually the company reviews its medium to long term plan which focuses on the strategic direction of the Group as well as looking at the threats and opportunities it is facing. This plan is designed to ensure the long-term optimal direction of the company and to contribute to its success in delivering excellence with regards its service to its customers whilst ensuring the long terms requirements of the other stakeholders are considered.

(b) The interests of the company's employees and workforce engagement

The Board considers the employees as one of the key stakeholders within the Group and as such welcomes any feedback to ensure the alignment of both party's interests and given the nature of the business their greatest asset. The interests of the employees are always considered when determining the strategic direction and vision of the Group. The Group initiated a plan to roll out an employee survey giving employees the opportunity to provide feedback to the Company. This would measure employee engagement, and thus how productive our people are and how engaged they are in their job. It would give employees a voice allowing them to provide open feedback.

How employee-related issues and concerns are elevated to the board

The Group has an international Human Resources ("HR") team which support and escalate all employees related issues to the board. In those countries where headcount is smaller, the Business Unit Leader supports this escalation (if required). In 2020 the Group launched a HR Shared Service ("HRSS"). The HRSS is an online reporting tool for all people related queries. It is accessible to employees and line managers alike. The system went live in early Q3 2020 in the UK. We are averaging 100 tickets a month. The main topics are recruitment, reward and employment relations queries. We have a standard service level agreement. Tickets can be logged online through a form, through a HR Support email address or by telephone. This ticketing line is open Monday – Friday 8.30am – 5pm. There is also an out of hours escalation process. We are in the process of launching this in Romania, with the aim to look at Group wide roll out by the end of 2021.

The basis on which views are promoted to board discussion

We have actioned an annual employee survey across the wider group which was launched in Q1 2020. The aim is to conduct another survey in 2021. All quantitative and qualitative feedback was fed through to the Operating Board. Business Unit leaders then took the action to create localised employee survey action plans which attempts to address the development areas raised by our employees. In addition, the Operating Board created a group wide action plan which tackled the common themes raised. In 2020 they were strategy, communication, learning and development.

In addition, the HR reporting tool escalates significant issues through the management.

Business Unit leaders interact with their Chief Operating Officers on a monthly basis to table views from the business units at board level.

Direct actions arising from board discussions

The Group has multiple approaches to directing action arising from board discussions whether these are roadshows in introducing the new Chief Executive Officer or corporate communications in launching new policies such as the group wide expenses policy. Following the employee survey in 2020, we are encouraging the communication to be more visual, verbal rather than just by email. We are in the process of launching our new Group wide values. This involved a Group wide survey for our employees to rank their top values and further to this we have hosted business unit focus groups to drill down further into the meanings behind the chosen values and also how we mobilise these effectively. A mobilisation plan of different approaches to communication will be rolled out. This is just one example of direct action arising from board discussion.

(c) The need to foster the company's business relationships with suppliers, customers and others

The Board recognises that the success of the Company is reliant on the stakeholders of the business and, to this effect, the Company engages with these stakeholder groups on a regular basis.

Our senior management team regularly meets with their respective suppliers in order to form a mutually beneficial long-term partnership.

We look to ensure our suppliers have the same core values as the Group and as part of our Group's procurement policy it ensures all suppliers adhere to the Company's Anti-Bribery and Corruption policy as well as its policy on modern slavery, details of which are available on the Company's website <https://xpediator.com/modern-slavery-statement>.

With a large diverse customer base, the Group ensures it follows a customer account methodology, and are focused on delivering service excellence.

Service levels are regularly monitored, and the results considered by the senior management team who will take timely corrective actions as and when required.

(d) The impact of the company's operations on the community and environment

The Board recognises its responsibilities with regards to the environment and wider community and takes actions to reduce any negative impact the provision of its services may have in this area.

The Board regularly looks at ways in which it can operate a sustainable business and has taken actions to reduce its carbon footprint. This has been achieved by utilising greener energy sources with regards its warehousing operations and promoting the use of electric vehicles where possible.

(e) The desirability of the company maintaining a reputation for high standards of business conduct

In order to ensure that the business maintains its reputation and integrity, the board promotes a corporate culture based on sound ethical values and behaviours which are essential to maximise shareholder value.

Those core values serve as a common language that allows all members of employees to work together as an effective team and it is these values and our shared long-term business vision and strategy that we believe will drive growth in shareholder value over the long term.

The Board is committed to three core values:

- 1 Creating a safe, positive and inclusive workplace environment
- 2 Engaging all stakeholders and the broader community with respect, integrity and honesty
- 3 Fostering a high-performance culture that values the contribution of all team members

These values are enshrined in the written policies and working practices adopted by all employees in the Group. The Board takes the time to consider the wider ramifications to its stakeholders when making strategic and corporate decisions, whilst at the same time delivering the long-term objectives of stakeholders.

The Board regularly reviews its whistleblowing process in order to ensure it safeguards the Group and its employees. As well as good practice in terms of corporate governance, it also provides employees with a process to raise any suspected wrong doings, misconduct or illegal acts that they have witnessed or become aware of. This reconfirms the Group commitment to promoting the highest possible standards of openness, integrity and accountability across the business.

(f) The need to act fairly as between members of the company

The Group's Board currently consists of five Non-Executive Directors, and two Executive Directors. The Board considers it collectively has an appropriate balance of skills and experience, as well as an appropriate balance of personal qualities and capabilities to ensure that all decisions are made, such that the impact toward the stakeholders is fairly and equal, so they too may benefit from the successful delivery of our plan.

Board of Directors



Michael Alexander (Alex) Borrelli
Non-executive Chairman (aged 65)

Alex initially studied medicine and then qualified as a chartered accountant in 1982. He has subsequently been active within the investment banking sector and has acted on a wide variety of corporate transactions in a senior role for over 20 years, including flotations, takeovers, mergers and acquisitions for private and listed companies. He is also currently Non-executive Chairman of Greatland Gold plc. Alex was appointed Chairman of Xpediator in January 2017.



Stephen William Blyth
Non-executive founder and deputy chairman (aged 66)

Stephen qualified as a chartered accountant in 1981. In 1984 Stephen joined one of his audit clients, Bleckmann (UK) Limited, a logistics Company, as managing director. Bleckmann was a subsidiary of Frans Maas, a listed Dutch logistics and freight forwarding Company, subsequently acquired by DSV, a listed global transport and logistics entity in Denmark. Having turned around the fortunes of Bleckmann and securing new business from the likes of Gap, Next and introducing new service lines, Stephen left Bleckmann in 1988 to set up the Group. In addition to Xpediator, Stephen has been involved in a number of other businesses across a broad range of activities. Stephen retired from his role on 5 June 2020 and was appointed non-executive founder and deputy chairman.



Robert (Rob) William Gilbert Ross
Chief Executive Officer (aged 38)

Rob joined the board on 2 January 2020 as Chief Financial Officer ("CFO") having previously been the Finance Director of Europa Worldwide Group (a privately-owned transport and logistics business) for four years. He was responsible for all financial aspects of the Group including M&A activity, working capital and cash management, cost control and financing activities. He also led the property and facilities, HR and talent acquisition departments. Prior to this role, Rob worked at PwC where he qualified as a Chartered Accountant in 2008 and worked predominantly in the Transaction Services Department. On 1 October, Robert was appointed Chief Executive Officer ("CEO") following the retirement of Stephen Blyth from his day to day role.



Michael (Mike) Williamson
Chief Financial Officer (aged 49)

Michael joined the board on 1 March 2021 having previously been the Global Director Finance & Controlling and Regional CFO of Northern Europe for Rohlig Logistics an international freight forwarder. Prior to joining Rohlig Logistics, Michael was CFO of the Ports and Terminal Division of Grindrod Limited. Michael is a qualified chartered accountant with more than 20 years' experience in publicly listed and privately owned shipping, logistics and freight forwarding companies.



Charles McGurin
Non-executive Director (aged 55)

Charles joined the Board in November 2018 bringing extensive experience in the international supply chain sector. Charles most recent role was CEO of global logistics organisation, Allport Cargo Services Group. Prior to this, Charles spent 10 years with DHL in a variety of roles, latterly as Vice President, Business Development EMEA.



Wim Pauwels
Non-executive Director (aged 66)

Wim joined the board in November 2019, with over 40 years of experience in senior logistics roles across the Europe and US. Wim's most recent role was Chief Regional Officer for Yusen Logistics Europe, where he was responsible for Air, Ocean, Road Freight and Contract Logistics. Wim has held senior roles with BAX Global, Dexion Group and Caliber logistics, having started his career in logistics with Sony in 1978.



Robert (Rob) James Riddleston
Non-executive Director (aged 66)

Rob joined the Board of Xpediator in June 2018 having spent 45 years with Barclays as a senior corporate banker. Rob has extensive experience of the logistics sector as Head of Transport & Logistic at Barclays from 2005-18. Rob is an associate of the chartered institute of bankers and fellow of the institute of logistics and transport. Rob authored the Barclays Logistics Confidence Index from 2012 to 2017.

Our Operating Board



Robert Ross
Chief Executive Officer



Mike Williamson
Chief Financial Officer



Shaun Godfrey
COO – Freight Forwarding



Danor Ionescu
COO – Logistics



Dana Antohi
COO – Affinity Transport Solutions



Luke Croome
COO – Fashion & Lifestyle



Charlotte Bennett
Group People Director

Corporate Governance Statement

The Group believes that good governance will result in the continued success of the Group and improve shareholder value

Compliance Statement

Introduction to Corporate Governance

The Board recognises the importance of maintaining and developing good corporate governance throughout the Group for the wider benefit of the Company, its shareholders, employees, customers, suppliers and applies the governance principles of the UK's Quoted Companies Alliance Corporate Governance Code, which is tailored for small and mid-sized quoted companies ("QCA" Code).

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures.

The Group has considered how each principle is applied within the business and the appropriateness of each approach. Below is an explanation of the approaches taken in relation to each principle.

Details of the Group's QCA policies are shown on the company website on the following address, <https://xpediator.com/investor-relations>

We recognise the importance of good corporate governance being led by the Board and we established an appropriate Board structure in accordance with regulatory compliance on the listing of the Company's shares on the AIM market of the London Stock exchange in August 2017, with the Board now comprising of five non-executive directors, of whom 4 are independent and two executive directors.

Rob Riddleston acted as chairman of the Remuneration Committee during 2020 with Charles McGurin taking over that role on 11th March 2021 and together with Stephen Blyth, Wim Pauwels and Alex Borrelli as non-executive Chairman of the Company, we comply with general governance best practice.

The Group's Audit Committee is composed entirely of its Non-Executive Directors, Alex Borrelli, Stephen Blyth, Rob Riddleston and Wim Pauwels. The Audit Committee meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls.

On 2 January 2020, Robert Ross was appointed as CFO having joined us from Europa Worldwide, where he was their Finance Director. On 5 June 2020, Stephen Blyth resigned as the Chief Executive Officer and is now a Non-Executive director. Following a competitive interview process including both external and internal candidates, Robert Ross was appointed as full time CEO on 1 October 2020.

On 1 March 2021, Michael Williamson was appointed as CFO having joined us from Rohlig Logistics, where he was their Global Director Finance & Controlling and Regional CFO of Northern Europe.

The Board reviews and considers the performance and outlook of the Group ensures that proper internal controls and systems are in place to allow proper financial monitoring and regulatory compliance.

The strengthened Board and senior management team is focused on strategic direction and development ensuring that appropriate governance and controls are in place to support our delivery on strategy and the growth of our business both organically and through acquisitions. We will be closely monitoring changes in governance covering reporting on systems, gender pay reporting and general provision for our employees as we seek to develop our HR function during the current year.

We welcome dialogue with our shareholders and potential investors and look forward to welcoming you at our forthcoming AGM in June. You will also be able to make contact with the Company through our Company Secretary.

Principle One

Establish a strategy and business model which promote long-term value for shareholders

The Group's strategy and business model and amendments thereto, are developed by the Executive Directors and the senior management team and approved by the Board. The senior management team, led by the CEO, is responsible for implementing the strategy and managing the business at an operational level.

In order to deliver the optimal medium and long term value for its shareholders, the Board has adopted a strategy of continued organic growth across each of its business areas, together with the acquisition of strategically enhancing businesses which will complement the Group's existing operations in terms of new service offerings, capacity and/ or geographic expansion.

Operating in a large, diverse yet fragmented sector, there are many opportunities for organic growth and M&A activity. Acquisitions should strategically enhance the Group's ability to offer a one stop solution to an ever-increasing customer base whilst also providing cross-selling opportunities, potential cost synergies and additional internal resources, thereby providing an improved service to our clients.

The Group's ability to execute its strategy is highly dependent on the skills and abilities of its people. We undertake ongoing initiatives to foster good employee engagement and ensure that remuneration packages are competitive in the market.

The Board believes the Group has the right strategy in place to deliver strong growth in profitability over the medium to long term, which will enable the Group to deliver sustainable shareholder value. The Board continually reviews its strategy and identifies the risk and uncertainties it faces in achieving this, details of which can be found on pages 28 to 30 of these accounts, under the heading "Principal Risks and uncertainties".

Principle Two

Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining a regular dialogue with both existing and potential new shareholders in order to communicate the Group's strategy, progress and to understand the needs and expectations of shareholders.

The CEO and CFO are principally responsible for shareholder liaison and have regular dialogue with institutional investors in order to develop an understanding of their views.

The Group's investor relations activities encompass dialogue with both institutional and private investors. Meetings are held with analysts, investors and institutional shareholders of the Company following the interim and annual results announcements as well as on an ad hoc basis (where requested by fund managers).

These presentations are given by the CEO and the CFO, updating on relevant matters and, in particular, on the progress of the Company in terms of its operational performance, financial

performance and strategic direction. The Company is also a regular presenter at private investor events and the CEO has also provided regular market updates through filmed interviews and podcasts available via links published on the website. The Company also endeavours to maintain a dialogue and keep shareholders informed through its public announcements and its corporate website, www.xpediator.com

The Group's Annual Report as well as investor presentations are available on this website. The Annual General Meeting ("AGM") of the Company, normally attended by all Directors, gives the Directors the opportunity to report to shareholders on current and proposed operations and enables shareholders to express their views of the Group's business activities. Shareholders are encouraged to attend and are invited to ask questions during the meeting and to meet with Directors after the formal proceedings have ended.

Until February 2021 the Group engaged the services of Equity Development who publish comprehensive research on the Group. From February 2021 the Group has now engaged Zeus Capital Limited. Reports are available to shareholders on the company website.

In addition, shareholder communication is answered, where appropriate, by the Directors or the Company's Financial PR advisors.

The AGM is the main forum where all investors can meet with the Board but gives the retail investors a platform to discuss any matters they have.

Advance notice of the AGM is made available to all shareholders no later than 21 days before the meeting. All members of the Board normally attend the AGM and are available to answer any questions raised by shareholders. The AGM for 2020 was held on the 26 May 2020, although this was held virtually due to Covid-19 restrictions.

The Board proactively seeks to build relationships with all institutional shareholders with regular presentations being given by the CEO and CFO following the release of the full-year and half-year results.

Also, the Board is in regular contact with the analysts to ensure any announcements or trading updates are reflected in the market expectations. The CEO and CFO visited the institutional investors in April and September 2020 in relation to the above.

The Board is kept updated as to any concerns the investors may have by regular communication with the Company's NOMAD and joint brokers. All publicity concerning the Group is circulated by the Company's PR company Novella to ensure the Board is up to date with the public impression of the Company.

The Board is available to meet with all major shareholders if required to discuss issues of importance to them.

To request a meeting with the Board, please contact investor.relations@xpediator.com

Further details are also discussed in the section 172 report available on pages 32 to 33.

Principle Three

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the success of the Company is reliant on the stakeholders of the business and, to this effect, the Company engages with these stakeholder groups on a regular basis.

The Board recognises its responsibility under UK corporate law to promote the success of the Company for the benefit of its members as a whole. The Board also understands that it has a responsibility towards employees, partners, suppliers, contractors and the local communities in which it operates.

The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

Aside from the regular meetings with investors, the Group also engages regularly with its suppliers and customers, and employees. The Board considers the employees as one of the key stakeholders within the Group and as such welcomes any feedback to ensure the alignment of both party's interests. This feedback can be provided by the use of on-site suggestion boxes for internal stakeholders, employee committee forums, and access to members of the Senior Operating Board, details on whom are set out at <https://xpediator.com/board-of-directors> and available on +44(0) 330 043 2395.

During the year the Operational Board and Senior management has met with the key suppliers and clients on numerous occasions. This is to ensure the ongoing relations are maintained and developed ensuring the success of the Group's strategy.

The Group initiated an employee survey giving employees the opportunity to provide feedback to the Company. This would measure employee engagement, and thus how productive our people are and how engaged they are in their job. It would give employees a voice allowing them to provide open feedback.

The Group survey will play a role in making employees feel part of the enlarged Group, supporting our integration aspirations.

As part of our Group's procurement policy it ensures all suppliers adhere to the Company's Anti-Bribery and Corruption policy as well as its policy on modern slavery, which is available on the Company's website <https://xpediator.com/modern-slavery-statement>.

Further details are also discussed in the section 172 report available on pages 32 to 33.

Principle Four

Embed effective risk management, considering both opportunities and threats

The Board has overall responsibility for ensuring risk is appropriately managed across the business. The Board sets clear strategic objectives for the business. The risks to the achievement of those objectives are identified by corporate and

divisional management. The audit committee provides further independent review and robust challenge.

The Board is satisfied with the effectiveness of the system of internal controls but, by their very nature, these procedures can provide reasonable, not absolute, assurance against material misstatement or loss.

This is particularly the case when integrating the operational and financial procedures of acquired businesses. Identified risks are evaluated, both before and after controls and mitigating actions have been applied, as to their likelihood of occurring and potential financial and reputational impact. Risks are treated in accordance with risk appetite, which has been defined by the Board across a range of risk categories.

The Group has initiated an Internal Audit function to help the Board monitor risks and ensure implementation of the Group's policies.

The Group has initiated a formal structure for the internal audit function that includes the targeting of certain key areas by the Internal Audit function as well as the subsequent reporting of their findings back to the Audit Committee. Through the activities of the Audit Committee, the effectiveness of the Group's internal controls as well as the Group's risk strategy is reviewed annually with the Company's auditors.

The success of the Group depends on its ability to mitigate and understand the risks facing the business and take appropriate action. The Board meets at least quarterly to evaluate the Group's risk appetite and ensure the risk register reflects the issues facing the business.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group's actual results, compared to the budget, are reported to the Board on a monthly basis.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group.

The insured values and type of cover are comprehensively reviewed on a periodic basis.

The CEO and CFO meet members of the Group's Operating Board on a monthly basis to discuss their business area and to consider new risks and opportunities presented to the Group, making recommendations to the Board and/or Audit Committee as appropriate.

A summary of the principal risks and uncertainties facing the Group, as well as mitigating actions, are set out on pages 28 to 30 of these accounts.

Principle Five

Maintain a balanced Board

The members of the Board recognise that they have a collective responsibility and legal obligation to promote the interests of the Group. They are also responsible for ensuring the Group has adequate corporate governance policies in place to protect the business.

Currently the Board consists of five Non-Executive Directors, and two Executive Directors.

Details of the directors including brief biographies are set out on pages 34 to 35 of these financial accounts.

All Directors are subject to re-election at intervals of no more than three years.

The Board is responsible to the Company's shareholders for the proper management of the Group and met 21 times throughout the year. All Board members are encouraged to attend all meetings and were invited accordingly, details of their attendance are shown in the table below.

In addition to the various committees established by the Group, the Board considers corporate governance as part of the board meetings. Each meeting follows a standard agenda, of which Corporate Governance is one such point. This ensures and allows the Board members to consider the issues facing the business regularly and frequently to ensure compliance across the group. Any action points arising from these discussions are then followed up accordingly.

