XPEDIATOR PLC Annual Report For the year ended 31 December 2021

XPEDIATOR PLC

ANNUAL REPORT 2021

XPEDIATOR
PLC


Trading Update -
Group expects to
deliver profits
ahead of market
expectations
delamode
Find out more on our website >
www.xpediator.com

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Group Introduction

Global Supply Chain Solutions for the UK & European markets

Xpediator Plc is an 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.

Key Stats

Revenue
£296.6m
(2020: £221.2m)

Actual Profit Before Tax
£4.3m
(2020: £3.9m)

Adjusted Profit Before Tax
£9.1m
(2020: £7.2m)

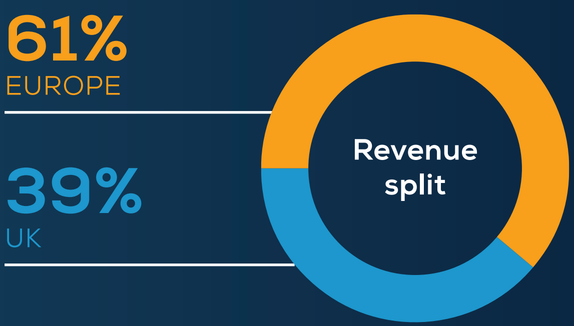
Employees
1,432
(2020: 1,080)

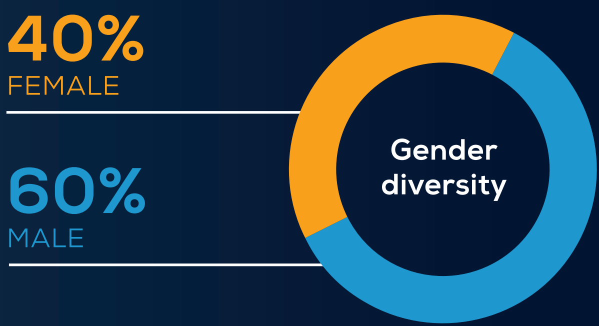
Customers
10,000
(2020: +10,500)

Offices and Sites
34
(2020: 38)

SQM Warehousing
+115,000
(2020: 90,000)

Group Locations





2021 Highlights

Freight Forwarding Revenues
£233.6m
(2020: £171.0m)

Increase in Actual Profit Before Tax
10%
(2020: 80.9%

Warehousing & Logistics Revenues
£56.7m
(2020: £44.5m)

Increase in Adjusted Profit Before Tax
25%
(2020: 38.5%)

Transport Support Services Revenues
£6.3m
(2020: £5.7m)

Decrease in Adjusted Earnings Per Share
(4.1)%
(2020: 37.1%)

Increase in Revenues
34.1%
(2020: 3.7%)

Net Cash
£(4.8)m
(2020: £6.8m)

2021 Financial Highlights

- Substantial organic growth with Group revenue increasing 34% to a record £296.6m (2020: £221.2m) with a particularly strong contribution from the Group's largest division, Freight Forwarding
  - Freight Forwarding delivered revenue of £233.6m, an increase of 37%
  - Warehouse & Logistics delivered revenue of £56.7m, an increase of 28%
  - Transport Support Services delivered revenue of £6.3m, an increase of 10%
- Adjusted profit before tax of £9.1m, up 25% (2020: £7.2m)
- Reported profit before tax of £4.3m (2020: £3.9m)
- Adjusted basic earnings per share of 3.68 pence (2020: 3.84 pence)
- Basic earnings per share of 0.29 pence (2020: 1.46 pence)
- Net cash generated from operating activities was £4.7m (2020: £14.1m)
- Net debt position of £4.8m (2020: net cash of £6.8m) as a result of advanced payments to secure key supplier performance and additional cost associated with a new freight forwarding operating system in the UK
- Final dividend proposed of 0.6 pence per share bringing the total dividend for the year to 1.1 pence per share (2020: 1.5 pence per share). 2021 dividend level reflects potential geo-political risks, however, if the working capital impact remains small, the Board will look to pay a special dividend during 2022

2021 Operational Highlights

- Excellent performance in the Freight Forwarding Division supported by profitable performances by both the Transport Support Services and Warehouse & Logistics Divisions
- UK Logistics Division, previously operating under three different brands, now unified under one brand, Delamode International Logistics, as part of a wider integration and re-branding project across the UK Freight Forwarding division
- Consolidation of Southampton port warehousing activity was completed in 2021 adding a state of the art 200,000 sq ft dockside warehouse which is already 100% occupied.
- To support holding stock for customers on both the continent and in the UK, signed a 10-year lease for a new (post year end), purpose built 180,000 sq ft (35,000 pallet spaces) storage, fulfilment and distribution warehouse in Roosendaal, Netherlands

2022 Outlook

- First two months trading ahead of expectations and March 2022 in line with expectations in spite of Russia invasion of Ukraine
- Mindful of headwinds both geo-political and inflationary pressures
- Significant organic opportunities to improve the underlying performance of the Group, particularly in the UK, allied to merger and acquisitions
- Cautious optimism on the short term outlook with medium to long term aspirations still on track

Strategic Report

"Despite having to navigate around restrictions imposed last year due to the pandemic, the Group delivered a record trading year with significant uplift in both sales and profits. I believe this performance reflects the strength of the operating platform that has been established across the UK and Europe. However, I also believe there is significant further growth potential in the business both organically and through making earnings enhancing acquisitions."

Rob Riddleston Interim Non-Executive Chairman

Chairman's Statement

Rob Riddleston,
Interim Non-Executive Chairman

Introduction

I am pleased to present these excellent financial results as the Group's Interim Non-Executive Chairman.

For the 12 months to 31 December 2021, the Group generated revenues of £296.6 million, a 34% increase over the prior year and adjusted profit before tax of £9.1 million, up 25%. Coming out of the pandemic, the Group has performed well growing both revenues and profitability and as anticipated, there was an uplift in income from UK customs clearances.

We are mindful of the headwinds facing many businesses at this time. However, trading has begun positively, we are relatively less exposed to inflationary pressures than many and have significant organic growth opportunities. We believe these organic growth opportunities across the business will compensate for any reduction of business due to the conflict in Ukraine.

Our people

Our people are at the heart of our current success and are quite clearly pivotal to our future success. We recognise this and we also acknowledge that retaining and expanding our teams is becoming more competitive and therefore more challenging.

Our objective is for the Group to be seen as an employer of choice. To this end, the Group held its second Group-wide employee engagement survey, to truly understand how employees felt the Group was performing and as importantly, what could be added in the three core areas of employee wellbeing, ongoing skills training and career development. The Group will launch its first Compassionate Leadership Academy this year, initially for Senior Leaders in the business, with every employee to be given the option to complete the course in the longer term.

We are a successful business, and we want everyone connected with the Group to share in that success, be it through share incentive schemes or maximising the potential of individuals. We also want the Group to be a force for good in society, having a positive impact economically and socially, embracing diversity at all levels and being fully inclusive in everything we do.

ESG, Board and management changes

The Group's Environmental, Social & Governance (ESG) committee was tasked with setting out where the Group is today in all three areas, identifying key points to improve combined with agreeing a timetable to execute change. The team are currently completing a comprehensive survey of the Group's current carbon footprint.

On 22 November 2021, following the stepping down of Robert Ross from the Board and the role of CEO, the Group appointed Wim Pauwels, a Non-Executive Director, to the position of interim CEO. A search was initiated for a long-term successor and this process is progressing with the support of an external recruitment firm. In the meantime, on behalf of the Board, I would like to thank Wim for accepting the role of interim CEO.

Since the year end, Mark Whiteling, Non-Executive Chairman and Stephen Blyth, Founder and Non-Executive Director both stepped down from the Board. I have become interim Non-Executive Chairman and a search for replacements for both positions has commenced and are progressing well.

Opportunities and changes in the market

Change is a constant in all good businesses. The Xpediator team are focused on moving to capture opportunities and adapting the business to our ever evolving and multiple marketplaces. The business identified Brexit as an opportunity and invested in making a successful transition to a new UK customs clearance environment.

For all businesses in 2022, it will be essential to manage inflationary costs resulting primarily from increased energy prices. To reiterate, as an asset light operator, Xpediator is in an advantageous position versus many as we source transport for freight forwarding as required from multiple external hauliers who carry the risk and collectively ensure the needs of the customers are met. Increased costs of transportation are largely borne by the haulier and customer such that we are relatively protected. Organic growth is a major focus for the business as there are significant further opportunities across the Group and markets where we operate to generate strong organic growth for all divisions. Acquisitions also remain a key strategic driver for the business to maintain our growth and to support the enhancement of our service offering and geographical coverage to meet customers evolving supply chain needs.

We have an exciting long term pipeline of acquisition opportunities. Each potential acquisition is subject to detailed due diligence to ensure it is right for the business and meets both our short and long term development strategies.

Dividend

Subject to approval by shareholders, the Board is recommending a final dividend of 0.60p per share to be paid to shareholders on 1 July 2022. Taken with the first interim dividend of 0.50p per share, this takes the total dividend to 1.10p per share (2020: 1.5p per share). The Board believe it is the right decision to be cautious at this time given the tragic events unfolding in Ukraine and has proposed a lower final dividend than the prior year. However, if as expected the working capital impact on the Group remains small, then the Board will consider to look to pay a special dividend during 2022.

The proposed final dividend will be payable to shareholders on the register on 20 May 2022, with the ex-dividend date being 19 May 2022.

Outlook

We are conscious of the potential headwinds created in Central and Eastern Europe (CEE) by the terrible geo-political events unfolding in Ukraine which has affected our Lithuanian operations in particular. We are also mindful of rising inflation and resulting uncertainty around consumer spend. However, trading in 2022 has begun positively. The Group will continue to focus on maximising organic growth opportunities across all businesses as well as on the ongoing assessment of acquisitions which could significantly increase activity and capability longer term. There remains significant untapped potential across the Group which as a management team we are very focused on exploiting. In 2022, we will also have the benefit of the new expanded warehouse in Southampton, demand for which is substantially ahead of forecasts.

We believe the Group is well placed to deliver a solid result this year in spite of significant macro challenges. We look forward to reporting on further progress.

Rob Riddleston
Interim Non-Executive Chairman

Chief Executive Officer's Statement

Wim Pauwels, Interim Chief Executive

Introduction

Since taking up the position of Interim Chief Executive Officer in November 2021, I have enjoyed working closely with the operational team and I am grateful to them and all our staff for their support and excellent commitment to the business.

Over the last 4 months, I have placed significant focus on optimising the Group's structure and ensuring that we continue to concentrate on improving our core business and deliver on all growth opportunities. The trading results for 2021 clearly show the Group to be in good health and the opportunity is therefore to maximise the full potential of the business.

In 2021, Covid-19 provided a number of challenges. Nevertheless, the Group remained dedicated to servicing its customers from around the globe. Demand was good with trading largely normalising in the areas where the pandemic had an impact in 2020. Following on from the half-year, Freight Forwarding had an excellent year with a particularly strong performance from the Baltics and Bulgaria. Europe generated 61.2% of the Group's revenues in line with the prior year with the balance from the UK, which has lagged the progress we have made on the Continent in terms of revenue growth.

While Brexit has been a success for the Group in terms of increased customs clearance revenues, there was a knock-on impact across the industry in terms of reduced supplier availability. In response, the Group made advanced payments to secure key supplier performance and together with cost associated with a new freight forwarding operating system in the UK, net debt increased to £4.8 million, as at 31 December 2021 (2020: net cash of £6.8 million). Alongside the new operating system and implementing new processes, receivables have increased which will largely unwind in 2022 as these processes are embedded and we are focused on reducing working capital and moving back towards a net cash position.

Integration

We are constantly looking at ways to become more efficient and reduce costs and there are significant opportunities to simplify the business. 2021 saw the Group come closer together with an emphasis on simplifying the business, investing in IT and driving out complexity.

In May, the Group's UK Warehousing & Logistics division, previously operating under three different brands, changed to operate as Delamode International Logistics. The three businesses remain in the same locations but now share centralised resources, including finance, legal, human resource and administration services.

The integration and rebranding of the UK Warehousing & Logistics division is part of a wider integration and re-branding project across the UK Freight Forwarding division. Already, Anglia Forwarding Limited, Benfleet Forwarding Limited, and Delamode Plc has become Delamode Anglia Limited and other parts of the UK Freight Forwarding division will incorporate the Delamode brand. Similarly, the Freight Forwarding division is also centralising functions such as finance and customer services.

Combining under one brand and centralising support services is expected to create significant economies of scale and a much more simplified business model as we transition to a structure organised along regional rather than product lines.

Operational Review

Our strategy remains focused around building a scalable and risk adjusted platform to support our freight management companies across the UK and Europe with a particular expertise in CEE. We believe the business is well placed to become a leading international freight management and logistics provider.

We will continue to focus on making targeted, earnings enhancing acquisitions while taking into account the geopolitical situation,

Health & Safety

Health and Safety receives strategic focus and priority on a daily basis. We are proud of the fact that there were no significant injuries reported in 2021 and will continue to ensure health and safety receives paramount attention throughout the Group.

Wim Pauwels
Interim Chief Executive Officer

Divisional Review

Freight Forwarding

Road | Ocean | Air | Rail | VAT Filling | Customs Clearances

Overall, the Freight Forwarding division has performed well with an exceptional performance delivered by Delamode Baltics and strong performances from Delamode Bulgaria and Regional Express.