Given the nature of the Group's operations, during the year the Board continually reviewed its health and safety procedures.

The Board has established an Audit Committee and a Remuneration Committee but given the size of the Company the Board does not consider a nominations committee is required and all appointments to the Board are made by the Board as a whole.

On 5 February, the Group launched a new Company Share Option Plan ("CSOP"). The CSOP granted 3,168,529 new ordinary shares to 108 employees. The award value is between £5,000 to £30,000 (depending on seniority within the business). The options vest for three years from the award date and are subject to meeting a performance criteria of an average earnings per share growth of 10% per annum, from 1 January 2021 to 31 December 2023.

The Board considers it collectively has an appropriate balance of skills and experience, as well as an appropriate balance of personal qualities and capabilities.

The Board will continue to review the situation and make any necessary appointments as required to maintain this balance or to reflect the scale and complexity of the business as it grows.

Principle Six

Ensure that between them the directors have the necessary up-to-date skills

The Board considers that all of the non-executive directors are of sufficient competence and calibre to add strength and objectivity to its activities and bring considerable experience in the financial and operational development of the Group.

The Board also has the relevant professional and technical skills to ensure they are able to fulfil their duties. The CEO is a qualified chartered accountant with 15 years' experience in both finance and operational roles.

The Board believes that the current skills of the directors reflect a broad range of both commercial and professional skills across the relevant industries and territories in which the Group operates, plus the Board has sufficient experience of operating in public markets.

The Company does not however have a director designated as a Senior Independent Director.

In light of the size of the Board, and the nature and size of the Group's stage of development, the Board does not consider it necessary to appoint a Senior Independent Director at this stage but will nevertheless keep this under review as part of the Board's evaluation on Board effectiveness.

The Company is committed to a culture of equal opportunities for all employees regardless of gender. The Board will be diverse in terms of its range of culture, nationality and international experience. All 6 Directors are currently male, although there are two females on the Operating Board. If it is agreed to expand the Operating Board and main Board at a later date, (or indeed if/when new replacement directors are sought in the future), the Board will, when identifying appropriate candidates, look to include female candidates for consideration in senior and also Board roles.

Principle Seven

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The members of the Board are evaluated each year by the way of an annual appraisal by their peers. The appraisal determines the effectiveness and performance of each member with regards their specific roles as well as their role as a Board member in general.

The appraisal system will identify any areas of concerns and make recommendations for any training or development to enable the Board member to meet their objectives which will be set for the following year. The appraisal process will also review the progress made against the prior year's targets to ensure any identified skill gaps are closed.

The appraisals were carried out in late 2020 for all Board members, except Michael Williamson as was not in his role at the time. Each member of the Board completed their own assessment of their performance during the period and also of each other, the assessments were then reviewed by the Chairman and a discussion was held with each Board member. The performance review compares performance against previous such reviews.

The appraisals considered the key core skills of the Board which covered the following areas, leadership skills, strategic thinking and planning the delivery of results, the management of people, communication, management of financial and other resources, personal effectiveness, expertise, and judgement.

The appraisals considered the performance of the members of the Board over the previous 12 months and identified areas of improvement.

As well as the appraisal process, the Board will monitor the Non-Executives status as independent to ensure the suitable balance of Non-Executive and Executive members remains in place.

Succession planning is also a vital task for the Board and the management of succession planning represents a key responsibility of the Board.

Whilst the Board considers this evaluation process is currently best carried out internally, the Board will keep this under review and may consider independent external evaluation reviews in due course as the Group grows.

Principle Eight

Promote a corporate culture that is based on ethical values and behaviours

The board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value. Our core values serve as a common language that allows all members of staff to work together as an effective team and it is these values and our shared long-term business vision and strategy that we believe will drive growth in shareholder value over the long term.

The Board is committed to three core values:

1. Creating a safe, positive and inclusive workplace environment
2. Engaging all stakeholders and the broader community with respect, integrity and honesty
3. Fostering a high-performance culture that values the contribution of all team members

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations because the Board recognises that the culture of any business is set by the actions and conduct of its Board of Directors.

The Board rewards the teams on the basis of success as measured by financial and non-financial performance, as judged by the operational chief operating officers and by the audit committee including the internal audit function, particularly related to the areas identified by control over financial and non-financial risk.

These values are enshrined in the written policies and working practices adopted by all employees in the Group. The Board takes time to consider the wider ramifications to its stakeholders when making strategic and corporate decisions, whilst at the same time delivering the long-term objectives of stakeholders.

In order to ensure the core values are continually applied and adopted, the Board seeks to recruit the best talent available and create a diverse talent pool, to investing in the capabilities and well-being of our people which in turn contribute to the positive relationships with our customers and suppliers and within the communities that we serve.

The Board conduct interviews and obtain references for all senior management recruits, it carries out further reviews following a period of induction. It also conducts exit interviews

with departing personnel in order to obtain feedback for the possible improvement of our systems and structure.

Having open communications with stakeholders allows them to give constructive feedback to the Board and enables the Board to monitor the reactions of those stakeholders to decisions made.

The Group believes in openness, integrity, honesty, and trust as its core values, which it promotes through each of its different business units. The Group operates in international markets and is aware that respect of individual cultures is critical to corporate success. Accordingly, the Board endeavours to promote sound ethical values and behaviours and treats its customers, suppliers and business partners with such respect at all times.

The Board has implemented a code for Directors' and employees' dealings in securities which it considers to be appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation.

The Group is committed to providing a safe environment for its employees and all other parties for which the Group has a legal or moral responsibility in this area. The Group has a Health and Safety officer who monitors, reviews health and safety matters making recommendations to the Board.

The Group's health and safety policies and procedures are enshrined in the Group's documented quality systems, which encompass all aspects of the Group's day-to-day operations.

During the year the Board has reviewed its whistleblowing process which seeks to safeguard the Group and its employees.

As well as good practice in terms of corporate governance, it also provides employees with a process to raise any suspected wrong doings, misconduct or illegal acts that they have witnessed or become aware of.

This reconfirms the Group commitment to promoting the highest possible standards of openness, integrity and accountability across the business.

A full copy of our Whistleblowing Policy is attached and can also be found on our website: <https://xpediator.com/whistleblowing-policy>

The Group is a corporate partner for the Transaid charity. Transaid seeks to improve the lives of those involved in the logistics industry globally.

Principle Nine

Maintain governance structures and processes that are fit for purpose and support

The Board recognises that the responsibility for ensuring the Group operates in the correct manner is ultimately theirs and as such the Board has implemented various sub-committees and an Operating Board which helps implement the strategy of the Board. The executive directors have day-to-day responsibility for the operational management of the Group's activities. The non-executive directors are responsible for bringing independent and objective judgement to Board decisions.

Corporate Governance Statement continued

There is a clear separation of the roles of the Chief Executive Officer and the non-executive chairman. The Chairman is responsible for overseeing the effectiveness of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the non-executive directors are properly briefed on matters. The Chairman has overall responsibility for corporate governance matters in the Group. The Chief Executive Officer is responsible for implementing the strategy of the Board and managing the day-to-day business activities of the Group.

The Board has established an audit committee and a remuneration committee with formally delegated duties and responsibilities.

Audit Committee

The Audit Committee has continued to play a key role in supporting the Board in all matters relating to financial reporting and governance.

During the year the Audit committee met 4 times during which they oversaw the review of the risk register, ensuring the Board has a full understanding of the risk and exposures facing the business.

The Audit Committee is composed entirely of Non-Executive Directors. Meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls.

The Audit Committee also keeps under review the scope and results of the annual audit. It considers the cost-effectiveness, independence and objectivity of the Auditor taking account of any non-audit services provided by them.

Principle Ten

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining good communication with its shareholders. The Group has good relationships with its private shareholders and institutional shareholders who have regular access to the Executive Board to discuss the business development and progress as appropriate. The Investor Relations section of the Group's website also provides all required regulatory information as well as other helpful information for shareholders and other relevant stakeholders including podcasts and presentations.

Results of shareholder meetings and details of votes cast will be publicly announced through the regulatory system and displayed on the Group's website with suitable explanations of any actions undertaken as a result of any significant votes against resolutions.

In accordance with the regulations, the Company lists all the governance related announcements on its website, details of which can be found on the company website; <https://xpediator.com/regulatory-news-service>

Details of the Company's AGM and associated results are published on the company website, see following link. www.xpediator.com

The results of voting on all resolutions in future general meetings will be posted to the Company's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20% of independent votes.

Details of the Company's historical reports can be found on the Company's website, see following link; <https://xpediator.com/investor-relations>

This Corporate Governance statement will be reviewed at least annually to ensure that the Company's corporate governance framework evolves in line with the Company's strategy and business plan.

Meetings and Attendance

The directors' attendance at Board and Committee meetings during the year is shown below:

| Director | Plc Board | Audit Committee | Remuneration Committee | Operating Board |
|-------------------------------|-----------|-----------------|------------------------|-----------------|
| Meetings held during the year | 21 | 4 | 14 | 13 |
| Director's Attendance | | | | |
| Alex Borrelli | 21 | 4 | 14 | 3 |
| Stephen Blyth | 21 | 4 | - | 6 |
| Rob Riddleston | 21 | 4 | 14 | 3 |
| Charles McGurin | 21 | - | 14 | 3 |
| Wim Pauwels | 14 | 4 | 12 | 3 |
| Robert Ross | 21 | - | - | 13 |

The operating board, which consist of the Group's executive directors and the Chief Operating Officers ("COO") of the operating divisions meet regularly to discuss matters relating to the development of the Group and ongoing financial performance.

Internal Controls and Financial Risk Management

The Board is responsible for establishing and maintaining the Group's financial and non-financial controls. The Board recognises that whilst internal controls reduce risk it cannot eliminate it completely.

The key procedures, which the Directors have established with a view to providing effective internal controls are set out below.

The Board sets policies, which it reviews regularly directly and through the audit committee, ensures that these policies are appropriate to mitigate key strategic, financial, operational, compliance and reputational risks.

Authorisation limits are in place

The Board ensures that there is an appropriate finance function for each business unit within the Group, with the appropriately qualified and experienced professionals dependent on the size and complexity of the respective business.

Each business unit prepares monthly financial reports, which are circulated to the Group, which details operating results, cash flow, balance sheet information, compared to the budget and latest estimate.

Each business unit has clearly defined segregation of duties, authorisation limits and other key internal controls in place, which are suitable for the respective entity, dependent on the size and nature of the business unit.

Financial planning and monitoring

The Group sets annual budgets, which detail the operating results, cash flow, balance sheet information. These are updated at least twice in the year, all of which are subject to Board approval.

The Board reviews the business performance monthly by comparing the financial information, against the budget and latest estimate.

Policies, procedures and authorisation limits

The Group has adequate authorisation limits in place, which cover the key areas for the business units.

Quality and Integrity of Personnel

The competence and integrity of personnel are ensured through high recruitment standards and subsequent training. High quality of personnel is seen as an essential part of the control environment.

Identification of Business Risks

The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage those risks.

Going Concern

The Directors have prepared the financial statements on a going concern basis, as explained in Note 2 to the financial statements. As at 31 December 2020, the Group had cash or cash equivalent totalling £12.7m. The Group also has funding facilities in place which it does not envisage will be withdrawn thus there are sufficient funds available to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements.

Directors' Remuneration

The Board is responsible for an overall remuneration package for each of the executive directors and other senior executives capable of achieving the Company objectives and approved by the remuneration committee. Remuneration packages are designed to attract, retain and motivate directors of the right calibre.

Fees

The fees for non-executive directors are determined by the Board within the limits stipulated in the Articles of Association. The non-executive directors are not involved in any discussions or decisions about their own remuneration. Details of amounts received by the Directors during the year ended 31 December 2020 are set out in note 6 to the financial statements.

Contracts of Service

The current executive directors have service contracts with the Company, both Robert Ross's and Michael Williamson's contract can be terminated with a notice period of six months by either party. The Board considers that this is appropriate.

Alex Borrelli, Stephen Blyth, Charles McGurin, Wim Pauwels and Rob Riddleston are now remunerated through the Xpediator Plc payroll, rather than via individual service Companies.

Communications with Shareholders

The Directors consider that the Annual Report is fair, balanced and understandable.

Directors

The Directors of the Company who were in office during the year to the date of signing the financial statements unless otherwise stated were:

- Alex Borrelli (Non-executive Chairman)
- Stephen Blyth (Executive & Non-Executive Director)
- Charles McGurin (Non-executive Director)
- Wim Pauwels (Non-executive Director)
- Rob Riddleston (Non-executive Director)
- Robert Ross (Executive Director) – appointed 2 January 2020
- Michael Williamson (Executive Director) – appointed 1 March 2021

On 5 June 2020, Stephen Blyth resigned as the Chief Executive Officer and is now a non-executive director.

Composition of the Remuneration Committee

The Committee members are: Charles McGurin (Chair), Alex Borrelli, Rob Riddleston and Wim Pauwels who are independent non-executive directors of the Company. The Committee meets on a regular basis to review the remuneration of the Executive Directors, the Non-Executive Directors and senior management.

Remuneration Policy

The Committee's overall approach is focused on ensuring the Company's remuneration policy is aligned with the interests of shareholders, whilst also enabling the Company to attract, retain and incentivise high quality senior executives. The Committee will assess periodic external comparisons to understand current market trends and practices.

The objectives of the Company's remuneration policy are to align Executive and shareholders' interests; encourage an attractive pay-for-performance culture; and support the retention, motivation and recruitment of talented people in order to help implement the Company's strategy.

Directors Remuneration

The Company aims to achieve an effective balance between fixed and variable remuneration, and between short and longer-term performance.

Company Share Option Scheme (“CSOP”)

On 5 February 2021, Xpediator PLC granted options over 3,168,539 new ordinary shares to 108 employees under the Group Company Share Option Plan (“CSOP”). The award value is between £5,000 - £30,000 (depending on seniority within the business) divided by closing share price on the day before grant of CSOP options with an exercise price equivalent to 110% of the closing share price on the day before grant. These options vest three years from the award date and are subject to meeting a performance criteria of an average earnings per share (EPS) growth of 10% per annum, from the 1st January 2021 to 31st December 2023.

Robert Ross was granted 67,415 under this CSOP.

CEO & CFO Long-term Incentive Plans (“LTIP”)

The Company announced on 3 March 2021 the implementation of a new Long-term Incentive Plan, which has been established to incentivise senior management to deliver long-term value creation for shareholders and ensure alignment with shareholder interests.

Under the LTIP, awards have been made to the Company's CEO and CFO on a nil-cost option basis with the exercise price payable at the nominal price per share. The options issued under the awards vest in portions of one third on each of the third, fourth and fifth anniversaries of grant, subject to continued employment and the satisfaction of two performance conditions.

LTIP Performance Conditions

The performance conditions are split equally between adjusted earnings per share growth (“EPS”) and compound annual total shareholder return (“TSR”).

For both EPS growth and TSR, one quarter of the awards will vest once a compound annual growth rate (CAGR) in excess of 10% has been achieved and will only vest 100% once a compound annual growth rate of 25% has been achieved. Between 10% and 25% CAGR, the awards will vest pro rata.

Executive Director Awards

In determining the level, structure and performance conditions attached to this award, the Remuneration Committee took into account commitments made to Robert Ross at the time of his appointment as CFO, announced in October 2019. This award, his first since his joining the Company (other than the HMRC approved CSOP award announced on 5 February 2021), has been delayed, due in part to the impact of the Covid pandemic and various closed trading periods in the last 6 months.

Robert Ross has been granted an award over 2,163,281 ordinary shares with an exercise price of 5p, the nominal price of an ordinary share, subject to the performance conditions. The performance period for EPS growth, will be measured from the date that Robert Ross commenced employment on 1 January 2020 to 31 December 2022, and the TSR will be measured, over the three years from the date of grant with a deemed baseline share price of 32p, being the share price at the time he joined the Company.

Michael Williamson, CFO, has been granted an initial award over 267,010 ordinary shares with an exercise price of 5p, the nominal price of an ordinary share, subject to the performance conditions. The performance period for EPS growth, for Michael Williamson will be measured from 1 January 2021 to 31 December 2023 and the TSR will be measured over the three years from the date of grant.

Both awards contain malus and clawback provisions.

During 2020, Stephen Blyth's share options lapsed in full. At 31 December 2020, there were no directors who had shares options.

Details regarding share options at the reporting date are set out in note 24 of the financial statements.

Directors Remuneration

The remuneration of Directors for the year ended 31 December 2020 was as follows:

Director

| Director | Base Salary | Bonuses | Other benefits | 2020 Total | 2019 Total |
|-----------------|--------------|--------------|----------------|----------------|--------------|
| Alex Borrelli | 50.0 | 18.9 | - | 68.9 | 50.0 |
| Stephen Blyth | 161.6 | 112.5 | 485.9 | 760.0 | 330.0 |
| Robert Ross | 247.9 | 143.0 | 6.8 | 397.7 | - |
| Rob Riddleston | 30.0 | 12.0 | - | 42.0 | 28.3 |
| Charles McGurin | 30.0 | 12.0 | - | 42.0 | 7.5 |
| Wim Pauwels | 30.0 | 8.0 | - | 38.0 | 5.0 |
| Stuart Howard | - | - | - | - | 156.1 |
| Geoff Gillo | - | - | - | - | 10.4 |
| Total | 549.5 | 306.4 | 492.7 | 1,348.6 | 587.3 |

Included within the other benefits for Stephen Blyth is payment in lieu of notice period of £308,000 and other compensation of £150,000.

Directors and their Interests

The Directors of the Company held the following interest in the ordinary shares of Xpediator plc:

| Director | 31 Dec 2020 Number | 31 Dec 2020 % | 31 Dec 2019 Number | 31 Dec 2019 % |
|----------------------------|--------------------|---------------|--------------------|---------------|
| Alex Borrelli | 454,472 | 0.32 | 436,667 | 0.32 |
| Stephen Blyth ¹ | 37,781,018 | 26.68 | 35,340,000 | 25.97 |
| Rob Riddleston | 2,084 | 0.00 | 2,003 | 0.00 |
| Charles McGurin | 65,321 | 0.05 | 62,762 | 0.05 |
| Wim Pauwels | 208,155 | 0.15 | 200,000 | 0.15 |
| Total | 38,511,050 | 27.19 | 36,041,432 | 26.48 |

¹ shares held via Cogels Investment Limited and Blyth family members

CEO Pay Ratios

| Year | Method | CEO Single Figure | All UK Employee | Lower Quartile | Median | Upper Quartile |
|------|----------|-------------------|---------------------|----------------|---------------|----------------|
| 2020 | Option B | 536,292 | Ratio | 27 : 1 | 21 : 1 | 16 : 1 |
| | | | Total Salary | 20,020 | 25,000 | 34,338 |
| 2019 | Option B | 329,823 | Ratio | 16:1 | 13:1 | 10:1 |
| | | | Total Salary | 20,210 | 24,932 | 34,030 |

The CEO pay ratios have been calculated using 'option B', which is to use the gender pay data to identify the three employees that represent the lower quartile, the median and the upper quartile. We believe this provides us with a clear methodology involving less adjustments to impute Full-time Equivalent earnings. Therefore, we believe this option is more likely to produce more robust data year on year. The data used to calculate CEO pay ratio is only for employees on UK payrolls.

For 2020, the CEO pay ratio is based on Stephen Blyth's salary from 1 January 2020 to 5 June 2020 and Robert Ross's salary from 5 June 2020 to 31 December 2020. Stephen Blyth's compensation for loss of office is excluded in these figures.

Directors Report

Principal Activities

Xpediator is an AIM listed freight management company which includes freight forwarding, logistics and the provision of services to the transport sector (Affinity Division). The Group has been in the business of freight management for over 30 years.

The consolidated Financial Statements give the Group results for the year ended 31 December 2020.

The Group and its subsidiaries operate from a network of 12 countries in Europe, mainly in Central and Eastern European areas and the UK.

The Group's overall financial objectives are to increase revenue, profitability, network coverage and enhance the asset base supporting the business. In order to monitor its progress towards achieving these objectives, the Group has set a number of key performance indicators, which deal predominately with revenue, profitability, margin and cash flow as per pages 22 and 23 in the Strategic Report.

Results and Dividends

The Group reports its Consolidated Financial Statements in accordance with International Financial Reporting Standards, the results of which for the year are set out in the Consolidated Income Statement on page 55.

The Directors recommend a final dividend of the year of £1.05p per share, payable in July 2021. An interim dividend of £0.45p per share was paid during the year. The total dividend payable for year is £2.1 million.

Share Capital

Details of the changes in the share capital are set out in note 22 to the financial statements.

At 31 December 2020, the Company had been notified of the following interests amounting to 5% or more of the voting rights attaching to the Company's issued share capital:

| Percentage of | issued share |
|----------------------------|--------------|
| Significant Shareholder | capital |
| Cogels Investments Limited | 26.68% |
| Mr Shaun R Godfrey | 16.16% |
| Mr Sandu Grigore | 11.15% |
| Cavendish Asset Management | 7.51% |
| Berenberg Bank | 6.20% |

Financial Instruments

As at 31 December 2020 the Company had borrowings from Lloyds bank in the UK and an invoice discounting facility provided by Barclays bank totalling £6.0 million. The financial risk management objectives and policies are disclosed in note 21 and summarised on page 28 in the strategic report.

Directors

The Directors of the Company during the period and to the date of this report are as follows:

Executive

- Robert Ross (appointed 2 January 2020)
- Michael Williamson (appointed 1 March 2021)

Non-Executive

- Alex Borrelli
- Stephen Blyth
- Charles McGurin
- Wim Pauwels
- Rob Riddleston

The biographical details of the Directors are given on pages 34 and 35 and the Directors' remuneration, share options, long-term executive plans, pension contributions, benefits and interests are set out in the Directors' remuneration report on page 45.

On 5 June 2020, Stephen Blyth resigned as the Chief Executive Officer and is now a non-executive director.

Directors' Indemnity Provisions

The Group purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Political Donations

The Group made no political donations in the financial year.

Employee Involvement

The Group regularly consults with the employees of the Company to ensure that their opinions are considered when decisions are made that are likely to affect their interests.

Details of the Group's activities are regularly communicated to the employees via a Company employee newsletter, plus the regular circulation of Company announcements which include the interim and annual results.

Further details are also discussed in the section 172 report available on pages 30 and 31.

Equal Opportunities

The Group is committed to eliminating discrimination and encouraging diversity. Its aim is that each employee is able to perform to the best of their ability.

As such it is the Group's policy to employ the best person for the role, irrespective of gender, nationality, race, sexual orientation or disability. As such applications for employment by disabled individuals are given full and fair consideration. If an employee becomes disabled, the Group makes every effort to retrain them in the business in a suitable role.

Statement, as to Disclosure of Information to Auditors

The Directors in office on 12 April 2021 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware.

Each Director has confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor Appointment

Crowe U.K. LLP have expressed willingness to continue in office. In accordance with section 489(4) of the Companies Act 2006 a resolution to re-appoint Crowe LLP will be proposed at the AGM.

Related Party Transactions

Any related party transactions required to be disclosed under the AIM rules are disclosed in note 26 to the financial statements.

Modern Slavery Act

Our Anti-slavery policy, which sets out our commitment to preventing modern slavery and human trafficking from occurring within any part of our business and supply chain, is available on our website, www.xpediator.com.

Subsequent Events And Future Developments

Details of post balance sheet events are given in note 28 of the financial statements.

Planned future developments are disclosed in the strategic report on page 10.

Going Concern

The Directors are satisfied that the Group has adequate resources to continue in operation for at least 12 months from the date of approval of the financial statements and that it is appropriate to prepare financial statements on the going concern basis. Further details are given in note 2 to the financial statements.

Approval

This Directors' report was approved on behalf of the Board on 12 April 2021 and signed on its behalf by:

Robert Ross
Chief Executive Officer

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law and as required by the Alternative Investment Market rules of the London Stock Exchange, the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website Publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the Financial Statements contained therein.

This report was approved by the board on 12 April 2021 and signed on its behalf by:

Robert Ross
Chief Executive Officer

Independent Auditor's Report

Independent Auditor's Report to the Members of Xpediator Plc

Opinion

We have audited the financial statements of Xpediator Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2020 which comprise the Group Income Statement and Other Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Changes in Equity, the Group 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 the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosures Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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

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. Our evaluation of the directors' assessment of the ability of the Group and the Parent Company continue to adopt the going concern basis of accounting included the following procedures:

The going concern assessment period used by the Directors was at least 12 months from the date of the approval of the financial statements. We assessed the appropriateness of the approach, assumptions and arithmetic accuracy of the model used by management when performing their going concern assessment.

We evaluated the Directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment. Additionally, we reviewed and challenged the results of management's stress testing, to assess the reasonableness of economic assumptions in light of the impact of Covid-19 on the Group's solvency and liquidity position.

Further details of the Directors' assessment of going concern is provided in Note 2.

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 ability of the Group or 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

- £375,000 (2019: £400,000) is the Group level of materiality determined for the financial statements as a whole, this has been determined based on approximately 8% (2019: 8%) of the consolidated profit before tax for the period. As the Group is a trading group we determined that a trading based metric was the most appropriate to use for determining materiality.

- £280,000 is the Group level of performance materiality (2019: £300,000) Performance materiality is used to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.
- £11,000 (2019: £12,000) is the Group level of triviality agreed with the Audit Committee. Errors above this threshold are reported to the Audit Committee, errors below this threshold would also be reported to the Audit Committee if, in our opinion as auditor, disclosure was required on qualitative grounds.

The Parent Company materiality was assessed as £85,000 (2019: £85,000).

Overview of the scope of our audit

There are seven significant components of the Group, located and operating in and into four geographical areas, United Kingdom, Bulgaria, Lithuania and Romania. The audits of Xpediator PLC and its UK subsidiary undertakings were conducted from the UK. Audit work on significant non-UK components Delamode Bulgaria EOOD, Delamode Baltics UAB, and Delamode Romania Srl, Affinity Transport Solutions, Srl and Pallet Express Srl, was carried out by members of the Crowe Global international network as component auditors. Financial information from other components not considered to be individually significant individually was subject to limited review procedures carried out by the group audit team.

We engaged with the component auditors at all stages during the audit process and directed the audit work on the non-UK subsidiary undertakings. We directed the component auditors regarding the audit approach at the planning stage, issued instructions that detailed the significant risks to be addressed through the audit procedures and indicated the information we required to be reported on.

The impact of the Covid-19 pandemic in relation to quarantine restrictions in northern Italy and the surrounding region which impacted our network firms in Romania in particular, and international travel restrictions in general, meant that it was not possible for the audit team, including the audit engagement partner, to visit the component auditors and the principal finance locations of the significant non-UK components in order to review the component auditors' working papers, discuss key findings directly with the component audit team, specialist team members and component auditor reporting partner and conclude on significant issues. Instead, regular progress calls and remote audit file reviews were considered appropriate in the circumstances.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

| Key audit matter | How the scope of our audit addressed the key audit matter |
|---|--|
| <p>Impairment of intangible assets (including goodwill)</p> <p><i>Note 12 of the Group financial statements</i></p> <p>The Group's intangible assets comprise of licences, goodwill, customer related and technology related, predominantly arising from the recent business combination. The total carrying value of the intangible assets was £23.4 million at 31 December 2020 (31 December 2019: £24.7 million).</p> | <p>We obtained management's assessment of goodwill impairment and discussed the key inputs into the assessment with management.</p> <p>We performed audit procedures, including challenge regarding reasonableness on the inputs into the model as follows:</p> <ul style="list-style-type: none"> • the forecast cash flows within the assessment period; • the expected growth rate; and • the discount rate applied to the forecast. <p>We considered managements' sensitivity analysis and also performed an additional range of sensitivities to assess whether a reasonably likely change to a key input would result in an impairment charge.</p> |
| <p>Revenue recognition</p> <p><i>Note 3 of the Group financial statements</i></p> <p>The Group enters into a number of types of contract with its customers. Revenue recognition policies vary depending on the underlying contract. Errors in application could result in revenue being recognised inappropriately at a point in time or over time where performance obligations have not been met.</p> | <p>Our audit procedures included the following:</p> <p>We carried out procedures to test each significant revenue stream and to consider whether the revenue recognition policy applied to the revenue stream was appropriate, having regard to the contractual terms and service obligations.</p> <p>We agreed the performance obligations identified by management to a sample of contracts to ensure the adopted accounting policy was appropriate.</p> <p>For a sample of transactions, we selected contracts with the customers and reviewed their terms and conditions. Based on this understanding, we considered whether the underlying income was recognised in accordance with the stated accounting policy and IFRS 15.</p> |
| <p>Recoverability of trade receivables</p> <p><i>Note 17 of the Group financial statements</i></p> <p>The Group has material trade receivables, after allowances for impairment, of £55.6 million at 31 December 2020 (31 December 2019: £51.2 million). The recoverability of trade receivable is considered to be a key audit matter.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We reviewed the recoverability of trade receivables by reference to post year end receipts. • We sought direct written confirmation from a sample of customers of the trade receivable balance at the reporting date. • We evaluated the adequacy of the expected credit loss provisions and enquired of management in relation to any unpaid debts due past their credit terms. • We reviewed and challenged management on the expected loss rate applied to the ageing profile of the trade receivables at the reporting date with reference to the historical experience and adjusted to reflect future economic conditions. |

For the Parent Company we identified one key audit matter:

| Key audit matter | How the scope of our audit addressed the key audit matter |
|---|--|
| <p>Carrying value of investments in subsidiaries</p> <p><i>Note 5 of the Parent Company financial statements</i></p> <p>At 31 December 2020 the carrying value of investments in subsidiaries in the financial statements of the Parent Company was £63.7 million (31 December 2019: £56.9 million). This was greater than the market capitalization of the Group at the reporting date. Given this we considered that there are indicators of potential impairment.</p> | <p>We obtained management's assessment of the impairment of investments in subsidiaries. We considered the following matters:</p> <ul style="list-style-type: none"> the reasonableness of the assumptions used by management in assessing the ability of the subsidiary companies to generate cash and remit that to the Parent Company; and the arithmetic accuracy of the underlying forecasts <p>We considered managements' sensitivity analysis and also performed an additional range of sensitivities to assess whether a reasonably likely change to a key input would result in an impairment charge.</p> |

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The Directors are responsible for the other information contained within the annual report. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 49, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent 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 the directors either intend to liquidate the Group or the Parent Company 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 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 financial statements.

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. 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 within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were relevant company law and taxation legislation in the UK and the principal Central and Eastern European jurisdictions in which the Group operates.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Bullock

Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

12 April 2021

Consolidated Income Statement

For the year ended 31 December 2020

| | Notes | 2020 £'000 | 2019 £'000 |
|---|-------|---------------|---------------|
| Gross billing | 7 | 342,981 | 350,121 |
| CONTINUING OPERATIONS | | | |
| Revenue | 3 | 221,226 | 213,247 |
| Cost of sales | | (165,640) | (160,643) |
| GROSS PROFIT | | | |
| Other operating income | 4 | 1,250 | 1,193 |
| Impairment losses on receivables | 5 | (853) | (836) |
| Administrative expenses | 5 | (50,680) | (49,133) |
| Exceptional items included in administrative expenses above | 27 | (1,377) | (856) |
| OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS | | 6,680 | 4,684 |
| OPERATING PROFIT | | | |
| Share of loss of equity accounted associate | 16 | - | (60) |
| Finance costs | 8 | (1,464) | (1,674) |
| Finance income | 8 | 95 | 81 |
| PROFIT BEFORE INCOME TAX | | 3,934 | 2,175 |
| Income tax | 9 | (874) | (872) |
| PROFIT FOR THE YEAR | | 3,060 | 1,303 |
| Profit attributable to: | | | |
| Owners of the parent | | 2,031 | 810 |
| Non-controlling interests | | 1,029 | 493 |
| | | 3,060 | 1,303 |
| Earnings per share attributable to the ordinary equity holders of the parent: | | | |
| Basic earnings pence per share | 10 | 1.46 | 0.60 |
| Diluted earnings pence per share | 10 | 1.46 | 0.60 |
| Adjusted basic earnings pence per share | 10 | 3.84 | 2.80 |
| Adjusted diluted basic earnings pence per share | 10 | 3.84 | 2.79 |

The notes form part of these financial statements

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2020

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| PROFIT FOR THE YEAR | 3,060 | 1,303 |
| OTHER COMPREHENSIVE INCOME | | |
| Items that may be reclassified to profit or loss: | | |
| Exchange differences on translation of foreign operations | 547 | (705) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 3,607 | 598 |
| Total comprehensive income attributable to: | | |
| Owners of the parent | 2,542 | 143 |
| Non-controlling interests | 1,065 | 455 |
| | 3,607 | 598 |

The notes form part of these financial statements

Consolidated Statement of Financial Position

As at 31 December 2020

Registration number 10397171

| | Notes | 2020 £'000 | 2019 £'000 |
|--|-------|----------------|----------------|
| ASSETS | | | |
| NON-CURRENT ASSET | | | |
| Intangible assets | 12 | 23,443 | 24,706 |
| Property, plant and equipment | 13 | 2,696 | 2,516 |
| Right-of-use assets | 25 | 31,599 | 27,385 |
| Investments | 16 | 1 | 1 |
| Trade and other receivables | 17 | 252 | 1,050 |
| Deferred tax | 9 | 707 | 210 |
| | | 58,698 | 55,868 |
| CURRENT ASSETS | | | |
| Inventories | | 59 | 118 |
| Trade and other receivables | 17 | 66,723 | 60,927 |
| Cash and cash equivalents | | 12,720 | 11,951 |
| | | 79,502 | 72,996 |
| TOTAL ASSETS | | 138,200 | 128,864 |
| EQUITY | | | |
| SHAREHOLDERS' EQUITY | | | |
| Called up share capital | 22 | 7,132 | 6,854 |
| Share premium | 23 | 13,139 | 11,987 |
| Equity reserve | 23 | 1 | 16 |
| Translation reserve | 23 | 581 | 70 |
| Merger reserve | 23 | 3,102 | 3,102 |
| Retained earnings | 23 | 5,901 | 6,094 |
| Issued share capital and reserves attributable to the owners of the parent | | 29,856 | 28,123 |
| Non-controlling interests | | 1,332 | 887 |
| TOTAL EQUITY | | 31,188 | 29,010 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 20 | 2,153 | 1,674 |
| Lease liabilities – right-of-use assets | 25 | 25,376 | 21,535 |
| Interest bearing loans and borrowings | 19 | 1,896 | 2,275 |
| Trade and other payables | 18 | 132 | 101 |
| Deferred tax liability | 9 | 1,697 | 1,968 |
| | | 31,254 | 27,553 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 18 | 64,828 | 58,579 |
| Lease liabilities – right-of-use assets | 25 | 6,864 | 6,392 |
| Deferred consideration | 18 | - | 4,607 |
| Interest bearing loans and borrowings | 19 | 4,066 | 2,723 |
| | | 75,758 | 72,301 |
| TOTAL LIABILITIES | | 107,012 | 99,854 |
| TOTAL EQUITY AND LIABILITIES | | 138,200 | 128,864 |

The notes form part of these financial statements

The financial statements were approved by the Board of Directors on 12 April 2021 and were signed by:

Robert Ross
CEO
12 April 2021

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

| | Notes | Share Capital £'000 | Share Premium £'000 | Equity Reserve £'000 | Translation Reserve £'000 | Merger Reserve £'000 | Retained Earnings £'000 | Total £'000 | NCI £'000 | Total Equity £'000 |
|---|--------|------------------------|------------------------|-------------------------|------------------------------|-------------------------|----------------------------|----------------|--------------|-----------------------|
| Carried forward 31 December 2019 | | 6,854 | 11,987 | 16 | 70 | 3,102 | 6,094 | 28,123 | 887 | 29,010 |
| Contributions by and distribution to owners | | | | | | | | | | |
| Dividends paid | 11 | 278 | 1,152 | - | - | - | (2,066) | (636) | (546) | (1,182) |
| Transfer on acquisition of non-controlling interest | | - | - | - | - | - | (158) | (158) | 158 | - |
| Acquisition of subsidiary | | - | - | - | - | - | - | - | (232) | (232) |
| Share option charge | 24 | - | - | (15) | - | - | - | (15) | - | (15) |
| Total contribution by and distribution to owners | | 278 | 1,152 | (15) | - | - | (2,224) | (809) | (620) | (1,429) |
| Profit for the year | | - | - | - | - | - | 2,031 | 2,031 | 1,029 | 3,060 |
| Exchange differences on translation of foreign operations | | - | - | - | 511 | - | - | 511 | 36 | 547 |
| Total comprehensive income for the year | | - | - | - | 511 | - | 2,031 | 2,542 | 1,065 | 3,607 |
| Balance at 31 December 2020 | | 7,132 | 13,139 | 1 | 581 | 3,102 | 5,901 | 29,856 | 1,332 | 31,188 |
| Contributions by and distribution to owners | | | | | | | | | | |
| Dividends paid | 11, 22 | - | - | - | - | - | (1,522) | (1,522) | (154) | (1,676) |
| Share based consideration on acquisition | 22 | 87 | - | - | - | 779 | - | 866 | - | 866 |
| Share option charge | 24 | - | - | 11 | - | - | - | 11 | - | 11 |
| Share options exercised | 24 | 31 | 119 | (33) | - | - | 33 | 150 | - | 150 |
| Total contribution by and distribution to owners | | 6,854 | 11,987 | 16 | 737 | 3,102 | 5,284 | 27,980 | 432 | 28,412 |
| Profit for the year | | - | - | - | - | - | 810 | 810 | 493 | 1,303 |
| Exchange differences on translation of foreign operations | | - | - | - | (667) | - | - | (667) | (38) | (705) |
| Total comprehensive income for the year | | - | - | - | (667) | - | 810 | 143 | 455 | 598 |
| Balance at 31 December 2019 | | 6,854 | 11,987 | 16 | 70 | 3,102 | 6,094 | 28,123 | 887 | 29,010 |

The notes form part of these financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

| | Notes | 2020 £'000 | 2019 £'000 |
|---|-------|---------------|---------------|
| Continuing Operations | | | |
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 15,862 | 15,803 |
| Interest paid | | (948) | (909) |
| Tax paid | | (848) | (729) |
| Net cash from operating activities | | 14,066 | 14,165 |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | 13 | (860) | (1,321) |
| Purchase of intangible fixed assets | 12 | (489) | (498) |
| Cash proceeds on disposal of intangible assets | | 397 | - |
| Cash proceeds from sale & leaseback | | 2,900 | - |
| Net cash acquired from acquisitions | | (3,650) | - |
| Cash paid on deferred consideration of acquisition | | (4,368) | (206) |
| Interest received | 8 | 43 | 29 |
| Net cash outflow from investing activities | | (6,027) | (1,996) |
| Cash flows from financing activities | | | |
| New loans in year | 19 | 1,350 | - |
| Loan repayments in year | 19 | (386) | (1,217) |
| Share issue (net of share issue costs) | 22 | - | 150 |
| Transactions with non-controlling interests | 15 | - | (6) |
| Dividends paid | 11 | (636) | (1,522) |
| Repayment on leases | | (7,587) | (6,546) |
| Non-Controlling interest dividends paid | 15 | (546) | (154) |
| Net cash outflow from financing activities | | (7,805) | (9,295) |
| Increase in cash and cash equivalents | | 234 | 2,874 |
| Cash and cash equivalents at beginning of year | | 11,951 | 9,647 |
| Effect of foreign exchange rate movements | | 535 | (570) |
| Cash and cash equivalents at end of year | | 12,720 | 11,951 |

The notes form part of these financial statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. Reconciliation of profit before income tax to cash generated from operations

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Profit before income tax before ordinary activities before results of associate | 3,934 | 2,235 |
| Loss of equity accounted associate | - | (60) |
| Depreciation charges | 7,168 | 6,990 |
| Amortisation charges | 1,730 | 1,587 |
| (Profit)/Loss on disposal of property, plant and equipment | (787) | 32 |
| Loss on Disposal of intangible assets | 339 | - |
| Finance costs | 1,464 | 1,674 |
| Finance income | (95) | (81) |
| Share based payments charge | (15) | (11) |
| Deferred consideration (credit)/charge | (344) | 666 |
| Disposal of EshopWedrop subsidiaries | 270 | - |
| | 13,664 | 13,032 |
| Decrease/(Increase) in inventories | 59 | (60) |
| (Increase) in trade and other receivables | (4,998) | (473) |
| Increase in trade and other payables | 6,735 | 3,153 |
| Increase in provisions | 402 | 151 |
| Cash generated from operations | 15,862 | 15,803 |

2. Accounting policies

Description of the business

Xpediator Plc (the "Company") is a public limited company, incorporated in England and Wales, United Kingdom. The registered office is 700 Avenue West, Skyline 120 Great Notley, Braintree, Essex, CM77 7AA and the Company registration number is 10397171.