Revenue

£233.6m

(2020: £171.0m)

Operating profit

£9.7m

(2020: £6.8m)

Operating predominantly under the Delamode brand, the division specialises in international freight management services via road, sea, air and rail connecting CEE countries and the UK with each other and the rest of Europe.

Revenues across the Baltics and Balkans continued to grow significantly against prior year comparatives, with Baltics revenue up by £27.3 million and Bulgaria up by £7.7 million. Both businesses have benefited from an increase in customer demand and the consolidation of new service lines. Profit before tax in the Baltics increased by £2.8 million to £6.8 million (2020: £4.0 million) and in Bulgaria by £0.2 million to £1.3 million (2020: £1.1 million). In addition, both Serbia and Estonia delivered a strong performance as these businesses continue to mature.

Revenue in the UK businesses increased by 38.2% to £114.9 million driven by the uplift in customs clearance income. In the UK Freight Forwarding businesses, implementation of a new integrated operating software platform proved challenging, however, this is expected to improve and is a key area for management focus in 2022. The UK based Regional Express business performed particularly well in 2021 generating revenue of £7.5 million (2020: £4.5 million) and profit before tax of £0.8 million (2020: £0.3 million).

delamode International Logistics

REGIONAL EXPRESS

Divisional Review

Warehousing & Logistics

Pallet Network | Warehousing | Ecommerce | Distribution | Port Centric Logistics | Customs Clearances

Warehousing & Logistics division generated good revenue growth led by Pallex Romania.

Revenue

£56.7m

(2020: £44.5m)

Operating profit

£1.5m

(2020: £2.6m)

The Group's warehousing capacity in the UK, Romania and Bulgaria offers world class service in strategically situated sites.

Good trading performances from Pall-Ex and Logistics in Romania drove an overall increase in revenues for this division but profitability reduced primarily due to the challenges faced by the retail focused Beckton warehouse.

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 80,000 pallets on average per month in 2021 (2020: 68,000 average pallets per month).

In the UK, the new purpose built 200,000 sq ft state of the art dockside warehouse in Southampton (UK) was completed after incurring additional startup costs. Demand for space has been high and the warehouse is already at capacity.

Since the year-end, Delamode International Logistics, has signed a 10 year lease for a new, purpose built 180,000 sq ft (35,000 pallet spaces) storage, fulfilment and distribution warehouse in Roosendaal, Netherlands. The decision to take a long lease on this warehouse reflects demand and the post Brexit strategies of our clients to hold stock in both the UK and mainland Europe.

The warehouse in Braintree continued its turnaround strategy in 2021 with all operational and financial aspects of the business fully reviewed. In August 2021, the Group entered into a successful strategic partnership with Synergy Retail Support Limited ("Synergy"), which has improved performance and further management action is being taken to move Braintree into profitability.

Not surprisingly, the Beckton warehouse had another challenging year reporting a net loss. The Beckton warehouse is exposed to the UK High Street retail fashion sector, which was one of the industries most impacted by Covid-19.

delamode International Logistics

PALLEX ROMANIA

Divisional Review

Transport Support Services

Ferry bookings | GPS solutions | Roadside assistance | DKV card | Insurance | VAT refunds

Transport Support Services operating under the Affinity brand continues to go from strength to strength under the leadership of strong innovative local management. The existing product offering is well established and continues to be improved through various forms including digitalisation and automation.

Revenue

£6.3m

(2020: £5.7m)

Gross billing

£145.9m

(2020: £126.4m)

Operating profit

£2.4m

(2020: £2.3m)

Transport Support Services, 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 Mobility (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 continued driver shortages in Europe, having a supplier base is increasingly important for the Freight Forwarding division.

Volumes sold to customers (gross billings) increased in 2021 by 15.5%

Romania remains the largest region for the division representing 72% of total activity (2020: 72%). The Balkans operation continues to grow leveraging the relationships with the Freight Forwarding businesses based in Bulgaria and Serbia.

2021 saw the development of the leasing and insurance products tailored specifically for Affinity's existing customer base.

The Division's 20 years of experience and well-established leadership team provides a good platform to expand in new geographical regions, as well as being well placed to further develop its service and product offerings.

affinity
Transport Solutions

Chief Financial Officer's Statement

Mike Williamson, Chief Financial Officer

Introduction

Strong 2021 financial results on the back of enhanced revenue and profit.

Revenue

Group revenue increased in 2021 by £75.4 million (34.1%) to £296.6 million.

The Freight Forwarding Division delivered £233.6 million (36.6% increase v 2020), the Warehousing and Logistics Division revenue of £56.7 million (27.5% increase v 2020) and the Transport Support Services Division delivered £6.3 million (10.1% increase v 2020).

Segment Profit Before Central Overhead Allocation and Exceptional Items

Freight Forwarding Division operating profit increased by £2.9 million to £9.7 million largely driven by increased activity in Baltics and customs clearance.

Operating profit in the Warehouse and Logistics Division decreased by £1.1 million to £1.5 million 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 Support Services Division's operating profit increased by £0.1 million to £2.4 million.

Group Profit before Taxation

Group profit before tax increased in 2021 to £4.3 million (2020: £3.9 million) driven by the Freight Forwarding Division.

A summary of operating profit before central overhead allocation by division is shown below:

	2021	2020	2019	2018	2017
Freight Forwarding	**£9.7m**	£6.8m	£3.4m	£3.0m	£2.4m
Warehousing & Logistics	**£1.5m**	£2.6m	£2.9m	£3.0m	£0.9m
Transport Support Services	**£2.4m**	£2.3m	£2.5m	£2.3m	£2.0m

Adjusted Profit before Tax

	2021	2020	2019	2018	2017
Profit before Tax	**£4.3m**	£3.9m	£2.2m	£5.6m	£2.4m
Exceptional Items (note 27)	**£2.6m**	£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 arising from acquisitions (note 12)	**£1.5m**	£1.5m	£1.4m	£1.1m	£0.4m
Net Income Statement impact of application of IFRS 16	**£0.7m**	£0.3m	£0.3m	-	-
Adjusted Profit before Tax	**£9.1m**	£7.2m	£5.1m	£7.2m	£4.0m

Exceptional items of £2.6m relate primarily to costs associated with the delay in relocating the warehouse of Delamode International Logistics Limited in Southampton.

The remaining adjustments all relate to non-cash accounting items.

Earnings per Share

	2021	2020	2019	2018	2017
Basic Earnings Per Share	**0.29**	1.46	0.60	3.53	1.64
Adjusted Earnings Per Share	**3.68**	3.84	2.80	4.80	3.27

The total number of ordinary shares at 31 December 2021 was 141.7 million (2020: 141.6 million). The increase reflects the issue of 55,250 shares in July 2021. Profit after tax attributable to the owners of the parent company of £0.4 million (2020: £2.0 million) provides a basic earnings per share of 0.29p (2020: 1.46p), a decrease of 80.0%. Adjusted profit after tax results in basic and diluted earnings per share of 3.68p and 3.67p respectively (2020: basic and diluted 3.84p) (see note 10 of the Financial Statements).

Financial Resources

Asset Cover	2021	2020	2019	2018	2017
Total Assets	**£196.1m**	£138.2m	£128.9m	£98.8m	£76.4m
Net Assets	**£29.2m**	£31.2m	£29.0m	£29.1m	£14.8m
Current Ratio	**0.99**	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. 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.

	2021	2020	2019	2018[1]	2017[1]
Net cash from operating activities	**£4.7m**	£14.1m	£14.2m	£9.5m	£3.9m
Net cash outflow from investing activities	**£(3.1)m**	£(6.0)m	£(2.0)m	£(7.0)m	£(6.5)m
Net cash inflow / outflow from financing activities	**£(1.5)m**	£(7.8)m	£(9.3)m	£(0.4)m	£4.8m
Effect of foreign exchange movements	**£(1.1)m**	£0.4m	£(0.5)m	£0.2m	£(0.1)m
Cash and cash equivalents at end of year	**£11.7m**	£12.7m	£12.0m	£9.6m	£7.3m

[1] Comparatives 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.

Advanced payments to secure key supplier performance and additional cost associated with a new Freight Forwarding operating system in the UK means the Group reports a net debt position £4.8 million as at 31 December 2021. Alongside the new operating system and implementing new processes, receivables have increased which will unwind in 2022 as these processes are embedded.

Working Capital

Trade Receivables and Payables	2021	2020	2019	2018	2017
Trade and other receivables	**£98.5m**	£66.7m	£60.9m	£60.3m	£51.8m
Trade and other payables	**£86.2m**	£64.8m	£58.6m	£56.1m	£51.0m
Days Sales Outstanding (based on gross billings)	**82.4**	71.2	63.5	70.4	81.5
Days Payable Outstanding (based on cost of sales)	**85.6**	82.6	71.9	75.6	91.3

Trade receivables and payables again increased at the year-end as did days sales outstanding and days payable outstanding. Whilst days sales outstanding have increased by 11 days (or 15.7%), this has been offset by days payable outstanding increasing by 3 days (or 3.6%).

Administrative Costs Review

Average headcount numbers have increased from 1,080 in 2020 to 1,432 in 2021 driven primarily by Baltics.

Operating Costs (Key Items)	2021	2020	2019	2018	2017
Staff Costs	**£29.0m**	£24.6m	£23.9m	£18.6m	£13.4m
Bad debts	**£1.5m**	£0.9m	£0.8m	£1.1m	£0.6m
Depreciation on right-of-use assets/rental payable under leases (pre IFRS16)	**£8.6m**	£6.3m	£6.0m	£5.9m	£2.3m
Insurance	**£1.7m**	£1.1m	£0.9m	£0.7m	£0.4m
Plant and machinery hire	**£0.5m**	£0.6m	£0.7m	£0.7m	£0.3m
IT costs	**£1.7m**	£2.1m	£1.6m	£0.6m	£0.3m
Other administration	**£20.8m**	£15.9m	£16.1m	£8.8m	£8.4m

Net Finance Costs

Excluding the IFRS 16 impact of £1.6 million, net finance costs were £0.2 million compared to £0.4 million 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.

Mike Williamson
Chief Financial Officer

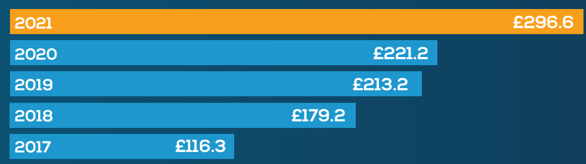
Key Performance Indicators

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 performance indicators for the Group are shown to the right.

Revenues (£M's)

34.1% ↑

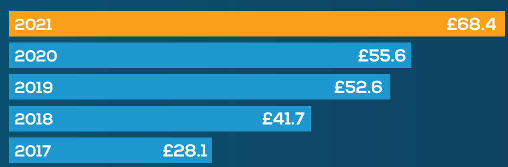


Gross margin (%)

(8.1)% ↓

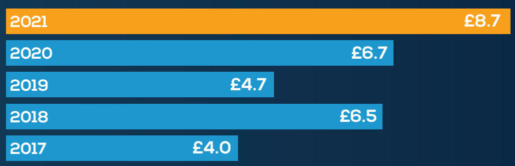
Gross profit (£M's)

23.0% ↑



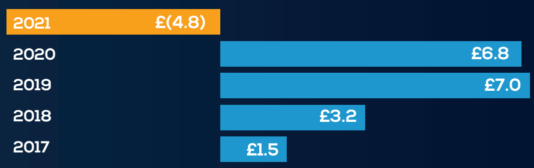
Operating Profit before tax and exceptional item[1] (£M's)

29.3% ↑



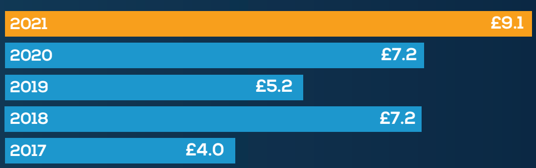
Net Cash Less Bank Loans (£M's)

(170.7)% ↓



Adjusted Profit Before Tax[2] (£M's)

26.0% ↑



Reported Profit Before Tax (£M's)

9.9% ↑

1 Exceptional costs include relocation costs of £1.7m (2020 - £nil), compensation for loss of office of £0.5m (2020 - £nil), financing negotiation fees of £0.1m (2020 - £nil), reorganisation and restructuring costs of £nil (2020 - £1.6m), performance and closure costs relating to the EshopWeDrop/Buzzbrand business of £nil (2020 - £0.6m), acquisition costs for Nidd Transport Limited and International Cargo Centre Limited of £nil (2020 - £0.2m), aborted acquisition costs of £0.3m (2020 - £0.1 million), contingent deferred consideration credit on Anglia Group Forwarding Limited of £nil (2020 – £(0.3)m), and exceptional profit on disposal of Ripon Property of £nil (2020 - £(0.8)m.

2 Adjusted profit before tax excludes the impact of exceptional costs (detailed above) of £2.6m (2020 – £1.4m), amortisation on the intangible assets relating to acquisitions of £1.5m (2020 - £1.5m), net impact to the consolidated income statement following the application of IFRS 16 of £0.7m (2020 - £0.4m), and unwind and addback of discount on deferred consideration of £nil (2020 - £0.1m).

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 Group for the benefit of its members as a whole.

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

Annually the Group reviews it's 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 Group and to contribute to its success in delivering excellence with regards to its services to its customers, whilst ensuring the long terms requirements of the other stakeholders are considered.