The consolidated financial statements comprise the financial information of the Company and its subsidiary undertakings (together the "Group"). Detail of the entities of the Group are described in Note 14.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU issued by the International Accounting Standards Board, under the historical cost convention. Accounting policies have been consistently applied from 2019.

The presentation currency used for the preparation of the financial statements is Pounds Sterling (£), which is the currency of choice of the principal investors of the Group. The amounts are rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group's accounting policies (see Note 2.1 – Critical accounting estimates and judgements).

Going concern

The Group meets its working capital requirements through the receipt of revenues from the provision of its services in the UK and in CEE, the management of capital and operating expenditure, from the working capital and other borrowing facilities available to it and, from time to time, from the issue of equity capital.

Ultimately the receipt of revenues and charges due to the Group depends on the availability of liquidity for the company's customers and the level of transport and logistics activity in the market.

Covid-19 has impacted our business in many ways. Throughout the pandemic our primary focus has been on the well-being and safety of our people, customers and suppliers. The Group has traded strongly through this extraordinary period and whilst activities are broadly similar to prior years, the freight forwarding division has been strong throughout. Those areas which are dependent on either traffic volumes (Transport Solutions) or exposed to market conditions with Government restrictions, such as Easy Managed Transport Limited ("EMT") (UK High Street Fashion) or Benfleet Forwarding Limited (with China and Italy being key markets) experienced reduced trading levels in the earlier part of the year. Whilst conditions for fashion retailers in the UK High Street and therefore EMT, remain tough, all other parts of the Group are back to trading ahead of or broadly in-line with pre-pandemic levels.

2. Accounting policies (continued)

Going concern (continued)

During the pandemic, the Group identified some good developmental opportunities, whilst challenging and flexing the cost base to meet the demand. In March 2020, the Group took the decision to introduce temporary pay reductions, to reduce costs in areas of reduced activity and suspend certain capital investment projections as the fully extent of the pandemic was initially unknown. By August 2020, the Group had reinstated salaries back to their normal levels and any salary reductions have been repaid in full.

At 31 December 2020 the Group had cash and cash equivalents of £12,720,000 (2019: £11,951,000). The Group also has funding facilities in place, details of which are set out in note 19 of the financial statements, which it does not envisage will be withdrawn.

Having regard to the above, and based on their latest assessment of the budgets and forecasts for the business of the company, the directors consider that there are sufficient funds available to the Group to enable it to meet its liabilities as they fall due for a period of not less than twelve months from the date of approval of the financial statements. The directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of Xpediator Plc and its subsidiaries drawn up to 31 December each year. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The Company has control over a subsidiary if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The financial statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. Intra-group balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to Xpediator Plc.

Subsequent to the merger accounting noted below the consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Merger accounting

On 25 May 2017, the Company entered into a share swap agreement with the ultimate beneficiaries of Delamode Group Holdings Limited, whereby 4,000,000 new ordinary shares of £1.00 each were issued to the ultimate beneficiaries of Delamode Group Holdings Limited in exchange for their shares in Delamode Group Holdings Limited in the same proportion as their shareholding in Delamode Group Holdings Limited. The merger method of accounting is used to consolidate the results of Xpediator Plc.

On 8 June 2018, the Company issued 1,727,694 new ordinary shares of £0.05 each as part of the deferred consideration of Easy Managed Transport Limited ("EMT"). On 14 July 2018, the Company issued 3,740,648 new ordinary shares of £0.05 each as part of the acquisition of Import Services Limited. On 31 December 2018, the Company issued 84,951 new ordinary shares of £0.05 each as part of the deferred consideration of Regional Express Limited ("Regional"). On 16 May 2019, the Company issued 1,655,876 shares to the former owners of EMT as part of the payment of the deferred consideration relating to the acquisition of the entire equity of EMT in 2017. On 5 December 2019, the Company issued 89,744 shares to the former owners of Regional as part of the payment of the deferred consideration relating to the acquisition of the entire equity of Regional in 2017. The premium on the fair value in excess of the nominal value of shares issued in consideration of business combinations is credited to the merger reserve.

2. Accounting policies (continued)

Revenue

The Group generates revenue in the UK and Europe.

The Group operates a number of diverse businesses and accordingly applies a variety of methods for revenue recognition, based on the principles set out in IFRS 15. The revenue and profits recognised in any reporting period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer. In determining the amount of revenue and profits to record, and associated statement of financial position items (such as trade receivables, contract assets and contract liabilities), management is required to review performance obligations within individual contracts. This may involve some judgemental areas (for example within the logistics & warehousing business), where revenue is recorded in advance of invoicing the customer.

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer. For all contracts, the Group determines if the arrangement with a customer creates enforceable rights and obligations, which is in line with our contractual commitments and industry standard best practice (for example Convention Relative au Contrat de Transport International de Marchandises par la Route or CMR).

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer. The Group has assessed the period of time principles as follows:

- Customers receives the benefits of the good being moved from the origin to the destination, as another supplier would not need to re-perform the service performed to date (i.e. the goods have been moved partway).
- The customer becomes committed to pay the Group the moment that the goods are despatched and collected.
- The customer accepts that they are liable to pay for the transaction in full although it is the Group's responsibility to ensure that the shipment is in transit before invoicing.
- The customer can usually be invoiced on despatch/export and has an obligation to pay for services despite any problems that may arise in transit.
- The Group would hold any third party liable for any issues that happen in transit that is beyond its reasonable control.

The Group recognises that it acts as both an agent and a principal. The Group is a principal if it responsible for the specified good or service before that good or service is transferred to a customer. The Group is an agent if it is not responsible for arranging for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party. The Affinity business (see Affinity section of revenue recognition policy) primarily operates as an agent, and largely recognises only the commission earned as revenue.

Freight Forwarding

Under IFRS 15, freight forwarding revenue is recognised over the period of time based on the principles identified above. Therefore, revenue will consist of freight delivered during the period as well as a proportion of revenue for service delivered that are in process as at the end of the reporting period, which is calculated on a time proportioned basis.

Logistics & Warehousing

Logistics & warehousing revenue is recognised over a period of time. Invoicing varies by contract but is typically in line with work performed. Due to the different contractual arrangements in place, each customer is assessed to determine the amount of work carried out, which has not been invoiced at the date of the Group's reporting period. This revenue is recognised by direct reference to the amount of work carried out to deliver the service and measured relative to cost or over the time period which the warehousing is provided. Judgement is therefore required when determining the appropriate timing and amount of revenue that can be recognised. The revenue from handling of incoming products is recognised when a performance obligation is satisfied, but not invoiced at the reporting date, which is correspondingly accrued on the statement of financial position within contract assets.

2. Accounting policies (continued)

Affinity

Revenue is recognised at a point in time only after the performance obligation has been actually been satisfied. Affinity and trucking services revenue largely acts as an agent based on the assessment above, so only commission is recorded as revenue. This largely relates to provision of DKV fuel cards, which enables the customer to purchase fuel, tolls and other services.

In addition, the Affinity business operates as a reseller ferry crossing, where revenue is recorded at a point in time as it is based on the performance obligation being delivered. Revenue for this part of the business is recorded as a principal due to the assessments identified above.

Gross billings (Affinity)

Recoverable disbursements incurred on behalf of our Affinity Division customers based in Romania and the West Balkans include fuel costs, toll charges and breakdown assistance. The gross billings figure is included within the Groups trade payables and receivables but are excluded from consolidated income statement revenue. The gross billing revenue number is a non-statutory measure but is included to make a more meaningful calculation of days sales outstanding and days payable outstanding, so it is important to understand the level of billings going through the sales and purchase ledgers.

Franchise income

Income relating to franchise fees are not recorded as revenues by the Group but are shown as other income. This revenue arises from the sales of services to the franchisees. This income is recognised over a period of time based on when the services have been transferred to the franchisee in accordance with the terms and conditions of the relevant agreements.

Franchise fees comprise of revenue for the initial allocation of the franchise to the respective member, IT support, marketing and the use of the intellectual property.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3: Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

If the cost of the acquisition is less than the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities, the difference is recognised directly in the Consolidated Income Statement.

Associates

The Group obtained operational and management control of International Cargo Centre Limited and as a result this has met the conditions for recognition under IFRS 3: Business Combinations from the 1 January 2020. Previously this was reported as an associate company and equity accounted.

Non-controlling interests

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

Goodwill

Goodwill arising on the acquisition of a business represents any excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. The identifiable assets and liabilities acquired are incorporated into the consolidated financial statements at their fair value to the Group.

Goodwill is not amortised but tested for impairment annually. Any impairment is recognised immediately in the consolidated income statement and is not subsequently reversed. On disposal of a business, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. Accounting policies (continued)

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill with indefinite useful economic lives are undertaken annually in November as part of the Group's budgeting process, except in the year of acquisition when they are tested at the year-end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest Group of assets to which it belongs for which there are separately identifiable cash flows; its Cash Generating Units ("CGUs"). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill. Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Foreign currencies

The financial statements of the Group are presented in its reporting currency of Sterling. The functional currency of each Group entity is the currency of the primary economic environment in which the entity operates.

Transactions in foreign currencies during the period have been converted at the rates of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies have been translated at the rates of exchange ruling on the reporting date. Any gains or losses arising from these conversions are credited or charged to the Consolidated Income Statement.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Financial assets

The Group classifies its financial assets into the categories discussed below, depending on the purpose for which the asset was acquired. The Group only has financial assets classified as held at amortised cost. The financial assets comprise of trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held with banks, and – for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position, unless there is a right of set-off between bank accounts across the Group. In this instance, the net cash position will be shown.

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. Trade receivables are recognised initially at the transaction price and other financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue. They are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a historical provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administration costs in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those for which credit risk has increased significantly, lifetime expected credit losses are recognised, unless further information becomes available contrary to the increased credit risk. For those that are determined to be permanently credit impaired, lifetime expected credit losses are recognised.

2. Accounting policies (continued)

Capital management

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, invoice discounting and long-term loan finance.

Financial liabilities

The Group classifies its financial liabilities into two categories – other financial liabilities and fair value through profit and loss:

Other financial liabilities

The Group's other financial liabilities include bank loans, confidential invoice discounting facility, trade and other payables and accruals. Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Fair value through profit and loss

This category only comprises of the element of deferred consideration on business combinations, which is contingent on the performance of the acquired businesses. There is no deferred consideration outstanding at this reporting date (2019 - £4,607,000).

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classified as equity instruments.

Leased assets

IFRS 16 has introduced a single, on-balance sheet accounting model for lessees, eliminating the distinction between operating and finance leases. IFRS 16 has impacted how the Group accounts for leases under IAS 17.

The Group assesses at inception whether the contract is, or contains, a lease. A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assessment includes whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the contract period; and
- the Group has the right to direct the use of the asset.

At the commencement of a lease, the Group recognises a right-of-use asset along with a corresponding lease liability.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the individual entities incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option based on operational needs and contractual terms. Subsequently, the lease liability is measured at amortised cost by increasing the carrying amount to reflect interest on the lease liability and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, lease incentives received and initial direct costs. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability.

The incremental borrowing rate is calculated on a lease by lease basis. The weighted average lessee's borrowing rate applied to the lease liabilities is 3.27% (2019 - 3.42%).

2. Accounting policies (continued)

Leased assets (continued)

Depreciation is calculated on a straight-line basis over the length of the lease. The Group has elected to apply exemptions for short-term leases and leases for which the underlying asset is of low value. For these leases, payments are charged to the income statement on a straight-line basis over the term of the relevant lease. Right-of-use assets are presented within non-current assets on the face of the statement of financial position, and lease liabilities are shown separately on the statement of financial position in current liabilities and non-current liabilities depending on the maturity of the lease payments.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This has replaced the previous requirements to recognise a provision for onerous lease contracts.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the profit or loss. Short term leases are leases with a lease term of 12 months or less.

Externally acquired intangible assets

Externally acquired intangible assets, other than Goodwill, are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

| Intangible asset | Useful economic life | Valuation method |
|-------------------------|----------------------|------------------------------|
| Licences and trademarks | 3-25 years | Multiple of historic profits |
| Customer Related | 6-10 Years | Excess Earning Model |
| Technology Based | 5 Years | Replacement Cost |

Taxation

The charge for current tax is based on the taxable income for the period. The taxable result for the period differs from the result as reported in the statement of comprehensive income because it excludes items which are not assessable or disallowed and it further excludes items that are taxable and deductible in other years. It is calculated using tax rates that have been enacted or substantially enacted by the statement of financial position date.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefits is probable. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/ (assets) are settled/(recovered).

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

| | |
|-----------------------|--|
| Freehold buildings | 2%-10% per annum straight line |
| Fixtures and fittings | 20-33% per annum straight line/10% - 25% on reducing balance |
| Computer equipment | 33% per annum straight line/20% - 50% on reducing balance |
| Motor vehicles | 25-33% per annum straight line/20% - 25% on reducing balance |

2. Accounting policies (continued)

Dividends

Dividends are recognised when they become legally payable. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

Holiday pay accrual

All employees accrue holiday pay during the calendar year, the board encourages all employees to use their full entitlement throughout the year, however in the unlikely case that an employee has untaken holiday pay this is accrued for at the daily salary costs, including costs of employment, such as social security.

Staff pensions

The Group does not operate a pension scheme for its employees however it does make payments to defined contribution pension schemes on behalf of employees in the UK in accordance with auto enrolment legislation. The payments made are recognised as an expense in the period to which they relate.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Provisions

The Group has recognised provisions for liabilities of the uncertain timing or amount for leasehold dilapidations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. The provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

2.1 Critical Accounting Estimates And Judgements

The Group makes certain estimates and assumptions regarding the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

2.1.1 Principal estimates

- Fair value measurement of intangible assets acquired in business combination;
A number of assets and liabilities included in the Group's financial statements require measurement at, and/ or disclosure of, fair value. As there are no easily identifiable valuation methods for intangible assets such as customer relationships and licences, estimation is required in assessing the fair value when accounting for a business combination. The Group recognised Goodwill and associated intangibles before amortisation of £26,928,000 (2019 - £26,733,00). This is disclosed in note 12 and note 30.
- Estimated impairment of goodwill
The Group frequently tests whether goodwill has suffered any impairment. These calculations require the use of estimates, both in arriving at the expected future profitability of the entity and the application of a suitable discount rate in order to calculate the present value of these flows. As the impairment of goodwill is based on a future forecast, the Group has used a level of judgement around key assumptions of future cashflows greater than 12 months. Details of the impairment and sensitivity of cashflows are disclosed in note 12.

2. Accounting policies (continued)

2.1 Critical Accounting Estimates And Judgements (continued)

2.1.1 Principal estimates (continued)

- Trade receivables

In accordance with IFRS 9, the Group assesses whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument both due within one year and more than one year as at the reporting date with the risk of a default occurring on the trade receivable as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The Group has trade receivables less provision for expected credit losses at the year-end of £55,032,000 (2019 - £51,160,000).

- Deferred Tax

Deferred tax assets have been recognised in relation to trading losses generated in the entities, these have been restricted to those instances where it is probable that the assets will be utilised against future trading profits. The Group has recognised a deferred tax asset of £707,000 (2019 - £210,000) and a deferred tax liability of £1,697,000 (2019 - £1,968,000).

3. Revenue analysis by country

| | 2020 £'000 | 2019 £'000 |
|----------------------|----------------|----------------|
| United Kingdom | 83,194 | 89,701 |
| Lithuania | 63,988 | 55,849 |
| Romania | 33,640 | 33,189 |
| Bulgaria | 25,635 | 21,819 |
| Serbia | 6,629 | 6,475 |
| Other | 8,140 | 6,214 |
| Total revenue | 221,226 | 213,247 |

The table below shows revenue by timing of transfer of goods and services:

3A) Revenue from contracts with customers

| | 2020 £'000 | 2019 £'000 |
|-----------------------|----------------|----------------|
| Over a period of time | 215,483 | 207,080 |
| At a point in time | 5,743 | 6,167 |
| Total revenue | 221,226 | 213,247 |

Revenue is derived from three main divisions: Transport solutions, referred to as Affinity, Freight Forwarding, and Logistics & warehousing, as detailed in note 7.

3B) Contract assets

| | 2020 £'000 | 2019 £'000 |
|---------------------------|---------------|---------------|
| At 1 January | 1,367 | 2,068 |
| Net movement for the year | (32) | (701) |
| At 31 December | 1,335 | 1,367 |

Contract assets are included within trade and other receivables on the face of the statement of financial position.

By the nature of the Group's invoicing procedures, then the Group does not have any contract liabilities.

3. Revenue analysis by country (continued)

3C) Non current assets by country

| | 2020 £'000 | 2019 £'000 |
|---------------------------------|---------------|---------------|
| United Kingdom | 42,277 | 44,113 |
| Romania | 8,796 | 9,744 |
| Lithuania | 782 | 1,005 |
| Bulgaria | 6,432 | 842 |
| Serbia | 124 | 136 |
| Other | 287 | 28 |
| Total non current assets | 58,698 | 55,868 |

4. Other operating income

Other operating income arises mainly from sundry services executed by the Group, not being freight forwarding, logistics and warehousing or affinity services. Since this is not considered to be part of the main revenue generating activities, the Group presents this income separately from revenue.

| | 2020 £'000 | 2019 £'000 |
|--------------------------------|---------------|---------------|
| Recharges to franchise members | 833 | 1,028 |
| Recovery of fines/penalties | 74 | 24 |
| Rental income | 64 | 65 |
| Other | 279 | 76 |
| Total | 1,250 | 1,193 |

5. Operating profit

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Operating profit is stated after charging/(crediting) | | |
| Hire of plant and machinery | 593 | 694 |
| Depreciation – owned assets (note 13) | 915 | 1,035 |
| Depreciation – right of use assets (note 25) | 6,253 | 5,955 |
| Amortisation of intangible assets (note 12) ¹ | 1,730 | 1,587 |
| Auditors' remuneration – audit | 313 | 295 |
| (Gain) / Loss on disposal of property, plant and equipment | (787) | 32 |
| Lost on disposal of intangible assets (Note 12) | 339 | – |
| Insurance | 1,053 | 877 |
| Property/Municipal Taxes | 1,794 | 1,722 |
| Legal costs | 259 | 205 |
| Other exceptional Items (note 27) | 1,825 | 856 |
| Bad debt costs (note 17) | 853 | 836 |
| Credit note provisions on Benfleet vendor income | 24 | 326 |
| Foreign exchange losses | 603 | (54) |
| Staff expenses (note 6) | 24,593 | 23,892 |
| IT costs | 2,149 | 1,641 |
| Other administration expenses | 9,024 | 10,070 |
| Total | 51,533 | 49,969 |

1 Amortisation charges on the Group's intangible assets are recognised in the administrative expenses line item in the consolidated income statement.

5. Operating profit (continued)

The remuneration paid to Crowe U.K. LLP and its associates; the Group's external auditors is as follows:

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| <i>Audit and Audit Related Services</i> | | |
| The audit of the Company and Group financial statements | 94 | 92 |
| The audit of the financial statements of subsidiaries of the Group | 209 | 193 |
| Other assurance services | 10 | 10 |
| Total audit and audit related services | 313 | 295 |

6. Employee benefit expenses

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| <i>Employee benefit expenses (including directors) comprise:</i> | | |
| Wages and salaries | 22,555 | 20,397 |
| Short-term non-monetary benefits | 124 | 200 |
| Share based payments | (15) | 11 |
| Defined contribution pension cost | 344 | 245 |
| Social security contributions and similar taxes | 1,585 | 3,039 |
| Total | 24,593 | 23,892 |

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company.

| | 2020 £'000 | 2019 £'000 |
|-----------------------------------|---------------|---------------|
| Salary | 1,724 | 1,367 |
| Short-term non-monetary benefits | 53 | 39 |
| Share based payments | - | 11 |
| Defined contribution pension cost | 26 | 20 |
| Total | 1,803 | 1,437 |

Directors remuneration

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Salary & bonuses | 856 | 552 |
| Payment in lieu of notice and other compensation | 458 | - |
| Other remuneration | 35 | 25 |
| Share based payments | - | 11 |
| Total | 1,349 | 588 |

Other remuneration comprises of private family medical cover, company car and insurance benefits.

Total remuneration regarding the highest paid Director is as follows:

| | 2020 £'000 | 2019 £'000 |
|-------------------------------------|---------------|---------------|
| Total aggregate remuneration | 760 | 330 |

The average number of employees (including directors) during the year was as follows:

| | 2020 | 2019 |
|--------------------|--------------|--------------|
| Freight forwarding | 439 | 396 |
| Logistics | 471 | 450 |
| Other | 170 | 191 |
| Total | 1,080 | 1,037 |

7. Segmental analysis

Types of services from which each reportable segment derives its revenues

The Group had three main divisions: Transport Solutions, referred to as Affinity, Freight Forwarding, and Logistics & Warehousing. All revenue is derived from the provision of services.

- Freight Forwarding – This division is the core business and relates to the movement of freight goods across Europe. This division accounts for the largest proportion of the Group's business, generating 77% of its external revenues. (2019 - 75%)
- Affinity – This division is the Transport Solution's arm of the Group. It focuses on the reselling of DKV fuel cards, leasing, ferry crossings and other associated transport related services. This division accounts for 3% of the Group's business in terms of revenue (2019 - 3%)
- Logistics & Warehousing – This division is involved in the warehousing and domestic distribution; it generates 20% of the Group's external revenues in 2020 (2019 - 22%).

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team comprising the Divisional Chief Operating Officers, the Chief Executive Officer and the Chief Financial Officer.

Measurement of operating segment profit or loss

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS. Segment assets and liabilities are measured in the same way in the financial statements and they are allocated based on the operations of the segment.

Inter-segment sales are priced at market rates and at arm's length basis, along the same lines as sales to external customers. This policy was applied consistently throughout the current and prior period.

| | Freight Forwarding 2020 £'000 | Logistics & Warehousing 2020 £'000 | Affinity 2020 £'000 | Overheads 2020 £'000 | Total 2020 £'000 |
|--|-------------------------------------|--|---------------------------|----------------------------|------------------------|
| Gross billings | 170,996 | 45,595 | 126,390 | - | 342,981 |
| Less recoverable disbursements | - | - | (120,647) | - | (120,647) |
| Total revenue | 170,996 | 45,595 | 5,743 | - | 222,334 |
| Inter-segmental revenue | - | (1,108) | - | - | (1,108) |
| Total revenue from external customers | 170,996 | 44,487 | 5,743 | - | 221,226 |
| Depreciation & amortisation (excluding right-of-use asset depreciation) | (793) | (1,461) | (49) | (342) | (2,645) |
| Segment profit before central overhead allocation (excluding exceptional items) | 6,795 | 2,619 | 2,311 | (5,045) | 6,680 |
| Allocation of central overheads | (1,210) | (1,004) | (67) | 2,281 | - |
| Segment profit after central overhead allocation (excluding exceptional items) | 5,585 | 1,615 | 2,244 | (2,764) | 6,680 |
| Net finance costs | | | | | (1,369) |
| Exceptional items | | | | | (1,377) |
| Profit before income tax | | | | | 3,934 |
| Total segment assets | 64,407 | 34,475 | 29,670 | 9,648 | 138,200 |
| Total segment equity & liabilities | 64,407 | 34,475 | 29,670 | 9,648 | 138,200 |

7. Segmental analysis (continued)

Measurement of operating segment profit or loss (continued)

| | Freight Forwarding 2019 £'000 | Logistics & Warehousing 2019 £'000 | Affinity 2019 £'000 | Overheads 2019 £'000 | Total 2019 £'000 |
|--|--|---|---------------------------|----------------------------|------------------------|
| Gross billings | 159,588 | 48,239 | 142,294 | - | 350,121 |
| Less recoverable disbursements | - | - | (136,127) | - | (136,127) |
| Total revenue | 159,588 | 48,239 | 6,167 | - | 213,994 |
| Inter-segmental revenue | - | (747) | - | - | (747) |
| Total revenue from external customers | 159,588 | 47,492 | 6,167 | - | 213,247 |
| Depreciation & amortisation (excluding right-of-use asset depreciation) | (1,326) | (1,149) | (45) | (102) | (2,622) |
| Segment profit before central overhead allocation (excluding exceptional items) | 3,447 | 2,889 | 2,534 | (4,186) | 4,684 |
| Allocation of central overheads | (1,120) | (301) | (47) | 1,468 | - |
| Segment profit after central overhead allocation (excluding exceptional items) | 2,327 | 2,588 | 2,487 | (2,718) | 4,684 |
| Share of loss of equity accounted associate | | | | | (60) |
| Net finance costs | | | | | (1,593) |
| Exceptional items | | | | | (856) |
| Profit before income tax | | | | | 2,175 |
| Total segment assets | 57,002 | 36,502 | 29,810 | 5,550 | 128,864 |
| Total segment equity & liabilities | 57,002 | 36,502 | 29,810 | 5,550 | 128,864 |

8. Net finance costs

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Finance income: | | |
| Deposit account interest | 43 | 29 |
| Interest receivable on Benfleet vendor income | 52 | 52 |
| Total finance income | 95 | 81 |
| Finance costs: | | |
| Unwind of discount on deferred consideration | 140 | 346 |
| Bank loan & confidential invoicing discount interest | 324 | 319 |
| Right-of-use asset interest | 1,000 | 1,009 |
| | 1,464 | 1,674 |
| Net finance costs | 1,369 | 1,593 |

9. Income tax

Analysis of tax expense

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Current tax: | | |
| Tax on profits for the year | 1,748 | 1,130 |
| Adjustments in respect of prior periods | (16) | (25) |
| Total current tax payable | 1,732 | 1,105 |
| Deferred tax credit | (858) | (233) |
| Total tax expense in consolidated statement of profit or loss | 874 | 872 |

The reconciling items for the difference between the actual tax charge for the year and the standard rate of corporation tax in UK (the ultimate parent company's tax residency) applied to profits for the year are as follows:

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Profit before tax | 3,934 | 2,175 |
| UK tax charge at 19% | 57 | - |
| Overseas tax charge | 1,460 | 406 |
| Expenses not deductible for tax purposes | 116 | 171 |
| Movement in deferred tax | (639) | 326 |
| Adjustment in respect of prior periods | (16) | (25) |
| Other | (104) | (6) |
| Total tax expense | 874 | 872 |

Deferred Tax

| | 2020 £'000 | 2019 £'000 |
|---|----------------|----------------|
| Assets – Arising from Trading losses | | |
| Balance as at 1 January | 210 | 225 |
| Movement in the year as a result of trading | 497 | (15) |
| Balance as at 31 December | 707 | 210 |
| Liabilities | | |
| Balance as at 1 January | (1,968) | (2,204) |
| Recognised on the acquisition of subsidiaries (note 30) | (90) | - |
| Release to income statements | 361 | 248 |
| Movement in foreign exchange | - | (12) |
| Balance as at 31 December | (1,697) | (1,968) |

The deferred tax asset relates to losses carried forward at the rate of tax in the relevant jurisdiction.

During the year, the Group recognised a deferred tax asset of £497,000 based on UK profits as forecast in the budget period between 2021 and 2023.

In addition, the Group has potential deferred tax assets for trading losses totalling £1,252,000 (2019: £1,257,000) arising from certain subsidiaries across the Group. These assets have not been recognised due to insufficient certainty that the suitable profits will be generated in the foreseeable future.

The deferred tax liabilities relate to liabilities arising as part of the Group's acquisitions.

10. Earnings Per Share

| | 2020 '000 | 2019 '000 |
|---|----------------|----------------|
| Basic weighted average number of shares | 138,889 | 135,147 |
| Potentially dilutive share options | 55 | 698 |
| Diluted weighted average number of shares | 138,944 | 135,845 |
| | £'000 | £'000 |
| Profit for the year attributable to owners of the parent company | 2,031 | 810 |
| Earnings pence per share - basic | 1.46 | 0.60 |
| Earnings pence per share - diluted | 1.46 | 0.60 |
| Profit for the year attributable to owners of the parent company | 2,031 | 810 |
| Exceptional items (note 27) | 1,377 | 856 |
| Amortisation of intangible assets arising from acquisitions (note 12) | 1,464 | 1,407 |
| Unwind of discount in deferred consideration (note 8) | 140 | 346 |
| Additional interest charge due to IFRS16 accounting standard change | 376 | 419 |
| Add back of discount on deferred consideration (note 8) | (52) | (52) |
| Profit for the year attributable to owners of the parent company excluding exceptional items | 5,336 | 3,786 |
| Earnings pence per share – basic excluding exceptional items | 3.84 | 2.80 |
| Earnings pence per share – diluted excluding exceptional items | 3.84 | 2.79 |

11. Dividends

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Final dividend of 1.05p (2019: 1.05p) per ordinary share | 1,487 | 1,430 |
| Interim dividend of 0.45p (2019: 0.28p) per ordinary share | 636 | 381 |

Subject to approval by shareholders, the Group will propose a dividend to shareholders on the register at the close of business on 11 June 2021.

The final dividend for 2019 was made by scrip issue of shares.

12. Intangible Assets

Group

| COST | Licences £'000 | Goodwill £'000 | Customer Related £'000 | Technology Related £'000 | Total £'000 |
|--|-------------------|-------------------|------------------------------|--------------------------------|----------------|
| At 1 January 2020 | 3,248 | 14,166 | 12,057 | 510 | 29,981 |
| Additions | 489 | - | - | - | 489 |
| Acquired through business combinations | - | 221 | 424 | - | 645 |
| Disposals | (579) | (227) | (223) | - | (1,029) |
| Exchange differences | 76 | - | - | - | 76 |
| At 31 December 2020 | 3,234 | 14,160 | 12,258 | 510 | 30,162 |
| AMORTISATION | | | | | |
| At 1 January 2020 | 660 | 1,845 | 2,620 | 150 | 5,275 |
| Charge for the year | 266 | - | 1,362 | 102 | 1,730 |
| Disposals | (182) | - | (111) | - | (293) |
| Exchange differences | 7 | - | - | - | 7 |
| At 31 December 2020 | 751 | 1,845 | 3,871 | 252 | 6,719 |
| NET BOOK VALUE | | | | | |
| At 31 December 2020 | 2,483 | 12,315 | 8,387 | 258 | 23,443 |
| At 1 January 2020 | 2,588 | 12,321 | 9,437 | 360 | 24,706 |

| COST | Licences £'000 | Goodwill £'000 | Customer Related £'000 | Technology Related £'000 | Total £'000 |
|----------------------------|-------------------|-------------------|------------------------------|--------------------------------|----------------|
| At 1 January 2019 | 2,871 | 13,176 | 12,057 | 510 | 28,614 |
| Additions | 498 | - | - | - | 498 |
| Fair value adjustments | - | 990 | - | - | 990 |
| Disposals | (26) | - | - | - | (26) |
| Exchange differences | (95) | - | - | - | (95) |
| At 31 December 2019 | 3,248 | 14,166 | 12,057 | 510 | 29,981 |
| AMORTISATION | | | | | |
| At 1 January 2019 | 498 | 1,845 | 1,315 | 48 | 3,706 |
| Charge for the year | 180 | - | 1,305 | 102 | 1,587 |
| Disposals | (1) | - | - | - | (1) |
| Exchange differences | (17) | - | - | - | (17) |
| At 31 December 2019 | 660 | 1,845 | 2,620 | 150 | 5,275 |
| NET BOOK VALUE | | | | | |
| At 31 December 2019 | 2,588 | 12,321 | 9,437 | 360 | 24,706 |
| At 1 January 2019 | 2,373 | 11,331 | 10,742 | 462 | 24,908 |

The goodwill included in the above note, relates to acquisition of Pallet Express Srl in January 2016, Easy Managed Transport Limited in March 2017, Benfleet Forwarding Limited in October 2017, Regional Express Limited in November 2017, Anglia Forwarding Group Limited in June 2018, Import Services Limited in July 2018, International Cargo Centre Limited in April 2020 and Nidd Transport Limited in October 2020.

The Group disposed of its goodwill and customer related intangible asset in UK Buy on 31 December 2020.

12. Intangible Assets (continued)

Annual test for impairment

The Group carries out its impairment tests annually in November as part of the budget process and all newly acquired entities are also reviewed for impairment at the reporting date.

Upon acquisition the goodwill and other intangibles are calculated at Cash Generating Unit ("CGU") level, these are then measured based on forecast cash flow projections, the first year of which is based on the CGU's current annual financial budget which has been approved by the board. During the current year, the Directors have reviewed the CGU's to bring this in line with the integration of the Freight Forwarding and Logistics businesses, as well as the internal reporting of these businesses. As a result, the Anglia Forwarding Group Limited, International Cargo Centre Limited and Benfleet Forwarding Limited business will now be assessed as one CGU (collectively known as Delamode International Logistics Limited), whilst Import Services Limited and Easy Managed Transport Limited will also be assessed as one CGU (collectively known as Delamode International Logistics Limited). The cash flow projections for years two to five have been derived based on growth rates that are considered to be in line with the market expectations.

The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

In determining the future free cash flow, the main drivers have been revenue and Earnings Before Interest and Tax ("EBIT") margins, with margins remaining at expected levels.

The directors have reviewed the future profit and cash flow forecasts for the next five years and applying a discount rate of between 12.0%-14.0% to the cash flow projections when determining the net present value of these cash flows, it believes there is sufficient headroom in the value of the business to not have to impair the goodwill.

Key assumptions used in the impairment calculations are as follows:

| Entity | Impairment WACC % | Short term Revenue Growth Rate % | Long Term Revenue Growth Rates |
|----------------------------|-------------------|----------------------------------|--------------------------------|
| Pallet Express Srl | 12.0 | 6.8 to 17.9 | 3.0 |
| Delamode Logistics Limited | 13.1 | 8.1 to 17.2 | 3.0 |
| Delamode Anglia Limited | 13.1 | 3.1 to 15.0 | 2.5 |
| Regional Express Limited | 13.2 | 10.0 to 30.0 | 3.0 |
| Nidd Transport Limited | 14.0 | 2.0 to 3.0 | 3.0 |

The WACC of the Group has been calculated at a rate of between 12.0%-14.0% with each CGU being adjusted to take into consideration a specific Company premium risk factor.

The short term rate growth for each CGU looks into a number of factors including the expected new business or the loss of existing business. These growth rates are based on the internal three year plans submitted by local management and reviewed through a thorough board process during the annual budget cycle.

Sensitivity to changes in key assumptions

The Group has conducted sensitivity analysis on the impairment test of the CGU's classified within continuing operations. The directors believe that there is sufficient headroom in the value of the business to not have to impair the goodwill so accordingly, no impairment provision was recognised in the year (2019 - £nil).

13. Property, plant and equipment

| Group | Freehold property £'000 | Fixtures and fittings £'000 | Motor vehicles £'000 | Computer equipment £'000 | Totals £'000 |
|--|----------------------------|--------------------------------|-------------------------|-----------------------------|-----------------|
| COST | | | | | |
| At 1 January 2020 | 269 | 2,330 | 759 | 2,335 | 5,693 |
| Additions | 20 | 280 | 145 | 415 | 860 |
| Additions acquired with subsidiary | 2,104 | 61 | 107 | 58 | 2,330 |
| Disposals | (2,104) | (36) | (9) | (92) | (2,241) |
| Exchange differences | (31) | 31 | 22 | 29 | 51 |
| At 31 December 2020 | 258 | 2,666 | 1,024 | 2,745 | 6,693 |
| DEPRECIATION | | | | | |
| At 1 January 2020 | 60 | 1,078 | 594 | 1,445 | 3,177 |
| Charge for year | 38 | 405 | 77 | 395 | 915 |
| Eliminated on disposal | - | (36) | (9) | (92) | (137) |
| Exchange differences | (1) | 15 | 9 | 19 | 42 |
| At 31 December 2020 | 97 | 1,462 | 671 | 1,767 | 3,997 |
| NET BOOK VALUE | | | | | |
| At 31 December 2020 | 161 | 1,204 | 353 | 978 | 2,696 |
| At 1 January 2020 | 209 | 1,252 | 165 | 890 | 2,516 |
| At 31 December 2019 | | | | | |
| Group | Freehold property £'000 | Fixtures and fittings £'000 | Motor vehicles £'000 | Computer equipment £'000 | Totals £'000 |
| COST | | | | | |
| At 1 January 2019 | 204 | 1,895 | 895 | 1,919 | 4,913 |
| Adjustment for change in accounting policy for IFRS 16 | - | - | (100) | - | (100) |
| Restated opening balance | 204 | 1,895 | 795 | 1,919 | 4,813 |
| Additions | 75 | 707 | 80 | 459 | 1,321 |
| Disposals | - | (218) | (88) | (60) | (366) |
| Exchange differences | (10) | (54) | (28) | 17 | (75) |
| At 31 December 2019 | 269 | 2,330 | 759 | 2,335 | 5,693 |
| DEPRECIATION | | | | | |
| At 1 January 2019 | 22 | 771 | 567 | 1,198 | 2,558 |
| Charge for year | 38 | 536 | 131 | 330 | 1,035 |
| Eliminated on disposal | - | (215) | (85) | (60) | (360) |
| Exchange differences | - | (14) | (19) | (23) | (56) |
| At 31 December 2019 | 60 | 1,078 | 594 | 1,445 | 3,177 |
| NET BOOK VALUE | | | | | |
| At 31 December 2019 | 209 | 1,252 | 165 | 890 | 2,516 |
| At 1 January 2019 | 182 | 1,124 | 328 | 721 | 2,355 |