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

The Board considers the employees as one of the key stakeholders within the Group and given the nature of the business their greatest asset. As such the Group welcomes any feedback to ensure the alignment of both parties interests. 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 Group. This measures employee engagement, and thus how productive our people are and how engaged they are in their job. It gives 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 employee related issues to the board. In those countries where headcount is smaller, the Business Unit Leader supports this escalation (if required). The Group utilises a HR Shared Service ("HRSS") model. The HRSS is an online reporting tool for all people related queries. It is accessible to employees and line managers alike. 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 – 5.00pm. There is also an out of hours escalation process.

The basis on which views are promoted to board discussion

Following the completion of the Group's annual engagement survey 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 addition, the HR reporting tool escalates significant issues through to 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 Senior Management led roadshows or corporate communications in launching new policies. Following the employee survey in 2020, we are encouraging the communication to be more Line Manager led, rather than just by email. In 2021 we launched 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. As a result of our 2021 employee engagement survey we are in the process of rolling out a number of new initiatives across the Group, including the development of a Global intranet, job family matrix models to be implemented and a Compassionate Leadership Academy to be launched.

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

The Board recognises that the success of the Group is reliant on the stakeholders of the business and, to this effect, the Group 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 Group's Anti-Bribery and Corruption policy as well as its policy on modern slavery, details of which are available on the Group's website https://xpediator.com/modern-slavery-statement.

With a large diverse customer base, the Group ensures it follows a customer account methodology, and is 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 Group'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 to its warehousing operations and promoting the use of electric vehicles where possible.

(e) The desirability of the Group 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:

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 Group

The Group's Board currently consists of two Non-Executive Directors, and two Executive Directors. The Board seeks to collectively have 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 fair and equal, so they too may benefit from the successful delivery of our plan.

Shaping the Future. Delivering Excellence.

Our Vision

Our vision is to become a leading international freight management and logistics provider through tailored world class customer service.

Our Mission

To shape the future of our clients' supply chains via the deployment of digital technology and enhanced service solutions, resulting in the delivery of excellence in everything we do.

Our Core Values

1

We are one team

We work in harmony to achieve our common goals and are committed to each others' wellbeing 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.

Our ESG Commitment

Our evolving ESG Strategy is closely aligned to the Group's business strategy.

By being a responsible business, the Group has confidence in a sustainable and value generating business model.

We understand the importance of being an environmentally conscious Group and are taking steps to reduce the carbon emissions arising from our activities.

Environmental

More on page 30

Environmental

We are committed to minimising the impact of our activities on the environment.

Our goals include:

- Minimising waste
- Utilising renewable energy sources where possible
- Transitioning our company vehicle fleet to zero carbon
- Developing and implementing carbon reduction initiatives Group wide

Social

More on page 32

Governance

More on page 34

Social

Xpediator is committed to ensuring a safe and inclusive work environment for all employees. External activities include supporting charitable organisations and communities on a local and global scale.

Our goals include:

- Providing a safe, inclusive and inspiring environment for all employees
- Developing the skills of employees through training initiatives
- Becoming an employer of choice
- Supporting local charities and communities

Governance

We will continue to conduct our business activities responsibly and ethically on behalf of our stakeholders including employees, shareholders, suppliers and customers.

Our goals include:

- Value creation through maintaining and developing good corporate governance
- Sustainable and continuous improvement
- Benchmarking performance against appropriate industry standards
- Maximising the ability for our people to engage in shaping and delivering our ESG activities

Environmental

Emissions

Emissions (tCO2e)	Year ended 31 December 2021	Year ended 31 December 2020
Emissions tCO2e	1,266	1,259
Emissions tCO2e per £m UK revenue	10.9	15.1
Emissions tCO2e per UK employees	2.3	2.9

There has been an improvement in the reduction of emissions within the group over the past twelve months; we must endeavour to build on this and ensure further improvements are earned through our hard work and diligence.

There can be no doubt that climate change is one of, if not the greatest challenge facing the world today and in the future.

We are now experiencing the dramatic toll of global warming on people's homes, health, and livelihoods all over the planet.

Extreme weather, plastic islands in the Pacific, floods, and vast wildfires have hit the headlines, and we know that unless we do more to prevent pollution it will continue to affect future generations.

The next decade is critical; we have no choice but to accelerate action to limit global warming. And as we emerge from COVID-19 more enlightened as to what we value, there is also a great opportunity to reshape the future to one that is fairer, more inclusive, and sustainable. As a growing international logistics operation, we remain fully committed to play our part in the collective efforts needed to achieve a low carbon future.

We as a group will continue to listen to the experts and champion our customer needs as we start to help transform the way we all live, work and move through the decarbonising of power, heat, and transport.

To support this carbon transition strategy, we have partnered with one of the UK's most highly rated environmental consultancies, Simply Sustainable, to help us design a future ESG strategy that meets our needs and exceeds the expectations of our stakeholders.

Electric Vehicles

We are currently in the process of transitioning our company vehicle fleet to zero carbon. Having already made many efficiencies, our focus is now on monitoring the technologies available, which eventually will allow us to fully decarbonise our HGV emissions output.

- We have doubled the number of Electric Vehicles in the business since April 2021.
- EVs have helped us cut vehicle emissions over the past 18 months, with savings growing as the grid decarbonises.
- Green tariffs and lower carbon electricity for our colleagues to charge their EVs, will then enable us to reduce any remaining emissions from travel towards zero.
- Onsite EV charge points make it easy for colleagues to conveniently recharge their batteries, which is why we have over 20 installed across our sites. We will look to expand charge point availability in line with EV vehicle use.

Energy efficient property management

More than 80% of our energy use is in the running of our warehouses and offices. We will review energy ratings and green tariffs along with solar and other renewable energy sources to significantly reduce these emissions. We will build on these fundamentals and aim to use the same low carbon solutions as part of new acquisitions and new build sites as well as holistic measures for smaller, but still beneficial emission reductions.

Carbon Reduction Initiatives

LED lighting improvement projects have taken place across the European business:

- Pallex Bucharest
- Rainham
- Beckton
- Nidd Ripon
- Southampton
- Bulgaria cross dock operation

Property emissions

Whilst reductions in property emissions have been achieved with the installation of low carbon and energy efficiency technologies such as solar, LED lighting and improved building management controls, we'll maintain focus on driving efficiencies and good energy management by adopting new technology as it appears, and seizing the opportunity to change the way we work to make further improvements throughout the estate.

Waste reduction

A full review of the waste strategy will be conducted to ensure that we have the best single stream waste solutions for the business to ensure the maximum efficiency in recycling and a reduction in our waste to landfill.

Our customers

With a clear symbiosis between ourselves and the carbon emissions coming from our customers, the biggest thing we can do to tackle climate change is to help them. That is why we have focused our efforts towards providing services and logistics solutions that will help our customers work sustainably and affordably.

- Pallex Romania consolidates multiple customers onto single transports to avoid the use of multiple vehicles and reduce the combined emissions otherwise associated
- We conduct stakeholder interviews to understand the needs, culture, and aspirations of our customers to align and improve outcomes.

Social

Employee Engagement Survey

In 2021, we held our second Group wide employee engagement survey, in partnership with HIVE HR. In light of Covid-19, Brexit and the external challenges we were pleased that our Group wide employee net promoter score improved.

The survey enabled the Group to benchmark employee engagement and provide insights into how the business can deliver a range of employee focused initiatives, including communication, training and development, health & safety and wellbeing.

Several outcomes from the survey are to be delivered in 2022, including:

- A Global intranet to promote and improve Group communication at all levels.
- Access to vacancies at a Group wide level.
- Implementation of a job family matrix model to provide employees with clear progression steps.
- Introduction of an Employee Wellbeing Committee.

The Group plans to hold additional pulse surveys during 2022 to measure the success of these initiatives.

Employee survey Group wide scores

Average survey scores	7.4
eNPS	+15
Engagement index	7.5
Response rate	75%

Category scores

Health & Wellbeing	7.2
Leadership	7.5
Meaningful Word	7.6
Motivating Managers	7.9
Realising Potential	7.0
Irresistible Workplace	7.0

Compassionate Leadership Academy

We are very excited to announce that in 2022 we will be launching our Group wide Compassionate Leadership Academy (CLA), an accredited leadership development programme.

The principle of the CLA digital course and platform is to create a truly inclusive development programme that respects and understands our diverse background and creates an equal development opportunity.

To support our value of being One Team, we are delighted to offer the programme fully translated into Romanian, Lithuanian and Bulgarian to show our commitment to creating a common culture and consistent application of leadership across all of our businesses within the Xpediator Group, where everyone has a positive experience of working for the Group.

The CLA has been designed for individuals to gain greater self-awareness and emotional intelligence to understand what makes them who they are today, as well as give them the tools to become a great leader, including effective communication and delegation, motivating and coaching teams and decision making.

This unique development course will help create and support a coherent cultural change to compassionate leadership, truly becoming one team.

Supporting communities and charities

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

As a corporate partner, we are also delighted to be supporters of Transaid since 2019, an international charity who transforms lives through safe, available and sustainable transport.

Together, with 35 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.

Employee Wellbeing Committee established

The Employee Wellbeing Committee consists of 10 internal employees across our business units, who have volunteered their time to create ideas and support the needs of our employees.

The Employee Wellbeing Committee's objectives are:

- To be a vocal point for employees to reach out and to discuss in confidence issues and concerns.
- To provide a system for employees to access a variety of wellbeing related information including posters, helplines, and free courses.
- To co-ordinate employee events and activities that help facilitate healthy mental and physical wellbeing.
- To be wellbeing Champions to undertake Mental Health First Aid training.

transaid

In January 2019 Xpediator and Transaid joined forces. In the three years we have been working together, transaid has:

- Responded to COVID-19, implementing several programmes to keep communities informed and safe
- Reached more than a million people with our malaria and COVID-19 integrated response programme in Zambia
- Trained 74 driver trainers
- Expanded its professional driver training programme to a further two countries; Ghana and Mozambique
- Transferred more than 29,000 women and children using emergency transport schemes
- Who have in turn trained 20,430 HGV, PSV and motorcycle drivers

Our year in numbers

(for January 2021 - December 2021)

- Two programmes launched in Mozambique and Uganda this quarter
- Nearly one million people reached in the third phase of the MAMaZ Against Malaria programme
- 238 bicycle ambulance riders trained on COVID-19 safety protocols in Zambia
- Over 12,000 pregnant women and children transported to healthcare facilities in Zambia and Madagascar
- Two vehicles donated by the Go-Ahead Group and the Malcolm Group made their way to the ITC in Zambia
- 95% of trainers in the PDT programme – Ghana cohort for November to December passed the theory assessment

Governance

Fundamentally, as a Group we are committed to building a sustainable, fast-growing business, that generates employee and stakeholder value, whilst ensuring that we achieve this in a sustainable, environmentally friendly, and socially responsible manner.

Our strategy, systems and processes are guided and managed within a defined corporate governance model, with regulatory compliance as a baseline of all our activities.

We strive for continuous improvement and the review of our approach to operating a sustainable and environmental concise business is ongoing.

Our experienced management team are focused on the identification of associated environmental and social risks and opportunities, ensuring we are true to our word in delivering excellence in everything we do.

- A trusted board who are accountable for delivering a successful ESG Strategy
- Continuous improvement and striving for excellence
- Development of transparent reporting processes

Risks and Uncertainties

Principal risks and uncertainties

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

The Group maintains a register of principal risks and uncertainties covering strategic, commercial and financial risks faced by the Group. The Group's risk management framework is structured to ensure that risks are identified promptly and are mitigated / transferred appropriately to support the delivery of the Group's strategic plan.

The Board has overall responsibility for risk management, for determining the risk appetite, for implementation of the risk management policy and for reviewing effectiveness of the risk management systems.

The risk register is reviewed by the Board on an ongoing basis 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 on a timely basis.

Key business risks currently facing the Group are addressed on the following pages 35 to 37.

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

Risk	Change in the Year	Mitigation
Regulation and legislation		
The Group must comply with a range of regulations and legislation in order to provide its services. Failure to comply with the required standards could result in legal claims and /or regulatory actions, sanctions, removal of licences and permits, penalties and fines. It could also result in reputational damage to the Group.	→	Policies and processes are in place throughout all areas of the Group to ensure compliance with relevant areas of legislation. Emerging legislation is monitored for any potential impact to the Group. Policies, controls, communications, and training provisions are adjusted as required. External expert advice is sought as appropriate.
Mergers, acquisitions and integration		
The Group has a strategy of growth via acquisition. All acquisitions contain an element of risk, for example: • ensuring the correct acquisition consideration and protection; • weak due diligence processes (financial and operational); • inability to understand or utilise synergies; and • threats to security (cyber and physical)	→	The Group has developed an extensive Merger and Acquisition Policy, which will be followed and adhered to for all transactions. The Group's strategy on all acquisitions is that the consideration is generally based on a relevant profit multiple with appropriate blends of deferred and contingent consideration based upon risk profiling. 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, IT and financial individuals. The Group utilises the services of external specialists to assist with the due diligence process as required. The group has a formal and comprehensive post acquisition integration policy. The implementation of which is formally agreed with management of the acquired entity to minimise the potential for integration issues arising
Cyber security		
The Group is aware that the threat of an unauthorised or malicious attack is an ongoing and ever-increasing risk. The frequency and potential severity of an attack increases our risk exposure to business disruption and/or data breaches. A cyber-attack may impact the Group's operational service delivery and reputation through receipt of penalties, fines and/or regulatory action.	↑	The Group IT function regularly reviews the cyber risk landscape both internally and via specific advisors. Xpediator has established layered proactive and reactive information security controls to mitigate common threats. Disaster recovery plans are in place to ensure business can recover from any interruptions with minimal impact. IT systems, whether proprietary or from third parties, are tested at regular intervals for security from potential attacks.
Dependence on key suppliers		
Certain Group business units are reliant on key strategic supply partners. Any event which leads to the sudden loss or deterioration of a strategic supplier relationship could adversely affect the Group's performance prospects, results of operations and/or financial condition.	→	The Group has developed strong and successful relationships with key strategic supply partners. These relationships are supported by long term contracts, regular senior operational manager interactions where any issues are discussed. The Group CEO/CFO has open dialogue with the key suppliers' senior management to ensure any issues are resolved in a timely fashion.