14. Subsidiaries

The subsidiaries of Xpediator Plc, all of which have been included in these combined financial statements, are as follows:

| Name | Registered Office | Country of incorporation | Proportion of ownership interest 2020 | Proportion of ownership interest 2019 |
|------------------------------------|-------------------|--------------------------|---------------------------------------|---------------------------------------|
| Delamode Holdings Ltd | 1 | United Kingdom | 100% | 100% |
| Delamode Distribution UK Ltd | 1 | United Kingdom | 51% | 51% |
| Delamode Plc | 1 | United Kingdom | 100% | 100% |
| Delamode Property Ltd | 1 | United Kingdom | 100% | 100% |
| Xpediator Services Limited | 1 | United Kingdom | 100% | 100% |
| Easy Managed Transport Limited | 1 | United Kingdom | 100% | 100% |
| Benfleet Forwarding Limited | 1 | United Kingdom | 100% | 100% |
| Regional Express Limited | 1 | United Kingdom | 100% | 100% |
| Import Services Limited | 1 | United Kingdom | 100% | 100% |
| Anglia Forwarding Group Limited | 1 | United Kingdom | 100% | 100% |
| Anglia Forwarding Limited | 1 | United Kingdom | 100% | 100% |
| Traker International Limited | 1 | United Kingdom | 100% | 100% |
| Nidd Transport Limited | 1 | United Kingdom | 100% | - |
| International Cargo Centre Limited | 1 | United Kingdom | 100% | 40% |
| Affinity Transport Solutions Srl | 2 | Romania | 100% | 100% |
| Delamode Moldova Srl | 3 | Moldova | 100% | 100% |
| Delamode Bulgaria OOD | 4 | Bulgaria | 90% | 90% |
| Delamode Balkans DOO | 5 | Serbia | 100% | 100% |
| Affinity Balkans DOO | 6 | Montenegro | 100% | 100% |
| Delamode Macedonia | 7 | Macedonia | 100% | 100% |
| Delamode Baltics UAB | 8 | Lithuania | 80% | 80% |
| Delamode Estonia OÜ | 9 | Estonia | 80% | 80% |
| Delamode Romania Srl | 2 | Romania | 100% | 100% |
| Affinity Leasing IFN | 2 | Romania | 99.95% | 99.95% |
| Delamode Group Limited | 10 | Malta | 100% | 100% |
| Delamode Group Holdings Limited | 10 | Malta | 100% | 100% |
| Pallet Express Srl | 11 | Romania | 100% | 100% |
| Pallex Hungary | 12 | Hungary | 100% | 100% |
| Regional Express Gmbh | 13 | Germany | 100% | 100% |
| EshopWeDrop Limited | 1 | United Kingdom | - | 100% |
| EshopweWeDrop.com Holdings | 10 | Malta | - | 100% |
| EshopweWeDrop Baltics | 8 | Lithuania | - | 100% |
| EshopweWeDrop Romania | 2 | Romania | - | 100% |

Delamode Group Holdings Limited, Easy Managed Transport Limited, Benfleet Forwarding Limited, Regional Express Limited, Import Services Limited, Anglia Group Forwarding Limited and Nidd Transport Limited are the only Subsidiaries held directly by Xpediator Plc.

1 700 Avenue West, Skyline 120, Braintree, Essex, CM77 7AA, United Kingdom

2 Bd. Timisoara, nr 111-115 Sector 6, Bucharest, 061327, Romania

3 Bd. Moscova 21/5 of. 1011 MD-2068, Chisinau, Republic of Moldova

4 361 Tsarigradsko Shose Boulevard, 1582, Sofia, Bulgaria

5 Bulevar Oslobođenja 113, 11010 Vozdovac, Belgrade, Serbia

6 Dzordza, Vasingtona 51/43, Podgorica, 81000, Montenegro

7 Stefan Jakimov Dedov 14/11, 1000 Skopje, Macedonia

8 Eiguliu G, 2 03150, Vilnius, Lithuania

9 Parnu mnt. 139/C-1 11317, Tallinn, Estonia

14. Subsidiaries (continued)

- 10 Europa Business Centre, Level 3 – Suite 701, Dun Karn Street Birkirkara BKR 9034, Malta
 11 Stefan cel Mare street, no. 193, Sibiu, 550321, Romania
 12 1141 Budapest Szuglo utcs 82, Hungary
 13 Darmstadter Landstrasse 116, Frankfurt, 60598, Germany

On 1 January 2020, the Group obtained operational and management control of International Cargo Centre Limited and as a result this has been accounted for as a business Combination on 1 January 2020 under the definition of IFRS 3 “Business Combinations.

The following companies are entitled to exemption from audit under Section 479A of the UK Companies Act 2006 relating to subsidiary companies:

| Company | Registration |
|------------------------------------|--------------|
| Delamode Property Limited | 06895332 |
| Traker International Limited | 02068943 |
| International Cargo Centre Limited | 02932640 |
| Xpediator Services Limited | 09724594 |

15. Non-controlling interests

Non-controlling interests (“NCI”) held in the Group are as follows:

| | 2020 | 2019 |
|----------------------------------|-------|-------|
| Delamode Baltics UAB | 20.0% | 20.0% |
| Delamode Estonia OÜ | 20.0% | 20.0% |
| Delamode Bulgaria EOOD | 10.0% | 10.0% |
| Affinity Leasing IFN | 0.05% | 0.05% |
| Delamode Distribution UK Limited | 49.0% | 49.0% |

The summarised financial information in relation to Delamode Bulgaria and Delamode Baltics before intra-Group eliminations, is presented below together with amounts attributable to NCI:

| | Delamode Bulgaria £'000 | Delamode Baltics UAB £'000 |
|--|--|---|
| Share capital | 1 | 6 |
| Reserves | 170 | 581 |
| Total NCI c/f 2019 | 171 | 587 |
| | Delamode Bulgaria £'000 | Delamode Baltics UAB £'000 |
| Total NCI b/f 2020 | 171 | 587 |
| Non-controlling interest in results for the year | 96 | 695 |
| Non-controlling interest in dividends for the year | (117) | (377) |
| Non-controlling interest in translation adjustment on opening reserves | 9 | 7 |
| Non-controlling interest in translation adjustment on results for the year | 2 | 32 |
| Total NCI c/f 2020 | 161 | 944 |

15. Non-controlling interests (continued)

| | Delamode Bulgaria | | Delamode Baltics UAB | |
|---|-------------------|---------------|----------------------|---------------|
| | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Revenue | 26,276 | 22,467 | 65,685 | 56,735 |
| Cost of sales | (23,215) | (19,801) | (56,208) | (49,718) |
| Gross profit | 3,061 | 2,666 | 9,477 | 7,017 |
| Administrative expenses | (2,022) | (1,823) | (5,602) | (5,224) |
| Other income | 46 | 25 | 173 | 105 |
| Operating profit | 1,085 | 868 | 4,048 | 1,898 |
| Finance costs | (18) | (20) | 48 | (16) |
| Profit before tax | 1,067 | 848 | 4,096 | 1,882 |
| Tax expense | (106) | (86) | (622) | (285) |
| Profit after tax | 961 | 762 | 3,474 | 1,597 |
| Profit after tax attributable to non-controlling interests | 96 | 76 | 695 | 319 |

| For the period to 31 December 2020 | Delamode Bulgaria | | Delamode Baltics UAB | |
|--|-------------------|---------------|----------------------|---------------|
| | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Assets: | | | | |
| Non-current trade and receivables | 13 | 10 | 927 | 185 |
| Property plant and equipment | 782 | 985 | 131 | 50 |
| Inventories | 9 | 10 | - | 42 |
| Trade and other debtors | 4,932 | 4,706 | 11,657 | 8,977 |
| Cash and cash equivalents | 1,156 | 904 | 2,336 | 1,632 |
| | 6,892 | 6,615 | 15,051 | 10,886 |
| Liabilities: | | | | |
| Trade and other payables | 5,282 | 3,990 | 10,329 | 7,952 |
| Loans and other borrowings | - | 914 | - | - |
| | 5,282 | 4,904 | 10,329 | 7,952 |
| Total net assets | 1,610 | 1,711 | 4,722 | 2,934 |
| Accumulated non-controlling interests | 161 | 171 | 944 | 587 |

The NCI of all the other shareholders, that are not 100% owned by the Group are considered to be immaterial.

16. Investments

| COST | Other Investment £'000 | Associate Investment £'000 | Total Investment £'000 |
|---|------------------------------|----------------------------------|------------------------------|
| At 1 January 2020 & 31 December 2020 | 1 | - | 1 |
| COST | | | |
| At 1 January 2019 | 1 | 60 | 61 |
| Performance of investment | - | (60) | (60) |
| At 31 December 2019 | 1 | - | 1 |
| NET BOOK VALUE | | | |
| At 31 December 2019 | 1 | - | 1 |

Investments represent investments in shares in unlisted companies.

16. Investments (continued)

International Cargo Centre Limited

On 1 January 2020, the Group obtained operational and management control of International Cargo Centre Limited and as a result this has been accounted for as a business Combination on 1 January 2020 under the definition of IFRS 3 "Business Combinations. The Group owned 40% of ICC, it was accounting as an associate investment until 31 December 2019.

17. Trade and other receivables

| Group | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Current: | | |
| Trade receivables | 58,008 | 53,625 |
| Less: provision for impairment of trade receivables | (2,976) | (2,465) |
| | 55,032 | 51,160 |
| Current financial assets | 3,624 | 2,689 |
| Prepayments and contract assets | 3,987 | 2,933 |
| Other receivables | 4,080 | 4,145 |
| Total | 66,723 | 60,927 |
| Non-Current | | |
| Trade and other receivables | 252 | 1,050 |

Current financial assets relate to the security deposits held by DKV on behalf of the Group which are refundable on termination of the agreement which can be served giving three months' notice hence they are classed as current assets.

Included within trade debtors is a balance due from Simplu Romania of £92,000 (2019 - £232,000). This debt is guaranteed by the Directors of Delamode Holdings BV (which include Stephen Blyth and Shaun Godfrey), who are a related party to the Xpediator Group.

Included within other receivables due within one year is an amount due of £1,782,000 (2019 - £1,207,000) from the Vendors of Benfleet Forwarding Limited. In addition, there is a further £nil (2019 - £599,000) included in trade and other receivables due in more than one year.

Included within other receivables due within one year is an amount due of £48,000 (2019 - £nil) due from Inert Logistics LLP following the acquisition of the EshopWedrop Business. In addition, there is a further £252,000 (2019 - £nil) included in trade and other receivables due in more than one year.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced. The historical loss rates are then adjusted to reflect current and forward-looking information, any known legal and specific economic factors, including the credit worthiness and ability of the customer to settle the receivable.

The movements in the impairment allowance for trade receivables are as follows:

| Group | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| At 1 January | 2,465 | 2,896 |
| Increase during the year | 853 | 1,052 |
| Impairment losses reversed | 20 | (216) |
| Receivable written off during the year as uncollectible | (362) | (1,267) |
| At 31 December | 2,976 | 2,465 |

17. Trade and other receivables (continued)

At 31 December 2020, the lifetime expected loss provision for trade receivables and contract assets is as follows:

| | Current £'000 | More than 30 Days Past Due £'000 | More than 60 Days Past Due £'000 | More than 90 Days Past Due £'000 | Total £'000 |
|-----------------------|------------------|---|---|---|----------------|
| Expected loss rate | 0.8% | 1.9% | 10.5% | 63.1% | |
| Gross carrying amount | 52,220 | 2,576 | 714 | 3,833 | 59,343 |
| Loss provision | 434 | 49 | 75 | 2,418 | 2,976 |

18. Trade and other payables

| Group | 2020 £'000 | 2019 £'000 |
|---------------------------------------|---------------|---------------|
| Current: | | |
| Trade and other payables | 55,557 | 51,197 |
| Amounts owed to related parties | 97 | 20 |
| Social security and other taxes | 3,283 | 2,410 |
| Other creditors | 3,277 | 3,249 |
| Deferred Consideration | - | 4,607 |
| Accruals | 2,614 | 1,703 |
| Total Trade and other payables | 64,828 | 63,186 |
| Non-current | | |
| Trade and other payables | 132 | 101 |

The deferred consideration of £nil (2019 - £4,607,000) due within one year relates to the deferred consideration on the acquisitions of Import Services Limited, Regional Express Limited and Anglia Forwarding Group Limited. Of this balance, £nil (2019 - £nil) is contingent on performance related criteria.

19. Bank and other loans

| Group | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Current: | | |
| Bank loans | 334 | 341 |
| Confidential invoice discounting facility | 3,732 | 2,382 |
| | 4,066 | 2,723 |
| Non-current: | | |
| Loans - 1-2 years | 351 | 365 |
| Loans - 2-5 years | 1,159 | 1,107 |
| Loans due after 5 years repayable by instalments | 386 | 803 |
| | 1,896 | 2,275 |

The Lloyds bank loan due after 5 years is due to be repaid by November 2026. Interest is being charged on this Lloyds bank loan at both a fixed rate of 6.4% and a variable rate of 1.1% above the Bank of England base rate.

19. Bank and other loans (continued)

The Lloyds bank loan is partially guaranteed by the personal assets of some of the Directors and Key Management of the Group. The book value and fair value of loans and borrowings are as follows:

| | 2020 £'000 | 2019 £'000 |
|-----------------------------------|---------------|---------------|
| Non-Current | | |
| Bank borrowings and others | | |
| - Secured | 1,896 | 2,275 |
| Current | | |
| Bank borrowings and others | | |
| - Secured | 4,066 | 2,696 |
| - Unsecured | - | 27 |
| | 4,066 | 2,723 |
| Total loans and borrowings | 5,962 | 4,998 |
| Sterling | 5,962 | 4,971 |
| Other | - | 27 |
| Total | 5,962 | 4,998 |

Bank borrowings and overdrafts are secured by a fixed and floating charge over the Group's assets.

The movements in the bank and other loans are as follows:

| Group | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| At 1 January | 4,998 | 6,400 |
| New borrowings in the year | 1,350 | - |
| Change of accounting treatment of finance leases following the adoption of IFRS 16 | - | (185) |
| Borrowings repaid during the year | (386) | (1,217) |
| At 31 December | 5,962 | 4,998 |

20. Provisions

Other provisions relate to an assessment of dilapidation of leasehold properties. In each instance, management have undertaken surveys to understand the work required to bring the leasehold properties back to their original condition. All of these provisions are due to be settled in more than one year.

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Balance at 1 January | 1,674 | 1,523 |
| Additions during the year | 402 | 151 |
| Additions acquired from acquisitions - Nidd Transport Limited | 77 | - |
| Balance at 31 December | 2,153 | 1,674 |

21. Financial instruments - risk management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk.

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Fixed rate bank loans
- Bank loan
- Right of use assets and lease liabilities

Financial instruments by category:

Financial assets at amortised costs

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Cash and cash equivalents | 12,720 | 11,951 |
| Trade and other receivables | 62,988 | 59,044 |
| Total financial assets at amortised costs | 75,708 | 70,995 |

Financial Liabilities

| | Fair value through profit and loss | | Loans and other payables | |
|--------------------------------------|------------------------------------|---------------|--------------------------|---------------|
| | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Trade and other payables | - | - | 61,677 | 56,270 |
| Bank loans and Invoice discounting | - | - | 5,962 | 4,998 |
| Right-of-use asset lease liabilities | - | - | 32,240 | 27,927 |
| Deferred consideration | - | 666 | - | 3,941 |
| Total financial liabilities | - | 666 | 99,879 | 93,136 |

21. Financial instruments - risk management (continued)

Financial instruments not measured at fair value

These include cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk) credit risk and liquidity risk. The financial risks relate to the following financial instruments: cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. The accounting policies with respect to these financial instruments are described above.

Risk management is carried out by the directors under policies, where they identify and evaluate financial risks in close co-operation with the Group's operating units. The directors provide principles for overall risk management.

The reports on the risk management are produced periodically to the key management personnel of the Group.

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, the most suitable bank in the local territory is selected.

A significant amount of cash is held with the following institutions:

| | 2020* Rating | 2020 £'000 | 2019 £'000 |
|---|-----------------|---------------|---------------|
| Cash at bank | | | |
| Barclays Bank plc | BBB+ | 1,881 | 2,528 |
| Lloyds Bank plc | BBB+ | 2,234 | 786 |
| Raiffeisen Bank AG | A- | 3,969 | 4,110 |
| NatWest group plc | BBB | 410 | 391 |
| Swedbank | A+ | 939 | 1,344 |
| HSBC | A- | 619 | 56 |
| Bank of Transylvania | BB | 193 | 470 |
| Unicredit Bullbank | BBB | 431 | 60 |
| Hipotekarna Bank | NA | - | 197 |
| Erste Bank | BBB+ | 182 | - |
| Luminor Bank AB | A+ | 1,142 | - |
| Other | | 720 | 819 |
| Total | | 12,720 | 10,761 |
| * Based on Standard & Poor Rating | | | |
| Short term deposits | | | |
| Lloyds Bank | BBB+ | 1,757 | 1,190 |
| Reconciliation of cash in bank and deposits to balance sheet | | | |
| Cash at bank | | 10,963 | 10,761 |
| Short term deposits | | 1,757 | 1,190 |
| Total | | 12,720 | 11,951 |

21. Financial instruments - risk management (continued)

Financial instruments not measured at fair value (continued)

(b) Market risk

(i) Price risk

Certain aspects of the commercial terms relating to the Affinity division are, directly linked to the commodity costs of fuel purchased by their clients at roadside fuelling stations across Europe. As such there is a risk arising from price changes relating to the fuel prices offered at the respective fuelling stations. In order to manage this risk the Group partially hedges the way it charges its commissions.

The table below shows the sensitivity analysis to possible changes in fuel prices to which the Group is exposed at the end of each year, with all other variables remaining constant. This arises due to the commercial arrangements the Affinity division has with its clients, whereby it will generate income in the form of commissions based on the value of fuel purchased by its clients.

| Petrol price risk effect on net profit sensitivity analysis: | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Price increased by 10% | 150 | 179 |
| Price decreased by 10% | (150) | (179) |

The Group is exposed to the market risk with respect to its operating income which is subject to changes in performance, exchange fluctuations and other market influences both economic and political. The directors manage this risk by reviewing on a regular basis market fluctuation arising on the Group's activities.

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The risk associated with interest-bearing debts is mitigated by utilising a mix of fixed and variable interest rate loans, as well as a Confidential Invoice Discounting Facility ("CID").

| Interest rate risk effect on net profit sensitivity analysis: | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Interest rates increased by 0.25% | (15) | (13) |
| Interest rates decreased by 0.25% | 15 | 13 |

The Group's cash flow and fair value interest rate risk is periodically monitored by the directors. The cash flow and fair value risk policy is approved by the directors.

Receivables and trade and other payables are interest free and have settlement dates within one year.

A sensitivity analysis is normally based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated – for example, change in exchange rates and change in market values.