Risk	Change in the Year	Mitigation
Recruitment and retention		
The inability to recruit and retain employees, from warehouse operatives to executive talent, is considered a principal risk. Failure to retain people with the right skills, competencies, values and behaviours needed to operate and grow the business would impact the long-term success of the Group.	→	The Group's human resources function monitors and maintains a high standard of recruitment and a regular appraisal process. The Group constantly reviews and refreshes strategies and processes for recruitment and retention, monitoring vacancies and future requirements. The Group has also established relationships with preferred agencies to provide additional contingency workforce. Regular engagement surveys are completed to ensure feedback is received from our teams and the scores are monitored and considered. Talent and development is monitored and supported to ensure people at all levels have access to training programmes and development opportunities. 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 as required.
Competition in key market sectors		
The Group provides services in a competitive and complex environment. The Group faces commercial pressures to maintain volumes and market share acceptable to all stakeholders and in line with the strategic vision of the Group. These pressures may stem from strategic or behavioural changes in the competition and new disruptors, in particular the emergence of new technologies.	→	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 competitors for each area of business and management regularly monitor their activity to ensure they are fully aware of their development and any strategic plans which may impact on the Group's activity. The Board and Operating Board closely monitor the Group's strategic and operational performance through its KPIs.
Foreign exchange risk		
The 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 to any exchange losses.
Liquidity risk		
The Group has sufficient liquid resources to meet the operating needs of the business as per its current forecasts. Any changes to the profitability of the business may impact the sufficiency of the Group's liquid resources.	→	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 interest rates and resultant costs to the Group will fluctuate over time. Assets financed through leases are predominantly 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 constantly monitors 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

Risk	Change in the Year	Mitigation
Pandemics		
Covid-19 created new challenges that the business has not previously faced ranging from Government enforced lockdowns to a remote workforce, at a time when demand for some services significantly increased whilst others declined. There remains risk of other global pandemics. Risks to the Group's operations include labour shortages, increased regulatory or safety requirements, loss of revenue and profit due to business interruption, reductions in customer volumes or customer failure and liquidity pressures and availability of financing.	↓	Business continuity and emergency response plans are in place across all areas of the business. These plans are mobilised as the situation evolves and include: • the introduction of required health and safety policies and processes; • close dialogue with key customers and suppliers; and • expense control and monitoring, and cash management;
Health and safety		
The Group operates in environments which have the potential to be hazardous to people, property, and the environment if not actively managed. A failure to monitor or manage health and safety risks appropriately could result in significant penalties, reputational damage and / or legal liabilities.	→	The Group has a dedicated Health and Safety team that ensures policies, processes and legal requirements are met by all operating segments. The Health and Safety team report to the Operating Board and Board of Directors around health and safety compliance. Regular training is provided to all staff across all operating segments.
Climate		
Climate change and the resulting frequency and impact of associated physical risks could impact the Group financially and reputationally. These risks include: • extreme weather conditions impacting service provisions; • stakeholder reactions resulting in loss of customers, availability of funding and shareholder support; • market place obsolescence from poor response to climate risks; and • increased taxation and fuel duties increasing the Group's cost base.	↑	The Group has been developing risk management strategies for associated climate risks and will be incorporating these in the Group's ESG strategy to be implemented in the next 12 months.
Ukraine conflict		
The risk of Group operations being impacted resulting in a loss of revenue and/or profitability due to the current conflict in Ukraine.	↑	The situation in eastern Europe is evolving at a rapid pace and our operational management teams are assessing the situation daily and are adjusting operations as and when required, with working groups formed in the EU for more closely impacted countries. The Operating Board and Board of Directors are assessing the situation on a regular basis and risk management assistance has been rolled out to document, assess and monitor the risks, whilst also reviewing additional controls and mitigations that could be implemented.
ESG requirements		
Risk of allocating insufficient resources to ESG could result in reduced support from stakeholders such as investors and customers, who may switch to competitors	↑	The Group has started the process of reviewing its ESG agenda with specific focus from the Board. An ESG Steering Committee has been created with regular Board oversight. The Steering Committee is currently in the process of setting internal targets for ESG.
Consumer confidence		
With the current cost of living increases due to utility price volatility, the Group's customers may experience a reduction in demand for products and that may impact operational volumes, revenue and profitability.	↑	The Group continues to monitor forecasts with key suppliers to understand their requirements. Volumes and KPIs are reviewed monthly to understand the external environment. Cost bases are reviewed to ensure they match operating demand.

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

Governance

As a Group we are committed to building a sustainable, fast-growing business, that generates employee and stakeholder value, whilst ensuring that we achieve this in a sustainable, environmentally friendly, and socially responsible manner.

Board of Directors

Robert (Rob) James Riddleston
Interim Non-executive Chairman
(aged 67)

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.

Wim Pauwels
Interim Chief Executive Officer
(aged 67)

Wim joined the board in November 2019, with over 40 years of experience in senior logistics roles across Europe and the 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.

Mike Williamson
Chief Financial Officer
(aged 50)

Michael joined the board on 1 March 2021 having previously been the Global Director Finance & Controlling and Regional CFO of Northern Europe for international freight forwarder, Rohlig Logistics. Prior to joining Rohlig Logistics, Michael was CFO of the Ports and Terminal Division of Grindrod Limited, a listed company on the JSE, South Africa. 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 56)

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.

Corporate Governance Statement

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 ("QCA" Code), which is tailored for small and mid-sized quoted companies.

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.

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 risks and uncertainties it faces in achieving this, details of which can be found on pages 35 to 37.

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 endeavors 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 published 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 2021 was held on the 8 June 2021, 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 conducted virtual meetings with institutional investors in April and September 2021 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 Nominated Advisor (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 info@xpediator.com

Further details are also discussed in the section 172 report available on pages 24 to 25.

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, 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 parties 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 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 24 to 25.

Principle Four

Embed effective risk management, considering both opportunities and threats, throughout the organisation.

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 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 35 to 37.

Principle Five

Maintain a balanced Board as a well-functioning balanced team led by the Chair.

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 two Non-Executive Directors, and two Executive Directors.

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 20 times throughout the year. All Board members are encouraged to attend all meetings and were invited accordingly.

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.

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 experience, skills and capabilities

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

The appraisal system identifies any areas of concerns and makes recommendations for any training or development to enable the Board member to meet their objectives which will be set for the following year. In 2022, reviews will be carried out and objectives recorded on Cascade, our internal HR system. As part of the review process a review of the progress made against the prior year's targets is made to ensure any identified skill gaps are closed.

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 invest in the capabilities and wellbeing 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 and 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 can 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 good decision-making by the Board

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.

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.

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

The Group's 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.

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.

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.

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.

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	20	2	6	10
Director's Attendance				
Alex Borelli (Left September 2021)	13	2	2	3
Stephen Blyth	17	1	0	3
Rob Riddleston	20	2	6	3
Charles McGurin	16	0	6	3
Wim Pauwels	18	2	2	3
Robert Ross (Left November 2021)	17	2	0	10
Michael Williamson (Joined March 2021)	17	1	0	8
Mark Whiteling (Joined September 2021)	6	0	4	0

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.

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

The 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.

Board Committees

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 currently comprising of two independent non-executive directors and two executive directors.

To assist in carrying out its duties, the Board has several committees including the Audit Committee and the Remuneration Committee.

Each committee has formally delegated duties and responsibilities with written terms of reference.

An explanation of the responsibilities and composition of the committees is set out below and the terms of reference can be downloaded from our website.

Audit Committee

The Audit Committee consists of Charles McGurin and is chaired by Rob Riddleston. New committee members will be duly appointed following the resignations of Mark Whiteling and Stephen Blyth from the Board. The Audit Committee has responsibility for ensuring that the financial performance of the Group is properly reported on and reviewed, and its role includes:

- monitoring the integrity of the financial statements of the Group (including annual and interim accounts and results announcements),
- reviewing any changes to accounting policies,
- reviewing and monitoring the Internal Audit functions charter, annual plan, and performance,
- reviewing and monitoring the extent of the non-audit services undertaken by external auditors and
- advising on the appointment of external auditors.

Post year end the Group appointed David Regan as Group Head of Internal Audit & Risk, who joined the business from Wincanton plc.

Remuneration Committee

The Remuneration Committee consists of Rob Riddleston and is chaired by Charles McGurin. A new committee member will be duly appointed following the resignation of Mark Whiteling from the Board. The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Group's policy on the remuneration packages of the Company's Chair, the Executive and Non-Executive Directors. No Director may be involved in any discussions as to their own remuneration.

The Audit Committee Report

The Audit Committee meets at least annually with the Group's Auditor and as otherwise required. The Audit Committee met two times during 2021 with full attendance and, in accordance with best practice, the Chair of the Audit Committee also met separately with the Senior Statutory Auditor to provide an opportunity for any relevant issues to be raised directly with him.

The key findings of last year's audit were discussed, and plans put in place with a view to addressing the limited number of areas of concern. During the year, the Audit Committee discharged its responsibilities by:

- Reviewing the Group's draft financial statements, preliminary announcements and interim results statement prior to Board approval and reviewing the external Auditor's reports thereon.
- Reviewing the external Auditor's plan for the audit of the Group financial statements, confirmations of auditor independence and proposed audit fee and approving terms of engagement for the audit.
- Considering the effectiveness and independence of the external Auditor and recommending to the Board the reappointment of Crowe as external Auditor.
- Considering the review of material business risks.
- Considering the significant risks and issues in relation to the financial statements and how these were addressed.
- Considering policies on non-audit engagements for the Company's Auditor.

The Remuneration Committee Report

The key pillars of the remuneration policy for the Group, as well as the rationale for any major decisions made by the Remuneration Committee during the year, are set out below. This is intended to help investors assess and understand the remuneration policy in light of the strategy for the Group.

The role of the Remuneration Committee is to assist the Board in fulfilling its responsibilities in establishing appropriate remuneration levels and incentive policies for Directors and key executives, including all share-based compensation.

The remuneration of the Non-Executive Directors is approved by the Board of Directors who always act as fairly and reasonably and in the interests of the Company and shareholders as possible.

Remuneration Policy

The remuneration policy of the Group is:

- To provide a suitable remuneration package to attract, motivate and retain Executive Directors who will run the Group successfully.
- To ensure that all long-term incentive schemes for the Directors are in line with the Shareholders' interests.

The Committee makes recommendations to the Board. Directors do not take part in any decision about their own remuneration. The Remuneration Committee members are expected to draw on their experience to judge where to position the Group, relative to other companies' rates of pay when considering remuneration packages for Executives. The Executive Directors have service contracts which provide for notice periods of twelve months. Each of the Non-Executive Directors has a service contract which provides for a notice period of three months

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 1 January 2021 to 31 December 2023.

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

Kornferry were instructed by the Group to conduct a full review of our pay and benefits for the Senior Leadership team, including an LTIP review. Full details and disclosures are planned for Q3 in 2022

The CSOP and LTIP awards that were granted to Robert Ross have been voided following his departure from the company in November 2021.

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

Director

The remuneration of Directors for the year ended 31 December 2021 was as follows:

Director	Base Salary	Bonuses	Other benefits	2021 Total	2020 Total
Alex Borrelli	37.5	–	–	37.5	68.9
Stephen Blyth	40.0	–	1.2	41.2	760.0
Robert Ross	279.2	105.4	232.0	616.6	397.7
Rob Riddleston	30.9	–	–	30.9	42.0
Charles McGurin	34.0	–	–	34.0	42.0
Wim Pauwels	81.8	–	–	81.8	38.0
Mark Whiteling	25.0	–	0.3	25.2	–
Mike Williamson	165.5	107.5	14.0	287.0	–
Total	**694.0**	**212.9**	**247.5**	**1,154.4**	**1,348.6**

Included within other benefits for Robert Ross is combined payment in lieu of notice period and compensation of £202,000.

Directors and their interests

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

Director	31 Dec 2021	31 Dec 2021 %	31 Dec 2020	31 Dec 2020 %
Alex Borrelli[1]	416,667	0.29	454,472	0.32
Stephen Blyth[2]	37,781,045	26.66	37,781,018	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	**38,473,272**	**27.15**	**36,041,432**	**26.48**

1 Alex Borrelli exited the business (22 September 2021)

2 Shares held via Cogels Investment Limited and Blyth family members

CEO Pay Ratio

Year	Method	CEO Single Figure	All UK Employee	Lower Quartile	Median	Upper Quartile
2021	Option B	461,334	Ratio	20:1	17:1	12:1
			Total Salary	**23,000**	**27,731**	**38,314**
2020	Option B	536,292	Ratio	27:1	21:1	16:1
			Total Salary	**20,020**	**25,000**	**34,338**

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 2021, the CEO pay ratio is based on Robert Ross' salary from 1 January 2021 to 22 November 2021 and Wim Pauwels' salary from 22 November 2021 to 31 December 2021. Robert Ross' compensation for loss of office is excluded from these figures.

Wim Pauwels, in his role as interim CEO will receive a package of £500,000, this is inclusive of all benefits and bonuses.

Directors' Report

Principal Activities

Xpediator is an Alternative Investment Market (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 2021.

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 of 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 60.

Subject to approval by shareholders, the Board is recommending a final dividend of 0.60p per share to be paid to shareholders in July 2022. Taken with the first interim dividend of 0.50p per share, this takes the cumulative interim dividend to 1.10p per share. A special interim dividend will be declared in 2022 if current geopolitical issues are clearer.

The proposed final dividend will be payable to shareholders on the register on 20 May 2022, with the ex-dividend date being 19 May 2022.

Share Capital

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

At 31 December 2021, 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	
Cogels Investments Limited	26.68%
Mr Shaun R Godfrey	16.15%
Mr Sandu Grigore	11.14%
Berenberg Bank	7.20%
Stonehage Fleming Family & Partners	6.58%

Financial Instruments

As at 31 December 2021 the Company had borrowings from Lloyds Bank in the UK and an invoice discounting facility provided by Investec Capital Solutions Limited totaling £18.0 million. The financial risk management objectives and policies are disclosed in note 21 and summarised on pages 35 to 37 in the strategic report.

Directors

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

Executive

- Wim Pauwels (appointed Interim Chief Executive Officer 22 November 2021)
- Robert Ross (left 22 November 2021)
- Michael Williamson (appointed 1 March 2021)

Non-Executive

- Alex Borrelli (left 22 September 2021)
- Stephen Blyth (left 25 March 2022)
- Charles McGurin
- Wim Pauwels (appointed Interim Chief Executive Officer 22 November 2021)
- Rob Riddleston
- Mark Whiteling (appointed 22 September 2021, left 25 March 2022)

The biographical details of the Directors are given on pages 40 and 41 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 50.

On 22 November 2021, Robert Ross resigned as Chief Executive Officer and was replaced by Wim Pauwels as Interim Chief Financial Officer.

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(1) report on pages 24 and 25.

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 4 April 2022 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 pages 8 to 11.

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 1 April 2022 and signed on its behalf by:

Wim Pauwels
Interim 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 (IFRS) as adopted by the United Kingdom 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 IFRS as adopted by the United Kingdom, 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 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 1 April 2022 and signed on its behalf by:

Wim Pauwels
Interim 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 2021, which comprise:

- the Group Consolidated Income Statement and Statement of 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
- the 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 UK-adopted international accounting standards (IFRS). 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 2021 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRS;
- 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 director's 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 and the Parent Company'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.

- Our overall materiality was set on a preliminary basis at £525,000 based on draft and extrapolated results. We reconsidered materiality in the light of the final results and concluded that no adjustment to that initial materiality level was required. The overall materiality level is based on approximately 8% of the Group's profit before tax for the year to 31 December 2021 normalised by adding back exceptional items. This level of overall materiality represents approximately 5% of Adjusted Profit, which is the non-GAAP measure which the Group uses for market guidance. In 2020 the overall materiality of £375,000 represented approximately 7% of the Group's profit before tax for the year to 31 December 2020 normalised by adding back exceptional items and approximately 5% of Adjusted Profit for that year. As the Group is a trading group we determined that a trading based metric was the most appropriate to use for determining materiality.

- £392,000 is the Group level of performance materiality (2020: £280,000) 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.
- £26,000 (2020: £11,000) 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 (2020: £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 ongoing Covid-19 pandemic imposed travel restrictions which meant that is 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. We therefore determined that a regular progress call and remote audit file reviews were considered appropriate in the circumstance. From the review of the component auditors' working papers, we discuss key findings directly with the component audit team, specialist team members and component auditor reporting partner and conclude on significant issues.

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
Impairment of intangible assets (including goodwill)	
Note 12 of the Group financial statements The Group's intangible assets comprise licences, goodwill, customer related and technology related assets, predominantly arising from past business combination. The total carrying value of the intangible assets was £21.9 million at 31 December 2021 (31 December 2020: £23.4 million).	We obtained management's impairment assessment of intangible assets (including goodwill) and discussed the key inputs into the assessment with management. We performed audit procedures, including applying challenge regarding the reasonableness on the inputs into the model as follows: • the forecast cash flows within the assessment period; • the expected growth rate; and • the discount rate applied to the forecast. 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.

Key audit matter	How the scope of our audit addressed the key audit matter
Recoverability of trade receivables	
Note 17 of the Group financial statements The Group has material trade receivables, after allowances for impairment, of £77.7 million at 31 December 2021 (31 December 2020: £55 million). The recoverability of trade receivable is considered to be a key audit matter.	Our audit procedures included the following: • We reviewed the recoverability of trade receivables by reference to post year end receipts. • We obtained 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
Carrying value of investments in subsidiaries	
Note 5 of the Parent Company financial statements At 31 December 2021 the carrying value of investments in subsidiaries in the financial statements of the Parent Company was £63.7 million (31 December 2020: £63.7 million).	We obtained management's assessment of the impairment of investments in subsidiaries. We considered the following matters: • 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 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.

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 53, 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.

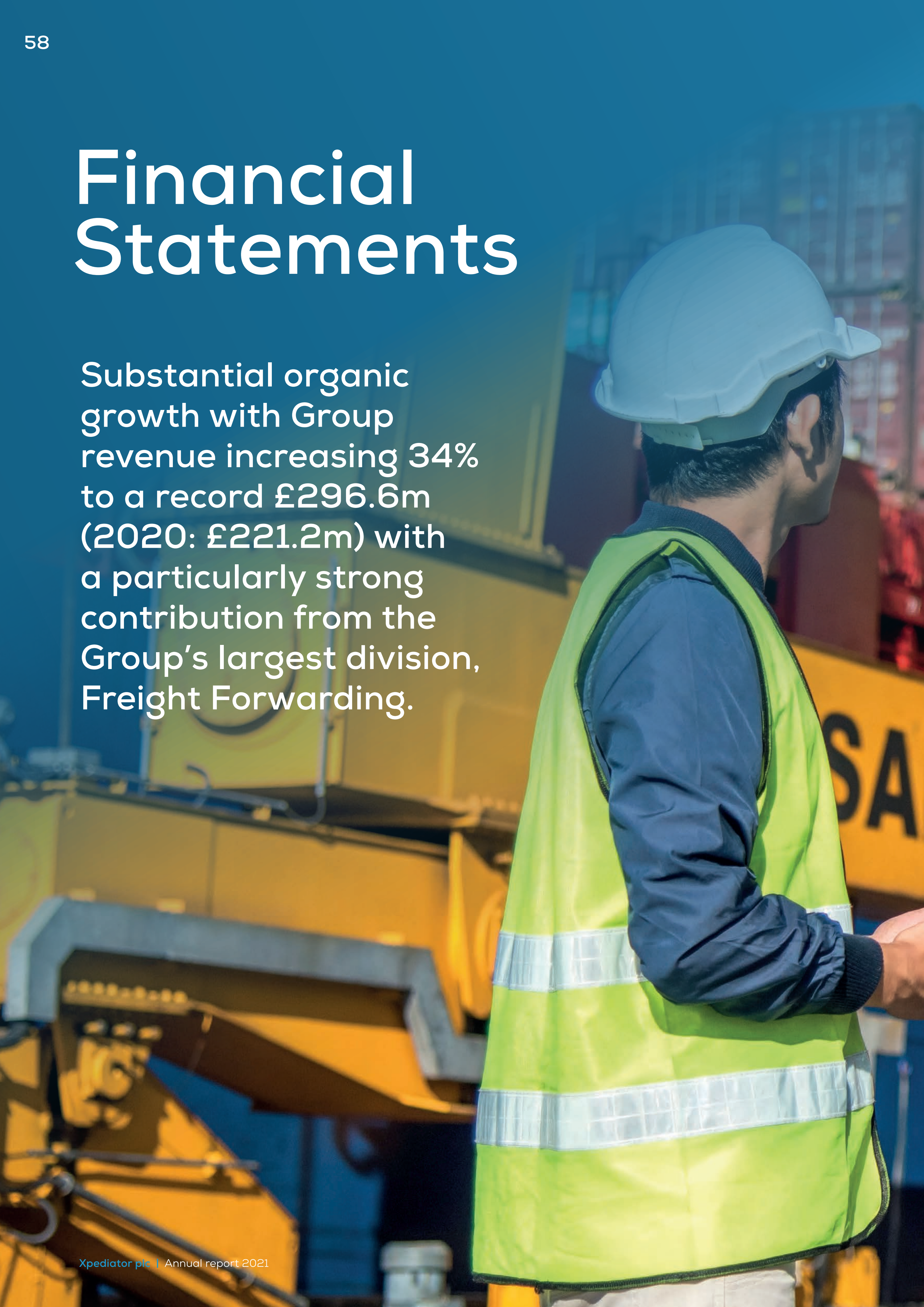
Use of our report

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
1 April 2022

Financial Statements

Substantial organic growth with Group revenue increasing 34% to a record £296.6m (2020: £221.2m) with a particularly strong contribution from the Group's largest division, Freight Forwarding.

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Consolidated Income Statement

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Gross billing	7	436,237	342,981
CONTINUING OPERATIONS			
Revenue	3	296,594	221,226
Cost of sales		(228,201)	(165,640)
GROSS PROFIT		68,393	55,586
Other operating income	4	1,478	1,250
Impairment losses on receivables	17	(1,475)	(853)
Administrative expenses	5	(62,344)	(50,680)
Exceptional items included in administrative expenses above	27	(2,610)	(1,377)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		8,662	6,680
OPERATING PROFIT	5	6,052	5,303
Finance costs	8	(1,937)	(1,464)
Finance income	8	172	95
PROFIT BEFORE INCOME TAX		4,287	3,934
Income tax	9	(2,410)	(874)
PROFIT FOR THE YEAR		**1,877**	**3,060**
Profit attributable to:			
Owners of the parent		417	2,031
Non-controlling interests		1,460	1,029
		1,877	**3,060**
Earnings per share attributable to the ordinary equity holders of the parent:			
Basic earnings pence per share	10	0.29	1.46
Diluted earnings pence per share	10	0.29	1.46
Adjusted basic earnings pence per share	10	3.68	3.84
Adjusted diluted basic earnings pence per share	10	3.67	3.84

The notes form part of these financial statements

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2021

	2021 £'000	2020 £'000
PROFIT FOR THE YEAR	1,877	3,060
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(1,289)	547
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**588**	**3,607**
Total comprehensive income attributable to:		
Owners of the parent	(758)	2,542
Non-controlling interests	1,346	1,065
	588	**3,607**

The notes form part of these financial statements

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 £'000	2020 £'000
ASSETS			
NON-CURRENT ASSET			
Intangible assets	12	21,923	23,443
Property, plant and equipment	13	4,563	2,696
Right-of-use assets	25	58,321	31,599
Investments	16	–	1
Trade and other receivables	17	–	252
Deferred tax asset	9	904	707
		85,711	58,698
CURRENT ASSETS			
Inventories		235	59
Trade and other receivables	17	98,495	66,723
Cash and cash equivalents		11,684	12,720
		110,414	79,502
TOTAL ASSETS		**196,125**	**138,200**
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	22	7,134	7,132
Share premium	23	13,149	13,139
Equity reserve	23	108	1
Translation reserve	23	(594)	581
Merger reserve	23	3,102	3,102
Retained earnings	23	4,121	5,901
Issued share capital and reserves attributable to the owners of the parent		27,020	29,856
Non-controlling interests		2,170	1,332
TOTAL EQUITY		**29,190**	**31,188**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	20	2,191	2,153
Lease liabilities – right-of-use assets	25	50,625	25,376
Interest bearing loans and borrowings	19	–	1,896
Trade and other payables	18	343	132
Deferred tax liability	9	2,011	1,697
		55,170	31,254
CURRENT LIABILITIES			
Trade and other payables	18	86,219	64,828
Lease liabilities – right-of-use assets	25	9,053	6,864
Interest bearing loans and borrowings	19	16,493	4,066
		111,765	75,758
TOTAL LIABILITIES		**166,935**	**107,012**
TOTAL EQUITY AND LIABILITIES		**196,125**	**138,200**

The notes form part of these financial statements

The financial statements were approved by the Board of Directors on 1 April 2022 and were signed by:

Wim Pauwels
Interim CEO
1 April 2022

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	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 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	–	–	–	–	–	(2,197)	(2,197)	(508)	(2,705)
Share options issued				107	–	–	–	107	–	107
Share options exercised		2	10	–	–	–	–	12	–	12
Total contribution by and distribution to owners		2	10	107	–	–	(2,197)	(2,078)	(508)	(2,586)
Profit for the year		–	–	–	–	–	417	417	1,460	1,877
Exchange differences on translation of foreign operations		–	–	–	(1,175)	–	–	(1,175)	(114)	(1,289)
Total comprehensive income for the year		–	–	–	(1,175)	–	417	(758)	1,346	588
Balance at 31 December 2021		**7,134**	**13,149**	**108**	**(594)**	**3,102**	**4,121**	**27,020**	**2,170**	**29,190**

	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		–	–	(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**