(iii) Foreign exchange risk

Foreign exchange risk arises because the Group has operations located in various parts of the world whose functional currency is not the same as the presentational currency of the Group. Foreign exchange risk also arises when individual companies enter into transactions denominated in a currency other than their functional currency. Certain assets of the Group comprise amounts denominated in foreign currencies. Similarly, the Group has financial liabilities denominated in foreign currency. In general, the Group seeks to maintain the financial assets and financial liabilities in each of the foreign currencies at a reasonably comparable level, thereby providing a natural hedge against foreign exchange risk.

| | GBP £'000 | Euro £'000 | RON £'000 | MLD LEU £'000 | BGN LEV £'000 | RSD Dinar £'000 | HUF Forints £'000 | MKD Denar £'000 | Total £'000 |
|----------------------------|--------------|---------------|--------------|---------------------|---------------------|-----------------------|-------------------------|-----------------------|----------------|
| At 31 December 2020 | | | | | | | | | |
| Financial assets | 25,057 | 36,010 | 7,136 | 122 | 5,571 | 1,618 | 2 | 192 | 75,708 |
| Financial liabilities | 43,448 | 45,687 | 4,071 | 35 | 4,909 | 1,602 | 1 | 126 | 99,879 |
| At 31 December 2019 | | | | | | | | | |
| Financial assets | 22,799 | 33,989 | 7,288 | 73 | 5,325 | 1,348 | 2 | 171 | 70,995 |
| Financial liabilities | 42,247 | 40,801 | 3,853 | 26 | 4,635 | 1,409 | - | 165 | 93,136 |

21. Financial instruments - risk management (continued)

Financial instruments not measured at fair value (continued)

(iii) Foreign exchange risk (continued)

An analysis of the Group's exposure to foreign exchange risk, illustrating the impact on the net financial assets of a 10% movement in each of the key currencies to which the Group is exposed, is shown below

| Foreign currency risk sensitivity analysis: | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Euro | | |
| Strengthened by 10% | (968) | 22 |
| Weakened by 10% | 968 | (22) |
| Romanian Lei | | |
| Strengthened by 10% | 307 | 344 |
| Weakened by 10% | (307) | (344) |
| Moldavian Leu | | |
| Strengthened by 10% | 9 | 5 |
| Weakened by 10% | (9) | (5) |
| Serbian Dinar | | |
| Strengthened by 10% | 2 | (6) |
| Weakened by 10% | (2) | 6 |
| Bulgarian Lev | | |
| Strengthened by 10% | 66 | 157 |
| Weakened by 10% | (66) | (157) |
| Macedonian Denar | | |
| Strengthened by 10% | 7 | 1 |
| Weakened by 10% | (7) | (1) |

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash flow for operations. The Group manages its' risk to shortage of funds by monitoring forecast and actual cash flows.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

| | Up to 12 months £'000 | Between 1 and 2 years £'000 | Between 2 and 5 years £'000 | Over 5 years £'000 |
|----------------------------------|-----------------------------|--------------------------------------|--------------------------------------|--------------------------|
| At 31 December 2020 | | | | |
| Trade and other payables | 61,545 | 132 | - | - |
| Bank loans & invoice discounting | 4,066 | 351 | 1,159 | 386 |
| Lease liabilities | 8,344 | 7,717 | 14,113 | 7,357 |
| Total | 73,995 | 8,200 | 15,272 | 7,743 |
| At 31 December 2019 | | | | |
| Trade and other payables | 56,270 | - | - | - |
| Bank loans & invoice discounting | 2,723 | 365 | 1,107 | 803 |
| Lease liabilities | 7,050 | 6,246 | 13,417 | 3,702 |
| Deferred consideration | 4,607 | - | - | - |
| Total | 70,650 | 6,611 | 14,524 | 4,505 |

22. Called up share capital

| Ordinary Shares of £0.05 each | 2020 Number | 2020 £'000 | 2019 Number | 2019 £'000 |
|--------------------------------------|--------------------|---------------|--------------------|---------------|
| At the beginning of the year | 136,084,224 | 6,804 | 133,713,604 | 6,686 |
| Issued during the year | 5,548,951 | 278 | 2,370,620 | 118 |
| At the end of the year | 141,633,175 | 7,082 | 136,084,224 | 6,804 |
| 50,000 deferred shares of £1.00 each | 50,000 | 50 | 50,000 | 50 |
| At the end of the year | 141,683,175 | 7,132 | 136,134,224 | 6,854 |

Shares Issued

On 30 June 2020, the Company issued 5,548,951 shares as part of a scrip dividend. The Scrip Dividend reference price of £0.2575 was calculated as the average of the Company's closing middle market price, as derived from the London Stock Exchange's Daily Official List, for the five consecutive business days commencing from the first day the ordinary shares are quoted as trading ex-dividend, being 12 June 2020.

On 16 May 2019, the Company issued 1,655,876 shares to the former owners of Easy Managed Transport Limited ("EMT") as part of the payment of the deferred consideration relating to the acquisition of the entire equity of EMT in 2017. The total value of this transaction was £831,250 which was settled by the issuance of new shares.

In 22 May 2019 Alex Borrelli and Geoff Gillo exercised their share options. As a result of exercising these options, the Company issued shares of 416,667 to Alex Borrelli and shares of 208,333 to Geoff Gillo at an option price of £0.24 per share. The market value of the shares issued to Alex Borrelli when exercised was £210,000, resulting in a gain of £110,000. The market value of shares issued to Geoff Gillo when exercised was £105,000, resulting in a gain of £55,000.

On 5 December 2019, the Company issued 89,744 new ordinary shares of £0.05 each as part of the agreed deferred consideration for the acquisition of Regional Express Limited. The total value of this transaction was £35,000 which was settled by the issuance of the new shares.

23. Reserve description and purpose

Retained earnings: All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Translation reserve: represents the difference arising on the translation of the net assets and results of subsidiaries into the presentation currency.

Merger Reserves: represents the difference between the nominal value of consideration paid for shares acquired in entities under common control and the nominal value of those shares. This arises as a result of the business combination falling outside the scope of IFRS 3 and merger accounting being applied in place of acquisition accounting. In addition, the premium on the fair value in excess of the nominal value of shares issued in consideration of business combinations is credited to the merger reserve.

Share premium is the amount subscribed for share capital in excess of nominal value.

Equity reserve represents the cost of the share options granted that have not yet been exercised.

24. Share-based payments

The Company has granted Directors' and key management share option plans. These are unapproved schemes so they do not satisfy the requirements of schedule 4, ITEPA. A summary of the options plans is shown below. All options will vest between 1 to less than 4 years.

| Name | Share Option No | Option Price £ | Vesting Period | Expiry Date |
|--|-----------------|----------------|----------------|---------------|
| SP Angel | 55,250 | 0.24 | July 2022 | August 2022 |
| Stephen Blyth – Tranche 1 – now lapsed | 214,286 | 0.70 | November 2018 | December 2021 |
| Stephen Blyth – Tranche 2 – now lapsed | 214,286 | 0.70 | May 2019 | December 2021 |
| Stephen Blyth – Tranche 3 – not earned | 214,286 | 0.70 | May 2020 | December 2021 |
| Stephen Blyth – Tranche 4 – now lapsed | 214,285 | 0.70 | May 2021 | December 2021 |

- 1 Tranche 1 – Options can be exercised from 27 November 2018
- 2 Tranche 2 – Options can be exercised immediately following the Company's AGM in 2019.
- 3 Tranche 3 – Options are no longer exercisable as the performance criteria were not met.
- 4 Tranche 4 – Options can be exercised immediately following the Company's AGM in 2021.

On 26 November 2018, the Company granted options over 857,143 Ordinary Shares (Stephen Blyth) and 642,857 Ordinary shares (Stuart Howard). These were split into four equal tranches. On 5 June 2020, tranche 1, tranche 2 and tranche 4 share options lapsed following the retirement of Stephen Blyth as Chief Executive Officer. Tranche 3 had lapsed at 31 December 2019 as the criteria had not been fulfilled. On 6 September 2019, Stuart Howard left the business, and as a result all unvested shares options were forfeited.

On 11 August 2017, the Company has granted share options to the non-executive directors over 416,667 Ordinary Shares (Alex Borrelli) and 208,333 Ordinary Shares (Geoff Gillo). The options may only be exercised in whole and not part and exercise of the options are conditional on the earnings per share of the Company in each of the two years ending 31 December 2017 and 31 December 2018 increasing by 10 per cent. or more on the previous year. For Alex Borrelli, the options are also conditional on him being a director of the Company on the date that the consolidated audited accounts of the Company for the year ending 31 December 2018 are published and for Geoff Gillo, for being a non-executive director of the Company on such date. The exercise price of the options is the Placing Price. (£0.24). These were exercised on 22 May 2019.

The Company has also granted to SP Angel warrants to subscribe for 55,250 Ordinary Shares at the Placing Price, £0.24, exercisable at any time during the period of five years from Admission.

Options will normally lapse on cessation of employment. However, exercise is permitted for a limited period following cessation of employment for specified reasons, such as redundancy, retirement, ill-health, and, in other circumstances, at the discretion of the Remuneration Committee.

The movements in share options are as follows:

| | 2020 No | 2019 No |
|---|-----------|----------------|
| At 1 January | 698,107 | 2,180,250 |
| Share options exercised during the year | - | (625,000) |
| Share options lapsed during the year | (642,857) | (857,143) |
| At 31 December | 55,250 | 698,107 |
| Weighted average share price of options | £0.24 | £0.66 |
| Weighted average grant fair value | £0.04 | £0.04 |
| Weighted average contractual life | 20 months | 4 Months |
| Exercise price | £0.24 | £0.24 to £0.70 |

The weighted average grant fair value at the year was 2020 £0.04 (2019 – £0.04) per option. The outstanding options have a weighted average contractual life of 20 months (2019 – 4 months), and exercise price between £0.24 (2019 – £0.24 and £0.70).

24. Share-based payments (continued)

Options were valued using the Black-Scholes option pricing model. No performance conditions were included in the fair value calculations. Expected dividends are not incorporated into the fair value calculations. The fair value per option granted and the assumptions used in the calculations are as follows;

| | 2020 | 2019 |
|----------------------|-----------|-----------|
| Risk free investment | 1.97% | 1.39% |
| Expected life | 20 Months | 24 Months |
| Expected volatility | 43.63% | 54.20% |

The Group recognised a total credit of £15,000 (2019 – charge of £11,000) relating to equity-settled share-based payments.

25. Leases

The Group as a lessee

The Group's leases consist primarily of property premises and equipment and is presented below:

Right-of-use assets

| | Property Premises £'000 | Equipment £'000 | Total £'000 |
|------------------------------------|-------------------------------|--------------------|----------------|
| Cost | | | |
| At 1 January 2020 | 32,143 | 1,197 | 33,340 |
| Additions during the year | 8,678 | 678 | 9,356 |
| Additions acquired with subsidiary | 252 | 396 | 648 |
| Disposals | (316) | (24) | (340) |
| Translation | 621 | - | 621 |
| At 31 December 2020 | 41,378 | 2,247 | 43,625 |
| Depreciation | | | |
| At 1 January 2020 | 5,623 | 332 | 5,955 |
| Charge for the year | 5,767 | 486 | 6,253 |
| Eliminated on disposal | (244) | (20) | (264) |
| Revaluations | 77 | 5 | 82 |
| At 31 December 2020 | 11,223 | 803 | 12,026 |
| NET BOOK VALUE | | | |
| At 31 December 2020 | 30,155 | 1,444 | 31,599 |
| At 31 December 2019 | 26,520 | 865 | 27,385 |

Lease liabilities included in the consolidated statement of financial position

| | 2020 £'000 | 2019 £'000 |
|--------------|---------------|---------------|
| Current | 6,864 | 6,392 |
| Non-Current | 25,376 | 21,535 |
| Total | 32,240 | 27,927 |

25. Leases (continued)

Amount recognised in the consolidated income statement

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Depreciation on right-of-use property premises | 6,459 | 5,623 |
| Depreciation charged on other right-of-use assets | 486 | 332 |
| Interest on lease liabilities | 1,000 | 1,009 |
| Total | 7,945 | 6,964 |

The total cash outflow for leases during the current year was £7,587,000 (2019 - £6,546,000), including £624,000 (2019 - £591,000) of interest.

26. Related party transactions

Delamode Holding BV, is indirectly owned by Shaun Godfrey, Sandu Grigore, and Cogels Investments Limited all of whom are shareholders of Xpediator Plc.

Delamode Properitati Srl, a Company owned by Delamode Holding BV, is the landlord of one of the Group's leasehold properties in Romania. Rent payable under the current lease is at market rates. Shaun Godfrey, Sandu Grigore and Cogels Investment Limited are shareholders of Xpediator Plc.

During the year Group companies entered into the following transactions with related parties who are not members of the Group.

| | Sales | | Purchases | | Amounts owed by | | Amounts owed to | |
|---|---------------|---------------|---------------|---------------|-----------------|---------------|-----------------|---------------|
| | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Related Party | | | | | | | | |
| Delamode Holding BV | - | - | - | - | - | 117 | - | - |
| Delamode Propretati, Srl | 3 | 3 | 99 | 271 | 1 | 4 | 9 | 80 |
| Companies in which directors or their immediate family have a significant controlling interest | | | | | | | | |
| Affinity Group Limited | - | - | - | - | - | - | - | 4 |
| Borrelli Capital Limited | - | - | 13 | 2 | - | - | - | - |

The maximum amount owed by the Group to Companies in which directors or their immediate family have a significant controlling interest during the year was as follows:

| | 2020 £'000 | 2019 £'000 |
|------------------------|---------------|---------------|
| Affinity Group Limited | - | 4 |
| COGELs Investment Ltd | - | 237 |
| Richard Myson | - | 1 |

Details of directors' remuneration and the remuneration of key management personnel are given in note 6.

At 31 December 2020, bonus payables to Robert Ross of £128,000 were accrued within these financial statements.

The Group has entered into an agreement with Cogels Consultancy Limited to identify potential new acquisition targets. As a result, Cogels Consultancy Limited will be paid a 1% fee for any successful targets that they introduce. This is subject to a minimum payment of £50,000 and a maximum payment of £150,000.

All related party transactions were made at an arm's length basis.

Delamode (SW) Limited

On the 1 June 2018, Delamode Holdings Limited entered into a franchise agreement with Delamode (SW) Limited ("DSW"), with Shaun Godfrey acting as a Director for both Companies. The Group provides certain administrative functions on behalf of DSW and charges a fee at an agreed rate and under the franchise agreement is entitled to a share of the profits. Included within the consolidated income statement is a management fee for the administrative functions and profit share of from DSW of £79,708 (2019 - £48,000).

At 31 December 2020, the amounts due from DSW was £31,480 (2019 - £9,000).

27. Exceptional items

During the year, the Group incurred non-recurring costs totalling £1,377,000 (2019 - £856,000).

An analysis by type of expense is show below.

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Redundancy and restructuring | 1,625 | - |
| Acquisition Costs – Nidd Transport Limited | 215 | - |
| Acquisition Costs – International Cargo Centre Limited | 17 | - |
| Aborted Acquisition Costs | 14 | 190 |
| Closure of EshopweWeDrop and Buzzbrand business | 298 | - |
| Disposal of Goodwill UK Buy/EshopWedrop business | 227 | - |
| Intangible Asset write-off UK Buy/EshopWedrop business | 112 | - |
| Anglia Forwarding Group Limited Contingent Consideration | (344) | 451 |
| Additional Deferred Contingent Consideration – Regional Express Limited | - | 215 |
| Exceptional Profit on Disposal of Property in Ripon | (787) | - |
| Total | 1,377 | 856 |

On 31 December 2020, the Group announced that it would sell its EshopWeDrop (“ESWD”) business to Inert Logistics LLP. ESWD recorded a net loss of £(231,000) during the year. In addition there were asset write-offs of £(339,000) relating to the disposal of goodwill and the remaining net book value of the customer intangible, following the acquisition from Gerviva UAB on 6 January 2017. The total consideration payable is £300,000 in cash and is to be paid in monthly instalments over the next three years.

During May 2020, the Directors closed the Buzzbrand business. Buzzbrand recorded a loss of £(67,000) during the year.

Neither the closure of the ESWD or Buzzbrand business have been treated as a discontinued operation.

On 5 October 2020, following the acquisition of Nidd Transport Limited (“Nidd”), the Group immediately sold the property at Ripon and performed a sale and lease back. This generated a profit on disposal of £787,000, and resulted in the Group realising the revaluation reserve of £1,200,000. There was no tax charge arising from this disposal. At the same time the Group, entered into a right-of-use asset agreement for 15 years.

| | £'000 |
|--|------------|
| Cash consideration received | 2,900 |
| Less net book value of assets disposed | (2,100) |
| Transaction Costs | (13) |
| Gain on disposal | 787 |

28. Subsequent events

On 5 February 2021, Xpediator PLC granted options over 3,168,539 X ordinary shares to 108 employees under the Group Company Share Option Plan (“CSOP”). The award value is between £5,000 - £30,000 (depending on seniority within the business) divided by closing share price on the day before grant of CSOP options with an exercise price equivalent to 110% of the closing share price on the day before grant. These options vest three years from the award date and are subject to meeting a performance criteria of an average earnings per share (EPS) growth of 10% per annum, from the 1st January 2021 to 31st December 2023.

On 1 March 2021, Michael (Mike) Williamson was appointed as a director.

On 3 March 2021, the Company granted an award over 2,163,281 ordinary shares to Robert Ross and 267,010 ordinary shares to Michael Williamson.

The performance conditions are split equally between adjusted earnings per share growth (“EPS”) and compound annual total shareholder return (“TSR”).

For both EPS growth and TSR, one quarter of the awards will vest once a compound annual growth rate (CAGR) in excess of 10% has been achieved and will only vest 100% once a compound annual growth rate of 25% has been achieved. Between 10% and 25% CAGR, the awards will vest pro rata.

Under the long-term incentive plan, the awards will vest in portions of one third on each of the third, fourth and fifth anniversaries of grant, subject to continued employment and the satisfaction of two performance conditions.

Both awards contain malus and clawback provisions.

29. Nature of leases

The Group leases a number of properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates. In some jurisdiction's property leases the periodic rent is fixed over the lease term.

The Group also leases certain items of plant and equipment. In some contracts for services with distributors, those contracts contain a lease of vehicles. Leases of plant, equipment and vehicles comprise only fixed payments over the lease terms.

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable.

The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the reporting date to lease payments that are variable.

| | Lease Contract Number | Fixed Payments % | Variable Payments % | Sensitivity £'000 |
|---|-----------------------------|------------------------|---------------------------|----------------------|
| Property leases with payments linked to inflation | 3 | – | 3% | 308 |
| Property leases with fixed payments | 22 | 19% | – | – |
| Leases of plant & equipment | 43 | 38% | – | – |
| Vehicle leases | 46 | 40% | – | – |
| Total | 114 | 97% | 3% | 308 |

30. Business combinations

International Cargo Centre Limited

On 1 January 2020, the Group obtained operational and management control of International Cargo Centre Limited (ICC) and as a result this has been accounted for as a Business Combination on 1 January 2020 under the definition of IFRS 3 "Business Combinations".

Goodwill

When determining the revised goodwill arising on the acquisition the following calculations were used.

| | £'000 |
|---|------------|
| Purchase consideration | |
| Total consideration | – |
| Allocation of assets and liabilities acquired | |
| Other assets | |
| Inventories | 1 |
| Trade receivables | 193 |
| Other receivables | 82 |
| Cash | 24 |
| Property, Plant & Equipment | 27 |
| Liabilities | |
| Trade payables | (172) |
| Other payables | (533) |
| Deferred tax liability | (9) |
| Non-controlling interest | 232 |
| Goodwill | 155 |

The goodwill recognised will not be deductible for tax purposes.

On 30 April 2020, the Group acquired the remaining 60% of the issued share capital of ICC, having acquired the original 40% on 4 June 2018.

Acquisition costs of £17,000 have been expensed to the income statement and are shown as part of the exceptional expenses.

As a result of the acquisition, £24,000 of net cash was acquired.

Since the acquisition, ICC has contributed £1,052,000 to Group revenue and a loss of £ (145,000) to the Group.

30. Business combinations (continued)

Nidd Transport Limited

On 5 October 2020, the Group acquired 100% of the issued share capital of Nidd Transport Limited ("Nidd") a transport Company that specialises in daily express deliveries.

The principal reason for this acquisition was is that Nidd offers complimentary services but works in different geographical markets, with particular focus on France, Spain, Portugal and Germany. Nidd also offers a strong UK distribution platform, particularly in the North of England.