The notes form part of these financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Continuing Operations			
Cash flows from operating activities			
Cash generated from operations	1	6,721	15,862
Interest paid		(299)	(948)
Tax paid		(1,732)	(848)
Net cash from operating activities		**4,690**	**14,066**
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(3,262)	(860)
Purchase of intangible fixed assets	12	(309)	(489)
Cash proceeds on disposal of intangible assets		–	397
Cash proceeds on disposal of property, plant and equipment		254	–
Cash proceeds from sale & leaseback		–	2,900
Net cash acquired from acquisitions		–	(3,650)
Cash paid on deferred consideration of acquisition		–	(4,368)
Interest received	8	172	43
Net cash outflow from investing activities		**(3,145)**	**(6,027)**
Cash flows from financing activities			
New loans in year	19	10,869	1,350
Loan repayments in year	19	(338)	(386)
Share issue (net of share issue costs)		12	–
Dividends paid	11	(2,197)	(636)
Repayment on leases		(9,347)	(7,587)
Non-Controlling interest dividends paid	15	(508)	(546)
Net cash outflow from financing activities		**(1,509)**	**(7,805)**
Increase in cash and cash equivalents		**36**	**234**
Cash and cash equivalents at beginning of year		**12,720**	**11,951**
Effect of foreign exchange rate movements		**(1,072)**	**535**
Cash and cash equivalents at end of year		**11,684**	**12,720**

The notes form part of these financial statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

1. Reconciliation of Profit Before Income Tax to Cash Generated from Operations

	2021 £'000	2020 £'000
Profit before income tax before ordinary activities	4,287	3,934
Depreciation charges	9,691	7,168
Amortisation charges	1,676	1,730
Profit on disposal of property, plant and equipment	(47)	(787)
Profit on disposal of right of use assets	(143)	–
Loss on disposal of intangible assets	–	339
Finance costs	1,937	1,464
Finance income	(172)	(95)
Share based payments charge	107	(15)
Deferred consideration credit	–	(344)
Disposal of EshopWedrop subsidiaries	–	270
	17,336	**13,664**
Increase/decrease in inventories	(176)	59
Increase in trade and other receivables	(31,520)	(4,998)
Increase in trade and other payables	21,043	6,735
Increase in provisions	38	402
Cash generated from operations	**6,721**	**15,862**

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 UK issued by the International Accounting Standards Board, under the historical cost convention. Accounting policies have been consistently applied to the periods presented.

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 IFRS 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 Group's customers and the level of transport and logistics activity in the market.

In 2021, Covid-19 provided a number of challenges nevertheless the Group remained resilient. Demand was good with trading largely normalising in the areas where the pandemic had an impact in 2020.

We are conscious of the potential headwinds created in the CEE by the tragic geo-political events unfolding in the Ukraine. We are also mindful of inflation and resulting uncertainty around consumer spend. However, trading in 2022 has begun positively. The Group will continue to focus on maximising organic growth opportunities across all businesses as well as on the ongoing assessment of acquisitions which could significantly increase activity and capability longer term.

At 31 December 2021 the Group had cash and cash equivalents of £11,684,000 (2020: £12,720,000). The Group also has funding facilities in place, details of which are set out in note 19 of the financial statements.

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 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.

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 satisfaction 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 Warehousing & Logistics 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 Marchansies 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:

- The customer 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 is 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.

Warehousing & Logistics

Warehousing & Logistics 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.

Affinity

Revenue is recognised at a point in time only after the performance obligation has 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.

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.

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.

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, and trade and other payables. 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 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 (none in 2021), which is contingent on the performance of the acquired businesses.

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.

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 3.38% (2020 - 3.27%).

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

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 the Consolidated Income Statement 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.

Exceptional items

The Group has adopted an accounting policy and income statement format which seeks to highlight unusual significant items of income and expense within Group result for the year. The Directors consider that this presentation provides a more representative analysis of the Group performance by highlighting the impact of one-off items. Such items may include significant restructuring costs, profits or losses on disposal or termination of operations, gains or losses on disposal of investments, significant impairment of assets, and significant costs incurred in the relocation of operations.

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

- Estimated impairment of intangible assets (including goodwill)

  The Group annually tests whether the carrying value of intangible assets (including goodwill) has suffered any impairment. These calculations require the use of estimates, both in arriving at the expected future profitability of the cash generating units (CGUs) and the application of a suitable discount rate in order to calculate the present value of these flows. As the impairment of the CGUs is based on a future forecast, the Group has used a level of judgement around key assumptions of future cashflows greater than 12 months. At 31 December 2021, the carrying value of intangible assets (including goodwill) is £21,922,000 (2020 - £23,443,000). Details of the impairment and sensitivity of cashflows are disclosed in note 12.

- 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 £77,699,000 (2020 - £55,032,000).

- 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 £904,000 (2020 - £707,000) and a deferred tax liability of £2,011,000 (2020 - £1,697,000).

3. Revenue Analysis by Country

	2021 £'000	2020 £'000
United Kingdom	114,943	83,194
Lithuania	91,261	63,988
Romania	40,582	33,640
Bulgaria	33,369	25,635
Serbia	8,307	6,629
Other	8,132	8,140
Total revenue	**296,594**	**221,226**

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

3a) Revenue from Contracts with Customers

	2021 £'000	2020 £'000
Over a period of time	290,318	215,483
At a point in time	6,276	5,743
Total revenue	**296,594**	**221,226**

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

3b) Contract Assets

	2021 £'000	2020 £'000
At 1 January	1,335	1,367
Net movement for the year	4,921	(32)
At 31 December	**6,256**	**1,335**

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.

3c) Non-Current Assets by Country

	2021 £'000	2020 £'000
United Kingdom	70,493	42,277
Lithuania	6,547	6,432
Romania	7,806	8,796
Bulgaria	699	782
Serbia	102	124
Other	64	287
Total Non Current Assets	**85,711**	**58,698**

4. Other Operating Income

Other operating income arises mainly from sundry services executed by the Group, not being Freight Forwarding, Warehousing & Logistics 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.

	2021 £'000	2020 £'000
Recharges to Franchise members	1,098	833
Recovery of fines/penalties	(90)	74
Rental income	20	64
Other	450	279
	1,478	**1,250**

5. Operating Profit

	2021 £'000	2020 £'000
Operating profit is stated after charging/(crediting):		
Hire of plant and machinery	526	593
Depreciation – owned assets (note 13)	1,108	915
Depreciation – right of use assets (note 25)	8,583	6,253
Amortisation of intangible assets (note 12)[1]	1,676	1,730
Auditors' remuneration	320	313
Gain on disposal of property, plant and equipment	(47)	(787)
Gain on disposal of right of use assets	(143)	–
Loss on disposal of intangible assets (note 12)	–	339
Insurance costs	1,684	1,053
Property/Municipal Taxes	2,100	1,794
Legal costs	273	259
Exceptional Items (note 27)	2,610	1,377
Bad debt costs (note 17)	1,475	853
Credit note provisions on Benfleet vendor income	–	24
Foreign exchange (gains)/losses	(344)	603
Staff expenses (note 6)	29,037	24,593
IT costs	1,665	2,149
Other administration expenses	13,296	9,472
Total	**63,819**	**51,533**

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

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

	2021 £'000	2020 £'000
Audit and Audit Related Services		
The audit of the Company and Group financial statements	114	94
The audit of the financial statements of subsidiaries of the Group	196	209
Other assurance services	10	10
Total audit and audit related services	**320**	**313**

6. Employee Benefit Expenses

	2021 £'000	2020 £'000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	26,440	22,555
Short-term non-monetary benefits	447	124
Share based payments	88	(15)
Defined contribution pension cost	367	344
Social security contributions and similar taxes	1,695	1,585
Total	**29,037**	**24,593**

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.

	2021 £'000	2020 £'000
Salary and bonuses	1,985	1,724
Compensation for loss of office	202	–
Short-term non-monetary benefits	27	53
Share based payments	19	–
Defined contribution pension cost	44	26
Total	**2,277**	**1,803**

Directors' remuneration

	2021 £'000	2020 £'000
Salary and bonuses	907	856
Compensation for loss of office	202	458
Other remuneration	24	35
Share based payments	10	–
Defined contribution pension cost	11	–
Total	**1,154**	**1,349**

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

Total remuneration regarding the highest paid Director is as follows:

	2021 £'000	2020 £'000
Total aggregate remuneration	**617**	760

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

	2021 £'000	2020 £'000
Freight forwarding	754	439
Logistics	550	471
Other	128	170
Total	**1,432**	**1,080**

7. Segmental Analysis

Types of services from which each reportable segment derives its revenues

The Group had three main divisions: Freight Forwarding, Warehousing & Logistics and Transport Support Services, referred to as Affinity, 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 79% of its external revenues. (2020 - 77%)
- Warehousing & Logistics – This division is involved in the warehousing and domestic distribution; delivering 19% of the Group's external revenues in 2021 (2020 - 20%).
- Affinity – This division is the Transport Support Service'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 2% of the Group's business in terms of revenue (2020 - 3%)

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 2021 £'000	Warehousing & Logistics 2021 £'000	Affinity 2021 £'000	Overheads 2021 £'000	Total 2021 £'000
Gross billings	**234,182**	**56,136**	**145,919**	**–**	**436,237**
Less recoverable disbursements	–	–	(139,643)	–	(139,643)
Total revenue	234,182	56,136	6,276	–	296,594
Inter-segmental revenue	(607)	607	–	–	–
Total revenue from external customers	**233,575**	**56,743**	**6,276**	**–**	**296,594**
Depreciation & amortisation (excluding right-of-use asset depreciation)	(973)	(1,482)	(49)	(280)	(2,784)
Segment profit before central overhead allocation (excluding exceptional items)	**9,673**	**1,498**	**2,355**	**(4,864)**	**8,662**
Allocation of central overheads	(1,615)	(802)	(79)	2,496	–
Segment profit after central overhead allocation (excluding exceptional items)	**8,058**	**696**	**2,276**	**(2,368)**	**8,662**
Net finance costs					(1,765)
Exceptional items					(2,610)
Profit before income tax					**4,287**
Total segment assets	**88,065**	**71,281**	**25,917**	**10,862**	**196,125**
Total segment equity & liabilities	**88,065**	**71,281**	**25,917**	**10,862**	**196,125**

	Freight Forwarding 2020 £'000	Warehousing & Logistics 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**

8. Net Finance Costs

	2021 £'000	2020 £'000
Finance income:		
Deposit account interest	143	43
Interest receivable on Benfleet vendor income	29	52
Total finance income	**172**	**95**
Finance costs:		
Unwind of discount on deferred consideration	–	140
Bank loan & confidential invoicing discount interest	352	324
Right-of-use asset interest	1,585	1,000
Total finance costs	**1,937**	**1,464**
Net finance costs	**1,765**	**1,369**

9. Income Tax

Analysis of tax expense

	2021 £'000	2020 £'000
Current tax:		
Tax on profits for the year	2,338	1,748
Adjustments in respect of prior periods	(60)	(16)
Total current tax payable	**2,278**	**1,732**
Deferred tax credit	132	(858)
Total tax expense in consolidated statement of profit or loss	**2,410**	**874**

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:

	2021 £'000	2020 £'000
Profit before tax	4,287	3,934
UK tax charge at 19%	814	57
Overseas tax charge	(616)	1,460
Expenses not deductible for tax purposes	728	116
Movement in deferred tax	(134)	(858)
Remeasurement of deferred tax – change in the UK tax rate	266	–
Unrecognised deferred tax	1,826	219
Adjustment in respect of prior periods	(60)	(16)
Other	(414)	(104)
Total tax expense	**2,410**	**874**

Deferred Tax

Assets – Arising from Trading losses	2021 £'000	2020 £'000
Balance as at 1 January	707	210
Movement in the year as a result of trading	(20)	497
Effect of change in rate of taxation	217	–
Balance as at 31 December	**904**	**707**

Liabilities	2021 £'000	2020 £'000
Balance as at 1 January	(1,697)	(1,968)
Recognised on the acquisition of subsidiaries	–	(90)
Release to income statement	154	361
Effect of change in rate of taxation	(483)	–
Movement in foreign exchange	15	–
Balance as at 31 December	**(2,011)**	**(1,697)**

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

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In the prior year, the Group recognised a deferred tax asset of £497,000 based on the predicted UK Group profits between 2021 to 2023. There was no realisation of the deferred tax asset during the year due to the exceptional expenses incurred in the period. The Group now expects the deferred tax asset to be realised between 2022 and 2024.

In addition, the Group has potential deferred tax assets for trading losses totalling £3,170,000 (2020: £1,252,000) 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

	2021 £'000	2020 £'000
Basic weighted average number of shares	**141,660**	**138,889**
Potentially dilutive share options	267	55
Diluted weighted average number of shares	**141,927**	**138,944**

	£'000	£'000
Profit for the year attributable to owners of the parent company	**417**	**2,031**
Earnings pence per share – basic	**0.29**	**1.46**
Earnings pence per share – diluted	**0.29**	**1.46**
Profit for the year attributable to owners of the parent company	**417**	**2,031**
Exceptional items (note 27)	2,610	1,377
Amortisation of intangible assets arising from acquisitions (note 12)	1,472	1,464
Unwind of discount in deferred consideration	–	140
Additional interest charge due to IFRS16 accounting standard change	714	376
Add back of discount on deferred consideration	–	(52)
Adjusted profit for the year attributable to owners of the parent company	**5,213**	**5,336**
Adjusted earnings pence per share – basic	**3.68**	**3.84**
Adjusted earnings pence per share – diluted	**3.67**	**3.84**

11. Dividends

	2021 £'000	2020 £'000
Final dividend of 0.60p (2020: 1.05p) per ordinary share	850	1,487
Interim dividend of 0.50p (2020: 0.45p) per ordinary share	709	636

Subject to approval by shareholders, the Board is recommending a final dividend of 0.60p per share to be paid to shareholders on 1 July 2022. Taken with the first interim dividend of 0.50p per share, this takes the total dividend to 1.10p per share (2020: 1.50p per share). The Board believe it is the right decision to be cautious at this time given the tragic events unfolding in Ukraine and has proposed a lower final dividend than the prior year. However, if as expected the working capital impact on the Group remains small then the Board will look to pay a special dividend during 2022.

The proposed final dividend will be payable to shareholders on the register on 20 May 2022, with the ex-dividend date being 19 May 2022.

12. Intangible Assets

Group

COST	Licences £'000	Goodwill £'000	Customer Related £'000	Technology Related £'000	Total £'000
At 1 January 2021	3,234	14,160	12,258	510	30,162
Additions	309	–	–	–	309
Disposals	(90)	–	–	–	(90)
Exchange differences	(66)	–	–	–	(66)
At 31 December 2021	**3,387**	**14,160**	**12,258**	**510**	**30,315**
AMORTISATION					
At 1 January 2021	751	1,845	3,871	252	6,719
Charge for the year	204	–	1,370	102	1,676
Disposals	(90)	–	–	–	(90)
Exchange differences	87	–	–	–	87
At 31 December 2021	**952**	**1,845**	**5,241**	**354**	**8,392**
NET BOOK VALUE					
At 31 December 2021	**2,435**	**12,315**	**7,017**	**156**	**21,923**
At 1 January 2021	**2,483**	**12,315**	**8,387**	**258**	**23,443**

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**

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.

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 prior year, the Directors 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 are assessed as one CGU (collectively known as Delamode Anglia Limited), whilst Import Services Limited and Easy Managed Transport Limited are also assessed as one CGU (collectively known as Delamode 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 11.4%-12.6% to the cash flow projections when determining the net present value of these cash flow. The Directors believe there is sufficient headroom in the value of the CGUs 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	11.4	7.1 to 18.7	3.0
Delamode International Logistics Limited	12.6	7.6 to 10.9	3.0
Delamode Anglia Limited	12.6	5.0 to 16.6	2.5
Regional Express Limited	12.2	2.0 to 6.7	2.0
Nidd Transport Limited	12.2	7.6 to 15.3	3.0

The WACC of the Group has been calculated at a rate of between 11.4%-12.6% with each CGU being adjusted to take into consideration a specific Company premium risk factor.

The short-term growth rate for each CGU uses several 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 (2020 - £nil).

13. Property, Plant and Equipment

Group	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
COST					
At 1 January 2021	258	2,666	1,024	2,745	6,693
Additions	106	1,717	145	1,294	3,262
Disposals	(31)	(74)	(209)	(160)	(474)
Exchange differences	(11)	(61)	(39)	(55)	(166)
At 31 December 2021	**322**	**4,248**	**921**	**3,824**	**9,315**
DEPRECIATION					
At 1 January 2021	97	1,462	671	1,767	3,997
Charge for the year	35	513	61	499	1,108
Eliminated on disposal	(8)	(70)	(176)	(12)	(266)
Exchange differences	(3)	(24)	(27)	(33)	(87)
At 31 December 2021	**121**	**1,881**	**529**	**2,221**	**4,752**
NET BOOK VALUE					
At 31 December 2021	**201**	**2,367**	**392**	**1,603**	**4,563**
At 1 January 2021	**161**	**1,204**	**353**	**978**	**2,696**

Group	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'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 the 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**

14. Subsidiaries

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

Name	Registered Office	Country of incorporation	Proportion of ownership interest 2021	Proportion of ownership interest 2020
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%
Delamode International Logistics Ltd *(formerly Import Services Ltd)*	1	United Kingdom	100%	100%
Anglia Forwarding Group Limited	1	United Kingdom	100%	100%
Delamode Anglia Ltd *(formerly Anglia Forwarding Ltd)*	1	United Kingdom	100%	100%
Traker International Limited	1	United Kingdom	100%	100%
Delamode Nidd Ltd *(formerly Nidd Transport Ltd)*	1	United Kingdom	100%	100%
International Cargo Centre Limited	1	United Kingdom	100%	100%
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%

Delamode Group Holdings Limited, Easy Managed Transport Limited, Benfleet Forwarding Limited, Regional Express Limited, Delamode International Logistics Limited, Anglia Forwarding Group Limited and Delamode Nidd 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, No. 4A, AFI Park 4&5 Building, AFI Park 4 Wing, 1st floor, Sector 6, Bucharest, 061949, Romania

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

4 361 Tsarigradsko Shose Boulevard, 1582, Sofia, Bulgaria

5 Bulevar Oslobodenja 113, 11010 Vozdovac, Belgrade, Serbia

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

7 Stefan Jakimov Dedov 14/1 1, 1000 Skopje, Macedonia

8 Eiguliu G, 2 03150, Vilnius, Lithuania

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

10 Europa Business Centre, Level 3 – Suite 701, Dun Karn Street Birkirkara BKR 9034, Malta

11 Strada Stefan Cel Mare 197A, Sibiu , 550321, Romania

12 1141 Budapest Szuglo utcs 82, Hungary

13 Darmstadter Landstrasse 116, Frankfurt, 60598, Germany

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:

	2021	2020
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
Total NCI b/f 2021	161	944
Non-controlling interest in results for the year	118	1,193
Non-controlling interest in dividends for the year	(64)	(332)
Non-controlling Interest in translation adjustment	(14)	(90)
Total NCI c/f 2021	**201**	**1,715**

	Delamode Bulgaria £'000	Delamode Baltics UAB £'000
Share Capital	–	5
Reserves	201	1,710
Total NCI c/f 2021	**201**	**1,715**

	Delamode Bulgaria		Delamode Baltics UAB	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Revenue	34,428	26,276	93,066	65,685
Cost of sales	(30,598)	(23,215)	(78,135)	(56,208)
Gross profit	**3,830**	**3,061**	**14,931**	**9,477**
Administrative expenses	(2,522)	(2,022)	(8,298)	(5,602)
Other income	21	46	164	173
Operating profit	**1,329**	**1,085**	**6,797**	**4,048**
Finance costs	(15)	(18)	217	48
Profit before tax	**1,314**	**1,067**	**7,014**	**4,096**
Tax expense	(132)	(106)	(1,051)	(622)
Profit after tax	**1,182**	**961**	**5,963**	**3,474**
Profit after tax attributable to non-controlling interests	**118**	**96**	**1,193**	**695**

	Delamode Bulgaria		Delamode Baltics UAB	
For the year to 31 December	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Assets:				
Non-current trade and receivables	17	13	465	927
Property plant and equipment	702	782	240	131
Inventories	13	9	175	–
Trade and other debtors	7,462	4,932	22,010	11,657
Cash and cash equivalents	914	1,156	1,495	2,336
	9,108	**6,892**	**24,385**	**15,051**
Liabilities:				
Trade and other payables	7,099	5,282	15,812	10,329
Loans and other borrowings	–	–	–	–
	7,099	**5,282**	**15,812**	**10,329**
Total net assets	**2,009**	**1,610**	**8,573**	**4,722**
Accumulated non-controlling interests	**201**	**161**	**1,715**	**944**

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

16. Investments

Cost	Investment £'000
At January 2021	1
Movement	(1)
At December 2021	–
Net Book Value	
At 31 December 2021	**–**

17. Trade and Other Receivables

Group	2021 £'000	2020 £'000
Current:		
Trade receivables	82,127	58,008
Less: provision for impairment of trade receivables	(4,428)	(2,976)
	77,699	55,032
Current financial assets	5,082	3,624
Prepayments and contract assets	10,845	3,987
Other receivables	4,869	4,080
Total	**98,495**	**66,723**
Non-Current		
Trade and other receivables	**–**	**252**

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 other receivables due within one year is an amount due of £2,100,000 (2020 – £1,782,000) from the Vendors of Benfleet Forwarding Limited.

Trade receivables in the prior year include a balance due from Simplu Romania of £92,000. This debt was guaranteed by the Directors of Delamode Holdings BV, who are a related party to the Xpediator Group. There were no balances outstanding from Simplu Romania at 31 December 2021.

Additionally, trade receivables in the prior year include a total amount of £300,000 due from Inert Logistics LLP following the acquisition of the EshopWedrop Business. At 31 December 2021, total outstanding balances from Inert Logistics LLP in trade receivables were £19,000.

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	2021 £'000	2020 £'000
At 1 January	2,976	2,465
Increase during the year	1,475	853
Impairment losses reversed	189	20
Receivable written off during the year as uncollectible	(212)	(362)
At 31 December	**4,428**	**2,976**

At 31 December 2021, 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	1.2%	12.9%	6.0%	74.9%	
Gross carrying amount	80,901	2,197	1,128	4,157	88,383
Loss provision	963	283	68	3,114	4,428

18. Trade and Other Payables

Group	2021 £'000	2020 £'000
Current:		
Trade and other payables	72,094	55,557
Amounts owed to related parties	–	97
Social security and other taxes	2,032	3,283
Other creditors	6,760	3,277
Accruals	5,333	2,614
Total Trade and other payables	**86,219**	**64,828**
Non-current		
Trade and other payables	**343**	**132**

19. Bank and Other Loans

Group	2021 £'000	2020 £'000
Current:		
Bank loans	1,891	334
Confidential invoice discounting facility	14,602	3,732
	16,493	**4,066**
Non-current:		
Loans – 1–2 years	–	351
Loans – 2–5 years	–	1,159
Loans due after 5 years repayable by instalments	–	386
	–	**1,896**

The Lloyds bank loan agreement states the loan is due to be repaid by November 2026, with interest charged at both a fixed rate of 6.4% and a variable rate of 1.1% above the Bank of England base rate. This loan was replaced and repaid in full in January 2022.

The Lloyds bank loan was partially guaranteed by the personal assets of some of the Directors and Key Management of the Group, which has since been satisfied. The book value and fair value of loans and borrowings are as follows:

Non-Current	2021 £'000	2020 £'000
Bank borrowings and others		
– Secured	–	1,896
Current		
Bank borrowings and others		
– Secured	16,493	4,066
– Unsecured	–	–
	16,493	4,066
Total loans and borrowings	**16,493**	**5,962**
Sterling	16,493	5,962
Other	–	–
Total	**16,493**	**5,962**

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	2021 £'000	2020 £'000
At 1 January	5,962	4,998
New borrowings in the year	10,869	1,350
Borrowings repaid during the year	(338)	(386)
At 31 December	**16,493**	**5,962**

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:

	2021 £'000	2020 £'000
Balance at 1 January	2,153	1,674
Additions during the year	38	402
Additions acquired from acquisitions	–	77
Balance at 31 December	**2,191**	**2,153**

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 and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Bank loans and invoice discounting
- Lease liabilities

Financial instruments by category:

Financial assets at amortised cost

	2021 £'000	2020 £'000
Cash and cash equivalents	11,684	12,720
Trade and other receivables	87,650	62,988
Total financial assets at amortised cost	**99,334**	**75,708**

Financial Liabilities

	Fair value through profit and loss		Loans and other payables	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade and other payables	–	–	81,229	61,677
Bank loans and invoice discounting	–	–	16,493	5,962
Lease liabilities	–	–	59,678	32,240
Total financial liabilities	**–**	**–**	**157,400**	**99,879**

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, and loans and borrowings 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:

Cash at bank	2021* Rating	2021 £'000	2020 £'000
Barclays Bank plc	BBB+	737	1,881
Lloyds Bank plc	A+	4,274	2,234
Raiffeisen Bank AG	A–	3,903	3,969
NatWest group plc	A	14	410
Swedbank	A+	1,217	939
HSBC	A+	165	619
Bank of Transylvania	BB+	194	193
Unicredit Bulbank	BBB	30	431
Hipotekarna Bank	NA	222	–
Erste Bank	A+	187	182
Luminor Bank AB	NA	114	1,142
Other		627	720
Total		**11,684**	**12,720**

* Based on Standard & Poor Rating

Short term deposits	2021 Rating	2021 £'000	2020 £'000
Lloyds Bank	A+	–	1,757

Reconciliation of cash in bank and deposits to balance sheet	2021 £'000	2020 £'000
Cash at bank	11,684	10,963
Short term deposits	–	1,757
Total	**11,684**	**12,720**

(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.

Fuel price risk effect on net profit sensitivity analysis:	2021 £'000	2020 £'000
Price increased by 10%	166	150
Price decreased by 10%	(166)	(150)

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:	2021 £'000	2020 £'000
Interest rates increased by 0.25%	(45)	(15)
Interest rates decreased by 0.25%	45	15

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 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 2021									
Financial assets	27,235	30,487	31,812	141	7,307	2,257	2	93	99,334
Financial liabilities	82,667	32,460	32,290	77	6,655	3,027	40	184	157,400
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

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:	2021 £'000	2020 £'000
Euro		
Strengthened by 10%	(53)	(968)
Weakened by 10%	53	968
Romanian Lei		
Strengthened by 10%	(90)	307
Weakened by 10%	90	(307)
Moldavian Leu		
Strengthened by 10%	7	9
Weakened by 10%	(7)	(9)
Serbian Dinar		
Strengthened by 10%	38	2
Weakened by 10%	(38)	(2)
Bulgarian Lev		
Strengthened by 10%	29	66
Weakened by 10%	(29)	(66)
Macedonian Denar		
Strengthened by 10%	(8)	7
Weakened by 10%	8	(7)

(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. Trade receivables, other financial assets) and projected cash flows from operations.