The total consideration payable comprised cash on completion of £4,600,000 and a 50% profit share adjustment from 1 May 2020 to 5 October 2020 of £116,000.

Fair Value assessment

As part of the fair value assessment of the Intangible assets of Nidd, a customer related intangible asset was identified. The fair value calculation of customer related intangible asset was determined by using the income approach based on the expected future cash flows. This was then discounted to determine the present value. The weighted average cost of capital used in determining the present value, was 14.0%, which reflected the business and market risks factors. The outcome of the fair value calculation was to derive a customer related intangible asset with a value of £424,000.

Economic useful life

When determining the economic useful life of the customer relationships the historical length of relationships with existing customers and those reported by listed companies in the sector was considered as well as an annual attrition rate of 10.0%. Based on these factors, it was concluded that the useful economic life for customer relationships in relation to Nidd would be up to 10 years.

Deferred tax

As a result of the creation of these intangible assets, there is a deferred tax liability, which was calculated as the sum of the fair values of the intangible assets multiplied by the tax rate. An average long-term tax rate of 19.0% was used as to determine this. This resulted in a deferred tax liability of £81,000.

Goodwill

When determining the revised goodwill arising on the acquisition the following calculations were used.

| Purchase consideration | £'000 |
|---|--------------|
| Initial consideration – cash paid | 4,600 |
| Net working capital adjustment | 116 |
| Total consideration | 4,716 |
| Allocation of assets and liabilities acquired | |
| Intangible assets | |
| Customer-related intangible assets | 424 |
| Other assets | |
| Trade receivables | 2,861 |
| Cash | 926 |
| Fixed assets | 2,303 |
| Right-of-use Assets | 648 |
| Liabilities | |
| Trade payables | (995) |
| Other payables | (963) |
| Right-of-use liabilities | (396) |
| Provisions | (77) |
| Deferred tax liability for intangible assets | (81) |
| Goodwill | 66 |

The goodwill recognised will not be deductible for tax purposes.

Acquisition costs of £215,000 have been expensed to the income statement and are shown as part of the exceptional expenses.

As a result of the acquisition, £926,000 of net cash was acquired.

30. Business combinations (continued)

Since the acquisition, Nidd has contributed £2,491,000 to Group revenue and a profit of £873,000 to the Group. Of this profit, £800,000 relates to the sale and lease back of the Ripon property, which has been disclosed as an exceptional cost.

Had Nidd been part of the Group for the full year, it would have contributed full year revenue of £6,778,000 and full year profit before tax of £1,139,000. Of this profit, £800,000 relates to the sale and lease back of the Ripon property, which has been disclosed as an exceptional cost.

31. Analysis of changes in net debt

| Group | At 31 December 2019 £'000 | Cashflow £'000 | Foreign exchange £'000 | Right-of- Use-asset additions £'000 | Right-of- use asset disposals £'000 | Non-cash interest charge right-of- use assets £'000 | Other non-cash movements £'000 | At 31 December 2020 £'000 |
|---|------------------------------------|-------------------|------------------------------|--|--|--|---|------------------------------------|
| Cash at bank | 10,761 | (449) | 651 | - | - | - | - | 10,963 |
| Short term deposits | 1,190 | 567 | - | - | - | - | - | 1,757 |
| Total Cash | 11,951 | 118 | 651 | - | - | - | - | 12,720 |
| Confidential invoice discounting facility | 2,382 | 1,350 | - | - | - | - | - | 3,732 |
| Bank loans | 2,616 | (386) | - | - | - | - | - | 2,230 |
| Right-of-use-assets | 27,927 | (7,587) | 1,063 | 9,752 | (76) | 1,000 | 161 | 32,240 |
| Total debt | 32,925 | (6,623) | 1,063 | 9,752 | (76) | 1,000 | 161 | 38,202 |
| Net cash/(debt) | (20,974) | | | | | | | (25,482) |
| Net cash excluding right-of-use assets | 6,953 | | | | | | | 6,758 |

| Group | At 31 December 2018 £'000 | Cashflow £'000 | Foreign exchange £'000 | IFRS 16 adoption £'000 | Right-of- use asset additions £'000 | Non-cash interest charge right-of- use assets £'000 | Other non-cash movements £'000 | At 31 December 2019 £'000 |
|---|------------------------------------|-------------------|------------------------------|------------------------------|--|--|---|------------------------------------|
| Cash at bank | 8,449 | 2,882 | (570) | - | - | - | - | 10,761 |
| Short term deposits | 1,198 | (8) | - | - | - | - | - | 1,190 |
| Total Cash | 9,647 | 2,874 | (570) | - | - | - | - | 11,951 |
| Finance lease balances | 185 | - | - | - | - | - | (185) | - |
| Confidential invoice discounting facility | 3,024 | (642) | - | - | - | - | - | 2,382 |
| Bank loans | 3,191 | (575) | - | - | - | - | - | 2,616 |
| Right-of-use-assets | - | (6,546) | - | 31,109 | 2,316 | 1,009 | 39 | 27,927 |
| Total debt | 6,400 | (7,763) | - | 31,109 | 2,316 | 1,009 | (146) | 32,925 |
| Net cash/(debt) | 3,247 | - | - | - | - | - | - | (20,974) |
| Net cash excluding right-of-use assets | 3,247 | - | - | - | - | - | - | 6,953 |

Reconciliation of net cash flow to movement in net debt

| | 2020 £'000 | 2019 £'000 |
|--|-----------------|-----------------|
| Net increase in cash and cash equivalents | 118 | 2,874 |
| Net increase in borrowings and right-of-use assets | (6,340) | (26,525) |
| Foreign exchange movements | 1,714 | (570) |
| (Increase)/decrease in net debt | (4,508) | (24,221) |
| Opening net (debt) /cash | (20,974) | 3,247 |
| Closing net debt | (25,482) | (20,974) |

Company Statement of Financial Position

As at 31 December 2020

Registration Number 10397171

| | Notes | 2020 £'000 | 2019 £'000 |
|-------------------------------------|-------|---------------|---------------|
| ASSETS | | | |
| NON-CURRENT ASSET | | | |
| Intangible assets | 3 | 408 | 280 |
| Property, plant and equipment | 4 | 207 | 276 |
| Investments | 5 | 63,668 | 56,940 |
| Trade and other receivables | 6 | - | 751 |
| Deferred Tax | | 487 | - |
| | | 64,770 | 58,247 |
| CURRENT ASSETS | | | |
| Trade and other receivables | 6 | 3,201 | 1,879 |
| Cash and cash equivalents | | 53 | 63 |
| | | 3,254 | 1,942 |
| TOTAL ASSETS | | 68,024 | 60,189 |
| EQUITY | | | |
| SHAREHOLDERS' EQUITY | | | |
| Called up share capital | 8 | 7,132 | 6,854 |
| Share premium | 9 | 13,139 | 11,987 |
| Equity reserve | 9 | 1 | 16 |
| Merger reserve | 9 | 24,694 | 24,694 |
| Retained earnings | 9 | 2,848 | 4,539 |
| | | 47,814 | 48,090 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Overdraft | | - | 2,356 |
| Deferred consideration | 7 | - | 4,607 |
| Trade creditors and other payables | 7 | 20,210 | 5,136 |
| Total liabilities | | 20,210 | 12,099 |
| TOTAL EQUITY AND LIABILITIES | | 68,024 | 60,189 |

The Company made a profit in the year of £375,000 (2019 – profit of £4,823,000).

Robert Ross

CEO

12 April 2021

Company Statement of Changes in Equity

For the year ended 31 December 2020

| | Notes | Share Capital £'000 | Share Premium £'000 | Equity Reserve £'000 | Merger Reserve £'000 | Retained Earnings £'000 | Total £'000 |
|--|-------|------------------------|------------------------|-------------------------|-------------------------|----------------------------|----------------|
| Equity as at 1 January 2020 | | 6,854 | 11,987 | 16 | 24,694 | 4,539 | 48,090 |
| Contribution by and distribution to owners | | | | | | | |
| Dividends paid | | 278 | 1,152 | - | - | (2,066) | (636) |
| Share based charge | 8 | - | - | (15) | - | - | (15) |
| Total contributions by and distribution to owners | | 7,132 | 13,139 | 1 | 24,694 | 2,473 | 47,439 |
| Profit for the year | | - | - | - | - | 375 | 375 |
| Equity as at 31 December 2020 | | 7,132 | 13,139 | 1 | 24,694 | 2,848 | 47,814 |

| | Notes | Share Capital £'000 | Share Premium £'000 | Equity Reserve £'000 | Merger Reserve £'000 | Retained Earnings £'000 | Total £'000 |
|--|-------|------------------------|------------------------|-------------------------|-------------------------|----------------------------|----------------|
| Equity as at 1 January 2019 | | 6,736 | 11,868 | 46 | 23,915 | 1,205 | 43,770 |
| Contribution by and distribution to owners | | | | | | | |
| Dividends paid | | - | - | - | - | (1,522) | (1,522) |
| Share based charge | 8 | - | - | 3 | - | - | 3 |
| Share options exercised | 8 | 31 | 119 | (33) | - | 33 | 150 |
| Shared based consideration on acquisitions | 8 | 87 | - | - | 779 | - | 866 |
| Total contributions by and distribution to owners | | 6,854 | 11,987 | 16 | 24,694 | (284) | 43,267 |
| Profit for the year | | - | - | - | - | 4,823 | 4,823 |
| Equity as at 31 December 2019 | | 6,854 | 11,987 | 16 | 24,694 | 4,539 | 48,090 |

Notes to the Company Financial Statements

For the year ended 31 December 2020

1. Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Merger accounting

On 25 May 2017 the Company entered into a share swap agreement with the ultimate beneficiaries of Delamode Group Holdings Limited, whereby 4,000,000 new ordinary shares of £1.00 each were issued to the ultimate beneficiaries of Delamode Group Holdings Limited in exchange for their shares in Delamode Group Holdings Limited in the same proportion as their shareholding in Delamode Group Holdings Limited. The merger method of accounting is used to consolidate the results of Xpediator Plc.

Where merger relief is applicable, the cost of the investment is recorded at the fair value on the date of the transaction at below. The difference between the fair value of the investment and the nominal value of the shares (plus the fair value of any other consideration given) is shown as a merger relief reserve and no share premium is recognised.

On 8 June 2018, the Company issued 1,727,694 new ordinary shares of £0.05 each as part of the deferred consideration of Easy Managed Transport Limited. On 13 July 2018, the Company issued 3,740,648 new ordinary shares of £0.05 each as part of the acquisition of Import Services Limited. On 31 December 2018, the Company issued 84,951 new ordinary shares of £0.05 each as part of the deferred consideration of Regional Express Limited. On 16 May 2019, the Company issued 1,655,876 shares to the former owners of Easy Managed Transport Limited as part of the final payment of the deferred consideration of Easy Managed Transport Limited. On 5 December 2019, the Company issued 89,744 new ordinary shares of £0.05 each as part of the final deferred consideration of Regional Express Limited.

1. Accounting Policies (continued)

Going concern

The directors have concluded that it is appropriate that the financial statements have been prepared on a going concern basis given the cash balances as at 31 December 2020, and funding facilities in place across the Group, which it does not envisage will be withdrawn thus there are sufficient funds available to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements. The financial statements have therefore been prepared on a going concern basis.

The directors believe that based on the current budgets and forecast cash flows, there is sufficient resources to meet its liabilities as they fall due.

Intangible assets

Externally acquired intangible assets, are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

The significant intangibles recognised by the Company, their useful economic lives and the methods used to determine the cost of intangibles are as follows

Licences – 25%-33% straight line

Property, Plant & Equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Computer Equipment – 20%-33% straight line

Fixture & Fittings – 20%-33% straight line

Leasehold Improvements – 33% straight line

Fixed assets are stated at cost less depreciation and provision for impairment.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the reporting date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Employee benefit costs

The Company operates a defined contribution pension scheme on behalf of employees in the UK in accordance with auto enrolment legislation. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Investments

Investments in subsidiaries are at cost less any provision for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount of the investment. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is expensed immediately; if the impairment is not considered to be a permanent diminution in value, it may reverse in a future period to the extent it is no longer considered necessary.

Foreign currencies

The financial statements of the Company are presented in its reporting currency of Sterling. The functional currency of the Company is the UK Sterling.

Transactions in foreign currencies during the period have been converted at the rates of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies have been translated at the rates of exchange ruling on the reporting date. Any gains or losses arising from these conversions are credited or charged to the Consolidated Income Statement.

1. Accounting Policies (continued)

Other financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the contractual terms of the cash flows.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Impairment

The Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Trade, Intercompany and other receivables

The Company assesses on a forward-looking basis the expected credit loss associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with original Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

The Company classifies its financial liabilities into two categories:

Other financial liabilities

The Company's other financial liabilities include bank loans, confidential invoice discounting facility, trade and other payables and accruals. Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Fair value through profit and loss

This category only comprises of the element of deferred consideration on business combinations, which is contingent on the performance of the acquired businesses. The expected consideration payable is assessed at each reporting date with the movement in the expected liability being recorded in the income statement.

1. Accounting Policies (continued)

Share-based payments

The Company operates equity-settled share-based options plans. The fair value of the employee services received in exchange for the participation in the plan is recognised as an expense in the profit and loss account. The corresponding credit has been recognised in the profit and loss account reserve.

The fair value of the employee is based on the fair value of the equity instrument granted. This expense is spread over the vesting period of the instrument.

1.1 Critical accounting estimates and judgements

Impairment of Fixed Asset Investments

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Impairment tests on investments are undertaken annually in November as part of the Company's budgeting process, except in the year of acquisition when they are tested at the year-end.

In preparing these financial statements, the key estimates relate to:

- The determination of the carrying value of the Company's investments in its subsidiary undertakings. Having identified an impairment indicator relating to the market capitalisation of the Group, the directors undertook an impairment assessment in line with the accounting policy. During the year, the directors recognised a net impairment reversal of £2,012,000 (2019 – £755,000) with respect to the Company's investments in Easy Management Transport Limited and Benfleet Forwarding Limited which has been determined by reference to the recoverable value calculated in determining the impairment of goodwill relating in the group financial statements. During the year, the Company recognised an impairment provision of £nil (2019 – £531,000). Please see note 5 to the Company's financial statements.

2. Staff Costs

Compensation consists of 2 executive Directors, 4 non-executive Directors and 28 other employees.

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Employee benefit expenses (including directors) comprise: | | |
| Salaries | 2,162 | 2,013 |
| Short-term non-monetary benefits | 60 | 43 |
| Share based payments | (15) | 3 |
| Social security contributions and similar taxes | 319 | 307 |
| | 2,526 | 2,366 |

3. Intangible Assets

COST

| | Licences & Software £'000 |
|----------------------------|------------------------------|
| At 1 January 2020 | 324 |
| Additions | 253 |
| At 31 December 2020 | 577 |

AMORTISATION

| | Licences & Software £'000 |
|----------------------------|------------------------------|
| At 1 January 2020 | 44 |
| Charge for the year | 125 |
| At 31 December 2020 | 169 |

3. Intangible Assets (continued)

NET BOOK VALUE

| | Licences & Software £'000 |
|----------------------------|------------------------------|
| At 31 December 2020 | 408 |
| At 1 January 2020 | 280 |

4. Property, Plant & Equipment

| | Leasehold Improvements £'000 | Fixture & Fittings £'000 | Computer Equipment £'000 | Total £'000 |
|----------------------------|------------------------------------|--------------------------------|--------------------------------|----------------|
| COST | | | | |
| At 1 January 2020 | 49 | 16 | 265 | 330 |
| Additions | - | - | 30 | 30 |
| At 31 December 2020 | 49 | 16 | 295 | 360 |
| DEPRECIATION | | | | |
| At 1 January 2020 | 10 | 4 | 40 | 54 |
| Charge for the year | 16 | 5 | 78 | 99 |
| At 31 December 2020 | 26 | 9 | 118 | 153 |
| NET BOOK VALUE | | | | |
| At 31 December 2020 | 23 | 7 | 177 | 207 |
| At 1 January 2020 | 39 | 12 | 225 | 276 |

5. Fixed Asset Investments

| | Subsidiary Undertakings £'000 |
|-------------------------------|-------------------------------------|
| At 1 January 2020 | 56,940 |
| Additions During the Year | 4,716 |
| Reversal of prior impairments | 2,012 |
| At 31 December 2020 | 63,668 |

The fixed asset investments additions are as follows:

Impairment

The carrying amount of the investment has been reduced to its recoverable value through recognition of an impairment loss. An impairment of £nil (2019 - £531,000) has been recognised against the cost of investments for Easy Managed Transport in 2019. In addition, due to the improved trading and outlook at both Delamode Logistics Limited and Delamode Anglia Limited Benfleet Forwarding Limited, £2,012,000 (2019 - £735,000) of the previous impairment has now been reversed. The recoverable value was calculated using a value in use calculation based on the estimates set out in note 12 of the Group financial statements.

6. Debtors

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Current: | | |
| Trade receivables | 2 | 6 |
| Amounts owed from group undertakings | 1,056 | 471 |
| Prepayments | 261 | 137 |
| Other receivables | 1,882 | 1,265 |
| Total trade and other receivables | 3,201 | 1,879 |
| Non Current | | |
| Trade and other receivables | - | 751 |

7. Creditors: Amounts Falling Due Within One Year

| | 2020 £'000 | 2019 £'000 |
|---------------------------------------|---------------|---------------|
| Current: | | |
| Trade payables | 477 | 609 |
| Amounts owed to group undertakings | 18,794 | 4,016 |
| Amounts owed to related party | - | 23 |
| Other taxes and social security | 83 | 67 |
| Accruals and deferred income | 856 | 421 |
| Deferred consideration | - | 4,607 |
| Total trade and other payables | 20,210 | 9,743 |

The deferred consideration of £nil (2019 - £4,607,000) due within one year relates to the deferred consideration on the acquisitions of Import Services Limited, Regional Express Limited, and Anglia Forwarding Group Limited.

8. Share Capital

See consolidated financial statements note 22 for share capital section.

9. Reserves

Retained earnings: All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Merger Reserves: represents the difference between the net asset value of Delamode Group Holdings Limited and the nominal value of the shares issued by Xpediator Plc in consideration for the acquisition of Delamode Group Holdings Limited. In addition, the premium on the fair value in excess of the nominal value of shares issued in consideration for business combinations is credited to the merger reserve.

Share premium is the amount subscribed for share capital in excess of nominal value.

Equity reserve represents the cost of the share options granted that have not yet been exercised.

10. Related Party Transactions

The Company has taken advantage of the disclosure of related party transactions with wholly owned fellow Group Companies. Related party transactions with key management personnel (including Directors) are shown in note 26 of the consolidated financial statements.

11. Shared-Based Payments

Share-based payments arrangements for employees are set out in the Directors Report (Remuneration note). Details of the share options in existence are shown in note 24 of the consolidated financial statements.

Advisors

Auditors

Crowe U.K. LLP
Chartered Accountants
Member of Crowe Global
55 Ludgate Hill
London EC4M 7JW, UK
+44 (0)20 7842 7100

Legal Advisors

Stanley Tee LLP
Tees House
95 London Road
Bishop's Stortford, Herts
CM23 3GW
+44 (0)1279 755200

Nominated Advisor and Broker

Cenkos Securities plc
6-8 Tokenhouse Yard
London
EC2R 7AS
+44 (0)20 7397 8900

Financial Public Relations

Novella
South Wing, Somerset House,
London
WC2R 1LA
+44 (0)203 1517 008

Share Registrar

Share Registrars Limited
27/28 Eastcastle Street
London
W1W 8DH
+44 (0)1252 821390



XPEDIATOR PLC
700 AVENUE WEST
SKYLINE 120
CM77 7AA
UNITED KINGDOM