At 31 December 2021	Up to 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade and other payables	81,229	–	–	–
Bank loans & invoice discounting	16,493	–	–	–
Lease liabilities	11,462	10,797	17,538	35,761
Total	**109,184**	**10,797**	**17,538**	**35,761**

At 31 December 2020	Up to 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
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**

22. Called Up Share Capital

Ordinary Shares of £0.05 each	2021 Number	2021 £'000	2020 Number	2020 £'000
At the beginning of the year	141,633,175	7,082	136,084,224	6,804
Issued during the year	55,250	2	5,548,951	278
At the end of the year	**141,688,425**	**7,084**	**141,633,175**	**7,082**
Deferred Shares of £1.00 each	50,000	50	50,000	50
Total shares at the end of the year	**141,738,425**	**7,134**	**141,683,175**	**7,132**

Shares Issued

On 8 July 2021, SP Angel exercised their option to subscribe for 55,250 Ordinary Shares at the price of £0.24 per share.

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.

23. Reserve Description and Purpose

Retained earnings represents 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 reserve 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 option plans at 31 December is shown below. All options will vest within one to four years.

Name	Share Option No	Option Price £	Vesting Period	Expiry Date
LTIP	267,010	0.05	March 2022	March 2025
CSOP	2,719,101	0.49	December 2023	February 2024
Total	**2,986,111**			

On 5 February 2021, the Group launched a new Company Share Option Plan ("CSOP") to certain employees. 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 1 January 2021 to 31 December 2023. As at the reporting date, there were potentially 2,932,584 of shares options that could be exercised.

On 3 March 2021, the company awarded 2,430,291 to Robert Ross and Mike Williamson under a long term investment plan (LTIP). 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.

SP Angel exercised the 55,250 share options at the exercise price of £0.24 during the period.

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:

	2021 No	2020 No
At 1 January	55,250	698,107
Share options exercised during the year	(55,250)	–
Share options granted during the year	5,598,830	–
Share options lapsed during the year	(2,612,719)	(642,857)
At 31 December	**2,986,111**	**55,250**
Weighted average share price of options	£0.45	£0.24
Weighted average grant fair value	£0.13	£0.04
Weighted average contractual life	25 months	20 months
Exercise price	£0.45	£0.24

The weighted average grant fair value at the year end was £0.13 per option (2020 – £0.04 per option). The outstanding options have a weighted average contractual life of 25 months (2020 – 20 months), and exercise price between £0.05 and £0.49 (2020 – £0.24).

Options were valued using the Black-Scholes option pricing model. Performance conditions were not 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 were as follows:

	2021	2020
Risk free investment	2.15%	1.97%
Expected life	25 Months	20 Months
Expected volatility	39.56%	43.63%

The Group recognised a total charge of £107,000 (2020 – credit of £15,000) 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

Group	Property Premises £'000	Equipment £'000	Total £'000
COST			
At 1 January 2021	41,378	2,247	43,625
Additions	32,426	6,010	38,436
Disposals	(4,461)	(570)	(5,031)
Exchange differences	(1,028)	(29)	(1,057)
At 31 December 2021	**68,315**	**7,658**	**75,973**
DEPRECIATION			
At 1 January 2021	11,223	803	12,026
Charge for the year	7,379	1,204	8,583
Eliminated on disposal	(2,223)	(506)	(2,729)
Exchange differences	(215)	(13)	(228)
At 31 December 2021	**16,164**	**1,488**	**17,652**
NET BOOK VALUE			
At 31 December 2021	**52,151**	**6,170**	**58,321**
At 31 December 2020	**30,155**	**1,444**	**31,599**

Group	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)
Exchange differences	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)
Exchange differences	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

	2021 £'000	2020 £'000
Current	9,053	6,864
Non-Current	50,625	25,376
Total	**59,678**	**32,240**

Amount recognised in the consolidated income statement

	2021 £'000	2020 £'000
Depreciation charged on right-of-use property premises	7,379	6,459
Depreciation charged on other right-of-use assets	1,204	486
Interest on lease liabilities	1,637	1,000
Total	**10,220**	**7,945**

The total cash outflow for leases during the current year was £9,347,000 (2020 - £7,587,000).

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 Proprietati 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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Related Party								
Delamode Holding BV	–	–	–	–	–	–	116	–
Delamode Proprietati, Srl	–	3	4	99	–	1	–	9
Cogels Investment BV	1	–	–	–	–	–	–	–
Companies in which directors or their immediate family have a significant controlling interest								
Affinity Group Limited	–	–	–	–	–	–	–	–
Borrelli Capital Limited	–	–	–	13	–	–	–	–

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

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 £215,417 (2020 - £79,708) from DSW.

At 31 December 2021, the amount due from DSW was £25,123 (2020 - £31,000).

27. Exceptional Items

During the year, the Group incurred non-recurring costs totalling £2,610,000 (2020 - £1,377,000), which relates primarily to costs associated with the delay in relocating the warehouse of Delamode International Logistics Limited in Southampton.

An analysis by type of expense is show below.

	2021 £'000	2020 £'000
Relocation costs	1,654	–
Compensation for loss of office and associated recruitment costs	539	–
Financing negotiation fees	116	–
Redundancy and restructuring	–	1,625
Acquisition Costs – Nidd Transport Limited	–	215
Acquisition Costs – International Cargo Centre Limited	–	17
Aborted Acquisition Costs	301	14
Closure of EshopWedrop 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)
Exceptional Profit on Disposal of Property in Ripon	–	(787)
Total	**2,610**	**1,377**

28. Subsequent Events

The Directors are conscious of the potential headwinds created in CEE by the terrible geo-political events unfolding in the Ukraine which has affected our Lithuanian operations in particular. The macro environment poses clear challenges for all businesses from rising energy prices to the significant increase in geopolitical uncertainty caused by the tragic events unfolding in Ukraine. The Group will not be immune from these challenges but to date, trading has been resilient. The Group has a solid financial platform and with its asset light base is sufficiently shielded from energy and other cost inflation.

To support holding stock for customers on both the continent and in the UK, Delamode International Logistics Limited signed a 10-year lease for a new, purpose built 180,000 sqft (35,000 pallet spaces) storage, fulfilment and distribution warehouse in Roosendaal, Netherlands.

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 1% on the balance sheet date to lease payments that are variable.

	Lease Contract Number	Fixed Payments %	Variable Payments %	Sensitivity £'000
Property leases with payments linked to inflation	3	–	1%	356
Property leases with fixed payments	24	11%	–	–
Leases of plant & equipment	97	47%	–	–
Vehicle leases	85	41%	–	–
Total	**209**	**99%**	**1%**	**356**

30. Analysis of Changes in Net Debt

Group	At 31 December 2020 £'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 2021 £'000
Cash at bank	10,963	1,793	(1,072)	–	–	–	–	11,684
Short term deposits	1,757	(1,757)	–	–	–	–	–	–
Total cash	**12,720**	**36**	**(1,072)**	**–**	**–**	**–**	**–**	**11,684**
Confidential invoice discounting facility	3,732	10,870	–	–	–	–	–	14,602
Bank loans	2,230	(339)	–	–	–	–	–	1,891
Right-of-use assets	32,240	(9,346)	(842)	38,436	(2,447)	1,637	–	59,678
Total debt	**38,202**	**1,185**	**(842)**	**38,436**	**(2,447)**	**1,637**	**–**	**76,171**
Net cash/(debt)	**(25,482)**							**(64,487)**
Net cash/(debt) excluding right-of-use assets	**6,758**							**(4,809)**

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**

Reconciliation of net cash flow to movement in net debt

	2021 £'000	2020 £'000
Net increase in cash and cash equivalents	36	118
Net increase in borrowings and right-of-use assets	(38,811)	(6,340)
Foreign exchange movements	(230)	1,714
Increase in net debt	**(39,005)**	**(4,508)**
Opening net debt	**(25,482)**	**(20,974)**
Closing net debt	**(64,487)**	**(25,482)**

Company Statement of Financial Position

As at 31 December 2021

	Notes	2021 £'000	2020 £'000
ASSETS			
NON-CURRENT ASSET			
Intangible assets	3	418	408
Property, plant and equipment	4	217	207
Investments	5	63,668	63,668
Deferred Tax		640	487
		64,943	**64,770**
CURRENT ASSETS			
Trade and other receivables	6	10,441	3,201
Cash and cash equivalents		59	53
		10,500	3,254
TOTAL ASSETS		**75,443**	**68,024**
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	8	7,134	7,132
Share premium	9	13,149	13,139
Equity reserve	9	108	1
Merger reserve	9	24,694	24,694
Retained earnings	9	3,366	2,848
		48,451	47,814
LIABILITIES			
CURRENT LIABILITIES			
Trade creditors and other payables	7	26,992	20,210
TOTAL LIABILITIES		26,992	20,210
TOTAL EQUITY AND LIABILITIES		**75,443**	**68,024**

The Company made a profit in the year of £2,715,000 (2020 – £375,000).

Wim Pauwels
Interim CEO

1 April 2022

Company Statement of Changes in Equity

For the year ended 31 December 2021

	Share Capital £'000	Share Premium £'000	Equity Reserve £'000	Merger Reserve £'000	Retained Earnings £'000	Total £'000
Equity as at 1 January 2021	**7,132**	**13,139**	**1**	**24,694**	**2,848**	**47,814**
Contribution by and distribution to owners						
Dividends paid	–	–	–	–	(2,197)	(2,197)
Share options issued	–	–	107	–	–	107
Share options exercised	2	10	–	–	–	12
Total contributions by and distribution to owners	**7,134**	**13,149**	**108**	**24,694**	**651**	**45,736**
Profit for the year	–	–	–	–	2,715	2,715
Equity as at 31 December 2021	**7,134**	**13,149**	**108**	**24,694**	**3,366**	**48,451**

	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	–	–	(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 to the Company Financial Statements

For the year ended 31 December 2021

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.

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 2021, 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 and Software	–	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.

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 held 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 UK Sterling.

Transactions in foreign currencies during the period have been converted into Sterling 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 income statement.

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 the income statement. 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 fair value through other comprehensive income (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 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, and trade and other payables. 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 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 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.

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 Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company 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 the income statement 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.

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. During the prior year, the directors undertook an impairment assessment in line with the accounting policy. The Directors recognised net impairment reversals of £2,012,000 with respect to the Company's investments in Easy Management Transport Limited and Benfleet Forwarding Limited which had been determined by reference to the recoverable value calculated in determining the impairment of goodwill relating in the Group financial statements. During both the current year and prior year, the Company recognised an impairment provision of £nil, as disclosed in note 5 to the Company's financial statements.

2. Staff Costs

Compensation consists of 2 executive Directors, 4 non-executive Directors and 70 other employees.

	2021 £'000	2020 £'000
Employee benefit expenses (including directors) comprise:		
Salaries	4,176	2,162
Short-term non-monetary benefits	27	60
Share based payments	108	(15)
Social security contributions and similar taxes	463	319
Defined contribution pension cost	71	-
Total	**4,845**	**2,526**

3. Intangible Assets

Cost

	Licences & Software £'000
At 1 January 2021	577
Additions	173
At 31 December 2021	**750**

Amortisation

	Licences & Software £'000
At 1 January 2021	169
Charge for the year	163
At 31 December 2021	**332**

Net Book Value

	Licences & Software £'000
At 31 December 2021	**418**
At 1 January 2021	**408**

4. Property, Plant & Equipment

	Leasehold Improvements £'000	Fixture & Fittings £'000	Computer Equipment £'000	Total £'000
COST				
At 1 January 2021	49	16	295	360
Additions	–	–	125	125
At 31 December 2021	**49**	**16**	**420**	**485**
DEPRECIATION				
At 1 January 2021	26	9	118	153
Charge for the year	16	5	94	115
At 31 December 2021	**42**	**14**	**212**	**268**
NET BOOK VALUE				
At 31 December 2021	**7**	**2**	**208**	**217**
At 1 January 2021	**23**	**7**	**177**	**207**

5. Fixed Asset Investments

	Subsidiary Undertakings £'000
At 1 January 2021	63,668
Additions during the year	–
At 31 December 2021	**63,668**

Impairment

The carrying amount of the investment has been reduced to its recoverable value through recognition of an impairment loss in prior years. There were no impairments recognised during the year (2020 - £nil). In addition, there were no impairment reversals in 2021 (2020 - £2,012,000). 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

	2021 £'000	2020 £'000
Current:		
Trade receivables	20	2
Amounts owed from group undertakings	8,153	1,056
Prepayments	144	261
Other receivables	2,124	1,882
Total trade and other receivables	**10,441**	**3,201**

7. Creditors: Amounts Falling Due Within One Year

	2021 £'000	2020 £'000
Current:		
Trade payables	1,157	477
Amounts owed to group undertakings	24,173	18,794
Other taxes and social security	308	83
Accruals and deferred income	1,354	856
Total trade and other payables	**26,992**	**20,210**

8. Share Capital

See consolidated financial statements note 22 for details on share capital.

9. Reserves

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

Merger reserve 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.

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